CITY OF SAN ANTONIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND OTHER REPORTS

FISCAL YEAR-ENDED
September 30, 2019

CITY OF SAN ANTONIO, TEXAS

Comprehensive Annual Financial Report & Other Reports

Year-Ended September 30, 2019

Incorporated December 14, 1837
Charter Adopted October 2, 1951
Council – Manager Form of Government

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Letter of Transmittal

February 20, 2020

To the Honorable Mayor, City Council, and City Manager:

It is my pleasure to present the City of San Antonio's (City) Comprehensive Annual Financial Report (CAFR) and Other Reports for the fiscal year-ended September 30, 2019. These financial statements were prepared by the City's Finance Department and audited by the public accounting firm of Grant Thornton LLP. As reflected in the Independent Auditor's Report, the City's financial statements are presented fairly in all material respects in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

Management's Discussion and Analysis (MD&A), beginning on page one, provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it.

CITY PROFILE

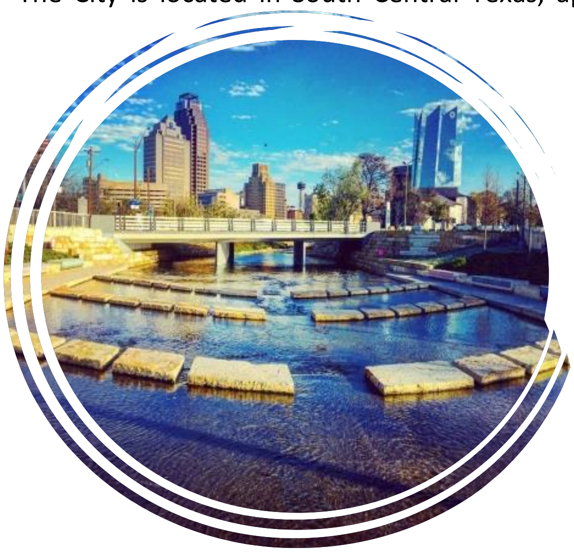
The City provides a vast array of municipal services. The full range of services provided to its constituents includes ongoing programs to provide health, welfare, education, sanitation, cultural, and recreational services; maintenance and construction of streets and drainage; public safety through police and fire protection; and urban redevelopment and affordable housing. The City also considers the promotion of convention and tourism and participation in economic development programs as high priorities. The funding sources from which these services are provided include ad valorem, sales and use, and hotel occupancy tax receipts; revenue payments from the City's municipally-owned utilities; grants; user fees; debt proceeds; tax increment financing; and other sources.

The City has 27 component units that are considered part of the City's operations and, therefore, included in its annual financial statements. Fourteen of these entities are blended component units of the City; two entities are fiduciary, while the remaining 11 entities are discretely presented. Based on the size and significance of four component units (CPS Energy, San Antonio Water System, San Antonio Fire and Police Pension Fund, and San Antonio Fire and Police Retiree Health Care Fund), the City has included excerpts of these entities' footnotes within the CAFR. For additional details on all of the City's component units and the basis for their respective presentation in our financial report, please refer to the Financial Section, Note 1 Summary of Significant Accounting Policies.

The City is a home rule city that was incorporated in 1837 and chartered in 1951. The City Charter provides for a Council-Manager form of government, subject only to the limitations imposed by the Texas Constitution and the City Charter. All powers of the City are vested in an elective Council (the City Council), which enacts legislation, adopts budgets, and determines policy. The City Council is comprised of 11 members, with ten members elected from single-member districts, and the Mayor elected at-large. The term of the office of the Mayor or a member of the City Council is limited to four full two-year terms. The City Council also appoints a City Manager who executes the laws and administers the government of the City and serves as the City's Chief Executive Officer.

On January 31, 2019, the Mayor and City Council appointed Erik Walsh as the new City Manager effective March 1, 2019. Erik Walsh, a native of San Antonio, has 24 years of municipal government experience with the City. Prior to his appointment, Mr. Walsh was promoted in 2011 to serve as a Deputy City Manager where he oversaw the Police and Fire departments, Metropolitan Health District, Office of Emergency Management and 311/Customer Service Center. Prior to that, Mr. Walsh was an Assistant City Manager handling the Development Services, Animal Care Services and Solid Waste Management departments in addition to the City's budget and intergovernmental relations functions. Mr. Walsh's 24-year career with the City includes extensive operations management, organizational development, budget, fiscal policy and contract management experience.

The City is located in South Central Texas, approximately 75 miles south of the state capital of Austin, and serves as the county seat for Bexar County. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, mild weather, and superb recreation choices, including: championship golf courses, 69 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. Geographically, the City of San Antonio covers more than 507 square miles and is located in Bexar County in south central Texas, one of the fastest growing regions in the state. The United States Census Bureau cites the City as the second most populated city in the State of Texas with over 1.5 million citizens and is additionally ranked as the seventh most populated city in the country. Since 2010, the City's metropolitan area grew 15.0% and is projected to grow by an additional 1.0 million people through the year 2040.



Major employers in and around the San Antonio area include the Department of Defense through Joint Base San Antonio (Lackland, Fort Sam & Randolph), H.E.B. Food Stores, United Services Automobile Association, City of San Antonio, Methodist Healthcare System, Northside, North East, and San Antonio Independent School Districts, Baptist Health Systems, and JP Morgan Chase.

ECONOMIC CONDITIONS AND OUTLOOK

San Antonio is anchored by several key industries and is targeting other emerging industries to drive the City's economic future: The healthcare and bioscience fields have an annual economic impact of over $37.0 billion and employ more than 172,000 citizens, making San Antonio a leading research and treatment center for cancer, diabetes, heart disease, and other conditions. The military has played a major role in San Antonio's history and economy. With an estimated economic impact of $48.7 billion, San Antonio's military installations directly employ 64,967 military personnel and serve as the largest single employer in the City. Expanding across more than 46,000 acres in the Alamo region, San Antonio's bases are a major hub for medical training, flight training, cyber operations, surveillance, and military intelligence. As a community, San Antonio has positioned itself for long-term growth and prosperity by implementing a strategy to diversify its economy and improve quality of life for all citizens. The economic strategy bolstered by the City's innovative growth and development plan, the SA Tomorrow Comprehensive Plan, serves as the City's roadmap towards smart, substantial growth. The City's SA Tomorrow goals leverage San Antonio's unique assets, including its historical and cultural heritage, formidable local institutions (e.g. military bases, universities, and medical center), unique partnerships, and natural resources.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

San Antonio is a great place to live. Its cost of living is typically 10% to 15% below the national average and is consistently ranked among the lowest of major U.S. cities, while home prices are among the most affordable in the country. San Antonio's housing market has remained strong in 2019 as single-family home prices have continued to increase. According to the Multiple Listing Service Report from the San Antonio Board of Realtors (SABOR), the average sales price of a home in San Antonio is $270,147 and the median of $237,200.

Cybersecurity is of particular importance to the City due to the strong connections the industry has with military and federal operations in San Antonio. The industry itself is both large and diverse, with over 1,000 IT companies in and around San Antonio. Additionally, San Antonio is 2nd in the nation for information assurance, and is home to the headquarters for the 24th Air Force, the Air Force Cyber Command, and the Air Education and Personnel Command.

In 2019, the Airport continued to experience growth in the number of passengers. Overall passenger growth increased by 6.0% over 2018 resulting in 2019 having a record year eclipsing 10 million total passengers. This growth reflects an ongoing trend of progress at the Airport and its focus on air service and customer experience. The Airport continues to work with the business community to attract and grow air service.

MAJOR INITIATIVES – CAPITAL PROGRAMS

City Hall Renovations In the summer of 2018, City Council approved renovation of City Hall. The facility was built in 1889 and has not undergone renovations since 1927 when the fourth floor addition was constructed. An assessment of the building confirmed the need for mechanical, electrical, plumbing, and elevator system repairs and replacements. Renovations to the 44,500 square foot facility include improved office spaces, new meeting rooms and restrooms, new elevators, and a new ADA accessible ramp on the east side entrance. The renovation is expected to be complete by May 2020. Upon completion City Hall will house the City Manager, Mayor, and City Council.

City Tower The City purchased the downtown Frost Tower building in 2016 as part of the City's broader effort to redevelop downtown San Antonio. The project will consolidate 22 city departments, approximately 1,500 personnel, including the City Attorney and City Clerk, previously in City Hall, into one building. The acquisition, construction, renovation, and operation of City Tower will be budget neutral while providing a more efficient and synergistic service to City staff and customers. City staff will occupy 13 of the 21 floors to include the concourse and street levels. The remaining floors will be utilized as leased office and retail space. Street level upgrades include retail space, lobby, and staff offices with the concourse level to include a conference center, gym, wellness clinic, new restrooms/showers, HR training center and an IT service desk. Design is expected to be complete in April 2020, with concurrent construction starting in January 2020 and substantial completion projected for July 2021. City Personnel will begin moving into the new building starting in 2020.

Frost Tower Construction of the Frost Tower kicked off in March 2017 and continued throughout the duration of fiscal year 2018. The tower's largest tenant, Frost Bank, moved in the summer of 2019 occupying 15 floors, while additional tenants occupy the remaining eight floors. Along the ground floor of the tower, restaurants and other businesses will keep the space active from morning into the evening. Additionally across the street, Weston Urban is adding a park that will bring much needed green space downtown. The 460,000 square foot building will forever change downtown San Antonio's skyline with the construction of the first new office tower downtown since 1989.

Robert L.B. Tobin Land Bridge Phil Hardberger Park is a 311 acre City park that is divided by Wurzbach Parkway. The Robert L.B. Tobin Land Bridge is under construction to connect the east and west sides of the park in order to create a cohesive natural area and protect the wildlife living in the park. The land bridge will be ADA accessible and will feature an elevated walkway that gently climbs through the tree tops to the top of the bridge. The additional features will be shared by both humans and animals—the only bridge in the world designed to accommodate both. The Robert L.B. Tobin Land Bridge is estimated to be completed in August 2020.

MAJOR INITIATIVES – COMMUNITY PARTNERSHIPS

Alameda Theater The City, in partnership with Bexar County, Texas Public Radio (TPR) and La Familia Cortez created a conceptual plan to restore and reopen the historic Alameda Theater as a multi-media live performing arts and film center featuring the American Latino-Multicultural story. TPR will relocate its headquarters to the newly constructed stage house behind the theater and construct a new black box theater within the TPR facility. The renovation and restoration of the entire complex is expected to be completed in 2021. The project is funded by the City, County, and TPR. The City and County will provide $9 million each for the capital project through the Houston Street Tax Increment Reinvestment Zone and TPR will provide $5 million. Alameda Theater Conservancy is committed to covering additional construction costs through fundraising efforts.

San Antonio Tourism Public Improvement District Visit San Antonio (VSA) and the San Antonio Hotel and Lodging Association (SAHLA), an association group representing the hospitality industry in San Antonio, worked to establish the San Antonio Tourism Public Improvement District (SATPID) which added a 1.25% fee per night hotel stay, effective January 1, 2019, to be reinvested into marketing San Antonio. The funds, collected by the City but managed by VSA, will be used for funding the sales, marketing, and promotion of San Antonio to convention, group, business and leisure visitors. The eight-year agreement with VSA is expected to raise more than $10.0 million annually.

Alamo Master Plan In 2018, the City's Mayor, Ron Nirenberg, joined Texas Land Commissioner George P. Bush in supporting a plan to redesign the City's Alamo Plaza. The major elements of the design include restoration of the church and long barrack, delineation of the historic footprint, building a world-class visitor center and museum, and enhancing connectivity to and from the site. Alamo Plaza will triple in size and be a world-class site that pays proper respect to the fallen, tells the story of the Battle of the Alamo, and remains a public space for all those who come from around the world to visit. The $450.0 million renovation will be funded by a $38.0 million contribution from the City, $106.5 million contribution from the State of Texas, with the Alamo Endowment committing to raising private funds for the remainder. The renovations are set to begin in fiscal year 2020 and are expected to be complete by fiscal year 2024.

Migrant Resource Center The City joined other cities and nonprofits throughout Texas and across the country in stepping up and serving those in most need during the 2019 migrant influx. Working as a team, the City and its nonprofit partners went above and beyond in assisting migrants. In 2019 the City opened the Migrant Resource Center, in close coordination with the San Antonio Food Bank, Interfaith Welcome Coalition, Travis Park Church, Catholic Charities and other nonprofits and community volunteers. The Migrant Resource Center saw over 32,000 migrants come through its doors; served 85,507 meals; Travis Park Church slept 22,367 migrants overnight, and 2,842 individuals received medical attention. About 1,200 City employees and 600 community members volunteered at the center in that time span to run operations at the center. The San Antonio Food Bank provided three hot meals daily, plus snacks and donation coordination. Travis Park Church provided evening shelter to families who remained overnight in San Antonio, and Catholic Charities served as the lead partner for travel arrangements. Together with partners, the center provided basic needs and travel planning assistance so that migrants can safely arrive at their designated locations across the country.

MAJOR INITIATIVES – CONVENTION AND TOURISM

The continued success of the City's vibrant hospitality industry depends significantly on its inventory of high-quality facilities to host conventions, meetings, and major sporting events. The Convention & Sports Facilities Department (CSF) operates the Henry B. Gonzalez Convention Center and Lila Cockrell Theatre, the Alamodome, and the Carver Community Cultural Center. In 2019, the City hosted over 720 events with more than 1.8 million attendees between all CSF facilities.

Henry B. Gonzalez Convention Center Significant conventions at the Henry B. Gonzalez Convention Center included Future Business Leaders of America, American Society for Therapeutic Radiology & Oncology, ReedPOP/Pax South, Texas Computer Education Association, and Texas Music Educators Association. Since the Convention Center expansion in 2016, total revenues have increased by 27.0 % from $16.1 million in 2016 to $20.5 million in 2019.

MAJOR INITIATIVES – CONVENTION AND TOURISM (Continued)

Alamodome The Alamodome has seen extensive growth during the same time frame reporting a 28% increase in revenues from $9.9 million in 2016 to $12.7 million in 2019. As a multi-purpose sports and general assembly facility, the Alamodome hosted many varied events in 2019, including an international soccer event between the national teams of Mexico and Argentina with over 50,000 in attendance. In December 2018, the Valero Alamo Bowl featured Iowa State verses Washington State with over 60,000 people in attendance resulting in a $31.2 million direct economic impact for the City.

In order to extend the life of the facilities and maintain competitiveness, CSF completed a building assessment in 2019 of the Convention Center and Alamodome and is developing a long-term capital replacement plan. Upcoming capital improvements include the replacement of about 400,000 square feet of the 1998 Convention Center roof as well as the replacement of the retractable seating and the replacement of the elevators and escalators at the Alamodome. In addition, as part of the City's commitment to prepare for the 2025 Men's Final Four, the City will build 18 additional suites for a total of 70, and upgrade the finishes on the upper concourse in the stadium to match the finishes on the plaza level.

MAJOR INITIATIVES – CULTURE AND ART

The Department of Arts & Culture supports City based artists to ensure our local creative industry remains diverse and thriving. In 2019, the City paid $287,000 directly to more than 60 local designers and artists for the creation, acquisition, exhibition, and performance of new works for the residents and visitors of San Antonio.

Tribute to Freedom In March 2019, the City celebrated the completion of phase one of the Lackland Corridor Gateway Project with the dedication of the *Tribute to Freedom* sculpture at the corner of U.S. Highway 90 and Military Drive. The 75 foot sculpture, designed by San Antonio artist George Schroeder, commemorates the five branches of the United States Armed Forces.

Art Support Services *Bloom* by San Antonio artist Leticia Huerta, located in McAllister Park, is a series of larger-than-life wildflowers created from bicycle parts and inspired by the native flowers found nearby. These public art pieces, and many others, were created for our community to express the vibrancy and diversity of San Antonio through art, while also recognizing the many influences that continue to shape who we are as a city. The public art process invites public participation to impact the artistic landscape of our community. The City's Open Call for Public Artists and Art Support Services saw more than 200 local applicants pre-qualified for future public art projects, thereby continuing to grow the local creative economy of San Antonio, which improves the quality of life for artists, residents, and San Antonio visitors. To celebrate the strong history of public art in San Antonio, the Department published a coloring book which highlights art across every City Council district.

MAJOR INITIATIVES – EDUCATION

Pre-K 4 SA In November 2012, City voters approved funding for Pre-K 4 SA with an eighth-of-a-cent sales tax that finances the majority of the early childhood education organization's budget. Pre-K 4 SA is a comprehensive initiative designed to change San Antonio's education and workforce trajectory in one generation through high-quality early education. By the end of its initial eight-year authorization, Pre-K 4 SA will have directly served 14,000 children and their families in their four education centers and over 13,000 students via competitive grants. Pre-K 4 SA will have also provided professional learning to over 21,000 early childhood educators across San Antonio. Pre-K 4 SA achieves its mission through four key program components: 1) four model Education Centers; 2) best-in-class professional learning; 3) family outreach and engagement; and 4) competitive grants. In May 2020, City voters will consider reauthorization of the organization's 1/8 cent sales tax funding stream.

MAJOR INITIATIVES – EDUCATION (Continued)

Fine Free Pilot Program The San Antonio Public Library has a robust collection of eBooks, eAudiobooks and eMagazines that can be checked out without visiting a library location. This fiscal year, the Library reached a milestone of 8 million checkouts, the highest circulation number for any single year in its history. The Library launched the Fine Free Pilot Program in the summer of 2019 allowing any items classified "juvenile" or "young adult" to be free from fines throughout the pilot period in order for families to enjoy the library regardless of overdue fines.

CivTechSA Created in 2017, the CivTechSA Program is a partnership between the City's Office of Innovation and Geekdom, a co-working space and leader within the local entrepreneur and technology communities. This program is dedicated to building a city of problem solvers by working with entrepreneurs and students to find real, impactful solutions to current civic challenges, and actively grow the startup, entrepreneur, and technology ecosystems in San Antonio. The program additionally aids with the development of a tech-talent pipeline by engaging students with civic technology. The anticipated benefits of CivTechSA include attracting workforce, creating entrepreneurial solutions, cultivating local talent, combatting brain drain, growing the startup ecosystem, and creating an opportunity for expanded services from the tech community to the City.

MAJOR INITIATIVES – PLANNING AND COMMUNITY DEVELOPMENT

SA Tomorrow By 2040, San Antonio's population is expected to increase by approximately 1.0 million people. SA Tomorrow aims to ensure key aspects of growth and development, such as transportation and connectivity, housing, complete neighborhoods, public facilities, community safety, historic preservation, military affairs, natural resources, energy, water supply, jobs, economic competitiveness, education, and more, are addressed in a strategic manner. SA Tomorrow is an innovative effort to guide the City toward smart, sustainable growth through three different plans; comprehensive, sustainability, and multimodal transportation. The following is additional information on the plan.

Comprehensive Plan recommends that the City capitalize on the unique economic geography, further economic diversification, workforce development, and business attraction and retention. In fiscal year 2019, the City hosted the 2nd SA Smart City Challenge. Student teams in grades 7-12 researched a San Antonio-specific smart city problem and proposed a strategy, product, or service as a solution.

Sustainability Plan focuses on enhancing a community's quality of life and overall resilience while balancing the impact of our expected growth with existing economic, environmental, and social resources. As part of implementing the sustainability plan, SA Climate Ready was developed as a community-driven plan to guide San Antonio's commitment to reduce its greenhouse gas emissions contributions to climate change and prepare for current and future climate impacts. The plan lays out a roadmap for the community and municipal organization to reduce carbon emissions, adapt to a changing climate, and ensure San Antonio remains a healthy, vibrant place for generations to come. In October 2019, the City adopted the Climate Action Plan. The plan states that the City as a whole must within three decades be taking in or offsetting more carbon dioxide and other greenhouse gases than its emitting. This target is based on current climate science and would require shifting almost entirely away from fossil fuels in power supply and transportation, currently technologically infeasible, or using currently expensive technologies to keep emissions out of the atmosphere. This makes San Antonio the 2nd major Texas city to adopt the goal of net-zero carbon emissions by 2050.

Multimodal Transportation Plan takes into account all modes of transportation including auto, transit, biking and walking. It serves as a tool to analyze the transportation priorities to best meet community goals. Consistent with multimodal transportation, Mayor Nirenberg unveiled ConnectSA, a nonprofit governed by 30 business and community leaders with a technical advisory group that will develop a modern multi-modal mobility plan to support San Antonio's growing community. ConnectSA will focus on projects that expand transportation choices, improve transportation flow, and introduce smart initiatives that help move more people, faster, smarter, and in the least costly ways possible.

The Airport System Development Committee (Development Committee) A Strategic Development Plan (SDP) for the City's Airport System was launched in August 2018. The SDP focused initially on the future of the next 20 years at the airport, then examined the possibility for growth and expansion in the following 50 years. The SDP comprised of two phases. For Phase I, the City hired an engineering, professional services and planning firm to assist in communicating airport development options to the public. The Development Committee hosted numerous meetings throughout San Antonio in August and September 2018 to gather input from citizens and travelers. Based upon community input and a feasibility study, the Development Committee presented to City Council in October 2018 that expanding the current airport would serve the continuing needs of the City and surrounding regions for another 50 years. In order to accomplish this goal, the airport would need to add new runways and other infrastructure by 2023 to keep up with growing traffic at the airport. Phase II of the SDP plans to accommodate demand for the next 20-year period by evaluating a range of potential policy and development alternatives, and by producing a preferred airport development plan for the airfield, terminal, and airport access.

Mayor's Housing Policy In August 2017, the Mayor created a Mayor's Housing Policy Task Force (Task Force) to create a model on how to proactively address housing affordability. The Task Force relied heavily on community input by working with more than 550 community members to develop a housing policy to increase housing opportunities for San Antonians. Five key actions were identified in relation to implementing the Housing Policy. Those five actions were to develop a coordinated housing system; increase City investment in housing with a ten year funding plan; increase affordable housing production, rehabilitation, and preservation; protect and promote neighborhoods; and ensure accountability to the public. In 2020, the City plans to deploy a coordinated strategy to address housing affordability by partnering with external stakeholders such as Local Initiatives Support Corporation, San Antonio Housing Trust and San Antonio Housing Authority (SAHA) who will invest an additional $5.0 million combined with another $6.2 million from potential grants from tax increment reinvestment zones. Through this approach the City will leverage more than $11.0 million from external entities for affordable housing investments while maintaining the City's $23.7 million from federal grants and the City's General Fund.

MAJOR INITIATIVES – WELLNESS

Parks System Plan/Tobacco-Free Parks On April 11, 2019, City Council approved the SA Parks System Plan. The adopted park system plan will serve as a guide for the Parks and Recreation Department growth and guide community investments over the next ten years including future bond issues and annual budget decisions. A recommendation of the System Plan was a move toward tobacco-free parks. City Council approved this ordinance change, effective June 1, 2019, to expand smoke/tobacco-free areas to include City parks and public plazas. A tobacco-free policy provides the opportunity to change community norms around tobacco use and will help reduce youth tobacco use. The Parks and Recreation Department distributed bilingual signage throughout City parks and developed an education and awareness campaign to ensure the public was informed of the ordinance change prior to the effective date. Park Police also assisted with education and awareness efforts prior to enforcement. In partnership with the San Antonio Metropolitan Health District and a grant from the U.S. Department of Health and Human Services, funding for signage resulted in no budgetary impact to the City.

MAJOR INITIATIVES – WELLNESS (Continued)

Cities Connecting Children to Nature Initiative In 2019, the City continued the implementation phase of the Cities Connecting Children to Nature (CCCN) Initiative by engaging additional stakeholders, conducting outreach meetings, and launching the first of its local strategy projects. Three strategies emerged from the year-long planning phase which the City submitted to NLC in February 2019 as part of an implementation plan that will run through October 2020. These strategies are: 1) Nature Smart Libraries, 2) Nature Enhancements to Community Centers and School Parks, and 3) Nature Leaders Youth Development. In September 2019, a kick-off event for the Nature Smart Libraries was held at the Cortez Library to celebrate the strategic partnership between the Parks and Recreation Department, the San Antonio Public Library and other key CCCN stakeholders.

Elmendorf Lake Park Pool On June 15, 2019, the Parks and Recreation Department, in collaboration with San Antonio River Authority, opened its 24th outdoor pool at Elmendorf Lake Park. The project, funded through the 2017 Bond Program, included a beach entrance to the pool, shade structures, swim lanes, and other amenities. The grand opening event was a large success, which continued throughout the season resulting in over 23,000 visitors at Elmendorf Lake Park Pool, ranking it in the top three most visited pools in the City's park system.

MAJOR INITIATIVES – WORKFORCE DEVELOPMENT

Employer of Choice The City continues to strive to be an employer of choice in the community by providing competitive compensation and benefits. Beginning January 2019, the City increased its minimum entry wage to $15 per hour while continuing to offer robust health benefits, retirement matching, GED assistance, tuition reimbursement, and new to 2019, student loan repayment benefits for eligible full-time employees. A bridging policy was introduced last year to encourage former employees to return to the City. If an employee leaves service, and returns within five years, the employee will receive the same health insurance premium rates that others with their original date of hire are currently paying and build on to their previous years of service towards retirement vesting. This benefit has been useful to employees who have pursued a degree or served in the Peace Corps.

The City collaborates with the San Antonio Economic Development Foundation, Bexar County, Workforce Solutions Alamo, CPS Energy, and other agencies to help targeted industries meet their business goals, provide good jobs, and increase investments in the community. Economic Development also focuses on alignment of local industry workforce needs with training providers through SA Works and invests in delegate agencies and other partners to provide training and support for distressed populations to ensure inroads into the growing San Antonio economy. In 2019, the City invested $2.3 million for city-wide incentives to stimulate the creation and retention of jobs and investment in San Antonio in a globally competitive environment.

SA Works The City invests in SA Works, an industry-led advisory council based on national best practices, to lead the City's workforce development efforts. SA Works is tasked with identifying in-demand middle-skills jobs in targeted industries such as advanced manufacturing, cyber/information technology, and healthcare. To date, SA Works has successfully worked with its private-sector council to develop a blueprint for engaging a number of key partners such as industry leaders, institutions of higher education, and community-based organizations to secure private sector partnerships in filling those jobs through preferred providers. SA Works also continues to carry out its legacy work in providing internships, job shadowing opportunities, and other work-based learning opportunities for high school, college students, and educators. SA Works was integrated into the SAEDF as part of their overall economic development mission.

FINANCIAL INFORMATION

The management of the City is responsible for establishing a system of internal controls that is designed to provide reasonable assurance that assets are protected from loss, theft, or misuse. The City's accounting system supports the internal controls and procedures, which provide reliable financial records for preparing financial statements in conformity with GAAP. The internal control structure provides reasonable assurance that the City's assets are safeguarded as well as the reliability of financial records for preparing financial statements. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondarily, the evaluation of costs and benefits require estimates and judgments by management.

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established at the department level within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Another budgetary control is the generation of a monthly revenue and expenditure report summarizing by department budget and actual balances with variances which are reviewed by the City's Office of Management and Budget (OMB), Finance, and the City Manager's Office.

Each quarter, OMB and Finance meet with department representatives to assess departments' revenues and expenditures based on actual to date and projected revenue and expenditures for the remainder of the fiscal year. The projected revenue and expenditures are compared against the legally adopted budget for analysis and are presented to the City Manager's Office and City Council. During the mid-year budget review, an additional step is added related to formal budget adjustment recommendations that are made to City Council for adoption to modify the original budget. At fiscal year-end, as part of the subsequent year's budget adoption, Council is provided information regarding the current year's estimated final amounts and recommendations to again approve desired budget adjustments and carryforwards for the next fiscal year. The City further implemented available budget controls within its system of record for capital projects and grants. The system warns when cumulative expenditures are within 75.0% of total budget and will not allow the processing of non-payroll transactions in excess of the budget.

Annual Budget Process The annual budget serves as the foundation for the City's financial planning and control. The development of the City's annual budget begins in April. It is a comprehensive effort that involves input from residents, the Mayor and City Council, outside governmental agencies, private organizations, all City departments and offices, and City employees. There are several major components to the process, including gathering input from the community on priorities, the annual policy and goal setting session with the Mayor and City Council, presentation of the proposed budget, public comment on the proposed budget, City Council budget work sessions, and budget adoption.

Five-year Financial Forecast At the beginning of the budget process, the City prepares a five-year financial forecast (Forecast). The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City services. The Forecast includes the identification of service delivery policy issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services. The Forecast also examines the local and national economic conditions that have an impact on the City's economy and, ultimately, its budget. The Forecast serves as a foundation for development of the proposed budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast provides the Council and staff the opportunity to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging strategic issues.

City Council Goal Setting A budget goal-setting session was held on May 30, 2018. The purpose of the goal-setting session was for Mayor and City Council to discuss budget priorities and provide policy direction to staff for the development of the fiscal year 2019 Adopted Budget. At this session, City Council established four priorities that guided the development of the budget. These included streets, sidewalks &, transportation/traffic management systems, filling police vacancies & expanding the mental health unit, comprehensive domestic violence prevention, and comprehensive affordable housing strategy.

Community Input A major component of the budget process is community input. Through the City's public outreach campaign, SASpeakUp, residents have the opportunity to provide feedback through a wide variety of channels in both English and Spanish, with an emphasis on reaching residents where they are, whether online, at community-wide events, or at City facilities in their neighborhoods.

Budget Proposal After obtaining the priorities of City Council and the community through the goal setting session and the community outreach campaign, the City Manager reviews department budgets to ensure they are in line with priorities and funding availability. The City Manager then presents the proposed budget to the City Council for review in early August. The proposed budget represents the City staff's recommendation of utilizing revenues and expenditures in order to achieve a balanced budget, while optimizing City service deliveries and addressing priorities of the City Council and residents.

City Council Work Sessions After the budget was proposed, the City Council held nine sessions to review the proposed service program details and discuss potential City Council budget amendments. The budget work sessions provided a forum for public discourse on significant policy issues as well as an opportunity to review departmental service plans, service enhancement, and revenue changes.

Budget Adoption On September 13, 2018, City Council adopted the fiscal year 2019 Operating and Capital Budget. City Council must adopt a final budget each year no later than September 27th. The appropriated budget is prepared by fund (e.g., General Fund) and department (e.g., Finance Department). The legal level of budgetary control is approved by City Council at the individual fund and departmental level. Expenditures by department and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document.

The City Manager or designee may revise the approved department expenditure allotments during the fiscal year, but in no event shall the aggregate departmental expenditure allotment exceed the appropriation available to the department unless approved by City Council. The City Council may at any time transfer unencumbered appropriation balances or any portion thereof within a department, office or agency to another as requested in writing by the City Manager.

As a means of managing the City's financial standing, the City established and maintains a budgeted financial reserve within the General Fund. The financial reserve provides budgetary flexibility for unexpected events, financial emergencies, and the unusual fluctuation in revenue-expenditure patterns. With the adoption of the 2019 Budget the City continued to follow established Financial Policies. These Financial Policies include a reserve policy to maintain a minimum General Fund ending balance of 15.0%, comprised of a budgeted financial reserve of 10.0%, and a targeted 5.0% for a two year budget plan. Other requirements include an additional $1.0 million contingency reserve in the General Fund and a $3.0 million contingency reserve for the capital budget; maintain Public Safety spending below 66.0% of the General Fund's expenditures; manage structural balance in the General Fund, and address Internal Service fund deficits within three to five years.

Given legislative changes and the City's overall changing financial framework the City's adopted budget for fiscal year 2020 updated the City's financial policies with the following additions: the City will annually review the impact of the State imposed 3.5% property tax cap on service delivery; the City will annually review property tax relief with a focus on homeowners; and the City will also review and periodically adjust fees and charges to provide for cost recovery, inflation, consumer relief, and/or alignment with policy goals.

FINANCIAL INFORMATION (Continued)

The City continues to evaluate the financial reserve policy as a means of fiscal prudence in consideration with City operations, implications to the City's credit rating, and City Council priorities in order to maintain a strong and solid financial position coupled with flexibility to adapt to changing economic conditions.

The City further utilizes a comprehensive debt management financial planning program, which is updated annually and is a major component of the City's financial planning. The model projects financing needs, measuring and assessing the cost and timing of each debt issuance. It involves comprehensive financial analysis, utilizing computer modeling, and incorporates variables such as interest rate sensitivity, assessed value changes, annexations and current ad valorem tax collection rates. Use of this financial management tool has assisted the City in meeting its financing needs by facilitating timely and thorough planning, thus allowing the City to capitalize on market opportunities.

San Antonio holds a 'AAA' general obligation bond rating from Standard & Poor's and Moody's and a 'AA+' from Fitch. The 'AAA' bond rating is the highest credit rating an organization can receive and it allows the City to pay the lowest possible interest rates in the market.

GRANT FUNDS

The City also actively seeks and applies for Federal and State grants that are in line with the City's core operations or initiatives as an additional tool in providing services to the citizens of San Antonio. In 2019, the City was awarded $165.2 million in Federal assistance and $16.5 million in State assistance for a total of $181.7 million. The City would have been unable to construct specific public improvements and operate grant programs without the support of these funds.

AWARDS

OMB received the Annual Distinguished Budget Award from the Government Finance Officers Association of the United States and Canada (GFOA). This award recognizes outstanding achievement in preparation of the 2019 Operating and Capital Budget for the 36th consecutive year.

OMB additionally received the Performance Measurement Certificate of Excellence Award for the 8th year in a row from the International City/County Management Association (ICMA). San Antonio is one of 27 jurisdictions receiving this highest level of recognition this year. According to the ICMA, "Jurisdictions meeting the qualifications have demonstrated leadership in continuous improvement and community engagement, and they serve as examples for other governments to follow."

The Building & Equipment Services Department has been recognized by Government Fleet Magazine as one of 2019's top 25 leading fleets. The Leading Fleets program recognizes high-performing public sector fleet organizations for their leadership, efficiency, ability to overcome challenges, and vision for the future.

The Finance Department received the Achievement of Excellence in Procurement (AEP) award for the 22nd consecutive year in recognition of organizational excellence in public procurement.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year-ended September 30, 2018. This was the 43rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDITS

State statutes and the City's Charter require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firm Grant Thornton LLP. In addition to meeting the requirements set forth in State statutes and the City's Charter, the audit was also designed to meet the requirements of the Uniform Guidance, the State of Texas Single Audit Circular, and the Federal Aviation Administration *Passenger Facility Charge Audit Guide for Public Agencies*.

The Report of Independent Certified Public Accountants on the basic financial statements, Management's Discussion and Analysis, required supplementary information, required disclosures and schedules are included in the Financial Section of this CAFR. The Federal Single Audit Report has been prepared in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* The State Single Audit Report has been prepared in accordance with the State of Texas Single Audit Circular. The Passenger Facility Charges Report has been prepared in accordance with the Federal Aviation Administration *Passenger Facility Charge Audit Guide for Public Agencies*.

The reports are comprised of the Schedules of Expenditures of Federal and State Awards, respectively, the Schedule of Revenues and Expenditures of Passenger Facility Charges, Report of Independent Certified Public Accountants 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*, Report of Independent Certified Public Accountants on Compliance for each Major Federal Program and on Internal Control Over Compliance as Required by the Uniform Guidance, Report of Independent Certified Public Accountants on Compliance for each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular, Report of Independent Certified Public Accountants on Compliance, Internal Control Over Compliance, and Schedule of Expenditures of Passenger Facility Charges Required by the *Passenger Facility Charge Audit Guide for Public Agencies,* the Schedule of Findings and Questioned Costs, Corrective Action Plans, and the Summary Status of Prior Year Findings for both the Federal and State Single Audits and the Passenger Facility Charges Report.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Controller’s Office in the Finance Department. Much time and effort in preparation of this report lies in the Controller’s Office, with support from OMB, Department Fiscal Administrators, other Finance Department personnel, and fiscal staff throughout the City. I would like to express my appreciation to all who assisted in this effort.

In closing, please accept my sincere gratitude to the Mayor and City Council, City Manager, Deputy City Manager, Assistant City Managers, and their staff for their continued support.

Respectfully submitted,

Ben Gorzell Jr., CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

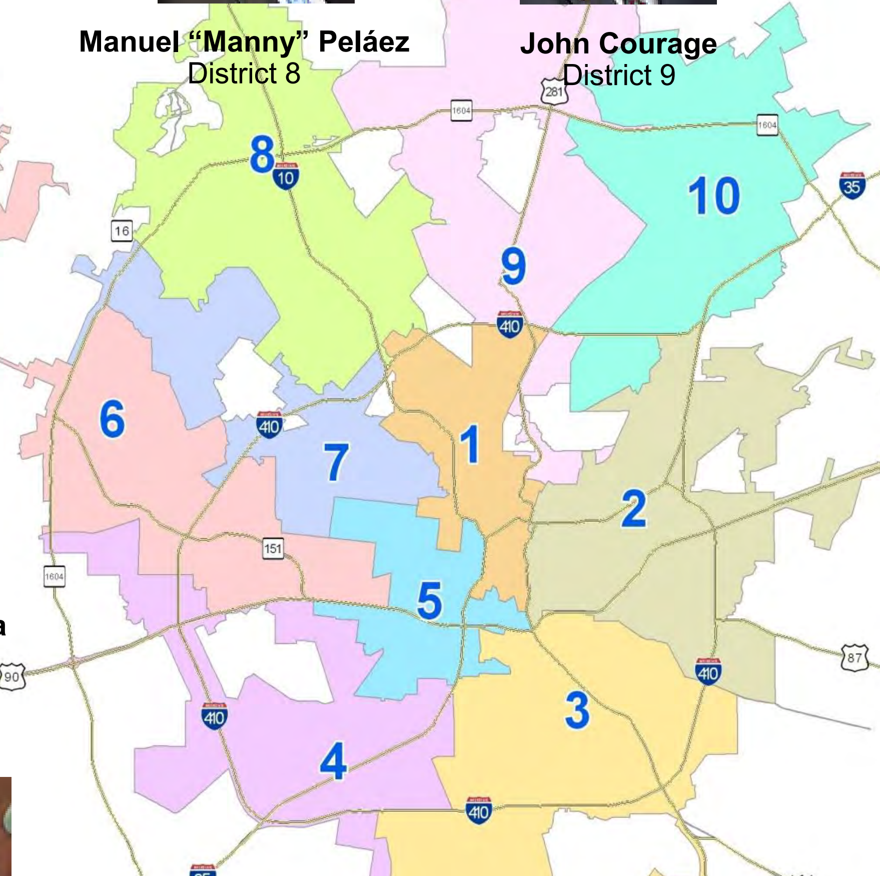
September 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of San Antonio Mayor and City Council

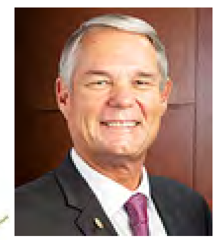
Ron Nirenberg
Mayor



Manuel “Manny” Peláez
District 8

John Courage
District 9

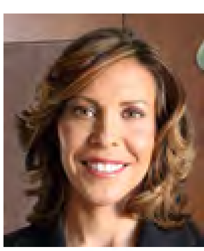
Ana Sandoval
District 7



Clayton Perry
District 10

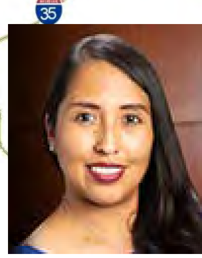
Melissa Cabello Havrda
District 6

Roberto C. Treviño
District 1



Shirley Gonzales
District 5

Jada Andrews-Sullivan
District 2



Dr. Adriana Rocha Garcia
District 4

Rebecca J. Viagran
District 3

CITY OF SAN ANTONIO
Organizational Chart

- **Residents of San Antonio**
  - **Mayor and City Council**
    - Boards and Commissions
    - **Municipal Court Judge** – John Bull
    - **City Manager** – Erik Walsh
      - **City Attorney** – Andy Segovia
      - **Assistant to the City Manager** – John Peterek
        - **Office of Innovation and Smart Cities** – Brian Dillard
        - **Office of City Council** – Emily McGinn (interim)
        - **311 Customer Service**
      - **Chief Financial Officer** – Ben Gorzell
        - **Information Technology Services** – Craig Hopkins
        - **Human Resources** – Lori Steward
        - **Risk Management** – Debra Ojo
        - **Finance** – Troy Elliott
          - **Public Utilities** (CPS and SAWS)
      - **Assistant City Manager** – Dr. Colleen Bridger
        - **Metro Health** – Dawn Emerick
        - **Parks and Recreation** – Homer Garcia (interim)
        - **Office of Equity** – Zan Gibbs
        - **Human Services** – Melody Woosley
      - **Assistant City Manager** – Carlos Contreras
        - **Aviation** – Jesus Saenz
        - **Pre-K 4 SA** – Sarah Baray
        - **Convention and Sports Facilities** – Patricia Muzquiz Cantor
        - **Government and Public Affairs** – Jeff Coyle
        - **Economic Development** – Alex Lopez
      - **Assistant City Manager** – Roderick Sanchez
        - **Transportation and Capital Improvements** – Razi Hosseini (interim)
        - **Development Services** – Michael Shannon
        - **Building and Equipment Services** – Jorge Perez
        - **Solid Waste Management** – David McCary
        - **Office of Sustainability** – Douglas Melnick
        - **Office of Historic Preservation** – Shanon Miller
      - **Assistant City Manager** – Lori Houston
        - **Planning** – Bridgett White
        - **Library** – Ramiro Salazar
        - **World Heritage Office** – Colleen Swain
        - **Arts and Culture** – Debbie Racca-Sittre
        - **Neighborhood and Housing Services** – Veronica R. Soto
        - **Center City Development and Operations** – John Jacks
      - **Deputy City Manager** – María Villagómez
        - **Police** – William McManus
        - **Fire** – Charles N. Hood
        - **Office of Management and Budget** – Justina Tate
        - **Animal Care Services** – Heber Lefgren
    - **City Clerk** – Leticia Vacek
    - **City Auditor** – Kevin Barthold

Effective February 10, 2020

FINANCIAL SECTION

Grant Thornton

Other information
The introductory and statistical sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report, dated February 20, 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 Entity'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.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Report of Independent Certified Public Accountants

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twitter.com/grantthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members of the City Council
City of San Antonio, 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 San Antonio (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.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, and Visit San Antonio, blended and fiduciary component units, which represent 73%, 81% and 17%, respectively, of the assets, net position/fund balances and revenues/additions, of the aggregate remaining fund information. We also did not audit CPS Energy, San Antonio Water System, Brooks Development Authority, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units, which represent 100% of the assets, net position and revenues of the aggregate discretely presented component units. We also did not audit the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit. 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 those 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Finance Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, and Visit San Antonio were not audited in accordance with *Government Auditing Standards*.

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 City'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 City'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 report and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, 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.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Pre-K 4 SA, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of Contributions - Pensions, Schedules of Changes in Total/Net OPEB (Asset) Liability and Related Ratios, and Schedules of Contributions - OPEB, be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Financial Statements and Schedules, Supplementary Budget and Actual Schedules for Legally Adopted Funds, Schedule of Capital Assets by Source, Schedule of Capital Assets by Function and Activity, and Schedule of Changes in Capital Assets by Function and Activity, Schedule of Expenditures of Federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Expenditures of State Awards, as required by the State of Texas Single Audit Circular, and the Schedule of Revenues and Expenditures of Passenger Facility Charges, as required by the Passenger Facility Charge Audit Guide for Public Agencies are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the 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, based on our audit and the reports of other auditors the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory and statistical sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 20, 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 Entity'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.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Management's Discussion and Analysis

(Required Supplementary Information)

(Unaudited)

Management's Discussion and Analysis (Unaudited)

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year-ended September 30, 2019. This discussion and analysis is intended to assist readers in focusing on significant financial issues and changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $2,330,727 which is an increase of $78,454 from prior year's net position. A deficit ending balance of $1,173,581 in unrestricted net position is primarily due to the City's $1,903,508 net pension and OPEB liability less related net unamortized deferred inflows and outflows of resources.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,486,613, an increase of $192,745 compared to the fiscal year 2018 fund balance. Of this amount, $18,814 is nonspendable, $978,714 is restricted in use, $244,177 is committed, $4,246 is assigned and $240,662 is unassigned.
- The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. At the end of the current fiscal year, unassigned fund balance for the General Fund was $247,125 which is 21.6% of the total General Fund expenditures. The unassigned fund balance includes $122,924 in financial reserves. City Council approved financial policies which require the City to maintain a 10.0% budgeted financial reserve. In addition, at the end of fiscal year 2019, $101,796, or 8.2% of budgeted revenues, was reserved for a two-year balanced budget. The General Fund available ending balance is $15,018 better than anticipated when compared to re-estimated fiscal year 2019 budget.

Overview of the Financial Statements

This discussion and analysis is intended to serve as the introduction to the City's basic financial statements, which have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 similar to private-sector business financial presentation.

The *statement of net position* reports the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources as net position. Over time, increases or decreases in net position may help determine whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. Changes in net position are recorded when the underlying event giving rise to the change occurs regardless of the timing of the cash flows. Therefore, revenues and expenses reported in this statement for some items will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused annual leave). 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 or charges (business-type activities). Governmental activities include general government, public safety, public works, sanitation, health services, culture and recreation, convention and tourism, urban redevelopment and housing, welfare, education, economic development and opportunity, and environmental. The business-type activities of the City include the Airport System, Development Services, Market Square, Parking System, and Solid Waste Management.

In addition, the basic financial statements provide information regarding the City's legally separate discretely presented component units. Discretely presented component unit financial information is reported separately from the primary government in the government-wide financial statements.

Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although nonmajor funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three categories: governmental, proprietary, and fiduciary. Fund financial statements allow the City to present information regarding fiduciary funds, since they are not reported in the government-wide financial statements.

Governmental Funds – Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental fund types for financial reporting purposes. The governmental fund types are General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service, San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), Convention Center Hotel Finance Corporation (CCHFC), and 2017 General Obligation Bonds, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation labeled Nonmajor Governmental Funds. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains two types of proprietary funds. *Enterprise Funds* are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport System, Development Services, Market Square, Parking System, and Solid Waste Management. *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions, including, self-insurance programs, information services, other internal services, and capital management services. The services provided by these funds predominantly support the governmental rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements and are reported alongside the enterprise funds in the fund financial statements. Information is presented separately in the proprietary funds' statement of net position and in the proprietary funds' statement of revenues, expenses, and changes in fund net position for the Airport System and Solid Waste Management, which are considered to be major funds. Data from the other enterprise funds are combined into a single, aggregated presentation labeled "Nonmajor Enterprise Funds". Individual fund data for each nonmajor enterprise fund and each internal service fund is provided in the form of respective combining statements elsewhere in this report. The Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements as the resources of those funds are not available to support the City's programs and operations. With the exception of agency funds, the accounting for fiduciary funds is much like that used for the proprietary funds.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and the accompanying notes, this report also presents the required supplementary information of (a) the City's General Fund and Pre-K 4 SA's budgetary comparison schedules that demonstrate compliance with their budget, and (b) pension and postemployment schedules. The budgets for the Debt Service Fund, various Special Revenue Funds, and a Permanent Fund, which are legally adopted on an annual basis, are also included in the CAFR as supplementary schedules within the Combining Financial Statements and Schedules. Additionally, this document presents the Financial Reporting and Compliance Report on Federal and State Grants, or Single Audit report, and the Airport Passenger Facility Charges.

Government-Wide Financial Statement Analysis

The following tables, graphs, and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year-ended September 30, 2019.

Net Position
Year-Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018*	2019	2018*	2019	2018*
Current and Other Assets	$ 2,142,049	$ 1,934,672	$ 287,675	$ 266,736	$ 2,429,724	$ 2,201,408
Capital Assets	5,064,773	4,930,288	811,833	819,766	5,876,606	5,750,054
Total Assets	7,206,822	6,864,960	1,099,508	1,086,502	8,306,330	7,951,462
Total Deferred Outflows of Resources	597,677	221,802	40,425	11,916	638,102	233,718
Current and Other Liabilities	565,308	591,379	62,359	67,948	627,667	659,327
Long-term Liabilities	5,124,314	4,326,801	693,175	659,243	5,817,489	4,986,044
Total Liabilities	5,689,622	4,918,180	755,534	727,191	6,445,156	5,645,371
Total Deferred Inflows of Resources	160,039	272,264	8,510	15,272	168,549	287,536
Net Position:						
Net Investment in Capital Assets	2,957,496	2,852,015	331,455	338,367	3,288,951	3,190,382
Restricted	45,376	52,819	169,981	136,568	215,357	189,387
Unrestricted (Deficit)	(1,048,034)	(1,008,516)	(125,547)	(118,980)	(1,173,581)	(1,127,496)
Total Net Position	$ 1,954,838	$ 1,896,318	$ 375,889	$ 355,955	$ 2,330,727	$ 2,252,273

*Amounts have been restated – see Note 19 Prior Period Restatement for more information.

For the year-ended September 30, 2019, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,330,727. Investment in capital assets representing the largest portion of the City's net position, $3,288,951, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Capital assets are used to provide services to the citizens of San Antonio and are not available for further spending. Although the City's investment in capital assets is reported net of related debt and any related deferred outflows of resources, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate liabilities. The restricted portion of the total net position totaling $215,357 represents resources that are subject to external restrictions on how they may be used.

The following schedule provides a detail of the changes to the City's net position:

Changes in Net Position
Year-Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018*	2019	2018*	2019	2018*
Revenues:						
Program Revenues:						
Charges for Services	$ 234,562	$ 238,872	$ 285,247	$ 261,919	$ 519,809	$ 500,791
Operating Grants and Contributions	184,117	186,005			184,117	186,005
Capital Grants and Contributions	61,254	49,653	47,296	54,198	108,550	103,851
General Revenues:						
Property Taxes	617,045	577,870			617,045	577,870
Other Taxes	544,577	515,493			544,577	515,493
Revenues from Utilities	377,652	389,319			377,652	389,319
Investment Earnings	39,682	19,031	6,605	3,808	46,287	22,839
Miscellaneous	116,883	96,643	5,663	4,568	122,546	101,211
Total Revenues	2,175,772	2,072,886	344,811	324,493	2,520,583	2,397,379
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	137,479	134,370			137,479	134,370
Public Safety	846,878	721,695			846,878	721,695
Public Works	327,811	349,150			327,811	349,150
Sanitation	7,507	5,748			7,507	5,748
Health Services	75,978	80,505			75,978	80,505
Culture and Recreation	208,092	214,302			208,092	214,302
Convention and Tourism	82,251	60,426			82,251	60,426
Urban Redevelopment and Housing	56,855	38,521			56,855	38,521
Welfare	164,042	157,828			164,042	157,828
Education	83,331	74,314			83,331	74,314
Economic Development and Opportunity	34,137	27,463			34,137	27,463
Environmental	930	209			930	209
Bond Issuance Costs	3,008	1,832			3,008	1,832
Interest on Long-Term Debt	91,909	91,718			91,909	91,718
Business-Type Activities:						
Airport System			147,216	134,352	147,216	134,352
Development Services			38,184	30,490	38,184	30,490
Market Square			2,535	2,488	2,535	2,488
Parking System			10,051	12,321	10,051	12,321
Solid Waste Management			123,390	113,513	123,390	113,513
Total Expenses	2,120,208	1,958,081	321,376	293,164	2,441,584	2,251,245
Change in Net Position						
Before Transfers	55,564	114,805	23,435	31,329	78,999	146,134
Transfers	2,956	35,554	(3,501)	(36,401)	(545)	(847)
Net Change in Net Position	58,520	150,359	19,934	(5,072)	78,454	145,287
Beginning, Net Position (Previously Reported)	1,896,318	1,746,490	355,955	361,075	2,252,273	2,107,565
Adoption of GASB 83 and Other Restatement		(531)		(48)		(579)
Beginning Net Position, Restated	1,896,318	1,745,959	355,955	361,027	2,252,273	2,106,986
Ending, Net Position	$ 1,954,838	$ 1,896,318	$ 375,889	$ 355,955	$ 2,330,727	$ 2,252,273

*Amounts have been restated – see Note 19 Prior Period Restatement for more information.

The City's total revenues were $2,520,583 for fiscal year-ended September 30, 2019. Revenues from Governmental Activities totaled $2,175,772 (86.3%) and revenues from Business-Type Activities totaled $344,811 (13.7%). Expenses for the City totaled $2,441,584. Of total expenses, Governmental Activity expenses totaled $2,120,208 (86.8%) and Business-Type Activity expenses totaled $321,376 (13.2%).

Governmental Activities

Program revenues for the City's Governmental Activities totaled $479,933, which is $5,403 less than the previous fiscal year's balance of $474,530. General revenues for the City's Governmental Activities totaled $1,695,839 compared to $1,598,356 in the prior year. Expenses for Governmental Activities were $2,120,208 compared to prior year's expenses of $1,958,081.

The City's net position in governmental activities increased by $58,520. The following analysis highlights changes of $10,000 or more in either direction:

- Property Tax Revenues increased by $39,175 due to new improvements and higher property valuation. The City's property tax rate remained at 55.827 cents per $100 of valuation in fiscal year 2019.
- Other Taxes Revenues increased by $29,084. This is due primarily to the General Sales and Use Taxes increase of $19,502, attributed to growth in business spending and significant increases from retail trade, wholesale trade, and manufacturing sales year over year. The City saw a 5.2% increase in sales tax over fiscal year 2018. Occupancy Tax revenues increased by $9,085 attributed to the implementation of the City's Short Term Rental ordinance and an increase in room demand. Additionally, the City created the San Antonio Tourism Public Improvement District, which collects a 1.25% fee per night hotel stay, resulting in $7,169 additional revenue in fiscal year 2019. This funding is used by Visit San Antonio for funding the sales, marketing, and promotion of San Antonio to convention, group, business, and leisure visitors.
- Revenues from Utilities decreased by $11,667. CPS Energy revenues decreased by $12,348 due to lower energy prices and a 1.46% decrease in electric sales caused by more temperate than normal weather. Additionally, revenue from SAWS increased by $681 due to the 4.7% rate increase that became effective January 1, 2019.
- Investment Earnings reflected an increase of $20,651 due to a higher cash balance in fiscal year 2019 and an average portfolio rate of 2.5% in fiscal year 2019 versus 1.8% in fiscal year 2018.
- Miscellaneous Revenues increased by $20,240 due to the internal service fund rebate from the Workers' Compensation, Insurance Reserve, and Employee Health Benefits funds.
- The increase of $32,598 in Transfers, Net is due primarily to increased spending on the City's Street Maintenance Projects.
- The increase of $125,183 in Public Safety expenses is primarily due to increased personnel expenses, higher number of health insurance and workers' compensation claims, and the increase in net pension and OPEB liabilities.
- The decrease of $21,339 in Public Works expenses is primarily due to the completion of the Northwest and Southeast Service Center projects in 2018. Public Works shares these facilities with Solid Waste Management.
- The increase of $21,825 in Convention and Tourism is due to the San Antonio Tourism Public Improvement District funding provided to Visit San Antonio and increases in the net pension and OPEB liabilities.
- The increase of $18,334 in Urban Redevelopment and Housing expenses is primarily due to new homebuyers and home rehabilitation programs, an increase in grant funding used for large multi-family projects, and the increase in net pension and OPEB liabilities.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $332,543, which is $16,426 higher than the previous fiscal year's balance of $316,117. Expenses for Business-Type Activities were $321,376 compared to prior year's expenses of $293,164.

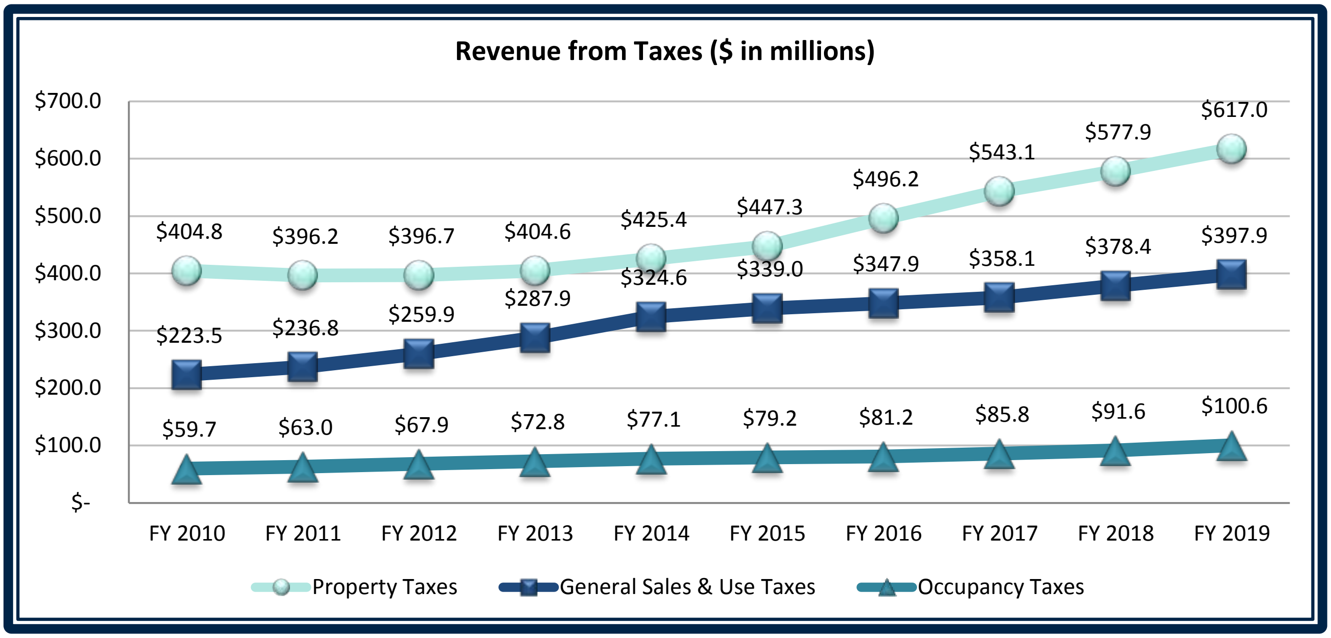
Business-Type Activities increased the City's net position by $19,934 primarily because of the following:

- Charges for Services for business-type activities increased by $23,328, primarily driven by the Solid Waste Management increase of $15,902. Increased revenue from the processing, recycling, environmental, and out-of-cycle service fees is attributed to a 1.0% customer base growth in utilization of trash bins and a 3.7% growth for recycling. Development Services revenues increased by $3,747 due to increased commercial and residential permit counts and higher average project valuations. Airport System revenues increased by $3,322 due to 6.5% more passenger enplanements and 6.0% more passenger deplanements, resulting in higher parking revenues.
- The increase of $12,864 in Airport System expenses is attributed to increased salaries and related expenses and increased depreciation expense, primarily related to the CONRAC facility.
- The increase of $9,877 in Solid Waste System expenses is attributed to an increase in net OPEB liabilities.
- The increase of $7,694 in Development Services expenses is attributed to an increase in net OPEB liabilities and increased expenses for the Accela project.
- The decrease of $32,900 in Transfers, Net is due to high expenses from Solid Waste Management in fiscal year 2018 to fund their share of the design, land acquisition, and construction of service centers for the Northwest Service Center and Southeast Service Center.

Financial Analysis of Governmental Funds

Activities of the Primary Government's General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds are considered general government functions. The General Fund is the City's primary operating fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Debt Service Fund is used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations. The Capital Projects Funds are used to account for financial activity related to the City indebtedness for Capital Projects, other agency contributions, and the operating activities of those projects.

Revenues from taxes increased by $68,259, which is primarily attributable to: (1) a $39,175 increase in property tax revenues, (2) a $19,502 increase in general sales and use tax revenues, and (3) a $9,085 increase in occupancy taxes. The increase in property taxes is due to higher property valuations and new improvements increasing the levy. The increase in general sales and use taxes is a result of a continued consumer confidence in the San Antonio area and increased activity associated with tourism and convention. The increase in occupancy taxes is due to the new San Antonio Tourism Public Improvement District, the City's new Short Term Rental ordinance, and an increase in room demand.



The total fund balance of the General Fund at year-end was $365,042, an increase of $14,902 from the total fund balance of $350,140 in fiscal year 2018. The fund balance is categorized as follows; $7,084 in nonspendable, $2,392 in restricted, $108,420 in committed, $21 in assigned, and $247,125 in unassigned fund balances. The unassigned fund balance includes $122,924 in budgeted financial reserves held by the City, as well as amounts available for additional appropriations at the end of the fiscal year inclusive of a $101,796 reserve for Two-Year Budget Plan. The $14,902 increase in fund balance is the result of higher revenue collections of property taxes and general and sales use tax.

The total fund balance of the Debt Service Fund at year-end was $32,466, a decrease of $5,680 from the total fund balance of $38,146 in fiscal year 2018. The entire fund balance is restricted for payment of debt service. The decrease in fund balance is attributed to an increase in principal and interest payments.

Pre-K 4 SA, a blended component unit, had an ending fund balance of $7,126, a decrease of $1,614 from ending fund balance of $8,740 in fiscal year 2018. Pre-K 4 SA's fund balance is restricted for education. The decrease in fund balance is attributed to increased facility costs, and other inflationary costs.

Convention Center Hotel Finance Corporation had an ending fund balance of $6,439 for fiscal year 2019, an increase of $168 from the total fund balance of $6,271 in fiscal year 2018. The fund balance is restricted for debt service expenditures related to the Grand Hyatt San Antonio.

The total fund balance of the 2017 General Obligation Bonds at year-end was $384,662, an increase of $158,646 from the total fund balance of $226,016 in fiscal year 2018. The increase is from the third year of sales of obligation bonds issued to support capital expenditures associated with the $850,000 bond program approved by voters in fiscal year 2017.

General Fund Budgetary Highlights

Variances in Budget Appropriations (Budgetary Basis) General Fund										
	Original Budget		Final Budget		Actual Results		Variances Budget		Variances Final to Actual	
Resources (Inflows):										
Taxes	$	694,719	$	701,354	$	708,138	$	6,635	$	6,784
Licenses and Permits		9,123		9,415		7,351		292		(2,064)
Intergovernmental		5,031		5,624		6,376		593		752
Revenues from Utilities		381,311		373,692		377,652		(7,619)		3,960
Charges for Services		69,135		69,426		68,062		291		(1,364)
Fines and Forfeits		11,729		11,267		9,911		(462)		(1,356)
Miscellaneous		11,099		11,536		31,103		437		19,567
Investment Earnings		6,019		8,506		9,365		2,487		859
Contributions						44				44
Transfers from Other Funds		22,238		22,238		22,754				516
Total	$	1,210,404	$	1,213,058	$	1,240,756	$	2,654	$	27,698
Charges to Appropriations (Outflows):										
General Government	$	85,338	$	93,545	$	91,761	$	8,207	$	1,784
Public Safety		768,414		771,980		771,469		3,566		511
Public Works		70,945		76,456		75,235		5,511		1,221
Health Services		29,277		30,015		29,978		738		37
Welfare		38,072		39,950		38,951		1,878		999
Culture and Recreation		121,907		129,919		129,548		8,012		371
Economic Development and Opportunity		9,965		24,281		24,626		14,316		(345)
Urban Redevelopment and Housing		27,655		27,923		27,848		268		75
Debt Service:										
Principal Retirement		3,240		3,240		3,240				
Interest		115		115		115				
Transfers to Other Funds		81,678		140,493		138,002		58,815		2,491
Total	$	1,236,606	$	1,337,917	$	1,330,773	$	101,311	$	7,144

Changes in original revenue appropriations to the final amended budget resulted in a net increase of $2,654. This increase can be summarized by the following:

- Increase in Taxes is primarily composed of a $4,423 increase in Sales Tax due to higher than anticipated revenues due to an increase in the collections received from manufacturing, telecom, wholesale trade, and lodging and food services. Additionally, a $2,786 increase in Business and Franchise Tax for cable receipts resulted from increased cable subscribers.
- Revenues from utilities decreased due to lower than anticipated CPS revenues during the first half of the fiscal year resulting from mild weather and lower fuel rates.
- Budgeted interest rates increased from the original budget of 2.5% to the final budget of 2.6%.

Final budgeted revenue appropriations for the General Fund were $1,213,058 while actual revenues on a budgetary basis were $1,240,756, creating a favorable variance of $27,698. Variance explanations are listed below:

- Sales tax revenues are higher than the final budgeted amount due to an increase in the collections received from manufacturing, telecom, wholesale trade, and lodging and food services.
- Revenues from utilities are higher than the final budgeted amount as a result of increased off-system sales caused by record high temperatures and state-wide energy usage in August.

- Miscellaneous revenues are higher than the final budget amount due to the internal service fund rebate from the Workers' Compensation, Insurance Reserve, and Employee Health Benefits funds.

Changes in original expenditure budget appropriations to the final amended budget appropriations resulted in a net $101,311 increase in appropriations. This increase can be summarized by the following:

- General Government increased by $8,207 to capture prior year carryforwards for unspent fund balance and funding to be used for special projects, such as SA2020.
- Public Safety increased by $3,566 to capture prior year carryforwards for various Law Enforcement and Fire Protection encumbrances.
- Public Works increased by $5,511 to capture prior year carryforwards primarily for the NAMP projects.
- Culture and Recreation increased by $8,012 to capture prior year carryforwards of $6,048 for the Inner City Incentive program, and the remainder for other park contracts.
- Economic Development and Opportunity increased by $14,316 to capture prior year carryforwards for multi-year incentive agreements with numerous entities.
- Transfers increased by $58,815 to capture prior year carryforwards and closing ordinance adjustments primarily for the 2017 and 2018 Street Maintenance projects.

Final budgeted expenditure appropriations for the General Fund were $1,337,917 while actual expenditures on a budgetary basis were $1,330,773, creating a favorable variance of $7,144. Variance explanations are listed below:

- General Government recognized savings of $1,784 primarily due to vacancy savings in personal services in the amount of $959, contractual savings of $377 due to lower than anticipated usage, motor fuel savings of $267, and $250 of expenses for Unified Development Code updates expensed to other funds.
- Transfers to Other Funds recognized savings of $2,491 due primarily to the delay in the purchase of the Fire Department wellness building.
- Welfare recognized savings of $999 due primarily to lower than anticipated outside agency spending.
- Public Works recognized savings of $1,221 attributed to lower than anticipated spending on traffic calming devices.
- Economic Development and Opportunity reflected an overage of $345 due to Council approved future commitments of the fund's entire available fund balance. There is sufficient fund balance to cover the excess.

<u>Capital Assets</u>

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to $5,876,606 (net of accumulated depreciation). This investment in capital assets includes land, other non-depreciable assets, construction in progress, non-depreciable intangible assets, depreciable intangible assets, buildings, improvements, infrastructure, and machinery and equipment. The net increase in the City's investment in capital assets for the current fiscal year was $126,552, which is comprised of an increase of $134,485 in governmental activities and a decrease of $7,933 in business-type activities.

Capital Assets Year-Ended September 30, 2019 (With Comparative Totals for September 30, 2018)	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	$ 1,418,662	$ 1,427,003	$ 15,796	$ 15,796	$ 1,434,458	$ 1,442,799
Other Non-Depreciable Assets		347				347
Construction in Progress	271,543	251,310	23,267	27,214	294,810	278,524
Non-Depreciable Intangible Assets	206,062	176,579			206,062	176,579
Depreciable Intangible Assets	252	334	252	323	504	657
Buildings	906,324	902,486	397,223	396,368	1,303,547	1,298,854
Improvements	624,509	660,332	343,965	354,640	968,474	1,014,972
Infrastructure	1,391,372	1,278,573			1,391,372	1,278,573
Machinery and Equipment	246,049	233,324	31,330	25,425	277,379	258,749
Total	$ 5,064,773	$ 4,930,288	$ 811,833	$ 819,766	$ 5,876,606	$ 5,750,054

During fiscal year 2019, the City transferred $297,831 of construction in progress to depreciable asset classes for completed capital projects, mainly comprised of city-wide streets and drainage projects, parks improvements, and municipal facilities, and $862 transferred to non-depreciable asset classes, which consisted of value added for Land and Easements purchased with the Edward's Aquifer Land Acquisitions Project.

The following schedule provides a summary of the City's capital assets:

Change in Capital Assets Year-Ended September 30, 2019	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$ 4,930,288	$ 819,766	$ 5,750,054
Additions	381,997	41,851	423,848
Deletions	(51,087)	(7,935)	(59,022)
Accumulated Depreciation	(196,425)	(41,849)	(238,274)
Total	$ 5,064,773	$ 811,833	$ 5,876,606

Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $3,290,131 in bonds, certificates, and notes outstanding. Additional information on the City's long-term debt, including descriptions of the new issues, can be found in Note 7 Long-Term Debt.

Outstanding Debt
Year-Ended September 30, 2019
(With Comparative Totals for September 30, 2018)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Bonds Payable:						
Tax-Exempt General Obligation Bonds	$ 1,408,385	$ 1,112,315	$ 1,950	$ 2,135	$ 1,410,335	$ 1,114,450
Taxable General Obligation Bonds	4,135	191,550	6,870	8,015	11,005	199,565
Tax-Exempt Certificates of Obligation	372,640	359,540	38,725	33,620	411,365	393,160
Taxable Certificates of Obligation	68,560	71,325			68,560	71,325
Tax Notes	57,135	53,020			57,135	53,020
Revenue Bonds	814,164	827,924	418,560	434,225	1,232,724	1,262,149
Bonds from Direct Placements	50,765	54,210	36,000	36,000	86,765	90,210
Capital Appreciation Bonds (CAB)	12,242	10,191			12,242	10,191
Total	$ 2,788,026	$ 2,680,075	$ 502,105	$ 513,995	$ 3,290,131	$ 3,194,070

Governmental Activities

On January 22, 2019, the City issued $24,570 in General Improvement Refunding Bonds, Series 2019. The refunded governmental activities amount was used to fund an escrow account for the redemption, discharge and defeasance of the refunded obligations.

On August 29, 2019, the City issued $383,940 in General Improvement and Refunding Bonds, Series 2019, $36,425 in Combination Tax and Revenue Certificates of Obligation, Series 2019, and $34,535 in Tax Notes, Series 2019.

The General Improvement and Refunding Bonds, Series 2019 refunded portion of $168,825 were used to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. The remaining proceeds of $215,115 were issued mainly to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open spaces; library museum and cultural facilities; public safety facilities; and neighborhood initiatives.

The Combination Tax and Revenue Certificates of Obligation, Series 2019 allocated $6,190 from proceeds to Development Services Fund and the remaining $30,235 were issued to finance improvements to the public safety radios and system replacement and street maintenance.

The Tax Note, Series 2019 were issued to finance improvements to information technology systems, municipal facilities, and street maintenance.

Business-Type Activities

On August 29, 2019, $6,190 of the $36,425 in Combination Tax and Revenue Certificates of Obligation, Series 2019 was allocated to Development Services for improvements to the City's Enterprise Land Management System.

Standard & Poor's, Moody's, and Fitch's underlying ratings for City obligations during fiscal year 2019 were as follows:

Bond Ratings
Year-Ended September 30, 2019

	Standard & Poor's	Moody's	Fitch
General Obligation/Certificates of Obligation/Tax Notes	AAA	Aaa	AA+
Airport System	A+	A1	A+
Airport PFC	A	A2	A
Airport CFC	A	A3	BBB+
Municipal Drainage Utility System Revenue Bonds	AA+	Aa2	AA

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. For more information related to these limits see Note 7 Long-Term Debt.

Currently Known Facts

For more information on other currently known facts, please see Note 20 Subsequent Events.

Requests for Information

This financial report is designed to provide a general overview of the City's position for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 839966, San Antonio, TX 78283-3966 or via email at http://www.sanantonio.gov/Finance/about/contactandfeedback.

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Basic Financial Statements

Statement of Net Position
As of September 30, 2019
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 69,720	$ 7,564	$ 77,284	$ 429,848
Investments	571,604	79,666	651,270	566,247
Receivables, Net	155,678	14,547	170,225	336,259
Materials and Supplies, at Cost	9,802	1,056	10,858	160,764
Internal Balances	2,231	(4,413)	(2,182)	
Due From Other Governmental Agencies, Net	2,910	70	2,980	999
Deposits	230		230	
Prepaid Expenses	1,109	286	1,395	88,251
Other Assets				1,487
Restricted Assets:				
Cash and Cash Equivalents	208,571	68,810	277,381	341,388
Investments	820,538	115,968	936,506	1,575,059
Receivables, Net	89,872	3,775	93,647	6,574
Materials and Supplies, at Cost	4,855		4,855	
Deferred Charges				60,147
Prepaid Expenses	689	278	967	
Due From Other Governmental Agencies, Net	22,525	68	22,593	
Total Current Assets	1,960,334	287,675	2,248,009	3,567,023
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	1,896,267	39,063	1,935,330	1,800,804
Depreciable, Net	3,168,506	772,770	3,941,276	12,064,499
Investments	310		310	
Receivables, Net	181,405		181,405	3,592
Prepaid Expenses				162,638
Pension Regulatory Asset				239,806
Other Noncurrent Assets				299,927
Total Noncurrent Assets	5,246,488	811,833	6,058,321	14,571,266
Total Assets	7,206,822	1,099,508	8,306,330	18,138,289
Total Deferred Outflows of Resources	597,677	40,425	638,102	818,347
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	89,751	18,342	108,093	477,800
Accrued Interest	41	21	62	
Unearned Revenue	3,483	1,497	4,980	2,646
Current Portion of Long-Term Obligations	111,815	8,278	120,093	70,514
Due To Other Governmental Agencies	78	3	81	
Liabilities Payable From Restricted Assets:				
Accounts Payable and Current Liabilities	97,226	6,657	103,883	42,176
Accrued Interest on Bonds and Certificates	17,642	5,943	23,585	23,697
Unearned Revenue	45,122		45,122	
Due To Other Governmental Agencies	91		91	
Current Portion of Long-Term Obligations	200,059	21,618	221,677	303,169
Total Current Liabilities	565,308	62,359	627,667	920,002
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	5,124,314	693,175	5,817,489	10,984,002
Total Noncurrent Liabilities	5,124,314	693,175	5,817,489	10,984,002
Total Liabilities	5,689,622	755,534	6,445,156	11,904,004
Total Deferred Inflows of Resources	160,039	8,510	168,549	197,205
Net Position:				
Net Investment in Capital Assets	2,957,496	331,455	3,288,951	4,710,396
Restricted for:				
Debt Service	26,463	33,669	60,132	130,709
Capital Projects	255	136,312	136,567	976,179
Operating and Other Reserves	1,066		1,066	59,332
Perpetual Care:				
Expendable	12,524		12,524	
Nonexpendable	5,068		5,068	
Unrestricted (Deficit)	(1,048,034)	(125,547)	(1,173,581)	978,811
Total Net Position	$ 1,954,838	$ 375,889	$ 2,330,727	$ 6,855,427

The accompanying notes are an integral part of these basic financial statements.

Statement of Activities

Year-Ended September 30, 2019

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	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
Primary Government:								
Governmental Activities:								
General Government	$ 137,479	$ 22,787	$ 2,751	$ 10,080	$ (101,861)	$ -	$ (101,861)	
Public Safety	846,878	50,399	14,199		(782,280)		(782,280)	
Public Works	327,811	64,578		27,410	(235,823)		(235,823)	
Sanitation	7,507	7,176	539		208		208	
Health Services	75,978	16,121	19,965		(39,892)		(39,892)	
Culture and Recreation	208,092	71,081	4,010	14,771	(118,230)		(118,230)	
Convention and Tourism	82,251		68	8,993	(73,190)		(73,190)	
Urban Redevelopment and Housing	56,855	1,096	20,466		(35,293)		(35,293)	
Welfare	164,042		116,250		(47,792)		(47,792)	
Education	83,331	747	5,762		(76,822)		(76,822)	
Economic Development and Opportunity	34,137				(34,137)		(34,137)	
Environmental	930	577	107		(246)		(246)	
Bond Issuance Costs	3,008				(3,008)		(3,008)	
Interest on Long-Term Debt	91,909				(91,909)		(91,909)	
Total Governmental Activities	2,120,208	234,562	184,117	61,254	(1,640,275)		(1,640,275)	
Business-Type Activities:								
Airport System	147,216	104,298		47,296		4,378	4,378	
Development Services	38,184	35,092				(3,092)	(3,092)	
Market Square	2,535	2,891				356	356	
Parking System	10,051	9,754				(297)	(297)	
Solid Waste Management	123,390	133,212				9,822	9,822	
Total Business-Type Activities	321,376	285,247		47,296		11,167	11,167	
Total Primary Government	$ 2,441,584	$ 519,809	$ 184,117	$ 108,550	(1,640,275)	11,167	(1,629,108)	
Discretely Presented Component Units:								
CPS Energy	$ 2,608,031	$ 2,744,159	$ -	$ 54,936				$ 191,064
SAWS	589,613	691,046		145,990				247,423
Brooks	37,086	21,822	222	1,392				(13,650)
Port Authority of San Antonio	37,382	39,119		7,347				9,084
SABC Soccer Public Facility Corporation	1,176	244						(932)
SA Energy Acquisition Public Facility Corporation	49,696	46,979						(2,717)
San Antonio Housing Trust Finance Corp.	244	979						735
San Antonio Housing Trust Foundation, Inc.	861	1,561						700
San Antonio Housing Trust Public Facility Corp.	2,260	3,829						1,569
SA Tricentennial Celebration Commission	2,849	8	928					(1,913)
Total Component Units	$ 3,329,198	$ 3,549,746	$ 1,150	$ 209,665				431,363
General Revenues:								
Taxes:								
Property					617,045		617,045	
General Sales and Use					397,869		397,869	
Selective Sales and Use					9,928		9,928	
Gross Receipts Business					32,109		32,109	
Occupancy					100,648		100,648	
Penalties and Interest on Delinquent Taxes					4,023		4,023	
Revenues from Utilities					377,652		377,652	
Investment Earnings					39,682	6,605	46,287	45,379
Miscellaneous					116,883	5,663	122,546	6,946
Special Items								(182,723)
Adjustment for STP Pension Cost								(8,145)
Transfers, net					2,956	(3,501)	(545)	
Total General Revenues and Transfers					1,698,795	8,767	1,707,562	(138,543)
Change in Net Position					58,520	19,934	78,454	292,820
Net Position - Beginning of Fiscal Year (restated)					1,896,318	355,955	2,252,273	6,562,607
Net Position - End of Fiscal Year					$ 1,954,838	$ 375,889	$ 2,330,727	$ 6,855,427

The accompanying notes are an integral part of these basic financial statements.

Balance Sheet
Governmental Funds
As of September 30, 2019
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2017 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:							
Cash and Cash Equivalents	$ 29,323	$ -	$ -	$ -	$ -	$ 21,498	$ 50,821
Investments	293,856					103,432	397,288
Receivables, Net	150,013					4,453	154,466
Materials and Supplies, at Cost	6,866					272	7,138
Prepaid Expenditures	218					846	1,064
Due From Other Funds	15,563					346	15,909
Due From Other Governmental Agencies, Net	1,648						1,648
Restricted Assets:							
Cash and Cash Equivalents	191	27,932	5,930	21,790	31,131	121,490	208,464
Investments	2,120	3,744			351,979	462,695	820,538
Receivables, Net	10,251	8,913	1,324	171,099	1,552	78,138	271,277
Materials and Supplies, at Cost						4,855	4,855
Prepaid Expenditures						689	689
Due From Other Funds		441	3,535			69,520	73,496
Due From Other Governmental Agencies, Net						22,525	22,525
Total Assets	$ 510,049	$ 41,030	$ 10,789	$ 192,889	$ 384,662	$ 890,759	$ 2,030,178
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Vouchers Payable	$ 21,149	$ -	$ -	$ -	$ -	$ 2,765	$ 23,914
Accounts Payable - Other	11,199					4,962	16,161
Accrued Payroll	21,984					196	22,180
Accrued Leave Payable	8,045						8,045
Unearned Revenue	3,112					371	3,483
Due To Other Funds	31,632						31,632
Due To Other Governmental Agencies	78						78
Liabilities Payable From Restricted Assets:							
Vouchers Payable			729			47,478	48,207
Accounts Payable - Other			2,934			26,497	29,431
Accrued Payroll						4,228	4,228
Accrued Leave Payable						36	36
Unearned Revenue						45,267	45,267
Amounts Held in Trust				15,360			15,360
Due To Other Funds						59,330	59,330
Due To Other Governmental Agencies						91	91
Total Liabilities	97,199		3,663	15,360		191,221	307,443
Deferred Inflows of Resources	47,808	8,564		171,090		8,660	236,122
Fund Balances:							
Nonspendable	7,084					11,730	18,814
Restricted	2,392	32,466	7,126	6,439	384,662	545,629	978,714
Committed	108,420					135,757	244,177
Assigned	21					4,225	4,246
Unassigned	247,125					(6,463)	240,662
Total Fund Balances	365,042	32,466	7,126	6,439	384,662	690,878	1,486,613
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 510,049	$ 41,030	$ 10,789	$ 192,889	$ 384,662	$ 890,759	$ 2,030,178

The accompanying notes are an integral part of these basic financial statements.

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

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances - Total Governmental Funds		$ 1,486,613
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets:		
Land	1,418,662	
Construction In Progress	271,543	
Non-Depreciable Intangible Assets	206,062	
Depreciable Intangible Assets	4,058	
Buildings	1,381,356	
Improvements	1,034,952	
Infrastructure	3,566,111	
Machinery and Equipment	379,068	
Less: Accumulated Depreciation	(3,329,640)	
Total Governmental Capital Assets		4,932,172
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues, but as deferred inflows of resources-unavailable revenue		
Revenues previously recorded as unavailable revenue in the fund financial statements		236,267
Long-term investments are not financial resources and therefore are not reported in the governmental funds		310
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.		125,402
Deferred outflows of resources related to pension, OPEB, loss on bond refunding, and asset retirement obligations		572,108
Deferred inflows of resources related to pension and OPEB		(155,056)
Long-term liabilities are not due and payable in the current year, therefore are not reported in the governmental funds.		
Governmental Bonds Payable	(2,782,918)	
Unamortized Discount/(Premium) on Bonds, Net	(186,322)	
Capital Lease Liability	(18,771)	
Notes Payable	(6,323)	
Net OPEB and Pension Liability	(2,015,677)	
Accrued Interest Payable	(17,642)	
Pollution Remediation Payable	(376)	
Accrued Leave Payable	(214,936)	
Other Payable	(13)	
		(5,242,978)
Net Position of Governmental Activities		$ 1,954,838

The accompanying notes are an integral part of these basic financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2019
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2017 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Taxes:							
Property	$ 362,740	$ 221,587	$ -	$ -	$ -	$ 32,263	$ 616,590
General Sales and Use	303,802					94,067	397,869
Selective Sales and Use	9,928						9,928
Gross Receipts Business	29,320					2,789	32,109
Occupancy						100,648	100,648
Penalties and Interest on Delinquent Taxes	2,348	1,433				242	4,023
Licenses and Permits	7,351						7,351
Intergovernmental	6,376		6,391			211,986	224,753
Revenues from Utilities	377,652						377,652
Charges for Services	68,062					130,191	198,253
Fines and Forfeits	9,911					336	10,247
Miscellaneous	31,103	3,674	207			55,945	90,929
Investment Earnings	9,365	2,149	129	147	5,672	16,818	34,280
Contributions	44			13,309		32,015	45,368
Total Revenues	1,218,002	228,843	6,727	13,456	5,672	677,300	2,150,000
Expenditures:							
Current:							
General Government	84,555	510				10,284	95,349
Public Safety	762,891					30,518	793,409
Public Works	70,225					60,350	130,575
Health Services	29,619					35,382	65,001
Sanitation						7,804	7,804
Welfare	38,454					117,118	155,572
Culture and Recreation	119,769					47,657	167,426
Convention and Tourism						61,192	61,192
Urban Redevelopment and Housing	25,350					24,000	49,350
Education			45,752			28,472	74,224
Economic Development and Opportunity	10,982					21,910	32,892
Environmental						214	214
Capital Outlay						355,349	355,349
Debt Service:							
Principal Retirement	3,240	166,770		4,140		6,314	180,464
Interest	115	85,503		9,148		23,271	118,037
Issuance Costs		1,146			1,396	466	3,008
Total Expenditures	1,145,200	253,929	45,752	13,288	1,396	830,301	2,289,866
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,802	(25,086)	(39,025)	168	4,276	(153,001)	(139,866)
Other Financing Sources (Uses):							
Issuance of Long-Term Debt					215,115	64,870	279,985
Refunding Debt Issued		193,395					193,395
Payments to Refunded Bond Escrow Agent		(221,348)					(221,348)
Premium on Long-Term Debt		29,293			35,764	8,850	73,907
Transfers In	22,754	18,066	37,411			427,317	505,548
Transfers Out	(80,654)				(96,509)	(321,713)	(498,876)
Total Other Financing Sources (Uses), Net	(57,900)	19,406	37,411		154,370	179,324	332,611
Net Change in Fund Balances	14,902	(5,680)	(1,614)	168	158,646	26,323	192,745
Fund Balances October 1	350,140	38,146	8,740	6,271	226,016	664,555	1,293,868
Fund Balances September 30	$ 365,042	$ 32,466	$ 7,126	$ 6,439	$ 384,662	$ 690,878	$ 1,486,613

The accompanying notes are an integral part of these basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year-Ended September 30, 2019

(In Thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in Fund Balances - Total Governmental Funds		$	192,745
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 exceed depreciation in the current year.			
Expenditures for Capital Assets	334,885		
Pollution Remediation Capitalization	142		
Donated Capital Assets	3,045		
Less: Current Year Depreciation	(192,595)		
Less: Current Year Deletions	(22,544)		
			122,933
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.			4,816
The issuance of long-term debt (e.g. bonds, notes and loans) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Bond, Note and Loan Amounts Issued	(473,380)		
(Premium)/Discount on Long-term Debt	(73,907)		
Payments to Escrow Agent	221,348		
Amortization of Bond Premiums/Discounts and Deferred Charges, Net	28,675		
Principal Payments	180,464		
			(116,800)
The following 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:			
Interest Expense	(2,283)		
Accrued Leave Payable	(4,401)		
Net OPEB and Pension Expenses	(128,451)		
Pollution Remediation	(180)		
Principal Amounts on Leases	3,597		
Other Expenses	(5)		
			(131,723)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The change in net position remaining after allocation of business-type activities of the Internal Service Funds is reported with governmental activities.			(13,451)
Change in Net Position of Governmental Activities		$	58,520

The accompanying notes are an integral part of these basic financial statements.

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 2,817	$ 1,553	$ 3,194	$ 7,564	$ 18,899
Investments	29,407	19,173	31,086	79,666	174,316
Receivables, Net	3,720	10,558	269	14,547	1,212
Materials and Supplies, at Cost	891	34	131	1,056	2,664
Deposits					230
Prepaid Expenses			286	286	45
Due From Other Governmental Agencies, Net	70			70	1,262
Total Unrestricted Assets	36,905	31,318	34,966	103,189	198,628
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	34,043	685	390	35,118	107
Investments	2,574	93	401	3,068	
Receivables, Net			1	1	
Construction Accounts:					
Cash and Cash Equivalents	1,688	54	2,159	3,901	
Investments	8,503	182	6,784	15,469	
Prepaid Expenses	278			278	
Receivables, Net	50	1	18	69	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	29,578		161	29,739	
Investments	95,886		1,545	97,431	
Receivables, Net	2,526		5	2,531	
Other Restricted Assets:					
Cash and Cash Equivalents	52			52	
Receivables, Net	1,174			1,174	
Due From Other Governmental Agencies, Net	68			68	
Total Restricted Assets	176,420	1,015	11,464	188,899	107
Total Current Assets	213,325	32,333	46,430	292,088	198,735
Noncurrent Assets:					
Capital Assets:					
Land	5,323	1,107	9,366	15,796	
Buildings	540,364	11,283	26,187	577,834	178
Improvements	581,990	9,529	14,276	605,795	514
Machinery and Equipment	29,735	30,851	13,217	73,803	276,100
Depreciable Intangible	352			352	250
Construction in Progress	19,225		4,042	23,267	
Total Capital Assets	1,176,989	52,770	67,088	1,296,847	277,042
Less: Accumulated Depreciation	430,192	26,250	28,572	485,014	144,441
Net Capital Assets	746,797	26,520	38,516	811,833	132,601
Total Noncurrent Assets	746,797	26,520	38,516	811,833	132,601
Total Assets	960,122	58,853	84,946	1,103,921	331,336
Total Deferred Outflows of Resources	16,655	14,449	9,321	40,425	25,569

The accompanying notes are an integral part of these basic financial statements.

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 4,985	$ 2,177	$ 482	$ 7,644	$ 18,916
Accounts Payable - Other	1,360	671	4,820	6,851	5,751
Claims Payable					22,297
Accrued Payroll	1,320	1,538	989	3,847	2,829
Accrued Interest	9	12		21	41
Current Portion of Accrued Leave Payable	2,102	1,765	1,125	4,992	3,712
Unearned Revenue	1,459		38	1,497	
Current Portion of Capital Lease Liability	189	2,888		3,077	
Current Portion of Landfill Postclosure Costs		201		201	
Current Portion of Asset Retirement Obligations	8			8	175
Due To Other Funds					625
Due To Other Governmental Agencies			3	3	
Total Payable from Current Unrestricted Assets	11,432	9,252	7,457	28,141	54,346
Payable from Current Restricted Assets:					
Vouchers Payable	3,023	7	1,421	4,451	
Accrued Interest	5,577	271	95	5,943	
Current Portion of Bonds and Certificates (net of premium/discount)	18,199	1,868	1,551	21,618	179
Other Payables	2,180		26	2,206	
Total Payable from Current Restricted Assets	28,979	2,146	3,093	34,218	179
Total Current Liabilities	40,411	11,398	10,550	62,359	54,525
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & discount/premium)	441,664	36,855	12,710	491,229	5,025
Claims Payable (net of current portion)					33,048
Accrued Leave Payable (net of current portion)	922	563	24	1,509	1,177
Capital Lease Liability (net of current portion)	1,342	3,708		5,050	
Net OPEB and Pension Liabilities	67,804	77,769	47,392	192,965	136,591
Pollution Remediation (net of current portion)	1,274			1,274	
Asset Retirement Obligations (net of current portion)	306			306	567
Landfill Postclosure Costs (net of current portion)		842		842	
Total Noncurrent Liabilities	513,312	119,737	60,126	693,175	176,408
Total Liabilities	553,723	131,135	70,676	755,534	230,933
Total Deferred Inflows of Resources	3,370	3,244	1,896	8,510	4,983
Net Position:					
Net Investment in Capital Assets	297,748		33,707	331,455	127,397
Restricted:					
Debt Service	32,394	507	768	33,669	66
Capital Projects	128,719		7,593	136,312	
Unrestricted (Deficit)	(39,177)	(61,584)	(20,373)	(121,134)	(6,474)
Total Net Position	$ 419,684	$ (61,077)	$ 21,695	$ 380,302	$ 120,989
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(4,413)	
Net position of business-type activities				$ 375,889	

The accompanying notes are an integral part of these basic financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year-Ended September 30, 2019
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Charges for Services	$ 104,298	$ 133,212	$ 47,737	$ 285,247	$ 347,933
Total Operating Revenues	104,298	133,212	47,737	285,247	347,933
Operating Expenses:					
Personal Services	42,631	49,587	30,547	122,765	94,153
Contractual Services	17,064	34,341	4,892	56,297	46,236
Commodities	2,314	7,699	449	10,462	3,305
Materials					23,732
Claims					132,771
Other	9,698	26,957	7,566	44,221	49,645
Depreciation	39,570	3,929	3,483	46,982	29,757
Total Operating Expenses	111,277	122,513	46,937	280,727	379,599
Operating Income (Loss)	(6,979)	10,699	800	4,520	(31,666)
Nonoperating Revenues (Expenses):					
Investment Earnings	5,164	471	970	6,605	5,402
Other Nonoperating Revenue	3,019	1,546	938	5,503	12,302
Gain on Sale of Capital Assets	124	36		160	3,254
Interest and Debt Expense	(22,573)	(1,258)	(667)	(24,498)	(264)
Other Nonoperating Expense	(12,178)	(204)	(2,532)	(14,914)	
Total Nonoperating Revenues (Expenses), Net	(26,444)	591	(1,291)	(27,144)	20,694
Change in Net Position Before Capital Contributions and Transfers	(33,423)	11,290	(491)	(22,624)	(10,972)
Capital Contributions	47,296			47,296	
Transfers In (Out):					
Transfers In		642	4,261	4,903	663
Transfers Out	(93)	(3,394)	(4,917)	(8,404)	(4,379)
Total Transfers In (Out), Net	(93)	(2,752)	(656)	(3,501)	(3,716)
Change In Net Position	13,780	8,538	(1,147)	21,171	(14,688)
Net Position - October 1 (restated)	405,904	(69,615)	22,842		135,677
Net Position - September 30	$ 419,684	$ (61,077)	$ 21,695		$ 120,989
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(1,237)	
Change in Net Position of Business-Type Activities				$ 19,934	

The accompanying notes are an integral part of these basic financial statements.

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2019
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 107,000	$ 132,000	$ 47,907	$ 286,907	$ 346,653
Cash Payments to Suppliers for Goods and Services	(28,466)	(69,855)	(12,786)	(111,107)	(247,959)
Cash Payments to Employees for Service	(36,428)	(43,552)	(26,855)	(106,835)	(83,957)
Cash Received from Other Cash Receipts	3,019	1,546	938	5,503	12,302
Net Cash Provided by Operating Activities	45,125	20,139	9,204	74,468	27,039
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds		642	4,261	4,903	663
Transfers Out to Other Funds	(93)	(3,394)	(4,917)	(8,404)	(4,379)
Due To Other Funds		(196)		(196)	625
Due From Other Funds					1,149
Net Cash (Used for) Noncapital Financing Activities	(93)	(2,948)	(656)	(3,697)	(1,942)
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets	(49,774)	(2,734)	(3,948)	(56,456)	(43,694)
Contributed Capital	47,296			47,296	
Debt Issuance Costs			(44)	(44)	
Interest and Fees Paid on Long-Term Debt	(22,747)	(1,198)	(634)	(24,579)	(236)
Principal Payments on Long-Term Debt	(15,847)	(1,878)	(1,141)	(18,866)	(173)
Principal Payments on Notes and Leases		(8,629)		(8,629)	
Proceeds from Issuance of Long-Term Debt			7,398	7,398	
Proceeds from Sale of Assets	16	77		93	5,862
Net Cash Provided by (Used for) Capital and Related Financing Activities	(41,056)	(14,362)	1,631	(53,787)	(38,241)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(206,039)	(19,448)	(45,644)	(271,131)	(194,677)
Maturity of Investment Securities	202,230	15,859	36,567	254,656	199,760
Investments Earnings	5,026	436	948	6,410	5,273
Net Cash Provided by (Used for) Investing Activities	1,217	(3,153)	(8,129)	(10,065)	10,356
Net Increase (Decrease) in Cash and Cash Equivalents	5,193	(324)	2,050	6,919	(2,788)
Cash and Cash Equivalents, October 1	62,985	2,616	3,854	69,455	21,794
Cash and Cash Equivalents, September 30	$ 68,178	$ 2,292	$ 5,904	$ 76,374	$ 19,006
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (6,979)	$ 10,699	$ 800	$ 4,520	$ (31,666)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	39,570	3,929	3,483	46,982	29,757
Other Nonoperating Revenues	3,019	1,546	938	5,503	12,302
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	2,153	(1,212)	165	1,106	(504)
(Increase) Decrease in Due from Other Governmental Agencies	3			3	(701)
(Increase) in Materials and Supplies	(37)	(10)	(67)	(114)	(553)
(Increase) in Prepaid Expenses			(236)	(236)	(44)
Decrease in Deposits					136
Increase (Decrease) in Vouchers Payable	297	(26)	37	308	9,630
(Decrease) in Claims Payable					(5,205)
Increase (Decrease) in Accounts Payable - Other	85	(744)	374	(285)	3,900
Increase in Accrued Payroll	160	189	167	516	397
Increase in Accrued Leave Payable	112	43	26	181	256
(Decrease) in Landfill Postclosure Liability		(78)		(78)	
Increase in Net OPEB Obligation and Pension Liability	18,051	20,413	12,354	50,818	34,581
Increase in Asset Retirement Obligations	265			265	
(Increase) in Deferred Outflows of Resources	(9,542)	(12,022)	(7,259)	(28,823)	(20,190)
(Decrease) in Deferred Inflows of Resources	(2,578)	(2,588)	(1,596)	(6,762)	(4,845)
Increase (Decrease) in Unearned Revenue	546		15	561	(212)
Increase in Due to Other Governmental Agencies			3	3	
Net Cash Provided by Operating Activities	$ 45,125	$ 20,139	$ 9,204	$ 74,468	$ 27,039

The accompanying notes are an integral part of these basic financial statements.

Statement of Fiduciary Net Position/Balance Sheet
Fiduciary Funds
As of September 30, 2019
(In Thousands)

	PENSION AND HEALTH CARE FUNDS	AGENCY FUNDS
Assets:		
Current Assets:		
Cash and Cash Equivalents	$ 64,891	$ 3,448
Security Lending Collateral	95,325	
Investments:		
Common Stock	1,131,214	
U.S. Government Securities	64,394	4,563
Corporate Bonds	323,335	
Foreign Bonds	247,994	
Mutual Funds	79,538	
Hedge Funds	481,325	
Real Estate	279,853	
Alternative	705,538	
Receivables:		
Accounts	8,165	94
Accrued Interest	5,256	13
Accrued Revenue	6,098	
Prepaid Expenses	15	
Total Current Assets	3,492,941	8,118
Capital Assets:		
Machinery and Equipment	618	
Buildings	1,616	
Total Capital Assets	2,234	
Less: Accumulated Depreciation	1,059	
Net Capital Assets	1,175	
Total Assets	$ 3,494,116	$ 8,118
Liabilities:		
Vouchers Payable	$ 5,239	$ 10
Accounts Payable - Other	9,609	7,479
Claims Payable	3,809	
Accrued Payroll	280	
Due to Other Funds		629
Securities Lending Obligation	95,325	
Total Liabilities	114,262	$ 8,118
Net Position:		
Restricted for Pension	3,015,157	
Restricted for Other Postemployment Benefits	364,697	
Total Net Position	$ 3,379,854	

The accompanying notes are an integral part of these basic financial statements.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year-Ended September 30, 2019
(In Thousands)

		PENSION AND HEALTH CARE FUNDS
Additions:		
Contributions:		
Employer	$	117,399
Employee		56,353
Other Contributions		1,817
Total Contributions		175,569
Investment Earning (Loss):		
Net (Decrease) in Fair Value of Investments		(192,954)
Real Estate Income, Net		6,871
Interest and Dividends		57,208
Securities Lending		2,029
Other Income		393
Total Investment Earnings		(126,453)
Less: Investment Expenses		
Investment Management Fees and Custodian Fees		(15,879)
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees		(1,654)
Net Investment Earnings		(143,986)
Total Additions		31,583
Deductions:		
Benefits		214,345
Refunds of Contributions		918
Administrative Expense		9,072
Total Deductions		224,335
Change in Net Position		(192,752)
Net Position - Beginning of Fiscal Year		3,572,606
Net Position - End of Fiscal Year	$	3,379,854

The accompanying notes are an integral part of these basic financial statements.

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2019
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 349,704	$ 58,064	$ 22,080	$ 429,848
Investments	104,171	436,823	25,253	566,247
Receivables, Net	255,875	73,274	7,110	336,259
Materials and Supplies, at Cost	154,887	5,823	54	160,764
Due from Other Governmental Agencies			999	999
Prepaid Expenses	55,523	4,673	28,055	88,251
Other Assets			1,487	1,487
Total Unrestricted Assets	920,160	578,657	85,038	1,583,855
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	13,046	16,473	22,114	51,633
Investments		149,180	8,847	158,027
Receivables, Net			85	85
Capital Projects Accounts:				
Cash and Cash Equivalents	54,233	53,719		107,952
Investments		253,156		253,156
Ordinance Accounts:				
Cash and Cash Equivalents	143,285			143,285
Investments	559,375			559,375
Other Restricted Accounts:				
Cash and Cash Equivalents	23,762	1,734	13,022	38,518
Investments	547,859	56,642		604,501
Receivables, Net	5,753		736	6,489
Deferred Charges			60,147	60,147
Total Restricted Assets	1,347,313	530,904	104,951	1,983,168
Total Current Assets	2,267,473	1,109,561	189,989	3,567,023
Noncurrent Assets:				
Capital Assets:				
Land	104,991	113,123	86,279	304,393
Depreciable Intangible Assets	298,092	1,354		299,446
Infrastructure			122,955	122,955
Buildings			375,537	375,537
Utility Plant in Service	12,825,170	6,089,425		18,914,595
Machinery and Equipment		389,082	19,725	408,807
Construction in Progress	580,984	506,810	51,835	1,139,629
Water Rights and Other Non-Depreciable Intangible Assets	107,531	249,251		356,782
Nuclear Fuel	1,001,284			1,001,284
Total Capital Assets	14,918,052	7,349,045	656,331	22,923,428
Less: Accumulated Depreciation	6,763,382	2,082,961	211,782	9,058,125
Net Capital Assets	8,154,670	5,266,084	444,549	13,865,303
Other Noncurrent Assets:				
Receivables, Net			3,592	3,592
Prepaid Expenses			162,638	162,638
Pension Regulatory Asset	239,806			239,806
Other Noncurrent Assets	299,927			299,927
Total Other Noncurrent Assets	539,733		166,230	705,963
Total Noncurrent Assets	8,694,403	5,266,084	610,779	14,571,266
Total Assets	10,961,876	6,375,645	800,768	18,138,289
Deferred Outflows of Resources	731,136	84,791	2,420	818,347

The accompanying notes are an integral part of these basic financial statements.

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2019
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Accounts Payable and Other Current Liabilities	$ 389,746	$ 69,374	$ 18,680	$ 477,800
Unearned Revenues			2,646	2,646
Current Portion of Long-Term Lease/Notes Payable			11,250	11,250
Current Portion of Other Payables	51,067	8,197		59,264
Total Payable from Current Unrestricted Assets	440,813	77,571	32,576	550,960
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		41,841	335	42,176
Accrued Interest on Bonds and Certificates		16,153	7,544	23,697
Current Portion of Bonds and Certificates	136,720	87,060	34,900	258,680
Current Portion of Commercial Paper		3,880		3,880
Other Payables			40,609	40,609
Total Payable from Restricted Assets	136,720	148,934	83,388	369,042
Total Current Liabilities	577,533	226,505	115,964	920,002
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	5,690,297	2,747,510	353,738	8,791,545
Commercial Paper (net of current portion)	205,000	211,815		416,815
Asset Retirement Obligations	1,004,350			1,004,350
Long-Term Lease/Notes Payable (net of current portion)			95,185	95,185
Net OPEB and Pension Liabilities	255,869	127,099		382,968
Other Payables (net of current portion)	272,578	16,837	3,724	293,139
Total Noncurrent Liabilities	7,428,094	3,103,261	452,647	10,984,002
Total Liabilities	8,005,627	3,329,766	568,611	11,904,004
Deferred Inflows of Resources	173,358	23,847		197,205
Net Position:				
Net Investment in Capital Assets	2,123,616	2,353,841	232,939	4,710,396
Restricted for:				
Debt Service	11,921	118,788		130,709
Capital Projects	766,708	209,204	267	976,179
Operating and Other Reserves		56,642	2,690	59,332
Unrestricted	611,782	368,348	(1,319)	978,811
Total Net Position	$ 3,514,027	$ 3,106,823	$ 234,577	$ 6,855,427

The accompanying notes are an integral part of these basic financial statements.

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2019
(In Thousands)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTALS
CPS Energy	$ 2,608,031	$ 2,744,159	$ -	$ 54,936	$ 191,064	$ -	$ -	$ 191,064
San Antonio Water System	589,613	691,046		145,990		247,423		247,423
Nonmajor Component Units	131,554	114,541	1,150	8,739			(7,124)	(7,124)
Total	$ 3,329,198	$ 3,549,746	$ 1,150	$ 209,665	191,064	247,423	(7,124)	431,363
			General Revenues:					
			Investment Earnings		20,267	22,488	2,624	45,379
			Miscellaneous				6,022	6,022
			Gain on Disposal of Capital Assets			924		924
			Adjustment for STP Pension Cost		(8,145)			(8,145)
			Special Items		(182,723)			(182,723)
			Total General Revenues and Special Items		(170,601)	23,412	8,646	(138,543)
			Change in Net Position		20,463	270,835	1,522	292,820
			Net Position - Beginning of Fiscal Year (restated)		3,493,564	2,835,988	233,055	6,562,607
			Net Position - End of Fiscal Year		$ 3,514,027	$ 3,106,823	$ 234,577	$ 6,855,427

The accompanying notes are an integral part of these basic financial statements.

Comprehensive Annual Financial Report

Notes to Financial Statements

Year-Ended September 30, 2019

Note 1 Summary of Significant Accounting Policies

The financial statements of the City of San Antonio (the City) have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of significant accounting policies of the City.

Reporting Entity

In the evaluation of how to define the City for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*. The underlying concept of the Statement is improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the City), (b) component units, which are legally separate organizations for which the City is financially accountable or the services rendered by the component unit are provided entirely or almost entirely to the City (blended), (c) component units, which are fiduciary in nature such as certain public employee retirement systems or pension trust funds with the City (fiduciary), and (d) component units, the nature and significance of their relationship with the City is such that exclusion from the reporting entity's financial statements would be misleading or incomplete (discretely presented).

Using the criteria of GASB Statement No. 61 outlined below, potential component units were evaluated for inclusion in or exclusion from the reporting entity, whether the organizations were financially accountable or not, and were further evaluated for financial statement presentation. Based on their individual relationships with the City, some component unit financial statements were blended as though they are part of the City and others were discretely presented.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* was issued in January 2016, and it established an additional criterion for determining whether or not a potential component unit should be blended. If a component unit is a not-for-profit corporation in which the primary government is the sole corporate member as identified in the corporation's articles of incorporation or bylaws, the component unit's financial statements are to be blended.

The following criteria (as set forth in GASB Statement No. 61) were used in the evaluation of potential component units of the City:

1) Legally separate
2) Financial accountability
   a) Appointment of a voting majority
   b) Imposition of will
   c) Financial benefit to or burden on the City
   d) Fiscal dependency with financial benefit to or burden on the City
3) The relationship with the City is such that exclusion would cause these financial statements to be misleading or incomplete
4) Service rendered by the potential component unit is provided entirely or almost entirely to the City
5) The City or its component units are entitled to, or have the ability to access the majority of the resources received or held by the separate organization.

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The criteria outlined on the previous page were excerpted from GASB Statement No. 61. For a more detailed explanation of the criteria established by the Statements, refer to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2019, published by GASB, Section-2600. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, further clarifies that a “not-for-profit” may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Blended Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statement No. 61, for inclusion in the reporting entity and are such that the financial statements are blended with those of the City.

Following is a brief description of the City’s blended component units:

Convention Center Hotel Finance Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret U. Villegas Telephone No. (210) 207-8632	The Convention Center Hotel Finance Corporation (CCHFC) was established in fiscal year 2005 in accordance with state laws for the purposes of, and to act on behalf of the City in, local economic development to stimulate business and commercial activity in the City. The CCHFC is governed by a board of directors, which is comprised of the City Council of San Antonio (City Council). CCHFC’s governing board is the same as the City’s governing board, met the financial benefit/burden criteria, and also met the operational responsibility criteria.
Hemisfair Park Area Redevelopment Corporation 630 E. Nueva St. San Antonio, TX 78205 Contact: Omar Gonzalez Telephone No. (210) 709-4750	The Hemisfair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing and financing projects within Hemisfair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. The HPARC is governed by 11 members appointed by the City Council and it provides services entirely to the City. The City has the ability to impose its will.
Municipal Golf Association – San Antonio DBA Alamo City Golf Trail 2315 Avenue B San Antonio, TX 78215 Contact: Joe Nunez Telephone No. (210) 908-5921	Municipal Golf Association – San Antonio DBA Alamo City Golf Trail (MGA-SA) was established in fiscal year 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, operating and promoting the City’s municipal golf facilities. MGA-SA is governed by a 15 member board of directors, which is comprised of seven members selected by MGA-SA according to the approved process contained in its by-laws; two ex-officio member positions from City staff who are appointed by the City Manager; and six members appointed by the City Council. MGA-SA provides services entirely to the City and met the fiscal dependency and financial benefit/burden criteria.

Year-Ended September 30, 2019 - 28 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Early Childhood Education Municipal Development Corporation DBA Pre-K 4 SA
7031 S. New Braunfels Ave.
San Antonio, TX 78223
Contact: Dr. Sarah Baray
Telephone No. (210) 206-2750

The San Antonio Early Childhood Education Municipal Development Corporation DBA Pre-K 4 SA was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City, in developing and running authorized programs for early childhood education services. Pre-K 4 SA is governed by a board of trustees appointed by the City Council. Pre-K 4 SA's debt, including leases, is expected to be repaid almost entirely with the resources of the City, a 1/8 cent sales tax increase approved by San Antonio residents. The City has the ability to impose its will.

San Antonio Economic Development Corporation
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Alejandra Lopez
Telephone No. (210) 207-8080

The San Antonio Economic Development Corporation (EDC) was established in fiscal year 2010 as a nonprofit corporation to promote, assist, and enhance economic development activities for the City. EDC was organized for the purposes of undertaking any statute-authorized projects to benefit and accomplish the public purpose of promoting economic development in the City. The affairs of EDC are managed by a board of directors appointed by the City Council. The City Council may remove a director at any time without cause. EDC's budget is not effective until approved by the City Council. EDC provides services entirely to the City, as contracts or agreements cannot be executed without City Council approval. EDC met the fiscal dependency and financial benefit/burden criteria, and the City has the ability to impose its will.

San Antonio Education Facilities Corporation
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Alejandra Lopez
Telephone No. (210) 207-8080

The San Antonio Education Facilities Corporation (EFC), formerly the City of San Antonio Higher Education Authority, was established in 1984 in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities in accordance with, and subject to, the provisions of Section 53.35 (b) Texas Education Code (the Code), all to be done on behalf of the City and its duly constituted authority and instrumentality. The Code authorizes EFC to issue revenue bonds, for which the City is not obligated in any manner, to finance qualified projects that meet the purpose of the Code. The EFC is governed by a board of directors, which is comprised of the City Council. EFC met the financial benefit/burden and operational responsibility criteria, and the City has the ability to impose its will.

San Antonio Health Facilities Development Corporation
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Alejandra Lopez
Telephone No. (210) 207-8080

The San Antonio Health Facilities Development Corporation (HFDC) was established by Ordinance No. 55400, dated June 3, 1982, in accordance with state laws for the purposes of, and to act on behalf of the City as, a corporation under the Texas Health Facilities Development Act of 1981. The HFDC is authorized to issue tax-exempt health facility revenue bonds, for which the City is not obligated in any manner, to finance health related projects in support of the promotion, expansion, and improvement of health facilities. The HFDC is governed by a board of directors, which is comprised of the City Council. HFDC met the financial benefit/burden and operational responsibility criteria, and the City has the ability to impose its will.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Industrial Development Authority
100 W. Houston St., 19th Floor
San Antonio, TX 78205
Contact: Alejandra Lopez
Telephone No. (210) 207-8080

The San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100, dated October 11, 1979, in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of the City as, a corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects, which may further the promotion and development of commercial, industrial, and manufacturing enterprises to advance and encourage employment and public welfare. The IDA is governed by a board of directors, which is comprised of the City Council. IDA met the financial benefit/burden and operational responsibility criteria, and the City has the ability to impose its will.

San Antonio Texas Municipal Facilities Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Margaret U. Villegas
Telephone No. (210) 207-8632

The San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state laws for the purposes of, and to act on behalf of the City in, acquiring, constructing, equipping, financing, operating, and maintaining land and other municipal facilities for the City. The TMFC is governed by a board of directors, which is comprised of the City Council. The City can impose its will, and TMFC also meets the operational responsibility criteria.

Starbright Industrial Development Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Margaret U. Villegas
Telephone No. (210) 207-8632

The Starbright Industrial Development Corporation (SIDC) was established in fiscal year 2003 in accordance with state laws for the purposes of, and to act on behalf of the City in, the promotion and development of commercial, industrial, and manufacturing enterprises, to advance and encourage employment and public welfare, including but not limited to the acquisition of land. The SIDC is governed by a board of directors, which is comprised of the City Council. SIDC's governing board is the same as the City's governing board, SIDC met the financial benefit/burden and the operational responsibility criteria. The City has the ability to impose its will.

Texas Public Facilities Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Margaret U. Villegas
Telephone No. (210) 207-8632

Texas Public Facilities Corporation (TPFC) was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City in, effectuating the buyout of the City's existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds. The TPFC is governed by a board of directors, which is comprised of the City Council. TPFC's governing board is substantially the same as the City's governing board, and TPFC meets the operational responsibility criteria. The City has the ability to impose its will.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

Urban Renewal Agency of the City of San Antonio DBA Office of Urban Redevelopment of San Antonio
c/o City of San Antonio
1400 S. Flores
San Antonio, TX 78205
Contact: Veronica R. Soto
Telephone No. (210) 207-6459

The Urban Renewal Agency of the City of San Antonio DBA Office of Urban Redevelopment of San Antonio (OUR SA) was created under the provisions of the Urban Renewal Law of the State of Texas. OUR SA is responsible for implementing the City's Urban Renewal Program and may designate for urban renewal in such areas as it deems advisable, subject to approval by the City Council. OUR SA receives a majority of its operating funds from the City. OUR SA is governed by a six-member board of commissioners appointed by the City Council. OUR SA provides services entirely to the City and has met the fiscal dependency and financial benefit/burden criteria.

Visit San Antonio
203 S. St. Mary's Street, Ste. 200
San Antonio, TX 78205
Contact: Natalie Balderrama
Telephone No. (210) 244-2099

Visit San Antonio (VSA) was established in fiscal year 2016 in accordance with state laws for the purposes of providing destination and marketing services, attracting leisure visitors, events and conventions to the City's Henry B. Gonzalez Convention Center and other owned facilities. VSA will also serve as a liaison to local businesses, including hoteliers, sports foundations, and other similar entities to attract visitors and events to the City. VSA has a 21 member board, of which the City Manager and two Council members are appointed by the Mayor. VSA provides services almost entirely to the City and meets the fiscal dependency and financial benefit/burden criteria.

Westside Development Corporation
630 S.W. 41st Street
San Antonio, TX 78237
Contact: Leonard Rodriguez
Telephone No. (210) 501-0192

Westside Development Corporation (WDC) was established in fiscal year 2006 in accordance with state laws for the purposes of promoting economic development and redevelopment opportunities in the west side of San Antonio. WDC seeks to generate new capital investment, create higher paying jobs, and reduce the poverty level in the area. In addition, WDC functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality. WDC is governed by a board of directors nominated by a City Council committee and appointed by the City Council. The policy-setting oversight authority consists of 17 members, comprised of representatives of key stakeholders and Westside advocates. WDC provides services entirely to the City. The City has the ability to impose its will, and WDC has met the financial benefit/burden criteria.

The blended component unit with a different fiscal year-end from the City is Pre-K 4 SA with a fiscal year-end of June 30th. The financial data disclosed in the City's financial statements for WDC is as of fiscal year 2018, as the City has not received their fiscal year 2019 audited financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units

The relationships among the following component units and the City meet the criteria, as set forth in GASB Statement No. 61, for inclusion in the reporting entity and are such that the financial statements are presented as fiduciary funds of the City.

As set forth in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the City excludes fiduciary funds and component units that are fiduciary in nature from the government-wide financial statements. The City's component units that are fiduciary in nature are the San Antonio Fire and Police Pension Fund and the San Antonio Fire and Police Retiree Health Care Fund. These component units are presented in the Statement of Fiduciary Net Position and Changes in Fiduciary Net Position.

San Antonio Fire and Police Pension Fund
11603 W. Coker Loop, Ste. 201
San Antonio, TX 78216
Contact: Warren Schott
Telephone No. (210) 534-3262

The San Antonio Fire and Police Pension Fund (Pension Fund) is a single employer defined benefit plan established in accordance with state law. The Pension Fund is administered by a nine-member board of trustees, including two members of the City Council, the Mayor or his appointee, two active police officers, two active firefighters, and two uniformed retirees. The City and its active uniformed personnel are obligated to make all contributions to the Pension Fund in accordance with rates established by state laws. Benefit levels are also set by state laws. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers, upon retirement. The Pension Fund provides services entirely to the City's active and retired uniformed personnel.

San Antonio Fire and Police Retiree Health Care Fund
11603 W. Coker Loop, Ste. 130
San Antonio, TX 78216
Contact: James Bounds
Telephone No. (210) 494-6500

The City of San Antonio Firefighters' and Police Officers' Retiree Prefunded Group Health Plan was created in October 1989 in accordance with the provisions of the City's contracts with the local fire and police unions, respectively, to provide post-employment health care benefits to uniformed employees who retired on or after October 1, 1989. Pursuant to the passage of Senate Bill 1568 in 1997, a separate and distinct statutory trust, the San Antonio Fire and Police Retiree Health Care Fund (Health Fund), was created to provide these post-employment health care benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including two members of the City Council, the Mayor or his appointee, two active police officers, two active firefighters, and two uniformed retirees. The City, active uniform employees, and retirees on behalf of their dependents are obligated to make all contributions to the Health Fund in accordance with rates established by state laws. Benefits are established pursuant to legislation enacted by the State with the Health Fund Board's ability to modify those benefits within certain parameters. The Health Fund provides services entirely to the City's active and retired uniformed personnel.

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to the Pension Fund and Health Fund would be misleading. Therefore, relevant disclosures have been included in the City's financial statements.

The Pension Fund and Health Fund's fiscal year-end is December 31st; financial information disclosed in the City's CAFR for both entities is as of December 31, 2018.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

The relationship among the following component units and the City is such that they meet the criteria, as set forth in GASB Statement No. 61, for inclusion in the reporting entity as discretely presented component units.

Brooks 3201 Sidney Brooks San Antonio, TX 78235-5355 Contact: Eric Greer Telephone No. (210) 678-3319	Brooks is a special district and political subdivision of the State of Texas. It was established on September 27, 2001 as a defense base development authority in accordance with state laws for the purposes of, and to act on behalf of the City in, improving mission effectiveness, reducing the cost of providing quality installation support through improved capital asset management, and promoting economic development for Brooks Air Force Base and in the surrounding community. An 11 member board of directors appointed by the City Council governs Brooks for two-year terms and oversees the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City's ability to impose its will on Brooks is through City Council having the power to remove board members.
CPS Energy P.O. Box 1771 San Antonio, TX 78296-1771 Contact: Julie Johnson Telephone No. (210) 353-2462	CPS Energy, a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS Energy is governed by a board of trustees, which is comprised of four members appointed by City Council and has the City's Mayor as an ex-officio member. The City has the ability to impose its will on CPS Energy through the setting of user rates for services and charges and the issuance of bonds approved by the City Council.
Port Authority of San Antonio DBA Port San Antonio 907 Billy Mitchell Blvd. San Antonio, TX 78226 Contact: Teresa Alexander Telephone No. (210) 362-7834	The Port Authority of San Antonio DBA Port San Antonio (the Port) is a special district and political subdivision of the State of Texas that was originally established in 1996 as a local development authority under the Development Corp Act of 1979 for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly). The Port was to conduct comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly, and submit and implement the plan to the appropriate agency or agencies of the federal government. The Port is authorized to issue bonds, for which the City is not obligated in any manner, to finance projects as permitted by state laws. The Port is governed by an 11 member board of directors, appointed at will by City Council.
SA Energy Acquisition Public Facility Corporation P.O. Box 1771 San Antonio, TX 78296-1771 Contact: Julie Johnson Telephone No. (210) 353-2462	SA Energy Acquisition Public Facility Corporation (SAEAPFC) was established in 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City. SAEAPFC is governed by a seven-member board of directors appointed by City Council for two-year terms. Board members are subject to removal by City Council for cause or at will. The issuance of bonds is approved by City Council.

Year-Ended September 30, 2019 - 33 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Bexar County Soccer Public Facility Corporation
100 Military Plaza
San Antonio, TX 78205
Contact: Patricia Muzquiz Cantor
Telephone No. (210) 207-6556

San Antonio Bexar County Soccer Public Facility Corporation (SABC PFC) is a nonprofit corporation established in fiscal year 2016 in accordance with state laws for the purposes of, and to act on behalf of the City in, the renovation and operation of a facility and related property and infrastructure to be used for and to support professional soccer within the City. SABC PFC is governed by a four-member board of directors comprised of two appointees from the City and two from the County.

San Antonio Housing Trust Finance Corporation
2515 Blanco Rd.
San Antonio, TX 78212
Contact: Pedro Alanis
Telephone No. (210) 207-3908

The San Antonio Housing Trust Finance Corporation (HTFC) was established in 1997 under the Texas Housing Finance Corporations Act (the Act), in accordance with state laws for the purposes of, and to act on behalf of the City in, carrying out the purposes of the Act, including the issuance of single family and multi-family revenue bonds. HTFC's board of directors is appointed by City Council and consists of five City Council members.

San Antonio Housing Trust Foundation, Inc.
2515 Blanco Rd.
San Antonio, TX 78212
Contact: Pedro Alanis
Telephone No. (210) 207-3908

San Antonio Housing Trust Foundation, Inc. (HTF) is a nonprofit entity incorporated in 1990 under the laws of the State of Texas. HTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, and specifically for providing housing for low- and middle-income families, promoting public health, safety, convenience, and welfare, revitalizing neighborhoods and the downtown area through appropriate housing activities, and providing administrative and other support for the operations of the City of San Antonio Housing Trust Fund, a Special Revenue Fund of the City. HTF is governed by an 11 member board of directors appointed by City Council.

San Antonio Housing Trust Public Facility Corporation
2515 Blanco Rd.
San Antonio, TX 78212
Contact: Pedro Alanis
Telephone No. (210) 207-3908

San Antonio Housing Trust Public Facility Corporation (HTPFC) was established in fiscal year 2010 as a nonprofit corporation organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. HTPFC enables housing resources to be better coordinated and directed to accomplish the City's revitalization goals and gives the City another tool to establish housing in downtown and other areas targeted for development. HTPFC's board of directors is appointed by City Council and consists of five City Council members.

San Antonio Housing Trust Reinvestment Corporation
2515 Blanco Rd.
San Antonio, TX 78212
Contact: Pedro Alanis
Telephone No. (210) 207-3908

San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. As HTRC had no activity through September 30th, an audit is not deemed necessary in fiscal year 2019.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Tricentennial Celebration Commission
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Melanie Keeton
Telephone No. (210) 207-8090

The San Antonio Tricentennial Celebration Commission (Commission) was a public nonprofit local government entity incorporated in 2015. The Commission was organized for the purpose of aiding and acting on behalf of the City to provide a means of assisting with the planning, developing, identifying potential partners, fundraising, managing, and financing of projects involved with the City's 300th anniversary celebration in 2018. All powers of the Commission was vested in the Board of Directors. The Board consisted of not less than three nor more than 19 persons, provided that five came at the recommendation of the Bexar County Commissioners Court with the remainder of the Board chosen by City Council. Tricentennial ceased operations in fiscal year 2019.

San Antonio Water System
P.O. Box 2449
San Antonio, TX 78298-2449
Contact: Doug Evanson
Telephone No. (210) 233-3803

On May 19, 1992, the consolidation of water systems, agencies and activities into one institution through a refunding of the then outstanding water and sewer bonds of the former City Water Board, Alamo Water Conservation and Re-Use District, and the City's Sewer and Stormwater System, resulted in the creation of the San Antonio Water System (SAWS). The City Council determined that the interests of the citizens and the customers would best be served by placing authority for management and control of SAWS, as consolidated, with a board of trustees. This board of trustees includes the City's Mayor as an ex-officio member, along with six members appointed by City Council for four-year staggered terms. The rates for user charges and bond issuance authorizations are approved by City Council.

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to CPS Energy and SAWS would be misleading. CPS Energy and SAWS have been identified as major discretely presented component units as they both relate to total component units and to the primary government. Therefore, relevant disclosures have been included in the City's financial statements.

SAWS' fiscal year-end is December 31, 2018; while CPS Energy's and SA Energy Acquisition Public Facility Corporation's fiscal year-end is January 31, 2019. The Commission ceased operations and issued stub period financials ending August 1, 2019.

Essential disclosures related to the previously mentioned discretely presented, fiduciary, and blended component units are included in the complete financial statements of each of the individual component units. These statements may be obtained at the respective entity's administrative office.

Related Organizations

The City Council appoints members to the board of commissioners for the Housing Authority of the City of San Antonio (SAHA). However, the City's accountability for this entity does not extend beyond making appointments to its board and the coordination and approval of strategic plans.

Note 1 Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - GASB Statement No. 34

Government-Wide and Fund Financial Statements – The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities. Additionally, the effect of interfund activity has been removed from the statements.

The Statement of Net Position – Reflects both short-term and long-term assets and liabilities as well as deferred inflows and outflows of resources. In the government-wide Statement of Net Position, governmental activities are reported separately from business-type activities. Governmental activities are supported by taxes and intergovernmental revenues, whereas business-type activities are normally supported by user fees and charges for services. Long-term assets, such as capital assets, long-term obligations, such as debt, and any deferred inflows and outflows of resources are now reported in the governmental activities. The components of Net Position are presented in three separate categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Interfund receivables and payables within governmental and business-type activities have been eliminated in the government-wide Statement of Net Position, which minimizes the duplication within the governmental and business-type activities. The net amount of interfund transfers between governmental and proprietary funds is the balance reported in the Statement of Net Position. Discretely presented component units are also reported in the Statement of Net Position.

The Statement of Activities – Reflects both the gross and net cost format. The net cost (by function or business-type activity) is usually covered by general revenues (property tax, sales and use tax, revenues from utilities, etc.). Direct (gross) expenses of a given function or segment are offset by charges for services, operating and capital grants and contributions. Program revenues must be directly associated with the function of program activity. The presentation allows users to determine which functions are self-supporting and which rely on the tax base in order to complete their mission. Internal Service Fund balances, whether positive or negative, have been eliminated against the expenses and program revenues shown in the governmental and business-type activities of the Statement of Activities.

Fund Accounting

A reconciliation detailing the change in net position between the government-wide financial statements and the fund financial statements is presented separately for governmental funds. In order to achieve a break-even result in the Internal Service Fund activity, differences in the basis of accounting and reclassifications are allocated back to user departments. These allocations are reflected in the government-wide statements. Any residual amounts of the Internal Service Funds are reported in the governmental activity column.

The proprietary funds have a reconciliation presented in the proprietary funds' Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position related to the Internal Service Fund allocation. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions or commitments for which they are to be spent and the means by which spending activities are controlled.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The City has three types of funds: governmental, proprietary, and fiduciary. The fund financial statements provide more detailed information about the City's most significant funds but not on the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements.

The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10.0% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10.0% criterion above in the governmental or enterprise fund is at least 5.0% of the corresponding element total for all governmental and enterprise funds combined.

The following is a brief description of the major governmental funds that are separately presented in the fund financial statements:

- The General Fund is always presented as a major fund.
- The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, except those that are accounted for in enterprise funds.
- The City has designated Pre-K 4 SA, a blended component unit, as a major fund due to the high-profile nature and fiscal transparency for the program, which was funded by a voter-increased sales tax.
- The Convention Center Hotel Finance Corporation, a blended component unit, accounts for the receipt and disbursement of resources within the local economy in order to stimulate business and commercial activity in the City. It was created to issue debt for the construction of the Grand Hyatt and to further promote tourism within the City.
- The 2017 General Obligation Bonds Fund, a capital projects fund, accounts for the receipt and disbursement of bond proceeds for physical infrastructure development and improvement projects approved in an $850,000 bond election held on May 6, 2017.

The following is a brief description of the major enterprise funds that are separately presented in the fund financial statements:

- The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System's operations is provided by user fees, while financing for the Airport System's capital is primarily funded by City issued revenue bonds (repaid with user fees), grants and facility charges assessed to users.
- Solid Waste Management accounts for all revenues and expenses associated with the operations and maintenance of the City's solid waste and environmental management programs, required debt service for outstanding bonds, and construction and management of Solid Waste Management's assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Governmental Funds

General Fund is the primary operating fund for the City, which accounts for and reports all financial resources of the general government not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service and capital projects. The specific revenue sources are the foundation for the fund's designation and are expected to continue to comprise a substantial portion of the inflows reported in the fund. If the fund no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources, the fund's remaining resources and activities are reported in the General Fund.

Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest as well as financial resources that are being accumulated for principal and interest maturing in future years.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those financed by enterprise funds.

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs - that is, for the benefit of the government or its citizenry.

The governmental funds that have legally adopted budgets are the General Fund, Debt Service Fund, Special Revenue Funds (excluding HOME Program, Categorical Grant-In-Aid, HUD 108 Loan Program, Community Development Program, Tax Increment Reinvestment Zone, San Antonio Housing Trust, and most Community Services Funds), City Cemeteries, and Pre-K 4 SA.

Proprietary Funds

Enterprise Funds are used to account for and report operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the expenses (including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges.

Internal Service Funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, other internal service programs, and Capital Management Services (CMS) are accounted for in these funds.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds

The Trust and Agency Funds are used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The Fire and Police Pension Fund is a statutory trust fund established to provide pension benefits to eligible uniformed employees. The Fire and Police Retiree Health Care Fund is a statutory trust fund established to provide Other Post-Employment Retirement Benefits (OPEB) for retired uniformed employees and their dependents. The City's Retiree Health Care Fund meets the criteria of a fiduciary fund and manages OPEB for retired City civilian employees. The Agency Funds account for the City's sales and use tax to be remitted to the State of Texas, various fees for other governmental entities, unclaimed property, and various deposits held.

Fire and Police Pension Fund, Fire and Police Retiree Health Care Fund, and Retiree Health Benefits Insurance Fund are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Measurement Focus and Basis of Accounting

Primary Government (City)

The government-wide financial statements present information about the City as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The Statement of Net Position and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City recognizes revenue from property taxes in the period for which they were levied. Other taxes and fees are recognized as revenue in the year they are earned. Revenues from grants and similar items are recognized in the fiscal year the qualifying expenditures are made and all other eligibility requirements have been satisfied.

Program revenues are presented in the government-wide Statement of Activities. The City reports program revenues in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. They are presented separately as a reduction of the total expense to arrive at the net expense of each functional activity. Program revenues are revenues generated by transactions with outside parties who purchase, use, or directly benefit from a program. They also include amounts such as grants and contributions received from outside parties that restrict the use of those resources to specific programs.

1) Charges for services are revenues generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, and flat rate parking fees. Fines and forfeitures, licenses and permits, and intergovernmental revenues as reported in the General Fund are also reported under charges for services.
2) Operating grants and contributions are those revenues that are restricted in the way they may be spent for operations of a particular program.
3) Capital grants and contributions are also restricted revenues whose resources may only be spent to purchase, build or use capital assets for specified programs.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included in their balance sheets, and revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

Revenues from property taxes, sales and use taxes, occupancy taxes, gross receipts taxes, municipal court fines and fees, licenses, revenues from utilities, and investment earnings are susceptible to accrual. The City's availability period is no more than 60 days beyond the end of the fiscal year. Grant revenues are recognized when reimbursable expenditures are made, all other eligibility requirements imposed by the provider have been met, and the City receives reimbursement within 60 days of the fiscal year-end. Grant funds received in advance are recorded as unearned revenue until earned and available.

Gross receipts and sales and use taxes are considered available when received by intermediary collecting governments and are recognized at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are recognized in the accounting period in which the fund liability is incurred; however, accrued leave, debt service expenditures, claims and judgments, arbitrage rebates, pension, post-employment obligations, asset retirement obligation and pollution remediation are recorded only when the liability is matured.

The reported fund balance (net current assets) for each fund is considered a measure of current financial resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of current financial resources during the period.

Special reporting treatments are applied to governmental fund materials and supplies, prepaid expenditures, and deposits to indicate that they do not represent current financial resources, since they do not represent net current assets. Such amounts are generally offset by fund balance nonspendable accounts.

Proprietary, Pension, Health Funds, and governmental and business-type activities are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and accrued leave, are recognized when they are incurred. These funds are accounted for on a cost of services or economic resources measurement focus. Consequently, all assets and all liabilities (whether current or noncurrent), as well as deferred inflows and outflows of resources associated with its activity, are included in their Statement of Net Position. The reported proprietary fund net position is segregated into three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

Proprietary funds report both operating and nonoperating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position. The City defines operating revenues as those receipts generated by a specified program offering either a good or service. For example, parking garage and surface lot charges are operating revenues of the Parking System. This definition is consistent with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* which defines operating receipts as cash receipts from customers and other cash receipts that do not result from transactions defined as capital and related financing, noncapital financing or investing activities. Operating expenses include personal services, contractual services, commodities, other expenses (such as insurance), and depreciation on capital assets. Revenues and expenses not fitting the above definitions are considered nonoperating.

CPS Energy

CPS Energy's operating revenues include receipts from energy sales, ancillary services and miscellaneous revenue related to the operation of electric and gas systems. Miscellaneous revenue includes late payment fees and rental income.

CPS Energy's revenues are recorded when earned. Customers' meters are read or periodically estimated, and bills are prepared monthly based on billing cycles. Rate tariffs include adjustment clauses that permit recovery of electric and gas fuel costs. CPS Energy has used historical information from prior fiscal years as partial bases to estimate and record earned revenue not yet billed. This process has involved an extrapolation of customer usage over the days since the last meter read through the last day of the monthly period. Also included in unbilled revenue is the over/under-recoveries of electric and gas fuel costs and regulatory assessments.

CPS Energy's electric fuel cost adjustment clause also permits recovery of regulatory assessments. CPS Energy recovers assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges and from the Texas Independent System Operator, also known as the Electric Reliability Council of Texas (ERCOT), for its operating costs and other charges applicable to CPS Energy as a wholesale provider of power to other utilities. Regulatory assessments for fiscal year 2019 were $86,202.

Operating expenses are recorded as incurred and include those costs that result from the ongoing operations of the electric and gas systems.

Nonoperating revenue consists primarily of investment income, including fair market value adjustments and rental income from the sale of communication towers. Certain miscellaneous income amounts from renting general property and providing various services are also recorded as nonoperating revenue when they are not directly identified with the electric or gas systems.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

CPS Energy accounts for its legal obligation to decommission STP Units 1 and 2 in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*, which was adopted during fiscal year 2019. CPS Energy accounts for decommissioning by recognizing its pro rata share of an Asset Retirement Obligation (ARO) based on the best estimate of the current values of outlays expected to be incurred, determined by the most recent cost study. A new cost study is performed every five years, and in years subsequent to the latest study, the Statement requires the current value of CPS Energy's ARO be adjusted for the effects of inflation or deflation, at least annually. CPS Energy restated balances due to the implementation of GASB Statement No. 83. See Note 19 Prior Period Restatement for more information.

Additionally, due to requirements under the Code of Federal Regulations governing nuclear decommissioning trust funds, guidance pertaining to regulated operations provided in GASB Statement No. 62*, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* has been followed. Under this guidance, the zero net position approach is applied in accounting for the Decommissioning Trusts. In accordance with Statement No. 62, the cumulative effect of activity in the Decommissioning Trusts has been recorded as a regulatory liability reported on the Statement of Net Position as Other Payables (net of current portion), since any excess funds are payable to customers. Going forward, prolonged unfavorable economic conditions could result in the assets of the Decommissioning Trusts being less than the estimated decommissioning liability. In that case, instead of an excess as currently exists, there would be a deficit that would be reported as decommissioning net costs recoverable. This amount would be a receivable from customers.

To reflect funding methodology, the Allowance for Funds Used During Construction (AFUDC) rate includes both a debt and an equity component. The blended rate is composed of 50.0% equity and 50.0% debt based on construction funding. The investment rate is reviewed quarterly to determine if any adjustments are necessary. Alternate AFUDC rates are applied to projects costing more than $100,000, reflecting the method by which they are funded.

Periodically, federal or state grants are made available to CPS Energy as a subrecipient for a portion of grant funds allocated to the State of Texas or as direct awards. Grant receipts are recorded as nonoperating income and generally reimburse CPS Energy for costs, recorded as operating expenses, incurred in the administration of the program. Federal or state grants that subsidize in whole or a partial amount of capital assets are recognized as capital contributions. These accounting treatments result in no impact to CPS Energy's net position. Revenues associated with the grant-related programs are exempt from payments of a percentage of gross revenues made to the City. Grant funding received by CPS Energy is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenses disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

San Antonio Water System (SAWS)

SAWS' revenues are recorded as goods or services are provided. Customers' meters are read and bills are prepared monthly based on billing cycles. SAWS uses historical information to estimate and record earned revenue not yet billed.

SAWS' principal operating revenues are charges to customers for water supply, water delivery, wastewater, and chilled water services. Operating expenses include the costs of service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonoperating revenues consist primarily of interest income earned on investments. Nonoperating expenses consist primarily of interest expense, debt related costs, sales of capital assets, and payments to the City.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Primary Government (City)

Deferred outflows and inflows of resources in the Statement of Net Position are shown in the table below:

	Primary Government		
Deferred Outflows of Resources:	**Governmental Activities**	**Business-Type Activities**	**Total**
Deferred Outflows of Resources related to Pensions	$ 366,833	$ 17,245	$ 384,078
Contributions Subsequent to Measurement Date related to Pensions	85,322	6,889	92,211
Deferred Outflows of Resources related to OPEB	95,733	13,356	109,089
Contributions Subsequent to Measurement Date related to OPEB	24,700	196	24,896
Deferred Outflows of Resources related to ARO	262	257	519
Loss on bond refunding	24,827	2,482	27,309
Total Deferred Outflows of Resources	$ 597,677	$ 40,425	$ 638,102
Deferred Inflows of Resources:			
Deferred Inflows of Resources related to Pensions	$ 68,357	$ 1,267	$ 69,624
Deferred Inflows of Resources related to OPEB	91,682	7,243	98,925
Total Deferred Inflows of Resources	$ 160,039	$ 8,510	$ 168,549

Additional information concerning deferred outflows of resources and deferred inflows of resources related to pensions and OPEB can be found in Note 9 Pension and Retirement Plans and Note 10 Postemployment Retirement Benefits, respectively.

Year-Ended September 30, 2019 - 43 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Primary Government (City) (Continued)

Deferred inflows of resources in the governmental fund financial statements related to the unavailable revenues are shown in the table below:

Deferred Inflows of Resources:		**Governmental Funds**
Revenues associated with loan receivables	$	10,434
Revenues associated with grants		8,305
Revenues associated with:		
Property Tax Collections		22,605
EMS Collections		14,906
Municipal Court Fines		5,922
Library Fines		1,065
Alarm Fees		1,039
Magistrate/Detention Fees		398
Fire Marshall Fees		197
Revenues associated with SAWS, CPS, and the Port contributions to projects		161
CCHFC - unavailable receipts for a loan from the Grand Hyatt Hotel		171,090
Total Deferred Inflows of Resources in the Balance Sheet - Governmental Funds Statement	$	236,122

CPS Energy

Deferred outflows and inflows of resources are shown in the table below:

Deferred Outflows of Resources:		**CPS Energy**
Unrealized pension contributions	$	58,700
Losses relating to pension		102,915
Unrealized contributions to the OPEB Plan		1,000
Losses related to OPEB		10,578
Unrealized losses on fuel hedges		4,606
Unamortized debt reacquisition costs		62,205
Unamortized costs for asset retirement obligations		491,132
Total Deferred Outflows of Resources	$	731,136
Deferred Inflows of Resources:		
Unrealized gains related to pension	$	147,795
Unrealized gains related to OPEB		23,154
Unrealized gains on fuel hedges		273
Sale of future revenues		2,136
Total Deferred Inflows of Resources	$	173,358

Year-Ended September 30, 2019 - 44 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources (Continued)

San Antonio Water System (SAWS)

Deferred outflows and inflows of resources are shown in the table below:

		SAWS
Deferred Outflows of Resources:		
Deferred charges on bond refunding	$	42,048
Decrease of fair value of hedging derivatives		9,332
Unrealized pension contributions		12,382
Unrealized OPEB contributions		15,308
Losses related to pension		5,721
Total Deferred Outflows of Resources	$	84,791
Deferred Inflows of Resources:		
Differences between expected and actual experience and changes of assumptions related to pension	$	17,807
Differences between expected and actual experience and changes of assumptions related to OPEB		6,040
Total Deferred Inflows of Resources	$	23,847

Current Year GASB Statement Implementations

In fiscal year 2019, the City implemented the following GASB Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations,* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The City implemented this Statement in fiscal year 2019. See Note 13 Other Obligations for more information.

Year-Ended September 30, 2019 - 45 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations (Continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The City implemented this Statement in fiscal year 2019. See Note 7 Long-Term Debt for more information.

SAWS, a City discretely presented component unit, will implement GASB Statement No. 83 and GASB Statement No. 88 in fiscal year 2020.

Future GASB Statement Implementations

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City will assess and implement this Statement where necessary in fiscal year 2020.

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Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 87, *Leases,* will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City will assess and implement this Statement where necessary in fiscal year 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City will assess and implement this Statement where necessary in fiscal year 2021.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 6*, will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100.0% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100.0% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City will assess and implement this Statement where necessary in fiscal year 2020.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The City will assess and implement this Statement where necessary in fiscal year 2022.

GASB Statement No. 92, *Omnibus 2020*, will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, Leases, for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended*, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, to reporting assets accumulated for postemployment benefits; applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance, effective fiscal year 2020. The remaining components are effective for reporting periods beginning after June 15, 2020. The City will assess and implement this Statement were necessary in fiscal years 2020 and 2021.

The City has not fully determined the effects that implementation of these statements will have on the City's financial statements.

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Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks located within the State of Texas. A pooled cash and investment strategy is utilized, which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a prorated basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. Fair market value of the City's investments is determined by quoted market prices and valuations using interest rate curves and credit spreads applied to the terms of the debt instrument, while also considering the counterparty rating. The City's policy with respect to money market investments, which have a remaining maturity of one year or less at the time of purchase, is to report those investments at amortized cost, which approximates fair value. Amortization of premium or accretion of discount is recorded over the term of the investments. As of September 30, 2019, the City's investment portfolio did not contain any derivative or alternative investment products, nor was it leveraged in any way. Derivatives or alternative investment products are found only where noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 4 Cash and Cash Equivalents, Securities Lending and Investments.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with an original maturity of approximately 90 days or less to be cash equivalents.

Materials and Supplies and Prepaid Items

Materials and supplies consist principally of expendable items held for consumption and are stated at cost, based on first-in first-out and lower of average cost or market methods. For governmental and proprietary fund types, the "consumption" method is used to account for certain materials and supplies. Under the consumption method, these acquisitions are recorded in materials and supplies accounts and charged as expenditures for governmental funds and as expenses for proprietary funds when used.

Prepaid items are goods and services that are paid in advance. These payments reflect costs applicable to future accounting periods and are recorded in both government-wide and fund financial statements. Using the consumption method, prepaid items are charged as expenditures for governmental funds and as expenses for proprietary funds as the goods or services are used.

Capital Assets and Depreciation

Primary Government (City)

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, works of art, historical treasures, or capital assets received in a service concession agreement are valued at acquisition value. Capital assets recorded under capital leases are recorded at the present value of future minimum lease payments. Depreciation on all exhaustible capital assets of the City is charged as an expense with accumulated depreciation being reported in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

Primary Government (City) (Continued)

The City has established capitalization thresholds for automotive equipment, computer software, computer equipment, machinery and equipment, buildings, improvements, infrastructure, and depreciable intangible (e.g. right of ways, easements, internally generated software). Some intangible assets may have an indefinite life. For those assets, depreciation is not calculated. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. Losses are recorded net of any insurance recovery when the recovery is realizable in the respective fiscal year.

The estimated useful lives and capitalization thresholds applied are as follows:

Assets	Useful Life (Years)	Capitalization Threshold
Automotive Equipment	5-10	$ 5
Computer Software	5-10	5
Computer Equipment	5-10	5
Machinery and Equipment	5-20	5
Buildings	10-40	100
Depreciable Intangible	5-40	100
Improvements (other than buildings)	10-40	100
Infrastructure	10-100	100

CPS Energy

The costs of additions and replacements of assets identified as major components or property units are capitalized. Maintenance and replacements of minor items are charged to operating expense. Except for certain assets that may become impaired, the cost of a depreciable plant that is retired, plus removal costs and less salvage, is charged to accumulated depreciation. Per the financial reporting requirements of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, any losses associated with capital asset impairments will be charged to operations, not to accumulated depreciation.

CPS Energy's utility plant is stated at the cost of construction, including expenses for contracted services; direct equipment, material and labor; indirect costs, including general engineering, labor, equipment and material overheads; and Allowance for Funds Used During Construction (AFUDC), or capitalized interest. AFUDC is applied to projects that require 30 days or more to complete.

Proceeds from customers to partially fund construction expenses are reported as capital grants and contributions in the Statement of Activities as increases in net position in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The amount reported for capital grants and contributions was $54,936 for the period ending January 31, 2019, including donated assets of $5,150. The remaining portion of this balance, $49,786 for fiscal year 2019 represents contributions received from customers as payments for utility extensions and services, as well as funding for community initiatives and other local partnership projects.

Year-Ended September 30, 2019 - 50 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

Except for nuclear fuel, which is amortized over units of production, CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property according to asset type. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was 3.4% for fiscal year 2019.

The estimated useful lives of depreciable capital assets are as follows:

Depreciable Capital Assets	Useful Life (Years)
Buildings and Structures	20-45
Utility Plant in Service:	
Generation	18-49
Transmission and Distribution	15-60
Gas	35-65
Machinery and Equipment	4-20
Intangibles:	
Software	10
Other	20-30
Mineral Rights and Other	20-40
Nuclear Fuel	Units of Production

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2019 are as follows:

Assets	Capitalization Threshold
Land, Land Improvements and Certain Easements	Capitalize All
Buildings and Building Improvements	$ 10
Computer Software:	
Purchased	50
Internally Developed	50
Enhancements/Upgrades	50
Computer Hardware	3
All Other Assets	3

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Year-Ended September 30, 2019 - 51 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

San Antonio Water System (SAWS)

SAWS' capital assets in service are capitalized when the unit cost is greater than or equal to $5. Utility plant additions are recorded at cost, which includes materials, labor, direct internal costs, and interest capitalized during construction. Capital assets include intangible assets, which consist of purchased water rights and land capital easements, costs associated with acquiring additional Certificates of Convenience and Necessity related to new service areas, and development costs for internally generated computer software. Assets acquired through capital leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as those from developers, are recorded at estimated acquisition value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized.

Capital assets are depreciated on the straight-line method. This method is applied to all individual assets except distribution and collection mains and intangible assets. Groups of mains are depreciated on the straight-line method over an estimated average useful life of 50 years. Mains are included in the distribution and transmission system asset category and the collection system category. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs.

The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

Assets	Useful Life (Years)
Structures and Improvements	25-50
Pumping and Purification Equipment	10-50
Distribution and Transmission System	17.5-50
Collection System	50
Treatment Facilities	25
Machinery and Equipment	5-20
Furniture and Fixtures	3-10
Computer Equipment	5
Software	3-10
Intangible Assets (Definite Useful Life)	20

Accrued Leave

Primary Government (City)

In the governmental fund financial statements, the City accrues annual leave and associated employee related costs when matured for both civilian and uniformed employees. Sick leave is not accrued for civilian employees and is not payable upon termination. The City accrues the matured portion of its uniformed employees' accrued sick leave, holiday, and bonus pay in accordance with the respective collective bargaining agreements, which state that uniformed employees must provide notice in writing ahead of the first pay period in October to be eligible for buyback. Because notice is provided to the City by fiscal year-end, the City accrues uniformed employees' eligible buyback, as it is due and payable by September 30th.

Year-Ended September 30, 2019 - 52 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Leave (Continued)

Primary Government (City)(Continued)

For governmental fund types, the matured current portion of the liability resulting from the accrual of these leave liabilities is recorded in the respective governmental fund and reported in the fund financial statements, while the entire liability is reported in the government-wide financials. The current and long-term portions of the liability related to proprietary fund types are accounted for in the respective proprietary funds.

CPS Energy

Employees earn vacation benefits based upon their employment status and years of service.

San Antonio Water System (SAWS)

It is SAWS' policy to accrue earned but unused employee vacation pay as well as the employer portion of Social Security taxes and required employer pension contributions related to the accrued vacation pay. Sick leave is not accrued and a terminating employee is not paid for accumulated sick leave.

Insurance

Activity for the City's self-insurance programs is recorded in the Internal Service Funds. Assets and obligations related to property and casualty liability, employee health benefits, workers' compensation, unemployment compensation, and employee wellness are included. Retired employee health benefit activity is reported in a Fiduciary Fund.

The City is insured for property loss on a primary basis through Factory Mutual Insurance Company. The City is completely self-insured for liability claims. Related liabilities are accrued based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported prior to the end of the fiscal year. The City determines and accrues loss liabilities based on an actuarial assessment of historical claim data and industry trends performed annually less expenditures issued after fiscal year-end and accrued during close out that were included in the reserve census data given to the actuaries.

The City also provides employee health insurance, which includes funding a prorated share of retiree health benefit costs, workers' compensation, and unemployment benefits under its self-insurance programs. The City purchases medical claims stop-loss insurance from HM Life Insurance Company. The stop-loss insurance covers civilian and uniformed active employees, non-Medicare eligible retirees, and eligible dependents for claims paid exceeding $1,100.

Employee and retiree health benefit liabilities are determined and accrued based upon the City's estimates of aggregate liabilities for unpaid benefits utilizing claim lag data from the City's third-party administrator. The City additionally determines and accrues post-employment liabilities based on an actuarial assessment of historical claim data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the post-employment liability as additional contributions.

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

The City is a member of the Texas Municipal League Workers' Compensation Joint Insurance Fund and uses this fund as a mechanism for administering workers' compensation claims that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third-party administrators. The City records all workers' compensation loss contingencies, including claims incurred but not reported. The City determines and accrues workers' compensation liabilities based on an actuarial assessment of historical claim data and industry trends performed annually. The City has been completely self-insured for workers' compensation claims since May 1, 2013.

Regarding unemployment compensation, the City is subject to the State of Texas Employment Commission Act. Under this Act, the City's method for providing unemployment compensation is to reimburse the State for claims paid by the State.

All insurance carriers providing coverage for the City are required to possess an A.M. Best Company rating of A- or better, where A- denotes Excellent. A.M. Best is an industry recognized rating service for insurance companies. For more detailed explanation of the City's self-insurance programs, see Note 14 Risk Financing.

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 and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. 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. See Note 9 Pension and Retirement Plans for more information.

Fund Balance

Fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned based to the extent to which the City is bound to observe constraints imposed on the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaids.
- Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or imposed by law through enabling legislation.
- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

- Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council, City Manager, Executive Leadership Team, and Department Directors.
- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds other than the General Fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative unassigned fund balance.

Generally, the City would apply restricted, committed or assigned resources prior to unassigned resources when expenditure is incurred for purposes for which more than one of the classification of fund balance is available. See Note 16 Fund Balance Classifications for more detail.

Assets associated with cash and receivables received from restricted sources (grants, bond issuances, legislative items, or other third party restrictions) as well as associated obligations are categorized as restricted.

Allocation of Indirect Expenses

The City recovers indirect costs in the General Fund through the application of departmental indirect cost rates. These rates are developed and documented in the City's departmental indirect cost rate plan. In this plan, each department is classified by function. Indirect costs are budgeted by department and are used as a basis for the City's actual indirect cost allocation. Base rates are then applied to actual indirect costs recovered, and indirect costs are reclassified to reduce general government expenditures. For fiscal year 2019, general government expenditures in the General Fund were reduced by $19,396, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $12,298 and $7,098, respectively.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the debt. Deferred charges on refunding (the difference between the reacquisition price and the carrying value of the existing debt) are deferred and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Elimination of Internal Activity

Elimination of internal activity, particularly related to internal service fund and blended component unit transactions, is needed to make the transition from governmental funds to government-wide activities. The overriding objective in eliminating the effects of internal service fund activity is to adjust the internal charges to cause a break-even result. The main objective in eliminating the effect of funding and reimbursement of costs between the primary government and blended component unit is to remove duplication of same activities.

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity (Continued)

Eliminating the effect of internal service fund activity requires the City to look back and adjust the Internal Service Funds’ internal charges. Net income derived from internal service fund activity would cause a prorated reduction in the charges made to the participating funds/functions. Conversely, an internal service fund net loss would require a prorated increase in the amounts charged to the participating funds/functions.

Therefore, eliminations made to the Statement of Activities remove the doubling up effect of internal service fund activity. The residual internal balances between the governmental and business-type activities are reported in the Statement of Net Position and the internal balance amounts that exist within the governmental funds or within business-type funds are eliminated. The City reports internal service fund balances in both governmental and business-type activities, based on the prorated share of the amounts charged to the participating funds/functions.

The City has four Internal Service Funds: Other Internal Services (OISF), Information Services, Self-Insurance Funds, and CMS. Through tracking charges to the applicable departments in each fund, the net income or loss will be allocated back to the user department, based on actual charges incurred over time.

OISF reports on activities of four funds: Purchasing Fund, Equipment Renewal and Replacement Fund, Building Maintenance Fund, and Fleet Services Fund. The Purchasing Fund generates its revenue through fixed assessments charged to various funds each year for procurement services, as well as charge-backs for postage and printing. The Equipment Renewal and Replacement Fund charges fixed assessments associated with the replacement of vehicles and heavy equipment. Building Maintenance Fund charges user fees based on the space occupied by departments. Fleet Services Fund charges a monthly amount based on vehicle repair and maintenance and fuel purchases by each department.

Information Services charge a monthly amount based on the usage of data processing, telephone, and radio services by each department. The Self-Insurance Funds generates its revenues through fixed assessments charged to the various funds each year. The Employee Benefits Fund, a component of Self-Insurance Fund, additionally charges prorated user fees to employees. The CMS Fund generates revenues by charging a capital administrative fee for activities on projects being worked on. The fund additionally generates revenue through reimbursements of costs incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the City, Pension and Health Fund, CPS Energy, and SAWS to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Application of Restricted and Unrestricted Net Position

The City may receive funding from an organization whose expenditures are restricted to certain allowable costs. In situations where both restricted and unrestricted net position are expended to cover allowable expenses, the City will first expend the restricted net position and cover additional costs with unrestricted net position. The City reserves the right to selectively defer the use of restricted assets or reimburse unrestricted net position with allowable restricted assets.

Note 2 Property Taxes

Property taxes are levied and due upon receipt on October 1, based on the assessed value of the previous January 1. The taxes are attached as an enforceable lien on property as of January 1 of the subsequent year, and become delinquent the following February 1. Property tax billing and collections are performed via an inter-local agreement with the Bexar County Tax Assessor/Collector's Office.

The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to $2.50 per $100 of taxable valuation (amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2019, was $0.55827 per $100 taxable valuation, which means that the City has a tax margin of $1.94173 per $100 taxable valuation (tax rate amounts are not reflected in thousands). This could raise an additional $2,196,443 per year based on the net taxable valuation of $113,117,850 before the limit is reached. In fiscal year 2019, the City has forgone property tax revenues as a result of abatement agreements it has entered into. For more information see Note 3 Tax Abatements.

The City has adopted a Tax Increment Financing (TIF) Program Policy and Implementation Manual for the utilization of tax increment as a financing mechanism and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2019, there were 20 existing TIRZ with a total taxable captured value of $4,271,247 for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. For fiscal year 2019, this total taxable captured value produced $21,663 in tax increment revenues. The existing TIRZ have initial terms ranging from 19 years to 38 years which are anticipated to expire by fiscal year 2045. It is estimated that the City will contribute approximately $541,712 in tax increment revenues in aggregate over the life of these TIRZ projects.

TIRZ	Start Date	End Date	Taxable Captured Value
Rosedale	12/17/1998	9/30/2019	$ 7,642
Mission Del Lago	8/19/1999	9/30/2032	193,418
Houston Street	12/9/1999	9/30/2034	593,234
Stablewood Farm	12/14/2000	9/30/2025	54,469
Inner City	12/14/2000	9/30/2025	1,146,950
Plaza Fortuna	12/13/2001	9/30/2025	5,889
Lackland Hills	12/13/2001	9/30/2026	20,722
Northeast Crossing	6/13/2002	9/30/2028	161,011
Brooks City Base	12/9/2004	9/30/2039	445,963
Mission Creek	12/9/2004	9/30/2029	54,415
Hallie Heights	12/9/2004	9/30/2024	20,399
Heather Cove	12/16/2004	9/30/2024	19,807
Hunters Pond	6/1/2006	9/30/2031	34,819
Verano[1]	12/6/2007	9/30/2045	
Westside	12/11/2008	9/30/2032	345,101
Midtown	12/11/2008	9/30/2031	941,648
Mission Drive In	12/11/2008	9/30/2027	91,678
North East Corridor	12/4/2014	9/30/2034	123,699
Hemisfair	2/2/2017	9/30/2037	10,383
Tarasco[2]	12/13/2018	9/30/2044	
			$ 4,271,247

[1] Verano TIRZ was active during fiscal year 2019 but had a total taxable captured value of zero.

[2] Fiscal year 2020 will be the first year of tax increment collections for the Tarasco TIRZ.

Note 3 Tax Abatements

GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or citizens of those governments.

The City utilizes the following tax abatement programs to provide powerful new resources and incentives to grow the economy in the region, revitalize targeted areas of the City and promote strong, balanced growth throughout the community.

The City has not entered into agreements with other governments that would reduce the reporting government's tax revenues. Other entities are not authorized to enter tax abatement agreements that reduce the City tax revenue without the City's consent.

City Tax Abatement Program

- ***Purpose of program*** – Encourages a job creation environment to help attract, retain and expand targeted industries, increase employment and high-wage jobs, expand the tax base, and create long-term capital investment (including foreign direct investment) and new wealth opportunities in the community in accordance with the SA Tomorrow Comprehensive Plan.
- ***Taxes being abated*** – This program offers a tax abatement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to ten years.
- ***Authority for entering program*** – Chapter 312 of the Texas Tax Code.
- ***Eligibility criteria for recipients*** – A new company or existing local company must meet or exceed all of the criteria; 1) minimum amounts of new real and/or personal property capital investment; 2) minimum levels of full-time job creation, excluding data center projects and solar farms; 3) employee and dependent access to health care benefits; 4) minimum living and all-industry wage requirements for new and existing employees at project site; and 5) applicant must be in a targeted industry, a qualifying project or business activity.
- ***Mechanism used to abate taxes*** – Through a reduction of the property's assessed value or as a credit to the amount of taxes owed.
- ***How the dollar amount of the abatement was determined*** – The amount and term of the tax abatement offered is dependent upon the location and industry of the project, other public incentives offered for the same project and the overall benefit to the City and community.
- ***Recapture Provisions*** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project in the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- ***Types of commitments made by recipients*** – Varies by agreement, including investment in real and personal property, creating a minimum number of full time jobs, and commitment to maintain business activities for a set amount of time.
- ***Other commitments to the recipient*** – No other commitments are made with this program.

Note 3 Tax Abatements (Continued)

Economic Development Incentive Fund (EDIF) Program

- ***Purpose of program*** – Provide economic development grants and/or loans to eligible companies seeking to create or retain jobs and invest in San Antonio.
- ***Taxes being abated*** – These programs decrease the property tax revenue up to 100.0% from real and/or personal property for the City by reducing the amount of the assessed value up to 15 years.
- ***Authority for entering program*** – Chapter 380 of the Local Government Code.
- ***Eligibility criteria for recipients*** – A new company or existing local company must meet or exceed all of the criteria; 1) minimum amounts of new real and/or personal property capital investment; 2) minimum levels of full-time job creation, excluding data center projects and solar farms; 3) employee and dependent access to health care benefits; 4) minimum living and all-industry wage requirements for new and existing employees at project site; and 5) applicant must be in a targeted industry, a qualifying project or business activity.
- ***Mechanism used to abate taxes*** – Through a reduction of the property's assessed value or as a credit to the amount of taxes owed.
- ***How the dollar amount of the abatement was determined*** – The amount of EDIF assistance for a business recruitment or retention/expansion project will be based on a determination of need for financial incentives from the City to ensure the attraction, retention and/or expansion of the eligible company or program. Staff will also conduct a fiscal benefit analysis on each such project and evaluate the total benefits from all financial incentive programs the City might offer for the project.
- ***Recapture Provisions*** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project in the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- ***Types of commitments made by recipients*** – Varies by agreement, including investment in real and personal property, creating a minimum number of full time jobs, and commitment to maintain business activities for a set amount of time.
- ***Other commitments to the recipient*** – Varies by agreement, may include grants (usually most significant, amount depends on financial availability), loans, and forgivable loans.

Tax Increment Financing Program – Center City Housing Incentive Policy

- ***Purpose of program*** – Provides financial incentives for multi-family housing projects and focuses on housing redevelopment within the Greater Downtown Area.
- ***Taxes being abated*** – This program offers a tax reimbursement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to 15 years.
- ***Authority for entering program*** – Chapter 311 of the Texas Tax Code, Chapter 380 of the Local Government Code.
- ***Eligibility criteria for recipients*** – All projects must create housing at a density of at least eight units per acre for adaptive reuse or historic rehabilitation projects, or 16 housing units per acre for all other projects. Rental projects must maintain first year rental rate for 10.0% of units throughout agreement term. All projects must receive design approval prior to commencement.
- ***Mechanism used to abate taxes*** – Eligible projects will receive a tax reimbursement disbursed annually over the life of the agreement.
- ***How the dollar amount of the abatement was determined*** – The amount of the tax abatement offered is dependent on the location of the property and increase of the property value over the term of the agreement from the base year's value.

Note 3 Tax Abatements (Continued)

Tax Increment Financing Program – Center City Housing Incentive Policy (Continued)

- ***Recapture Provisions*** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project in the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- ***Types of commitments made by recipients*** – Varies by agreement, including investment in real and personal property (generally rental housing units).
- ***Other commitments to the recipient*** – Varies by agreement, may include SAWS fee waivers (generally most significant up to $500), City fee waivers, low interest loans, low interest forgivable loans, and mixed-use forgivable loans.

Tax Increment Financing Program – Non-Center City Housing Incentive Policy

- ***Purpose of program*** – This program is to promote local economic development and to stimulate business and commercial activity.
- ***Taxes being abated*** – This program offers a tax reimbursement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to 15 years.
- ***Authority for entering program*** – Chapter 311 and 312 of the Texas Tax Code, Chapter 380 of the Local Government Code.
- ***Eligibility criteria for recipients*** – All projects must create housing at a density of at least eight units per acre for adaptive reuse or historic rehabilitation projects, or 16 housing units per acre for all other projects. Rental projects must maintain first year rental rate for 10.0% of units throughout agreement term. All projects must receive design approval prior to commencement.
- ***Mechanism used to abate taxes*** – Eligible projects will receive a tax reimbursement disbursed annually over the life of the agreement.
- ***How the dollar amount of the abatement was determined*** – The amount of the tax abatement offered is dependent on the location of the property and increase of the property value over the term of the agreement from the base year's value.
- ***Recapture Provisions*** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project in the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- ***Types of commitments made by recipients*** – Varies by agreement, including investment in real and personal property, creating a minimum number of full time jobs, and commitment to maintain business activities for a set amount of time.
- ***Other commitments to the recipient*** – Varies by agreement, may include SAWS fee waivers, (generally most significant up to $500), City fee waivers, low interest loans, low interest forgivable loans, and mixed-use forgivable loans.

Note 3 Tax Abatements (Continued)

Summary

A summary of these taxes forgone on the City's abatement programs for the year-ended September 30, 2019 follows:

Tax Abatement Program	Number of Agreements (Not in thousands)	Amount of Taxes Abated during the fiscal year
City Tax Abatement Program	17	$ 4,121
Economic Development Incentive Fund Program	7	1,174
Center City Housing Incentive Policy	26	1,811
Non-Center City Housing Incentive Policy	8	840
	58	$ 7,946

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Note 4 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

Totals from Statement of Net Position

	City [1]	Fire and Police Pension Fund [2 4]	Fire and Police Retiree Health Care Fund [2 4]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 77,284	$ 57,717	$ 7,120	$ 349,704	$ 58,064
Security Lending Collateral		95,325			
Investments	651,270	2,954,888	357,765	104,171	436,823
Total Unrestricted	728,554	3,107,930	364,885	453,875	494,887
Restricted:					
Cash and Cash Equivalents	280,883			234,326	71,926
Investments	941,607			1,107,234	458,978
Total Restricted	1,222,490			1,341,560	530,904
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,951,044	$ 3,107,930	$ 364,885	$ 1,795,435	$ 1,025,791

[1] Agency and City Retiree Health Care Fund investments are included in the City's pooled cash and investments but are not available for City activities and are excluded from the primary government's Statement of Net Position. The Agency assets are presented above as Restricted Cash and Cash Equivalents of $3,448 and Investments of $4,563. The City Retiree Health Care Fund assets are presented above as Restricted Cash and Cash Equivalents of $54 and Investments of $538.

[2] The Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund are separately issued fiduciary component units and are excluded from the primary government's Statement of Net Position.

[3] For the fiscal year-ended January 31, 2019.

[4] For the fiscal year-ended December 31, 2018.

A summary of cash and cash equivalents, securities lending and investments for the primary government (City), Pension Fund, Health Fund, CPS Energy, and SAWS is presented below as of each entity's respective fiscal year-end. This information is provided in order to facilitate reconciliation between the Statement of Net Position and the following note disclosures:

Summary of Cash and Cash Equivalents

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
Deposits with Financial Institutions	$ 155,364	$ 237	$ 63	$ 3,398	$ 9,085
Investments with Original Maturities of Less than Ninety Days	151,986	57,480	7,057	580,583	120,878
Cash with Other Financial Agents	50,408				
Petty Cash Funds	128			49	
Cash on Hand	281				27
Total Cash and Cash Equivalents	$ 358,167	$ 57,717	$ 7,120	$ 584,030	$ 129,990

Year-Ended September 30, 2019 - 62 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Summary of Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Summary of Investments

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
U.S. Treasuries, Government Agencies, Money Market Mutual Funds, and Government Investment Pool	$ 1,742,836	$ 121,336	$ 7,057	$ 1,446,924	$ 1,016,679
Repurchase Agreements	1,177				
Corporate Bonds		323,335		138,496	
Foreign Bonds		247,994		12,579	
Common Stock		683,200	9,128	144,473	
Mutual Funds			79,538		
Real Estate		251,363	28,490	48,802	
Preferred Stock	850			714	
Hedge Funds		480,868	457		
International Equities - Common Stock		438,886			
Alternative Investment		465,386	240,152		
Total Investments	1,744,863	3,012,368	364,822	1,791,988	1,016,679
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(151,986)	(57,480)	(7,057)	(580,583)	(120,878)
Total	$ 1,592,877	$ 2,954,888	$ 357,765	$ 1,211,405	$ 895,801

City monies are deposited in demand accounts at the City's depository. The City utilizes a pooled cash and investment strategy with each fund's cash balance and pro rata shares of highly liquid investments, including U.S. Treasury securities, U.S. government agency securities, and repurchase agreements with original maturities of 90 days or less, summarized by fund type and included in the combined Statement of Net Position as cash and cash equivalents. Overdrafts, which result from a fund overdrawing its share of pooled cash, are reported as interfund payables by the overdrawn fund and as interfund receivables of either the General Fund or another fund with a similar purpose.

The City's investment portfolio is managed in accordance with the Texas Public Funds Investment Act, as amended, and its own Investment Policy. Authorized investments include demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, repurchase agreements, money market mutual funds and government investment pools. The City maintains in its investment portfolio U.S. Treasury securities and U.S. government agency securities with original maturities greater than 90 days. Each fund's pro rata share of these investments with original maturities greater than 90 days is combined with similar nonpooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities and U.S. government agency securities, and are reported as investments in the combined Statement of Net Position, as of September 30, 2019.

Year-Ended September 30, 2019 - 63 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City)

With regard to money market investments and government investment pools that have a remaining maturity of one year or less at the time of purchase, the City's policy is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The decrease in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was $2,022 for the year-ended September 30, 2019.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* applies to all state and local governments that participate in external investment pools. The City participates in two such pools: TexPool and TexPool Prime. The City's investments managed through TexPool are recorded at amortized cost in accordance with GASB Statement No. 79. These investments consist exclusively of United States government securities, its agencies or instrumentalities, repurchase agreements collateralized by United States government securities, its agencies or instrumentalities, AAA-rated, no-load money market mutual funds, certificates of deposit guaranteed or insured by the Federal Deposit Insurance Company or the National Credit Union Share Insurance Fund, commercial paper rated at least A-1 or P-1 by (i) two Nationally Recognized Statistical Rating Organizations (NRSROs) or (ii) one NRSRO and fully secured by an irrevocable letter of credit by a national or state bank, and securities lending programs. The Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company (the Trust Company), which is authorized to operate TexPool. Federated Investors, Inc. manages the assets under an agreement with the Comptroller, acting on behalf of the Trust Company. Additional information regarding TexPool and TexPool Prime may be found at http://www.texpool.com/TexPool/home.do.

TexPool and TexPool Prime do not have any limitations or restrictions on participants' withdrawals that would have to be stated in the notes to the financial statements. All TexPool securities are reported within the highest category of credit ratings and are denominated in U.S. dollars. Per GASB Statement No. 40, *Deposit and Investment Risk Exposure*, TexPool is not exposed to custodial credit risk. Additionally, TexPool utilizes shadow pricing, which is consistently within 0.5% of amortized cost value per unit.

In accordance with GASB Statement No. 40, the following table and narrative addresses the interest rate risk exposure by investment type, using the weighted average maturity (WAM) method, custodial credit risk, interest rate risk, credit risk, and concentration of credit risk. The City does not hold any foreign securities; therefore, foreign currency risk is not applicable.

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Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

City Investments

	Carrying [1] Amount	Fair [1] Value	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 386,776	$ 387,068	22.2%	AA+/A-1+	.42 years
U.S. Treasuries	1,203,229	1,204,959	69.0%	N/A	.65 years
Money Market Mutual Funds	84,432	84,432	4.8%	AAAm	1 day
Government Investment Pool	66,377	66,377	3.8%	AAAm	1 day
Preferred Stock	850	850	0.1%	N/A	N/A
Repurchase Agreement	1,177	1,177	0.1%	N/A	1 day
Total City Investments	$ 1,742,841	$ 1,744,863	100.0%		

[1] The Carrying Amount and Fair Value include blended component units for SIDC, TMFC, CCHFC, and TPFC, which total $22,694.

[2] The allocation is based on fair value.

[3] Standard & Poor's Rating

Custodial Credit Risk (Deposits) – Collateral pledged for demand accounts and certificates of deposit is required to be held in the City's name in the custody of a third-party institution that customarily provides such custodial services at 102.0% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the U.S. government and its agencies and obligations of the State and its municipalities, school districts, and district corporations.

Written custodial agreements are required which provide, among other things, that the collateral securities are held separate from the assets of the custodial banks. The City periodically determines that the collateral has a market value adequate to cover the deposits (not less than 102.0% of the deposit amount) and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City were entirely collateralized by the City's depository with securities consisting of U.S. government and its agencies or U.S. government guaranteed obligations held in book entry form by the Federal Reserve Bank in the City's name.

Custodial Credit Risk (Investments) – The City's investment securities are held at the City's depository bank's third-party custodian, The Bank of New York Mellon, in the depository bank's name as a custodian for the City. Assets pledged as collateral must generally be a type of security specifically authorized to be held as a direct investment; must be held by an independent third party; and must be pledged in the name of the City.

Interest Rate Risk – The City manages exposure to value losses resulting from rising interest rates by limiting the investment portfolio's weighted-average maturity to five years. Per the City's Investment Policy, investments are diversified across issuers and maturity dates so that fewer funds will be subject to interest rate risk occurrence at any given time. In addition, the City generally follows a laddered approach to investing, whereby blocks of roughly the same increments are invested at similarly increased maturity lengths. This approach provides security that all investments will not become due at one particularly advantageous or disadvantageous period of time, thereby spreading the risk. Weighted-average maturity is defined as the weighted-average time to the return of a dollar of principal. It is used as an estimate of the interest rate risk of a fixed income investment. The City invests in money market mutual funds and government investment pools with 100.0% overnight liquidity. Additionally, the City has entered into a repurchase agreement with 100.0% overnight liquidity.

Year-Ended September 30, 2019 - 65 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Credit Risk – The City's Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk. To limit the City's credit risk, investments in other debt securities will consist of securities rated 'A' or better by at least two nationally recognized rating agencies. As of September 30, 2019, the City's investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pools, consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank were rated 'AA+' (Long-term) and 'A-1+' (Short-term) by Standard & Poor's. The investments in the money market mutual fund and governmental investment pools were rated 'AAAm' by Standard & Poor's and the repurchase agreement were greater than 100.0% collateralized with U.S. government agency securities.

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2019, the U.S. government agency's 22.2% securities allocation was as follows: Federal National Mortgage Association 5.2%, Federal Home Loan Mortgage Corporation 1.7%, Federal Home Loan Bank 10.3%, Federal Agricultural Mortgage Corporation 1.6%, and Farm Federal Credit Bank 3.4%.

Fair Value Measurement – The City records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value and establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined by GASB Statement No. 72 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 (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, GASB Statement No. 72 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Equity securities are examples of Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency and U.S. Government Treasury securities are examples of Level 2 inputs.

Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

	9/30/2019	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Agency Securities	$ 387,068	$ -	$ 387,068	$ -
Treasuries	1,204,959		1,204,959	
Total Debt Securities	$ 1,592,027	$ -	$ 1,592,027	$ -
Private Equity				
Preferred Stock	$ 850	$ -	$ 850	$ -
Total Private Equity	$ 850	$ -	$ 850	$ -
Total Investments by Fair Value Level	$ 1,592,877	$ -	$ 1,592,877	$ -

The City's investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty rating.

Fire and Police Pension Fund

Investments of the Pension Fund are administered by the Fire and Police Pension Fund Board of Trustees. Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned. Investments of the Pension Fund are reported at fair value. Common and preferred stocks are valued based on published market prices and quotations from national security exchanges and securities pricing services. International stocks are then adjusted to reflect the current exchange rate of the underlying currency. Investments, for which no notional exchanges or pricing service exists, such as private equity, are valued by the investment partnership based on the valuation methodology outlined in the partnership agreement. Real estate may be valued by the manager or independent appraisers. Commingled assets that are not traded on a national exchange are valued by the commingled manager. The Pension Fund performs due diligence reviews of the investment pricing, process, and infrastructure of private equity, commingled, and real estate investments to assure that the asset values provided by the managers are reasonable.

Net appreciation/(depreciation) is determined by calculating the change in fair value of investments between the beginning of the period and the end of the period, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the Pension Fund's investment operations, as well as internal administrative expenses associated with the Pension Fund's investment program.

The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash, security lending, and investments is $3,107,930.

Year-Ended September 30, 2019 - 67 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Policy – The Pension Fund's policy in regard to the allocation of invested assets is established and may be amended by the Pension Fund's Board of Trustees. The primary long-term objective will be to achieve a return of at least the actuarial return assumption. Preservation of capital and consistent capital appreciation are the key considerations in establishing acceptable levels of risk; however, since the Pension Fund enjoys a very long-term investment horizon, significant short-term fluctuations in value can be tolerated. Based on existing contribution rates and benefit payments, current income from investments should be addressed in the management of these assets. To pursue the foregoing objectives at an acceptable risk level, the following policy (i.e., long-term) allocation is considered appropriate as updated in September 2018 and compared to actual allocations at December 31, 2018.

Investment Type	Target Allocation	2018 Actual Allocation
Large Cap U.S. Equities	15.0%	15.4%
Small Cap U.S. Equities	3.0%	3.1%
Developed International Equities	15.0%	13.8%
Emerging International Equities	6.0%	5.2%
Hedge Funds	10.0%	10.9%
Private Equity	7.0%	5.5%
Subtotal Equity	56.0%	53.9%
Risk Parity	5.0%	5.1%
High Yield	5.0%	3.5%
Bank Loans	5.0%	7.0%
Global Fixed Income	0.0%	2.7%
Unconstrained Fixed Income	3.0%	2.8%
Emerging Market Debt	7.0%	5.4%
Private Debt	7.0%	5.6%
Real Estate	9.0%	8.4%
Real Assets	3.0%	4.5%
Cash	0.0%	1.1%
Subtotal Fixed Income	44.0%	46.1%
Total Investments	100.0%	100.0%

Rate of Return – The money weighted rate of return (loss) for the year-ended December 31, 2018 was (4.0%). The return is net of investment expenses and adjusted for the changing amounts actually invested.

Investment Risk – The Pension Fund's investments have been categorized to address deposit and investment risks related to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Year-Ended September 30, 2019 - 68 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Pension Fund will not be able to recover the value of the investment or collateral in possession of the counterparty. The Pension Fund does not have an investment policy regarding custodial credit risk. The Pension Fund considers only demand deposits as cash. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to $250 at each financial institution. As of December 31, 2018, the Pension Fund had cash deposits held by investment managers in the amount of $1,433 that were uninsured and uncollateralized.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the Pension Fund's investment in a single issue. As of December 31, 2018, the Pension Fund did not have any single investment in any one organization which represented greater than 5.0% of plan net assets.

Credit Risk – Credit Risk is the risk that an issuer will not fulfill its obligations. Using Standard and Poor's rating system for fixed income securities as of December 31, 2018, 3.0% of the Pension Fund's bonds were rated 'AAA', 2.0% were rated 'AA', 7.0% were rated 'A', 14.0% were rated 'BBB', 27.0% were rated 'BB', 31.0% were rated 'B', 4.0% were rated 'CCC', and 9.0% were unrated or not rated. 3.0% of the securities were invested in U.S. Government and Agencies, which are not rated.

Credit risk for derivative instruments held by the Pension Fund results from counterparty risk, which is essentially that the counterparty will be unable to fulfill its obligations, which are then assumed by the Pension Fund. Information regarding the Pension Fund's credit risk related to derivatives is found under the derivatives disclosures. Policies pertaining to credit risk associated with the Pension Fund's securities lending program are found under the securities lending disclosures.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of fixed income securities will adversely affect the fair value of an investment. Only the fixed income securities of the Pension Fund are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. The Pension Fund does not have an investment policy specifically regarding interest rate risk. Investment managers have full discretion in adopting investment strategies to deal with these risks, and all of the Pension Fund's fixed income portfolios are managed in accordance with guidelines that are specific as to the degree of interest rate risk taken.

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Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities that are subject to interest rate risk as of December 31, 2018 are shown in the table below.

Investment Type	Fair Value	Weighted-Average Maturity (WAM) (Years)
Corporate Bonds	$ 67,637	5.2
Corporate Convertible Bonds	472	6.6
Government Agencies	1,849	1.1
Government Bonds	59,685	13.2
Municipal/Provincial bonds	2,322	0.5
Commercial Mortgage Backed	170	11.1
Non-government-backed Collateralized Mortgage Obligation	740	25.8
Bank loans	201,886	5.2
Payden and Rygel[1]	83,902	4.5
Ashmore[2]	68,520	9.5
GoldenTree[3]	52,418	
Wellington emerging market debt[4]	95,571	
Total Interest Rate Sensitive Securities	$ 635,172	
Portfolio WAM (Weighted Average Maturity)		6.6

1 Payden and Rygel, a commingled fund, invests opportunistically in any type of bond.

2 Ashmore is a commingled fund invested in emerging market debt.

3 GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio effective duration as 4.3 as of December 31, 2018.

4 Wellington, a commingled fund, also invests in emerging market debt. Wellington also reports the effective duration of the portfolio in lieu of WAM. The effective duration for Wellington was 6.4 as of December 31, 2018.

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Year-Ended September 30, 2019 - 70 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension Fund's exposure to foreign currency risk in U.S. dollars as of December 31, 2018 is shown in the table below.

Country	Equities	Bonds	Cash	Total
Argentinian Peso	$ 1,117	$ -	$ -	$ 1,117
Australian Dollar	15,559	4,448	50	20,057
Brazilian Real	21,930	8,854		30,784
British Pound	32,291	4,770	81	37,142
Canadian Dollar	16,808			16,808
Chilean Peso	2,065			2,065
Chinese Yuan	41,183	1,713		42,896
Colombian Peso	1,050	2,090		3,140
Czech Republic Krona	117			117
Danish Krone	3,361		34	3,395
Egyptian Pound	117	526		643
European Union Euro	94,987	11,174	106	106,267
Hong Kong Dollar	26,762	134	22	26,918
Hungarian Forint	700			700
Indian Rupee	14,645			14,645
Indonesian Rupiah	3,364	6,029		9,393
Israeli New Shekel	2,153		35	2,188
Japanese Yen	86,324		446	86,770
Malaysian Ringgit	4,988	5,463		10,451
Mexican Peso	6,661	13,561		20,222
New Taiwan Dollar	18,640		65	18,705
New Zealand Dollar	301		6	307
Nigerian Naira	297			297
Norwegian Krone	4,322		72	4,394
Pakistani Rupee	370			370
Peruvian Nuevo Sol	581			581
Philippine Peso	701			701
Polish Zloty	5,025	4,891		9,916
Qatar Riyal	350			350
Russian Ruble	8,065	2,604		10,669
Singapore Dollar	5,531		450	5,981
South African Rand	7,807	7,064		14,871
South Korean Won	40,105	1,713		41,818
Swedish Krona	9,862		50	9,912
Swiss Franc	21,764		16	21,780
Thai Baht	10,232	1,987		12,219
Turkish New Lira	6,870			6,870
UAE Dirham	583			583
	$ 517,588	$ 77,021	$ 1,433	$ 596,042

Year-Ended September 30, 2019 - 71 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities Lending – State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodial bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodian bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities be maintained by the custodian bank. Collateral may be in the form of cash, U.S. government securities, and irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity to the interest reset date of 27 days at December 31, 2018.

As of December 31, 2018, the Pension Fund had lending arrangements outstanding with a total market value of $105,347 which were fully collateralized with cash and securities. Cash collateral of $95,325 is recorded in the accompanying Statement of Fiduciary Net Position. Net income for the year-ended December 31, 2018, under the securities lending arrangement was $375.

Cash Collateral Pool	
Repo Agreements	$ 40,037
Variable Rate Certificates of Deposit	13,784
Certificates of Deposit	12,440
ABS Commercial Paper	10,314
Commercial Paper	9,609
Time Deposit	7,149
Municipal Variable Rate Notes/Bonds	1,373
Sweep Vehicle	619
Total	$ 95,325

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Year-Ended September 30, 2019 - 72 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Derivatives and Structured Financial Instruments – The Pension Fund has only limited involvement with derivatives and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivatives and other structured financial instruments is to use derivatives to replicate exposures to equity or fixed income securities. The Pension Fund held structured financial instruments which included equity options with a fair value of $29 and commercial mortgage obligations with a fair value of $994 as of December 31, 2018, which are included with investments in the Statement of Fiduciary Net Position. The Pension Fund also invests in hedge funds which may employ the use of derivatives to reduce volatility. The Pension Fund's total investment in hedge funds was $480,868 as of December 31, 2018.

As of December 31, 2018, the Pension Fund held foreign currency forward contracts as follows:

Currency	Unrealized Gain (Loss)	Market Value U.S. Dollars
Australian Dollar	$ (55)	$ (2,100)
British Pound	15	3,311
Canadian Dollar	(214)	(4,300)
Columbian Peso	(42)	(1,525)
European Union Euro	(1)	(540)
Japanese Yen	188	6,130
Japanese Yen	41	3,258
Japanese Yen		30
Norwegian Krone	(49)	(2,147)
Norwegian Krone	(49)	(2,144)
Norwegian Krone	(23)	(416)
Norwegian Krone		(66)
Swedish Krona	20	2,473
Swedish Krona	20	2,467
Swedish Krona	(29)	(5,188)
South African Rand	(3)	(805)
Total	$ (181)	$ (1,562)

The market value of the currency forwards is included with the investments on the Statement of Fiduciary Net Position. The loss realized during the year-ended December 31, 2018 was $2,268. This loss is included with net increase (decrease) in fair value of investments on the Statement of Changes in Fiduciary Net Position.

Fair Value Measurement – The Pension Fund categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the investment.

Year-Ended September 30, 2019 - 73 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

		Fair Value Measurement Using		
	12/31/2018	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Bonds	$ 59,685	$ -	$ 59,685	$ -
Government Agencies	1,849		1,849	
Municipal/Provincial Bonds	2,322		2,322	
Corporate Bonds	68,121		68,121	
Bank Loans	201,886		201,886	
Commercial Mortgage Obligations	910		910	
Total Debt Securities	$ 334,773	$ -	$ 334,773	$ -
Equity Securities				
Domestic	$ 314,908	$ 313,829	$ 1,079	$ -
International	131,890	131,480		410
Total Equity Securities	$ 446,798	$ 445,309	$ 1,079	$ 410
Private Equity				
Venture	$ 27,698	$ -	$ -	$ 27,698
Buyout	76,902			76,902
Fund-of-funds - Diversified	59,318			59,318
Real Assets	134,916			134,916
Total Private Equity	$ 298,834	$ -	$ -	$ 298,834
Private Debt				
Mezzanine	$ 23,923	$ -	$ -	$ 23,923
Distressed	59,533			59,533
Senior Debt	83,096			83,096
Total Private Debt	$ 166,552	$ -	$ -	$ 166,552
Total Investments by Fair Value Level	$ 1,246,957	$ 445,309	$ 335,852	$ 465,796
Investments Measured at the Net Asset Value (NAV)				
Relative Value Hedge Funds	$ 91,658			
Event Driven Hedge Funds	39,160			
Structured Credit	15,462			
Macro/Directional Hedge Funds	48,764			
Re-Insurance Hedge Funds	12,991			
Long/Short	93,155			
Commodity Trading Advisor	23,784			
Hedge Fund of Funds	3,935			
Risk Parity	151,959			
Commingled Funds:				
Domestic Debt	52,418			
Global Debt	247,994			
Domestic Equity	236,402			
Global Equity	438,886			
Real Estate	251,363			
Total Investments Measured at the NAV	1,707,931			
Total Investments Measured at Fair Value	$ 2,954,888			

Year-Ended September 30, 2019 - 74 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Debt and Equity Securities – Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities classified in Level 3 of the fair value hierarchy were valued based on theoretical relationships to other assets similar to the ones in the portfolio.

Private Equity – The Pension Fund is invested in 43 private equity funds that are diversified across four main types of strategies. There are six venture capital funds, nine buyout funds, 15 real assets funds, and 13 diversified fund of funds. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair market value of the underlying investments. The methods used to determine fair value include discounted cash flow, small public company comparison and appraisal. The partnerships have a ten year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from $5,000 to $30,000. It is expected that the investee funds will call between 80.0% and 90.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive returned capital either from sales of or operations from the underlying investments. As of December 31, 2018, it is estimated that the unfunded commitments were approximately $98,545 of which $58,990 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so, so these investments are considered illiquid.

Private Debt – The Pension Fund is invested in 18 private debt funds, which include four funds focused on mezzanine lending to companies that have operations that have good growth potential, but limited access to bank loans or public debt or equity markets, nine funds focused on loans that are senior in the borrowers' capital structure, and five funds that concentrate on distressed debt where debt is purchased at a cost that is less than the value of the collateral. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair market value of the underlying investments. The methods used to determine fair value include discounted cash flows plus the value of any equity that investee funds receive as part of the lending arrangements. The partnerships have a ten year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from $5,000 to $30,000. It is expected that the investee funds will call between 70.0% and 80.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive repayment from the debt service of the underlying investments and in some cases extra capital from the sale of the equity received when underlying companies are sold or refinanced through public offerings.

As of December 31, 2018, it is estimated that unfunded commitments were approximately $65,683 of which $41,210 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so. As a result, these investments are considered illiquid.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Measured at the Net Asset Value – The Pension Fund is also substantially invested in investee funds where fair value is measured at the net asset value (NAV). These funds invest in stocks, bonds, derivatives in some cases and real estate. The stocks, bonds or derivatives, if they were held directly by the Pension Fund, would have readily determinable values that would fit into the fair value levels. Most of these would be in Level 1 or 2. Real estate investments would fall into Level 3 since there is not usually a ready market for the underlying assets. The investee funds have both active and inactive managers. Inactive managers invest in stocks that are in an index such that the return on the investment equals the return on the index. Active managers will invest in stocks or bonds with intent of either achieving a higher rate of return than the market or one of the indexes, or lowering the amount of the risk involved. The investee funds in this category include hedge funds, a risk parity fund, index funds, commingled funds, and real estate funds.

Hedge Funds – The Pension Fund's investments in hedge funds include relative value, event driven, macro/directional and diversified hedge fund-of-funds. These hedge funds all require notice between 30-90 days of the intent to redeem cash from them. They will only redeem cash at the end of calendar quarters. The Pension Fund is invested in four relative value hedge funds, two event driven hedge funds, seven macro/directional hedge funds, one reinsurance hedge fund, one structured credit hedge fund, one commodity trading advisor hedge fund, and one market neutral hedge fund. Relative value investing seeks to exploit relationships that are out of normal equilibrium. These investee funds are not concerned with the price of an asset such as a stock or bond by itself, but how that asset's price relates to other assets that historically display some correlation to the asset. Macro/directional hedge fund strategies base their investments, such as long and short positions in various equity, fixed income, currency, commodities and futures markets, primarily on the overall economic and political views of various countries, or their macroeconomic principles. Event driven hedge funds invest based on the expectation of a particular event such as a merger or acquisition and how that event is expected to affect the price of the underlying investment. One of the hedge funds that the Pension Fund invests in actually invests alongside a reinsurance company. Structured credit hedge funds may hedge interest rate exposure while making bets on credit spreads, and they may look for relative value between the senior and junior securities on the same corporate issuer. A commodity trading advisor will invest long and short in a basket of commodities based on expected supply and demand for the different commodities. Market neutral strategies are similar to long/short strategies except that they do not make a directional bet on the expected return of the market. They make long and short bets on specific company pairs that would be considered competitors of each other. The Pension Fund is winding down the remaining investments in hedge fund-of-funds, which invest in a diversified group of underlying hedge funds. In this category there are four hedge fund-of-fund remnants that are subject to a gate. Three of these gates have been in place since 2008 when the Pension Fund gave notice of redemption. One was redeemed in 2016. Most of the investments have been returned, $2,817 is expected to be received in 2019, but there is no certainty when the remaining investment of $1,118 will be returned. The gates were put in place to prevent having to sell the assets under duress.

Risk Parity Fund – The Pension Fund has one investee that is called risk parity which is similar to a hedge fund in that it attempts to mitigate large systemic risks such as hyperinflation, or market corrections by increasing exposure to low risk strategies while decreasing or hedging exposures to investments that are sensitive to those systemic risks.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Commingled Fund – The Pension Fund's investments in commingled funds consist of bond investors and stock investors. The bond funds invest in domestic high yield bonds, opportunistic global bonds and emerging market bonds. The stock funds are invested in domestic large and small cap stocks and global and emerging market stocks. Commingled funds are chosen for these investments either because of the size of the investment, or because of the transfer of the complexity of investing internationally.

Real Estate Fund – Real estate investments are diversified by type of real estate such as residential, commercial office, industrial and retail. They are also diversified by stage of development such as opportunistic, value added and core properties. Finally they are diversified geographically. Two of the investee managers representing $99,619 were open-ended funds that allow redemptions. 36 of the investee managers were limited partnerships with durations of ten to 15 years. These limited partnerships do not allow redemptions. They do distribute cash after the investment period, usually two to four years, from operations or sales of underlying properties. These investments are similar to the private equity partnerships and private debt partnerships; in that, funds are committed at the beginning of the investment and called by the partnerships as purchase opportunities present themselves. Commitments in this category are more likely to be called up. It is likely that 80.0% to 90.0% of the committed capital will ultimately be called. Unfunded commitments in this category were approximately $69,333, of which approximately $55,827 is expected to be called. Fair value for this asset class is determined by appraisals of the underlying properties. The Pension Fund's asset allocation requires that when capital is returned it is reinvested in new partnerships so that the percentage allotted to the asset class can be maintained. Like private equity and private debt limited partnerships, it is possible to sell partnership interests to other investors or secondary partnerships at a substantial cost to the Pension Fund. The Pension Fund has no intention of redeeming these investments prior to maturity. Consequently, these investments are considered illiquid.

Fire and Police Retiree Health Care Fund

The Health Care Fund Board of Trustees administers investments of the Health Fund. Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value.

Alternative investments are held in the form of nonmarketable limited partnerships interests, private real estate investment trusts, open-ended hedge funds, and index funds. These investments are subject to the terms of the respective partnerships' or other types of governing documents which may limit the Health Fund's withdrawal to specified times and conditions and restrict the transferability of the Health Fund's interest. The fair valuation of these investments is based on net position values as set by the fund managers or general partners. These net position values may differ from the value that would have been used had a readily available market for the investments existed; accordingly, such differences could be material.

All investment income, including changes in the fair value of investments, is reported as additions in the Statement of Changes in Fiduciary Net Position.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

The Health Fund's assets are invested as authorized by the Investment Policy, as set by the Board of Investees. The Health Fund utilizes an investment consultant that makes recommendations to the Health Fund as to the appropriate target portfolio weightings among the major asset classes (e.g. stocks, mutual funds, limited liability partnerships, cash, etc.) within the Health Fund. Additionally, the Health Fund has contracted with certain investment managers to exercise full discretionary authority to buy, hold, and sell decisions for each security under management, subject to the guidelines as defined in the Investment Policy. All of the Health Fund's cash and investments, with the exception of alternative investments, are held by a custodian bank, Frost Bank of San Antonio, Texas.

Investments authorized by the Health Fund's Investment Policy include U.S. equities; including common stocks, securities convertible into common stock, and open or closed end mutual funds; international equity; certain fixed income assets; such as, corporate bonds and certificates of deposit; commercial paper; private equity; and, alternative investments; including, real estate, absolute return hedge funds, and natural resources. The cash portion of the Health Fund is invested in a short-term money market mutual fund administered by the custodian bank.

The fair value of the Health Fund's cash and investments at December 31, 2018 is $364,885.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to two years at time of purchase. At December 31, 2018, the money market fund weighted average to maturity is 48 days. The Health Fund places no limit on maturities of Mutual Funds – Fixed Income.

Credit Risk – In accordance with the Health Fund's Investment Policy, investments in money market mutual fund must be rated at least 'A-2' by Standard and Poor's (S&P). At December 31, 2018, the money market mutual fund was rated 'AAAm' by S&P. The Health Fund's investments in Mutual Funds – Fixed Income are not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk (Investments) – The custodial credit risk for investments is the risk; in the event of failure of the counterparty to an investment transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2018, the Health Fund's common stock investments are held at Frost Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, in the event of failure of the bank, the investments held in trust would not be affected.

Concentration of Credit Risk – Concentration risk is the exposure to loss that can result from failing to diversify investments. Accordingly, a government should disclose investments that represent 5.0% or more of its total investments that are invested in a single issuer. Concentration risk does not arise in connection with U.S. government obligations and obligations explicitly guaranteed by the U.S. government; mutual funds; and, similar pooled investments which are designed, in part, to provide diversification. At December 31, 2018, the Health Fund held no investments which exceeded 5.0% of total investments.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2018, one of the Health Fund's investments (an amount of $4,519 or 1.3% of total investments) is exposed to foreign currency risk. The primary currency for this risk is the Euro.

Fair Value Measurement – The Health Fund categorizes its fair value measurements of its investments within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the investment.

The Health Fund uses the net asset value (NAV) per share as the fair value measurement for its alternative investments since they cannot be traded and, therefore, market-based information regarding their value does not exist. As such, these alternative investments are not categorized according to the fair value hierarchy. At December 31, 2018, the Health Fund's fair value measurements for its investments were as follows:

		Fair Value Measurement Using		
	12/31/2018	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Equity Securities				
U.S. Equity - Common Stock	$ 9,128	$ 9,128	$ -	$ -
Mutual Fund - Fixed Income	60,085	60,085		
Mutual Fund - International Equity	19,453	19,453		
Total Investments by Fair Value Level	$ 88,666	$ 88,666	$ -	$ -
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	$ 28,490			
Natural Resource Funds	46,137			
Hedge Funds - Open-Ended Funds	457			
Private Equity Funds	82,132			
Global & Domestic Equity Funds	26,809			
Index Funds	85,074			
Total Investments Measured at the NAV	$ 269,099			
Total Investments	$ 357,765			

Investments Measured at the NAV	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Real Estate Funds	$ 28,490	$ 13,380		
Natural Resource Funds	46,137	14,178	Annually	90-120 Days
Hedge Funds - Open-Ended Funds	457		Annually	90-120 Days
Private Equity Funds	82,132	21,815		
Global & Domestic Equity Funds	26,809		Monthly	15-30 Days
Index Funds	85,074		Monthly	3 Days
	$ 269,099	$ 49,373		

Year-Ended September 30, 2019 - 79 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Real Estate Funds – The Health Fund is invested in nine real estate funds, which are generally diversified through fund-to-fund strategies. Portfolios include investments in assets and distressed debt for residential and commercial real estate (domestic and international). Fair values have been determined using NAV per share of investments. Real estate investment funds represent 8.0% of the Health Fund's portfolio. For each of the funds, the Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that four funds (representing $4,992 or 17.5% of real estate funds) will liquidate within three years; two funds (representing $10,691 or 37.5% of real estate funds) will liquidate within five years; and, three funds (representing $12,807 or 45.0% of real estate funds) will liquidate within nine years.

Natural Resources Funds – The Health Fund is invested in 11 natural resources funds. These funds are limited partnerships that use harvesting and fund-to-fund strategies. Portfolios for these funds include investments in domestic and international commodities; such as, oil, gas, iron, copper, minerals, metals, and energy sources. Fair values have been determined using NAV per share of investments. These natural resources investment funds represent 13.0% of the Health Fund's portfolio, and are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. One investment fund (representing $2,446 or 10%) is eligible for redemption on an annual basis with a 90-120 day formal notice. For the other ten funds, management estimates that three funds (representing $13,248 or 28.7% of natural resources funds) will liquidate within three years; three funds (representing $14,476 or 31.4% of natural resources funds) will liquidate within five years; and, four funds (representing $15,967 or 34.6% of natural resources funds) will liquidate within nine years.

Hedge Funds - Open-Ended Funds – The Health Fund is invested in one hedge fund. Portfolios for these funds include investments in common stock, preferred stock, United States government obligations, convertible securities, debt instruments, real estate assets, options, futures, swaps, and collateralized debt/securities. Fair values have been determined using NAV per share of investments. These hedge funds represent 1.0% of the Health Fund's portfolio. This fund is eligible for redemption on an annual basis with a 90-120 day formal notice.

Private Equity Funds – The Health Fund is invested in 12 private equity investment funds. Strategies for these funds include two buyout funds, four diverse fund-to-fund funds, two private debt funds, two secondary funds, and two venture capital funds. Portfolios for these funds include assets in multiple domestic and international industries. Fair values have been determined using NAV per share of investments. These private equity funds represent 23.0% of the Health Fund’s portfolio, and are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that five funds (representing $5,540 or 6.7% of private equity funds) will liquidate within three years; three funds (representing $38,260 or 46.6% of private equity funds) will liquidate within five years; and, four funds (representing $38,332 or 46.7% of private equity funds) will liquidate within nine years.

Global & Domestic Equity Funds – The Health Fund is invested in two commingled global and domestic equity funds which consist of bonds and stock investors. Portfolios for these funds include investments in international emerging markets in various industries. Fair values have been determined using NAV per share of investments. These investment funds represent 7.0% of the Health Fund's portfolio, and are eligible for redemption on a monthly basis with a 15-30 day formal redemption notice.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Index Funds – The Health Fund is invested in five nonpublic index funds consisting of fixed income, domestic equities, international equities including emerging markets and developing markets, and treasury inflation protected securities (TIPS). Index funds seek to provide investment results that, before expenses, correspond generally to the total return of an index that tracks the performance of an investment class. Fair values have been determined using NAV per share of investments. These investment funds represent 23.0% of the Health Fund's portfolio, and are eligible for redemption with a three day notice.

Subscribed Capital Commitments – As of December 31, 2018, the Health Fund had non-binding commitments to invest capital in 24 investment companies under investment capital subscription agreements. These commitments are subject to periodic calls from the investment companies. The amount of this investment capital committed under the subscription agreements totaled to $49,373. As of December 31, 2018, $8,326 of this total had been called.

CPS Energy

CPS Energy's investments with a maturity date within one year of the purchase date are reported at amortized cost, which approximates fair value. Amortization of premium and accretion of discount are recorded over the terms of the investments. CPS Energy's investments with a maturity date of one year or longer from the purchase date are accounted for at fair value. As available, fair values are determined by using generally accepted financial reporting services, publications, and broker/dealer information. The specific identification method is used to determine costs in computing gains or losses on sales of securities. CPS Energy also reports all investments of the Decommissioning Trusts at fair market value.

Restricted funds are generally for uses other than current operations. They are designated by law, ordinance or contract and are often used to acquire or construct noncurrent assets. Restricted funds consist primarily of unspent bond or commercial paper proceeds, debt service required for the New Series Bonds, Junior Lien Obligations, Commercial Paper, the Flexible Rate Revolving Note and funds for future construction or contingencies. Restricted funds also include customer assistance programs that receive proceeds from outside parties and assets of the Decommissioning Trusts. Also included in the restricted funds classification is the Repair and Replacement Account, restricted in accordance with CPS Energy's bond ordinances.

CPS Energy's cash deposits at January 31, 2019 were either insured by federal depository insurance or collateralized by banks. For deposits that were collateralized, the collateral included letters of credit and securities. The securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York or other allowable banks in CPS Energy's name.

Separation – CPS Energy's cash, cash equivalents, and investments can be separated as those directly managed by CPS Energy and those managed through the Decommissioning Trusts.

For financial reporting purposes, cash, cash equivalents and investments managed directly by CPS Energy have been consistently measured as of the end of the fiscal year. The Decommissioning Trusts are reported on a calendar-year basis.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Public Funds Investment Act (PFIA) – CPS Energy's investments and the investments held in the Decommissioning Trusts are subject to the rules and regulations of the PFIA. The PFIA regulates what types of investments can be made, requires written investment policies, mandates training requirements of investment officers, requires internal management reports to be produced at least quarterly, and provides for the selection of authorized broker-dealers and investment managers.

Investments of CPS Energy – CPS Energy's allowable investments are defined by CPS Energy Board Resolution, CPS Energy Investment Policy, bond ordinances, Commercial Paper ordinances and State law. These investments are subject to market risk, and their fair value will vary as interest rates fluctuate. All CPS Energy investments are held in trust custodial funds by independent banks.

SEC Rule 2a-7 Money Market Reform – On July 23, 2014, the Securities and Exchange Commission (SEC) adopted Rule 2a-7 that governs money market funds. This rule was effective beginning October 14, 2016, and requires a floating net asset value (NAV) for institutional prime money market funds, which allows the daily share price of these funds to fluctuate along with changes in the market-based value of the fund's assets. The PFIA requires money market funds to have a stable $1 NAV. Therefore, prior to rule 2a-7 becoming effective, CPS Energy was required to transfer its investments in institutional prime money market funds to investment types that have a stable $1 NAV to remain in compliance with PFIA requirements. Permissible alternative investment types identified include government money market funds, investment pools, short-term commercial paper and Treasury and Agency securities.

Investments of the Decommissioning Trusts – CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project Decommissioning Trust Investment Policy, the Investment Committee, the Trust Agreements and State law, as well as Public Utility Commission of Texas (PUCT) and Nuclear Regulatory Commission (NRC) guidelines. Allowable investments for the Decommissioning Trusts include those directly permissible for CPS Energy (except for investment pools), as well as equities and corporate bonds (including international securities traded in U.S. dollars and on U.S. stock exchanges). In accordance with the Decommissioning Trusts' Investment Policy, total investments can include a maximum of 60.0% equity securities. In an effort to further reduce the overall risk of the portfolio, the target allocations for both Decommissioning Trusts are 63.5% fixed-income, 28.0% equities and 8.5% U.S. real estate investment trusts.

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Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Permissible Investments		
Investment Description	CPS Energy Direct Investments	Decommissioning Trusts
U.S. Government, U.S. Government Agency, or U.S. Government-guaranteed obligations	✓	✓
Collateralized mortgage obligation issued by the U.S. Government	✓	✓
Fully secured certificates of deposit issued by a state, national or savings bank domiciled in the State of Texas	✓	✓
Direct repurchase agreements	✓	✓
Reverse repurchase agreements	✓	✓
Defined bankers' acceptances and commercial paper	✓	✓
No-load money market mutual funds	✓	✓
Investment pools	✓	N/A
Equities	N/A	✓
Investment quality obligations	✓	✓
Corporate bonds	N/A	✓
International securities	N/A	✓
No-load commingled funds	N/A	✓
Securities lending programs	✓	✓
Other specific types of secured or guaranteed investments	✓	✓

Risk Exposure – CPS Energy's cash equivalents, equity and fixed-income investments are exposed to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk. Interest rate risk is the exposure to fair market value losses resulting from rising interest rates. Credit risk is the risk that an issuer of an investment will not fulfill its obligations (will be unable to make timely principal and interest payments on the security). Foreign currency risk is the exposure to fair market value losses arising from changes in exchange rates. Cash, cash equivalents and fixed-income investments are also exposed to inflation, liquidity, political, legal, event, reinvestment and timing (call) risks. Additionally, equity investments are exposed to political, legal, event, market and general economic risks. Due to market fluctuations, it is possible that substantial changes in the fair value of investments could occur after the end of the reporting period.

CPS Energy's investments and the investments in the Decommissioning Trusts are managed with a conservative focus. The investment policies are structured to ensure compliance with bond ordinances, the PFIA, the Public Funds Collateral Act, the NRC, the PUCT, other applicable state statutes, and CPS Energy Board of Trustee resolutions relating to investments. CPS Energy identifies and manages risks by following an appropriate investment oversight strategy, establishing and monitoring compliance with investment policies and procedures, and continually monitoring prudent controls over risks.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Investment Policies – In accordance with State law, the Decommissioning Trusts' Investment Policy allows for investment in additional types of securities, such as corporate bonds and equity securities. The policy provides guidelines to ensure all funds are invested in authorized securities in order to earn a reasonable return. The primary emphasis is placed on long-term growth commensurate with the need to preserve the value of the assets and, at the time funds are needed for decommissioning costs, on liquidity. The Investment Policy continues to follow the "prudent person" concept.

GASB Statement No. 40 – In accordance with GASB Statement No. 40, additional disclosures have been provided in this note that address investment exposure to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk, as applicable. CPS Energy's investments and those in the Decommissioning Trusts do not have custodial credit risk, as all investments are held either by an independent trustee or bank and are in CPS Energy's or the Decommissioning Trusts' names.

CPS Energy Investments – In accordance with GASB Statement No. 40, the following tables address concentration of credit risk and interest rate risk exposure by investment type using the weighted-average maturity (WAM) method. Since CPS Energy does not hold foreign instruments in its direct investments (those held by CPS Energy), foreign currency risk is not applicable.

Interest Rate Risk – In accordance with its Investment Policy, CPS Energy manages exposure to fair value losses resulting from rising interest rates by placing a limit on the portfolio's WAM. The Investment Policy limits the WAM to three years or less, which allows for the management of risk while optimizing returns. CPS Energy invests in money market mutual funds that have no fixed maturities.

Concentration of Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to concentration of credit risk through diversification and by limiting investment in each federal agency to 35.0% and investment in any other issuer of debt securities to 5.0% of the total fixed-income portfolio. Additionally, negotiable certificates of deposit are limited to 35.0% of the total portfolio per issuer.

Investment Type	Carrying Value	Fair Value	Allocation	Weighted-Average Maturity (Years)
U.S. Treasuries	$ 27,574	$ 27,574	2.2%	1.5
U.S. Agencies:				
Federal Agriculture Mortgage Corp.	24,891	24,891	2.0%	0.5
Federal Farm Credit Bank	95,665	95,665	7.8%	3.3
Federal Home Loan Bank	92,478	92,478	7.5%	4.4
Federal Home Loan Mortgage Corp.	137,067	137,067	11.2%	3.9
Federal National Mortgage Assn.	126,504	126,504	10.3%	4.6
Small Business Administration	22,196	22,196	1.8%	5.7
Municipal Bonds	134,567	134,565	11.0%	1.9
Certificates of Deposit	10,000	10,000	0.8%	0.6
Investment Pools	471,702	471,702	38.4%	
Money Market Mutual Funds	85,450	85,450	7.0%	
Total Fixed-Income Investments	$ 1,228,094	$ 1,228,092	100.0%	1.9

Year-Ended September 30, 2019 - 84 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting long-term debt security investments to those with a credit rating of 'A' or better. As of January 31, 2019, CPS Energy held no debt securities with a long-term credit rating below 'A-', or equivalent, or short-term credit rating below 'A-1/P-1/F-1.'

Credit Rating	Carrying Value	Fair Value	Allocation
U.S. Treasuries (AA+)	$ 27,574	$ 27,574	2.3%
AAA	565,293	565,293	46.8%
AA+	532,328	532,328	42.6%
AA	47,017	47,015	3.8%
AA-	17,357	17,357	1.4%
A+	2,680	2,680	0.2%
A			0.0%
A-			0.0%
Short-term:			
A-1 / P-1 / F-1			0.0%
Not rated[1]	35,845	35,845	2.9%
Total Fixed-Income Investments	$ 1,228,094	$ 1,228,092	100.0%

[1] Money market deposit accounts, which meet PFIA/CPS Energy Investment Policy requirements.

Decommissioning Trust Investments – As mentioned previously, the Decommissioning Trusts report their assets on a calendar-year basis; therefore, the tables in this section are as of December 31, 2018. These tables address interest rate risk exposure by investment type, concentration of credit risk, credit risk, and foreign currency risk. All investments held by the Decommissioning Trusts are long-term in nature and are recorded at fair value.

Interest Rate Risk – Generally, the long-term nature of the liabilities and the limited need for daily operating liquidity allow interim fluctuations in fair value to occur without jeopardizing the ultimate value of the assets. Where long-term securities are held, the interim fair value of assets can be sensitive to changes in interest rates. As the general level of interest rates moves up and down, the interim fair value of longer-maturity bonds may change substantially.

To mitigate this interest rate risk, a limitation is placed on the weighted-average duration of the fixed-income portfolio. The overall portfolio duration is limited by the Investment Policy to a deviation of no more than +/- 1.5 years from the weighted-average duration of the Investment Committee's specified fixed-income index. The specified fixed-income index for the 28% Trust and the 12% Trust is Bloomberg Barclays US Aggregate, which was 5.9 for the period ending December 31, 2018.

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each federal agency to 30.0% and investments in any other single issuer of debt securities to 5.0% of the total fixed-income portfolio. Likewise, equity investments are limited to 5.0% of the total portfolio for any one issuer. At December 31, 2018, total other debt securities (corporate and foreign issuers) amounted to 40.7% of the fixed-income portfolio for the 28% Decommissioning Trust and 41.3% for the 12% Decommissioning Trust.

Year-Ended September 30, 2019 - 85 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

The following table lists the fixed-income investment holdings by type:

	28% Trust			12% Trust		
Investment Type	Fair Value	Allocation	Weighted-Average Duration (Years)	Fair Value	Allocation	Weighted-Average Duration (Years)
U.S. Treasuries	$ 49,303	18.5%	9.8	$ 17,920	17.4%	12.2
U.S. Agencies:						
Federal Farm Credit Bank		0.0%		475	0.5%	0.3
Federal Home Loan Mortgage Corp.	41,657	15.6%	4.6	16,299	15.8%	3.7
Federal National Mortgage Assn.	34,554	13.0%	5.5	11,204	10.9%	5.2
Governmental National Mortgage Assn.	4,577	1.7%	6.8	2,585	2.5%	6.9
Small Business Administration	4,597	1.7%	5.3	2,066	2.0%	5.4
Municipal Bonds - Texas	1,054	0.4%	9.1	470	0.5%	8.8
Municipal Bonds - Other States	6,200	2.3%	9.8	2,439	2.4%	9.8
Corporate Bonds	98,313	36.8%	5.4	40,183	39.0%	5.4
Foreign Bonds	10,264	3.9%	4.6	2,315	2.2%	3.7
Money Market Mutual Funds	16,390	6.1%	N/A	7,040	6.8%	N/A
Total Fixed-income Portfolio	$ 266,909	100.0%	6.3	$ 102,996	100.0%	6.4
Combined Decommissioning Trust Funds Total	$ 369,905					

Credit Risk – In accordance with the Investment Policy, exposure to credit risk is managed by limiting all fixed-income investments to a credit rating of 'BBB-', or equivalent, or better from at least two nationally recognized credit rating agencies. If a security's rating falls below the minimum investment grade rating of 'BBB-' after it has been purchased, the Investment Policy allows investment managers to continue to hold the security as long as the total fair value of securities rated below investment grade does not exceed 5.0% of the total fixed-income portfolio. As noted in the table on the following page, which lists fixed-income investment holdings by credit rating, investments with a credit rating below 'BBB-' did not exceed 5.0% of the total fixed-income portfolio for the 28% Trust or the 12% Trust at December 31, 2018.

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Year-Ended September 30, 2019 - 86 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

The following table lists the fixed-income investment holdings by credit rating:

	28% Trust		12% Trust	
Credit Rating	Fair Value	Allocation	Fair Value	Allocation
U.S. Treasuries (AA+)	$ 49,303	18.5%	$ 17,920	17.4%
AAA	32,636	12.2%	15,931	15.5%
AA+	88,153	33.0%	34,809	33.8%
AA	3,961	1.5%	1,093	1.1%
AA-	4,119	1.5%	1,586	1.5%
A+	8,502	3.2%	5,446	5.3%
A	8,191	3.1%	2,901	2.8%
A-	21,803	8.2%	9,263	9.0%
BBB+	23,726	8.9%	7,553	7.3%
BBB	14,268	5.3%	4,228	4.1%
BBB-	8,170	3.0%	1,599	1.6%
BB+	1,310	0.5%		
BB	481	0.2%	28	0.0%
BB-	253	0.1%		
Not Rated [1]	2,033	0.8%	639	0.6%
Total Fixed-income Portfolio	$ 266,909	100.0%	$ 102,996	100.0%
Combined Decommissioning Trust Funds Total	$ 369,905			

[1] The Trusts' Investment Managers are given discretion to invest in unrated securities that are of suitable quality and in line with their investment strategy, as long as those do not exceed the 10.0% limit prescribed for the portfolio by the Trusts' Investment Policy.

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are in U.S. dollars. This reduces the potential foreign currency risk exposure of the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $12,579 as of December 31, 2018. In accordance with the Investment Policy, investments in international equity securities are limited to international commingled funds, American Depository Receipts and exchange traded funds that are diversified across countries and industries. The international equity portfolio will be limited to 20.0% of the total portfolio. At December 31, 2018, total foreign equity securities amounted to 12.6% of the 28% Trust's total portfolio. At December 31, 2018, total foreign equity securities held by the 12% Trust amounted to 11.4% of the Trust's portfolio.

Year-Ended September 30, 2019 - 87 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

Fair Value Measurement – CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Valuation methods of the primary fair value measurements are disclosed below:

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the National Association of Securities Dealers Automated Quotations and the New York Stock Exchange. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market.

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.

Commodity derivatives, such as futures, swaps and options, which are ultimately settled using prices at locations quoted through clearinghouses, are valued using Level 1 inputs. Options included in this category are those with identical strike price quoted through a clearinghouse.

Other commodity derivatives, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on internally developed pricing algorithms using observable market quotes for similar derivatives. Pricing inputs are derived from published exchange transactions and other observable data sources.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CPS Energy's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

CPS Energy's fair value measurements are performed on a recurring basis. The table on the following page presents fair value balances and their levels within the fair value hierarchy for CPS Energy as of January 31, 2019, and the Decommissioning Trust investment balances as of December 31, 2018. The CPS Energy and Decommissioning Trusts investment balances presented exclude amounts related to money market mutual fund investments, and short-term investments which are recorded at amortized cost. Financial instrument fair value balances are presented in Note 14 Risk Financing.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

CPS Energy (Continued)

		Fair Value Measurement Using		
	1/31/2019	Level 1	Level 2	Level 3
Assets				
Fair Value Investments				
CPS Energy				
Debt Securities				
US Treasuries	$ 27,574	$ 27,574	$ -	$ -
US Agencies				
Federal Agricultural Mortgage Corp	24,891		24,891	
Federal Farm Credit Bank	95,665		95,665	
Federal Home Loan Bank	92,478		92,478	
Federal Home Loan Mortgage Corp	137,067		137,067	
Federal National Mortgage Assn	126,504		126,504	
Small Business Administration	22,196		22,196	
Municipal Bonds	134,567		134,567	
Total CPS Energy Fair Value of Investments	$ 660,942	$ 27,574	$ 633,368	$ -
Decomissioning Trust Investments				
28% Trust	12/31/2018	Level 1	Level 2	Level 3
Debt Securities				
US Treasuries	$ 49,303	$ 49,303	$ -	$ -
US Agencies				
Federal Farm Credit Bank				
Federal Home Loan Mortgage Corp	41,657		41,657	
Federal National Mortgage Assn	34,554		34,554	
Government National Mortgage Assn	4,577		4,577	
Small Business Administration	4,597		4,597	
Municipal Bonds - Texas	1,054		1,054	
Municipal Bonds - Other States	6,200		6,200	
Corporate Bonds	98,313		98,313	
Foreign Bonds	10,264		10,264	
Total 28% Trust Fair Value Fixed-Income Income Portfolio	$ 250,519	$ 49,303	$ 201,216	$ -
Equity Securities				
Common Stock	$ 108,210	$ 108,210	$ -	$ -
Real Estate Investment Trusts	36,065	36,065		
Preferred Stock	714		714	
Total 28% Trust Fair Value Investments	$ 395,508	$ 193,578	$ 201,930	$ -
12% Trust	12/31/2018	Level 1	Level 2	Level 3
Debt Securities				
US Treasuries	$ 17,920	$ 17,920	$ -	$ -
US Agencies				
Federal Farm Credit Bank	475		475	
Federal Home Loan Mortgage Corp	16,299		16,299	
Federal National Mortgage Assn	11,204		11,204	
Government National Mortgage Assn	2,585		2,585	
Small Business Administration	2,066		2,066	
Municipal Bonds - Texas	470		470	
Municipal Bonds - Other States	2,439		2,439	
Corporate Bonds	40,183		40,183	
Foreign Bonds	2,315		2,315	
Total 12% Trust Fair Value Fixed-Income Income Portfolio	$ 95,956	$ 17,920	$ 78,036	$ -
Equity Securities				
Common Stock	$ 36,263	$ 36,263	$ -	$ -
Real Estate Investment Trusts	12,737	12,737		
Total 12% Trust Fair Value Investments	$ 144,956	$ 66,920	$ 78,036	$ -
Total Trust Fair Value Investments	$ 540,464	$ 260,498	$ 279,966	$ -
Total Fair Value Investments	$ 1,201,406	$ 288,072	$ 913,334	$ -

Note: The difference of $9,999 between Total Fair Value Investments of $1,201,406 from investments of $1,211,405 on Summary of Investments table is due to the exclusion of investments accounted for using amortized cost.

Year-Ended September 30, 2019 - 89 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS)

SAWS is permitted by City Ordinance No. 75686, SAWS' Investment Policy, and Texas state law, to invest in direct obligations of the U.S. or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; no-load money market mutual funds; investment pools; municipal bonds; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk, which may affect the value at which these investments are recorded. Under the provisions of GASB Statement No. 31, money market investments, including U.S. Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at amortized cost, which approximates fair value. Investments other than money market investments are reported at fair value which is based on quoted market prices or quotes from bond broker dealers. A summary of SAWS' cash, cash equivalents, and investments can be found at the beginning of Note 4.

As of December 31, 2018, SAWS' funds are deposited in demand and savings accounts at Frost Bank, SAWS' general depository bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2018, the collateral pledged is being held by the Federal Home Loan Bank of Dallas under SAWS' name so SAWS incurs no custodial credit risk. At December 31, 2018, the bank balance of SAWS' demand and savings accounts was $7,665 and the reported amount was $9,112 which included $27 of cash on hand.

Custodial Credit Risk (Investment) – Investments include securities issued by the United States government and its agencies and instrumentalities, municipal securities, money market funds, and investment pools. Securities purchased are held in safekeeping by SAWS' depository bank, Frost Bank and registered as securities of SAWS. Money Market Funds are managed by Frost Bank, UMB Bank, US Bank, and Bank of New York Mellon and are invested in securities issued by the U.S. government or by U.S. Agencies. Funds in investment pools are invested in TexPool Prime. TexPool Prime may invest in commercial paper and certificates of deposit, as well as obligations of the U.S. government or its agencies and instrumentalities, and repurchase agreements as allowed under the PFIA. All investments in money market funds and investment pools are reported at amortized cost. Amortized cost approximates fair value for these investments.

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investment maturities to no more than five years. At December 31, 2018, the longest remaining maturity for any investment was slightly under five years and 58.9% of the investment portfolio matures in less than one year.

Credit Risk – In accordance with its investment policies, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of 'A' or better. Additionally, any short-term investments require a rating of at least 'A-1' or 'P-1'.

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

Concentration of Credit Risk – SAWS' investment policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, the investment policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 30.0% of the total investment portfolio in any non-government issuer unless it is fully collateralized. As of December 31, 2018, the percentage of SAWS' investment portfolio for government-sponsored issuers was as follows: 26.0% in Federal Home Loan Bank, 16.0% in Federal Farm Credit Bank, 10.0% in Federal National Mortgage Association, 9.0% in Federal Home Loan Mortgage Corporation, and 1.0% in Federal Agriculture Mortgage Corporation.

Custodial Credit Risk – SAWS' risk is completely mitigated by insurance coverage provided by the custodian that protects against loss of cash or securities held in custody, and collateral in the form of Treasury Securities over the FDIC limit. Texas public fund accounts are collateralized at 100.0%.

Fair Value Measurement – SAWS 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 significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Securities classified in Level 2 of the fair value hierarchy are valued using interest rate curves and credit spreads applied to the terms of the debt instruments (maturity and coupon interest) and consider the counterparty rating.

		Fair Value Measurement Using		
	12/31/2018	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	$ 262,910	$ -	$ 262,910	$ -
U.S. Agency Notes	626,796		626,796	
Municipal Bonds	6,066		6,066	
Total Investments measured at fair value	$ 895,772	$ -	$ 895,772	$ -

Restricted Cash and Investments – Cash and investments are restricted for a variety of purposes based on the requirement set forth in City Ordinance 75686, state law or SAWS policy. The following table summarizes both current and noncurrent restricted cash and investments by purpose at December 31, 2018.

	12/31/2018
Restricted for:	
Operations	$ 56,642
Debt Service	80,240
Debt Service Reserve	87,147
Construction - accrued liabilities	41,841
Construction - capital recovery fees	209,204
Construction - bond proceeds	55,830
Total Restricted Cash & Investments	$ 530,904

Year-Ended September 30, 2019 - 91 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

The requirements of City Ordinance 75686 stipulate that SAWS must accumulate and maintain a reserve equal to 100.0% of the maximum annual debt service requirements for senior lien debt obligations. Additional City ordinances require SAWS to maintain a debt service reserve equal to the average annual debt service on all junior lien debt obligations secured by a reserve fund. Not all SAWS junior lien debt obligations require the security of a debt service reserve. Increases in the required reserve amount may be deposited into a reserve account over a five year period. Ordinance 75686 allows for SAWS to provide surety policies equal to all or part of the required reserve. SAWS may use bond proceeds to make the required deposits related to new debt issued. Debt service reserve deposits are required to be maintained until a) the revenue bonds mature, b) the surety policy provider's credit ratings improve to the minimum ratings required under SAWS bond ordinance, or c) new surety policies are provided that meet the requirements of the bond ordinance.

The following table summarizes the cash and investments restricted for Debt Service Reserve at December 31, 2018, based on the allocation of the funds between junior lien and senior lien bond requirements.

	December 31, 2018
Deposits with Financial Institutions	$ -
Restricted for Junior Lien Bonds	18,441
Restricted for Senior Lien Bonds	68,706
Total Cash & Investments - Debt Service Reserve	$ 87,147

Funds restricted for construction include amounts needed to pay accrued construction liabilities, collected but unspent capital recovery fees and unspent bond proceeds. Funds restricted for accrued construction liabilities and unspent bond proceeds are completely offset by related liabilities. By state law, capital recovery fees are restricted for the construction of the infrastructure upon which the calculation of the fee is based.

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Year-Ended September 30, 2019 - 92 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Fiduciary Funds

The fiduciary financial statements include three fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP) and the San Antonio Water System Retiree Health Trust (OPEB Trust).

While the SAWSRP and DSPRP plans have no specific policy relating to plan investments, plan trustees have instituted a plan to invest approximately 60.0% of plan assets in equity securities and the remainder in fixed income securities. Plan investments are not automatically rebalanced; however, contributions to the plan are invested in a manner to adhere to the investment plan.

In 2012, SAWS established an OPEB Trust for the exclusive purpose of providing benefits to eligible retirees and their dependents. It is the policy of the OPEB Trust to invest 50.0% - 70.0% of its assets in equity securities, 25.0% - 50.0% in fixed income securities and 0.0% - 5.0% in cash. OPEB Trust utilizes an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in the OPEB Trust's investment policy.

The following table summarizes fiduciary fund investments by plan and in total at December 31, 2018.

Investment Type	SAWSRP	DSPRP	OPEB Trust	Total All Plans	Allocation Based on Fair Value
Collective, Pooled & Mutual Funds					
Domestic Equity	$ 73,450	$ 3,021	$ 29,289	$ 105,760	38.5%
International Equity	34,581	109	9,429	44,119	16.1%
Domestic Debt	79,684	354	22,648	102,686	37.4%
Real Estate	14,072			14,072	5.1%
Balanced / Asset Allocation	4,517			4,517	1.7%
Commodities		56		56	0.0%
Money Market Mutual Funds			1,323	1,323	0.5%
Standard Insurance Company:					
Guaranteed Long-term Fund		1,999		1,999	0.7%
Total Investments	$ 206,304	$ 5,539	$ 62,689	$ 274,532	100.0%

The Standard Insurance Company Guaranteed Long-term Fund is reported at contract value at December 31, 2018. Money market mutual funds are reported at amortized cost, which approximates fair value. The other fiduciary fund investments are reported at net asset value on December 31, 2018. Money market funds are reported as Cash and Cash Equivalents in the Statements of Fiduciary Net Position.

Fiduciary Fund investments are not subject to the PFIA. The investments are subject to the following risks:

Credit Risk – The individual investments held by the Collective, Pooled and Mutual funds at December 31, 2018, were not rated. The Standard Insurance Company Guaranteed Long-term Fund had a rating of A- by Standard & Poor's at December 31, 2018.

Year-Ended September 30, 2019 - 93 - Amounts are expressed in thousands

Note 4 Cash and Cash Equivalents, Securities Lending and Investments (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Fiduciary Funds (Continued)

Concentration of Credit Risk – Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. As of December 31, 2018, more than 99.0% of fiduciary fund investments were in collective, pooled and mutual funds. The following funds exceeded 5.0% of fiduciary net position:

	December 31, 2018
Principal Core Plus Bond Separate Account-Z	24.6%
Principal LargeCap S&P 500 Index Separate Account-Z	14.1%
Principal MidCap S&P 400 Index Separate Account-Z	7.4%
Principal Diversified International Separate Account-Z	7.4%
Principal SmallCap S&P 600 Index Separate Account-Z	5.2%
Principal International SmallCap Separate Account-Z	5.2%
Principal U.S. Property Separate Account-Z	5.1%

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of fixed income securities will adversely affect the fair value of an investment. The effective duration of the Domestic Debt funds was 5.6 years at December 31, 2018. The Standard Insurance Company Guaranteed Long-term Fund had an effective duration of 4.8 years at December 31, 2018.

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Year-Ended September 30, 2019 - 94 - Amounts are expressed in thousands

Note 5 Capital Assets

Primary Government (City)

Capital assets were reduced by $406 for impairment losses in fiscal year 2019 for governmental activities.

Capital asset activity for governmental activities, to include internal service funds, for the year-ended September 30, 2019 is as follows:

Capital Assets - Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,427,003	$ 3,584	$ (11,998)	$ 73	$ 1,418,662
Other Non-Depreciable Assets	347		(347)		
Construction in Progress	251,310	289,627	(9,136)	(260,258)	271,543
Non-Depreciable Intangible Assets	176,579	29,381	(687)	789	206,062
Total Non-Depreciable Assets	$ 1,855,239	$ 322,592	$ (22,168)	$ (259,396)	$ 1,896,267
Depreciable Assets:					
Intangible Assets	4,308				4,308
Buildings	1,341,146	320		40,068	1,381,534
Improvements	1,023,621	1,284		10,561	1,035,466
Infrastructure	3,366,519		(20)	199,612	3,566,111
Machinery and Equipment	617,111	57,801	(28,899)	9,155	655,168
Total Depreciable Assets	$ 6,352,705	$ 59,405	$ (28,919)	$ 259,396	$ 6,642,587
Accumulated Depreciation:					
Intangible Assets	(3,974)	(82)			(4,056)
Buildings	(438,660)	(36,550)			(475,210)
Improvements	(363,289)	(47,668)			(410,957)
Infrastructure	(2,087,946)	(86,793)			(2,174,739)
Machinery and Equipment	(383,787)	(51,259)	25,927		(409,119)
Total Accumulated Depreciation	$ (3,277,656)	$ (222,352)	$ 25,927	$ -	$ (3,474,081)
Total Depreciable Assets, net	$ 3,075,049	$ (162,947)	$ (2,992)	$ 259,396	$ 3,168,506
Total Capital Assets, net	$ 4,930,288	$ 159,645	$ (25,160)	$ -	$ 5,064,773

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 16,683
Public Safety	11,280
Public Works	123,800
Health Services	353
Sanitation	25
Welfare	1,171
Culture and Recreation	22,830
Convention and Tourism	15,044
Urban Redevelopment and Housing	152
Economic Development and Opportunity	296
Education	961
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	29,757
Total Depreciation Expense for Governmental Activities	$ 222,352

The capital assets of internal service funds are included in governmental activities. In fiscal year 2019, internal service funds capital assets increased by $43,925, and decreased by $18,707, of which $344 was for impairments, resulting in an ending balance of $277,042. Depreciation expense of $29,757, less the $16,091 in previously depreciated assets disposed of during the current year, resulted in an ending accumulated depreciation balance of $144,441. Net book value is $132,601.

Year-Ended September 30, 2019 - 95 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

No impairments were identified for business-type activities.

Capital asset activity for business-type activities for the year-ended September 30, 2019, is as follows:

Capital Assets - Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	$ 5,323	$ -	$ -	$ -	$ 5,323
Solid Waste Management	1,107				1,107
Nonmajor Enterprise Funds	9,366				9,366
Total Land	$ 15,796	$ -	$ -	$ -	$ 15,796
Construction in Progress:					
Airport System	18,044	32,607	(967)	(30,459)	19,225
Solid Waste Management	63			(63)	-
Nonmajor Enterprise Funds	9,107	4,042	(1,194)	(7,913)	4,042
Total Construction in Progress	$ 27,214	$ 36,649	$ (2,161)	$ (38,435)	$ 23,267
Total Non-Depreciable Assets	$ 43,010	$ 36,649	$ (2,161)	$ (38,435)	$ 39,063
Depreciable Assets:					
Intangible Assets:					
Airport System	352				352
Total Intangible Assets	$ 352	$ -	$ -	$ -	$ 352
Buildings:					
Airport System	523,526	699		16,139	540,364
Solid Waste Management	11,283				11,283
Nonmajor Enterprise Funds	26,187				26,187
Total Buildings	$ 560,996	$ 699	$ -	$ 16,139	$ 577,834
Improvements:					
Airport System	570,721	37		11,232	581,990
Solid Waste Management	9,529				9,529
Nonmajor Enterprise Funds	14,276				14,276
Total Improvements	$ 594,526	$ 37	$ -	$ 11,232	$ 605,795
Machinery and Equipment:					
Airport System	25,927	1,818	(1,098)	3,088	29,735
Solid Waste Management	32,912	2,552	(4,676)	63	30,851
Nonmajor Enterprise Funds	5,208	96		7,913	13,217
Total Machinery and Equipment	$ 64,047	$ 4,466	$ (5,774)	$ 11,064	$ 73,803
Total Depreciable Assets	$ 1,219,921	$ 5,202	$ (5,774)	$ 38,435	$ 1,257,784
Accumulated Depreciation:					
Intangible Assets:					
Airport System	(29)	(71)			(100)
Total Intangible Assets	$ (29)	$ (71)	$ -	$ -	$ (100)
Buildings:					
Airport System	(147,362)	(14,930)			(162,292)
Solid Waste Management	(1,911)	(397)			(2,308)
Nonmajor Enterprise Funds	(15,355)	(656)			(16,011)
Total Buildings	$ (164,628)	$ (15,983)	$ -	$ -	$ (180,611)
Improvements:					
Airport System	(229,413)	(20,918)			(250,331)
Solid Waste Management	(4,397)	(384)			(4,781)
Nonmajor Enterprise Funds	(6,076)	(642)			(6,718)
Total Improvements	$ (239,886)	$ (21,944)	$ -	$ -	$ (261,830)
Machinery and Equipment:					
Airport System	(14,316)	(3,651)	498		(17,469)
Solid Waste Management	(20,648)	(3,148)	4,635		(19,161)
Nonmajor Enterprise Funds	(3,658)	(2,185)			(5,843)
Total Machinery and Equipment	$ (38,622)	$ (8,984)	$ 5,133	$ -	$ (42,473)
Total Accumulated Depreciation	$ (443,165)	$ (46,982)	$ 5,133	$ -	$ (485,014)
Total Depreciable Assets, net	$ 776,756	$ (41,780)	$ (641)	$ 38,435	$ 772,770
Total Capital Assets, net	$ 819,766	$ (5,131)	$ (2,802)	$ -	$ 811,833

Year-Ended September 30, 2019 - 96 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

The City capitalizes interest incurred on construction projects, in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In fiscal year 2019, the City capitalized $278 construction interest for the Airport System. Interest expense for Solid Waste Management and nonmajor enterprise funds were $1,845 and $582, respectively. Solid Waste Management and nonmajor enterprise funds did not capitalize interest. See Note 7 Long-Term Debt regarding the City's interest.

CPS Energy

CPS Energy's plant-in-service includes four power stations (units not in thousands) that are solely owned and operated by CPS Energy. In total, there are 17 generating units at these four power stations—two are coal-fired and 15 are gas-fired. Excluding STP (nuclear units), the following is a list of power stations and respective generating units in service at January 31, 2019:

Power Station	Generating Units	Type
Calaveras	4	Coal (2)/Gas (2)
Braunig	8	Gas
Leon Creek	4	Gas
Rio Nogales	1	Gas

Other notable capital assets in electric and gas plant include supporting coal yard assets, a fleet of railcars, a transmission network for the movement of electric power from the generating stations to substations, electric and gas distribution systems, and metering.

Included in general plant are two data centers; the main office complex; the construction and customer service centers; the Villita Assembly Building; and a fleet of automobiles, trucks and work equipment.

Intangible assets consist of easements, software, a tax exemption settlement and other intangible items.

In conjunction with the Rio Nogales plant purchase, CPS Energy entered into a Tax Exemption Settlement Agreement in which CPS Energy agreed to pay $25,504 to certain parties to compromise, terminate claims and settle any disputes relating to the exemption of ad valorem taxes involving the parties to this agreement. The payment was recorded as an intangible asset that is being amortized over the life of the agreement, which runs through December 2041.

Impairments – In fiscal year 2012, CPS Energy announced plans to mothball its J.T. Deely Units 1 and 2 coal-fired power plants in fiscal year 2019 instead of the originally projected dates of fiscal year 2032 and fiscal year 2033, respectively. Therefore, depreciation for these two units was accelerated beginning in fiscal year 2013. To continue operating the units past the announced mothball dates, CPS Energy would need to install an estimated $565,000 in flue gas desulfurization equipment (commonly referred to as scrubbers) to cut sulfur dioxide emissions in order to be compliant with more stringent environmental regulations that were expected to take effect in the future. In fiscal year 2019, a financial and operational efficiency analysis concluded it was not cost-effective to maintain the units even in a mothball status. Based on the analysis, CPS Energy decided to early retire the units at the end of fiscal year 2019 as an impairment due to changes in the duration of use of the units. CPS Energy recorded the impairment loss of $182,723 as a special item on the Statement of Activities for the year-ended January 31, 2019.

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

During fiscal year 2019, an impairment loss of $2,172 was recorded related to the Customer Relationship Management (CRM) Project due to permanent stoppage of the second phase of the software development activities. The CRM Project would have enabled scalability within the call center with advancements to the Salesforce software currently being utilized by CPS Energy.

Investment in STP Unit 1 and 2 – STP is currently a two-unit nuclear power plant located in Matagorda County, Texas. It is maintained and operated by the STP Nuclear Operating Company (STPNOC), a nonprofit Texas corporation special-purpose entity. It is financed and controlled by the owners – CPS Energy; the City of Austin; and NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. CPS Energy's 40.0% interest in STP Units 1 and 2 is included in plant assets.

STP Capital Investment, Net

	January 31, 2019
STP Capital Assets, net	
Land	$ 5,701
Construction in progress, STP Units 1 and 2	32,369
Electrical and general plant	847,399
Intangibles	9,879
Nuclear Fuel	107,240
Total STP Capital Assets, net	$ 1,002,588
Total CPS Energy Capital Assets, net	$ 8,154,670
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	12.3%

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Year-Ended September 30, 2019 - 98 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

The following table provides more detailed information on the activity of CPS Energy's net capital assets as presented on the Statement of Net Position, including capital asset activity for fiscal year 2019:

Capital Assets - CPS Energy	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 97,125	$ 539	$ 7,330	$ (3)	$ 104,991
Land Easements	106,217		1,314		107,531
Construction in Progress	521,471	522,375	(462,398)	(464)	580,984
Total Non-Depreciable Assets	$ 724,813	$ 522,914	$ (453,754)	$ (467)	$ 793,506
Depreciable Assets:					
Utility Plant in Service:					
Electric Plant	11,237,458	56,442	319,285	(535,371)	11,077,814
Gas Plant	970,146	11,379	39,715	(26)	1,021,214
General Plant	736,605	3,832	38,063	(52,358)	726,142
Intangibles:					
Software	209,730		56,691	(6,901)	259,520
Other	38,548	24			38,572
Nuclear Fuel	972,268	29,016			1,001,284
Total Depreciable Assets	$ 14,164,755	$ 100,693	$ 453,754	$ (594,656)	$ 14,124,546
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant[1]	(5,158,148)	(340,363)		366,211	(5,132,300)
Gas Plant[1]	(374,646)	(22,280)		1,581	(395,345)
General Plant[1]	(255,629)	(56,154)		50,042	(261,741)
Intangibles:					
Software[1]	(54,073)	(25,411)		6,901	(72,583)
Other[1]	(6,351)	(1,019)			(7,370)
Nuclear Fuel	(850,365)	(43,678)			(894,043)
Total Accumulated Depreciation Depletion and Amortization	$ (6,699,212)	$ (488,905)	$ -	$ 424,735	$ (6,763,382)
Total Capital Assets, net	$ 8,190,356	$ 134,702	$ -	$ (170,388)	$ 8,154,670

[1] Salvage and removal costs are also included in the accumulated depreciation; therefore there is not a corresponding reduction in the asset.

Cash flow information – Cash paid for additions and net removal costs totaled $585,812. This amount includes $594,568 in additions to construction-in-progress and electric, gas and general plant, plus net salvage and removal costs of $9,634, partially offset by $12,772 in AFUDC and $5,150 in donated assets.

Other – Depreciation and amortization expense for the period totaled $445,227, while amortization of nuclear fuel of $43,678 was included in fuel expense on CPS Energy's Statement of Revenues, Expenses and Changes in Net Position.

Year-Ended September 30, 2019 - 99 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

San Antonio Water System (SAWS)

SAWS interest expense during the construction period is capitalized as part of the cost of capital assets. For the year-ended December 31, 2018, interest capitalized was $6,562. Capital asset activity for SAWS is as follows:

Capital Assets - San Antonio Water System	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 106,995	$ 1,358	$ 4,867	$ (97)	$ 113,123
Intangible Assets:					
Water Rights	248,677		204		248,881
Other	370				370
Construction in Progress	332,635	361,728	(182,551)	(5,002)	506,810
Total Non-Depreciable Assets	$ 688,677	$ 363,086	$ (177,480)	$ (5,099)	$ 869,184
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	990,234	265	(163,937)	(955)	825,607
Pumping and Purification	246,915	191	1,124	(16)	248,214
Distribution and Transmission System	2,624,318		57,464	(101,200)	2,580,582
Treatment Facilities	2,257,245	103	269,606	(91,932)	2,435,022
Total Utility Plant in Service	$ 6,118,712	$ 559	$ 164,257	$ (194,103)	$ 6,089,425
Machinery and Equipment:					
Machinery and Equipment	293,596	8,077	8,065	(2,954)	306,784
Furniture and Fixtures	6,595				6,595
Computer Equipment	24,538	2,051	(139)	(2,993)	23,457
Software	47,187	149	5,297	(387)	52,246
Total Machinery and Equipment	$ 371,916	$ 10,277	$ 13,223	$ (6,334)	$ 389,082
Intangible Assets	1,354				1,354
Total Depreciable Assets	$ 6,491,982	$ 10,836	$ 177,480	$ (200,437)	$ 6,479,861
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(259,147)	26,397		937	(231,813)
Pumping and Purification	(70,252)	(7,828)		16	(78,064)
Distribution and Transmission System	(824,043)	(49,774)		101,200	(772,617)
Treatment Facilities	(794,179)	(96,861)		91,932	(799,108)
Machinery and Equipment:					
Machinery and Equipment	(127,564)	(19,484)		2,926	(144,122)
Furniture and Fixtures	(6,065)	(82)			(6,147)
Computer Equipment	(19,079)	(1,994)		2,945	(18,128)
Software	(28,042)	(4,724)		387	(32,379)
Intangible Assets	(511)	(72)			(583)
Total Accumulated Depreciation	$ (2,128,882)	$ (154,422)	$ -	$ 200,343	$ (2,082,961)
Total Depreciable Assets, net	$ 4,363,100	$ (143,586)	$ 177,480	$ (94)	$ 4,396,900
Total Capital Assets, net	$ 5,051,777	$ 219,500	$ -	$ (5,193)	$ 5,266,084

In 2018, SAWS evaluated the distribution and transmission mains and retired $200,437 of fully depreciated assets.

Year-Ended September 30, 2019 - 100 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

San Antonio Water System (SAWS) (Continued)

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and project costs written off totaled $5,002 in 2018.

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Note 6 Receivables and Payables

Disaggregation of Receivables and Payables

Primary Government (City)

Net receivables at September 30, 2019 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 117,091	$ 23,526	$ 224,066	$ 5,526	$ 56,746	$ 426,955
Business-Type Activities	17,614			708		18,322
Total	$ 134,705	$ 23,526	$ 224,066	$ 6,234	$ 56,746	$ 445,277

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $66,624 against customer accounts, $4,948 against property and occupancy taxes, $39,319 against notes and loans, and $31,958 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $111 against customer accounts and $108 for other receivables.

Of the $224,066 recorded in note and loans, $223,759 is not expected to be collected within one year. Included in the $223,759 is a loan receivable for $171,090 associated with CCHFC that is expected to be paid off in 2039. The remaining $52,669 note and loans receivables not expected to be collected within one year are related to General Fund, CDBG, and HOME funds, net of allowance for doubtful accounts of $39,319. The $39,319 allowance is comprised of forgivable non-interest bearing notes and loans and aged loans greater than 90 days that are collectible. The $52,669 notes and loans have a corresponding unearned revenue or deferred inflow balance recorded within the respective funds.

Payables at September 30, 2019 are as follows:

	Accounts	Accrued Payroll	Total Payables
Governmental Activities	$ 157,740	$ 29,237	$ 186,977
Business-Type Activities	21,152	3,847	24,999
Total	$ 178,892	$ 33,084	$ 211,976

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2019, included $20,107 for unbilled revenue receivables and $182,449 for billed utility services. Interest and other receivables included $17,948 for regulatory-related receivables; $6,492 for interest receivable; and $34,632 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2019, accounts payable and accrued liabilities included $251,825 related to standard operating supplier and vendor accounts payables, including fuels payable; $51,488 for employee-related payables; $53,011 for customer related payables; $34,711 for STP-related payables; and $49,778 for other miscellaneous payables and accrued liabilities.

Year-Ended September 30, 2019 - 102 - Amounts are expressed in thousands

Note 6 Receivables and Payables (Continued)

Disaggregation of Receivables and Payables (Continued)

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2018 included $42,126 from customers; $33,213 in unbilled revenue; $3,784 in interest receivable; and $1,593 receivable from other governmental agencies, less an allowance of $7,442.

Disaggregation of Payables – At December 31, 2018, accounts payable and other current liabilities included $43,345 in accounts payable; $5,492 in vacation payable; $4,966 in accrued payroll and benefits; $41,841 in construction contracts; $15,571 in customer deposits; and $8,197 in claims payable.

Interfund Receivable and Payable Balances

Primary Government (City)

As of September 30, 2019, the interfund receivable and payable balances represent short-term loans resulting from timing differences between the dates that transactions are recorded in the accounting system and short-term borrowings at fiscal year-end. The General Fund reported $15,563 due from other funds as result of overdraws of pooled cash. All interfund balances are expected to be paid within one year.

Different fiscal year-ends exist between the City and Pre-K 4 SA component unit, (September 30th and June 30th, respectively); therefore, interfund receivables and payables do not eliminate by $2,811. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2019. These transactions are in accordance with legislative and contractual requirements.

Due to negative cash, the Bexar County Hotel/Motel Collections Fund, a fiduciary agency fund, had to borrow cash from the General Fund in the total amount of $629. Interfund receivables and payables will not eliminate by this amount.

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Note 6 Receivables and Payables (Continued)

Interfund Receivable and Payable Balances (Continued)

Primary Government (City) (Continued)

The following is a summary of interfund receivables and payables for the City as of September 30, 2019:

	Due From Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 441
Nonmajor Governmental Funds	14,309	31,191
Internal Service Funds	625	
Fiduciary Funds	629	
Total General Fund	$ 15,563	$ 31,632
Debt Service Fund:		
General Fund	441	
Total Debt Service Fund	$ 441	$ -
Pre-K 4 SA:		
Nonmajor Governmental Funds	3,535	
Total Pre-K 4 SA	$ 3,535	$ -
Nonmajor Governmental Funds:		
General Fund	31,191	14,309
Pre-K 4 SA		6,346
Nonmajor Governmental Funds	38,675	38,675
Total Nonmajor Governmental Funds	$ 69,866	$ 59,330
Internal Service Funds:		
General Fund		625
Total Internal Service Funds	$ -	$ 625
Total	$ 89,405	$ 91,587

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Year-Ended September 30, 2019 - 104 - Amounts are expressed in thousands

Note 7 Long-Term Debt

Primary Government (City)

Governmental Activity Long-Term Debt

Issuances

The City's debt management and on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2019.

On January 22, 2019, the City issued $24,570 in General Improvement Refunding Bonds, Series 2019. The series included a premium of $2,118, which was used to fund an escrow account for the redemption, discharge and defeasance of the HUD 108 Loan. As a result of the defeasance, the City will realize a total decrease of $3,289 in debt service payments and total deferred charges of $722. Through this defeasance, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,768. The Bonds have maturities ranging from 2019 to 2025, with interest rates ranging from 2.0% to 5.0%.

On August 29, 2019, the City issued $383,940 in General Improvement and Refunding Bonds, Series 2019. The refunded portion of $168,825 for the bond included a premium of $27,175, which was used to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of the defeasance, the City will realize a total decrease of about $32,112 in debt service payments and total deferred charges of $7,520. Through this defeasance, the City obtained an economic gain of $25,065. The remaining proceeds of $215,115 included a premium of $35,764, and were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open spaces; library museum and cultural facilities; public safety facilities; and neighborhood initiatives. The Bonds have maturities ranging from 2020 to 2040, with interest rates ranging from 3.0% to 5.0%.

On August 29, 2019, the City also issued $36,425 in Combination Tax and Revenue Certificates of Obligation, Series 2019. The Certificates allocated $6,190 from proceeds to the Development Services Fund and the remaining $30,235 were issued to finance improvements to the public safety radios and system replacement and street maintenance projects. The governmental activities portion of the proceeds from the Certificates included a premium of $6,210 and have maturities ranging from 2020 to 2039, with interest rates ranging from 4.0% to 5.0%.

Additionally, on August 29, 2019 the City issued $34,535 in Tax Notes. The Tax Note proceeds included a premium of $2,640, and were issued to finance improvements to information technology systems, municipal facilities, and street maintenance projects. The Tax Notes have maturities ranging from 2020 to 2022, with an interest rate of 5.0%.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Pledges and Significant Terms

The City's General Obligation Bonds, Certificates of Obligation, and Tax Notes are secured by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law. The Certificates of Obligations are additionally secured by a lien on and pledge of certain revenues of the City's municipal parks system not to exceed $1 during the entire period the Certificates of Obligation or interest thereon remains outstanding in order to permit the Certificates of Obligation to be sold for cash. The total outstanding debt that is secured by an ad valorem tax pledge is $2,041,830. Remedies for nonpayment of ad valorem tax-backed debt is bondholder suit in mandamus to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate, or default rate of interest for City non-payment.

The Municipal Drainage Utility System Revenue Bond is secured by a lien on Stormwater revenues. Remedies for nonpayment of debt is limited to the right of bondholders to file a mandamus action to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate, or default rate of interest for City non-payment.

Texas Municipal Facility Corporation Lease Revenue Bonds are paid by annually appropriated lease payments made by the City's Development Service Fund which equal the annual debt service on the bonds. Payment of debt service on the bonds is solely dependent upon the payment by the City (as the "lessee" under the related lease agreement) of lease payments under the lease. In the event the City fails to appropriate for the payment of lease payments during any fiscal year, the lease will terminate at the end of the fiscal year for which sufficient appropriations have been made, and the City must, upon the expiration of such fiscal year, surrender possession and control of the assets to the lessor or the trustee. Remedies available under the lease upon a failure of the City to pay lease payments from appropriated funds could include some of the following: (i) immediate acceleration of all lease payments due or to become due during the current fiscal year, (ii) termination of the City's leasehold interest in the assets, (iii) the right of the trustee to take possession and control of the asset, and to sell, or lease or otherwise dispose of the asset upon foreclosure under the related mortgage and security agreement, (iv) with or without terminating the primary lease, immediate acceleration of all operating expenses due or to become due during the current fiscal year, and (v) take any other action at law or in equity that may be necessary or desirable to collect lease payments, including filing a suit in mandamus to compel payment. Remedies available under the trust agreement upon a failure of the issuer to pay debt service on the bonds or the occurrence of an event of default under the lease agreement include, (i) with or without terminating the lease and to the extent permitted by law, immediate acceleration of all outstanding bonds at the option of the trustee or if directed by the holders of at least 25.0% in principal amount of the outstanding bonds, and (ii) the right of the trustee to terminate the lease and take possession and control of the asset, and to sell, or lease, sublease or otherwise dispose of the asset upon foreclosure under the related mortgage and security agreement.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Pledges and Significant Terms (Continued)

Convention Center Hotel Finance Corporation Contract Revenue Empowerment Zone Bonds are secured by net operating revenues to be received from the Convention Center Hotel operations. In the event the net operating revenues are insufficient to pay all debt service, City tax revenues will be pledged in the following order of priority: first, from the Convention Center Hotel State HOT revenues; second, from Convention Center Hotel State sales tax revenues; third, from Convention Center Hotel 7.0% local HOT revenues; and fourth, from available 2.0% Expansion HOT revenues. Remedies granted to the trustee under the indenture for nonpayment of the bonds include (i) immediate acceleration of all debt service (upon consent of the bond insurer), (ii) filing a mandamus action to compel the issuer to perform its covenants and duties under the indenture, (iii) prohibit withdrawal of money from certain funds held in the indenture without the bond insurer's consent, (iv) request a court to appoint the trustee or another entity as the receiver of the trust estate, commence foreclosure under the deed of trust by private sale or judicial foreclosure upon consent of the bond insurer, (v) transfer money from certain funds held under the indenture to the debt service fund as permitted under the indenture, (vi) enter into agreements or other arrangements as the bond insurer determines to be necessary or appropriate to retain the developer under the existing ground lease or make modifications to the ground lease (subject to the issuer's and City's consent and the delivery of an opinion of Bond Counsel that such agreement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the tax-exempt bonds), (vii) take such actions, including the filing and prosecution of lawsuits, upon direction of the bond insurer, as may be required to enforce for the benefit of the registered owners and the bond insurer the terms of any agreements or instruments relating to the hotel project or the bonds, or any part thereof, which the trustee, at the written direction of the bond insurer, may be entitled to enforce, (viii) exercise any right of the issuer to give any consent or notice, to take any act or refrain from taking any act, and otherwise act in the full place and stead of the issuer in any transaction document), and (ix) take such other steps to protect and enforce its rights and the rights of the registered owners of the bonds, whether by action, suit or proceeding in aid of the execution of any power granted under the indenture or for the enforcement of any other appropriate legal or equitable remedy, including, but not limited to, proceeding by suit, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal and redemption price of and interest then due on the bonds.

The Starbright Industrial Development Corporation Contract Revenue Bonds are secured with a pledge of utility revenue received by the City from CPS Energy. Remedies for nonpayment by the City of sums due under the Economic Development Contract between the City and the issuer are limited to the right of the trustee to pursue any remedies authorized by applicable law. Remedies for nonpayment of debt are limited to the right of the trustee, on behalf of the bondholders, to file a mandamus action to compel the issuer's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate or default rate of interest for issuer or City non-payment.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Pledges and Significant Terms (Continued)

Texas Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds are paid by annually appropriated lease payments from any money that has not been encumbered to secure the payment of any indebtedness of the City and that may lawfully be used with respect to any payment obligated or permitted under the lease agreement, including but not limited to unencumbered and lawfully available revenues derived by the City from hotel occupancy taxes levied by the City, annual ad valorem taxes levied for maintenance and operation purposes, the 1.0% general sales and use tax levied by the City, and transfers from City-owned utility systems. The finance plan is to utilize hotel occupancy taxes; no other sources are intended to be used. In the event the City (as the "sublessee" under the related lease agreement) fails to appropriate for the payment of lease payments during any fiscal year, (i) the sublease will terminate at the end of the fiscal year for which sufficient appropriations have been made (but the primary lease will remain in existence and will not terminate), (ii) the City must, upon the expiration of such fiscal year, surrender possession and control of the Convention Center facilities to the trustee, and (iii) the City will be prohibited from conducting any operations or activities at the Convention Center facilities. Remedies available under the lease agreement upon a failure of the City to pay lease payments from appropriated funds include, (i) terminating the sublease upon the trustee giving 30 days written notice to the City, after which the City must surrender possession and control of the Convention Center facilities to the trustee, (ii) with or without terminating the sublease, (a) immediate acceleration of all lease payments due or to become due during the current fiscal year, and (b) the right of the trustee to take possession and control of the Convention Center facilities and exclude the City from using the Convention Center facilities, (iii) with or without terminating the primary lease, immediate acceleration of all operating expenses due or to become due during the current fiscal year, and (iv) take any other action at law or in equity that may be necessary or desirable to collect lease payments, including filing a suit in mandamus to compel payment. Remedies available under the trust agreement upon a failure of the issuer to pay debt service on the bonds or the occurrence of an event of default under the lease agreement include, (i) with or without terminating the sublease and to the extent permitted by law, immediate acceleration of all outstanding bonds at the option of the trustee or if directed by the holders of at least 25% in principal amount of the outstanding bonds, and (ii) the right of the trustee to terminate the sublease and take possession and control of the Convention Center facilities, and to sublease the Convention Center facilities for a period up to but not exceeding the remaining term of the primary lease.

The Revenue Notes are secured by a commitment of the City to pay principal and interest on the Notes when due from any and all lawful and available sources, subject to annual appropriation by the City Council.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain General Obligation Bonds, Revenue Bonds, Certificates of Obligation and Tax Notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. As of September 30, 2019, $187,415 of previously defeased bonds is outstanding.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2019 for governmental activity:

Governmental Activity Long-Term Debt

Issue	Original Amount (Time of Original Issuance)	Final Principal Payment (Time of Original Issuance)	Interest Rates (%) (Time of Original Issuance)	Balance Outstanding October 1, 2018	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2019
Tax-Exempt General Obligation Bonds:							
Series 2010 Refunding	$ 155,710	2023	2.000-5.000	$ 82,385	$ -	$ (26,660)	$ 55,725
Series 2010A	8,800	2020	5.000	8,800		(6,285)	2,515
Series 2011	59,485	2031	2.000-5.000	43,480		(2,545)	40,935
Series 2012 Refunding	33,410	2024	2.000-5.000	18,085		(1,865)	16,220
Series 2012	148,600	2032	2.000-5.000	107,100		(7,000)	100,100
Series 2013	114,435	2033	2.000-5.000	91,130		(4,185)	86,945
Series 2014	227,030	2034	2.000-5.000	178,920		(8,080)	170,840
Series 2014 Refunding	51,955	2025	0.500-5.000	16,790		(3,670)	13,120
Series 2015 Refunding	233,220	2035	4.000-5.000	153,880		(4,855)	149,025
Series 2016 Refunding	193,875	2036	3.000-5.000	180,405		(19,150)	161,255
Series 2017	88,070	2037	4.000-5.000	76,490		(2,805)	73,685
Series 2018	154,850	2038	3.000-5.000	154,850		(21,860)	132,990
Series 2019 Refunding (HUD)	24,570	2025	2.000-5.000		24,570	(3,480)	21,090
Series 2019 Refunding	383,940	2040	3.000-5.000		383,940		383,940
Total Tax-Exempt General Obligation Bonds	$ 1,877,950			$ 1,112,315	$ 408,510	$ (112,440)	$ 1,408,385
Taxable General Obligation Bonds:							
Series 2010B BABs	$ 191,550	2020	4.314-6.038	$ 191,550	$ -	$ (187,415)	4,135
Total Taxable General Obligation Bonds	$ 191,550			$ 191,550	$ -	$ (187,415)	$ 4,135
Tax-Exempt Certificates of Obligation:							
Series 2010	$ 38,375	2019	4.000-5.000	$ 2,170	$ -	$ (2,170)	$ -
Series 2011	79,780	2031	2.000-5.000	59,685		(3,385)	56,300
Series 2012	19,340	2032	1.000-5.000	15,425		(845)	14,580
Series 2013	15,145	2028	2.000-5.000	10,990		(905)	10,085
Series 2015	36,360	2035	1.500-5.000	32,765		(1,260)	31,505
Series 2016	78,270	2036	2.000-5.000	72,985		(2,690)	70,295
Series 2017	67,295	2037	3.000-5.000	56,285		(2,225)	54,060
Series 2018	109,235	2038	4.000-5.000	109,235		(3,655)	105,580
Series 2019	30,235	2039	4.000-5.000		30,235		30,235
Total Tax-Exempt Certificates of Obligation	$ 474,035			$ 359,540	$ 30,235	$ (17,135)	$ 372,640
Taxable Certificates of Obligation:							
Series 2015	$ 43,820	2035	0.880-4.162	$ 38,580	$ -	$ (1,765)	$ 36,815
Series 2016	24,830	2036	0.921-3.278	24,145		(695)	23,450
Series 2018	8,600	2038	2.580-4.050	8,600		$ (305)	8,295
Total Taxable Certificates of Obligation	$ 77,250			$ 71,325	$ -	$ (2,765)	$ 68,560
Tax Notes:							
Series 2014B	$ 5,970	2021	2.000-3.000	$ 2,680	$ -	$ (865)	$ 1,815
Series 2016	27,410	2019	3.000-5.000	9,535		(9,535)	
Series 2017	18,725	2020	5.000	12,735		(6,210)	6,525
Series 2018	28,070	2020	4.000-5.000	28,070		(13,810)	14,260
Series 2019	34,535	2022	5.000		34,535		34,535
Total Tax Notes	$ 114,710			$ 53,020	$ 34,535	$ (30,420)	$ 57,135
Revenue Bonds:							
Series 2013 Municipal Drainage	$ 70,685	2030	3.000-5.000	$ 56,875	$ -	$ (3,965)	$ 52,910
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	2,135		(1,050)	1,085
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000	24,350		(645)	23,705
Series 2005A Convention	129,930	2039	4.750-5.000	129,930			129,930
Series 2005B Convention	78,215	2028	4.500-5.310	51,730		(4,140)	47,590
Series 2013 Starbright Industrial Dev Corp	20,890	2033	1.078-4.750	18,180		(965)	17,215
Series 2012 Public Facilities Corp[1]	550,374	2042	3.000-5.100	544,724		(2,995)	541,729
Total Revenue Bonds	$ 887,109			$ 827,924	$ -	$ (13,760)	$ 814,164
Bonds from Direct Placements:							
Taxable Certificates of Obligation, Series 2016	$ 47,000	2046	2.640	$ 47,000	$ -	$ -	47,000
Tax Notes, Series 2014	1,400	2021	1.800	635		(205)	430
Revenue Notes, Series 2013A	20,900	2020	2.320	6,575		(3,240)	3,335
Total Bonds from Direct Placements	$ 69,300			$ 54,210	$ -	$ (3,445)	$ 50,765
Total	$ 3,691,904			$ 2,669,884	$ 473,280	$ (367,380)	$ 2,775,784

[1] A portion of the Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accretes from date of delivery and will be payable only at maturity or redemption. The interest accreted has resulted in an increase of $2,051 in revenue bonds payable, resulting in an ending balance of $12,242. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

Year-Ended September 30, 2019 - 109 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirements to amortize all General Obligation Bonds, Certificates of Obligation, Tax Notes, Revenue Bonds, and Bonds from Direct Placements outstanding as of September 30, 2019 are as follows:

Principal and Interest Requirements

	General Obligation Bonds[1]			Certificates of Obligation[2]		Tax Notes	
Year-Ending September 30,	Principal	Interest	Direct Subsidy[3]	Principal	Interest	Principal	Interest
2020	$ 100,265	$ 61,262	$ (59)	$ 20,610	$ 19,237	$ 32,720	$ 2,673
2021	101,730	57,549		21,335	18,492	12,380	1,189
2022	93,700	52,738		22,270	17,553	12,035	602
2023	88,860	48,224		23,310	16,534		
2024	86,455	43,986		24,360	15,467		
2025-2029	385,855	160,413		135,830	59,549		
2030-2034	349,755	75,921		129,560	28,694		
2035-2039	194,270	19,683		63,925	5,935		
2040	11,630	349					
Total	$ 1,412,520	$ 520,125	$ (59)	$ 441,200	$ 181,461	$ 57,135	$ 4,464

[1] Includes both Tax-Exempt and Taxable General Obligation Bonds.

[2] Includes both Tax-Exempt and Taxable Certificates of Obligation.

[3] The City issued Build America Bonds (BABs) in fiscal year 2010. These BABs are eligible for Direct Subsidies or rebates from the Federal Government for issuing the debt as taxable instruments. In fiscal year 2019, the City collected $3,588 in Direct Subsidies. The BABs were partially refunded in fiscal year 2019.

Principal and Interest Requirements

	Revenue Bonds		Bonds from Direct Placements	
Year-Ending September 30,	Principal	Interest	Principal	Interest
2020	$ 14,450	$ 34,006	$ 4,755	$ 1,269
2021	14,090	33,329	1,460	1,194
2022	16,970	32,640	1,275	1,159
2023	19,125	31,803	1,310	1,125
2024	21,485	30,854	1,345	1,090
2025-2029	147,395	136,704	7,280	4,892
2030-2034	200,830	100,331	8,305	3,864
2035-2039	209,999	131,939	9,475	2,692
2040-2044	169,820	13,935	10,815	1,355
2045-2046			4,745	126
Total	$ 814,164	$ 545,541	$ 50,765	$ 18,766

Year-Ended September 30, 2019 - 110 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

In May 2017, the citizens authorized the City to sell $850,000 in debt for the 2017-2022 Bond Program. The program includes 180 projects designed to improve and enhance existing, as well as acquire or construct, streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open spaces; library, museum and cultural facilities; public safety facilities; and neighborhood improvements. The Bonds are pledged with and will be repaid from ad valorem tax revenue the City collects on an annual basis.

Authorized but Unissued General Obligation Debt

Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued [1]	Bonds Authorized but Unissued
5/6/2017	Streets, Bridges, and Sidewalks	$ 445,263	$ 263,219	$ 182,044
5/6/2017	Drainage and Flood Control	138,988	78,954	60,034
5/6/2017	Parks, Recreation, and Open Space	187,313	121,631	65,682
5/6/2017	Library, museum, and Cultural Facilities	24,025	14,593	9,432
5/6/2017	Public Safety Facilities	34,411	20,593	13,818
5/6/2017	Neighborhood Improvements	20,000	20,000	
Total		$ 850,000	$ 518,990	$ 331,010

[1] The amount issued of $518,990 includes the par value of the bonds in the amount of $458,035, the premium of the bonds in the amount of $64,147, and less the cost of issuance of $3,192.

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for the fiscal year 2019 was $132,647,906 which provides a debt ceiling of $13,264,791. The total outstanding debt that is secured by an ad valorem tax pledge is $2,041,830 including $83,545 that is reported in business-type activities.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed $2.50 for each $100 of assessed valuation of taxable property. There is no limitation within the $2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from $1.50 tax rate calculated at 90.0% collections. The Debt Service component is determined by the City's debt service requirements. The fiscal year 2019 Debt Service rate was 21.150 cents per $100 of taxable valuation. (Figures in this paragraph are not in thousands).

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Notes Payable

In September 2004, City Council authorized the submission of a $57,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan were utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. The loan's outstanding balance of $25,692 was refunded on January 22, 2019, with the General Improvement Refunding Bonds, Series 2019 issuance.

In June 2015, a loan was authorized in the amount of $6,100 to finance the costs of acquiring and renovating the Frost Tower and Parking Garage that will be used to consolidate City administration into a single facility. Remedies for nonpayment of debt is bondholder suit in mandamus to compel the City's payment of scheduled debt service to occur in a given year as well as the declaration of the loan, or any part thereof, immediately due and payable. The loan amount outstanding as of September 30, 2019 is $6,100.

In 2016, Hemisfair Park Area Redevelopment Center (HPARC), a blended component unit of the City, entered into two five-year, 4.5% interest, loan agreements totaling $511 to finance the construction of two parking lots. The loans allow for accelerated payments which they intend to make from the proceeds of parking lot revenues. As of September 30, 2019, the loan has an outstanding balance of $223.

	Principal and Interest Requirements			
	Notes from Direct Placements		Notes from Direct Borrowings	
Year-Ending September 30,	Principal	Interest	Principal	Interest
2020	$ 6,100	$ 205	$ 34	$ 9
2021			189	5
Total	$ 6,100	$ 205	$ 223	$ 14

Interfund Borrowings

In 2016, the City authorized proceeds from the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016 to finance improvements to Hemisfair Park including continuing restoration of historic buildings, a civic park, landscaping and other improvements. HPARC will repay the interfund borrowing from revenues generated from its operations.

The following is a summary of changes for the fiscal year-ended September 30, 2019:

	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2018	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2019
Series 2016	$ 18,275	2036	1.365-3.278	$ 18,275	$ -	$ -	$ 18,275

Year-Ended September 30, 2019 - 112 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The City has authorized loans to MGA-SA to finance improvements to City owned golf courses. MGA-SA will repay the interfund borrowing with interest from revenues generated by its golf operations. Since MGA-SA is a blended component unit, activity between the Community Service Funds and MGA-SA are eliminated as part of government-wide reporting.

The following is a summary of changes in the loans for the fiscal year-ended September 30, 2019:

	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2018	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2019
Series 2010	$ 1,185	2025	3.676	$ 630	$ -	$ (80)	$ 550
Series 2015	4,000	2025	1.500-5.000	2,965		(365)	2,600
Series 2016	3,275	2031	2.000-5.000	2,945		(165)	2,780
2017 Note	300	2020	0.000	200		(100)	100
Series 2018	1,315	2033	4.000-5.000	1,315		(60)	1,255
Total	$ 10,075			$ 8,055	$ -	$ (770)	$ 7,285

Leases

The City leases property and equipment from others. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, is classified as operating leases. Both notes through direct borrowing and operating lease payments are recorded as expenditures when matured in the governmental fund financial statements. Total expenditures for operating leases for the fiscal year-ended September 30, 2019 were approximately $12,862.

The City has entered into various lease purchase agreements through direct borrowings for energy/water saving conservation improvements, various emergency services equipment, and helicopters. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. These assets are pledged as collateral for the associated debt. The leases may contain a provision that in an event of default, a portion or an entire amount of the lease payable is immediately due. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council.

	Principal and Interest Requirements Capital Leases from Direct Borrowings		
Year-Ending September 30,	Principal	Interest	Total
2020	$ 4,209	$ 502	$ 4,711
2021	3,623	399	4,022
2022	3,420	294	3,714
2023	3,135	188	3,323
2024	1,980	111	2,091
2025-2027	2,404	74	2,478
Total	$ 18,771	$ 1,568	$ 20,339

Year-Ended September 30, 2019 - 113 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The assets acquired through capital leases for governmental activities are as follows:

Machinery and Equipment	$ 46,131
Less: Accumulated Depreciation	(27,155)
Total	$ 18,976

As of September 30, 2019, the City had future minimum lease payments under operating leases with a remaining term in excess of one year for governmental activities as follows:

Year-Ending September 30,	Operating Leases
2020	$ 12,678
2021	9,456
2022	5,967
2023	2,378
2024	2,092
2025-2029	2,605
2030-2034	2,491
2035-2039	1,112
2040-2044	264
2045-After	2,178
Future Minimum Lease Payments	$ 41,221

Business-Type Activity Long-Term Debt

Business-Type Activity long-term debt applies to those City operations that relate to business and quasi-business activities where net income and capital maintenance are measured (Enterprise Funds). Long-term debt, which is to be repaid from enterprise fund resources, is reported in the respective proprietary fund. The long-term indebtedness of the City's Enterprise Funds is presented in the discussion that follows.

Issuances

On August 29, 2019, $6,190 of the $36,425 in Combination Tax and Revenue Certificates of Obligation, Series 2019 was allocated to Development Services, and were issued to improve the City's Enterprise Land Management System. The proceeds from the allocated portion of the Certificates included a premium of $1,357 and have maturities ranging from 2020 to 2039, with interest rates ranging from 4.0% to 5.0%.

Year-Ended September 30, 2019 - 114 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Pledges and Significant Terms

The Airport System includes the City of San Antonio International Airport, Stinson Municipal Airport, and all land, buildings, structures, equipment, and facilities pertaining thereto. The Airport System's long-term debt consists of Airport System Revenue Improvement Bonds (GARB), Passenger Facility Charge and Subordinate Lien Bonds (PFC), and Customer Facility Charge Revenue Bonds (CFC). GARBs are payable from and secured solely by an irrevocable first lien on and pledge of the gross revenues of the Airport System. Gross revenues of the Airport System include all revenues of any nature derived from contracts or use agreements with airlines and other users of the Airport System and its facilities. PFCs are payable from and secured by an irrevocable first lien on and pledge of the PFC revenues and a first lien on and pledge of the subordinate net revenues. CFCs are payable from and secured by an irrevocable first lien on and pledge of the CFC revenues. Remedies for nonpayment of debt related to GARB, PFC, and CFC is limited to the right of bondholders to file a mandamus action to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate or default rate of interest for City non-payment. The Tax Notes, Taxable Series 2017, are payable from Airport System Revenues and secured by an ad valorem tax pledge.

Solid Waste Management operation includes the collection and processing of refuse, recycling, and brush. Long-term debt is allocated to Solid Waste Management on a pro rata basis from proceeds received from the issuance of general obligation bonds and certificates of obligation for Solid Waste Management related improvements and is paid from revenues derived from the operation of Solid Waste Management. The allocated debt is secured by an ad valorem tax pledge.

The Development Services operation includes coordinating land and building development throughout the City. Long-term debt is allocated to Development Services on a pro rata basis from proceeds received from the issuance of certificates of obligation and is paid from revenues derived from the operation of Development Services. The allocated debt is secured by an ad valorem tax pledge.

The Parking System operation includes the ownership and operation of parking facilities, parking lots, parking meters, and retail/office space. Long-term debt is allocated to the Parking System on a pro rata basis from proceeds received from the issuance of taxable general obligation bonds and is paid from revenues derived from the operation of the Parking System. The allocated debt is secured by an ad valorem tax pledge.

The total outstanding debt that is secured by an ad valorem tax pledge allocated to business-type activities is $83,545. Remedies for nonpayment of ad valorem tax-backed debt is bondholder suit in mandamus to compel the City's payment of scheduled debt service to occur in a given year. There is no lien on property, right to accelerate or default rate of interest for City non-payment.

Capitalized Interest Costs

Interest costs incurred on revenue bonds and other borrowing totaled $23,203 for the Airport System. For fiscal year 2019, the amount of $278 was capitalized for the Airport System and included as an addition to construction in progress. Solid Waste Management and nonmajor enterprise funds did not have any capitalized interest in fiscal year 2019.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Line of Credit

The Tax Notes, Taxable Series 2017, is part of an active line of credit for use by the Airport System with an unused amount of $64,000.

The following table is a summary of changes for the year-ended September 30, 2019 for business-type activity debt:

Business-Type Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2018	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2019
Airport System:							
Revenue Bonds:							
Series 2005 PFC	$ 38,085	2030	3.375-5.250	$ 24,050	$ -	$ (1,500)	$ 22,550
Series 2007	82,400	2032	4.950-5.250	60,725		(3,055)	57,670
Series 2007 PFC	74,860	2032	5.000-5.250	52,435		(2,635)	49,800
Series 2010A Refunding	42,220	2040	2.000-5.250	38,020		(910)	37,110
Series 2010 PFC Refunding	37,335	2040	2.000-5.375	31,035		(845)	30,190
Series 2012 Refunding	70,135	2027	2.000-5.000	47,510		(4,420)	43,090
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	17,745		(1,600)	16,145
Series 2015	38,805	2045	5.000	38,805			38,805
Series 2015 CFC	123,900	2045	2.910-5.871	123,900		(700)	123,200
Bonds from Direct Placements:							
Taxable Tax Notes, Series 2017	36,000	2024	3.080	36,000			36,000
Subtotal	$ 569,530			$ 470,225	$ -	$ (15,665)	$ 454,560
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2010 Refunding	$ 545	2021	2.000-5.000	$ 430	$ -	$ (150)	$ 280
Series 2014 Refunding	245	2023	5.000	175		(10)	165
Series 2015 Refunding	1,290	2028	4.000-5.000	1,290			1,290
Series 2016 Refunding	300	2026	3.000-5.000	240		(25)	215
Tax-Exempt Certificates of Obligation:							
Series 2016	6,585	2036	2.000-5.000	6,170		(210)	5,960
Series 2017	6,065	2037	3.000-5.000	5,075		(190)	4,885
Series 2018	22,375	2038	4.000-5.000	22,375		(685)	21,690
Subtotal	$ 37,405			$ 35,755	$ -	$ (1,270)	$ 34,485
Development Services:							
Tax-Exempt Certificates of Obligation:							
Series 2019	$ 6,190	2039	4.000-5.000		6,190		6,190
Subtotal	$ 6,190			$ -	$ 6,190	$ -	$ 6,190
Parking System:							
Taxable General Obligation Bonds:							
Series 2008 Refunding	10,120	2024	5.820-6.570	8,015		(1,145)	6,870
Subtotal	$ 10,120			$ 8,015	$ -	$ (1,145)	$ 6,870
Total	$ 623,245			$ 513,995	$ 6,190	$ (18,080)	$ 502,105

Year-Ended September 30, 2019 - 116 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to General Obligation Bonds, Certificates of Obligation, Tax Notes, Revenue Bonds, and Bonds from Direct Placements outstanding at September 30, 2019 are as follows:

Principal and Interest Requirements

Year-Ending September 30,	Airport System Principal	Airport System Interest	Airport System Total	Airport System Bonds from Direct Placements Principal	Airport System Bonds from Direct Placements Interest	Airport System Bonds from Direct Placements Total	Solid Waste Management Principal	Solid Waste Management Interest	Solid Waste Management Total
2020	$ 17,355	$ 21,573	$ 38,928	$ -	$ 1,109	$ 1,109	$ 1,340	$ 1,622	$ 2,962
2021	18,340	20,770	39,110	9,000	1,109	10,109	1,405	1,558	2,963
2022	19,465	19,913	39,378	9,000	832	9,832	1,480	1,488	2,968
2023	20,635	19,001	39,636	9,000	554	9,554	1,545	1,413	2,958
2024	21,890	17,977	39,867	9,000	277	9,277	1,625	1,335	2,960
2025-2029	112,510	72,767	185,277				8,900	5,405	14,305
2030-2034	82,150	46,836	128,986				10,250	3,220	13,470
2035-2039	59,355	28,976	88,331				7,940	882	8,822
2040-2044	55,065	12,457	67,522						
2045	11,795	670	12,465						
Total	$ 418,560	$ 260,940	$ 679,500	$ 36,000	$ 3,881	$ 39,881	$ 34,485	$ 16,923	$ 51,408

Principal and Interest Requirements

Year-Ending September 30,	Development Services Principal	Development Services Interest	Development Services Total	Parking System Principal	Parking System Interest	Parking System Total
2020	$ 190	$ 263	$ 453	$ 1,215	$ 433	$ 1,648
2021	200	275	475	1,290	358	1,648
2022	210	265	475	1,370	280	1,650
2023	220	255	475	1,450	195	1,645
2024	230	244	474	1,545	102	1,647
2025-2029	1,335	1,034	2,369			
2030-2034	1,700	666	2,366			
2035-2039	2,105	259	2,364			
Total	$ 6,190	$ 3,261	$ 9,451	$ 6,870	$ 1,368	$ 8,238

Year-Ended September 30, 2019 - 117 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Leases

The City has entered into various lease purchase agreements through direct borrowings for the acquisitions of refuse collections trucks, brush grappler trucks, brush tractor/trailer combinations, wheel loaders, roll off trucks, toter carts, and energy/water saving conservation improvements. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council. These assets are pledged as collateral for the associated debt. The leases may contain a provision that in an event of default, a portion or an entire amount of the lease payable is immediately due. While the garbage containers met the criteria for capital lease recognition, these items were expensed in the initial period leased, as their individual costs were below the City's capitalization threshold.

	Principal and Interest Requirements Capital Leases from Direct Borrowings		
Year-Ending September 30,	Principal	Interest	Total
2020	$ 3,077	$ 145	$ 3,222
2021	2,471	104	2,575
2022	894	67	961
2023	765	43	808
2024	324	27	351
2025-2027	596	24	620
Total	$ 8,127	$ 410	$ 8,537

The assets acquired through capital leases for business-type activities are as follows:

Machinery and Equipment	$ 24,022
Less: Accumulated Depreciation	(14,186)
Total	$ 9,836

As of September 30, 2019, the City had future minimum payments under operating leases with a remaining term in excess of one year for business-type activities as follows:

Year-Ending September 30,	Operating Leases
2020	$ 633
2021	573
2022	433
2023	381
Future Minimum Lease Payments	$ 2,020

Year-Ended September 30, 2019 - 118 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt

Long-term obligations and amounts due within one year:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,112,315	$ 408,510	$ (112,440)	$ 1,408,385	$ 96,130
Taxable General Obligation Bonds	191,550		(187,415)	4,135	4,135
Tax-Exempt Certificates of Obligation	359,540	30,235	(17,135)	372,640	16,900
Taxable Certificates of Obligation	71,325		(2,765)	68,560	3,710
Tax Notes	53,020	34,535	(30,420)	57,135	32,720
Revenue Bonds	827,924		(13,760)	814,164	14,450
Bonds from Direct Placements	54,210		(3,445)	50,765	4,755
Gross Bonds Payable	$ 2,669,884	$ 473,280	$ (367,380)	$ 2,775,784	$ 172,800
Unamortized (Discount) / Premium	$ 144,657	$ 73,907	$ (32,146)	$ 186,418	$ 27,259
Net Bonds Payable	$ 2,814,541	$ 547,187	$ (399,526)	$ 2,962,202	$ 200,059
Other Payables:					
Capital Leases from Direct Borrowings	$ 22,889	$ 100	$ (4,218)	$ 18,771	$ 4,209
Notes from Direct Placements	6,100			6,100	6,100
Notes from Direct Borrowings	25,953		(25,730)	223	34
Accrued Leave Payable	223,499	85,049	(80,642)	227,906	78,624
Net Pension Liability [1]	693,260	921,565	(403,778)	1,211,047	
Net OPEB Liability [2]	838,200	168,814	(65,793)	941,221	
Claims Payable Liability	60,551	131,013	(136,219)	55,345	22,297
Pollution Remediation Liability [4]	196	320	(140)	376	376
Asset Retirement Liability[4]	807		(65)	742	175
Other Payable	11	2		13	
Total Other Payables	$ 1,871,466	$ 1,306,863	$ (716,585)	$ 2,461,744	$ 111,815
Total Governmental Activities	$ 4,686,007	$ 1,854,050	$ (1,116,111)	$ 5,423,946	$ 311,874
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 2,135	$ -	$ (185)	$ 1,950	$ 200
Taxable General Obligation Bonds	8,015		(1,145)	6,870	1,215
Tax-Exempt Certificates of Obligation	33,620	6,190	(1,085)	38,725	1,330
Revenue Bonds	434,225		(15,665)	418,560	17,355
Bonds from Direct Placements	36,000			36,000	
Gross Bonds Payable	$ 513,995	$ 6,190	$ (18,080)	$ 502,105	$ 20,100
Unamortized (Discount) / Premium	$ 11,082	$ 1,357	$ (1,697)	$ 10,742	$ 1,518
Net Bonds Payable	$ 525,077	$ 7,547	$ (19,777)	$ 512,847	$ 21,618
Other Payables:					
Capital Leases from Direct Borrowings	$ 16,939	$ -	$ (8,812)	$ 8,127	$ 3,077
Accrued Leave Payable	6,320	5,185	(5,004)	6,501	4,992
Net Pension Liability [1]	78,444	61,273	(27,721)	111,996	
Net OPEB Liability [2]	63,703	19,104	(1,838)	80,969	
Accrued Landfill Postclosure Costs [3]	1,121		(78)	1,043	201
Pollution Remediation Liability [4]	1,274			1,274	
Asset Retirement Liability [4]	314			314	8
Total Other Payables	$ 168,115	$ 85,562	$ (43,453)	$ 210,224	$ 8,278
Total Business-Type Activities	$ 693,192	$ 93,109	$ (63,230)	$ 723,071	$ 29,896

NOTE: Interest accreted increased by $2,051 due to the bond payment's maturity schedule, resulting in an ending balance of $12,242, which increases governmental activities' revenue bonds payable. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

1 See Note 9 Pension and Retirement Plans for a description of the pension program.
2 See Note 10 Post-employment Retirement Benefits for a description of the post-employment program.
3 See Note 12 Commitments and Contingencies for a description of the Landfill Postclosure Care Costs.
4 See Note 13 Other Obligations for a description of the Pollution Remediation Liability and Asset Retirement Liability.

Year-Ended September 30, 2019 - 119 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt (Continued)

Accrued Leave

The following is a summary of accrued leave payable for the fiscal year-ended September 30, 2019:

Governmental Activities

Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 8,081	$ 66,831	$ 74,912	$ 148,105	$ 223,017
Internal Service Funds		3,712	3,712	1,177	4,889
Total Governmental Activities	$ 8,081	$ 70,543	$ 78,624	$ 149,282	$ 227,906

The General Fund accounts for approximately 68.6% of the City's employees; therefore, most of the accrued leave payable has been liquidated from the General Fund. When a City employee terminates, the fund that salary was last charged to, will be the same fund that will pay their accrued leave. However, there is an exception for some grant funds due to expenses being unallowable, which will be paid by the General Fund.

Business-Type Activities

Fund	Short-Term	Long-Term	Total
Airport System	$ 2,102	$ 922	$ 3,024
Solid Waste Management	1,765	563	2,328
Nonmajor Enterprise Funds	1,125	24	1,149
Total Business-Type Activities	$ 4,992	$ 1,509	$ 6,501

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable IDA, EFC and the EZDC, component units of the City, to provide financial assistance to various entities for the acquisition, construction, or renovation of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the entity served by the bond issuance. As of September 30, 2019, the aggregate principal amounts payable are as follows: seven series of EFC Revenue Bonds in the amount of $172,723; two series of IDA Revenue Bonds in the amount of $5,700; and two series of EZDC Revenue Bonds in the amount of $39,900.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Airport Facilities Revenue Refunding Bonds, Series 1995. The bond is payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in lieu of lease payments to the City. These payments are sufficient to pay for the principal, premium, interest, and purchase price of the bond when they become due. The aggregate principal amount outstanding for the Special Airport Facilities Revenue Refunding Bonds, Series 1995 at September 30, 2019 was $1,200.

Year-Ended September 30, 2019 - 120 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt (Continued)

The City facilitates the issuance of single-family and multi-family bonds to enable the San Antonio Housing Trust Finance Corporation, a component of the City, to provide affordable housing to the citizens of San Antonio. The bonds are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. As of September 30, 2019, the amount of conduit debt was $281,232.

The City also facilitates the issuance of tax-exempt revenue bonds for SA Energy Acquisition Public Facility Corporation (SAEAPFC) to enter into long-term prepaid purchases of natural gas. SAEAPFC, in turn, sells contracted volumes of the prepaid gas to CPS Energy on a monthly basis at a discounted rate, which is passed on to CPS Energy's gas customers through reduced utility costs. The bonds are secured by the gas supplier and are payable primarily from the contracted volume sales and associated gas swap payments. As of September 30, 2019, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $231,310.

Neither the City, the State of Texas, nor any political subdivision of the State of Texas is obligated in any manner for repayment of the aforementioned bonds, loans or leases. Accordingly, the bonds, loans, and leases are not reported as liabilities in the accompanying financial statements.

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2019, these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

Subject to applicable timing restrictions that may prevent early payoff, CPS Energy also has the option to defease or extinguish debt. A defeasance occurs when funds are placed in an irrevocable trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt, which fully discharges the bond issuer's obligation. At the time of an extinguishment, since the issuer no longer has the legal obligation, the defeased debt is removed from the Statement of Net Position, the related unamortized costs are expensed, and the gain or loss is immediately recognized.

Current refundings involve issuing new debt (refunding bonds) to redeem existing debt (refunded bonds) that can be called within 90 days of the call date of the refunded bonds. Advance refunding of bonds involves issuing new debt to redeem existing debt that cannot be called within 90 days of issuing the refunding bonds. In these circumstances, the refunding bond proceeds are irrevocably escrowed with a third party. These proceeds, and income thereon, are used to pay the debt service on the refunded bonds until the refunded bonds can be called. Refunding bonds are generally issued to achieve debt service savings. In December 2017, Congress passed the Tax Cuts & Jobs Act, which preserved tax-exempt financing for municipal bonds but eliminated the use of advanced refundings at the end of calendar year 2017.

Bond premiums and discounts are amortized using the effective interest method over the life of the related debt.

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

As of January 31, 2019, the bond ordinances for New Series Bonds contained, among others, the following provisions:

Revenue deposited in CPS Energy's General Account shall be pledged and appropriated to be used in the following priority for:

- Maintenance and operating expenses of CPS Energy;
- Payment of the New Series Bonds;
- Payment of prior lien bonds, including junior lien obligations;
- Payment of the notes and the credit agreement (as defined in the ordinance authorizing commercial paper);
- Payment of any inferior lien obligations issued, which are inferior in lien to the New Series Bonds, the prior lien bonds and the notes and credit agreement;
- An annual amount equal to 6.0% of the gross revenue of CPS Energy to be deposited in the Repair and Replacement Account;
- Cash payments and benefits to the General Fund of the City not to exceed 14.0% of the gross revenues of CPS Energy; and
- Any remaining net revenues of CPS Energy in the General Account to the Repair and Replacement Account, which is used to partially fund construction costs.

The maximum amount in cash to be transferred or credited to the City's General Fund from the net revenues of CPS Energy during any fiscal year shall not exceed 14.0% of the gross revenues of CPS Energy, less the value of gas and electric services of CPS Energy used by the City for municipal purposes and the amounts expended during the fiscal year for additions to the street lighting system and other authorized exclusions. The percentage of gross revenues of CPS Energy to be paid over, or credited to, the City's General Fund each fiscal year shall be determined (within the 14.0% limitation) by the governing body of the City.

The net revenues of CPS Energy are pledged to the payment of principal and interest on the New Series Bonds, which are classified as senior lien obligations. All New Series Bonds and the interest thereon shall have a first lien upon the net revenues of CPS Energy.

The junior lien obligations are composed of two categories of debt: fixed interest rate and variable interest rate. The junior lien fixed interest rate Series Bonds are similar to the senior lien New Series Bonds, as they have fixed and set interest rates for the life of the bonds. The junior lien, Variable-Rate Note bonds are variable interest rate debt instruments of the City. The junior lien obligations are payable solely from, and equally and ratably secured by, a junior lien on and pledge of the net revenues of CPS Energy, subject and subordinate to liens and pledges securing the outstanding senior lien obligations and any additional senior lien obligations hereafter issued, and superior to the pledge and lien securing the currently outstanding commercial paper obligations, all as fully set forth in the ordinances authorizing the issuance of the junior lien obligations.

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

The City agrees that it will at all times maintain rates and charges for the sale of electric energy, gas, or other services furnished, provided, and supplied by CPS Energy to the City and all other consumers, which shall be reasonable and nondiscriminatory and which will produce income and revenues sufficient to pay:

- All operation and maintenance expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502 of the Texas Government Code, as amended;
- The interest on, and principal of, senior lien bonds, as defined in the New Series Bond ordinances, as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the senior lien bonds;
- The interest on, and principal of, the prior lien bonds, including the junior lien obligations and any additional junior lien obligations hereafter issued (all as defined in the New Series Bond ordinances), as and when the same shall become due, and for the establishment and maintenance of the funds and accounts created for the payment and security of the junior lien obligations and any additional junior lien obligations;
- To the extent the same are reasonably anticipated to be paid with available revenues (as defined in the ordinance authorizing the commercial paper), the interest on and principal of all notes (as defined in said ordinance), and the credit agreement (as defined in said ordinance); and
- Any inferior lien obligations or any other legal debt or obligation of CPS Energy as and when the same shall become due.

Revenue Bonds

On November 15, 2018, CPS Energy issued $218,285 of New Series 2018 Senior Lien Revenue Refunding Bonds. Bond proceeds, including the $25,259 premium associated with the bonds, were used to refund $99,130 par value of the New Series 2009D Revenue Refunding Bonds and convert the outstanding $142,285 Series 2012A, Series 2012B and Series 2012C Variable-Rate Junior Lien Revenue Refunding Bonds from variable-interest-rate debt to fixed-interest-rate debt. The refunding transaction, resulted in net present value debt service savings of $3,618, or 3.6% of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2020, 2021, 2027, and 2028, is 2.8%.

On December 20, 2018, CPS Energy issued $130,220 of New Series 2018A Senior Lien Revenue Refunding Bonds. Proceeds, including the $20,934 premium associated with the bonds, were used to refund $60,000 and $90,000 par value of the Commercial Paper Notes Series A and Series C, respectively. The true interest cost for this issue, which has maturities in 2026 through 2048, is 3.7%.

On December 20, 2018, CPS Energy issued $134,870 of Series 2018 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the $1,157 premium associated with the bonds, were used to refund $135,000 par value of the Commercial Paper Series C. Reflecting stepped interest rate provisions applicable to the bonds, the true interest cost for this issue, which has maturities in 2043 through 2048, is 6.5%. The bonds were issued as multi-modal variable-rate instruments with initial term rates of 2.8% and a stepped rate of 8.0%, which is only applicable if the bonds are not remarketed before their expiration date.

On January 24, 2019, $52,515 of New Series 2015 Senior Lien Revenue Refunding Bonds and $25,120 of New Series 2016 Senior Lien Revenue Refunding Bonds were legally defeased with cash. Under the defeasance, the debt obligations were technically voided, as the cash was escrowed with a third party to service the debt. As a result, $3,139 was recorded as cost of defeasance representing the additional cash put into escrow for the interest that would have been incurred between fiscal year 2020 through fiscal year 2022.

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Long-Term Debt Activity

Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2018	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2019
Revenue and Refunding Bonds:							
2009A Tax Exempt New Series	442,005	2034	4.863	16,120		(16,120)	
2009C Taxable New Series [1]	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt New Series	207,940	2021	3.720	147,450		(147,450)	
2010A Taxable New Series [1]	380,000	2041	3.834	380,000			380,000
2010A Taxable Junior Lien [1]	300,000	2041	3.806	300,000			300,000
2010B Taxable Junior Lien [1]	200,000	2037	4.101	200,000			200,000
2012 Taxable New Series	521,000	2042	4.382	521,000			521,000
2012 Tax Exempt New Series	655,370	2025	2.552	655,370			655,370
2012A Tax Exempt Junior Lien	48,170	2027	Variable	47,135		(47,135)	
2012B Tax Exempt Junior Lien	47,815	2027	Variable	47,650		(47,650)	
2012C Tax Exempt Junior Lien	47,660	2027	Variable	47,500		(47,500)	
2013 Tax Exempt Junior Lien	375,000	2048	4.753	375,000			375,000
2014 Tax Exempt Junior Lien	200,000	2044	4.142	200,000			200,000
2014 Tax Exempt Junior Lien	262,530	2020	1.220	158,545		(77,340)	81,205
2015A Tax Exempt Junior Lien	125,000	2033	Variable	124,555			124,555
2015B Tax Exempt Junior Lien	125,000	2033	Variable	123,275			123,275
2015 Tax Exempt Senior Lien	320,530	2032	2.992	306,080		(68,380)	237,700
2015 Tax Exempt Senior Lien	235,000	2039	3.476	235,000			235,000
2015C Tax Exempt Junior Lien	100,000	2045	Variable	100,000			100,000
2015D Tax Exempt Junior Lien	100,000	2045	Variable	100,000			100,000
2016 Tax Exempt Senior Lien	544,260	2034	2.144	544,260		(25,120)	519,140
2017 Tax Exempt Senior Lien	40,685	2047	1.126	18,735		(12,250)	6,485
2017 Tax Exempt Senior Lien	267,320	2047	3.804	267,320			267,320
2017 Tax Exempt Senior Lien	194,980	2047	3.619	194,980			194,980
2018 Tax Exempt Senior Lien	218,285	2028	2.745		218,285		218,285
2018A Tax Exempt Senior Lien	130,220	2048	3.654		130,220		130,220
2018 Tax Exempt - Junior Lien	134,870	2048	Variable		134,870		134,870
Bonds Outstanding				$ 5,484,975	$ 483,375	$ (488,945)	$ 5,479,405
Bond Current Maturities				(169,895)		33,175	(136,720)
Bond (Discount)/Premium				358,688	47,350	(58,426)	347,612
Revenue Bonds, Net				$ 5,673,768	$ 530,725	$ (514,196)	$ 5,690,297
Tax Exempt Commercial Paper (TECP)			Variable	160,000	330,000	(285,000)	205,000
				$ 5,833,768	$ 860,725	$ (799,196)	$ 5,895,297

[1] Direct Subsidy Build America Bonds

In fiscal year 2019, after a sequestration reduction totaling $1,672 the total subsidy received for the 2009C and 2010A Senior Lien Build America Bonds (BABs) and the 2010A and 2010B Junior Lien BABs was $24,459.

Year-Ended September 30, 2019 - 124 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2019, principal and interest amounts due for all revenue bonds outstanding for each of the next five years and thereafter to maturity are:

CPS Energy
Principal and Interest Requirements

Year	Principal	Interest	Direct Subsidy	Total
2020	$ 136,720	$ 263,845	$ (24,512)	$ 376,053
2021	161,160	268,081	(24,512)	404,729
2022	180,495	265,394	(24,512)	421,377
2023	208,790	262,676	(24,512)	446,954
2024	212,780	258,574	(24,512)	446,842
2025-2029	882,955	1,152,170	(125,798)	1,909,327
2030-2034	1,001,950	925,255	(129,494)	1,797,711
2035-2039	1,305,815	622,255	(80,964)	1,847,106
2040-2044	1,020,054	258,945	(9,093)	1,269,906
2045-2048	368,686	51,291		419,977
Totals	$ 5,479,405	$ 4,328,486	$ (467,909)	$ 9,339,982

The above table includes senior lien and junior lien bonds. Interest on the senior lien bonds and the junior lien fixed-rate bonds are based upon the stated coupon rates of each series of bonds outstanding. The direct subsidy associated with the BABs has been presented in a separate column and includes the impact of sequestration. CPS Energy has taken the position that the BABs direct subsidy should be deducted when calculating total debt service since the subsidy is received directly by the trustee to be used solely for BABs debt service payments.

The Series 2018 Junior Lien Bonds were issued as multi-modal variable-rate bonds that utilize an interest rate of 2.8% through their term rate period's expiration in fiscal year 2023. A stepped rate of 8.0% is assumed in the table above for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

Pursuant to guidance provided in GASB Statement No. 65, debt reacquisition costs meet neither the definition of an asset nor a liability and are therefore required to be classified as deferred outflows or inflows of resources on the Statements of Net Position. The debt refundings that occurred in fiscal year 2019 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $6,002. Debt reacquisition costs reported as deferred outflows of resources totaled $62,205 at January 31, 2019. These amounts are amortized as components of interest expense using the effective interest method over the shorter of the remaining life of the refunding or the refunded debt.

CPS Energy, as a rate-regulated entity and in accordance with guidance found in GASB Statement No. 62, establishes regulatory assets for debt issuance costs that would otherwise be required to be expensed in accordance with GASB Statement No. 65. This regulatory accounting treatment results in the amortization of these costs over the life of the related debt. Debt issuance costs, which are reported within other noncurrent assets on the Statements of Net Position, totaled $35,534 at January 31, 2019.

Year-Ended September 30, 2019 - 125 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note

In fiscal year 2010, the City Council adopted an ordinance authorizing the establishment of the Flexible Rate Revolving Note (FRRN) Private Placement Program, under which CPS Energy may issue taxable or tax-exempt notes, bearing interest at fixed or variable rates in an aggregate principal amount at any one time outstanding not to exceed the currently effective limit of $100,000, increased in fiscal year 2019 from $26,000. This ordinance provides for funding to assist in the interim financing of eligible projects that include the acquisition or construction of improvements, additions, or extensions to CPS Energy, including capital assets and facilities incident and related to the operation, maintenance, and administration of fuel acquisition and development and facilities for the transportation thereof; capital improvements to CPS Energy; and refinancing or refunding of any outstanding obligations secured by the net revenues of CPS Energy; or with respect to the payment of any obligation of CPS Energy pursuant to any credit. Under the program, maturity dates cannot extend beyond November 1, 2028.

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to Nuclear Innovation North America, Inc. (NINA) in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The FRRN balance was paid off in fiscal year 2019 and there were no amounts outstanding under this program as of January 31, 2019.

At January 31, 2019, no outstanding balance was due under the taxable Note Purchase Agreement and therefore, no amounts were collateralized. The current taxable Note Purchase Agreement will expire on December 31, 2019, but through an annual renewal process may be extended through November 1, 2028.

The ordinance defines events of default to include the City’s failure to pay principal and interest on the notes; a continuing default, such as a covenant breach, under the ordinance or the program notes; the City’s liquidation, dissolution, or entrance into bankruptcy; or an appointment of a third party to handle the CPS Energy’s financial affairs. Each of the foregoing could invoke a finance-related consequence, as FRRN program noteholders’ default remedies include, but are not limited to, the ability to seek judicial relief and compel performance of the ordinance’s provisions. The ordinance is silent as to termination events. As set forth in the ordinance, the remedy of acceleration is only available to holders of program notes secured by the Program Note Security Fund (as defined in the ordinance), which holds collateral available to pay costs related to accelerated program notes.

The Note Purchase Agreement specifies additional events of default with potential financial consequences, including failure to pay the fees set forth in the agreement; inclusion of materially incorrect representations in transaction documentation; receipt of final judgement rendered against the City or CPS Energy Board of Trustees in an amount greater than $20,000 (payable from the CPS Energy’s revenues) or City default in an amount of the same.

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Accrued Leave

Employees earn vacation benefits based upon their employment status and years of service. As of January 31, 2019, the accruals for employee vested benefits were $21,789. These accruals are reported under Accounts Payable and Other Current Liabilities.

San Antonio Water System (SAWS)

City Ordinance No. 75686 requires that SAWS' gross revenues be applied in sequence to: (1) Payment of current maintenance and operating expenses including a two-month reserve amount based upon the budgeted amount of maintenance and operating expenses for the current fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations; and (7) Transfers to the City's General Fund and to SAWS' Renewal and Replacement Fund.

City Ordinance No. 75686 also provides for no free services except for municipal firefighting purposes.

City Ordinance No. 75686 requires SAWS to make payments to the City each month after making all other payments required by the ordinance. The amount of the payment is determined by City Council from time to time and cannot exceed 5.0% of gross revenues. Gross Revenues consist of all revenue with respect to the operation and ownership of SAWS with the exception of capital contributions, payments received under the CPS Energy contract, the federal subsidy of interest on Build America Bonds and earnings on funds deposited in the Project Fund and Reserve Fund until the Reserve Fund contains the required reserve amount. As of September 30, 2019, SAWS pays 2.7% of gross revenues to the City. See Note 20 Subsequent Events, for more information related to the City's percentage allocation.

SAWS has a contract with CPS Energy, the City-owned electricity and gas utility, for the provision of reuse water. According to City Ordinance No. 75686, the revenues derived from the contract have been restricted in use to only reuse activities and are excluded from gross revenue for purposes of calculating any payments to the City's General Fund.

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Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds

On May 23, 2018, SAWS issued $208,825 City of San Antonio Texas Water System Revenue and Refunding Bonds, Series 2018A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2008 (Series 2008), (ii) refund the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2008A (Series 2008A), (iii) refund $125,655 in outstanding commercial paper notes, (iv) finance capital improvement projects, and (v) pay the cost of issuance. The refunding of the Series 2008 and Series 2008A bonds reduced total future debt service payments by approximately $7,911 and resulted in an economic gain of $2,893. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On June 14, 2018, SAWS issued $10,500 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2018B through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds outstanding as of December 31, 2018, consist of the Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of $718,305. Senior lien revenue bonds are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates on senior lien bonds range from 3.0% to 6.2%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

The junior lien water system revenue bonds are composed of two categories of debt: fixed rate debt and variable rate debt. The junior lien fixed rate debt is similar to the senior lien bonds, as they have fixed interest rates for the life of the bonds. The junior lien variable rate bonds have interest rates that are periodically reset throughout the life of the bonds. All the junior water system revenue bonds are collateralized by a junior lien and pledge of the gross revenue of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt.

As of December 31, 2018, outstanding junior lien fixed rate bonds consist of Series 2007, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (No Reserve Fund), Series 2012, Series 2013A, Series 2013B (No Reserve Fund), Series 2013C, Series 2013D, Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2014C, Series 2014D, Series 2015A, Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve Fund), Series 2016D, Series 2016E, Series 2017A (No Reserve Fund), Series 2018A (No Reserve Fund), and Series 2018B with outstanding amounts totaling $1,714,525. Interest rates on the junior lien fixed rate bonds range from 0.0% to 5.0%

Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The junior lien variable rate bonds, comprised of the Series 2013F (No Reserve Fund) (Series 2013F Bonds) and the Series 2014B (No Reserve Fund) (Series 2014B Bonds), are outstanding in the amount of $198,385 at December 31, 2018. The Series 2013F Bonds are tax-exempt variable rate notes initially issued in a Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index, with the interest rate reset weekly, through the initial interest period which expired October 31, 2016. On November 1, 2016, SAWS remarketed $98,795 in Series 2013F Bonds into a five-year interest rate period that ends October 31, 2021, the new interest period. During the new interest period, the Series 2013F Bonds bear interest at 2.0% with a yield of 1.6%. The Series 2014B Bonds are tax-exempt variable rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2017. On November 1, 2017, SAWS remarketed $99,590 in Series 2014B Bonds into a five-year interest rate period that ends October 31, 2022, the new interest period. During the new interest period, the Series 2014B Bonds bear interest at 2.0% with a yield of 1.8%.

Upon conclusion of the initial interest period, or any subsequent new interest period, SAWS is permitted to change the mode for all or any portion of the junior lien variable interest bonds to a different mode or to a SIFMA Index Mode of different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the initial interest period or any subsequent new interest period. During the initial interest period and any subsequent new interest period the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period or subsequent new interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and SAWS has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until SAWS redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 8.0% for the Series 2013F Bonds and 7.0% for the Series 2014B Bonds.

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2018:

	Beginning Balance January 1, 2018	Additions	Reductions	Ending Balance December 31, 2018	Due Within One Year
Bonds Payable	$ 2,537,520	$ 219,325	$ (125,630)	$ 2,631,215	$ 87,060
(Discounts)/Premiums	198,219	29,186	(24,050)	203,355	
Total Bonds Payable, Net	$ 2,735,739	$ 248,511	$ (149,680)	$ 2,834,570	$ 87,060

Year-Ended September 30, 2019 - 129 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The following table shows the annual debt service requirements on SAWS' debt obligations for each of the next five years and then in five year increments:

Annual Debt Service Requirements
Revenue and Refunding Bonds

	Fixed Rate				Variable Rate	
Year-Ended December 31,	Principal	Interest Expense	Direct Subsidy[1]	Net Interest	Principal	Interest Expense
2019	$ 87,060	$ 105,278	$ (3,497)	$ 101,781	$ -	$ 3,968
2020	91,000	102,002	(3,428)	98,574		3,968
2021	95,695	98,147	(3,352)	94,795		3,968
2022	99,350	93,975	(3,270)	90,705		4,462
2023	97,965	89,690	(3,184)	86,506		4,960
2024-2028	557,745	377,977	(14,330)	363,647		24,800
2029-2033	450,965	265,415	(11,189)	254,226	43,405	22,853
2034-2038	546,525	148,596	(4,363)	144,233	68,530	15,188
2039-2043	303,575	46,562	(266)	46,296	78,765	5,991
2044-2048	102,950	9,882		9,882	7,685	96
Total	$ 2,432,830	$ 1,337,524	$ (46,879)	$ 1,290,645	$ 198,385	$ 90,254

[1] Federal interest rate subsidy on Build America Bonds is utilized to pay interest on those bonds but is reported as nonoperating revenue.

In fiscal year 2018, SAWS received a total of $3,547 in BABs subsidy.

SAWS is required to comply with various debt covenant provisions included in the ordinances which authorized the bond issuances. SAWS believes it is in compliance with all significant provisions of the bond ordinances.

Under these bond ordinances, SAWS is required to establish and maintain rates and charges for services sufficient to produce Net Revenues sufficient to pay 1.2 times the annual debt service requirements on Senior Lien debt obligations (senior lien debt coverage ratio). SAWS senior lien debt coverage ratio was 6.7 at December 31, 2018.

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Year-Ended September 30, 2019 - 130 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Accrued Leave

SAWS records an accrual for vacation payable for all full-time employees and pays unused vacation hours available at the end of employment with the final paycheck. The current and long-term portion of these accruals are reported under the Accounts Payable and Other Current Liabilities and Other Payables line items, respectively.

Year-Ended	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2018	$ 9,544	$ 5,761	$ (5,492)	$ 9,813	$ 5,492

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Note 8 Commercial Paper Programs

Primary Government (City)

The City had no commercial paper debt during fiscal year 2019.

CPS Energy

As of January 31, 2019, the commercial paper ordinances contain, among others, the following provisions:

- Authorized capacity of $600,000;
- Allow flexibility to issue tax-exempt or taxable commercial paper;
- Allow the issuance of multiple series notes; and
- Final maturity on November 1, 2042.

Eligible projects include fuel acquisition, capital improvements to CPS Energy, and refinancing or refunding any outstanding obligations, which are secured by and payable from a lien and/or a pledge of net revenues of CPS Energy. Pledge of net revenues is subordinate and inferior to the pledge securing payment of existing senior lien and junior lien obligations. Scheduled maximum maturities cannot extend beyond November 1, 2042.

To secure the payment of commercial paper principal and interest, a pledge is made of:

- Proceeds from:
  - — The sale of bonds and additional notes issued for such purposes, and
  - — The sale of Project Notes;
- Loans under and pursuant to a revolving credit agreement;
- Amounts held in funds used specifically for payment of commercial paper principal and interest balances and unspent proceeds from commercial paper; and
- The net revenues of CPS Energy, after payment on New Series Bond requirements and prior lien bond obligations.

During fiscal year 2019, CPS Energy issued a total of $330,000 in commercial paper and $285,000 was refunded. As of January 31, 2019, the outstanding commercial paper balance was $205,000 all of which was tax-exempt.

Commercial Paper Summary

	January 31, 2019
Commercial Paper Outstanding	$ 205,000
New Commercial Paper Issues	$ 330,000
Weighted Average Interest Rate of Outstanding	1.8%
Average Life Outstanding (Number of Days)	82

The commercial paper has been classified as long-term in accordance with the refinancing terms under three revolving credit agreements with a consortium of banks, which support the commercial paper program. Each revolving credit agreement relates to a particular series of notes and provides liquidity support therefore in the amount specified. The Series A agreement provides $150,000 in liquidity support for the Series A Notes and the Series B and Series C agreements provide $225,000 each in liquidity support the Series B, and Series C Notes. The Series A, Series B and Series C agreements were all effective through June 21, 2019.

Year-Ended September 30, 2019 - 132 - Amounts are expressed in thousands

Note 8 Commercial Paper Programs (Continued)

CPS Energy (Continued)

Under the terms of these revolving credit agreements, CPS Energy may borrow up to an aggregate amount not to exceed $600,000 for the purpose of paying principal due under the commercial paper program. At January 31, 2019, there was no amount outstanding under the revolving credit agreements. Further, there have been no borrowings under the agreements since inception of the program.

San Antonio Water System (SAWS)

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. The City Council has authorized the commercial paper program in an amount of $500,000. Notes payable under the program cannot exceed maturities of 270 days.

The City has covenanted in the Ordinance authorizing the commercial paper program (Note Ordinance) the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series A (Series A Notes), the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series B (Series B Notes), and the maintenance at all times of credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement. The Ordinance also authorizes the ability to designate and issues subseries of notes. The Series A Notes are currently authorized as City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-1 (Subseries A-1 Notes) and City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-2 (Subseries A-2 Notes). The Subseries A-2 Notes are directly placed with JPMorgan Chase Bank, N.A. under a Note Purchase Agreement.

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit agreements is $500,000 with the Revolving Credit Agreement with JPMorgan Chase Bank, N.A. in the amount of $400,000, supporting the Series A Notes expiring October 4, 2023; and the Revolving Credit Agreement with Wells Fargo Bank, N.A. in the amount of $100,000, supporting the Series B Notes expiring January 15, 2021.

The issuance of commercial paper is further supported by the following agreements and related participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities LLC., and Ramirez & Co., Inc.
- Issuing and Paying Agency Agreement with The Bank of New York Mellon Trust Company, N.A.

Commercial paper notes of $215,695 are outstanding as of December 31, 2018 with $132,700 outstanding under the subseries A-1 Notes, $2,000 outstanding under Subseries A-2 Notes, and $80,995 outstanding under Series B Notes. Interest rates on the Subseries A-1 Notes and the Series B Notes outstanding at December 31, 2018 range from 1.8% to 1.9% and maturities range from 30 to 180 days. The interest rate on the Subseries A-2 Notes outstanding at December 31, 2018 is 3.2% with a maturity of 30 days. All outstanding notes had an average rate of 1.8% and averaged 71 days to maturity.

Note 8 Commercial Paper Programs (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available $500,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement, SAWS intends to redeem $3,880 of commercial paper in 2019. Therefore, this portion of outstanding commercial paper is classified as a current liability.

The following table summarizes transactions of the program for the year-ended December 31, 2018.

	Balance as of January 1, 2018	Additions during year	Deletions during year	Balance as of December 31, 2018	One Year
Tax Exempt Commercial Paper Notes	$ 278,060	$ 67,000	$ (129,365)	$ 215,695	$ 3,880

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Year-Ended September 30, 2019 - 134 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans

Summary of Pension and Retirement Plans

	City - TMRS	Fire and Police Pension Plan	Total City - TMRS and Fire and Police Pension Plan	CPS Energy All Employee Plan	SAWS-TMRS	SAWS Retirement Plan	District Special Project Retirement Income Plan
Total Pension Liability	$ 2,007,975	$ 3,756,277	$ 5,764,252	$ 1,940,317	$ 208,391	$ 230,568	$ 6,566
Plan Fiduciary Net Position	1,426,052	3,015,157	4,441,209	1,684,448	192,768	208,132	5,706
Net Pension Liability	$ 581,923	$ 741,120	$ 1,323,043	$ 255,869	$ 15,623	$ 22,436	$ 860
Deferred Inflows of Resources	$ (4,339)	$ (65,285)	$ (69,624)	$ (147,795)	$ (5,770)	$ (11,552)	$ (485)
Deferred Outflows of Resources	$ 78,195	$ 305,883	$ 384,078	$ 102,915	$ 228	$ 5,113	$ 380
Contributions Subsequent to Measurement Date	$ 33,512	$ 58,699	$ 92,211	$ 58,700	$ 4,059	$ 7,923	$ 400
Pension Expenses	$ 89,394	$ 140,889	$ 230,283	$ 27,112	$ 3,757	$ 7,250	$ 195

Primary Government (City)

Texas Municipal Retirement System (TMRS)

Plan Description — The City participates as one of the 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

Benefits Provided — TMRS provides retirement, disability, and death benefits to all eligible employees, excluding firefighters and police officers. Members are eligible to retire upon attaining the retirement age of 60 and above with five or more years of service, or with 20 years of service regardless of age. A member is vested after five years, but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3.00% annual interest, and including the matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit.

Year-Ended September 30, 2019 - 135 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current employee deposit rate (6.00%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3.00% each year and increased by the City's match currently in effect (200.00%). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity. Employees may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three survivor lifetime options; or one of the three guaranteed term options. Employees may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75.00% of the total employee's deposits and interest. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of the calendar year. The City may also adopt annuity increases at a rate equal to 30.00%, 50.00%, or 70.00% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the employee's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

City Council, based on available financial resources, may approve an annual ad hoc cost of living adjustment for the City's retirees as part of the annual adopted budget. The ad hoc cost of living adjustments were deemed to be substantively automatic in TMRS' actuarial report. The default method for determining whether ad hoc benefit enhancements are substantively automatic is if the City had granted them in one of the last two years and two of the last five years. The City has met these requirements. TMRS provisions and contribution requirements adopted by the City Council are within the options available in the state statutes governing TMRS and within the actuarial constraints contained in the statutes.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Membership as of the Valuation Date	December 31, 2018
Number of:	
Active members	7,028
Retirees and beneficiaries	4,845
Inactive members [1]	2,995
Total	14,868

[1] Inactive members are vested employees no longer employed by the City, but are eligible for a deferred retirement benefit.

Year-Ended September 30, 2019 - 136 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Contributions — Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary using the Entry Age Normal (EAN) actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate is the contribution rate which, if applied to an employee's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on the City's behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases. The City's contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage.

In the fiscal year 2019 budget, City Council adopted a one-time annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.00% of the percentage change in the Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. The provision for the one-time annuity contribution remained the same at the prior year's rate of 11.66%, effective January 1, 2019.

The contribution rate for the City's employees is 6.00% of their annual gross earnings during the fiscal year and the matching percent was 11.66% for calendar year 2019, both as adopted by the governing body of the City. The City's contribution to TMRS for fiscal year 2019 was $69,580, with $23,637 contributed by City employees, and $45,943 contributed by the City. These amounts were equal to required contributions.

Net Pension Liability — The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability are as follows:

Total Pension Liability	$ 2,007,975
Plan Fiduciary Net Position	1,426,052
Net Pension Liability	$ 581,923
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.02%

Year-Ended September 30, 2019 - 137 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions — The TPL calculated in the December 31, 2018 actuarial valuation was determined using the ten year smoothed market, 15.00% soft corridor asset valuation method and the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%, including inflation, net of pension plan investment expense
Retirement Age	Experience-based table of rates specific to the City
Cost-of-living adjustments	Granted 70.00% ad hoc COLA
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB

Salary increases were based on a service-related table. The Retirement Age was last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014. Mortality rates for active members, retirees, and beneficiaries are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP-2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

The long-term expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the TPL as of December 31, 2018. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and projections of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the 27 years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

Year-Ended September 30, 2019 - 138 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected 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 expense 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 of 2.50%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	$ 856,664	$ 581,923	$ 355,803

Pension Plan Fiduciary Net Position — Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at http://www.tmrs.com.

Year-Ended September 30, 2019 - 139 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table presents the changes in the Net Pension Liability as of year-ended September 30, 2019, based on the measurement date and actuarial valuation date of December 31, 2018.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 55,964
Interest	128,149
Difference between expected and actual experience	(3,125)
Benefit payments, including refunds of employee contributions	(87,070)
Net change in TPL	$ 93,918
Total Pension Liability - Beginning	1,914,057
Total Pension Liability - Ending	$ 2,007,975
Plan Fiduciary Net Position	
Contributions - Employer	$ 44,278
Contributions - Employee	22,783
Net investment (loss)	(44,654)
Benefit payments, including refunds of employee contributions	(87,070)
Administrative Expense	(864)
Other	(45)
Net change in Plan Fiduciary Net Position	$ (65,572)
Plan Fiduciary Net Position - Beginning	1,491,624
Plan Fiduciary Net Position - Ending	$ 1,426,052
Net Pension Liability	$ 581,923

Year-Ended September 30, 2019 - 140 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Pension Expense — For the year-ended September 30, 2019, based on the actuarial valuation of December 31, 2018, the City recognized pension expense of $89,394.

Schedule of Pension Expense	
Total Service Cost	$ 55,964
Interest	128,149
Employee Contributions (Reduction of Expense)	(22,783)
Projected Earnings on Plan Investments (Reduction of Expense)	(100,685)
Administrative Expense	864
Other Changes in Fiduciary Net Position	45
Expensed portion of current year period differences between expected and actual experience	(697)
Expensed portion of current year period differences between projected and actual earnings	29,068
Current year recognition of deferred inflows established in prior years	(2,355)
Current year recognition of deferred outflows established in prior years	1,824
Total Pension Expense	$ 89,394

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2019, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 412	$ (4,339)
Changes of assumptions	549	
Net difference in projected and actual earnings on pension plan investments	77,234	
Total	$ 78,195	$ (4,339)

Year-Ended September 30, 2019 - 141 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Deferred outflows and deferred inflows of resources, by year, are to be recognized in future pension expense as follows:

Year-Ended September 30,	Net Deferred Outflows (Inflows) of Resources	
2020	$	26,519
2021		9,291
2022		9,313
2023		28,733
2024		
Thereafter		
Total	$	73,856

Subsequent to the measurement date of December 31, 2018, and through fiscal year-end 2019, the City contributed $33,512 to TMRS. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year. As of September 30, 2019, the City reported a payable to TMRS in the amount of $5,414 for the outstanding amounts of contributions from the city and active civilian employees.

City Deferred Compensation

The City has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary on a pre-taxed basis. The compensation deferred under this plan is not available to employees until termination, retirement, death, loan, or qualifying unforeseeable emergency. Participation in the plan is voluntary. In fiscal year 2012, the City implemented a matching contribution of up to 1.00% of base salary to eligible executives who participated in the plan. In fiscal year 2015, the City increased its matching contribution up to 2.00% of base salary. There has been no change to the matching contribution rate since 2015. In fiscal year 2018, executives in the third and fourth quartile of their salary ranges received 1.00% of their performance pay as a deferred compensation contribution. Performance pay contributions recur annually so that in fiscal year 2019 it was possible for an executive to receive a cumulative 2.00% contribution. The City has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas, administered by the San Antonio Fire and Police Pension Fund. The governing document for the Pension Fund is found in Vernon's Texas Civil Statutes, Article 6243o. The pension law governing the Pension Fund was amended on October 1, 2009. The Pension Fund meets the criteria of a fiduciary fund of the City as established by *Governmental Accounting Financial and Reporting Standards,* and is therefore included in the City's financial statements as a pension trust fund. A more complete description of the Pension Fund is provided in the Pension Fund's separately issued financial statements.

Year-Ended September 30, 2019 - 142 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Membership of the Pension Fund as of December 31, 2018 consisted of:

Membership as of the Valuation Date	December 31, 2018
Number of:	
Active members	4,042
Retirees and beneficiaries	2,779
Inactive members[1]	20
Total	6,841

[1] Inactive participants are only entitled to a refund of their contributions, and are not eligible for benefits. Includes 19 terminated members due a refund of contribution.

Currently, the Pension Fund provides retirement benefits to eligible uniformed employees of the fire and police departments of the City who have served for 20 years or more. Employees who terminate prior to accumulating 20 years of service may apply to receive a refund of their contributions. Upon application for a service retirement pension from the Pension Fund, retiring employees are entitled to a retirement annuity computed based on the average of the employee's total salary, excluding overtime pay, for the highest three years of the last five years. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.50% of the member's average total salary.

There is a provision for the Backwards Deferred Retirement Option Plan (BackDROP), which, as of October 1, 2009, permits retiring members who had actual service credit of at least 20 years and one month to elect to receive a lump-sum payment for a number of full months of service elected by the member that does not exceed the lesser of the number of months of service credit the member had in excess of 20 years or 60 months and a reduced annuity payment. For purposes of a BackDROP benefit calculation, the participant's salary beyond 34 years of service is used to determine the participant's average salary.

There is also a provision for a 13th and 14th pension check. At the end of each fiscal year, the Board may authorize the disbursement of a 13th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year fiscal period by at least 100 basis points (basis points not reported in thousands). In the same way, the Board may authorize a 14th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the end of the fiscal year and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year). Authorization for one year does not obligate the Board to authorize a 13th and 14th check for any other year. The Pension Fund did not meet the criteria for the 13th or 14th check for the year-ended December 31, 2018.

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund also provides benefits when service is terminated by reason of death or disability. The employee's beneficiary or the employee shall be entitled to one-half of the average of the employee’s total salary, excluding overtime pay, or vested benefit as is provided in the computation of normal retirement benefits, whichever is higher. If a member dies after retiring, spouses or beneficiaries who were married to or dependents of the member at the time of retirement receive the same annuity paid to the member as of the date of the member’s death up to the maximum benefit. The maximum benefit for surviving spouses and dependent children is equal to a 27 year service pension. As of October 1, 2009, the allocation of death benefits between a surviving spouse and the dependent children of a member is 75.00% to the spouse and 25.00% to the children. The spousal death benefit provided to a spouse who married a retiree after retirement and at least five years prior to the date of the retiree’s death is the same as a spouse who married a member prior to retirement. In the case of marriage after retirement, a spouse who is otherwise qualified to receive a pension is subject to a 55-year-old minimum age to begin receiving annuity payments. As of October 1, 2009, the spousal death benefit for a spouse who married a retiree after retirement, and less than five years prior to the date of the retiree’s death, is $15 if there are no other beneficiaries.

The Pension Fund provides a disability annuity equal to 87.50% of average total salary, if the member suffers a catastrophic injury. A catastrophic injury is described as an irreparable physical bodily injury suffered during the performance of high-risk line of duty activities, when the injury results in the individual being unable to obtain any sort of employment sufficient to generate income above the poverty level.

The surviving spouse of an active member may elect to receive benefits in the form of a lump-sum payment and reduced annuity, similar to a BackDROP election made by a retiring member.

The estate of an active member who dies and does not leave a beneficiary will receive either ten times the amount of an annuity computed according to the Annuity Computation, using the deceased member’s service credit and average total salary as of the date of death, or the deceased member’s contributions that were picked up by the City. The estate of a retired member who dies and does not leave a beneficiary will receive a lump-sum benefit equal to ten times the amount of the annuity awarded by the Board effective on the retiree’s date of retirement, less any retirement or disability annuity and any lump-sum payments paid to the retiree. The Pension Fund also provides benefits when an eligible member is killed in the line of duty. The member’s surviving spouse and dependent children are entitled to a total pension equal to the member’s base salary at the time of death.

Another important provision of the Pension Fund is the Cost of Living Adjustment (COLA). The COLA is based on the Consumer Price Index for all Urban Consumers – U.S. City Average (CPI-U) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971, receive an increase equal to 100.00% of the increase in the CPI-U. Members whose retirement, disability, or death occurred after August 30, 1971, but before October 1, 1999, receive an increase equal to 100.00% of the increase in the CPI-U up to 8.00% and 75.00% of the increase in the CPI-U in excess of 8.00%. Members whose retirement, disability, or death occurred after October 1, 1999 receive an increase equal to 75.00% of the increase in the CPI-U.

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund is funded in accordance with Texas state statutes and is not actuarially determined. In fiscal year 2019, the City was required to contribute 24.64% of salary, or $79,973, excluding overtime pay, and the employee contribution rate was 12.32%, or $39,986. New firefighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible.

The Pension Fund has a provision that allows the fire chief and police chief to opt out of membership in the Pension Fund.

The components of the net pension liability (NPL) of the City, as of December 31, 2018, are as follows:

Total Pension Liability	$ 3,756,277
Plan Fiduciary Net Position	3,015,157
City's Net Pension Liability	$ 741,120
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.27%

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the entry age, level percent of payroll, and the following actuarial assumptions, applied to the period included in the measurement, with the results rolled forward to December 31, 2018:

Inflation	3.00%
Salary increases	3.00% plus merit scale of 0.75% - 11.25%
Investment rate of return	7.25% including inflation, net of pension plan investment expense
Cost-of-living adjustments	3.00% for retirements before October 1, 1999 2.25% for retirements on or after October 1, 1999
Retirement rates	Group-specific rates based on years of service ranging from 20 to 40 years, with 100.00% retirement age at 65 or 40 years of service

For the actuarial valuation as of January 1, 2018 with results rolled forward to December 31, 2018, healthy mortality rates were based on the sex-distinct RP-2014 Employee and Healthy Annuitant Tables, with rates loaded by 7.00% for females. Disabled mortality rates were based on sex-distinct RP-2014 Annuitant Tables, set forward by six years, again loading the female rates by 7.00%. The tables are projected generationally using 50.00% of the MP-2014 improvement scale to anticipate future mortality improvements. The actuarial assumptions used are based on the results of an experience study for the period October 1, 2009 to September 30, 2014.

Year-Ended September 30, 2019 - 145 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The long-term expected 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 expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Large Cap U.S. Equities	15.00%	6.16%
Small Cap U.S. Equities	3.00%	7.26%
Developed International Equities	15.00%	6.96%
Emerging International Equities	6.00%	9.86%
Hedge Funds/Risk Parity	15.00%	3.83%
Private Equity	7.00%	10.41%
High Yield	5.00%	4.16%
Bank Loans	5.00%	3.66%
Emerging Market Debt	7.00%	4.66%
Private Debt	7.00%	7.66%
Unconstrained Fixed Income	3.00%	1.96%
Real Estate	9.00%	4.76%
Real Assets	3.00%	7.37%
Total	100.00%	

The blended discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 12.32% of the compensation from plan members and 24.64% of the compensation from the City. Based on these assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Pension Fund's investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, for the year-ending December 31, 2018, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.25%, or one percentage point higher, 8.25%, than the current rate:

	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability	$ 1,273,714	$ 741,120	$ 305,178

The City is responsible for funding the deficiency, if any, between the amount available to pay all retirement annuities and other benefits owed by the Pension Fund and the amount required to pay such benefits.

Year-Ended September 30, 2019 - 146 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table presents the changes in the Net Pension Liability through December 31, 2018, based on the measurement date and actuarial valuation date of January 1, 2018.

Changes in the Net Pension Liability	
Total Pension Liability (TPL)	
Service Cost	$ 73,354
Interest	259,758
Difference between expected and actual experience	50,057
Benefit payments, including refunds of employee contributions	(172,692)
Net change in TPL	$ 210,477
Total Pension Liability - Beginning	3,545,800
Total Pension Liability - Ending	$ 3,756,277
Plan Fiduciary Net Position	
Contributions - Employer	$ 78,312
Contributions - Employee	39,182
Net investment (loss)	(122,694)
Benefit payments, including refunds of employee contributions	(172,692)
Administrative Expense	(3,480)
Net change in Plan Fiduciary Net Position	$ (181,372)
Plan Fiduciary Net Position - Beginning	3,196,529
Plan Fiduciary Net Position - Ending	$ 3,015,157
Net Pension Liability	$ 741,120

Year-Ended September 30, 2019 - 147 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

For the fiscal year-ended September 30, 2019, based on December 31, 2018 measurement date, the City recognized pension expense as follows:

Schedule of Pension Expense	
Service Cost	$ 73,354
Interest	259,758
Employee contributions	(39,182)
Administrative expenses	3,480
Expected return on assets	(229,621)
Expensed portion of current year period differences between expected and actual experience	5,562
Expensed portion of current year period differences between projected and actual earnings	70,463
Current year recognition of deferred outflows established in prior years	64,514
Current year recognition of deferred inflows established in prior years	(67,439)
Total Expense	$ 140,889

At September 30, 2019, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 44,495	$ (65,285)
Changes of assumptions	85,281	
Net difference in projected and actual earnings on pension plan investments	176,107	
Total	$ 305,883	$ (65,285)

Year-Ended September 30, 2019 - 148 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-Ended September 30,	Net Deferred Outflows (Inflows) of Resources
2020	$ 66,536
2021	29,209
2022	39,720
2023	80,404
2024	9,941
Thereafter	14,788
Total	$ 240,598

Subsequent to the measurement date of December 31, 2018, and September 30, 2019, the City contributed $58,699 to the Pension Fund. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year. As of September 30, 2019, the City reported a payable to the Pension Fund in the amount of $9,321 for contributions from the City and active uniform employees.

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information, and detailed information about the Pension Fund's net pension liability. That report may be obtained by writing to the Fire and Police Pension Fund of San Antonio, 11603 W. Coker Loop, Suite 201, San Antonio, Texas 78216 or by calling (210) 534-3262.

CPS Energy

All Employee Plan

Plan Description — The CPS Energy Pension Plan (the Plan) is a self-administered, single-employer, defined-benefit contributory pension plan covering substantially all employees who have attained age 21 and completed one year of service. The Plan is sponsored by and may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (EBOC), which includes the President and CEO, the Chief Financial Officer and the Audit Committee Chair of CPS Energy's board of trustees. Plan assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee, whose members are appointed by the EBOC. The Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained at www.cpsenergy.com or by contacting Benefit Trust Administration at CPS Energy. The Plan's financial statements include certain disclosures related to CPS Energy's net pension liability. However, because the financial reporting and pension measurement dates for the Plan and CPS Energy are not aligned, the Plan's disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

Year-Ended September 30, 2019 - 149 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

In addition to the defined-benefit Plan, CPS Energy has two Restoration Plans that were effective as of January 1, 1998, which supplement benefits paid from the Plan due to Internal Revenue Code restrictions on benefit and compensation limits. The benefits due under those Restoration Plans have been paid annually by CPS Energy.

Employees who retired prior to 1983 receive annuity payments from an insurance carrier, as well as some benefits directly from CPS Energy. The costs for the benefits directly received from CPS Energy were $13 for fiscal year 2019. These costs were recorded when paid.

Benefits Provided — Participants become fully vested in the benefits of the Plan upon attainment of age 40 or after completion of seven years of vesting service before age 40. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service, as well as to those employees who are age 55 or older with at least ten years of benefit service. Retirement benefits consist of a normal retirement annuity calculated based primarily on length of service and compensation. Benefits are reduced for retirement before age 55 with 25 years or more of benefit service or before age 62 with less than 25 years of service. If early retirement occurs due to disability, the reductions in benefits normally associated with early retirement are modified.

Payments to retirees are adjusted each year by an amount equal to 50.00% of the change in the Consumer Price Index-U, limited to a maximum adjustment of 5.00% each year, with no reduction allowed below the retirees' initial benefit levels.

The following table presents information about Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate, as of the measurement date of January 31, 2018, the net pension liability for the fiscal year-ended January 31, 2019:

Membership as of the Valuation Date	January 31, 2018
Number of:	
Active members	2,886
Retirees and beneficiaries	2,348
Inactive members [1]	218
Total	5,452

[1] Inactive members are Plan participants that are entitled to deferred benefits.

Contributions —The current policy of CPS Energy is to use an actuarial valuation as the basis for determining employer contributions to the Plan during the fiscal year beginning 13 months after the valuation date. With recommendations from the Administrative Committee, composed of a cross-functional group of active and retired CPS Energy employees, CPS Energy establishes funding levels, considering annual actuarial valuations. Generally, participating employees contribute 5.00% of their total compensation, commencing with the effective date of participation and continuing until normal or early retirement, completion of 44 years of benefit service, or termination of employment. Participants who leave CPS Energy service before becoming eligible for retirement benefits receive a return of the total amount they contributed to the Plan, plus the vested portion of accumulated interest. Beginning January 1, 2018, the employee contribution interest crediting rate was 5.25%.

Year-Ended September 30, 2019 - 150 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The balance of Plan contributions is the responsibility of CPS Energy, giving consideration to actuarial information, budget controls, legal requirements, compliance, and industry and/or community norms. For fiscal year 2019, the amount to be funded was established using a general target near the 30-year funding contribution level as determined by the Plan's actuary using the entry-age normal cost method.

Schedule of Changes in Net Pension Liability and Related Ratios — The Net Pension Liability for fiscal year-end January 31, 2019, was measured as of January 31, 2018. The total pension liability used to calculate the net pension liability was determined by actuarial valuation as of January 1, 2017, rolled forward using generally accepted actuarial procedures to the January 31, 2018 measurement date.

Total Pension Liability	$ 1,940,317
Plan Fiduciary Net Position	1,684,448
Net Pension Liability	$ 255,869
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.81%

Actuarial Assumptions — The Total Pension Liability was determined using the Entry Age Normal actuarial cost method, and the Level dollar amortization method. Significant actuarial assumptions used in the January 1, 2017, valuation include a rate of return on the investment of present and future assets of 7.25%, a discount rate on Plan liabilities of 7.25%, annual projected salary increases averaging 4.72% per year, and annual post-retirement cost-of-living increases of 1.50%. The projected salary increases include an inflation rate of 3.00%. Mortality rates were based on the RP-2016 Combined Healthy with No Collar Adjustment, Male or Female Tables, as appropriate, projected using Scale RP-2016 Mortality Improvement Scale.

The actuarial assumptions used in the January 1, 2017 valuation for amounts reported in fiscal year 2019 were based on the results of an actuarial experience study completed in 2017 covering experience for the period January 1, 2012, through December 31, 2016.

The long-term expected rate of return on Plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns net of Plan investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, and then reduced by a factor representing inflation to produce long-term expected real rates of return for each major asset class.

Year-Ended September 30, 2019 - 151 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The assumed allocation and expected real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Expected Real Rate of Return
Equities	52.50%	5.10%
Debt securities	25.50%	3.20%
Alternative investments	22.00%	5.20%
Total Investments	100.00%	

Discount Rate — The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that future employee contributions will be made at the current contribution rate and that future CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the Plan's fiduciary net position 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of net pension liability calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total pension liability.

	1.00% Decrease 6.25%	Current Discount 7.25%	1.00% Increase 8.25%
Net Pension Liability	$ 496,332	$ 255,869	$ 52,973

Plan Fiduciary Net Position — Detailed information about the Plan's fiduciary net position is available in separately issued Plan financial statements. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position for the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Investments are stated at fair market value. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the Plan.

Year-Ended September 30, 2019 - 152 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Net Pension Liability — CPS Energy's net pension liability at January 31, 2019 was measured as of January 31, 2018. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2017, and rolled forward using generally accepted actuarial procedures to the January 31, 2018 measurement date.

Changes in Net Pension Liability		
Total Pension Liability		
Service Cost	$	32,569
Interest		132,861
Change in Assumptions		77,574
Differences Between Expected and Actual Experience		6,025
Benefit Payments		(93,550)
Net Change in Total Pension Liability	$	155,479
Total Pension Liability - Beginning		1,784,838
Total Pension Liability - Ending	$	1,940,317
Plan Fiduciary Net Position		
Contributions - Employer	$	46,200
Contributions - Employee		13,039
Net Investment Income		246,772
Benefit Payments		(93,550)
Administrative Expense		(389)
Net Change in Plan Fiduciary Net Position	$	212,072
Plan Fiduciary Net Position - Beginning		1,472,376
Plan Fiduciary Net Position - Ending	$	1,684,448
Net Pension Liability - Ending	$	255,869

CPS Energy recorded $27,112 in pension expense for the year-ended January 31, 2019.

Year-Ended September 30, 2019 - 153 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – The following table presents information about the pension-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2019:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 20,010	$ (35,566)
Changes of assumptions	82,905	
Net difference in projected and actual earnings on pension plan investments		(112,229)
Total	$ 102,915	$ (147,795)

Subsequent to the measurement date of January 1, 2018, and through fiscal year-end 2019, the employer contributed $58,700 to the Plan.

The following table presents the future amortization of pension-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Plan in the current fiscal year and subsequent to the net pension liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year.

Year-Ended January 31,	Net Deferred Outflows (Inflows) of Resources
2020	$ (3,644)
2021	(9,718)
2022	(37,307)
2023	(15,433)
2024	9,279
Thereafter	11,943
Total	$ (44,880)

Year-Ended September 30, 2019 - 154 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS)

Texas Municipal Retirement System (TMRS)

Plan Description — SAWS' pension program includes benefits provided by TMRS, the San Antonio Water System Retirement Plan (SAWSRP) and the District Special Project Retirement Income Plan (DSPRP).

SAWS provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide TMRS, an agent multiple employer public employee retirement system.

Benefits Provided — TMRS provides retirement benefits to eligible SAWS employees. Members are eligible to retire upon attaining the normal retirement age of 60 and above with five or more years of service, or with 20 years of service regardless of age. A member is vested after five years.

At retirement, the benefit is calculated as if the sum of the employee's contribution, with interest, and the SAWS financed monetary credits with interest were used to purchase an annuity. Members choose to receive their benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in the amount equal to 12, 24 or 36 monthly payments which cannot exceed 75.00% of the member's deposits and interest.

All eligible employees of SAWS are required to participate in TMRS. Membership in TMRS as of the actuarial valuation date is as follows:

Membership as of the Valuation Date	December 31, 2017
Number of:	
Active members	1,698
Retirees and beneficiaries	1,223
Inactive members [1]	653
Total	3,574

[1] Inactive members are vested employees no longer employed by SAWS, but are eligible for a deferred retirement benefit.

Contributions — Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Eligible SAWS employees are required to contribute 3.00% of their annual gross earnings. The employer required contribution rate for SAWS was 3.70% in calendar year 2018. SAWS' contribution to TMRS totaled $7,350 for the year-ended December 31, 2018, with $3,291 contributed by SAWS' employees, and $4,059 contributed by SAWS. The total contribution equaled the required contributions.

Year-Ended September 30, 2019 - 155 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The components of the Net Pension Liability are as follows:

Total Pension Liability	$	208,391
Plan Fiduciary Net Position		192,768
Net Pension Liability	$	15,623
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		92.50%

Actuarial Assumptions — The Total Pension Liability calculated in the December 31, 2017 actuarial valuation was determined using the Entry Age Normal actuarial cost method, the Level percentage of payroll amortization method, and the following actuarial assumptions:

Investment rate of return	6.75%, including inflation, net of pension plan investment expense
Inflation	2.50%
Wage growth	3.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109.00% and female rates multiplied by 103.00% with a three-year set-forward for both males and females. In addition, a 3.00% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3.00% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the Entry Age Normal actuarial cost method and a one-time change to the amortization policy was adopted. Plan assets are managed on a total return basis with emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term fund needs of TMRS.

Year-Ended September 30, 2019 - 156 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected 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 expense 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the plan actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	100.00%	

The discount rate of 6.75% was used to measure the Total Pension Liability in the December 31, 2017 actuarial valuation. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS pension plans' Fiduciary Net Position 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability - TMRS	$ 42,849	$ 15,623	$ (6,955)

Year-Ended September 30, 2019 - 157 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The table presents the components used to calculate the NPL for fiscal year-ended December 31, 2018, based on the measurement date and actuarial valuation date of December 31, 2017.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 5,332
Interest	13,268
Difference between expected and actual experience	54
Benefit payments	(8,332)
Net change in TPL	$ 10,322
Total Pension Liability - Beginning	198,069
Total Pension Liability - Ending	$ 208,391
Plan Fiduciary Net Position	
Contributions - Employer	$ 3,852
Contributions - Employee	3,149
Net investment income	23,639
Benefits Payments, including Refunds of Employee Contributions	(8,332)
Administrative Expense	(123)
Other	(6)
Net change in Plan Fiduciary Net Position	$ 22,179
Plan Fiduciary Net Position - Beginning	170,589
Plan Fiduciary Net Position - Ending	$ 192,768
Net Pension Liability	$ 15,623

San Antonio Water System Retirement Plan (SAWSRP)

Plan Description — The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan controlled by the provisions of Ordinance No. 75686, which serves as a supplement to TMRS and Social Security. The plan has both a defined benefit and a defined contribution component. SAWS delegated to Principal Financial Group the authority to manage plan assets and administer the payment of benefits under the plan. Eligible employees hired prior to June 1, 2014 participate in the defined benefit component of the plan. Eligible employees vest in this plan after completion of five years of service.

The financial information for SAWSRP is reported in the SAWS Fiduciary Funds financial statements. SAWSRP does not issue stand-alone financial statements.

Year-Ended September 30, 2019 - 158 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

SAWSRP membership in the defined benefit component consisted of:

Membership as of the Valuation Date	January 1, 2018
Number of:	
Active members	1,184
Retirees and beneficiaries	1,007
Inactive members [1]	526
Total	2,717

[1] Inactive members are vested employees no longer employed by SAWS, but are eligible for a deferred retirement benefit.

Benefits Provided — Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of:

- 20 years of vesting service regardless of age, or
- Five years of vesting service and at least age 60.

An employee is automatically 100.00% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

The normal retirement benefit is based upon two factors: average compensation and years of vesting service. Average compensation is defined as the monthly average of total compensation received for the three consecutive years-ending December 31, out of the last ten compensation years prior to normal retirement date, which gives the highest average.

The normal retirement benefit under SAWSRP is equal to the following:

- 1.20% of the average compensation, times years of credited service not in excess of 25 years, plus
- 0.75% of the average compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
- 0.38% of the average compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides disability benefits.

Year-Ended September 30, 2019 - 159 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

The funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when they are due. Contribution requirements are established and may be amended by the SAWS Board. The actuarially determined contribution for 2018 was determined using Entry Age Normal cost method. The actuarially determine contribution is the estimated amount necessary to finance the cost of benefits earned by participating employees during the year, with an additional amount to finance any unfunded accrued liability. Prior to 2015, active members made no contributions to the plan and all obligations with respect to the defined benefit feature of the plan were paid solely by SAWS. On January 1, 2015, active members began sharing in the cost of providing benefits under the plan by contributing 3.00% of their compensation.

Contributions — Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the plan. SAWS contributes 4.00% of participant's compensation into an individual retirement account. Participants are required to contribute 3.00% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

During the year-ended December 31, 2018, SAWS made contributions to participants' individual retirement accounts totaling $1,152, net of forfeitures of $33 and employees contributed $928.

Net Pension Liability — The Net Pension Liability (NPL) for the defined benefit component of the SAWSRP as of December 31, 2018 was measured as of January 1, 2018 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability, measured at January 1, 2018 are as follows:

Total Pension Liability	$	230,568
Plan Fiduciary Net Position		208,132
Net Pension Liability	$	22,436
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		90.27%

Year-Ended September 30, 2019 - 160 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Actuarial Assumptions — The Total Pension Liability calculated in the January 1, 2018 actuarial valuation was determined using the Entry Age Normal actuarial cost method and the following actuarial assumptions:

Investment rate of return	6.50%, including inflation, net of pension plan investment expense
Inflation	2.00%
Salary increases	Scale based on 2011-2013 SAWS experience

Real wage growth is based on a service-related table based on SAWS' experience from 2011 to 2013. Mortality rates for the January 1, 2018 valuation were based on RP-2006 total dataset mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the Principal Mortality Improvement (PMI) Scale (PFG2013-10). RP-2006 is a baseline mortality rates table underlying the Society of Actuaries (SOA) RP-2014 experience study as of central year of the experience data for 2004-2008 years. The PMI scale is based on the SOA MI model RPEC_2014_v2017 and Principal-selected assumption set published November 2017.

The expected long-term return on plan assets assumption was developed as a weighted average rate based on target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2016. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of pension obligations, the investment horizon for the CMA 2016 is 20 – 30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

The discount rate used to measure the Total Pension Liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on actuarial determined amounts. Based on that assumption, the SAWSRP defined benefit component's Fiduciary Net Position 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 Total Pension Liability.

Year-Ended September 30, 2019 - 161 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The Long-term Expected Real Rate of Return amounts do not include inflation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US Equity - Large Cap	60.80%	6.50%
Long Credit Bond	7.30%	4.75%
Aggregate Credit Bond	9.60%	4.05%
Long Gov't Bond	2.40%	2.65%
Ultra Long Gov't Bond	19.80%	1.85%
Cash	0.10%	1.55%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the Net Pension Liability, calculated using the discount rate of 6.50%, as well as what the Net Pension Liability/Asset would be if it were calculated using a discount rate that is 1.00% lower, 5.50%, or 1.00% higher, 7.50%, than the current rate:

	1.00% Decrease 5.50%	Current Discount 6.50%	1.00% Increase 7.50%
Net Pension Liability - SAWSRP	$ 52,953	$ 22,436	$ (2,939)

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Year-Ended September 30, 2019 - 162 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table summarizes changes in the SAWSRP Net Pension Liability for the fiscal year-ended December 31, 2018, based on the measurement date and actuarial valuation date of January 1, 2018.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 5,859
Interest	14,354
Difference between expected and actual experience	(1,394)
Changes of assumptions	1,152
Benefit payments	(7,974)
Net change in TPL	$ 11,997
Total Pension Liability - Beginning	218,571
Total Pension Liability - Ending	$ 230,568
Plan Fiduciary Net Position	
Contributions - Employer	$ 7,982
Contributions - Employee	2,484
Net investment income	30,741
Benefit payments	(7,974)
Administrative Expense	(380)
Net change in Plan Fiduciary Net Position	$ 32,853
Plan Fiduciary Net Position - Beginning	175,279
Plan Fiduciary Net Position - Ending	$ 208,132
Net Pension Liability	$ 22,436

District Special Project Retirement Income Plan (DSPRP)

Plan Description — The District Special Project Retirement Income Plan (DSPRP) is a single-employer defined benefit pension plan that covers all eligible employees. The plan was originally established by Bexar Metropolitan Water District (BexarMet) to provide pension benefits to its employees. In 2008, the BexarMet Board elected to freeze pension benefits and entry into the plan effective September 30, 2008. In 2012, upon dissolution of BexarMet and the transfer of all assets and liabilities to the San Antonio Water System District Special Project (DSP), the plan was renamed District Special Project Retirement Income Plan. DSPRP is governed by SAWS, which is authorized to establish and amend all plan provisions. SAWS has delegated to Standard Insurance Company the authority to manage plan assets and administer the payment of benefits under the plan.

Year-Ended September 30, 2019 - 163 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

The financial information for DSPRP is reported in the SAWS Fiduciary Funds financial statements. DSPRP does not issue stand-alone financial statements.

DSPRP membership consisted of:

Membership as of the Valuation Date	January 1, 2018
Number of:	
Active members	101
Retirees and beneficiaries	10
Inactive members [1]	33
Total	144

[1] Inactive members are vested employees no longer employed by DSP, but are entitled to a deferred retirement benefit.

Benefits Provided — Prior to freezing entry into the plan, employees were eligible to enter on May 1st or November 1st following the completion of 12 months of employment and attaining the age of 21. Eligible employees vested in this plan after the completion of five years of service. Employees are 100.00% vested in any benefits derived from employee contributions regardless of years of service. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on his/her normal retirement date.

The normal retirement benefit is a percentage of average monthly earnings. Effective March 1, 1996, the monthly benefit is 40.00% of average monthly earnings reduced proportionately for less than 20 years of service. Average monthly earnings are determined by the ten consecutive and complete calendar years after December 31, 1990 which produce the highest average. Upon retirement, retirees may choose from three different types of annuities or receive a single lump sum distribution.

Contributions — The plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits as they come due. The contribution requirements of the plan are established and may be amended by the Board. The unit credit method is used to calculate the actuarial determined contribution for 2018. Under this method, the actual or expected accrued benefit of each participant is allocated to the year in which it accrues. The normal cost is the present value of benefits expected to accrue in the current year.

Net Pension Liability — The following table summarizes the changes in the DSPRP Net Pension Liability for the year-ended December 31, 2018 based on the measurement date of January 1, 2018.

Total Pension Liability	$ 6,566
Plan Fiduciary Net Position	5,706
Net Pension Liability	$ 860
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.90%

Year-Ended September 30, 2019 - 164 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

Actuarial Assumptions — The Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date performed as of the measurement date:

Investment rate of return	6.50%, net of pension plan investment expense
Inflation	2.50%

Mortality rates are based on the SOA RP-2014 table projected on a fully generational basis using mortality improvement scale MP-2017. Due to the limited size of this plan and the frozen nature of benefits under the plan, an experience study has not been done.

The long-term expected 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 expense 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 discount rate used to measure the Total Pension Liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on that assumption, the defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	54.00%	6.00%
International Equity	5.00%	6.00%
Fixed Income	41.00%	1.00%
Total	100.0%	

Year-Ended September 30, 2019 - 165 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following table presents the Net Pension Liability, calculated at December 31, 2018 using the discount rate of 6.50%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.50%, or 1.00% higher, 7.50%, than the current rate.

	1.00% Decrease 5.50%	Current Discount 6.50%	1.00% Increase 7.50%
Net Pension Liability - DSPRP	$ 1,122	$ 860	$ 632

Schedule of Changes in Net Pension Liability and Related Ratios — The following table summarizes the changes in the DSPRP Net Pension Liability for the fiscal year-ended December 31, 2018 based on the measurement date of January 1, 2018.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 108
Interest	424
Difference between expected and actual experience	101
Changes in assumptions	15
Benefit payments	(776)
Net change in TPL	$ (128)
Total Pension Liability - Beginning	6,694
Total Pension Liability - Ending	$ 6,566
Plan Fiduciary Net Position	
Contributions - Employer	$ 315
Net investment income	764
Benefit payments, including refunds of employee contributions	(776)
Administrative Expense	(7)
Net change in Plan Fiduciary Net Position	$ 296
Plan Fiduciary Net Position - Beginning	5,410
Plan Fiduciary Net Position - Ending	$ 5,706
Net Pension Liability	$ 860

Year-Ended September 30, 2019 - 166 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Other Pension Disclosures

Deferred Compensation Plans — SAWS is the plan sponsor for two deferred compensation plans: San Antonio Water System Deferred Compensation Plan and the District Special Project Employee's 457 Plan. Both plans were created in accordance with Internal Revenue Code Section 457 and allow employees to defer a portion of their salary until future years. The compensation deferred under these plans is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation is voluntary, and SAWS does not make any contributions to these plans. The District Special Project Employee's 457 Plan was closed to new contributions effective October 1, 2013. SAWS has no liability for losses under these plans but does have the usual fiduciary responsibilities of a plan sponsor.

Pension Expense — For the year-ended December 31, 2018, SAWS recognized pension expense under the TMRS, SAWSRP, and DSPRP as follows:

Schedule of Pension Expense		
TMRS	$	3,757
SAWSRP - Defined Benefit		6,098
SAWSRP - Defined Contribution		1,152
DSPRP		195
Total Pension Expense	$	11,202

Amounts payable to the pension plans by SAWS for contributions totaled $193 at December 31, 2018.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At December 31, 2018, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS plans related to the following sources:

	TMRS		SAWSRP		DSPRP		ALL PLANS	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 59	$ (895)	$ 623	$ (1,173)	$ 193	$ (296)	$ 875	$ (2,364)
Changes of assumptions	169		4,490	(166)	187		4,846	(166)
Net difference in projected and actual earnings on pension plan investment		(4,875)		(10,213)		(189)		(15,277)
Total	$ 228	$ (5,770)	$ 5,113	$ (11,552)	$ 380	$ (485)	$ 5,721	$ (17,807)

Contributions made after the measurement date of $12,382 will be recognized as a reduction of the Net Pension Liability for the year-ending December 31, 2019.

Year-Ended September 30, 2019 - 167 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Other Pension Disclosures

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Net Deferred Outflows (Inflows) of Resources

Year-Ending December 31,	TMRS	SAWSRP	DSPRP	Combined
2019	$ (308)	$ (511)	$ (7)	$ (826)
2020	(406)	274	7	(125)
2021	(2,410)	(2,352)	(61)	(4,823)
2022	(2,418)	(3,850)	(72)	(6,340)
2023			13	13
Thereafter			15	15
Total	$(5,542)	$(6,439)	$ (105)	$(12,086)

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Year-Ended September 30, 2019 - 168 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits

Summary of Postemployment Retirement Benefits

	Retiree Health Care Fund	Fire and Police Retiree Health Care Fund (Health Fund)	Total Retiree Health Care Fund and Health Fund	CPS Energy: Health, Life, and Disability	SAWS Retiree Health Trust
Total OPEB Liability	$ 394,724	$ 991,905	$ 1,386,629	$ 306,407	$ 146,691
Plan Fiduciary Net Position		364,439	364,439	350,138	58,511
Net OPEB Liability (Asset)	$ 394,724	$ 627,466	$ 1,022,190	$ (43,731)	$ 88,180
Total Deferred Inflows of Resources	$ (35,010)	$ (63,915)	$ (98,925)	$ (23,154)	$ (6,040)
Total Deferred Outflows of Resources	$ 67,897	$ 41,192	$ 109,089	$ 10,578	$ -
Contributions Subsequent to Measurement Date	$ -	$ 24,896	$ 24,896	$ 1,000	$ 15,308
Total OPEB Expense	$ 34,483	$ 57,643	$ 92,126	$ 962	$ 6,997

Primary Government (City)

Plan Description — In addition to the pension benefits discussed in Note 9 Pension and Retirement Plans, the City provides Medicare eligible civilian retirees with certain health benefits under two postemployment benefit programs. Uniform employees who retired prior to October 1, 1989 are also eligible for these programs. Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City is required to account for and disclose its other postemployment liability for these programs. The City continues to actively review and have actuarial valuations performed for these programs as required.

As of September 30, 2019, there were 404 retirees and surviving spouses, who have not reached age 65 and are not eligible for Medicare, participating in the pre-Medicare eligible program. These retirees are covered under a program comprised of two self-funded PPO health plans currently administered by Blue Cross Blue Shield of Texas. These plans may be amended at any time with approval from the City Council.

The other program is for Medicare eligible retirees and surviving spouses, who have reached age 65 or have otherwise become eligible for Medicare. These retirees and surviving spouses may participate in one of two Medicare Advantage PPO Plans or the Medicare Part D Drug Plan. All retirees and surviving spouses are required to apply for and maintain Medicare Parts A & B coverage in order to participate in this program. Of the current 1,156 participating Medicare retirees and surviving spouses, 163 participate in a fully insured Medicare Advantage PPO Plus plan, 990 participate in a Medicare Advantage PPO plan, and three participate in the Medicare Part D Drug Plan.

A dental and vision insurance benefit is made available to eligible retired employees on a fully contributory basis. Since retirees pay the full premium for dental and vision benefits, there is no liability associated with either benefit.

Civilian retirees must be a minimum of age 60 and have at least five years of service, or have at least 20 years of service at any age to be eligible for retiree health benefits.

Civilian retirees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. There is no minimum length of service or age required to be eligible.

Year-Ended September 30, 2019 - 169 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Contributions — The two postemployment benefit programs are funded on a pay-as-you-go basis with an aggregate sharing of premium costs based on the following targets: 67.00% by the City and 33.00% by the retiree for those retirees hired prior to October 2007. With the adoption of the fiscal year 2008 Budget, additional changes were made to this retirement health plan. For all non-uniformed employees beginning employment on or after October 1, 2007, a revised schedule for sharing of the costs on a pay-as-you-go basis is effective. The revised schedule is as follows: (1) Employees who separate from the City with less than five years of service are not eligible to participate in the program; (2) Employees who separate with at least five years of service but less than ten years of service are eligible to participate in the program but without City subsidy; and (3) Employees who separate from employment with ten years of service or more will pay for 50.00% of the pay-as-you-go contributions to the program and the City will contribute the remaining 50.00%. The ability to participate in the program is based on meeting retirement criteria for the TMRS Pension Plan.

Retirees may waive coverage at retirement but must do so at the exact time of retirement. These retirees are allowed a one-time opportunity to re-enter the plan at a later date upon submitting proof of continuous health coverage. Retirees may only enroll dependents that were covered at the time coverage was waived. Dependents must return to the plan with the retiree, otherwise coverage for the dependent is forfeited.

A summary of the current active employee and retiree population for the City at September 30, 2019 is provided in the table below:

Active members	7,310
Inactive members currently receiving benefits	1,550
Inactive members entitled to but not yet receiving benefits	1,225
Total Membership	10,085

The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. No contributions were made in fiscal year 2019 to prefund benefits. Total contributions by the City and Retirees for fiscal year-ended September 30, 2019 were $10,428 and $1,725 respectively.

The Total OPEB liability of $394,724 was determined by an actuarial valuation as of September 30, 2019.

Total OPEB liability	$ 394,724
Plan fiduciary net position	
Total OPEB Liability	$ 394,724

Year-Ended September 30, 2019 - 170 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Actuarial Methods and Assumptions — Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. This valuation's assumptions are as follows:

Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience/Assumptions gains and losses are amortized over a closed period of 7.7 years starting on October 1, 2018, equal to the average remaining service of active and inactive plan members (who have no future service)
Salary Increase Rate	3.50% per annum
Discount Rate	2.66% per annum (EOY)

Mortality Rates were based on the PUB 2010 generational table scaled using MP-19 and applied on a gender-specific basis.

The City's retiree participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 60.00% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. Additionally, current waived retirees that are eligible to return to the plan have a 10.00% participation rate for returning to a Medicare Advantage plan.

Annual retirement probabilities have been determined based on the TMRS Actuarial Valuation as of December 31, 2018. The annual retirement probability is dependent on an employee's gender, entry age group, and age. Additional criteria that adjust the base table rates include employee contribution rate, employer match, and if the City has a reoccurring COLA.

The rate of withdrawal for reasons other than death and retirement has been developed from the TMRS Actuarial Valuation as of December 31, 2018. The annual termination probability is dependent on an employee's age, gender, and years of service. Additional criteria that adjust the base table rates include employee group (Police, Fire, Other) and a city multiplier.

Congress initiated an excise tax cost threshold that was to begin in 2022 and continuing thereafter. The bill would have made the City liable for 40.00% of the difference between plan costs and the cost threshold, if plan costs were greater than the cost threshold. However Congress passed legislation that repealed the Cadillac Plan tax effective January 1, 2020 that was signed by the President on December 20, 2019.

The discount rate used to measure the total OPEB liability was 2.66%, based on Bond Buyer 20 which is a representation of municipal bond trends based on a portfolio of 20 different general obligation bonds that mature in 20 years. The index is based on a survey of municipal bond traders rather than actual prices or yields index. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

Year-Ended September 30, 2019 - 171 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

The health care cost trend assumptions are used to project the cost of health care in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis: Pre-65 Medical/Rx benefits; Select is 6.50%, Ultimate is 4.50%, Post 65 Medical/Rx benefits; Select is 5.50%, Ultimate is 4.50%, Administrative Fees; Select is 4.50%, Ultimate is 4.50%. Select trends are reduced 0.50% each year until reaching the ultimate trend rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate — The following shows the current total OPEB liability, calculated using the discount rate of 2.66% in comparison to what the total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (1.66%) or 1.00% higher (3.66%) than the current rate:

	1.00% Decrease 1.66%	Current Discount 2.66%	1.00% Increase 3.66%
Total OPEB Liability	$ 460,629	$ 394,724	$ 342,302

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates — The following shows the current total OPEB liability, calculated using the assumed health benefit cost trend rates, in comparison to what the total OPEB liability would be if it were calculated using trend rates that are 1.00% lower (5.50% decreasing to 3.50%) or 1.00% higher (7.50% decreasing to 5.50%) than the assumed health benefit costs trend rates:

	1.00% Decrease (5.50% decreasing to 3.50%)	Assumed Rates (6.50% decreasing to 4.50%)	1.00% Increase (7.50% increasing to 5.50%)
Total OPEB Liability	$ 328,001	$ 394,724	$ 479,541

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Year-Ended September 30, 2019 - 172 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Changes in the Total OPEB Liability — The following table shows the changes in the Total OPEB Liability as of the fiscal year-ended September 30, 2019.

Changes in the Total OPEB Liability		
Total OPEB Liability		
Service Cost	$	16,893
Interest		13,464
Difference between expected and actual experience		(12,617)
Assumption changes		78,030
Benefit payments		(7,111)
Net change in Total OPEB Liability	$	88,659
Total OPEB Liability - Beginning		306,065
Total OPEB Liability - Ending	$	394,724
Plan Fiduciary Net Position		
Contributions - Employer	$	7,111
Benefit payments, including Refunds of Employee Contributions		(7,111)
Net change in Plan Fiduciary Net Position	$	-
Plan Fiduciary Net Position - Beginning		-
Plan Fiduciary Net Position - Ending	$	-
Total OPEB Liability	$	394,724

OPEB Expense — For the year-ended September 30, 2019, the recognized OPEB expense was $34,483.

Schedule of OPEB Expense		
Service Cost	$	16,893
Interest		13,464
Current Recognized deferred outflows/(inflows):		
Changes in assumptions or other inputs		5,764
Differences between expected and actual experience		(1,638)
Total OPEB Expense	$	34,483

Year-Ended September 30, 2019 - 173 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — At September 30, 2019, the City reported OPEB related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes of assumptions	$ 67,897	$ (24,032)
Difference in expected and actual experience		(10,978)
Total	$ 67,897	$ (35,010)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year-Ended September 30,	Net Deferred Outflows (Inflows) of Resources
2020	$ 4,126
2021	4,126
2022	4,126
2023	4,126
2024	4,126
Thereafter	12,257
Total	$ 32,887

Contact Information — For additional information regarding the separately issued actuarial valuation report contact the City of San Antonio Human Resource Department, Employee Benefit Division, at 111 Soledad, Suite 200, San Antonio, Texas, 78205. The City's Retiree Health Care Fund's financials are reported as a fiduciary fund in the City's CAFR. The City's CAFR is available for viewing at www.sanantonio.gov.

Year-Ended September 30, 2019 - 174 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund

Plan Description — The Fire and Police Retiree Health Care Fund, San Antonio (Health Fund) is a Texas statutory retirement health trust for firefighters and police officers of the City, established under Article 6243q, Vernon's Texas Civil Statutes. The trust holds assets and liabilities of the City's Fire and Police Retiree Health Care Plan (Plan). This Plan is a single-employer defined benefit postemployment health care plan that was created in October 1989 in accordance with provisions established by contract with the local fire and police unions to provide postemployment healthcare benefits to police officers and firefighters of the City retiring after September 30, 1989. Authority to establish and amend the Plan's postemployment health care benefits is based on regulations enacted by the Texas Legislature that control the operation of the Health Fund. The statutory trust is governed by a Board of Trustees that meets on a monthly basis. The Board consists of nine members: the Mayor or his representative; two members of the City Council; one retired and two active duty police officers; and one retired and two active duty firefighters. The City is the only participating employer in the Plan.

WEB-TPA Employer Services, LLC and WellDyncRx serve as the medical and prescription third party administrators for the Health Fund.

Benefits Provided — The Health Fund provides postretirement health benefits for uniform employees of the fire and police departments who become eligible retirees, and their spouses. Eligible retirees are those who retire after October 1, 1989. Eligible spouses are spouses at the time of retirement of the eligible retirees and either remain married to or survive the eligible retiree. In addition, eligible spouses include the surviving spouses of active members whose death was duty-related or who died while eligible for retirement. Retirement eligibility is according to the provisions of the Fire and Police Pension Fund, San Antonio, which requires 20 or more years of service after completing the required training to be certified.

The health benefits are indemnity style coverage with a maximum annual deductible per individual ($737 in-network) and maximum out-of-pocket payments per individual ($2,798 in-network) (amounts not expressed in thousands). After age 65, the benefits are coordinated with Medicare. The maximum deductible and out-of-pocket payments are indexed according to the annual increase in the medical care category of the CPI-U.

Contributions — Since its inception, the Health Fund has been funded primarily by contributions from the City and active firefighters and police officers, as part of the compensation for services rendered by members, and by contributions made by retirees for their dependents. As of the January 1, 2019 valuation date, the contributions required by the City were 11.37% of average covered pay of the combined fire and police departments for the City's fiscal year 2019. For the active fire and police employees, the contributions required were 5.69% of the average covered pay for the City's fiscal year 2019.

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Going forward, the total statutorily determined contribution rates effective October 1, 2019 through October 1, 2022 are presented in the table below.

Contribution Rates			
Effective Date	**City**	**Member**	**Total**
10/1/2019	12.51%	6.26%	18.77%
10/1/2020	13.00%	6.50%	19.50%
10/1/2021[1]	13.00%	6.50%	19.50%
10/1/2022[1]	13.00%	6.50%	19.50%

[1] The January 1, 2020 actuarial valuation will determine the actual increase beginning October 1, 2021, where necessary.

Total contributions by the City and active members for fiscal year-ended September 30, 2019 were $33,987 and $16,976 respectively.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees. The Board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year-ending December 31, 2018, the money-weighted rate of return on plan investments was (5.67%). The measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

Membership in the Plan consisted of the following at December 31, 2018 (not expressed in thousands):

Active members	4,022
Inactive members currently receiving benefits	3,853
Total Membership	7,875

Net OPEB Liability — The net OPEB liability of $627,466 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2019.

Total OPEB liability	$ 991,905
Plan fiduciary net position	364,439
Net OPEB Liability	$ 627,466
Plan fiduciary net position as a percentage of the total OPEB liability	36.74%

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Actuarial Assumptions — The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the Entry Age Normal actuarial cost method, the Level dollar amortization method, and the following assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	3.00%	plus merit and promotion increases that vary by age and service
Discount rate	7.25%	
Health benefit costs trend rates	7.50%	for 2020 decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and beyond

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA. The assumed retirement rates, termination rates, and rates of merit and promotion increases were based on an experience study of the Pension Fund over the five plan years-ending in 2014. The discount rate was based on the expected long-term rate of return for the Fund and is the same as in the prior actuarial valuation.

The long-term expected rate of return on plan investments is reviewed for each actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by target asset allocation percentage (currently resulting in 4.66%) and by adding expected inflation (3.00%). In addition, the final 7.25% assumption was selected by rounding down.

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Year-Ended September 30, 2019 - 177 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Domestic large cap	8.00%	6.37%
Domestic small cap	4.00%	6.06%
International developed	10.00%	6.64%
Emerging markets	9.00%	7.91%
Fixed Income		
Domestic core plus	12.00%	2.09%
Domestic TIPS	8.00%	1.87%
Bank loans	5.00%	2.54%
Emerging markets	4.00%	2.16%
Domestic high yield	2.00%	2.73%
Alternatives		
Private equity	14.00%	7.10%
Real estate	11.00%	3.62%
Hedge funds	2.00%	2.15%
Natural resources	10.00%	3.56%
Cash	1.00%	0.31%
Total	100.00%	
Weighted Average		4.66%

Discount Rate — The discount rate used to measure the total OPEB liability was 7.25%. No projection of cash flows was used to determine the discount rate because the January 1, 2019 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years beginning in 2020. Because the 30-year amortization period of the UAAL, the plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on plan investments of 7.25% was applied to all periods of projected benefit payments as the discount rate to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate — The following shows the net OPEB liability, calculated using the discount rate of 7.25% in comparison to what the net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate:

	1.00% Decrease 6.25%	Current Discount 7.25%	1.00% Increase 8.25%
Net OPEB Liability	$ 773,117	$ 627,466	$ 507,668

Year-Ended September 30, 2019 - 178 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rates — The following shows the current net OPEB liability, calculated using the assumed health benefit cost trend rates, in comparison to what the net OPEB liability would be if it were calculated using trend rates that are 1.00% lower (6.50% decreasing to 3.50%) or 1.00% higher (8.50% decreasing to 5.50%) than the assumed health benefit costs trend rates:

	1.00% Decrease (6.50% decreasing to 3.50%)	Assumed Rates (7.50% decreasing to 4.50%)	1.00% Increase (8.50% decreasing to 5.50%)
Net OPEB Liability	$ 492,462	$ 627,466	$ 796,319

Changes in the Net OPEB Liability — The following table shows the changes in the Net OPEB Liability as of the fiscal year-ended December 31, 2019, based on the measurement date of December 31, 2018.

Changes in the Net OPEB Liability	
Total OPEB Liability	
Service Cost	$ 25,345
Interest	71,055
Difference between expected and actual experience	2,169
Assumption changes	(43,489)
Benefit payments	(35,821)
Net change in Total OPEB Liability	$ 19,259
Total OPEB Liability - Beginning	972,646
Total OPEB Liability - Ending	$ 991,905
Plan Fiduciary Net Position	
Contributions - Employer	$ 30,892
Contributions - Employee	15,442
Net investment income (loss)	(21,629)
Benefit payments, including Refunds of Employee Contributions	(35,821)
Administrative Expense	(3,070)
Other	1,817
Net change in Plan Fiduciary Net Position	$ (12,369)
Plan Fiduciary Net Position - Beginning	376,808
Plan Fiduciary Net Position - Ending	$ 364,439
Net OPEB Liability	$ 627,466

Year-Ended September 30, 2019 - 179 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

OPEB Expense — For the year-ended September 30, 2019, based on the actuarial valuation of December 31, 2018, the recognized OPEB expense was $57,643. Amounts recognized in the fiscal year represent changes between current and prior measurement dates.

Schedule of OPEB Expense		
Service Cost	$	25,345
Interest		71,055
Employee Contributions		(15,442)
Projected Earnings on OPEB Plan Investments		(27,647)
Amortization of differences between projected and actual earnings on plan investments		9,847
Amortization of changes of assumptions		(6,640)
Amortization of differences between expected and actual experience		(307)
OPEB plan administrative expenses		3,249
Other contributions (retirees)		(1,817)
Total OPEB Expense	$	57,643

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — At September 30, 2019, the City reported OPEB related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 1,792	$ (4,168)
Changes of assumptions		(59,747)
Net difference in projected and actual earnings on OPEB plan investments	39,400	
Total	$ 41,192	$ (63,915)

Year-Ended September 30, 2019 - 180 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year-Ended December 31,		Net Deferred Outflows (Inflows) of Resources
2020	$	2,900
2021		2,900
2022		2,900
2023		2,909
2024		(6,947)
Thereafter		(27,385)
Total	$	(22,723)

Subsequent to the measurement date of the net OPEB liability, December 31, 2018 through fiscal year-end September 30, 2019, the total contributions of $24,896 is a deferred outflow of resources that will be recognized as a reduction to the net OPEB liability in the fiscal year-ending September 30, 2020.

Contact Information — Additional information regarding the Health Fund separately issued stand-alone financial report, or the actuarial valuation report for OPEB, may be obtained at 11603 W. Coker Loop, Suite 130, San Antonio, Texas, 78216.

CPS Energy

CPS Energy provides certain health, life insurance and disability income benefits for active and retired employees. CPS Energy employees and their dependents may elect to participate in the plans and most CPS Energy employees continue eligibility upon retirement from CPS Energy. Disclosures in this footnote are limited to information related only to those benefits provided on a postemployment basis. Assets of the plans are held in three separate, single-employer contributory plans:

- CPS Energy Group Health Plan (Health Plan) – a defined-benefit contributory group health plan that provides health, dental and vision benefits.
- CPS Energy Group Life Insurance Plan (Life Plan) – a defined-benefit contributory plan that provides life insurance benefits.
- CPS Energy Long-Term Disability Income Plan (Disability Plan) – a defined-benefit contributory employer funded plan that provides disability income benefits.

The Employee Benefit Plans may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (EBOC), which includes the President and CEO, the Chief Financial Officer, and the Audit & Finance Committee of the Board.

Year-Ended September 30, 2019 - 181 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the EBOC. The plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy. The Employee Benefit Plans' financial statements include certain disclosures related to CPS Energy's Net OPEB (asset) liability. However, because the financial reporting and OPEB measurement dates for the Employee Benefits Plans and CPS Energy are not aligned, the Employee Benefit Plans' disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

Benefits Provided — The Health Plan provides health, dental and vision benefits to eligible retirees, including their enrolled dependents, and the spouse and dependent children of deceased employees. The Life Plan provides life insurance benefits and death benefits to eligible retired employees and enrolled dependents. The Disability Plan provides disability income benefits to employees as of an employee's date of hire; however, benefits under the Plan are reduced if the employee is receiving certain other disability, retirement or welfare benefits.

The following table presents information about the Employee Benefit Plans participants covered by the benefit terms. Participants providing the basis of the actuarial valuation used to calculate the net OPEB liability, as of the measurement date were:

Membership as of the Valuation Date	**January 31, 2019**		
	Health	**Life**	**Disability**
Number of:			
Active Participants	2,886	2,886	2,992
Participants currently receiving benefits		2,268	69
Retirees receiving medical and vision	1,926		
Retirees receiving dental	1,863		
Total	6,675	5,154	3,061

Contributions — The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning 13 months after the valuation date. The January 1, 2017 valuation was the basis for contributions in fiscal year 2019.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.25% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service. Based on the funded status of the Health Plan, CPS made no contributions in fiscal year 2019.

Year-Ended September 30, 2019 - 182 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D entitled the Health Plan to receive retiree drug subsidy payments from the federal government to offset pharmacy claims paid by the Health Plan on behalf of certain plan participants. These payments totaled $998 for fiscal year 2019. In accordance with GASB Technical Bulletin 2006-01, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D,* future projected payments from the federal government have not been used to lessen total projected obligations under CPS Energy's Health Plan.

Active employees contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20. Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20 plus 2.25% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95. Those who retired on or after February 1, 1993, contribute $0.13 per $1 of insurance per month on amounts in excess of $20 plus a percentage of the CPS Energy contribution, based on number of years of service, if they retired with less than 35 years of service. Based on the funded status of the Life Plan, CPS made no contributions in fiscal year 2019.

Beginning in fiscal year 2015, the Disability Plan is funded by a combination of employee and employer contributions. Active employee contribution rates are determined by CPS Energy and may be adjusted on an annual basis. CPS Energy's contributions are determined on a discretionary basis and are generally based on the actuarial valuation calculations. Retired employees are not eligible to participate and therefore do not contribute to the Disability Plan. Prior to fiscal year 2015, the Disability Plan was funded completely by CPS Energy. CPS Energy's average contribution rate was 0.40% of covered-employee payroll in fiscal year 2019.

CPS Energy's net OPEB (asset) liability at January 31, 2019 was measured as of January 31, 2018. The total OPEB liability used to calculate the net OPEB (asset) liability was determined by actuarial valuations as of January 1, 2017, rolled forward using generally accepted actuarial procedures to the January 31, 2018 measurement date. The components of CPS Energy's net OPEB (asset) liability at January 31, 2019, were as follows:

	Health	Life	Disability	Total
Total OPEB liability	$ 253,241	$ 46,800	$ 6,366	$ 306,407
Plan fiduciary net position	289,821	54,921	5,396	350,138
Net OPEB (asset) liability	$ (36,580)	$ (8,121)	$ 970	$ (43,731)
Plan fiduciary net position as a percentage of the total OPEB liability	114.44%	117.35%	84.76%	114.27%

Year-Ended September 30, 2019 - 183 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Actuarial Methods and Assumptions — Significant actuarial assumptions used in the calculations for the January 1, 2017, actuarial valuation for fiscal year 2019 included (a) a rate of return on the investment of present and future assets of 7.25% for the Health, Life and Disability Plans (b) a Consumer Price Index increase of 3.00% per year for the Life and Disability Plan, (c) projected annual base salary increases for the Health Plan ranging from 3.10% to 11.60% depending on age and projected annual salary increases of 4.54% and 4.72% for the Life and Disability Plans, respectively; and (d) overall medical and prescription cost increases projected at 7.00% for 2017, decreasing annually to 5.00% in 2022 and thereafter. Mortality rates for retirees were based on the RP-2016 Combined Healthy, with No Collar Adjustment, Male and Female tables; with MP-2016 Mortality Improvement Scale. Mortality rates for disabled lives were based on the 1987 Commissioners Group Disabled Life Mortality Table.

The actuarial assumptions used in the January 1, 2017 valuation for amounts reported in fiscal year 2019 were based on the results of an actuarial experience study completed in 2017 covering experience for the period January 1, 2012 through December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns on Employee Benefit Plans investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, then reduced by a factor representing inflation to produce long-term expected real rates of return for each major asset class. The assumed allocation and expected real rates of return for each major asset class are summarized in the table below.

	Assumed Asset Allocation	Expected Real Rate of Return
Asset Class		
Equities	54.50%	5.10%
Debt securities	28.50%	3.10%
Alternative investments	17.00%	5.60%
Total Investments	100.00%	

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate — The discount rate used to measure the total OPEB liability for fiscal year 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Year-Ended September 30, 2019 - 184 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

The following tables present the sensitivity of the net OPEB (asset) liability calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total OPEB Liability:

	1.00% Decrease 6.25%	Current Discount 7.25%	1.00% Increase 8.25%
Health	$ (6,335)	$ (36,580)	$ (66,824)
Life	(1,665)	(8,121)	(14,303)
Disability	1,131	970	819
Total	$ (6,869)	$ (43,731)	$ (80,308)

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates - The following table presents the sensitivity of net Health Plan OPEB (asset) calculation to a 1.00% increase and a 1.00% decrease in the healthcare cost trend rates used to measure the total Health Plan OPEB (asset):

	1.00% Decrease (6.00% decreasing to 4.00%)	Current Discount (7.00% decreasing to 5.00%)	1.00% Increase (8.00% decreasing to 6.00%)
Health Plan OPEB (Asset)	$ (63,986)	$ (36,580)	$ (3,849)

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Year-Ended September 30, 2019 - 185 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Net OPEB (Asset) Liability — CPS Energy's net OPEB (asset) liability at January 31, 2019 was measured as of January 31, 2018. The total OPEB liability used to calculate the net OPEB (asset) liability was determined by actuarial valuations as of January 1, 2017, rolled forward using generally accepted actuarial procedures to the January 31, 2018 measurement date.

Changes in Net OPEB (Asset) Liability	Health	Life	Disability	Total
Total OPEB Liability				
Service cost	$ 3,376	$ 349	$ 516	$ 4,241
Interest cost	17,182	3,432	473	21,087
Changes in Plan Benefits	415			415
Changes in Assumptions	9,657	(457)	94	9,294
Benefit payments	(12,197)	(3,813)	(1,012)	(17,022)
Net Change in Total OPEB Liability	18,433	(489)	71	18,015
Total OPEB Liability - Beginning	234,808	47,289	6,295	288,392
Total OPEB Liability - Ending	$ 253,241	$ 46,800	$ 6,366	$ 306,407
Plan Fiduciary Net Position				
Contributions - employer	$ -	$ -	$ 1,300	$ 1,300
Contributions - employee	7,156	1,000	265	8,421
Medicare Part D payment	998			998
Earnings on Plan assets	41,718	8,066	627	50,411
Benefit payments	(19,353)	(3,813)	(1,012)	(24,178)
Administrative expense	(1,346)	(30)	(18)	(1,394)
Net Change in Plan Fiduciary Net Position	$ 29,173	$ 5,223	$ 1,162	$ 35,558
Plan Fiduciary Net Position - Beginning	260,648	49,698	4,234	314,580
Plan Fiduciary Net Position - Ending	$ 289,821	$ 54,921	$ 5,396	$ 350,138
Net OPEB (Asset) Liability	$ (36,580)	$ (8,121)	$ 970	$ (43,731)

CPS Energy recorded $962 in OPEB expense for the year-ended January 31, 2019.

Plan Fiduciary Net Position — Detailed information about the OPEB plans' fiduciary net position is available in the separately issued Employee Benefit Plans financial statements. For purposes of measuring the net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position for the Employee Benefit Plans and additions to/deductions from the Employee Benefit Plans' fiduciary net position have been determined on the same basis as they are reported by the Employee Benefit Plans. Investments are stated at fair value. Benefit payments are recognized when due and payable in accordance with the terms of the Employee Benefit Plans.

Year-Ended September 30, 2019 - 186 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2019:

	Health	Life	Disability	Total
Deferred Outflows of Resources				
Changes in Assumptions	$ 8,278	$ -	$ 80	$ 8,358
Differences between expected and actual experience in the measurement of total OPEB liability	340	1,698	182	2,220
Total Deferred Outflows of Resources	$ 8,618	$ 1,698	$ 262	$ 10,578
Deferred Inflows of Resources				
Changes in Assumptions	$ -	$ (392)	$ -	$ (392)
Differences between projected and actual earnings on OPEB assets	(19,416)	(3,197)	(149)	(22,762)
Total Deferred Inflows of Resources	$ (19,416)	$ (3,589)	$ (149)	$ (23,154)

Subsequent to the measurement date and through fiscal year-end 2019, CPS contributed $1,000 to the Disability Plan.

The following table presents the future amortization of OPEB-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Employee Benefit Plans in the current fiscal year and subsequent to the net OPEB (asset) liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net OPEB (asset) liability in the subsequent fiscal year.

Year-ended January 31,	Health	Life	Disability	Total
2020	$ (1,001)	$ 46	$ 69	$ (886)
2021	(1,985)	(191)	41	(2,135)
2022	(7,558)	(1,341)	(52)	(8,951)
2023	(3,082)	(615)	(8)	(3,705)
2024	1,448	275	50	1,773
Thereafter	1,380	(65)	13	1,328
Total	$ (10,798)	$ (1,891)	$ 113	$ (12,576)

Year-Ended September 30, 2019 - 187 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS)

SAWS provides certain healthcare and life insurance benefits for eligible retirees, their spouses, and their dependents through San Antonio Water System Retiree Health Trust (SAWS OPEB Plan), a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the OPEB provisions is vested in the SAWS Board of Trustees.

By State law, any employee that retires under either the TMRS or SAWS retirement plans is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Retirees may also purchase coverage for their spouse and qualifying dependents at group rates partially subsidized by SAWS. Any plan participant eligible for Medicare is required to enroll in a Medicare Advantage Plan. No supplemental health benefits are provided to those participants enrolled in Medicare Advantage Plans. Employees hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS.

SAWS does not issue a separate financial report for its OPEB plan.

The following is the participant summary as of January 1, 2018, the most recent actuarial valuation date:

Active employees	1,131
Retired employees	852
Total	1,983

Contributions — The contribution requirements of plan participants are established and may be amended by the SAWS Board. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Plan participants made contributions toward plan benefits totaling $1,353 for year-ended December 31, 2018.

SAWS contributions to the plan are also established by the Board. Prior to 2012, SAWS only funded the shortfall between annual benefit payments and retiree contributions (current benefit payments). In March 2012, SAWS established an OPEB Trust for the exclusive purpose of prefunding future benefit payment for eligible retirees and their dependents. In addition to making contributions to the trust, SAWS has continued to fund current benefit payments outside of the trust. SAWS intends to fund current benefit payments as well as make annual contributions to the trust in accordance with a plan that, at a minimum, fully funds the actuarially determined annual required contributions for these benefits thereby improving the funded status of the SAWS OPEB Plan over a period of time.

Actuarial Methods and Assumptions — Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Year-Ended September 30, 2019 - 188 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for SAWS' OPEB plan.

Assumptions	
Actuarial Valuation Date	1/1/2018
Actuarial Value of Assets	Market Value
Actuarial Cost Method	Entry Age Normal
Remaining Amortization Period	16 Years - Closed
Actuarial Assumptions:	
Investment Rate of Return	6.50%
Inflation Rate	2.50%
Healthcare Cost Trend:	
Initial	5.50%
Ultimate	3.84%

For the 2018 valuation, the mortality rate was based on RP-2014 Healthy Employee mortality Tables for males and females for pre-retirement employees and RP-2014 Healthy Annuitant Mortality Table for postemployment retirees. Historical and assumed mortality improvement (MI) was based on the Principal Mortality Improvement (PMI) Scale used by SAWSRP. This scale was updated for the 2018 valuation.

Net OPEB Liability — The net OPEB liability was determined by an actuarial valuation as of January 1, 2018.

Total OPEB liability	$ 146,691
Plan fiduciary net position	58,511
Total OPEB Liability	$ 88,180
Plan fiduciary net position as a percentage of the total OPEB liability	39.89%

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Year-Ended September 30, 2019 - 189 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The discount rate used to measure the Total OPEB Liability at December 31, 2018 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

The following table presents the SAWS OPEB Plan Net OPEB Liability calculated at December 31, 2018 using the discount rate of 6.50%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate.

	1.00% Decrease 5.50%	Current Discount 6.50%	1.00% Increase 7.50%
Total OPEB Liability	$ 106,770	$ 88,180	$ 72,899

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates – The following table presents the change in the SAWS OPEB Plan Net OPEB Liability calculated at December 31, 2018 assuming healthcare cost trends decrease or increase by one percentage point from the assumptions used in Total OPEB liability.

	1.00% Decrease (4.50% decreasing to 2.84%)	Assumed Rates (5.50% decreasing to 3.84%)	1.00% Increase (6.50% decreasing to 4.84%)
Total OPEB Liability	$ 74,140	$ 88,180	$ 105,192

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. The long-term expected rate of return amounts does not include inflation.

	January 1, 2018	
Asset Class	Target Allocation	Long-term expected real rate of return
Fixed Income - Core Bond	38.0%	0.72%
Domestic Equity - Large Cap	36.0%	6.45%
Foreign Equity - Large Core	12.3%	6.35%
Domestic Equity - Small Cap	9.0%	7.82%
Foreign Equity - Emerging Markets	2.7%	8.96%
Cash	2.0%	0.00%
Total	100.0%	

Year-Ended September 30, 2019 - 190 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS implemented GASB Statement No. 75 in 2018. The following table summarizes the changes in Net OPEB Liability at December 31, 2018 in accordance with this Statement.

Changes in the Total OPEB Liability	
Total OPEB Liability	
Service Cost	$ 2,428
Interest	9,221
Assumption changes	(351)
Difference between expected and actual experience	(3,358)
Benefit payments	(6,209)
Net change in Total OPEB Liability	$ 1,731
Total OPEB Liability - Beginning	144,960
Total OPEB Liability - Ending	$ 146,691
Plan Fiduciary Net Position	
Contributions - Employer	$ 13,709
Contributions - Employee	
Net investment income	7,127
Benefit payments	(6,209)
Administrative Expense	(144)
Net change in Plan Fiduciary Net Position	$ 14,483
Plan Fiduciary Net Position - Beginning	44,028
Plan Fiduciary Net Position - Ending	$ 58,511
Total OPEB Liability	$ 88,180

OPEB Expense – SAWS recognized $6,997 in OPEB expense for the fiscal year-ended December 31, 2018 based on a measurement date of December 31, 2017.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – The following table summarizes Deferred Outflows of Resources and Deferred Inflows of Resources associated with the SAWS OPEB plan at December 31, 2018 from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ (2,552)
Changes of assumptions		(267)
Net difference in projected and actual earnings on OPEB plan investments		(3,221)
Total	$ -	$ (6,040)

Year-Ended September 30, 2019 - 191 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

Contributions made after the measurement date of $15,308 will be recognized as a reduction of the Net OPEB Liability for the year-ending December 31, 2018. Other amounts reported as deferred inflow of resources will be recognized in OPEB expense as follows:

Year-Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ (1,695)
2020	(1,695)
2021	(1,695)
2022	(955)
2023	
Thereafter	
Total	$ (6,040)

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Year-Ended September 30, 2019 - 192 - Amounts are expressed in thousands

Note 11 CPS Energy South Texas Project (STP)

Joint Operations

Units 1 and 2 – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant with each unit having a nominal output of approximately 1,330 MW. The other participants in STP Units 1 and 2 are NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. (NRG), and the City of Austin. The units, along with their support facilities and administrative offices, are located on a 12,220-acre site in Matagorda County, Texas. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS Energy's 40.0% ownership in STP Units 1 and 2 represents approximately 1,064 MW of total plant capacity.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated. At that time, the South Texas Project Nuclear Operating Company (STPNOC), a Texas nonprofit, nonmember corporation created by the owners, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. STPNOC is financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs STPNOC, with each owner appointing one member to serve with STPNOC's chief executive officer.

In September 2017, the Nuclear Regulatory Commission (NRC) approved STPNOC's license renewal applications for STP Units 1 and 2, which extends the operating licenses to 2047 and 2048, respectively.

Under the Nuclear Waste Policy Act (NWPA), the Department of Energy (DOE) has an obligation to provide for the permanent disposal of high-level radioactive waste, which includes used nuclear fuel at U.S. commercial nuclear power plants such as STP. To fund that obligation, all owners or operators of commercial nuclear power plants entered into a standard contract under which the owners paid a fee to the DOE based on the amount of electricity generated and sold from the power plant, along with additional assessments. In exchange for collecting this fee and the assessments, the DOE undertook the obligation to develop a high-level waste repository for safe, long-term storage of the fuel and, no later than January 31, 1998, to transport and dispose of the used fuel. To date, no high-level waste repository has been licensed to accept used fuel. The National Association of Regulatory Utility Commissioners (NARUC) challenged further collection of this fee; and on November 19, 2013, the Court ruled in favor of NARUC and ordered the DOE to submit to the U.S. Congress a proposal to reduce the fee to zero until certain conditions are met. While the reporting to the DOE of used nuclear fuel volumes will continue, effective May 16, 2014, the rate was reduced to zero.

Multiple cases have been filed in the U.S. Court of Federal Claims by the existing owners or operators of nuclear facilities against the DOE related to its failure to meet its obligations under the NWPA. The owners/operators were seeking damages related to ongoing used nuclear fuel storage costs incurred because the DOE did not meet its obligation. On August 31, 2000, in *Maine Yankee Atomic Power Company, et. al. v. United States*, the U.S. Court of Appeals for the Federal Circuit affirmed that the DOE had breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. Subsequent to that decision, the DOE settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

In February 2013, STPNOC, on behalf of the owners of STP, entered into a similar settlement with the DOE. Under the terms of the settlement, the DOE reimbursed STP for certain costs incurred in continuing onsite storage of all of its used nuclear fuel through December 2013. A settlement extension, executed on January 24, 2014, extended the term of the Spent Fuel Settlement Agreement with the DOE through December 31, 2016. In the most recent settlement agreement dated March 15, 2017, the DOE extended its commitment to reimburse STP for allowable spent fuel management expenditures through December 31, 2019. Pursuant to STPNOC's analysis of NRC guidance, STPNOC recently completed building an on-site independent spent fuel storage installation (ISFSI or the Dry Cask Storage Project) and the ISFSI commenced operations in January 2019.

Ongoing costs for the spent fuel management project are being funded by the STP owners as expenditures are incurred. CPS Energy requests reimbursement periodically from its Decommissioning Trusts for CPS Energy's portion of allowable costs. Annually, STPNOC submits claims to the DOE for the reimbursement of allowable costs for spent fuel management. Allowable costs are returned by STP to the owners upon receipt of funds from the DOE. In turn, the settlement amount received from the DOE by CPS Energy is reimbursable to the Trusts. Qualifying spent fuel management costs not reimbursable by the DOE are funded by the Trusts. Any costs not reimbursable by the DOE or the Trusts are recorded as an STP operating and maintenance expense or capital costs.

On March 11, 2011, a region of Japan sustained significant loss of life and destruction as a result of a major earthquake and resulting tsunami. Following the incident, the NRC convened a Near-Term Task Force to conduct a review of the Commission's processes and regulations in light of the events at Fukushima. The Near-Term Task Force's 90-day report confirmed the safety of U.S. nuclear power plants and included 12 recommendations to the NRC to enhance readiness to safely manage severe events. The NRC Commissioners directed the staff to implement several of the recommendations that were identified as those that should be implemented without unnecessary delay. In addition, the Commissioners directed the staff to identify the schedule and resource needs associated with those Near-Term Task Force recommendations that were identified as long-term actions and/or that require additional staff study to inform potential regulatory changes. On March 12, 2012, the NRC issued three Orders and one Request for Information letter. These actions represented the first regulatory activity initiated as a result of the lessons learned from the events at Fukushima. The Orders outlined actions that must be taken and also provided a compliance deadline. License holders were to complete the actions within two refueling outages or by December 31, 2016, whichever came first. To date, STPNOC has submitted the requested information and complied with the NRC Orders in a timely manner on all deadlines that have come due.

Unit 1 Project – On November 18, 2015, STP Unit 1 Shutdown Bank Control Rod D6 was determined to be inoperable following a scheduled refueling and maintenance outage. In December 2016, STP received notification from the NRC that Unit 1 Control Rod D6 License Amendment Request (LAR) had been approved. The approved LAR permanently changes the Unit 1 Technical Specifications to reflect future operations without Shutdown Bank Control Rod D6. The approved changes were implemented during the spring 2017 Unit 1 refueling outage.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

On February 9, 2017, STPNOC received a final significance determination notice from the NRC that concluded a previously identified security-related finding was Greater than Green and of low to moderate significance. The finding was identified during an NRC inspection conducted from October 19 through December 1, 2016. STPNOC took prompt actions to address the finding. Beginning February 16, 2017, the NRC webpage reflected STP Units 1 and 2 in the Regulatory Response column of the Reactor Oversight Process (ROP) Action Matrix. In August 2017, STP successfully completed an NRC Inspection (95001) and in September 2017, the NRC determined that the actions taken by STPNOC were effective in identifying and correcting the cause and returned STP to the Licensee Response column of the NRC ROP effective October 2017.

On June 24, 2017, STPNOC informed the owners that they had received NRC notification regarding two proposed apparent violations related to an Office of Investigation (OI) review into its Fire Watch Program. The two proposed violations were both based on results of the OI investigation into apparent willful violations involving the Fire Marshall during the 2014 – 2015 timeframe. Both violations are related to the falsification of Fire Watch records, whereby the Fire Marshall failed to provide complete and accurate information. Following an internal STP investigation into the Fire Watch Program in 2015, the Fire Marshall was terminated.

The NRC assessed these issues under the Traditional Enforcement program and recommended Severity Level 3 for these apparent violations because they involved supervisory personnel. For reference, Severity Level 4 violations are the lowest level of significance, with Severity Level 1 infractions being the most severe.

On June 29, 2017, STPNOC received a letter from the NRC that includes options of response. In response, STP documented in its corrective action program the reasons for the violations and the actions taken to address the issue. The NRC has noted that STP has already taken significant actions to address the Fire Marshall issue.

In late August 2017, the NRC upheld their recommendation and assigned Severity Level 3 to the violations under the Traditional Enforcement program. The NRC noted to STPNOC that civil penalty could have been assessed for these violations but the NRC considered STP’s significant actions to address the issues and terminate the employment of the Fire Marshall. The NRC assigned credit for these actions and the violations were closed with no further action.

On January 11, 2018, STPNOC received a draft notice of enforcement letter from the Texas Commission on Environmental Quality (TCEQ) for three violations, which all occurred in 2016. The violations were identified and reported by STPNOC to TCEQ and are related to STP’s air quality permit. These deviations were included in STP’s 2017 semi-annual report submitted to the TCEQ in February 2017.

On February 15, 2018, the TCEQ transmitted a proposed agreed order assessing a minimal administrative penalty regarding the Notice of Enforcement issued on January 11, 2018, for late reporting of the air quality permit deviation in 2016. The order acknowledges that STP submitted the report in February 2017 and did not require any additional corrective action. On June 26, 2018, the TCEQ issued a letter approving closure of the enforcement action received in January 2018 related to an air quality permit violation that occurred in 2016. The TCEQ acknowledged that corrective action was complete and the administrative penalty had been paid. No further action is required.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

Units 3 and 4 Project – In September 2007, NRG and CPS Energy signed the South Texas Project Supplemental Agreement under which CPS Energy elected to participate in the development of two new nuclear units at the STP site, STP Units 3 and 4, pursuant to the terms of the participation agreement among the STP owners and agreed to potentially own up to 50.0% of STP Units 3 and 4. Also in September 2007, STPNOC, on behalf of CPS Energy and NRG, filed with the NRC a combined construction and operating license (COL) application to build and operate STP Units 3 and 4. This COL application was the first complete application for new commercial nuclear units to be filed with the NRC in nearly 30 years. On November 29, 2007, the NRC announced it had accepted the COL application for review.

On March 26, 2008, NRG announced the formation of Nuclear Innovation North America (NINA). Upon the formation of NINA, NRG had an 88.0% ownership interest in NINA, while Toshiba America Nuclear Energy Corporation (TANE) owned the remaining 12.0%. NRG contributed its 50.0% ownership of, and its development rights to, STP Units 3 and 4 to NINA. As a result, NINA became CPS Energy’s partner for the co-development of STP Units 3 and 4.

In June 2009, CPS Energy management provided the Board its formal assessment and recommendations concerning these options compared to other possible new generation types including the first public estimate of the cost of the first possible project at $13,000,000, inclusive of financing costs. Reports of higher cost estimates, however, resulted in reconsideration of the advisability of participating in the STP Units 3 and 4 Project and, ultimately, in CPS Energy's decision to limit participation in further development of STP Units 3 and 4. In a settlement negotiated with NRG and the other participants in the development of STP Units 3 and 4, CPS Energy received a 7.6% ownership interest in STP Units 3 and 4. CPS Energy is not liable for any STP Units 3 and 4 project development costs incurred after January 31, 2010.

Despite the project having secured the NRC’s authorization for the issuance of the COL, in January 2016 CPS Energy concluded that as a result of sustained changes in a number of environmental and economic factors directly affecting the projected economic feasibility of completing construction of STP Units 3 and 4, the project had experienced a permanent impairment. CPS Energy determined it was appropriate to write off the entire investment in STP Units 3 and 4. The impairment loss was reported as an extraordinary item on CPS Energy’s Statements of Revenues, Expenses, and Changes in Net Position for the period ended January 31, 2016. This noncash transaction did not impact CPS Energy’s debt service coverage ratio; however, there was a resulting increase from 61.1% to 63.7% in the debt to debt and net position ratio at January 31, 2016.

In June 2018, NINA sent a written request to the NRC to terminate the STP Units 3 and 4 COLs. The NRC approved this request on July 12, 2018, thereby terminating the COLs for STP Units 3 and 4. Effective October 1, 2018, NINA executed an Assignment Agreement and Mutual Release with the owners of STP Units 1 and 2 and NINA Units 3 and 4. This agreement returns ownership of the STP Units 3 and 4 assets, including rights for future expansion, to the STP Units 1 and 2 owners and essentially restores the site ownership arrangement to pre-2006 terms.

See Note 5 Capital Assets for more information about CPS Energy’s capital investment in STP.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Nuclear Insurance

STP maintains required insurance coverage pursuant to the Price-Anderson Act, providing limitations on liability and governmental indemnities with respect to nuclear incidents. Pursuant to the Price-Anderson Act, effective November 1, 2018, the maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is $137,600, taking into account a 5.0% adjustment for administrative fees and subject to adjustment for inflation every five years, for the number of operating nuclear units and for each licensed reactor, payable at $200,496 per year per reactor for each nuclear incident. CPS Energy and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests. For purposes of these assessments, STP currently has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC in accordance with the financial protection requirements of the Price-Anderson Act. A nuclear liability policy, with a maximum limit of $450,000 for the nuclear industry as a whole, provides protection from nuclear-related claims. A Master Worker Certificate policy, also with a maximum limit of $450,000 for the nuclear industry as a whole, provides protection from radiation tort claims of workers at nuclear facilities.

NRC regulations require licensees of nuclear power plants to obtain on-site property damage insurance in a minimum amount of approximately $1,100,000. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP Units 1 and 2 currently maintain nuclear property insurance at or above the legally required amount. The nuclear property insurance consists of primary property damage insurance and excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). A retrospective assessment could occur if property losses, as a result of an accident at any nuclear plant insured by NEIL, exceed the accumulated funds available to NEIL. CPS Energy also maintains accidental outage insurance through STP's NEIL membership that provides weekly indemnity payments for an insured property loss subject to an applied deductible period.

Nuclear Decommissioning

In 1991, CPS Energy started accumulating funds for the decommissioning of its 28.0% ownership in STP Units 1 and 2 in an external trust in accordance with the NRC regulations. The 28% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. Excess or deficient funds related to the 28% Trust will be distributed to or received from CPS Energy's ratepayers after decommissioning is complete.

In conjunction with the acquisition of the additional 12.0% interest in STP Units 1 and 2 in May 2005, CPS Energy also assumed control of a relative portion of the Decommissioning Trust previously established by the prior owner, American Electric Power (AEP). The 12% Decommissioning Trust's assets and related liabilities are also included in CPS Energy's financial statements as a component unit. Subject to Public Utility Commission of Texas (PUCT) approval as may be requested in the future, excess or deficient funds related to the 12% Trust will be distributed to or received from AEP's ratepayers after decommissioning is complete.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning (Continued)

CPS Energy, together with the other owners of STP Units 1 and 2, files a certificate of financial assurance with the NRC for the decommissioning of the nuclear power plant every two years or upon transfer of ownership. The certificate assures that CPS Energy and the other owners meet the minimum decommissioning funding requirements mandated by the NRC. The owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically.

In fiscal year 2009, CPS Energy determined that some preshutdown decommissioning and spent fuel management activities would be required prior to shutdown of STP Units 1 and 2. As a result, separate trust accounts were created to pay for preshutdown decommissioning activities. Additionally, funds in the Trusts applicable to spent fuel management were transferred to separate spent fuel management accounts so that they were not commingled with funds allocable to preshutdown or postshutdown decommissioning costs. Based on projected costs, the spent fuel management accounts are currently fully funded; therefore, no contributions were made to these accounts in fiscal year 2019. In fiscal year 2019, no contributions were made to fund preshutdown decommissioning costs for CPS Energy's 28.0% ownership in STP. No preshutdown decommissioning expenses were incurred for the 28.0% ownership in calendar year 2018. For the 12% Trust, preshutdown costs were funded by AEP's ratepayers. The 12% Trust incurred no preshutdown decommissioning expenses in the calendar year 2018.

The most recent cost study, which was finalized in May 2018, estimated decommissioning costs for the 28.0% ownership in STP Units 1 and 2 at $694,056 and $297,452 for the 12.0% ownership in STP Units 1 and 2 in 2018 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28% Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions will be required to be deposited into the Trust.

As of December 31, 2018, CPS Energy had accumulated $414,763 in the 28% Trust. Total funds are allocated to decommissioning costs, preshutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2018, the 28% Trust funds allocated to decommissioning costs totaled $264,096, which exceeded the calculated financial assurance amount of $111,234.

As of December 31, 2018 $152,925 had been accumulated in the 12% Trust. Total funds are allocated to decommissioning costs, preshutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2018, the 12% Trust funds allocated to decommissioning costs totaled $105,510, which exceeded the calculated financial assurance amount of $47,672.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning (Continued)

CPS Energy adopted GASB Statement No. 83 during fiscal year 2019 and concurrently restated its prior fiscal year financial statements to reflect the effects for all periods presented. Implementation of the new guidance resulted in a change in accounting for the decommissioning liability related to STP Units 1 and 2. CPS Energy accounts for decommissioning by recognizing its pro rata share of an Asset Retirement Obligation (ARO) based on the best estimate of the current values of outlays expected to be incurred, determined by the most recent cost study. A new cost study is performed every five years; and, in years subsequent to the latest study, the statement requires the current value of CPS Energy's ARO be adjusted for the effects of inflation or deflation, at least annually. In addition to the ARO, CPS Energy has recorded a deferred outflow of resources that is being amortized over the remaining useful life of the plant which is calculated assuming the longer total plant life due to the license extensions approved in fiscal year 2018. Restatement for the ARO resulted in a change in the calculation of decommissioning expense reflected in the Statements of Activities, which is now based on the amortization of the deferred outflow.

Both Decommissioning Trusts also have separate calendar-year financial statements, which are separately audited and can be obtained by contacting the Controller at CPS Energy.

STP Pension Plan and Other Post-retirement Benefits

STPNOC maintains several pension and other post-retirement benefit plans covering most employees, including a noncontributory defined-benefit pension plan, defined-benefit post-retirement plan, supplementary nonqualified unfunded pension plan, supplemental retirement plan, deferred compensation program, and a contributory savings plan. The owners of STPNOC, including CPS Energy, although not sponsors to the STPNOC plans, share in all plan costs in the same proportion as their respective ownership percentages.

The noncontributory defined-benefit pension plan covers certain employees. Effective January 1, 2007, STPNOC approved a change to the pension plan to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date receive enhanced matching contributions under the STP Nuclear Operating Company Savings Plan.

STPNOC also maintains a defined-benefit post-retirement plan that provides post-retirement health and welfare benefits. As of May 1, 2014, certain STPNOC employees voted to transition STPNOC's medical plan to a Taft-Hartley multi-employer health and welfare plan. During calendar year 2018, there were additional plan design changes related to the STPNOC post-retirement health and welfare benefits resulting in additional employees transitioning to the Taft-Hartley multi-employer plan, therefore, reducing STPNOC's OPEB liability as of December 31, 2018. STPNOC pays monthly premiums for the benefits, to be partially funded by participating employees.

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, $275 for 2019, are covered by a supplementary nonqualified, unfunded pension plan, which is provided for by charges to operations sufficient to meet the projected benefit obligations. The accruals for the costs of that plan are based on substantially the same actuarial methods and economics as the noncontributory defined-benefit pension plan. An unfunded supplemental retirement plan and other unfunded deferred compensation programs are maintained by STPNOC for certain key individuals.

The effect to CPS Energy of funding obligations related to the defined-benefit plans sponsored by STPNOC was $8,145 for fiscal year 2019 and was reflected as an adjustment for STP Pension Cost on the Statement of Activities.

Note 12 Commitments and Contingencies

Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2019. Grant funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2019 was $43,875.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2020. The estimated cost of these improvements is $714,821; of this amount $255,355 will be funded from the 2017 General Obligation Bonds. The 2020 Capital Improvements Program consists of the following:

Function/Program		2020
General Government		
Information Technology	$	53,081
Municipal Facilities		104,088
Total General Government	$	157,169
Public Health & Safety		
Drainage	$	83,830
Fire Protection		3,705
Law Enforcement		7,896
Total Public Health & Safety	$	95,431
Recreation & Culture		
Libraries	$	10,400
Parks		116,875
Total Recreation & Culture	$	127,275
Transportation		
Air Transportation	$	52,116
Street		279,756
Total Transportation	$	331,872
Total Neighborhood Improvements	$	3,074
Total Capital Plan	$	714,821

These projects are scheduled to be funded with a combination of grants, contributions from others, bonds, certificates, notes and other designated City resources.

Year-Ended September 30, 2019 - 200 - Amounts are expressed in thousands

Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various claims and lawsuits alleging personal and property damages, wrongful death, breach of contract, environmental matters, civil rights violations, and employment matters. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund in the amount $16,523. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded as appropriations in the Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the basic financial statements cannot be determined.

Jimmy Maspero and Regina Maspero, et al. v. City of San Antonio, et al. Plaintiffs allege that on September 19, 2012, Plaintiffs' vehicle was involved in a collision with a vehicle being pursued by a San Antonio Police Department (SAPD) patrol car causing the death of two of Plaintiffs' children and severe permanent injuries to the remaining Plaintiffs (two children, two adults). The Plaintiffs asserted a "state-created danger" theory under 42 U.S.C. §1983 alleging a violation of Plaintiffs' 14th Amendment substantive due process. Plaintiffs are also asserting State law theories of negligence. Plaintiffs seek to recover damages for mental anguish, physical pain, impairment, medical expenses, and the wrongful death of two of their children. Plaintiffs are seeking monetary damages of at least $3,000. This case has been remanded back to State district court. On February 19, 2018, the District Court granted the City's plea to the jurisdiction, dismissing all claims. Plaintiffs' motion for a new trial was denied. Plaintiffs have filed an appeal to the Fourth Court of Appeals. On August 28, 2019, the Fourth Court issued its opinion reversing the trial court and remanding the case to the trial court for further proceedings. The City filed a motion for rehearing en banc, which was denied. The City is filing a petition for review to the Texas Supreme Court.

Elena Scott, Individually and as Representative of the Estate of Antronie Scott v. City of San Antonio, et al./Diane Peppar, et al. v. City of San Antonio, et al. A SAPD officer was attempting to execute an arrest warrant when Plaintiff's decedent exited his vehicle with an object the officer believed was a weapon. The officer discharged his service weapon, fatally wounding decedent. Plaintiff has filed suit under 42 U.S.C. §1983 alleging use of excessive force. This case was consolidated with Diane Peppar vs. City of San Antonio. Diane Peppar is decedent Antronie Scott's mother. In March 2019, the Court granted the City's motion for summary judgment, dismissing all claims against the City. The officer's motion for summary judgment was granted in part but denied as to the claims of excessive force and unreasonable seizure. This matter is set for trial on March 30, 2020.

Rogelio Carlos lll, et al. v. Carlos Chavez, et al. SAPD Special Weapons and Tactics (SWAT) officers were assisting High Intensity Drug Trafficking Areas (HIDTA) in searching for a fleeing suspect. Plaintiff was misidentified by the HIDTA officer as being the suspect. The HIDTA officer engaged and attempted to physically apprehend Plaintiff and was assisted by SAPD SWAT officers. Plaintiff suffered minor injuries as a result of the arrest, although he later complained of neck and shoulder/arm pain. Several months after the incident, Plaintiff underwent surgery, during which procedure, Plaintiff was paralyzed. Plaintiff has filed suit against the City and various officers under 42 U.S.C. §1983. The Plaintiff has amended his suit to include the physicians involved in the Plaintiff's surgical procedure. Discovery is completed. Motions for summary judgment have been filed. This case has not been set for trial.

Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Neka Scarborough Jenkins v. City of San Antonio. Plaintiff's decedent was driving northbound on Blanco Road and attempted to turn left onto Lockhill Selma at a controlled traffic signal. Plaintiff contends that the traffic signal for her lane of traffic was facing the wrong direction. While making the turn, decedent was struck by an oncoming vehicle and was killed. Plaintiff claims the City had prior notice but failed to correct the issue within a reasonable period of time. Plaintiff also claims the investigation revealed the light was placed too low and was not at the correct height for a traffic signal. This litigation is brought under the Texas Tort Claims Act (TTCA) and discovery is ongoing. Under the TTCA, damages are capped at $250. This case is not yet set for trial.

Patricia Slack, et al. v. City of San Antonio and Steve Casanova. SAPD officers responded to persons complaining they had been assaulted in front of a nearby residence. The officers went to the address provided by the victims and approached the front door, which was behind a security door made of metal bars. The officers knocked, and the door swung open to the living room, although the security door remained closed. One individual stood and approached the door while reaching his hand into his waistband. Officer Casanova discharged his weapon. A bullet fired by Officer Casanova grazed one individual and fatally struck a second individual. A suit was brought on behalf of the estate of the deceased, the injured individual and another individual on the scene. Plaintiffs have filed suit under 42 U.S.C. §1983 alleging use of excessive, deadly force. Discovery is ongoing. No trial date has been set.

Texas Sterling Construction Co. v. City of San Antonio. The City contracted with Plaintiff in a Construction Manager at Risk Contract to build road improvements on Bulverde Road. Plaintiff billed on a unit cost basis and after the City paid all the bills, Texas Sterling Construction Co. wrote complaining it should have been paid for actual costs. They also claim the City caused multiple delays. Plaintiff filed suit for breach of contract and is claiming damages in excess of $250. Discovery is ongoing. This case is set for trial on September 14, 2020.

Jesse Quinones, et al. v. City of San Antonio. On May 2, 2017, a SAPD officer was operating his patrol vehicle on non-emergency patrol, when he rear-ended a 2003 Tahoe with eight passengers. The officer was following plaintiffs' vehicle as they went through a green light. A third vehicle on the cross street ran the red light in front of the officer. The officer looked back at the third vehicle and did not see the Quinones vehicle stop in front of him for a traffic signal. As a result of the accident, Plaintiff Quinones is claiming back injury and has obtained a future surgical recommendation at a cost greater than $250. This case is set for trial October 19, 2020.

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Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Leases

The City leases City-owned property to others consisting of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. The Airport System's revenue is net of Ground Abatement Credits and Building Improvement Credits allowed to lessees per signed contracts. Total rental revenue from operating leases received for the fiscal year-ended September 30, 2019 was $17,856 for Governmental Activities and $50,272 for Business-Type Activities, which consisted of $48,875 for the Airport System, $117 for Solid Waste Management, and $1,280 for Nonmajor Enterprise. As of September 30, 2019, the leases provide for the following future minimum rentals:

Leases Revenues	Governmental Activities	Aviation	Solid Waste Management	Nonmajor Enterprise	Total
Fiscal year ending September 30,					
2020	$ 17,166	$ 40,817	$ 100	$ 1,257	$ 59,340
2021	16,671	14,667	100	220	31,658
2022	15,747	13,990	100	224	30,061
2023	15,739	13,805	100	226	29,870
2024	16,051	6,785	100	197	23,133
2025-2029	47,507	19,207	500	284	67,498
2030-2034	9,334	7,474	100		16,908
2035-2039	2,739	4,882			7,621
2040-2044	1,749				1,749
2045-After	228				228
Future Minimum Lease Rentals	$ 142,931	$ 121,627	$ 1,100	$ 2,408	$ 268,066

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,825. The estimate was based on projected costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a 30-year period. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost*, the estimated postclosure cost for the Nelson Gardens Landfill is recorded as a liability and expensed in the Solid Waste Management Fund. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations. Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year-ended September 30, 2019, resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,043. The City contracted with a third party in 2010 to capture and sell methane gas in exchange for a percentage of the revenue earned and postclosure maintenance costs assumed by the third party. This resulted in the City reducing its postclosure liability by $78 from the prior fiscal year.

Year-Ended September 30, 2019 - 203 - Amounts are expressed in thousands

Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Texas Commission on Environmental Quality (TCEQ) Financial Assurance

The City is required, under the provision of the Texas Administrative Code, to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ) related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. In relation to new and modification permits for closed landfills from TCEQ, the City has an obligation to provide financial assurance of the postclosure cost estimates for landfills. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. Based on the number of underground petroleum storage tanks, the City is required to provide $1,000 of financial assurance related to the underground storage facilities. The City completes and submits its financial assurance to TCEQ annually.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties, including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual, and in the governmental fund type when matured. As of September 30, 2019, the City has no arbitrage liability for its governmental or proprietary funds.

CPS Energy

Litigation

In the normal course of business, CPS Energy is involved in legal proceedings related to alleged personal and property damages, breach of contract, condemnation appeals, and discrimination cases. In addition, CPS Energy's power generation activities and other utility operations are subject to extensive state and federal environmental regulation. In the opinion of CPS Energy's management, the outcome of such proceedings will not have a material adverse effect on the financial position or results of operations of CPS Energy.

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Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases

Capital Leases – CPS Energy was not a contracted party to any capital leases during fiscal year 2019, either as a lessee or lessor.

Operating Leases – In fiscal year 2014, CPS Energy entered into an agreement to sell 69 of its communication towers to an independent third party. Title to 62 of the towers was conveyed to the purchaser in January 2014. (Towers count is not expressed in thousands). Resolution of easement issues related to the remaining sites was concluded in February 2017, resulting in the transfer of title to the purchaser for five additional towers for a total of 67 towers. CPS Energy retained title to the remaining two towers. Additionally, new licensing agreements were entered into between CPS Energy and the purchaser for CPS Energy's ongoing use of the towers and the purchaser's use of CPS Energy's communication buildings for a period of 40 years, with three five-year options by the purchaser to extend the agreement.

See Note 5 Capital Assets for additional information related to the sale.

In accordance with lease guidance provided in GASB Statement No. 62, leases related to the communication towers sale, both with CPS Energy as lessor and as lessee, have been classified as operating leases. Future minimum lease payment information provided on the following pages includes lease revenue and lease expense to be recognized as a result of the following lease components of the communication towers sale.

- **Lease of Tower Space for CPS Energy Communication Equipment –** The parties to the sale transaction agreed that no cash would be paid by CPS Energy for the space it leased on the communication towers for the 40-year term of the lease agreement. As a result, the total sale transaction proceeds received from the purchaser were reduced by an amount representing an advance payment to the purchaser of the net present value of the estimated total lease obligation. This value represents a prepaid lease expense to CPS Energy, benefitting a period of time equal to the 40-year term of the leases. In accordance with GASB Statement No. 62, the value of this prepaid lease obligation for space on the 67 towers (not in thousands) was recorded at fair value and totaled $20,190, which is being amortized to lease expense over the 40-year term.

- **Lease of Communication Building Space –** The parties agreed that no cash would be paid by the purchaser for the space it leased in CPS Energy's communication buildings for the term of the lease agreement. As a result, the total sale transaction proceeds received from the purchaser included an additional amount representing an advance payment by the purchaser of the net present value of the estimated total lease obligation. This value represents unearned lease revenue to CPS Energy to be generated over a period of time equal to the 40-year term of the leases. In accordance with GASB Statement No. 62, the value of this unearned lease revenue for space in the 67 communication buildings (not in thousands) was recorded at fair value and totaled $6,831, which is being amortized to nonoperating income over the 40-year term.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

Additionally, the communication towers sale transaction included an assignment of existing operating lease agreements with tenants who had equipment located on the towers. At the time of sale, there were approximately 127 lease agreements outstanding (not in thousands), with CPS Energy as lessor for space on the towers and in CPS Energy's communication buildings, having remaining terms varying from fewer than two years to ten years. In fiscal year 2014, these leases provided approximately $2,845 in proceeds to CPS Energy, which was recognized as nonoperating income. With the sale of the towers, these leases were assigned to the purchaser, and the right to collect future cash flows from the leases was conveyed. The estimated net present value of these cash flows, including annual escalations based on estimated future Consumer Price Indices, total approximately $6,500 for the 62 towers conveyed in the initial closing plus an additional $463 for the five towers subsequently conveyed. Proceeds to CPS Energy from the tower sale transaction included a purchase price for these leases, which was recorded as a deferred inflow of resources totaling $6,500 in accordance with guidance provided in GASB Statement 65. As of January 31, 2019, the balance of unearned revenue reported as deferred inflow of resources was $2,136. Revenue from the sale of future revenues related to these leases will be recognized over the term of the original leases in accordance with guidance provided in GASB Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues.*

Following is a brief description of CPS Energy's current leases, as well as future minimum payments and receipts related to those leases.

CPS Energy has entered into operating lease agreements to secure the usage of communication towers space, railroad cars, natural gas storage facilities, land, office space, parking lot space and engineering equipment. The lease for the parking lot space and several of the leases for office space, as well as the communication towers space, include an escalation in the monthly payment amount after the first year of each lease.

CPS Energy's projected future minimum lease payments for noncancelable operating leases with terms in excess of one year are as follows:

Year-Ended January 31,	Operating Lease Payments
2020	$ 8,284
2021	8,239
2022	4,338
2023	1,781
2024	1,665
Thereafter	64,484
Total future minimum lease payments	$ 88,791

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $9,143 in fiscal year 2019. Contingent lease payments amounted to $52 in fiscal year 2019.

CPS Energy has entered into operating lease agreements allowing cable and telecommunication companies to attach telephone, cable, and fiber-optic lines to CPS Energy's electric poles. Operating leases also exist between CPS Energy and telecommunication companies allowing the companies to attach communication equipment to CPS Energy's communication and transmission towers. As described previously, CPS Energy sold 67 of its communication towers to a third party in January 2014.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

CPS Energy has three operating leases for the use of land that it owns, and it has entered into multiple agricultural leases allowing the lessees to use CPS Energy's land for sheep and cattle grazing. The three land leases contain provisions for contingent lease receipts based on the Consumer Price Index. Additionally, the majority of the operating leases pertaining to the use of CPS Energy's transmission towers contain provisions for contingent lease receipts that will equal the lesser of a 15.0% increase in the prior five-year lease payment or the percentage increase in the Consumer Price Index over the same five-year period.

Projected future minimum lease receipts to CPS Energy for noncancelable operating leases with terms in excess of one year are as follows:

Year-Ended January 31,	Operating Lease Receipts
2020	$ 805
2021	744
2022	761
2023	629
2024	571
Thereafter	21,104
Total future minimum lease receipts	$ 24,614

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $8,406 in fiscal year 2019. Contingent lease receipts amounted to $33 in fiscal year 2019. There were no sublease receipts in fiscal year 2019.

Other

Purchase and construction commitments approximated $6,632,565 at January 31, 2019. This amount includes construction commitments, provisions for coal purchases through December 2021, and natural gas purchases through June 2027; the actual amount to be paid will depend on CPS Energy's actual requirements during the contract period and the price of gas. Also included are provisions for wind power through 2038, solar power through 2044, landfill power through 2029, and raw uranium associated with STP fabrication and conversion services needed for refueling through 2026.

On January 20, 2009, the Board approved a policy statement affirming that CPS Energy's strategic direction centers on transforming from a company focused on providing low-cost power from traditional generation sources to a company providing competitively priced power from a variety of sources, including low and non-carbon emitting sources. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider.

Year-Ended September 30, 2019 - 207 - Amounts are expressed in thousands

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with SA Energy Acquisition Public Facility Corporation (SAEAPFC), a component unit of the City, to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between SAEAPFC and a third-party gas supplier, SAEAPFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years.

On February 25, 2013, SAEAPFC executed certain amendments to the Prepaid Natural Gas Sales Agreement entered into with J. Aron in 2007 and other related documents with respect to the 2007 prepayment transaction with J. Aron. Under the resolution and the amendments, Goldman, Sachs & Co. surrendered for cancellation $111,060 of the SA Energy Acquisition Public Facility Corporation Gas Supply Revenue Bonds, Series 2007 owned by J. Aron; Goldman, Sachs & Co.; or affiliates. In exchange, SAEAPFC agreed to reduce future required natural gas delivery volumes from 104.6 MMBtu to 81.3 MMBtu and to adjust the notional amount of its commodities price hedge so that hedged revenue from gas sales will bear at least the same proportion to annual debt service requirements as before the transaction. In conjunction with the transaction, a portion of the savings related to the purchase of natural gas from SAEAPFC that would have been passed on to CPS Energy’s distribution gas customers over the 20-year life of the original agreement was accelerated. Distribution gas customers benefitted from the accelerated savings from March 1, 2013 through June 30, 2015. CPS Energy’s 20-year commitment under the Natural Gas Supply Agreement is included in the aforementioned purchase and construction commitments amount.

On June 30, 2016, as a result of a Novation Agreement by and among The Bank of New York Mellon Trust Company, N.A., as trustee (Trustee), the SAEAPFC, Depfa Bank plc (Transferor) and J. Aron & Company (Transferee), the Transferee assumed all of the Transferor's rights, title and interest in and to the Investment Agreement and all the duties, obligations and liabilities under the Investment Agreement (excluding any rights, obligations or liabilities of the Trustee or the Transferor prior to the Novation Effective Date). In addition, an Amended and Restated Investment Agreement was entered into to amend and restate the terms of the Investment Agreement. Consequently, a Second Supplemental Indenture to the Trust Indenture, by and between the SAEAPFC and the Trustee, was executed. The original Investment Agreement dated June 21, 2007, was replaced by the Amended and Restated Investment Agreement. The amendments contain provisions in the event of a downgrade in the credit rating on the guaranteed investment contract provider. If the higher rating between J. Aron and its guarantor, Goldman, Sachs & Co., falls below ‘BB+’ by S&P, or ‘Ba1’ by Moody's, which results in a ratings event, J. Aron is required to provide collateral equal to 100.0% of the invested balance held by J. Aron plus any accrued interest.

In fiscal year 2003, CPS Energy entered into a 20-year agreement with Brooks to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and Brooks have each committed to invest $6,323 ($4,284 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to Brooks’ obligation were made from incremental revenues to the City for electric and gas sales to customers that reside on the Brooks-developed property. Annual reductions to Brooks’ obligation were also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy’s systems. To date, capital renewals and upgrades of $14,372 have surpassed the $12,646 commitment and Brooks has met its obligation, net of annual interest of $4,192.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In September 2010, CPS Energy and the University of Texas at San Antonio (UTSA) entered into an agreement (Strategic Alliance) whereby UTSA agreed to perform services for CPS Energy in support of its function as a provider of electric and gas utility services while supporting the progress of the City in renewable energy technologies and energy research. The Strategic Alliance calls for CPS Energy to invest up to but not exceeding $50,000 over ten years. The investment made through January 31, 2019, was $9,015 from funds currently allocated to research and development. Future funding will be determined by the scope of the projects defined by the partnership and is subject to annual approval by the CPS Energy Board of Trustees. Projects will be designed to produce clear value to CPS Energy and its customers.

CPS Energy sells its excess power into the wholesale market with a balanced portfolio that includes a mix of short-term (less than a month) and mid-term (one month to a year) transactions with market participants and long-term (one to five years) and super long-term (five years or more) wholesale power agreements with other public power entities and cities. In addition to a long-standing wholesale power relationship with the city of Floresville, CPS Energy currently has agreements to provide either full or partial requirements to six other public power entities. These agreements have varying terms expiring between December 2021 and December 2025. The volumes committed under these agreements represent approximately 5.0% to 7.0% of current capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

On June 20, 2011, CPS Energy announced its New Energy Economy initiative. The program is designed to focus on more clean energy sources rather than traditional energy sources and includes several major initiatives to which CPS Energy has committed (current commitments are included in the aforementioned $6,632,565):

- CPS Energy offers customers the opportunity to better manage their home's energy use through the My Thermostat Rewards program. The program gives customers access to a wide choice of programmable thermostat options. Customers benefit from better control of their home's air conditioning use and the visibility to program settings from their mobile devices. Customers in My Thermostat Rewards can choose to have a CPS Energy contractor install a free programmable thermostat in their place of residence. Alternatively, they can purchase and self-install their own thermostat from a list of qualifying devices and receive a rebate from CPS Energy. In exchange for the rebate, customers allow CPS Energy to periodically control and interrupt service to manage peak energy periods. The program is funded through Save for Tomorrow Energy Plan (STEP). As of January 31, 2019, there were 144,679 (not reported in thousands) CPS Energy customers enrolled in My Thermostat Rewards.

- CPS Energy is in the process of replacing 25,000 San Antonio street lights with 250 Watt equivalent light-emitting diode (LED) street lights. The street lights use 60.0% less energy than standard sodium lights and are designed to last 12 to 15 years, thereby reducing maintenance costs. Approximately $2,200 of the deployment costs were funded through STEP, with the remainder being funded by the City. Through January 31, 2019, approximately 23,500 LED street lights have been installed. The installation of the remaining 1,500 is currently on hold pending feedback from the City on lighting for the downtown area. (Street lights in this paragraph are not reported in thousands).

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- The City also requested the replacement of 30,000 residential streetlights with 100 Watt equivalent LED streetlights. CPS Energy began this project in Districts 2 and 5, where a total of 5,100 replacement LED lights were installed in fiscal year 2017. A total of 4,275 were installed in fiscal year 2018. This project with the City has been placed on hold indefinitely at their request. At this time, new lights are installed or replaced on a limited basis as requested. LED street lights have become the standard for ongoing city-wide street light maintenance. As older sodium lights fail, they will be replaced with LED equivalents. (Street lights in this paragraph are not reported in thousands).

- In November 2011, CPS Energy entered into a $77,025 prepaid agreement with SunEdison for purchased power equal to approximately 60.0% of the anticipated output from 30 MW of solar energy facilities in the San Antonio area. Subsequent to the execution of this agreement, SunEdison transferred 100.0% of its interests in these facilities to San Antonio Solar Holdings LLC. A subsidiary of SunEdison continued as operator of these facilities. The unamortized balance of the prepayment was $56,813 at January 31, 2019. The agreement expires in 2037, and the purchase of the balance of the output is on a pay-as-you-go basis.

- In July 2012, CPS Energy executed a Master Agreement with OCI Solar Power (OCI) for approximately 400 MW from seven facilities. All seven facilities became operational by the end of 2017. In addition, CPS Energy also executed two separate 25-year Purchase Power Agreements for Project Pearl and for Project Ivory for an additional 100 MW. Project Pearl became operational in October 2017, and Project Ivory, which recently sold to D.E. Shaw Renewable Investments, began commercial operation in December 2018. In March 2017, CPS Energy and OCI executed an Amended and Restated Master Power Purchase and Economic Development Agreement. The original Master Agreement was replaced in order to simplify the agreement and reflect pertinent terms going forward.

The table below represents the OCI solar farms facilities included in the revised 25-year power purchase agreement:

Facility	Capacity in MW	Achieved Commercial Operations
Alamo 1	40.7	December 2013
St. Hedwig (Alamo 2)	4.4	March 2014
Walzem (Alamo 3)	5.5	January 2015
Eclipse (Alamo 4)	39.6	August 2014
Helios (Alamo 5)	95.0	December 2015
Sirius 1 (Alamo 6)	110.2	March 2017
Solara (Alamo 7)	106.4	September 2016
Sirius 2 (Pearl)	50.0	October 2017
Lamesa 2 (Ivory)	50.0	December 2018
Total 25-years Power Purchase Agreements	501.8	

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- In December 2013, CPS Energy, along with partners Silver Spring Networks and Landis+Gyr, began CPS Energy's Grid Optimization project, or more commonly known as Smart Grid. In January 2018, Itron, Inc. purchased Silver Spring Networks. Silver Springs Networks will operate as a subsidiary of Itron, under the name Itron Networked Solutions, Inc. There was no change in the product or services provided. This project is providing a standards-based networking platform, advanced metering infrastructure and distribution automation solutions across CPS Energy's service territory. The completed system also facilitates wireless two-way communication between CPS Energy and its customers, allowing increased energy efficiency and offering greater customer control and savings. The targeted number of project deployments were completed in the summer of 2018, although various project closeout activities will continue through the end of the fiscal year. The estimated cost of this project is approximately $270,000 and has brought approximately 50 jobs (not expressed in thousands) to San Antonio as of January 31, 2019.

- Simply Solar is the trademarked name for CPS Energy's pilot solar initiatives – Roofless Solar and SolarHostSA. Roofless Solar is being offered by CPS Energy in partnership with Clean Energy Collective (CEC). CEC built and maintains a 1 MW community solar farm in the CPS Energy service territory and sold 107.5 Watt panels in the array to customers who wanted to enjoy the benefits of solar power without having to install their own system. On June 18, 2015, CPS Energy entered into an agreement to purchase the output from the solar farm for 25 years. On December 17, 2018, CPS Energy entered into a 25-year agreement with Big Sun SA 1 (Big Sun) to expand the Roofless Solar program by an additional 5 MW. Big Sun will be installing community solar panels on carports at commercial businesses across San Antonio. The panels will be sold to customers who then receive bill credits from CPS Energy for their share of the solar production. For the SolarHostSA program, CPS Energy partnered with PowerFin Partners to install up to 5 MW of rooftop systems on customer homes and businesses. The program provides participating customers a monthly credit for hosting the systems on their rooftops. The program makes solar accessible to more customers by eliminating the significant upfront cost of traditional rooftop systems. On August 12, 2015, CPS Energy entered into an agreement to purchase the output from the rooftop systems for an initial term of 20 years.

In June 2017, CPS Energy awarded a construction contract to renovate the new corporate headquarters to Sundt Construction. The Board approved a guaranteed maximum price of $145,000. CPS Energy also made provisions for a $5,000 contingency fund which may be used to fund additional requirements related to the headquarters project. CPS Energy expects to start moving its employees into the renovated headquarters during calendar year 2020.

In fiscal year 2018, CPS Energy entered into a 50-year agreement with Joint Base San Antonio (JBSA) to operate and maintain the natural gas and electric utility systems as JBSA Randolph, Lackland and Lackland Training Annex. The agreement includes a cost reimbursable transition period that closed on June 30, 2019. In addition, the Department of Defense (DOD) transferred ownership of these systems to CPS Energy through a bill of sale effective July 1, 2019. The DOD will reimburse CPS Energy for the costs to operate, maintain and upgrade these systems throughout the contract term.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and potential litigation, which arise in the ordinary course of its operations. Management, in consultation with legal counsel, makes an estimate of potential costs that are expected to be paid in the future as a result of known claims and potential litigation and records this estimate as a contingent liability.

Postclosure Care Costs

In connection with a desalination injection well permits obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection wells once the wells are no longer in service. These wells became operational in 2016 and have an expected useful life of 50 years based on SAWS experience with other wells throughout the system. At December 31, 2018, SAWS has recorded a liability of $482 related to this post-closure obligation based on the current projected cost to plug wells of similar size, depth and diameter.

Other

In March 2007, SAWS was notified by Region 6 of the United States Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for enforcement action. SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. On June 4, 2013, the Board approved a Consent Decree between SAWS, the United States of America, and the State of Texas to resolve this enforcement action. During the ten to 12 year term of the Consent Decree, SAWS estimates the cost to perform the operating and maintenance requirements of the Consent Decree will be approximately $250,000. SAWS currently estimates that the capital expenditures associated with the requirements of the Consent Decree could range from $1,200,000 to $1,300,000. As with any estimate, the actual amounts incurred could differ materially.

Through December 31, 2018, capital expenditures related to the Consent Decree total $418,255, which includes certain work which was previously planned prior to entry into the Consent Decree. Since entry into the Consent Decree, SAWS has performed its obligations under terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in sanitary sewer overflows, from 538 in 2010 to 259 in 2018, even though San Antonio had the wettest September on record and the 3rd wettest month ever recorded (figures in this sentence are not in thousands). SAWS will continue to perform best practices to assure the capacity and operations of the collection system provides uninterrupted service to the San Antonio community and surrounding counties.

SAWS operates the Mitchell Lake Site Wastewater Treatment Facility pursuant to a Texas Pollutant Discharge Elimination Permit (Permit) issued by the TCEQ under a delegation of authority from the EPA. In October 2015, the EPA orally notified SAWS that SAWS violated the effluent discharge limitations provided in that Permit as a result of discharges occurring during significant rainfall events.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

On August 18, 2016, SAWS received an Administrative Order from EPA that alleges that SAWS violated the Permit by failing to meet effluent limits as required by the Permit. SAWS responded to the Administrative Order by letter dated September 15, 2016, describing that SAWS was exploring the construction of wetlands to treat discharges from Mitchell Lake as a means of achieving Permit compliance.

SAWS has engaged consulting experts and conducted preliminary feasibility evaluations of reconstructing the existing dam and spillway and constructing extensive treatment wetlands below Mitchell Lake. A pilot wetlands project is currently under construction to evaluate the performance of wetlands in treating Mitchell Lake water. SAWS purchased a 283 acre tract of land that is anticipated to be necessary for the implementation of a full downstream wetlands treatment process. SAWS has partnered with the U.S. Army Corps of Engineers on an Aquatic Ecosystem Restoration Feasibility Study for Mitchell Lake. The three year study will include an investigation into the methods of restoring lost and/or degraded ecological functions within the lake while reducing the eutrophic conditions of the lake water.

On February 7, 2019, SAWS received an Administrative Order from the EPA (which supersedes the August 18, 2016 Administrative Order) that establishes a schedule of compliance activities including submission of a Pilot Wetlands Performance Report by December 31, 2020, completion of the wetlands by September 30, 2024, and submission of various progress and annual reports. No monetary penalties were assessed, although the EPA reserves all rights to seek any appropriate remedies. It is premature to estimate the final cost of the project that SAWS will implement to construct downstream wetlands and modified dam structures, or the ultimate success of the pilot project.

On September 5, 2019, SAWS announced they will increase the water supply fee rates on average by 9.9% beginning January 1, 2020. The additional revenue will enable SAWS to help fund the Vista Ridge Pipeline Project and to support the new Agua Vista station, which will receive and treat Vista Ridge water. The rate increase additionally will aid SAWS in covering the incremental 1.3% transfer of funds to the City (2.7% to 4.0% of eligible revenues) effective October 1, 2019.

On October 30, 2014, the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (the Agreement) between the City, acting by and through SAWS and Vista Ridge, LLC (VR), pursuant to which VR has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50,000 acre-feet of potable water (Project Water) per year for an initial period of 30 years plus a limited (20 year) extension period under certain circumstances, hereinafter referred to as the operational phase. To produce and deliver the Project Water, VR will develop well fields to withdraw water from the Carrizo and Simsboro Aquifers in Burleson County, Texas pursuant to currently-held long-term leases with landowners and construct (or cause to be constructed) a 142-mile pipeline from this well field to northern Bexar County (the well fields and the pipeline, together, the Project). The pipeline will be connected to the SAWS distribution system at a delivery point in northern Bexar County (the Connection Point). The execution of the Agreement represents a significant diversification of the City's water source, as SAWS projects that Project Water, if delivered at the maximum amount, will account for approximately 20.0% of the SAWS' current annual usage. (Figures in this paragraph are not in thousands).

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

At the end of the operational phase, ownership of the Project will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire the 50,000 acre-feet of untreated groundwater upon the termination of the Agreement and transfer of the Project to SAWS, and the cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer leases.

The Project achieved financial close in November 2016 and is now in the construction phase. During the construction phase of the Project, VR will complete the construction of the Project and SAWS must construct any improvements necessary to accept and integrate Project Water. The anticipated capital cost of SAWS improvements is currently projected to be $209,854. The construction phase is scheduled to be completed in 2020 and will result in the commencement of the aforementioned 30-year operational phase, during which period SAWS is obligated to pay for water (up to 50,000 acre-feet annually) made available to it by VR at the Connection Point.

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as maintenance and operating expense of the System from a flow of funds perspective, only for Project Water made available at the Connection Point (which payment will include the costs of operating and maintaining the Project). SAWS will have no obligation to pay for any debt issued by VR, and any such debt will be non-recourse to SAWS.

On May 17, 2016, SAWS exercised its contractual right to fix the Capital and Raw Groundwater Unit Price under the Agreement based on the methodology provided for therein. This action served to lock in the price of the Project Water component of SAWS annual payment requirement of $1,606 per acre-foot for the entire 30 year term (and any extension of that term) of the Agreement. (Figures in this sentence are not in thousands).

In addition to the Capital and Raw Groundwater Unit Price, SAWS will pay operations and maintenance costs deemed to be compensable by an independent budget panel as a direct pass through under the Agreement as well as electricity cost (paid directly by SAWS to the utility providers). Through December 2018, SAWS has paid $5,900 for electrical costs to the utility providers. Finally, SAWS is responsible for compensating the Project Company for any major repairs and replacement costs, which may arise and are deemed to be compensable by the budget panel. It is estimated that the water will initially cost approximately $2 per acre-foot, resulting in an estimated initial annual cost to SAWS of approximately $100,000 for 50,000 acre-feet (acreage not in thousands) of delivered water. Delivery of water from the Project is expected to begin in April 2020. On November 19, 2015, the City Council approved a series of increases to the water supply fee through 2020 to support the acquisition of new water supplies, including water supplied from the Project.

Because all Project assets will transfer to SAWS at the end of the contract, once the operational phase begins, SAWS anticipates recording capital assets and a contract liability equal to the acquisition value of the Project Company infrastructure. Management currently estimates the initial recorded value for the capital assets and contract liability to be $927,403.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

SAWS has the right to terminate the Agreement at any time by purchasing the Project for the aggregate amount of the outstanding VR debt, contract breakage costs and return of and return on equity contributions by VR's principals. SAWS also has the obligation to purchase the Project assets in similar fashion in the event of a SAWS default under the Agreement. The termination payment as of December 31, 2018, was estimated to be $734,046. The termination payment will continue to increase throughout the construction phase as additional funds are expended by the Project Company on the construction of the project. By the time the operational phase is reached in 2020 the termination payment could be as much as $1,000,000.

As of December 31, 2018, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements vary, with some expiring as early as 2019 and others continuing until 2023. Some of the leases include price escalations and the annual cost per acre-foot ranges from $100 to $140. (Figures in this sentence are not in thousands). Under these various leases, SAWS paid $4,443 in 2018.

The future commitments under these leases are as follows:

	2019	2020	2021	2022	2023
Lease obligations	$ 3,537	$ 3,406	$ 3,207	$ 2,635	$ 1,098
Lease obligations (acre-feet)	25,651	24,741	23,261	19,161	8,179

SAWS also has commitments to purchase water supplies under various contracts. All water provided under these contracts is subject to availability.

Total payments under these water purchase agreements were $33,485 in 2018. A summary of all estimated future payments under all these commitments is provided in the following table. The estimated fixed water payments consist of the take or pay commitments under the agreements. The estimated variable water payments will be made only if water is made available to SAWS. These estimates assume price escalations but do not assume the extension of any water purchase agreement. As with any estimates, the actual amounts paid could differ materially.

	2019	2020	2021	2022	2023	Thereafter
Purchased water payments - fixed	$ 22,110	$ 22,657	$ 22,785	$ 23,200	$ 23,614	$ 569,466
Acre-feet purchased - fixed	43,054	44,054	42,554	42,554	42,554	1,005,490
Purchased water payments - variable	$ 14,308	$ 14,524	$ 14,170	$ 14,362	$ 14,562	$ 87,841
Acre-feet purchased - variable	14,062	13,924	13,289	13,156	13,026	56,344

Under a contract with Guadalupe Blanco River Authority (GBRA), SAWS will receive 4,000 acre-feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2019 is estimated to be 4,500 acre-feet and is projected to decline over the remaining term of the contract as the demand increases for other GBRA customers. The cost of the water escalates over time with projected prices ranging from $1,118 per acre-foot in 2019 to approximately $1,901 per acre-foot by 2037. SAWS has an option to extend this contract until 2077 under new payment terms. (Figures in this paragraph are not in thousands).

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from $640 to $764 per acre-foot. This agreement expires in 2025 and SAWS has a unilateral option to extend the contract for ten years. (Figures in this paragraph are not in thousands).

Under a contract with Sneckner Partners, Ltd., SAWS has a take or pay commitment to purchase 1,500 acre-feet of water annually from the Trinity Aquifer at a minimum annual cost of $225 per acre-foot through 2020. (Figures in this sentence are not in thousands). SAWS has a unilateral option to extend the contract through 2026. As part of this contract, SAWS agreed to make quarterly defined payments for any residential customers that are connected to the system within a defined geographical area that begin taking water service from SAWS. SAWS began making these payments during 2012 as the area has begun to experience some development. SAWS has made payments totaling $332 for new customer connections under the terms of this contract. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management's estimate of this potential contingent liability is approximately $500.

In 2012, SAWS entered into an agreement with Water Exploration Company, Ltd. (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between DSP and WECO were terminated. In 2018, Texas Water Supply Company assumed the assets of WECO, including this agreement between SAWS and WECO. The 2012 agreement has a term of 15 years, with two optional five-year extensions. SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping under this contract may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The projected price to be paid per acre-foot of raw water ranges from $994 in 2019 to $1,153 by 2027. (Figures in this paragraph are not in thousands).

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (District) to produce 11,688 acre-feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with land owners to produce water under that permit. (Agreement count and acreage not in thousands). These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2019 and projects payments to landowners will be $1,256. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to treat the water produced by SAWS under its permit with the District at its treatment plant in Gonzales County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas, and to purchase up to 5,000 acre-feet of wholesale water annually from SSLGC. As part of this agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to make monthly payment to SSLGC beginning in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water. (Figures in this paragraph are not in thousands).

The initial term of the agreement with SSLGC expires in 2050 and can be renewed for successive terms of five years unless SAWS chooses to cancel the contract upon the expiration of any term. The projected price paid to SSLGC to treat and transport water provided by SAWS is projected to be $524 per acre-foot in 2019 and ranging from $532 per acre-foot to $670 per acre-foot from 2020 through 2050. This projected price includes the debt service associated with the expansion of SSLGC's treatment plan. Payments for any wholesale water purchased from SSLGC is based on SSLGC's wholesale water rates. (Figures in this paragraph are not in thousands).

Under a contract with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA), SAWS has a take or pay commitment to purchase 19,974 acre-feet of untreated water annually from Medina Lake. If BMA is unable to deliver water to SAWS, BMA issues a credit for the undelivered water which can be used to offset payments due to BMA during the next calendar year. The price of the water is based on the rate charged by GBRA for raw water. GBRA's rate for raw water at December 31, 2018, was $147 per acre-foot. The agreement has been amended several times with the current agreement being effective in 2008 and ending in 2049. (Figures in this paragraph are not in thousands).

Under a contract with Canyon Regional Water Authority (CRWA), SAWS is required to make certain contractually required minimum payments each year to fund capital and operating expenses of CRWA. Additionally, SAWS makes payments based on the number of acre-feet of water SAWS commits to take in a given year. SAWS currently has access to 6,300 acre-feet through 2023 and 6,800 acre-feet annually from 2024 through 2042. For 2019, SAWS has committed to taking 5,300 acre-feet with a projected cost of $1,348 per acre-foot. (Figures in this paragraph are not in thousands).

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling $577,124 as of December 31, 2018. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2018, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

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Note 13 Other Obligations

Primary Government (City)

Pollution Remediation Obligation

The City follows the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

The general nature of existing pollution that has been identified on City property is consistent with City operations of acquiring properties for infrastructure and improvement development. Under most circumstances, the triggering event relevant to the City is the voluntary commencement of activities to clean up the pollution. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by the City's respective departments which included previous knowledge of clean-up costs, existing contracts, etc. Depending on the length of time it takes the City to remediate the pollution, costs may be different from that estimated below as a result of market rate changes, price increases or reductions, improvements to technology, or changes in applicable laws or regulations.

	Beginning Balance October 1, 2018	Additions	Deletions	Ending Balance September 30, 2019
Governmental Activities:				
Liabilities	$ 196	$ 320	$ (140)	$ 376
Construction in Progress	156	298	(156)	298
Business-Type Activities:				
Liabilities	$ 1,274	$ -	$ -	$ 1,274

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's Transportation and Capital Improvements Department for the construction of streets, drainage and parks. Any net change in the Governmental Activities pollution remediation liability that was not capitalized under Construction in Progress was expensed under the City's public works and public safety activities.

The City foresees receiving $475 in recoveries from third parties for the costs associated with cleaning up these pollution obligations.

The Business-Type Activities' liability was a result of cost estimates to clean existing pollution found on land acquired by the Airport System for the construction of airport structures. As the City acquired this property in the early 1940s, the liability did not meet the criteria to be capitalized, and as such was expensed in fiscal year 2009. The City had no additional pollution remediation costs in business-type activities in fiscal year 2019.

Asset Retirement Obligations

The City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, during fiscal year 2019 and accounts for Asset Retirement Obligations (AROs) by recognizing the obligations as a liability based on the best estimate of the current value of outlays expected to be incurred once the assets are retired. The Statement requires the AROs be adjusted for the effects of inflation or deflation at least annually. In addition to the AROs, the City has recorded associated deferred outflows of resources that are being amortized over the remaining useful life of the respective asset groups.

Year-Ended September 30, 2019 - 219 - Amounts are expressed in thousands

Note 13 Other Obligations (Continued)

Primary Government (City) (Continued)

Asset Retirement Obligations (Continued)

The Governmental Activities include 34 fuel storage tanks and three oil tanks with useful lives of 40 years (not reported in thousands). The storage tanks have regulatory requirements to be met for removal or permanent closure after retirement under the Texas Administrative Code. The associated retirement costs are being amortized utilizing straight-line method over the average estimated remaining useful life of the storage tanks. At September 30, 2019, the ARO liability related to the storage tanks was $742.

The Business-Type Activities include seven fuel storage tanks with useful lives of 40 years (not reported in thousands), and one X-ray machine with a useful life of ten years. The storage tanks have regulatory requirements to be met for removal or permanent closure after retirement under the Texas Administrative Code. The Airport X-ray machine also has special requirements for the decommissioning/sanitizing of the equipment when it is retired. The associated retirement costs are being amortized utilizing straight-line method over the average estimated remaining useful life of the assets. At September 30, 2019, the ARO liability related to these assets was $314.

	Beginning Balance October 1, 2018	Additions	Deletions	Ending Balance September 30, 2019
Governmental Activities:				
Liabilities	$ 807	$ -	$ (65)	$ 742
Business-Type Activities:				
Liabilities	$ 314	$ -	$ -	$ 314

CPS Energy

Pollution Remediation Obligation

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires that a liability be recognized for expected outlays for remediating existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Under Federal Energy Regulatory Commission guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the Statement of Net Position within other liabilities. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities.

The pollution remediation liability was $2,662 as of January 31, 2019. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by CPS Energy's environmental staff and consultants.

Note 13 Other Obligations (Continued)

CPS Energy (Continued)

Asset Retirement Obligation

CPS Energy adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, during fiscal year 2019 and accounts for Asset Retirement Obligations (AROs) by recognizing the obligations as a liability based on the best estimate of the current value of outlays expected to be incurred once the assets are retired. The Statement requires the AROs be adjusted for the effects of inflation or deflation at least annually. In addition to the AROs, CPS Energy has recorded associated deferred outflows of resources that are being amortized over the remaining useful life of the respective asset groups. The following asset groups have been included in the ARO reflected on the Statement of Net Position:

- **STP Units 1 and 2** – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant located in Matagorda County, Texas. The Code of Federal Regulations (CFR) provides the main decommissioning requirements mandated by the Nuclear Regulatory Commission that issues the operational license of the site. The ARO is based on an external cost study performed every five years. The most recent study was finalized in May 2018 and estimates costs in 2018 dollars. The associated costs are being amortized utilizing a straight-line method over the estimated remaining useful lives of the units. Total asset lives for the units are 60 years based on the operating license extensions.

  The deferred outflows of resources are based on the estimated remaining useful life of the assets at the time of implementation. CPS Energy has established two decommissioning trusts that are reported as blended component units combined into the CPS Energy financial statements to cover the eventual decommissioning associated with STP Units 1 and 2. At January 31, 2019, the ARO related to STP Units 1 and 2 was $991,508.

- **Vaults** - CPS Energy has approximately 200 underground vaults with useful lives of 46 years (vault count not reported in thousands). The vaults have regulatory requirements to be met prior to removal and after retirement under the CFR and TCEQ. Methods and assumptions to determine the associated liability were based on an internal calculation of cost per square foot of each tank which includes assessment, remediation, transportation and disposal costs. The associated costs are being amortized utilizing a straight-line method over the average estimated remaining useful life of the vaults. At January 31, 2019, the ARO related to the vaults was $9,192.

- **Fuel Storage Tanks** – CPS Energy has 14 underground fuel storage tanks with useful lives of 30 years (fuel storage tank count not reported in thousands). The storage tanks have regulatory requirements to be met for removal or permanent closure after retirement under the Texas Administrative Code. The methods and assumptions used to determine the liability associated with the tanks were based on a cost analysis performed by an outside engineering consulting firm in July 2018. The associated retirement costs are being amortized utilizing straight-line method over the average estimated remaining useful life of the storage tanks. At January 31, 2019, the ARO related to the storage tanks was $3,650.

Note 13 Other Obligations (Continued)

CPS Energy (Continued)

Other

CPS Energy has two Long-Term Service Agreements (LTSA) with General Electric (GE) for two of its combined-cycle power plants, Arthur Von Rosenberg (AVR) and Rio Nogales.

- **AVR** – In 2007, CPS Energy entered into a 20-year LTSA with GE to provide maintenance services and select replacement parts for the AVR power plant. In September 2015, the contract was amended primarily to add a provision for the advance purchase from GE of three new sets of Advanced Gas Path (AGP) parts to eventually be installed at the AVR plant.

  In fiscal year 2017, delivery was complete and title was transferred to CPS Energy for all three sets of AGP parts. AGP parts not immediately required for maintenance procedures are recorded to inventory until the installation process for each set of parts at the power plant is initiated, at which time the costs are reclassified to capital assets. The liability for the purchase, along with other LTSA payment obligations, is recorded as a liability on the Statement of Net Position.

  The balance of the AVR LTSA obligation at January 31, 2019, totaled $33,058 of which $2,065 and $30,993 was reported as a current and noncurrent liability, respectively, on the Statement of Net Position.

- **Rio Nogales** – In March 2017, the existing Rio Nogales power plant LTSA contract was amended primarily to add a provision for the advance purchase from GE of four new sets of AGP parts to eventually be installed at the power plant. At January 31, 2019, two sets of AGP parts had been delivered and are reported as noncurrent inventory.

  The balance of the Rio Nogales LTSA obligation at January 31, 2019, totaled $25,072 of which $16,984 and $8,088 was reported as a current and noncurrent liability, respectively, on the Statement of Net Position.

San Antonio Water System (SAWS)

Pollution Remediation Obligation

SAWS had no material pollution remediation liabilities at December 31, 2018.

Asset Retirement Obligation

SAWS will adopt GASB Statement No. 83 in fiscal year 2020.

Note 14 Risk Financing

Primary Government (City)

Property and Casualty Liability

Factory Mutual Insurance Company provides coverage for the City's real property and contents. The City's deductible for property damage is $100 and the insurance will reimburse up to $2,000,000.

As of October 1, 2013, the City is completely self-insured for liability claims. Effective January 1, 2015, all auto and general liability claims were brought in-house to be administered internally.

Obligations for claims under these programs are accrued in the City's Self-Insurance Program's Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Workers' Compensation

As of May 1, 2013, the City is completely self-insured for workers' compensation claims. The City utilizes a third-party administrator to adjust its claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Program's Workers' Compensation Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision, and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts. The City's health program is self-insured and the City's vision plan is fully-insured. The City offers two dental plans that are both fully-insured. Obligations for benefits are accrued in the Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

In fiscal year 2019, the City purchased medical claims stop loss insurance from HM Life Insurance Company. The stop loss insurance covers civilian and uniformed active employees, non-Medicare eligible retirees, and eligible dependents for claims paid exceeding $1,100. The purchase of the stop loss insurance mitigates the risk to the City's Self Insurance Fund – Employee Benefits and Retiree Health Care Fund in the event a large catastrophic claim occurs.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self-insured and fully-insured plans to participating employees who are eligible to retire from the TMRS Pension Plan immediately following severance from the City. Self-Funded obligations for benefits are accrued in the City's Retiree Health Care Insurance Fund (a fiduciary fund of the City) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally determined and accrued OPEB liabilities based on an actuarial assessment of historical self-funded claims data performed and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Note 14 Risk Financing (Continued)

Primary Government (City) (Continued)

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the Employee Benefits Insurance Fund.

Extended Sick Leave Program

The Extended Sick Leave Program is used to pay benefits associated with short-term disability, long-term disability and continued long-term disability. Benefits are administered by the City. Actual costs are incurred when extended leave is taken. Short-term and long-term disability is funded by the employee’s department. Continued long-term disability is funded out of the Employee Benefits Insurance Fund and is reimbursed by the employee’s department.

Employee Wellness Program

The Employee Wellness Program supports a culture of wellness and provides employees and their family members with the necessary tools to achieve and maintain a healthy lifestyle, while positively impacting medical claim trends. The City offers a variety of programs including personalized onsite and telephonic health coaching, smoking cessation, health education sessions, and an activity-based program that outfits employees with a free pedometer. Through this activity-based program, employees are able to track their activity over the course of 12 months, during which they can earn up to $0.5 in financial contributions. In fiscal year 2019, the City contributed $892 towards employees’ Flexible Spending or Health Savings accounts. The Employee Wellness Program is managed out of the Employee Benefits Insurance Fund.

Claims Liability

The liability for the Employee Health Benefits Program is based on the estimated aggregate amount outstanding at the Statement of Net Position date for unpaid benefits. Liabilities for the Insurance Reserve and Workers’ Compensation Programs are reported when it is probable that a loss has occurred as of the Statement of Net Position date, and the amount of the loss can be reasonably estimated. These liabilities include allocable loss adjustment expenses, specific incremental claim adjustment expenses such as the cost of outside legal counsel, and a provision for claims that have been incurred but not reported (IBNR). Unallocated claim adjustment expenses have not been included in the calculation of the outstanding claims liability, as management of the City feels it would not be practical or cost beneficial. In addition, based on the difficulty in determining a basis for estimating potential recoveries and the immateriality of prior amounts, no provision for subrogation or salvage has been included in the calculation of the claims liability. The claims liability reported in the accompanying financial statements for both the Insurance Reserve and Workers’ Compensation Programs is based on a 2.0% discount rate due to the multi-year life cycle to close out these claims and the average historical, as well as forecasted, yield on the City’s investments.

Note 14 Risk Financing (Continued)

Primary Government (City) (Continued)

Claims Liability (Continued)

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Health Benefits, and Workers' Compensation Programs Funds for the fiscal years as indicated:

Fund	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve:					
Fiscal Year 2018	$ 17,051	$ 3,730	$ 693	$ (4,594)	$ 16,880
Fiscal Year 2019	16,880	3,301	1,639	(5,297)	16,523
Employee Health Benefits[1]:					
Fiscal Year 2018	$ 9,391	$ 33,807	$ 77,799	$ (111,788)	$ 9,209
Fiscal Year 2019	9,209	32,769	89,765	(123,937)	7,806
Retiree Health Care:					
Fiscal Year 2018	$ 421	$ 2,898	$ 4,051	$ (6,921)	449
Fiscal Year 2019	449	2,855	3,976	(6,929)	351
Workers' Compensation:					
Fiscal Year 2018	$ 35,413	$ (78)	$ 8,437	$ (9,310)	$ 34,462
Fiscal Year 2019	34,462	(4,041)	9,340	(8,745)	31,016

[1] Fiscal Year 2019 fund financial claims expense reflects an additional $148 paid for Unemployment Claims that are not included in the calculation of claims liability.

CPS Energy

Insurance and Reserves — CPS Energy is exposed to various risks of loss including, but not limited to, those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks. The property insurance program provides $3,500,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, and fire damage coverage for construction equipment, and valuable papers. The deductible for the property insurance policy is $1,000 for non-power plant/non-substation locations, $2,500 for substations, and $5,000 for power plant locations.

The liability insurance program includes:

- $100,000 of excess general liability coverage over a retention amount of $3,000;
- $25,000 of fiduciary liability coverage;
- $100,000 of employment practice liability coverage; and
- Other property and liability insurance coverage, which includes directors and officers, cyber insurance, commercial crime, employee travel and event insurance.

CPS Energy also manages its own workers' compensation program. To support this program, $35,000 of excess workers' compensation coverage over a retention amount of $3,000 is maintained. No claims settlements exceeded insurance coverage, and there were no decreases in coverage in the last three fiscal years.

Year-Ended September 30, 2019 - 225 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

Actuarial studies are performed periodically to assess and determine the adequacy of CPS Energy insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was performed in the fourth quarter of fiscal year 2018.

In the following table, the remaining balance under the property reserves column at January 31, 2019 relates to estimated obligations for the cleanup, closure, and post-closure care requirements of CPS Energy's landfills. CPS Energy has seven landfill sites, four of which are at full capacity. The estimates for landfills, surface impoundment, and ash ponds liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws or regulations.

Under CPS Energy's reserve program, all claims are recorded against the reserve.

Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2018	$ 6,735	$ 1,873	$ -	$ 8,608
Fiscal Year 2019	8,608	2,915		11,523
Employee and Public Liability Claims:				
Fiscal Year 2018	$ 22,097	$ 4,589	$ (5,869)	$ 20,817
Fiscal Year 2019	20,817	6,369	(6,383)	20,803

Counterparty Risk — CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, suppliers, and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly, and managed actively through its Enterprise Risk Management and Solution Division.

Fuel Hedging — The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas Public Funds Investment Act (PFIA) to allow municipal utilities the ability to purchase and sell energy-related derivative instruments in order to hedge or mitigate the effect of market price fluctuations of natural gas, fuel oil, and electric energy. In 2002, CPS Energy began hedging its exposure to changes in natural gas prices, with the goal of controlling fuel costs to native load customers and stabilizing the expected cash flows associated with wholesale power transactions.

CPS Energy reports its derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement, and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered into are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

On December 17, 2018, the Board reaffirmed the Energy Price Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The essential goal of the Energy Price Risk Management Policy is to provide a framework for the operation of a fuel and energy price hedging program to better manage CPS Energy's risk exposure in order to stabilize pricing and costs for the benefit of CPS Energy and its customers.

Year-Ended September 30, 2019 - 226 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the Statements of Net Position at fair value. The fair value of option contracts is determined using a Black Scholes pricing model based on the New York Mercantile Exchange (NYMEX) closing futures prices as of the last day of the reporting period. For fixed-price contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established.

All hedging derivative instruments were evaluated for effectiveness at January 31, 2019, and as a result of changes in Western Area Hub Association (WAHA) market conditions and a deterioration in the related WAHA correlation test, the hedge instruments were categorized into three broad groups for the purposes of testing. In Category One, hedges utilize nature gas forwards and options that are priced based on the underlying Henry Hub natural gas price, while the physical gas was purchased at the Houston Ship Channel (HSC). Therefore, effectiveness testing was based on the extent of correlation between the first of the month index prices of natural gas at this location and the settlement price at Henry Hub. The correlation coefficient was established as the critical term to be evaluated, with .9 established as the minimum standard. The testing demonstrated a substantial offset in the fair values, as evidenced by the calculated R value, .9, indicating that the changes in cash flows of the derivative instruments substantially offset the changes in cash flows of the hedgeable item. Additionally, the substantive characteristics of the hedge have been considered, and the evaluation of this effectiveness measure has been sufficiently completed and documented such that a different evaluator, using the same method and assumptions, would reach substantially similar results.

In Category Two, hedges utilize both Henry Hub based natural gas forwards and locational basis swaps to the appropriate natural gas hub (WAHA or HSC) with volumes matching the underlying expected physical transaction. Considering the substantive characteristics of these hedge transactions, these instruments were tested for effectiveness utilizing the consistent critical terms method prescribed under GASB Statement No. 53.

The introduction of Category Three became necessary as fundamentals of the WAHA market changed over the last year. In response to these changes, certain forward hedge positions were modified to include WAHA basis swaps. These modified hedge positions utilize the regression analysis method prescribed under GASB Statement No. 53 when a change in market conditions exist, which establishes the following three critical regression analysis terms to be evaluated: the R-squared must be at least .8, the slope must be between (.8) and (1.3), and the F-statistic must demonstrate that the model is significant using a 95.0% confidence interval. The testing demonstrated a substantial offset in fair values, as evidenced by the calculated critical terms. Tests were performed for call and put options separately, regressing each against the WAHA natural gas forward price. The R-squared values were both .9, the slopes were both (.9), and the F-statistic value was both 1.1, which is below the F Critical one-tail table value of 1.8 at the 95.0% confidence interval, demonstrating model significance. Collectively, this regression test indicates that the changes in cash flows of the derivative instruments substantially offset the changes in cash flows of the hedgeable item.

As of January 31, 2019, the total fair value of outstanding hedge instruments was a net liability of $1,620 Fuel hedging instruments with a fair value of $1,709 and ($1,709) are classified on the Statements of Net Position as a component of current assets and current accounts payable and accrued liabilities, respectively. Long-term fuel hedges with a fair value of $1,267 and ($2,914) are classified as a component of other noncurrent assets and other noncurrent liabilities, respectively.

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred (inflows) outflows of resources on the Statements of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense. The deferred outflows and deferred inflows of resources related to fuel hedges totaled $4,606 and $273 respectively at January 31, 2019.

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments, using the referenced index of Henry Hub:

Fuel Derivative Transactions as of January 31, 2019					
Type of Transaction		Duration	Volumes in MMBtu	Fair Value	Changes in Fair Value
Long	Natural Gas SWAP	Feb 2019 - Dec 2022	26,702,285	$ (2,155)	$ (1,937)
Short	Natural Gas SWAP	Feb 2019 - Dec 2022	3,279,023	185	363
Long	Natural Gas Call Option	Feb 2019 - Jan 2022	30,961,179	1,253	(2,532)
Short	Natural Gas Call Option	Jan 2020	1,000		2
Long	Natural Gas Put Option	Jan 2020	1,000		(1)
Short	Natural Gas Put Option	Feb 2019 - Jan 2022	30,961,179	(815)	1,892
Long	HSC Basis Swap	Feb 2019 - Dec 2022	24,808,285	719	2,625
Short	HSC Basis Swap	Feb 2019 - Dec 2022	1,009,023	(107)	(165)
Long	HSC Gas Daily Swap	Feb 2019	784,000	(27)	
Long	WAHA Basis Swap	Mar 2019 - Jan 2022	23,506,317	(603)	(502)
Long	WAHA Gas Daily Swap	Feb 2019	378,000	(14)	4
				$ (1,564)	$ (251)

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received, and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

Futures contracts represent a firm obligation to buy or sell the underlying asset. If held to expiration, the contract holder must take delivery of, or deliver, the underlying asset at the established contract price. Basis swap contracts represent a financial obligation to buy or sell the underlying delivery point basis. If held to expiration, the financial difference determined by mark-to-market valuation must be settled on a cash basis. Only if expressly requested in advance may an exchange for physical assets take place.

Year-Ended September 30, 2019 - 228 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

Credit Risk — CPS Energy executes over-the-counter hedge transactions directly with approved counterparties. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that, should the counterparty's credit rating fall below investment grade, no unsecured credit would be granted, and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers, or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2019, the exposure to all hedge-related counterparties was such that no material counterparty credit risk existed.

Termination Risk — For CPS Energy's fuel hedges that are executed over-the-counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Basis Risk — CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will be priced based on a pricing point (HSC or WAHA) different than that at which the contracts are expected to settle (Henry Hub). For January 2019, the HSC price was $3.75 per MMBtu, the WAHA price was $1.54 per MMBtu and the Henry Hub price was $3.64 per MMBtu. (Figures in this paragraph are not in thousands).

Congestion Revenue Rights — In the normal course of business, CPS Energy acquires Preassigned Congestion Revenue Rights (PCRR) and Congestion Revenue Rights (CRR) as a hedge against unexpected congestion costs. The CRRs are purchased at market value, at semi-annual and monthly auctions. Non-Opt-In Entities are granted the right to purchase PCRRs annually at a percentage of the cost of CRRs. While PCRRs exhibit the three characteristics of derivatives as defined in GASB Statement No. 53, they are generally used by CPS Energy as factors in the cost of transmission. Therefore, these PCRRs meet the normal purchases and sales scope exception and are reported on the Statement of Net Position at cost and classified as prepayments.

From time to time, CPS Energy purchases PCRRs and sells them at the same auction at market price. In this case, the PCRRs are considered investments, and the proceeds are reported as either investment gains or losses. There were no gains or losses on the sale of PCRRs and CRRs for fiscal year 2019.

Fair Value Measurement — CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. More information regarding GASB Statement No. 72 is disclosed in Note 4 Cash and Cash Equivalents, Security Lending and Investments. On the next page is the liability portion disclosure of GASB Statement No. 72:

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

	January 31, 2019			
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial Instruments				
Current fuel hedges	$ 1,032	$ 331	$ -	$ 1,363
Noncurrent fuel hedges	2,679	506		3,185
Total financial instruments	$ 3,711	$ 837	$ -	$ 4,548

San Antonio Water System (SAWS)

Risk Management — SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug, and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles, and other co-payments. SAWS was self-insured for the first $350 of medical claims per person during 2018.

SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self-administered and self-insured for the first $2,000 of each workers' compensation and general liability claim and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, drone liability, cyber liability and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of $250 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System
Schedule of Changes in Claims Liability

Year-Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2018	$ 7,187	$ 26,738	$ (25,728)	$ 8,197	$ 8,197
December 31, 2017	7,273	22,586	(22,672)	7,187	7,187

Year-Ended September 30, 2019 - 230 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Pay-Fixed, Receive-Variable Interest Rate Swap — In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (Series 2003 Bonds) issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS' capital improvements program and to refund certain outstanding commercial paper notes.

The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate cost than a traditional long-term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem $110,615 of the $111,615 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining $1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2018, $80,995 of commercial paper notes was hedged by the interest rate swap agreement.

Terms — The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of $122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the swap being the Securities Industry and Financial Markets Association Municipal Swap Index.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JPMorgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co., and MBIA to provide for JPMorgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value — The swap had a negative fair value of approximately $12,516 at December 31, 2018. This value is based on Level 2 inputs in the fair value hierarchy using the zero-coupon valuation method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Note 14 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

The swap agreement meets the criteria of an effective hedge under GASB Statement No. 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was negative $6,200. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of $6,200. This loss is included in the deferred charge on bond refunding on the Statement of Net Position and is being amortized over the remaining life of the 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was $3,184 at December 31, 2018.

Credit Risk — As of December 31, 2018, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JPMorgan Chase Bank, N.A., was rated 'Aa2' by Moody's Investors Service, 'A+' by Standard & Poor's, and 'AA' by Fitch Ratings as of December 31, 2018. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk — SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk — SAWS may terminate the swap at any time for any reason. JPMorgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment, and JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Market-access Risk — SAWS is subject to market-access risk as $80,995 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 30 days hedged by the interest rate swap. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Note 14 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Swap Payments and Associated Debt — As of December 31, 2018, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper will be repaid in accordance with the amortization schedule of the swap.

Pay-Fixed, Receive-Variable Interest Rate Swap Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments				
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2019	$ 3,880	$ 1,372	$ 1,936	$ 7,188
2020	4,055	1,302	1,838	7,195
2021	4,240	1,229	1,735	7,204
2022	4,435	1,153	1,627	7,215
2023	4,640	1,073	1,514	7,227
2024-2028	26,560	4,030	5,688	36,278
2029-2033	33,185	1,407	1,985	36,577
Total	$ 80,995	$ 11,566	$ 16,323	$ 108,884

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Year-Ended September 30, 2019 - 233 - Amounts are expressed in thousands

Note 15 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2019:

Interfund Transfers	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 2,308
Nonmajor Governmental Funds	18,336	74,100
Airport System	93	
Solid Waste Management	1,376	247
Nonmajor Enterprise Funds	2,949	3,422
Internal Service Funds		577
Total General Fund	$ 22,754	$ 80,654
Debt Service Fund:		
General Fund	2,308	
Nonmajor Governmental Funds	15,758	
Total Debt Service Fund	$ 18,066	$ -
Pre-K 4 SA:		
Nonmajor Governmental Funds	37,411	
Total Pre-K 4 SA	$ 37,411	$ -
2017 General Obligation Bonds:		
Nonmajor Governmental Funds		96,509
Total 2017 General Obligation Bonds	$ -	$ 96,509
Nonmajor Governmental Funds:		
General Fund	74,100	18,336
Debt Service Fund		15,758
Pre-K 4 SA		37,956
2017 General Obligation Bonds	96,509	
Nonmajor Governmental Funds	248,964	248,964
Solid Waste Management	2,018	82
Nonmajor Enterprise Funds	1,745	616
Internal Service Funds	3,981	1
Total Nonmajor Governmental Funds	$ 427,317	$ 321,713
Airport System:		
General Fund		93
Total Airport System	$ -	$ 93
Solid Waste Management:		
General Fund	247	1,376
Nonmajor Governmental Funds	82	2,018
Internal Service Funds	313	
Total Solid Waste Management	$ 642	$ 3,394
Nonmajor Enterprise Funds:		
General Fund	3,422	2,949
Nonmajor Governmental Funds	616	1,745
Nonmajor Enterprise Funds	223	223
Total Nonmajor Enterprise Funds	$ 4,261	$ 4,917
Internal Service Funds:		
General Fund	577	
Nonmajor Governmental Funds	1	3,981
Solid Waste Management		313
Internal Service Funds	85	85
Total Internal Service Funds	$ 663	$ 4,379
Total	$ 511,114	$ 511,659

Year-Ended September 30, 2019 - 234 - Amounts are expressed in thousands

Note 15 Interfund Transfers (Continued)

Transfers are made to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds. These transfers are in the form of operating subsidies, grant matches, and funding for capital projects. In addition, transfers are routinely made from other funds to fund debt service payments and for other restricted purposes. Some examples include the 1/8 cent sales and use tax collected by the City and provided to Pre-K 4 SA for operations; 15.0% of the Hotel Occupancy Tax (HOT) collections are used to fund Historic Preservation which operates in the General Fund; and Bond proceeds used to fund capital projects. All transfers are in accordance with budgetary authorizations.

Different fiscal year-ends exist between the City and Pre-K 4 SA (September 30th and June 30th, respectively); therefore, interfund transfers do not eliminate by $545. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30, 2019; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2019. These transfers are in accordance with legislative and contractual requirements.

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Note 16 Fund Balance Classifications

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table. Please see the definitions of the various fund balance classifications in Note 1 Summary of Significant Accounting Policies.

	General Fund	Debt Service Fund	Pre-K 4 SA	Convention Center Hotel Finance	2017 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
In nonspendable form:							
Materials and Supplies	$ 6,866	$ -	$ -	$ -	$ -	$ 5,127	$ 11,993
Prepaid, Deposits and Other	218					1,535	1,753
Legally or contractually intact:							
Permanent Fund Corpus						5,068	5,068
Total Nonspendable	$ 7,084	$ -	$ -	$ -	$ -	$ 11,730	$ 18,814
Restricted:							
Education			7,126			14,531	21,657
Environmental						110	110
Social Services						1,231	1,231
Parks & Recreation						86,245	86,245
Library						1,329	1,329
Health Services						23,907	23,907
Welfare						283	283
Convention and Tourism						2,661	2,661
Urban Redevelopment and Housing						1,451	1,451
Economic Development & Opportunity						52,349	52,349
Law Enforcement						4,329	4,329
Fire Protection	44					25	69
Debt Service	2,348	32,466		6,439		5,095	46,348
Other Purposes						438	438
Drainage - Capital Projects					49,132	76,129	125,261
Municipal Facilities - Capital Projects					26,542	73,738	100,280
Parks - Capital Projects					76,147	11,545	87,692
Streets - Capital Projects					215,579	137,233	352,812
Other Capital Projects					17,262	53,000	70,262
Total Restricted	$ 2,392	$ 32,466	$ 7,126	$ 6,439	$ 384,662	$ 545,629	$ 978,714
Committed:							
Parks & Recreation	4,700					11,510	16,210
Health Services	357						357
Welfare	1,778						1,778
Convention and Tourism						93,200	93,200
Urban Redevelopment and Housing	2,499					12,243	14,742
Economic Development & Opportunity	23,011						23,011
Law Enforcement	7,014					780	7,794
Fire Protection	3,569						3,569
Public Works	5,010						5,010
General Government	7,302					6,220	13,522
Municipal Facilities - Capital Projects	5,264					8,526	13,790
Parks - Capital Projects	1,304						1,304
Streets - Capital Projects	34,861					1,218	36,079
Other - Capital Projects	11,751					2,060	13,811
Total Committed	$ 108,420	$ -	$ -	$ -	$ -	$ 135,757	$ 244,177
Assigned:							
Education						197	197
Parks & Recreation						1,443	1,443
Health Services						7	7
Economic Development & Opportunity						2,578	2,578
Other Purposes	21						21
Total Assigned	$ 21	$ -	$ -	$ -	$ -	$ 4,225	$ 4,246
Unassigned	247,125					(6,463)	240,662
Total Fund Balance	$ 365,042	$ 32,466	$ 7,126	$ 6,439	$ 384,662	$ 690,878	$ 1,486,613

Year-Ended September 30, 2019 - 236 - Amounts are expressed in thousands

Note 16 Fund Balance Classifications (Continued)

The City utilizes encumbrance accounting to ensure specified remaining unspent balances are adequately carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. The City further carries forward available unspent uncommitted funds identified through the Closing Ordinance into the next fiscal year as authorized by City Council. The encumbrance and carryforward amounts are reported in the committed and restricted fund balance as follows:

General Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 104,919	$ 546,032	$ 650,951

The City further maintains a 10.0% of General Fund revenues Budgeted Financial Reserve which was adopted by City Council. This Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance. Additions to the balance are considered annually as part of the City's overall budget adoption process and are contingent upon the General Fund's overall estimated expenditures and related funding.

With adoption of the 2019 Budget, the City continued to follow established Financial Policies. These Financial Policies include a reserve policy to maintain a minimum General Fund ending balance of 15.0%, comprised of a budgeted financial reserve of 10.0%, and a targeted 5.0% for a two year budget plan. Other requirements include an additional $1.0 million contingency reserve in the General Fund and a $3.0 million contingency reserve for the capital budget; maintain Public Safety spending below 66.0% of the General Fund's expenditures; manage structural balance in the General Fund, and address Internal Service fund deficits within three to five years.

The balance within the Budgeted Financial Reserve as of September 30, 2019 was $122,924. This Reserve balance is presented in the General Fund under the unassigned fund balance classification. In addition, at the end of fiscal year 2019, $101,796, or 8.2% of budgeted revenues, was reserved for a two-year balanced budget. The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management.

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Year-Ended September 30, 2019 - 237 - Amounts are expressed in thousands

Note 17 Deficits in Fund Balances / Net Position

Grants

As of September 30, 2019, a deficit fund balance is reported in the Categorical Grant-in Aid and HOME Program in the amounts of $7,655 and $650, respectively. These deficits are due to costs not being reimbursed by the grantor within 60 days after year-end. The City anticipates receiving payment in fiscal year 2020 for these costs.

Capital Projects Funds

As of September 30, 2019, a deficit fund balance is reported in the General Obligation Projects Fund in the amount of $170, and in the Improvement Projects Fund in the amount of $533 due to timing of funding. The City maintains a one year reimbursement resolution for projects included in the annually adopted capital budget, thereby covering these deficits in fiscal year 2020.

Enterprise Funds

As of September 30, 2019, deficit net positions are reported in Solid Waste Management and Development Services in the amounts of $61,077 and $7,306, respectively. The City does not currently prefund its net OPEB liability or the net pension liability; as a result these funds will continue to exhibit an increasing deficit net position. The City will continue to pay for these obligations as they become due.

Internal Service Funds

As of September 30, 2019, a deficit net position is reported for Information Services in the amount of $43,007 and for Capital Management Service Fund (CMS) in the amount of $23,738. The deficit is due to the funds not including long-term liabilities in their rate assessments. The City does not prefund its net OPEB liability or the net pension liability; as a result, these funds will continue to exhibit an increasing deficit net position. The City will continue to pay for these obligations as they become due.

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Note 18 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has five Permanent Funds: Carver Cultural Center Endowment, City Cemeteries, William C. Morris Endowment, Boza Becica Endowment and Southern Edwards Plateau Endowment. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increases and/or decreases in the market value of the endowed assets, if applicable. Market value fluctuations are included as an integral part of investment returns. The net position from these endowment funds are reported in the government-wide financial statements.

The Carver Cultural Center Endowment Fund generated $9 in investment earnings. These earnings can be used for the Carver Community Cultural Center's operating program or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Prudent Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The City Cemeteries Fund generated $98 in investment earnings to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery. The principal is required to be retained in perpetuity.

The William C. Morris Endowment Fund generated $8 in investment earnings. These earnings are used on an annual basis to enhance educational programming and services for children provided at the City libraries. The earnings of the funds will be expended in accordance with the spending policy of the Library's Board of Directors or Trustees.

The Boza Becica Endowment Fund generated $14 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal is required to be retained in perpetuity.

The Southern Edwards Plateau Endowment generated $8 in investment earnings. This fund is managed in accordance with the Endangered Species Act of 1973, which is codified as Section 83.005 in the Texas Parks and Wildlife Code Chapter 83. These earnings will be used to fund management and monitoring of the preserves in support of the Southern Edwards Plateau Habitat Conservation Plan. The principal amount of this fund is increased each year by outside donations and transfers from the Development Services Fund. The principal is required to be retained in perpetuity.

Note 18 Other Disclosures (Continued)

Primary Government (City) (Continued)

Service Concession Arrangements

The City has a fixed term agreement with Mission Park in which Mission Park pays the City 40.0% of burial plot sales and 10.0% of revenue from services, merchandise and products for the life of the contract (ending December 2035 with an option to renew). All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Mission Park will provide. Mission Park collects all fees and pays the City its portion. The assets include 84 acres acquired at a value of $1,820. The City received an upfront payment of $130 in fiscal year 2011. In fiscal year 2019, the City received $312 in revenue from Mission Park.

The City has a management agreement with MGA-SA. In the agreement, MGA-SA manages the City's golf courses and in return retains all funding to cover operations and improvements. All permanent structures existing on the golf courses and those added during the term of the agreement are property of the City. The City determines and/or approves of the services provided to the public. The assets include eight golf courses valued at $43,256. MGA-SA collects all fees and pays the City loan payments due on outstanding debt and a short term loan. In fiscal year 2019, the City received $1,117 in revenue from MGA-SA.

The City has a concession agreement with Go Rio San Antonio, LLC (Go Rio) in which Go Rio pays the City 51.0% of river barge services and 15.0% of revenue from merchandise, food and beverage, advertising and other ancillary services for the life of the contract (ending December 2027 with an option to renew). The assets include 44 barges and accompanying equipment acquired at a value of $9,189. All capital improvements to the barges become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Go Rio will provide. Go Rio collects all fees and pays the City its portion. In fiscal year 2019, the City received $9,505 in revenue from Go Rio.

The City has a management agreement with Landry's for operation of the Tower of the Americas (ending June 2021 with an option to renew). The City will receive the greater of a minimum annual guaranteed payment of $984 or revenue based on 10.0% of restaurant services, 35.0% of revenue from admission fees, 30.0% of revenue from parking, 15.0% from retail at the ground level gift shop and observation deck, 5.0% from theater tickets and vending, and 50.0% from telescope and other revenues not otherwise listed. The assets include the Tower of the Americas building, telescopes, movie theater equipment and renovations with a combined value of $2,690. All capital improvements have to be approved and become property of the City. The City retains ownership of the property after the contract expires. The City approves the rates and services Landry's will provide. Landry's collects all fees and pays the City its portion. In fiscal year 2019, the City received $1,743 in revenue from Landry's.

Note 18 Other Disclosures (Continued)

Primary Government (City) (Continued)

Service Concession Arrangements (Continued)

The City has a management agreement with San Antonio Botanical Garden Society, Inc., (SABGC) for operation of the San Antonio Botanical Garden (ending December 31, 2039 with an option to extend). The City will receive revenue based on restaurant, gift shop, plant sales and rentals. SABGC is also entitled to keep part of this revenue to reinvest in capital improvements in lieu of payments to the City. All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services SABGC will provide. SABGC collects all fees and pays the City its portion. The assets include the 37.8 acres, new welcome center, education and events center, classrooms, various new garden areas and expanding parking lot, with a combined value of $19,052, net of depreciation, and $5,405 made in improvements in fiscal year 2019. In fiscal year 2019, the City received $10 in revenue from SABGC.

The City has a concession agreement with Alanis Wrecker Service for operation of the Growden Vehicle Storage Facility (ending September 30, 2023 with an option to extend). The City will receive a minimum annual guaranteed payment of $2,000 or a percentage amount calculated based on their total adjusted gross sales, whichever is greater. Alanis Wrecker Service is required to make minimum $500 in improvements per year for the first two years to the vehicle storage facility. All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The assets include the vehicle storage facility, administration building, supply shed, drop shed, golf cart shed, and property shed with a combined value of $1,099. In fiscal year 2019, the City received $3,000 in revenue from Alanis.

CPS Energy

Service Concession Arrangements

In accordance with GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, a service concession arrangement between CPS Energy, owner, and Thousand Trails Management Services, Inc. (TTMSI), provider, was signed on November 20, 2009. TTMSI provides labor, supervision, management, services and equipment for Braunig Lake Park and Calaveras Lake Park, which are owned by CPS Energy. Gross receipts are distributed based on the contract agreement, which expires on November 30, 2024. CPS Energy is to retain ownership of both parks upon expiration of the arrangement.

At January 31, 2019, a receivable was recorded in the amount of $1,089, related to the TTMSI SCA. This balance represents the net amount of gross receipts less expenditures as of January 31, 2019 for both parks. The asset book values as of January 31, 2019 for Braunig Lake Park and Calaveras Lake Park were $859 and $843, respectively.

Note 19 Prior Period Restatement

Primary Government (City)

GASB 83 Restatement

In fiscal year 2019, the City implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*. The implementation resulted in a restatement of the City's governmental and business-type activities beginning net positions and long-term liabilities.

Governmental Activities

The City's Statement of Net Position restatements for the Governmental Activities are as follows:

	Net Position
Beginning Net Position, as previously reported	$ 1,896,849
GASB 83 Restatement - ARO	(531)
Net Position as Restated, October 1, 2018	$ 1,896,318

	Effect of Change
Beginning ARO Liabilities	$ -
GASB 83 Restatement - ARO	808
Restated Liabilities - ARO	$ 808

Business-Type Activities

The Airport System was the only fund impacted as part of the implementation of GASB Statement No. 83, the effect of the restatement is as follows:

	Business-Type Activities	Airport System
Beginning Net Position, as previously reported	$ 356,003	$ 405,952
GASB 83 Restatement - ARO	(48)	(48)
Restated Beginning Net Position	$ 355,955	$ 405,904

	Effect of Change
Beginning ARO Liabilities	$ -
GASB 83 Restatement - ARO	314
Restated Liabilities - ARO	$ 314

Year-Ended September 30, 2019 - 242 - Amounts are expressed in thousands

Note 19 Prior Period Restatement (Continued)

Discretely Presented Component Units

CPS Energy

CPS Energy adopted the requirements of GASB Statement No. 83 in fiscal year 2019. The impact for CPS Energy is as follows:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Deferred outflows of resources			
Unamortized asset retirement obligation costs	$ -	$ 507,964	$ 507,964
Total deferred outflows of resources	$ -	$ 507,964	$ 507,964
Noncurrent liabilities			
Decommissioning	$ 463,098	$ -	$ (463,098)
Asset retirement obligations		1,004,350	1,004,350
Decommissioning net costs refundable	125,968	97,405	(28,563)
Total noncurrent liabilities	$ 589,066	$ 1,101,755	$ 512,689
Net Position	$ 3,498,289	$ 3,493,564	$ (4,725)
Statement of Revenues, Expenses and Changes in Net Position			
Operating expense			
Operation and maintenance	$ 539,797	$ 540,104	$ 307
Decommissioning	29,639	16,525	(13,114)
Nonoperating expense			
Decommissioning net costs recoverable (refundable)	$ (18,651)	$ (31,765)	$ 13,114

SAWS

Effective January 1, 2018, SAWS implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. In accordance with the pronouncement, SAWS recorded a charge to unrestricted net position as of January 1, 2018, of $18,290 to reflect the Net OPEB Liability for SAWS defined benefit OPEB plan.

	Net Position
Beginning Net Position, as previously reported	$ 2,854,278
GASB 75 Restatement - OPEB	(18,290)
Net Position as Restated, January 1, 2018	$ 2,835,988

Year-Ended September 30, 2019 - 243 - Amounts are expressed in thousands

Note 20 Subsequent Events

Primary Government (City)

Build America Bonds (BABs) Subsidy Sequestration

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the federal government will reduce the BABs subsidy by 5.9% for payments to be made during the period beginning October 1, 2019, through the end of the fiscal year September 30, 2020. There is still uncertainty regarding whether or not the reduction will continue after that date. In February 2020, the City will receive $29 from the IRS for the BAB's payment. The subsidy reduction for fiscal year 2020 will result in an approximate $4 increase in the City's debt-related interest expense. The change does not have a material impact on the City's debt financing. The BABs were partially refunded in fiscal year 2019 and will be fully paid off in fiscal year 2020.

Collective Bargaining Agreement

The collective bargaining agreement (CBA) between the City and the International Association of Fire Local 624 (IAFF) expired September 30, 2014, with the parties continuing to operate under the ten year evergreen clause included in the agreement. In December 2019, City and union representatives began a two week binding arbitration process that resulted in the formation of a new labor contract between the City and its firefighters. A panel of three arbitrators awarded a new CBA on February 13, 2020. The new CBA is a five year agreement that will end on December 31, 2024. There is a maximum evergreen period of five years. Firefighters will receive a total of 17.0% in pay increases, a combination of 7.0% lump sum and 10.0% recurring wages, over the five year term. Additionally firefighters will have the option of two healthcare plans, a PPO Value Plan and a Consumer Driven Healthcare Plan. Firefighter's contributions to the healthcare plan will increase by 10.0% annually during both the term of the contract and the evergreen period.

Long-Term Debt

On October 29, 2019, the City issued $6,065 in Texas Municipal Facilities Corporation Contract Revenue Notes, Taxable Series 2019 to pay costs related to the redevelopment of two buildings at Brooks City Base. The notes were issued through private placement with Frost Bank at a 2.4% interest rate with maturities between 2020 and 2034.

On December 5, 2019, the City issued $178,475 in Airport System Revenue Refunding Bonds, Series 2019A (AMT), Airport System Revenue Refunding Bonds, Taxable Series 2019B, Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2019A (AMT), and Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Taxable Series 2019B for interest cost savings. The refunding transaction resulted in a net present value debt service savings of $32,405 or 16.6%, of the par amount of the bonds being refunded. The bonds have maturities between 2026 and 2040 with interest rates between 2.6% and 5.0%.

On January 16, 2020, Council approved amending the agreement of the Texas Variable Rate Combination Tax and Revenue Certificates of Obligation, Series 2016. The certificates have an interest rate of 2.6%. The City amended the agreement to extend the term rate period from January 31, 2020 to July 31, 2020 and the mandatory principal payment due February 1, 2020 to February 1, 2021.

On January 29, 2020, the City issued $11,300 in Texas Public Property Finance Contractual Obligations, Series 2020 to prepay all outstanding General Fund lease purchased equipment including helicopters, breathing apparatus, thermal imaging cameras, bunker gear, ambulances, direct capture filtration and fire trucks. The notes were issued through private placement at a 1.7% interest rate with maturities between 2021 and 2025.

Note 20 Subsequent Events (Continued)

Pre-K 4 SA

On February 13, 2020 City Council voted to order an election on whether to extend the 1/8 cent sales tax for Pre-K 4 SA eight more years. Pre-K 4 SA was created when voters first approved a 1/8-cent per dollar share of the City sales tax that created Pre-K 4 SA in November 2012. The program operates four centers, each offering full-day pre-kindergarten to 4-year-olds, and it trains teachers and distributes grants to participating school districts, many of which have ramped up their own pre-kindergarten offerings in recent years. The issue will appear on the May 2nd ballot. The current tax, which voters approved in 2012, expires in June 2021.

CPS Energy

Long-Term Debt

In July 2019, CPS Energy executed a Bill of Sale with the Department of Defense for $87,054 for the electric and gas systems at three Joint Base San Antonio (JBSA) installations: JBSA Randolph, JBSA Lackland and JBSA Lackland Training Annex. In addition to the fixed assets acquired, deferred inflows for the unrealized future recoveries associated with JBSA agreement were recorded at the time of the purchase which are being amortized over the 50-year Utilities Privatization Contract that covers the JBSA systems.

On September 25, 2019, CPS Energy issued $114,685 of New Series 2019 Senior Lien Revenue Refunding Bonds. Bond proceeds, including the $22,829 premium associated with the bonds, were used to refund $116,775 par value of the New Series 2012 Revenue Bonds. The refunding transaction resulted in net present value debt service savings of $3,137 or 2.7%, of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2026 through 2030, is 1.5%.

On November 21, 2019, CPS Energy issued $252,640 of New Series 2019 Junior Lien Revenue Refunding Bonds. Bond proceeds, including $52,849 premium associated with the bonds, were used to partially refund the 2010A Senior Lien Revenue Bonds (Build America Bonds) and the 2010B Junior Lien Revenue Bonds (Build America Bonds). The refunding transaction resulted in a net present value debt service savings of $50,128 or 16.7%, of the par amount of the bonds being refunded. The true interest cost for this issuance, which has maturities in 2033 through 2041, is 2.9%.

On December 2, 2019, CPS Energy remarketed $124,205 of Series 2015A Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of $891 premium, in conjunction with the remarketing, resulted in a principal paydown for the remarketed bonds of $350. The bonds have maturities in 2029 through 2033. The coupon rate for these bonds is 1.8%, with a current yield of 1.6% and true interest cost of 4.3%, which reflects stepped interest rate provisions applicable to the bonds.

On December 2, 2019, CPS Energy remarketed $99,740 of Series 2015C Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of $715 premium, in conjunction with the remarketing, resulted in a principal paydown for the remarketed bonds of $260. The bonds have maturities in 2038 through 2045. The coupon rate for these bonds is 1.8%, with a current yield of 1.6% and true interest cost of 5.2%, which reflects stepped interest rate provisions applicable to the bonds.

On January 28, 2020, CPS Energy issued $134,580 of New Series 2020 Senior Lien Revenue Refunding Bonds. Proceeds, including the $36,436 premium associated with the bonds, were used to refund $170,000 par value of the Commercial Paper Series A. The true interest cost for this issue, which has maturities in 2026 through 2049, is 3.1%.

Note 20 Subsequent Events (Continued)

CPS Energy (Continued)

Long-Term Debt (Continued)

On January 28, 2020, CPS Energy issued $127,770 of Series 2020 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the $3,078 premium associated with the bonds, were used to refund $50,000 and $80,000 par value of the Commercial Paper Series A and Commercial Paper Series C, respectively. Reflecting stepped interest rate provisions applicable to the bonds, the true interest cost for this issue, which has maturities in 2042 through 2049, is 5.0%. The bonds were issued as multi-modal variable-rate instruments with initial term rates of 1.8% and a stepped rate of 7.0%, which is only applicable if the bonds are not remarketed before their expiration date.

On January 28, 2020, $108,000 of New Series 2016 Senior Lien Revenue Refunding Bonds were legally defeased with cash. Under this defeasance, the debt obligations were technically voided as the cash was escrowed with a third party to service the debt.

During fiscal year 2020, CPS Energy issued a total of $320,000 in commercial paper to help fund construction costs and refunded $430,000. As of January 31, 2020, CPS Energy had $95,000 of commercial paper outstanding. On April 11, 2019, the total authorized commercial paper capacity was increased from $600,000 to $700,000 as a result of City Council approval.

San Antonio Water System (SAWS)

Rate Increase

On September 5, 2019, SAWS announced they will increase the water supply fee rates on average by 9.9% beginning January 1, 2020. The additional revenue will enable SAWS to help fund the Vista Ridge Pipeline Project and to support the new Agua Vista station, which will receive and treat Vista Ridge water.

Long-Term Debt

On January 29, 2019, SAWS issued $166,480 Texas Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) finance capital improvement projects, and (ii) pay the cost of issuance. The bonds are multi-modal variable rate bonds, initially issued in a term mode through April 30, 2024 at an interest rate of 2.6% with a yield of 2.5%. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On June 25, 2019, SAWS deposited $178,931 from available cash on hand in an irrevocable trust for the legal defeasance of $16,490 Texas Water System Revenue Bonds, Taxable Series 2009B (Direct Subsidy – Build America Bonds); $23,510 Texas Water System Revenue Refunding Bonds, Series 2011A; $107,330 Texas Water System Revenue Refunding Bonds, Series 2012; and $20,620 Texas Water System Revenue and Refunding Bonds, Series 2012A. The defeasance of these bonds reduced future debt service by approximately $213,000 between 2020 and 2028.

Note 20 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Long-Term Debt (Continued)

On September 25, 2019, SAWS issued $30,765 Texas Water System Junior Lien Revenue Bonds, Series 2019B through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On October 23, 2019, SAWS issued $82,565 Texas Water System Revenue Refunding Bonds, Series 2019C (no reserve fund). The proceeds from the sale of the bonds were used to (i) refund the Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007, (ii) refund the Texas Water System Junior Lien Revenue Bonds, Series 2009, (iii) refund $64,660 in outstanding Texas Water System Taxable Bonds, Series 2010B (Direct Subsidy – Build America Bonds), and (iv) pay the cost of issuance. The refunding reduced total future debt service payments by approximately $28,408 and resulted in an economic gain of $14,246. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. The bonds have maturities between 2020 and 2030 with interest rates between 4.0% - 5.0%.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - (Unaudited)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	$ 694,719	$ 701,354	$ 708,138	$ 6,784
Licenses and Permits	9,123	9,415	7,351	(2,064)
Intergovernmental	5,031	5,624	6,376	752
Revenues from Utilities	381,311	373,692	377,652	3,960
Charges for Services	69,135	69,426	68,062	(1,364)
Fines and Forfeits	11,729	11,267	9,911	(1,356)
Miscellaneous	11,099	11,536	31,103	19,567
Investment Earnings	6,019	8,506	9,365	859
Contributions			44	44
Transfers from Other Funds	22,238	22,238	22,754	516
Amounts Available for Appropriation	$ 1,210,404	$ 1,213,058	$ 1,240,756	$ 27,698
Charges to Appropriations (Outflows):				
General Government	85,338	93,545	91,761	1,784
Public Safety	768,414	771,980	771,469	511
Public Works	70,945	76,456	75,235	1,221
Health Services	29,277	30,015	29,978	37
Welfare	38,072	39,950	38,951	999
Culture and Recreation	121,907	129,919	129,548	371
Economic Development and Opportunity	9,965	24,281	24,626	(345)
Urban Redevelopment and Housing	27,655	27,923	27,848	75
Debt Service:				
Principal Retirement	3,240	3,240	3,240	
Interest	115	115	115	
Transfers to Other Funds	81,678	140,493	138,002	2,491
Total Charges to Appropriations:	$ 1,236,606	$ 1,337,917	$ 1,330,773	$ 7,144
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(26,202)	(124,859)	(90,017)	34,842
Fund Balance Allocation	26,202	124,859	90,017	(34,842)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 1,240,756
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(22,754)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,218,002
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,330,773
Differences - budget to GAAP:	
Encumbrances and Earmarks for supplies and equipment ordered but not received is reported in the year the orders are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(104,919)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(80,654)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,145,200

General Fund Budgetary Information

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City department and activity within individual funds cannot legally exceed the final budget approved by the City Council. Amendments to line items within a departmental budget may be initiated by Department Directors.

The City's prepares an annual budget for the General Fund on a modified accrual basis which is consistent with generally accepted accounting principles. The annual budgetary data reported for the General Fund represents the original appropriation ordinance and amendments thereto as adopted by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.

Budgetary Comparison Schedule - (Unaudited)
Pre-K 4 SA
Year-Ended June 30, 2019
(In Thousands)

	2019			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Sales & Use Tax [1]	$ 36,356	$ 36,749	$ 37,411	$ 662
State/Local Match [1]	4,352	4,314	4,240	(74)
USDA (Food) [1]	1,480	1,395	1,404	9
Charges for Services [1]	731	735	747	12
Interest/Miscellaneous	51	568	336	(232)
Amounts Available for Appropriation	$ 42,970	$ 43,761	$ 44,138	$ 377
Charges to Appropriations (Outflows):				
Education:				
Pre-K Education Centers	24,607	25,031	24,748	283
Transportation Services	789	776	776	
Pre-K Facility Leases	9,895	9,757	9,587	170
Competitive Grants	4,808	4,340	3,919	421
Professional Development	1,978	1,899	1,897	2
Program Assessment	307	307	307	
Enrollment/Attendance Services	776	647	548	99
Public Relations/Marketing	869	811	861	(50)
Sales Tax Collection Fee	727	729	742	(13)
Administration	2,549	2,442	2,367	75
Transfers to Other Funds [2]	4,272	4,383	4,243	140
Total Charges to Appropriations:	$ 51,577	$ 51,122	$ 49,995	$ 1,127
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(8,607)	(7,361)	(5,857)	1,504
Fund Balance Allocation	8,607	7,361	5,857	(1,504)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 44,138
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(37,411)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 6,727
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 49,995
Differences - budget to GAAP:	
Encumbrances for supplies, equipment, and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies, equipment and services are received for financial reporting purposes	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(4,243)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 45,752

[1] For financial reporting presentation the revenue is reported as transfers in or intergovernmental; however, the above schedule reflects the fund schedule from the City's 2019 Adopted Budget.

[2] Transfers to funds within Pre-K 4 SA are shown as Education program expenditures for financial reporting purposes.

Pre-K 4 SA prepares an annual budget for their fund on a modified accrual basis which is consistent with generally accepted accounting principles. The annual budgetary data reported for the Pre-K 4 SA Fund represents the original appropriation ordinance as adopted by the Pre-K 4 SA board, and any amendments thereto as approved by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.

Pension and Postemployment Schedules

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability					
Service Cost	$ 55,964	$ 53,965	$ 51,329	$ 47,521	$ 40,902
Interest	128,149	122,010	115,882	114,257	109,316
Differences Between Expected and Actual Experience	(3,125)	(1,637)	1,226	(8,192)	(9,979)
Changes of Assumptions				4,540	
Benefit Payments, including Refunds of Employee Contributions	(87,070)	(81,702)	(76,256)	(74,742)	(71,197)
Net Change in Total Pension Liability	$ 93,918	$ 92,636	$ 92,181	$ 83,384	$ 69,042
Total Pension Liability - Beginning	1,914,057	1,821,421	1,729,240	1,645,856	1,576,814
Total Pension Liability - Ending (a)	$ 2,007,975	$ 1,914,057	$ 1,821,421	$ 1,729,240	$ 1,645,856
Plan Fiduciary Net Position					
Contributions - Employer	$ 44,278	$ 41,828	$ 36,327	$ 35,915	$ 33,125
Contributions - Employee	22,783	21,922	20,830	20,027	18,438
Net Investment Income (loss)	(44,654)	183,805	85,229	1,888	70,349
Benefit Payments, including Refunds of Employee Contributions	(87,070)	(81,702)	(76,256)	(74,742)	(71,197)
Administrative Expense	(864)	(953)	(963)	(1,150)	(735)
Other	(45)	(48)	(52)	(57)	(60)
Net Change in Plan Fiduciary Net Position	$ (65,572)	$ 164,852	$ 65,115	$ (18,119)	$ 49,920
Plan Fiduciary Net Position - Beginning	1,491,624	1,326,772	1,261,657	1,279,776	1,229,856
Plan Fiduciary Net Position - Ending (b)	$ 1,426,052	$ 1,491,624	$ 1,326,772	$ 1,261,657	$ 1,279,776
City's Net Pension Liability - Ending (a) - (b)	$ 581,923	$ 422,433	$ 494,649	$ 467,583	$ 366,080
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.02%	77.93%	72.84%	72.96%	77.76%
Covered Payroll	$ 379,417	$ 365,112	$ 346,584	$ 333,714	$ 307,138
City's Net Pension Liability as a Percentage of Covered Payroll	153.37%	115.70%	142.72%	140.11%	119.19%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended September 30, 2015 through September 30, 2019.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: In 2015, TMRS adopted a reduction in the investment return assumption from 7.00% to 6.75%, and a reduction in the inflation assumption from 3.00% to 2.50%, which is reflected in December 31, 2015.

Year-Ended September 30, 2019 - 250 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended				
	12/31/2018	12/31/2017	12/31/2016	12/31/2015[1]	9/30/2014
Total Pension Liability					
Service Cost	$ 73,354	$ 71,161	$ 74,771	$ 96,631	$ 75,600
Interest	259,758	246,848	233,943	277,002	207,003
Differences Between Expected and Actual Experience	50,057	(27,776)	(47,670)	(20,698)	
Changes of Assumptions				148,315	
Benefit Payments, including Refunds of Employee Contributions	(172,692)	(156,137)	(152,296)	(179,787)	(122,306)
Net Change in Total Pension Liability	$ 210,477	$ 134,096	$ 108,748	$ 321,463	$ 160,297
Total Pension Liability - Beginning	3,545,800	3,411,704	3,302,956	2,981,493	2,821,196
Total Pension Liability - Ending (a)	$ 3,756,277	$ 3,545,800	$ 3,411,704	$ 3,302,956	$ 2,981,493
Plan Fiduciary Net Position					
Contributions - Employer	$ 78,312	$ 75,916	$ 75,958	$ 94,816	$ 76,146
Contributions - Employee	39,182	37,958	37,978	47,408	38,073
Net Investment Income (loss)	(122,694)	407,278	242,007	(1,919)	223,054
Benefit Payments, including Refunds of Employee Contributions	(172,692)	(156,137)	(152,296)	(179,787)	(122,306)
Administrative Expense	(3,480)	(3,034)	(2,795)	(3,677)	(2,790)
Net Change in Plan Fiduciary Net Position	$ (181,372)	$ 361,981	$ 200,852	$ (43,159)	$ 212,177
Plan Fiduciary Net Position - Beginning	3,196,529	2,834,548	2,633,696	2,676,855	2,464,678
Plan Fiduciary Net Position - Ending (b)	$ 3,015,157	$ 3,196,529	$ 2,834,548	$ 2,633,696	$ 2,676,855
City's Net Pension Liability - Ending (a) - (b)	$ 741,120	$ 349,271	$ 577,156	$ 669,260	$ 304,638
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.27%	90.15%	83.08%	79.74%	89.78%
Covered Payroll	$ 318,038	$ 308,101	$ 308,263	$ 384,807	$ 309,031
City's Net Pension Liability as a Percentage of Covered Payroll	233.03%	113.36%	187.23%	173.92%	98.58%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended September 30, 2014 through December 31, 2018.

[1]The Fire and Police Pension Fund changed their fiscal year-end to December 31 effective fiscal year 2015, and therefore the City was required to change its measurement date from September 30 to December 31. These amounts reflect 15 months of pension information.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Change of Assumptions: There have been no changes in actuarial assumptions in the last two fiscal years.

Year-Ended September 30, 2019 - 251 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended						
	1/31/2018	1/31/2017	1/31/2016	1/31/2015	1/31/2014	1/31/2013	1/31/2012
Total Pension Liability							
Service Cost	$ 32,569	$ 31,547	$ 30,183	$ 32,591	$ 33,417	$ 33,470	$ 31,420
Interest	132,861	128,991	122,800	117,802	116,155	112,356	105,013
Changes in Assumptions	77,574			38,296			
Differences Between Expected and Actual Experience	6,025	(18,647)	19,691	(35,634)	(24,410)	25,158	(13,581)
Benefit Payments	(93,550)	(91,230)	(91,293)	(84,319)	(74,352)	(70,677)	(66,147)
Net Change in Total Pension Liability	$ 155,479	$ 50,661	$ 81,381	$ 68,736	$ 50,810	$ 100,307	$ 56,705
Total Pension Liability - Beginning	1,784,838	1,734,177	1,652,796	1,584,060	1,533,250	1,432,943	1,376,238
Total Pension Liability - Ending (a)	$ 1,940,317	$ 1,784,838	$ 1,734,177	$ 1,652,796	$ 1,584,060	$ 1,533,250	$ 1,432,943
Plan Fiduciary Net Position							
Contributions - Employer	$ 46,200	$ 44,500	$ 46,000	$ 55,800	$ 44,400	$ 39,016	$ 37,687
Contributions - Employee	13,039	12,144	11,563	12,140	12,569	12,332	11,745
Net Investment Income (loss)	246,772	207,196	(52,945)	85,520	145,883	110,529	22,510
Benefit Payments	(93,550)	(91,230)	(91,293)	(84,319)	(74,352)	(70,677)	(66,147)
Administrative Expense	(389)						
Net Change in Plan Fiduciary Net Position	$ 212,072	$ 172,610	$ (86,675)	$ 69,141	$ 128,500	$ 91,200	$ 5,795
Plan Fiduciary Net Position - Beginning	1,472,376	1,299,766	1,386,441	1,317,300	1,188,800	1,097,600	1,091,805
Plan Fiduciary Net Position - Ending (b)	$ 1,684,448	$ 1,472,376	$ 1,299,766	$ 1,386,441	$ 1,317,300	$ 1,188,800	$ 1,097,600
Net Pension Liability - Ending (a) - (b)	$ 255,869	$ 312,462	$ 434,411	$ 266,355	$ 266,760	$ 344,450	$ 335,343
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.81%	82.49%	74.95%	83.88%	83.16%	77.53%	76.60%
Covered Payroll	$ 242,477	$ 235,360	$ 256,236	$ 261,085	$ 260,730	$ 251,136	$ 241,318
Net Pension Liability as a Percentage of Covered Payroll	105.52%	132.76%	169.54%	102.02%	102.31%	137.16%	138.96%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended January 31, 2013 through January 31, 2019.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: For fiscal year 2019, the annual investment rate of return underlying the calculation of total pension liability was assumed to be 7.25%. For fiscal year 2018, 2017 and 2016, the annual investment rate of return was assumed to be 7.50%. For the previous years presented, the rate used was 7.75%. Based on an experience study completed in 2017, the fiscal year 2019 valuation results include the impact of other revised actuarial assumptions including salary increases and the use of updated mortality tables. No other actuarial assumptions were modified in fiscal year 2018. Other actuarial assumptions were modified in fiscal year 2016 (January 31, 2015 measurement period) without significantly affecting trends in the amounts reported above.

Year-Ended September 30, 2019 - 252 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability				
Service Cost	$ 5,332	$ 4,979	$ 4,810	$ 4,379
Interest	13,268	12,623	12,480	11,960
Differences Between Expected and Actual Experience	54	29	(1,311)	(1,717)
Changes of Assumptions			433	
Benefit Payments	(8,332)	(8,186)	(7,337)	(7,461)
Net Change in Total Pension Liability	$ 10,322	$ 9,445	$ 9,075	$ 7,161
Total Pension Liability - Beginning	198,069	188,624	179,549	172,388
Total Pension Liability - Ending (a)	$ 208,391	$ 198,069	$ 188,624	$ 179,549
Plan Fiduciary Net Position				
Contributions - Employer	$ 3,852	$ 3,609	$ 3,953	$ 3,721
Contributions - Employee	3,149	2,935	2,892	2,722
Net Investment Income	23,639	10,909	239	8,818
Benefit Payments, including Refunds of Employee Contributions	(8,332)	(8,186)	(7,337)	(7,461)
Administrative Expense	(123)	(123)	(146)	(92)
Other	(6)	(7)	(7)	(8)
Net Change in Plan Fiduciary Net Position	$ 22,179	$ 9,137	$ (406)	$ 7,700
Plan Fiduciary Net Position - Beginning	170,589	161,452	161,858	154,158
Plan Fiduciary Net Position - Ending (b)	$ 192,768	$ 170,589	$ 161,452	$ 161,858
Net Pension Liability - Ending (a) - (b)	$ 15,623	$ 27,480	$ 27,172	$ 17,691
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.50%	86.13%	85.59%	90.15%
Covered Payroll	$ 104,960	$ 97,818	$ 96,389	$ 90,721
Net Pension Liability as a Percentage of Covered Payroll	14.88%	28.09%	28.19%	19.50%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2015 through December 31, 2018.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7.00% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

Year-Ended September 30, 2019 - 253 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	1/1/2018	1/1/2017	1/1/2016	1/1/2015
Total Pension Liability				
Service Cost	$ 5,859	$ 5,724	$ 5,004	$ 5,204
Interest	14,354	13,680	12,596	11,709
Change of Benefit Terms			4,339	
Differences Between Expected and Actual Experience	(1,394)	712	555	(622)
Changes of Assumptions	1,152	5,532	(405)	2,771
Benefit Payments	(7,974)	(7,283)	(6,318)	(5,796)
Net Change in Total Pension Liability	$ 11,997	$ 18,365	$ 15,771	$ 13,266
Total Pension Liability - Beginning	218,571	200,206	184,435	171,169
Total Pension Liability - Ending (a)	$ 230,568	$ 218,571	$ 200,206	$ 184,435
Plan Fiduciary Net Position				
Contributions - Employer	$ 7,982	$ 7,367	$ 7,890	$ 10,339
Contributions - Employee	2,484	2,533	2,357	
Net Investment Income	30,741	6,971	1,215	15,695
Benefit Payments	(7,974)	(7,283)	(6,318)	(5,796)
Administrative Expense	(380)	(195)	(17)	
Net Change in Plan Fiduciary Net Position	$ 32,853	$ 9,393	$ 5,127	$ 20,238
Plan Fiduciary Net Position - Beginning	175,279	165,886	160,759	140,521
Plan Fiduciary Net Position - Ending (b)	$ 208,132	$ 175,279	$ 165,886	$ 160,759
Net Pension Liability - Ending (a) - (b)	$ 22,436	$ 43,292	$ 34,320	$ 23,676
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.27%	80.19%	82.86%	87.16%
Covered Payroll	$ 79,417	$ 83,493	$ 85,299	$ 83,812
Net Pension Liability as a Percentage of Covered Payroll	28.25%	51.85%	40.23%	28.25%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2015 through December 31, 2018.

Notes to Schedule:

Total pension liability at December 31, 2018 is based on a rollforward of the January 1, 2018 actuarial valuation.

Benefit Changes: Effective June 1, 2014, the defined benefit plan was frozen to new entrants. In 2015, the normal form of distribution changed and a mandatory employee contribution of 3.00% of payroll was instituted.

Changes of assumptions: In 2017, the mortality assumption was updated for the latest improvement scale. In 2016, the long-term rate of returned was reduced to 6.50%. In the measurement period of January 1, 2015, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7.00% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

Year-Ended September 30, 2019 - 254 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
District Special Project Retirement Income Plan (DSPRP)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	1/1/2018	1/1/2017	1/1/2016	1/1/2015
Total Pension Liability				
Service Cost	$ 108	$ 71	$ 124	$ 123
Interest	424	418	446	424
Differences Between Expected and Actual Experience	101	(381)	18	153
Changes of Assumptions	15	224		
Benefit Payments	(776)	(324)	(261)	(230)
Net Change in Total Pension Liability	$ (128)	$ 8	$ 327	$ 470
Total Pension Liability - Beginning	6,694	6,686	6,359	5,889
Total Pension Liability - Ending (a)	$ 6,566	$ 6,694	$ 6,686	$ 6,359
Plan Fiduciary Net Position				
Contributions - Employer	$ 315	$ 280	$ 308	$ 414
Net Investment Income	764	306	18	394
Benefit Payments, including Refunds of Employee Contributions	(776)	(324)	(261)	(230)
Administrative Expense	(7)	(8)	(6)	(11)
Net Change in Plan Fiduciary Net Position	$ 296	$ 254	$ 59	$ 567
Plan Fiduciary Net Position - Beginning	5,410	5,156	5,097	4,530
Plan Fiduciary Net Position - Ending (b)	$ 5,706	$ 5,410	$ 5,156	$ 5,097
Net Pension Liability - Ending (a) - (b)	$ 860	$ 1,284	$ 1,530	$ 1,262
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.90%	80.82%	77.12%	80.15%
Covered Payroll	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2015 through December 31, 2018.

Notes to Schedule:

The plan was frozen in 2008. Therefore, current and future wages have no impact on Net Pension Liability.

Total pension liability at December 31, 2018, is based on a rollforward of the January 1, 2018 actuarial valuation.

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The interest rate of return was modified from 7.00% to 6.50% in 2017. In 2017, the inflation rate was changed to 2.75%. Previously, 2.00% was used. In 2018, the inflation rate was changed to 2.50%

Year-Ended September 30, 2019 - 255 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	$ 32,338	$ 32,338	$ -	$ 258,932	12.49%
2011	33,883	33,883		270,708	12.52%
2012	29,981	28,171	1,810	276,095	10.20%
2013	30,416	30,416		288,246	10.55%
2014	32,585	32,585		303,141	10.75%
2015	34,176	34,176		317,518	10.76%
2016	35,942	35,942		340,660	10.55%
2017	40,374	40,374		361,009	11.18%
2018	43,631	43,631		375,931	11.61%
2019	45,943	45,943		393,916	11.66%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	27 years
Asset valuation method	10 Year smoothed market; 15.00% soft corridor

Actuarial assumptions:

Inflation rate	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75% including inflation, net of pension plan investment expense
Retirement age	Experience-based table rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to experience study of the period 2010-2014.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB.

Other Information:

Notes	Granted 70.00% ad hoc COLA

Year-Ended September 30, 2019 - 256 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2010	$ 64,215	$ 64,215	$ -	$ 259,904	24.64%
2011	69,648	69,648		281,897	24.64%
2012	69,998	69,998		283,689	24.64%
2013	73,038	73,038		296,180	24.64%
2014	75,911	75,911		307,987	24.64%
2015	75,641	75,641		306,827	24.64%
2016	74,414	74,414		301,993	24.64%
2017	75,039	75,039		320,955	24.64%
2018	77,488	77,488		313,951	24.64%
2019	79,973	79,973		324,430	24.64%

[1] Payroll is estimated based on the actual member contributions received and a 12.32% contribution rate.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is calculated using a January 1 valuation date as of the beginning of the fiscal year in which contributions are reported
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll, using 3.50% annual increases
Remaining amortization period	9.88 years remaining as of January 1, 2018
Asset valuation method	Five-year smoothed market value based on expected return of 7.25%
Actuarial assumptions:	
Inflation rate	3.00%
Salary increases	3.00% (plus merit scale of 0.75% - 11.25%)
Investment rate of return	7.25% including inflation, net of pension plan investment expense
Cost-of-living adjustments	3.00% for retirement before October 1, 1999; 2.25% for retirement on or after October 1, 1999
Retirement rates	Group-specific rates based on years of service ranging from 20 to 40 years, with 100.00% retirement at earlier of age 65 or 40 years of service
Mortality:	
Healthy	RP-2014 Employee and Healthy Annuitant Tables, with rates loaded by 7.00% for females, projected generationally with 50.00% of Scale MP-2014
Disabled	RP-2014 Annuitant Tables, set forward six years, loaded by 7.00% for females, projected generationally with 50.00% of Scale MP-2014

Year-Ended September 30, 2019 - 257 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 39,016	$ 39,016	$ -	$ 251,136	15.54%
2014	44,362	44,400	(38)	260,730	17.03%
2015	48,696	55,800	(7,104)	261,085	21.37%
2016	46,001	46,000	1	256,236	17.95%
2017	44,532	44,500	32	235,360	18.91%
2018	46,234	46,200	34	242,477	19.05%
2019	58,657	58,700	(43)	254,241	23.09%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended January 31, 2013 through January 31, 2019.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over five years, beginning with calendar year 2014; expected value adjusted market value for all prior periods

Actuarial assumptions:

Inflation rate	3.00% per year, compounded annually
Salary increases	Average, including inflation: 4.72% for fiscal year 2019, 4.66% for fiscal year 2018, 4.78% for fiscal year 2017, 5.01% for fiscal year 2016, 5.03% for fiscal year 2015, 5.07% for fiscal year 2014, and 5.18% for fiscal year 2013
Investment rate of return	7.25% per year, compounded annually, for fiscal year 2019, 7.50% for fiscal years 2018, 2017 and 2016, 7.75% for prior years
Cost-of-living increases	1.50% per year
Mortality	Based on RP-2016 Combined Healthy, with No Collar Adjustment, Male and Female Tables; with MP-2016 Mortality Improvement Scale for fiscal year 2019; RP-2000 Combined Healthy Annuitant Mortality Table for Males or Females, projected using Scale BB for 2017 and 2016, and Scale AA for prior years.

Year-Ended September 30, 2019 - 258 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 3,721	$ 3,721	$ -	$ 90,721	4.10%
2015	3,672	3,953	(281)	96,389	4.10%
2016	3,609	3,609		97,818	3.69%
2017	3,852	3,852		104,960	3.67%
2018	4,059	4,059		109,703	3.70%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2014 through December 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are calculated as of December 31 and become effective 12 months later on January 1.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	For 2018, the remaining amortization period is 27 years. In 2015 the amortization period was adjusted to 30 years from 23 in 2014
Asset valuation method	10 year smoothed market value; 15.00% soft corridor

Actuarial assumptions:

Inflation rate	2.50%
Salary increases	3.50% to 10.50%, including inflation
Investment rate of return	6.75%, including inflation, net of pension plan investment expense
Retirement age	Experience-based table of rates that are specific to SAWS plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB

Year-Ended September 30, 2019 - 259 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 10,339	$ 10,339	$ -	$ 83,812	12.34%
2015	7,890	7,890		85,299	9.25%
2016	7,367	7,367		83,493	8.82%
2017	7,982	7,982		79,417	10.05%
2018	7,923	7,923		78,348	10.11%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2014 through December 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Amortized equally over 15 years using straight line amortization
Remaining amortization period	2013 Unfunded Liability – 15 fixed year period Other gains/losses, plan amendments and changes in plan assumptions - 10 years
Asset valuation method	Four-year smoothed market value

Actuarial assumptions:

Inflation rate	2.00%
Salary increases	Scale based on 2011-2013 SAWS experience
Investment rate of return	6.50% including inflation, net of pension plan investment expense
Retirement age	In 2015, expected retirement ages were adjusted to reflect actual experience from 2011-2013.
Mortality	In 2017, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2016. In 2016, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2015. Previously the IRS Prescribed Generational Mortality table was used.

Year-Ended September 30, 2019 - 260 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
District Special Project Retirement Income Plan (DSPRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 307	$ 414	$ (107)	N/A	N/A
2015	274	308	(34)	N/A	N/A
2016	279	280	(1)	N/A	N/A
2017	315	315		N/A	N/A
2018	247	400	(153)	N/A	N/A

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended December 31, 2014 through December 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Unit Credit
Amortization method	Rolling level-amortization over a declining period
Remaining amortization period	2018: 9 years; 2017: 10 years; 2016: 11 years; 2015: 12 years; 2014: 13 years
Asset valuation method	Fair value with smoothing

Actuarial assumptions:

Inflation rate	2.50%
Salary increases	Earned benefits frozen in 2008
Investment rate of return	6.50% including inflation, net of pension plan investment expense
Retirement age	Normal retirement age – the earlier of age 65, or the “rule of 90” where the participant’s age and years of service added together equal 90 or greater
Mortality	In 2018, the mortality projection scale was updated to MP-2017. In 2017, the table was changed to the RP-2014 table using a mortality improvement scale MP-2016. Previously, 1994 GAR projected to 2002 was used.

Year-Ended September 30, 2019 - 261 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
City of San Antonio
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended	
	9/30/2019	**9/30/2018**
Total OPEB Liability		
Service Cost	$ 16,893	$ 11,665
Interest	13,464	11,999
Differences Between Expected and Actual Experience	(12,617)	
Changes of Assumptions	78,030	(32,771)
Benefit Payments	(7,111)	(7,439)
Net Change in Total OPEB Liability	$ 88,659	$ (16,546)
Total OPEB Liability - Beginning	306,065	322,611
Total OPEB Liability - Ending (a)	$ 394,724	$ 306,065
Plan Fiduciary Net Position		
Contributions - Employer	$ 7,111	$ 7,439
Contributions - Employee		
Net Investment Income		
Benefit Payments, including Refunds of Employee Contributions	(7,111)	(7,439)
Administrative Expense		
Other		
Net Change in Plan Fiduciary Net Position		
Plan Fiduciary Net Position - Beginning		
Plan Fiduciary Net Position - Ending (b)	$ -	$ -
City's Total OPEB Liability - Ending (a) - (b)	$ 394,724	$ 306,065

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended September 30, 2018 through September 30, 2019.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 2.66% for fiscal year 2019. A rate of 4.24% was assumed for the previous year presented.

Year-Ended September 30, 2019 - 262 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Retiree Health Care Fund
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended	
	12/31/2018	12/31/2017
Total OPEB Liability		
Service Cost	$ 25,345	$ 24,289
Interest	71,055	68,947
Differences Between Expected and Actual Experience	2,169	(5,165)
Changes of Assumptions	(43,489)	(25,344)
Benefit Payments	(35,821)	(33,560)
Net Change in Total OPEB Liability	$ 19,259	$ 29,167
Total OPEB Liability - Beginning	972,646	943,479
Total OPEB Liability - Ending (a)	$ 991,905	$ 972,646
Plan Fiduciary Net Position		
Contributions - Employer	$ 30,892	$ 27,242
Contributions - Employee	15,442	13,616
Net Investment Income (loss)	(21,629)	25,294
Benefit Payments, including Refunds of Employee Contributions	(35,821)	(33,560)
Administrative Expense	(3,070)	(2,660)
Other Contributions - Retirees	1,817	1,829
Net Change in Plan Fiduciary Net Position	$ (12,369)	$ 31,761
Plan Fiduciary Net Position - Beginning	376,808	345,047
Plan Fiduciary Net Position - Ending (b)	$ 364,439	$ 376,808
City's Net Pension Liability - Ending (a) - (b)	$ 627,466	$ 595,838
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	36.74%	38.74%
Covered Payroll	$ 318,038	$ 308,101
City's Net OPEB Liability as a Percentage of Covered Payroll	197.29%	193.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended December 31, 2017 through December 31, 2018.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.25% for fiscal year 2019. A rate of 7.25% was assumed for the previous year presented.

Year-Ended September 30, 2019 - 263 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Health Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability				
Service Cost	$ 3,376	$ 3,435	$ 3,319	$ 3,207
Interest Cost	17,182	18,176	17,601	17,050
Changes in Plan Benefits	415	(19,185)		
Changes in Assumptions	9,657			
Differences Between Expected and Actual Experience		475		
Benefit Payments	(12,197)	(14,001)	(12,756)	(13,275)
Net Change in Total OPEB Liability	$ 18,433	$ (11,100)	$ 8,164	$ 6,982
Total OPEB Liability - Beginning	234,808	245,908	237,744	230,762
Total OPEB Liability - Ending (a)	$ 253,241	$ 234,808	$ 245,908	$ 237,744
Plan Fiduciary Net Position				
Contributions - Employer	$ -	$ 8,500	$ 8,806	$ 3,200
Contributions - Employee	7,156	6,802	6,734	6,024
Medicare Part D Payment	998	933	976	933
Earnings (Loss) on Plan Assets	41,718	38,949	(9,765)	12,536
Benefit Payments	(19,353)	(20,804)	(19,490)	(19,299)
Administrative Expense	(1,346)	(1,621)	(1,456)	(1,137)
Net Change in Plan Fiduciary Net Position	$ 29,173	$ 32,759	$ (14,195)	$ 2,257
Plan Fiduciary Net Position - Beginning	260,648	227,889	242,084	239,827
Plan Fiduciary Net Position - Ending (b)	$ 289,821	$ 260,648	$ 227,889	$ 242,084
Net OPEB (Asset) Liability - Ending (a) - (b)	$ (36,580)	$ (25,840)	$ 18,019	$ (4,340)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	114.44%	111.00%	92.67%	101.83%
Covered Employee Payroll	$ 220,522	$ 223,523	$ 215,964	$ 242,652
Net OPEB (Asset) Liability as a Percentage of Covered Employee Payroll	-16.59%	-11.56%	8.34%	-1.79%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2019.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size of composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.25% for fiscal year 2019. A rate of 7.50% was assumed for the previous years presented. The Plan was amended to eliminate the CPS Energy contribution to participants' Health Reimbursement Account and the actuary valuation used for fiscal year 2019 reflects the impact of this change. For fiscal years 2019 and 2018, claim costs were updated to reflect plan changes and to reflect recent experience. Medical and prescription trend was reset in fiscal years 2018, 2017, and 2016.

Year-Ended September 30, 2019 - 264 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Life Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability				
Service Cost	$ 349	$ 336	$ 325	$ 313
Interest	3,432	3,256	3,244	3,228
Changes in Assumptions	(457)			
Differences Between Expected and Actual Experience		2,378		
Benefit Payments	(3,813)	(3,469)	(3,358)	(3,313)
Net Change in Total OPEB Liability	$ (489)	$ 2,501	$ 211	$ 228
Total OPEB Liability - Beginning	47,289	44,788	44,577	44,349
Total OPEB Liability - Ending (a)	$ 46,800	$ 47,289	$ 44,788	$ 44,577
Plan Fiduciary Net Position				
Contributions - Employer	$ -	$ -	$ -	$ -
Contributions - Employee	1,000	972	930	911
Earnings (Loss) on Plan Assets	8,066	6,936	(2,102)	2,460
Benefit Payments	(3,813)	(3,469)	(3,358)	(3,313)
Administrative Expense	(30)	(27)	(21)	(16)
Net Change in Plan Fiduciary Net Position	$ 5,223	$ 4,412	$ (4,551)	$ 42
Plan Fiduciary Net Position - Beginning	49,698	45,286	49,837	49,795
Plan Fiduciary Net Position - Ending (b)	$ 54,921	$ 49,698	$ 45,286	$ 49,837
Net OPEB (Asset) - Ending (a) - (b)	$ (8,121)	$ (2,409)	$ (498)	$ (5,260)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	117.35%	105.09%	101.11%	111.80%
Covered Employee Payroll	$ 210,631	$ 198,704	$ 191,984	$ 218,939
Net OPEB (Asset) as a Percentage of Covered Employee Payroll	-3.86%	-1.21%	-0.26%	-2.40%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2019.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.25% for fiscal year 2019. A rate of 7.50% was assumed for the previous years presented. In fiscal year 2019, the salary scale and mortality assumptions were also changed to more properly reflect actual experience.

Year-Ended September 30, 2019 - 265 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Disability Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	1/31/2018	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability				
Service Cost	$ 516	$ 527	$ 509	$ 492
Interest	473	455	448	426
Changes in Assumptions	94			
Differences Between Expected and Actual Experience		255		
Benefit Payments	(1,012)	(974)	(775)	(559)
Net Change in Total OPEB Liability	$ 71	$ 263	$ 182	$ 359
Total OPEB Liability - Beginning	6,295	6,032	5,850	5,491
Total OPEB Liability - Ending (a)	$ 6,366	$ 6,295	$ 6,032	$ 5,850
Plan Fiduciary Net Position				
Contributions - Employer	$ 1,300	$ 700	$ 175	$ 175
Contributions - Employee	265	260	248	211
Earnings (Loss) on Plan Assets	627	501	(158)	177
Benefit Payments	(1,012)	(974)	(775)	(559)
Administrative Expense	(18)	(15)	(14)	(18)
Net Change in Plan Fiduciary Net Position	$ 1,162	$ 472	$ (524)	$ (14)
Plan Fiduciary Net Position - Beginning	4,234	3,762	4,286	4,300
Plan Fiduciary Net Position - Ending (b)	$ 5,396	$ 4,234	$ 3,762	$ 4,286
Net OPEB Liability - Ending (a) - (b)	$ 970	$ 2,061	$ 2,270	$ 1,564
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	84.76%	67.26%	62.37%	73.26%
Covered Employee Payroll	$ 216,558	$ 212,904	$ 205,704	$ 218,939
Net OPEB Liability as a Percentage of Covered Employee Payroll	0.45%	0.97%	1.10%	0.71%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2019.

Notes to Schedule:

Benefit Changes: There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.25% for fiscal year 2019. A rate of 7.50% was assumed for the previous years presented. In fiscal year 2019, the salary scale and mortality assumptions were also changed to more properly reflect actual experience.

Year-Ended September 30, 2019 - 266 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Other Post Employment Benefit Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended 1/1/2018
Total OPEB Liability	
Service Cost	$ 2,428
Interest	9,221
Changes in Assumptions	(351)
Differences Between Expected and Actual Experience	(3,358)
Benefit Payments	(6,209)
Net Change in Total OPEB Liability	$ 1,731
Total OPEB Liability - Beginning	144,960
Total OPEB Liability - Ending (a)	$ 146,691
Plan Fiduciary Net Position	
Contributions - Employer	$ 13,709
Contributions - Employee	
Net Investment Income	7,127
Benefit Payments	(6,209)
Administrative Expense	(144)
Net Change in Plan Fiduciary Net Position	$ 14,483
Plan Fiduciary Net Position - Beginning	44,028
Plan Fiduciary Net Position - Ending (b)	$ 58,511
Net OPEB Liability - Ending (a) - (b)	$ 88,180
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.89%
Covered Employee Payroll	$ 79,417
Net OPEB Liability as a Percentage of Covered Employee Payroll	111.03%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal year-end December 31, 2018.

Notes to Schedule:

Total OPEB liability at December 31, 2018 is based on a rollforward of the January 1, 2018 actuarial valuation.

Benefit Changes: There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Changes of assumptions: In 2018, health cost trends ultimate rate was changed to 3.84% in 2075. The mortality table was updated for 2018.

Year-Ended September 30, 2019 - 267 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
City of San Antonio
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 7,439	$ 7,439	$ -	$ 375,931	1.98%
2019	7,111	7,111		393,916	1.81%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended September 30, 2018 through September 30, 2019.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is determined by the adopted OPEB funding policy, through adoption of the City's annual budget. The OPEB programs are funded on a pay-as-you-go basis.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Experience/Assumptions gains and losses are amortized over a closed period of 7.7 years starting on October 1, 2018, equal to the average remaining service of active and inactive plan members (who have no future service).
Remaining amortization period	6.7 years
Asset valuation method	N/A

Actuarial assumptions:

Investment rate of return	2.66% per annum (EOY)
Healthcare and Prescription cost trend rates	Pre-65 Select 6.50% and Ultimate 4.50%; Post-65 Select 5.50% and Ultimate 4.50%.
Salary increase rate	3.50% per annum
Mortality	PUB 2010 generational table scaled using MP-19 and applied on a gender-specific basis.

Year-Ended September 30, 2019 - 268 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Retiree Health Care Fund
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended September 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 29,776	$ 29,776	$ -	$ 313,951	9.48%
2019	33,987	33,987		324,430	10.48%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended December 31, 2017 through December 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is using a January valuation date as of the beginning of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Asset valuation method	Adjusted market value gains/losses spread over a five-year period

Actuarial Assumptions:

Investment rate of return	7.25% per year
Inflation	3.00%
Healthcare cost trend rates	7.50% for 2020 decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and beyond
Salary increases	3.00% plus merit and promotion increases that vary by age and service
Mortality	Based on RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA.

Actuarially Determined Contribution Amounts:

Biweekly Contributions:	
Active Members	$163.02
City per Active Member	$326.04
Monthly Contributions:	
Retirees with Less Than 30 Years of Service	$353.22
Dependent Children	$891.67

Year-Ended September 30, 2019 - 269 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Health Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ 8,806	$ (8,806)	$ 215,964	4.08%
2017		8,500	(8,500)	223,523	3.80%
2018				220,522	0.00%
2019				228,240	0.00%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2019.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over five years

Actuarial assumptions:

Investment rate of return	7.25% per year, compounded annually for fiscal year 2019, 7.50% for previous years
Healthcare cost trend rates	7.00% initial, decreasing to an ultimate rate of 5.00% for fiscal years 2019 and 2018, 7.50% initial, decreasing to an ultimate of 5.00% for fiscal years 2017 and 2016
Prescription cost trend rates	7.00% initial, decreasing to an ultimate rate of 5.00% for fiscal years 2019 and 2018, 8.50% initial, decreasing to an ultimate of 5.00% for fiscal years 2017 and 2016
Salary increases	Projected average salary increases ranging from 3.10% to 11.60% depending on age for fiscal year 2019; ranging from 4.00% to 9.50% for previous years
Mortality	Based on RP-2016 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale BB, Male and Female Tables for active and retirees, based on 1987 Commissioners Group Disabled Life Mortality Table for disabled lives

Year-Ended September 30, 2019 - 270 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Life Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 561	$ -	$ 561	$ 191,984	0.00%
2017	145		145	198,704	0.00%
2018	515		515	210,631	0.00%
2019	435		435	218,003	0.00%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2019.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over five years

Actuarial assumptions:

Investment rate of return	7.25% per year, compounded annually
Inflation	3.00% per year, compounded annually
Salary increases	4.54% average, including inflation
Mortality	Based on RP-2000 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale BB, Male and Female Tables for active and retirees: based on 1987 Commissioners Group Disabled Life Mortality Table for disabled lives

Year-Ended September 30, 2019 - 271 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Disability Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 793	$ 175	$ 618	$ 205,704	0.09%
2017	886	700	186	212,904	0.33%
2018	1,035	1,300	(265)	216,558	0.60%
2019	1,045	1,000	45	224,137	0.45%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2019.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over five years

Actuarial assumptions:

Investment rate of return	7.25% per year, compounded annually, for fiscal year 2019; 7.50% for previous years
Inflation	3.00% per year, compounded annually
Salary increases	4.72% average, including inflation for fiscal year 2019; 4.78% for previous years
Mortality	Based on 1987 Commissioners Group Disabled Life Mortality table

Year-Ended September 30, 2019 - 272 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Other Post Employment Benefit Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 12,412	$ 13,709	$ (1,297)	$ 79,417	17.26%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal year-ended December 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Remaining amortization period	16 years - Closed
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return	6.50%
Inflation	2.50%
Salary increases	Scale based on 2011 – 2013 SAWS experience
Mortality	Adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2016
Pre-retirement	RP-2014 Healthy Employee Mortality Tables, updated annually
Postemployment	RP-2014 Healthy Employee Annuitant Tables, updated annually
Healthcare cost trend rates:	Current year 5.50%; Ultimate trend rate 2018 - 3.84%; Ultimate year 2018 - 2075

Year-Ended September 30, 2019 - 273 - Amounts are expressed in thousands

COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

CATEGORICAL GRANT-IN AID – to account for the receipt and disbursement of all federal and state grants (with non-cash in-kind contributions from external agencies for federal grants), except for Community Development Block Grants, HUD 108 loans, HOME Investment Partnership Grants, Confiscated Property, and the American Recovery and Reinvestment Act Grants.

COMMUNITY DEVELOPMENT PROGRAM – to accept, receipt, and disburse federal funds designated for Community Development Block Grants' Programs and the American Recovery and Reinvestment Act Grants.

CONFISCATED PROPERTY – to account for receipts and disbursement of funds confiscated by law enforcement officers within the City.

HOME PROGRAM – to accept, receipt, and disburse federal funds designated for HOME Investment Partnership Programs.

HUD 108 LOAN PROGRAM – to accept, receipt, and disburse federal funds designed to finance various HUD eligible capital improvements within the City.

OTHER SPECIAL REVENUES

ADVANCED TRANSPORTATION DISTRICT – to account for a ⅛ cent sales tax that funds the administration and project delivery of the Advanced Transportation District Program (ATD).

COMMUNITY AND VISITOR FACILITIES – to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of the City's owned facilities to be used for conventions, community, and entertainment venues.

COMMUNITY SERVICES – to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.

HOTEL/MOTEL 2% REVENUE – to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.

PARKS DEVELOPMENT AND EXPANSION – to account for a ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek.

EARLY EDUCATION DEVELOPMENT – to account for revenues and expenditures relating to a ⅛ cent sales tax to fund the Pre-K 4 SA education initiative created to provide high quality pre-kindergarten for 4-year-olds throughout the City.

RIGHT OF WAYS – to account for funds used in the maintenance and improvement of right of ways. Financing is provided by street resurfacing charges.

SAN ANTONIO HOUSING TRUST – to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from investment earnings that were designated from the sale of Roger's Cable System.

STORMWATER OPERATIONS – to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a storm water fee.

TAX INCREMENT REINVESTMENT ZONE – to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF). Financing is provided by property taxes contributed from the City and other participating jurisdictions.

PARKS ENVIRONMENTAL & SANITATION – to account for the administrative and operational activities of the Parks Environmental Program. Financing is provided by a parks environmental fee.

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

BLENDED COMPONENT UNITS

SAN ANTONIO EDUCATION FACILITIES CORPORATION (EFC) – was established in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities.

SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION (HFDC) – was established in accordance with state laws for the purpose of acquiring, constructing, improving, providing, financing, and refinancing for any real, personal, or mixed property for health care, research, and education, and to assist in the maintenance of the public health.

SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) – was established in accordance with state laws for the purpose of furthering the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare.

MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO (MGA-SA) – was established for the purpose of, and to act on behalf of the City in, operating and promoting its municipal golf facilities.

SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORPORATION (TMFC) – was established to account for the financing for the acquisition and construction of a One Stop Development Services Center and a Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, for the City. Financing was derived from the sale of City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds.

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION (SIDC) – was established to account for the purchase of the project site for the Toyota plant and finance other costs of the project site including site preparation and a training facility as provided in the Project Starbright Agreement. Financing was derived from the prior sale of City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds.

SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION (EDC) – was established to promote, assist, and enhance economic development activities for the City.

TEXAS PUBLIC FACILITIES CORPORATION (TPFC) – was established in accordance with state laws for the purpose of, and to act on the behalf of the City, to effectuate the buyout of its existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City in August 2009 for the purpose of aiding and acting on behalf of the City to assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair Park and adjacent to or near Hemisfair Park.

URBAN RENEWAL AGENCY (OUR SA) – OUR SA is responsible for implementing the City's Urban Renewal Program. Financing is provided from the City as well as the sale of redeveloped real estate.

VISIT SAN ANTONIO (VSA) – was established to attract leisure visitors to the City, and attract and secure meetings, events, and conventions to the City, including but not limited to, the Henry B. Gonzalez Convention Center and other City-owned facilities.

WESTSIDE DEVELOPMENT CORPORATION (WDC) – was established to promote economic development and redevelopment opportunities in the west side of San Antonio. WDC seeks to generate new capital investment, create higher paying jobs, and reduce the poverty level in the area. In addition, WDC functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality.

Nonmajor Governmental Funds

Capital Projects Funds

GENERAL OBLIGATION BONDS

GENERAL OBLIGATION BONDS – to account for financial resources to be used for the acquisition or construction of major capital facilities, such as drainage and library improvements, excluding those financed by proprietary-type funds and trust funds. Financing is derived by the sale of General Obligation Bonds.

PRE-2007 GENERAL OBLIGATION BONDS – consist of eight bond elections from 1980 to 2003 held on January 26, 1980, April 2, 1983, April 6, 1985, November 3, 1987, May 6, 1989, May 7, 1994, May 1, 1999, and November 4, 2003 respectively, for development and improvement projects. These eight bond elections covered projects within seven areas: libraries, fire protection, crime prevention and public safety, parks and recreation, San Antonio River flood control, drainage and flood control, and street, bridge, pedestrian and related improvements.

2007 GENERAL OBLIGATION BONDS – a bond election held on May 12, 2007 approved $550 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

2012 GENERAL OBLIGATION BONDS – a bond election held on May 13, 2012 approved $596 million in physical infrastructure development and improvement projects. These projects were within five areas; streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

GENERAL OBLIGATION PROJECTS FUND – to account for the acquisition of construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of General Obligation Bonds.

CERTIFICATES OF OBLIGATION

CERTIFICATES OF OBLIGATION – to account for permanent public improvements and/or construction of municipal facilities, streets, drainage, and emergency fire protection projects. Financing is derived from the sale of Certificates of Obligation.

PRE-2015 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold between the years of 1986 to 2014 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2015 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2015 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2016 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2016 for construction and improvement of City facilities, streets and street lighting, parks and infrastructure; and acquisition and installation of upgrades in technology systems.

2017 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2017 for improvements to the City's Riverwalk Marina; parks and recreation; public safety facilities; service and community centers; sidewalks and other pedestrian mobility enhancement improvements; libraries; and drainage facilities.

2018 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2018 for acquisition, construction and improvement, of City facilities and infrastructure, streets, drainage, and sidewalks; and acquisition and installation of upgrades in technology systems.

Nonmajor Governmental Funds

Capital Projects Funds (Continued)

CERTIFICATES OF OBLIGATION (Continued)

2019 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2019 for acquisition, construction and improvement, of City facilities and infrastructure, streets, drainage, and sidewalks; and acquisition and installation of upgrades in technology systems.

CERTIFICATES OF OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of Certificates of Obligation.

OTHER CAPITAL PROJECTS

EDWARDS AQUIFER PROTECTION VENUE – to account for the acquisition and development of land in the Edwards Aquifer Recharge Zones. Financing is derived from a ⅛ cent sales tax approved by voters on May 7, 2007 and a portion from the sale of sales tax revenue commercial paper notes.

EQUIPMENT ACQUISITION – to account for the lease financing of large or bulk capital assets for the City to include a mainframe computer, fire trucks, police video equipment, various medical emergency services equipment, etc.

IMPROVEMENT PROJECTS – to account for special capital improvements designated by City Council. Financing is derived from contributions from other funds and notes payables issued.

MUNICIPAL DRAINAGE UTILITY SYSTEM – to account for financial resources to be used to finance the costs of drainage improvements, including the acquisition, construction, and repair of structures, equipment and facilities for the City's Municipal Drainage Utility System. Financing is derived from the prior sale of City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds.

PARKS DEVELOPMENT AND EXPANSION – to account for the acquisition and development of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. Financing is derived from a ⅛ cent sales tax approved by voters on May 6, 2000, and extended by voters on May 7, 2005, November 2, 2010, and May 9, 2015. Balance also includes a portion from the prior sale of sales tax revenue commercial paper notes.

TAX & REVENUE NOTES – to account for capital projects where funding is derived from the sale of short-term tax and revenue notes.

Nonmajor Governmental Funds

Permanent Funds

CARVER CULTURAL CENTER ENDOWMENT – to account for matching funds held by the City and grant funds previously awarded by the National Endowment for the Arts.

CITY CEMETERIES – to account for operation of the City's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

WILLIAM C. MORRIS ENDOWMENT – to account for funds donated to the City by the estate of William C. Morris for the purpose of developing and sustaining the San Antonio Public Library's programs for children.

BOZA BECICA ENDOWMENT – to account for funds donated to the City by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases. The principal portion is required to be retained in the Fund's Corpus.

SOUTHERN EDWARDS PLATEAU ENDOWMENT – to account for funds donated to the City by third parties for the purpose of developing and sustaining the Southern Edwards Plateau Habitat Conservation. Financing for operations is also provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2019
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 21,384	$ 114	$ -	$ 21,498
Investments	102,332	1,100		103,432
Receivables, Net	4,449	4		4,453
Materials and Supplies, at Cost	272			272
Prepaid Expenditures	846			846
Due From Other Funds	346			346
Restricted Assets:				
Cash and Cash Equivalents	29,559	91,418	513	121,490
Investments	240,597	217,151	4,947	462,695
Receivables, Net	74,665	3,392	81	78,138
Materials and Supplies, at Cost	4,855			4,855
Prepaid Expenditures	689			689
Due From Other Funds	195	69,325		69,520
Due From Other Governmental Agencies, Net	21,109	1,416		22,525
Total Assets	$ 501,298	$ 383,920	$ 5,541	$ 890,759
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 2,765	$ -	$ -	$ 2,765
Accounts Payable - Other	4,962			4,962
Accrued Payroll	196			196
Unearned Revenue	371			371
Liabilities Payable From Restricted Assets:				
Vouchers Payable	12,784	34,674	20	47,478
Accounts Payable - Other	14,845	11,652		26,497
Accrued Payroll	4,214	11	3	4,228
Accrued Leave Payable	36			36
Unearned Revenue	44,200	1,067		45,267
Due To Other Funds	22,804	36,526		59,330
Due To Other Governmental Agencies	91			91
Total Liabilities	107,268	83,930	23	191,221
Deferred Inflows of Resources	8,499	161		8,660
Fund Balances:				
Nonspendable	6,662		5,068	11,730
Restricted	245,865	299,314	450	545,629
Committed	134,539	1,218		135,757
Assigned	4,225			4,225
Unassigned	(5,760)	(703)		(6,463)
Total Fund Balances	385,531	299,829	5,518	690,878
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 501,298	$ 383,920	$ 5,541	$ 890,759

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2019
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 32,263	$ -	$ -	$ 32,263
General Sales and Use	94,067			94,067
Gross Receipts Business	2,789			2,789
Occupancy	100,648			100,648
Penalties and Interest on Delinquent Taxes	242			242
Intergovernmental	181,588	30,398		211,986
Charges for Services	129,805		386	130,191
Fines and Forfeits	336			336
Miscellaneous	54,853	1,089	3	55,945
Investment Earnings	9,176	7,505	137	16,818
Contributions	25,577	6,438		32,015
Total Revenues	631,344	45,430	526	677,300
Expenditures:				
Current:				
General Government	10,284			10,284
Public Safety	22,758	7,760		30,518
Public Works	60,350			60,350
Health Services	35,382			35,382
Sanitation	7,804			7,804
Welfare	117,118			117,118
Culture and Recreation	47,437		220	47,657
Convention and Tourism	61,192			61,192
Urban Redevelopment and Housing	24,000			24,000
Education	28,472			28,472
Economic Development and Opportunity	21,910			21,910
Environmental	214			214
Capital Outlay		355,349		355,349
Debt Service:				
Principal Retirement	6,314			6,314
Interest	23,271			23,271
Issuance Costs		466		466
Total Expenditures	466,506	363,575	220	830,301
Excess (Deficiency) of Revenue Over (Under) Expenditures	164,838	(318,145)	306	(153,001)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	100	64,770		64,870
Premium on Long-Term Debt		8,850		8,850
Transfers In	89,810	337,474	33	427,317
Transfers Out	(206,816)	(114,897)		(321,713)
Total Other Financing Sources (Uses), Net	(116,906)	296,197	33	179,324
Net Change in Fund Balances	47,932	(21,948)	339	26,323
Fund Balances, October 1	337,599	321,777	5,179	664,555
Fund Balances, September 30	$ 385,531	$ 299,829	$ 5,518	$ 690,878

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2019
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 14,126	$ 7,258	$ 21,384
Investments		102,332		102,332
Receivables, Net		3,027	1,422	4,449
Materials and Supplies, at Cost		52	220	272
Prepaid Expenditures			846	846
Due From Other Funds		346		346
Restricted Assets:				
Cash and Cash Equivalents	2,001	24,395	3,163	29,559
Investments	7,297	231,664	1,636	240,597
Receivables, Net	42,379	31,786	500	74,665
Materials and Supplies, at Cost	801	351	3,703	4,855
Prepaid Expenditures		622	67	689
Due From Other Funds		195		195
Due From Other Governmental Agencies, Net	20,004	1,105		21,109
Total Assets	$ 72,482	$ 410,001	$ 18,815	$ 501,298
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 1,110	$ 1,655	$ 2,765
Accounts Payable - Other		4,430	532	4,962
Accrued Payroll		196		196
Unearned Revenue		295	76	371
Liabilities Payable From Restricted Assets:				
Vouchers Payable	5,367	7,411	6	12,784
Accounts Payable - Other	4,480	9,507	858	14,845
Accrued Payroll	1,256	2,910	48	4,214
Accrued Leave Payable		6	30	36
Unearned Revenue	43,875	180	145	44,200
Due To Other Funds	13,538	9,266		22,804
Due To Other Governmental Agencies	91			91
Total Liabilities	68,607	35,311	3,350	107,268
Deferred Inflows of Resources	8,305	194		8,499
Fund Balances:				
Nonspendable	801	1,025	4,836	6,662
Restricted	3,875	239,129	2,861	245,865
Committed		134,539		134,539
Assigned			4,225	4,225
Unassigned	(9,106)	(197)	3,543	(5,760)
Total Fund Balances	(4,430)	374,496	15,465	385,531
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 72,482	$ 410,001	$ 18,815	$ 501,298

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2019
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 32,263	$ -	$ 32,263
General Sales and Use		94,067		94,067
Gross Receipts Business		2,789		2,789
Occupancy		100,648		100,648
Penalties and Interest on Delinquent Taxes		242		242
Intergovernmental	168,766	12,822		181,588
Charges for Services	321	117,347	12,137	129,805
Fines and Forfeits		336		336
Miscellaneous	3,389	48,938	2,526	54,853
Investment Earnings	255	8,821	100	9,176
Contributions	18,559	5,747	1,271	25,577
Total Revenues	191,290	424,020	16,034	631,344
Expenditures:				
Current:				
General Government	2,513	7,771		10,284
Public Safety	14,774	7,984		22,758
Public Works	12,904	47,446		60,350
Health Services	19,928	15,454		35,382
Sanitation	539	7,265		7,804
Welfare	117,032	86		117,118
Culture and Recreation	981	35,753	10,703	47,437
Convention and Tourism		35,375	25,817	61,192
Urban Redevelopment and Housing	21,005	2,168	827	24,000
Education		28,472		28,472
Economic Development and Opportunity	164	18,986	2,760	21,910
Environmental		214		214
Debt Service:				
Principal Retirement			6,314	6,314
Interest			23,271	23,271
Total Expenditures	189,840	206,974	69,692	466,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,450	217,046	(53,658)	164,838
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			100	100
Transfers In	5,242	27,594	56,974	89,810
Transfers Out	(6,118)	(199,562)	(1,136)	(206,816)
Total Other Financing Sources (Uses), Net	(876)	(171,968)	55,938	(116,906)
Net Change in Fund Balances	574	45,078	2,280	47,932
Fund Balances, October 1	(5,004)	329,418	13,185	337,599
Fund Balances, September 30	$ (4,430)	$ 374,496	$ 15,465	$ 385,531

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2019
(In Thousands)

	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 125	$ -	$ 321	$ 1,555	$ -	$ 2,001
Investments	173	3,001	3,082	1,041		7,297
Receivables, Net	46	10,258	15	32,060		42,379
Materials and Supplies, at Cost	801					801
Due From Other Governmental Agencies, Net	19,022	982				20,004
Total Assets	$ 20,167	$ 14,241	$ 3,418	$ 34,656	$ -	$ 72,482
Liabilities and Fund Balances:						
Liabilities:						
Liabilities Payable From Restricted Assets:						
Vouchers Payable	$ 3,341	$ 670	$ 71	$ 1,285	$ -	$ 5,367
Accounts Payable - Other	3,383	42		1,055		4,480
Accrued Payroll	1,143	94	6	13		1,256
Unearned Revenue	591	10,981		32,303		43,875
Due To Other Funds	11,618	1,920				13,538
Due To Other Governmental Agencies	91					91
Total Liabilities	20,167	13,707	77	34,656		68,607
Deferred Inflows of Resources	7,655			650		8,305
Fund Balances:						
Nonspendable	801					801
Restricted		534	3,341			3,875
Unassigned	(8,456)			(650)		(9,106)
Total Fund Balances	(7,655)	534	3,341	(650)		(4,430)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 20,167	$ 14,241	$ 3,418	$ 34,656	$ -	$ 72,482

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2019
(In Thousands)

	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:						
Intergovernmental	$ 146,712	$ 11,287	$ 1,965	$ 8,802	$ -	$ 168,766
Charges for Services		321				321
Miscellaneous	512	1,498	30	1,346	3	3,389
Investment Earnings	4	111	72	68		255
Contributions	16,649			1,910		18,559
Total Revenues	163,877	13,217	2,067	12,126	3	191,290
Expenditures:						
Current:						
General Government	652	1,861				2,513
Public Safety	13,910	124	740			14,774
Public Works	12,904					12,904
Health Services	19,928					19,928
Sanitation	539					539
Welfare	117,032					117,032
Culture and Recreation	709	272				981
Urban Redevelopment and Housing	720	7,807		12,478		21,005
Economic Development and Opportunity		161			3	164
Total Expenditures	166,394	10,225	740	12,478	3	189,840
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,517)	2,992	1,327	(352)		1,450
Other Financing Sources (Uses):						
Transfers In	5,234			8		5,242
Transfers Out	(3,083)	(2,646)	(389)			(6,118)
Total Other Financing Sources (Uses), Net	2,151	(2,646)	(389)	8		(876)
Net Change in Fund Balances	(366)	346	938	(344)		574
Fund Balances, October 1	(7,289)	188	2,403	(306)		(5,004)
Fund Balances, September 30	$ (7,655)	$ 534	$ 3,341	$ (650)	$ -	$ (4,430)

Combining Balance Sheet
Nonmajor Governmental Funds - Other Special Revenues
As of September 30, 2019
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:												
Cash and Cash Equivalents	$ -	$ 13,930	$ -	$ -	$ -	$ -	$ -	$ 196	$ -	$ -	$ -	$ 14,126
Investments		90,468						11,864				102,332
Receivables, Net		3,013						14				3,027
Materials and Supplies, at Cost		52										52
Due From Other Funds		346										346
Restricted Assets:												
Cash and Cash Equivalents	977	389	7,502	184	6,907	116	396		3,044	4,772	108	24,395
Investments	10,648	6,353	61,540	875	70,229	1,038	3,804		29,478	46,861	838	231,664
Receivables, Net	3,073	6,765	1,659	1,884	6,579	6,328	568		3,999	356	575	31,786
Materials and Supplies, at Cost		125	105						121			351
Prepaid Expenditures			622									622
Due From Other Funds				195								195
Due From Other Governmental Agencies			563				241			301		1,105
Total Assets	$ 14,698	$ 121,441	$ 71,991	$ 3,138	$ 83,715	$ 7,482	$ 5,009	$ 12,074	$ 36,642	$ 52,290	$ 1,521	$ 410,001
Liabilities and Fund Balances:												
Liabilities:												
Vouchers Payable	$ -	$ 1,110	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,110
Accounts Payable - Other		4,430										4,430
Accrued Payroll		196										196
Unearned Revenue		295										295
Liabilities Payable From Restricted Assets:												
Vouchers Payable	4	2,387	2,101				1		877	1,640	401	7,411
Accounts Payable - Other	21	5,550	905			218	22		184	2,564	43	9,507
Accrued Payroll	80	650	380			918	86		612	20	164	2,910
Accrued Leave Payable							1		5			6
Unearned Revenue		180										180
Due To Other Funds	1,572	195	275	346		6,346	435			97		9,266
Total Liabilities	1,677	14,993	3,661	346		7,482	545		1,678	4,321	608	35,311
Deferred Inflows of Resources										194		194
Fund Balances:												
Nonspendable		177	727						121			1,025
Restricted	13,021	4,545	47,061	2,792	83,715		4,464		34,843	47,775	913	239,129
Committed		101,726	20,739					12,074				134,539
Unassigned			(197)									(197)
Total Fund Balances	13,021	106,448	68,330	2,792	83,715		4,464	12,074	34,964	47,775	913	374,496
Total Liabilities and Fund Balances	$ 14,698	$ 121,441	$ 71,991	$ 3,138	$ 83,715	$ 7,482	$ 5,009	$ 12,074	$ 36,642	$ 52,290	$ 1,521	$ 410,001

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Other Special Revenues

Year-Ended September 30, 2019

(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:												
Taxes:												
Property	$ -	$ -	$ 5,120	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,143	$ -	$ 32,263
General Sales and Use	18,117				37,975	37,975						94,067
Gross Receipts Business			2,789									2,789
Occupancy		72,706	7,169	20,773								100,648
Penalties and Interest on Delinquent Taxes		188		54								242
Intergovernmental		68	12,754									12,822
Charges for Services		34,484	11,835				4,198		59,654		7,176	117,347
Fines and Forfeits			336									336
Miscellaneous	138	4,091	12,084			31,829	47		597	15	137	48,938
Investment Earnings	317	2,419	1,606	243	1,961		79	284	779	1,120	13	8,821
Contributions			5,747									5,747
Total Revenues	18,572	113,956	59,440	21,070	39,936	69,804	4,324	284	61,030	28,278	7,326	424,020
Expenditures:												
Current:												
General Government			7,771									7,771
Public Safety			7,984									7,984
Public Works	4,902						3,012		39,532			47,446
Health Services			15,454									15,454
Sanitation			1								7,264	7,265
Welfare			86									86
Culture and Recreation		29,967	5,034		752							35,753
Convention and Tourism		28,287	7,082	6								35,375
Urban Redevelopment and Housing			2,005					163				2,168
Education						28,472						28,472
Economic Development and Opportunity			4,554							14,432		18,986
Environmental			214									214
Total Expenditures	4,902	58,254	50,185	6	752	28,472	3,012	163	39,532	14,432	7,264	206,974
Excess of Revenues Over (Under) Expenditures	13,670	55,702	9,255	21,064	39,184	41,332	1,312	121	21,498	13,846	62	217,046
Other Financing Sources (Uses):												
Transfers In		10,261	6,762	10,571								27,594
Transfers Out	(13,235)	(50,828)	(3,085)	(31,495)	(37,789)	(41,332)	(435)		(17,681)	(3,682)		(199,562)
Total Other Financing Sources (Uses), Net	(13,235)	(40,567)	3,677	(20,924)	(37,789)	(41,332)	(435)		(17,681)	(3,682)		(171,968)
Net Change in Fund Balances	435	15,135	12,932	140	1,395		877	121	3,817	10,164	62	45,078
Fund Balances, October 1	12,586	91,313	55,398	2,652	82,320		3,587	11,953	31,147	37,611	851	329,418
Fund Balances, September 30	$ 13,021	$ 106,448	$ 68,330	$ 2,792	$ 83,715	$ -	$ 4,464	$ 12,074	$ 34,964	$ 47,775	$ 913	$ 374,496

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2019
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	VISIT SAN ANTONIO	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:													
Cash and Cash Equivalents	$ 197	$ 7	$ 29	$ -	$ -	$ -	$ -	$ -	$ 2,213	$ -	$ 4,709	$ 103	$ 7,258
Receivables, Net									67		1,081	274	1,422
Materials and Supplies, at Cost										144	76		220
Prepaid Expenditures									260		579	7	846
Restricted Assets:													
Cash and Cash Equivalents				1,974	616	287	204	1		81			3,163
Investments						5	850			781			1,636
Receivables, Net				434				8		58			500
Materials and Supplies, at Cost				268						3,435			3,703
Prepaid Expenditures				64		3							67
Total Assets	$ 197	$ 7	$ 29	$ 2,740	$ 616	$ 295	$ 1,054	$ 9	$ 2,540	$ 4,499	$ 6,445	$ 384	$ 18,815
Liabilities and Fund Balances:													
Liabilities:													
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,655	$ -	$ 1,655
Accounts Payable - Other										4	512	16	532
Unearned Revenue											76		76
Liabilities Payable From Restricted Assets:													
Vouchers Payable							3			3			6
Accounts Payable - Other				820					38				858
Accrued Payroll									48				48
Accrued Leave Payable									30				30
Unearned Revenue				145									145
Total Liabilities				965			3		116	7	2,243	16	3,350
Fund Balances:													
Nonspendable				332		3			260	3,579	655	7	4,836
Restricted					616	292		9	666	917		361	2,861
Assigned	197	7	29	1,443			1,051		1,498				4,225
Unassigned										(4)	3,547		3,543
Total Fund Balances	197	7	29	1,775	616	295	1,051	9	2,424	4,492	4,202	368	15,465
Total Liabilities and Fund Balances	$ 197	$ 7	$ 29	$ 2,740	$ 616	$ 295	$ 1,054	$ 9	$ 2,540	$ 4,499	$ 6,445	$ 384	$ 18,815

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2019
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	VISIT SAN ANTONIO	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:													
Charges for Services	$ -	$ -	$ -	$ 11,441	$ -	$ -	$ -	$ -	$ 696	$ -	$ -	$ -	$ 12,137
Miscellaneous				96			3			284	2,143		2,526
Investment Earnings	4				12	14		62	5	3			100
Contributions									1,001	270			1,271
Total Revenues	4			11,537	12	14	3	62	1,702	557	2,143		16,034
Expenditures:													
Current:													
Culture and Recreation	$ -	$ -	$ -	$ 10,703	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,703
Convention and Tourism											25,817		25,817
Urban Redevelopment and Housing										827			827
Economic Development and Opportunity					7	4	215		2,534				2,760
Debt Service:													
Principal Retirement				621	1,695	965		2,995	38				6,314
Interest				393	1,193	693		20,981	11				23,271
Total Expenditures				11,717	2,895	1,662	215	23,976	2,583	827	25,817		69,692
Excess (Deficiency) of Revenues Over (Under) Expenditures	4			(180)	(2,883)	(1,648)	(212)	(23,914)	(881)	(270)	(23,674)		(53,658)
Other Financing Sources (Uses):													
Issuance of Long-Term Debt				100									100
Transfers In				1,943	2,889	1,656	200	21,284	1,687	3,064	24,251		56,974
Transfers Out				(1,117)				(19)					(1,136)
Total Other Financing Sources (Uses), Net				926	2,889	1,656	200	21,265	1,687	3,064	24,251		55,938
Net Change in Fund Balances	4			746	6	8	(12)	(2,649)	806	2,794	577		2,280
Fund Balances, October 1	193	7	29	1,029	610	287	1,063	2,658	1,618	1,698	3,625	368	13,185
Fund Balances, September 30	$ 197	$ 7	$ 29	$ 1,775	$ 616	$ 295	$ 1,051	$ 9	$ 2,424	$ 4,492	$ 4,202	$ 368	$ 15,465

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2019
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 114	$ 114
Investments			1,100	1,100
Receivables, Net			4	4
Restricted Assets:				
Cash and Cash Equivalents	26,008	43,513	21,897	91,418
Investments	83,289	105,407	28,455	217,151
Receivables, Net	2,094	423	875	3,392
Due From Other Funds	1,429	17,563	50,333	69,325
Due From Other Governmental Agencies, Net	1,012	236	168	1,416
Total Assets	$ 113,832	$ 167,142	$ 102,946	$ 383,920
Liabilities and Fund Balances:				
Liabilities:				
Liabilities Payable From Restricted Assets:				
Vouchers Payable	$ 14,765	$ 4,278	$ 15,631	$ 34,674
Accounts Payable - Other	5,810	1,224	4,618	11,652
Accrued Payroll	4	5	2	11
Unearned Revenue	163		904	1,067
Due To Other Funds		2,704	33,822	36,526
Total Liabilities	20,742	8,211	54,977	83,930
Deferred Inflows of Resources	122		39	161
Fund Balances:				
Nonspendable				
Restricted	93,138	158,931	47,245	299,314
Committed			1,218	1,218
Unassigned	(170)		(533)	(703)
Total Fund Balances	92,968	158,931	47,930	299,829
Total Liabilities and Fund Balances	$ 113,832	$ 167,142	$ 102,946	$ 383,920

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2019
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	$ 10,079	$ 18,713	$ 1,606	$ 30,398
Miscellaneous	102	126	861	1,089
Investment Earnings	2,653	3,723	1,129	7,505
Contributions		5,290	1,148	6,438
Total Revenues	12,834	27,852	4,744	45,430
Expenditures:				
Current:				
Public Safety			7,760	7,760
Capital Outlay	116,567	68,608	170,174	355,349
Debt Service:				
Issuance Costs		257	209	466
Total Expenditures	116,567	68,865	178,143	363,575
(Deficiency) of Revenues (Under) Expenditures	(103,733)	(41,013)	(173,399)	(318,145)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		30,235	34,535	64,770
Premium on Long-Term Debt		6,210	2,640	8,850
Transfers In	110,395	60,319	166,760	337,474
Transfers Out	(19,152)	(60,283)	(35,462)	(114,897)
Total Other Financing Sources, Net	91,243	36,481	168,473	296,197
Net Change in Fund Balances	(12,490)	(4,532)	(4,926)	(21,948)
Fund Balances, October 1	105,458	163,463	52,856	321,777
Fund Balances, September 30	$ 92,968	$ 158,931	$ 47,930	$ 299,829

Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2019
(In Thousands)

	PRE 2007 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Assets:					
Restricted Assets:					
Cash and Cash Equivalents	$ 41	$ 2,235	$ 5,847	$ 17,885	$ 26,008
Investments	412	21,572	61,305		83,289
Receivables, Net	1	78	224	1,791	2,094
Due From Other Funds			1,429		1,429
Due From Other Governmental Agencies, Net				1,012	1,012
Total Assets	$ 454	$ 23,885	$ 68,805	$ 20,688	$ 113,832
Liabilities and Fund Balances:					
Liabilities:					
Liabilities Payable From Restricted Assets:					
Vouchers Payable	$ 6	$ -	$ -	$ 14,759	$ 14,765
Accounts Payable - Other				5,810	5,810
Accrued Payroll				4	4
Unearned Revenue				163	163
Total Liabilities	6			20,736	20,742
Deferred Inflows of Resources				122	122
Fund Balances:					
Restricted	448	23,885	68,805		93,138
Unassigned				(170)	(170)
Total Fund Balances	448	23,885	68,805	(170)	92,968
Total Liabilities and Fund Balances	$ 454	$ 23,885	$ 68,805	$ 20,688	$ 113,832

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2019
(In Thousands)

	PRE 2007 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Revenues:					
Intergovernmental	$ -	$ -	$ -	$ 10,079	$ 10,079
Miscellaneous		2		100	102
Investment Earnings	14	674	1,965		2,653
Total Revenues	14	676	1,965	10,179	12,834
Expenditures:					
Capital Outlay				116,567	116,567
Total Expenditures				116,567	116,567
Excess (Deficiency) of Revenues Over (Under) Expenditures	14	676	1,965	(106,388)	(103,733)
Other Financing Sources (Uses):					
Transfers In				110,395	110,395
Transfers Out	(79)	(2,862)	(13,223)	(2,988)	(19,152)
Total Other Financing Sources (Uses), Net	(79)	(2,862)	(13,223)	107,407	91,243
Net Change in Fund Balances	(65)	(2,186)	(11,258)	1,019	(12,490)
Fund Balances, October 1	513	26,071	80,063	(1,189)	105,458
Fund Balances, September 30	$ 448	$ 23,885	$ 68,805	$ (170)	$ 92,968

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2019
(In Thousands)

	PRE-2015 CERTIFICATES OF OBLIGATION	2015 CERTIFICATES OF OBLIGATION	2016 CERTIFICATES OF OBLIGATION	2017 CERTIFICATES OF OBLIGATION	2018 CERTIFICATES OF OBLIGATION	2019 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:								
Restricted Assets:								
Cash and Cash Equivalents	$ 198	$ 213	$ 3,355	$ 913	$ 25,839	$ 10,428	$ 2,567	$ 43,513
Investments	4,153	2,464	33,431	9,064	41,830	14,465		105,407
Receivables, Net	16	10	119	33	161	81	3	423
Due From Other Funds					6,921	7,938	2,704	17,563
Due From Other Governmental Agencies							236	236
Total Assets	$ 4,367	$ 2,687	$ 36,905	$ 10,010	$ 74,751	$ 32,912	$ 5,510	$ 167,142
Liabilities and Fund Balances:								
Liabilities:								
Liabilities Payable From Restricted Assets:								
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,278	$ 4,278
Accounts Payable - Other							1,224	1,224
Accrued Payroll							5	5
Due To Other Funds					2,704			2,704
Total Liabilities					2,704		5,507	8,211
Fund Balances:								
Restricted	4,367	2,687	36,905	10,010	72,047	32,912	3	158,931
Total Fund Balances	4,367	2,687	36,905	10,010	72,047	32,912	3	158,931
Total Liabilities and Fund Balances	$ 4,367	$ 2,687	$ 36,905	$ 10,010	$ 74,751	$ 32,912	$ 5,510	$ 167,142

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2019
(In Thousands)

	PRE-2015 CERTIFICATES OF OBLIGATION	2015 CERTIFICATES OF OBLIGATION	2016 CERTIFICATES OF OBLIGATION	2017 CERTIFICATES OF OBLIGATION	2018 CERTIFICATES OF OBLIGATION	2019 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:								
Intergovernmental	$ -	$ -	$ -	$ -	$ 8,532	$ -	$ 10,181	$ 18,713
Miscellaneous	73						53	126
Investment Earnings	144	158	1,001	324	2,051	45		3,723
Contributions					5,290			5,290
Total Revenues	217	158	1,001	324	15,873	45	10,234	27,852
Expenditures:								
Capital Outlay							68,608	68,608
Debt Service:								
Issuance Costs				27	37	193		257
Total Expenditures				27	37	193	68,608	68,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	217	158	1,001	297	15,836	(148)	(58,374)	(41,013)
Other Financing Sources (Uses):								
Issuance of Long-Term Debt						30,235		30,235
Premium on Long-Term Debt						6,210		6,210
Transfers In							60,319	60,319
Transfers Out	(2,078)	(7,043)	(4,135)	(7,637)	(34,063)	(3,385)	(1,942)	(60,283)
Total Other Financing Sources (Uses), Net	(2,078)	(7,043)	(4,135)	(7,637)	(34,063)	33,060	58,377	36,481
Net Change in Fund Balances	(1,861)	(6,885)	(3,134)	(7,340)	(18,227)	32,912	3	(4,532)
Fund Balances, October 1	6,228	9,572	40,039	17,350	90,274			163,463
Fund Balances, September 30	$ 4,367	$ 2,687	$ 36,905	$ 10,010	$ 72,047	$ 32,912	$ 3	$ 158,931

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2019
(In Thousands)

	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Assets:							
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ 114	$ 114
Investments						1,100	1,100
Receivables, Net						4	4
Restricted Assets:							
Cash and Cash Equivalents	1	5	19,350	487	21	2,033	21,897
Investments	13	523		4,804	198	22,917	28,455
Receivables, Net		3	711	17	1	143	875
Due From Other Funds			33,729			16,604	50,333
Due From Other Governmental Agencies, Net			168				168
Total Assets	$ 14	$ 531	$ 53,958	$ 5,308	$ 220	$ 42,915	$ 102,946
Liabilities and Fund Balances:							
Liabilities:							
Liabilities Payable From Restricted Assets:							
Vouchers Payable	$ -	$ -	$ 15,631	$ -	$ -	$ -	$ 15,631
Accounts Payable - Other			4,618				4,618
Accrued Payroll			2				2
Unearned Revenue			904				904
Due To Other Funds		525	33,297				33,822
Total Liabilities		525	54,452				54,977
Deferred Inflows of Resources			39				39
Fund Balances:							
Restricted	14	6		5,308	220	41,697	47,245
Committed						1,218	1,218
Unassigned			(533)				(533)
Total Fund Balances	14	6	(533)	5,308	220	42,915	47,930
Total Liabilities and Fund Balances	$ 14	$ 531	$ 53,958	$ 5,308	$ 220	$ 42,915	$ 102,946

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2019
(In Thousands)

	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Revenues:							
Taxes:							
Intergovernmental	$ -	$ -	$ 1,606	$ -	$ -	$ -	$ 1,606
Miscellaneous		755	106				861
Investment Earnings		207		138	6	778	1,129
Contributions			1,148				1,148
Total Revenues		962	2,860	138	6	778	4,744
Expenditures:							
Current:							
Public Safety		7,760					7,760
Capital Outlay			170,012	162			170,174
Debt Service:							
Issuance Costs						209	209
Total Expenditures		7,760	170,012	162		209	178,143
Excess (Deficiency) of Revenue Over (Under) Expenditures		(6,798)	(167,152)	(24)	6	569	(173,399)
Other Financing Sources (Uses):							
Issuance of Long-Term Debt						34,535	34,535
Premium on Long-Term Debt						2,640	2,640
Transfers In			166,087	159		514	166,760
Transfers Out		(760)		(103)		(34,599)	(35,462)
Total Other Financing Sources (Uses), Net		(760)	166,087	56		3,090	168,473
Net Change in Fund Balances		(7,558)	(1,065)	32	6	3,659	(4,926)
Fund Balances, October 1	14	7,564	532	5,276	214	39,256	52,856
Fund Balances, September 30	$ 14	$ 6	$ (533)	$ 5,308	$ 220	$ 42,915	$ 47,930

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2019
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	SOUTHERN EDWARDS PLATEAU ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 33	$ 365	$ 30	$ 49	$ 36	$ 513
Investments	319	3,513	291	476	348	4,947
Receivables, Net	1	76	1	2	1	81
Total Assets	$ 353	$ 3,954	$ 322	$ 527	$ 385	$ 5,541
Liabilities and Fund Balances:						
Liabilities:						
Liabilities Payable From Restricted Assets:						
Vouchers Payable	$ 2	$ 18	$ -	$ -	$ -	$ 20
Accrued Payroll		3				3
Total Liabilities	2	21				23
Fund Balances:						
Nonspendable	334	3,631	314	514	275	5,068
Restricted	17	302	8	13	110	450
Total Fund Balances	351	3,933	322	527	385	5,518
Total Liabilities and Fund Balances	$ 353	$ 3,954	$ 322	$ 527	$ 385	$ 5,541

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2019
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	SOUTHERN EDWARDS PLATEAU ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:						
Charges for Services	$ -	$ 312	$ -	$ -	$ 74	$ 386
Miscellaneous		3				3
Investment Earnings	9	98	8	14	8	137
Total Revenues	9	413	8	14	82	526
Expenditures:						
Current:						
Culture and Recreation	4	204	4	8		220
Total Expenditures	4	204	4	8		220
Excess of Revenues Over Expenditures	5	209	4	6	82	306
Other Financing Sources:						
Transfers In					33	33
Total Other Financing Sources					33	33
Net Change in Fund Balances	5	209	4	6	115	339
Fund Balances, October 1	346	3,724	318	521	270	5,179
Fund Balances, September 30	$ 351	$ 3,933	$ 322	$ 527	$ 385	$ 5,518

Supplementary Budget and Actual Schedules for Legally Adopted Funds

Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	$ 701,354	$ 708,138	$ 6,784
Licenses and Permits	9,415	7,351	(2,064)
Intergovernmental	5,624	6,376	752
Revenues from Utilities	373,692	377,652	3,960
Charges for Services	69,426	68,062	(1,364)
Fines and Forfeits	11,267	9,911	(1,356)
Miscellaneous	11,536	31,103	19,567
Investment Earnings	8,506	9,365	859
Contributions		44	44
Total Revenues	$ 1,190,820	$ 1,218,002	$ 27,182
Expenditures:			
General Government	93,545	91,761	1,784
Public Safety	771,980	771,469	511
Public Works	76,456	75,235	1,221
Health Services	30,015	29,978	37
Welfare	39,950	38,951	999
Culture and Recreation	129,919	129,548	371
Economic Development and Opportunity	24,281	24,626	(345)
Urban Redevelopment and Housing	27,923	27,848	75
Debt Service:			
Principal Retirement	3,240	3,240	
Interest	115	115	
Total Expenditures	$ 1,197,424	$ 1,192,771	$ 4,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (6,604)	$ 25,231	$ 31,835
Other Financing Sources (Uses):			
Transfers In	22,238	22,754	516
Transfers Out	(140,493)	(138,002)	2,491
Total Other Financing Sources (Uses), Net	$ (118,255)	$ (115,248)	$ 3,007
Net Change in Fund Balance	(124,859)	(90,017)	$ 34,842
Fund Balances, October 1	350,140	350,140	
Add Encumbrances		104,919	
Fund Balances, September 30	$ 225,281	$ 365,042	

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	$ 361,881	$ 361,966	$ 85
Delinquent	722	774	52
General Sales and Use:			
City Sales	299,722	303,802	4,080
Alcoholic Beverages	9,650	9,928	278
Telecommunication Access Lines Fees	12,457	13,265	808
Cablevision Franchise	13,057	13,946	889
Bingo	1,039	1,333	294
Other	715	776	61
Penalties and Interest on Delinquent Taxes	2,111	2,348	237
Total Taxes	$ 701,354	$ 708,138	$ 6,784
Licenses and Permits:			
Alarm Licenses	1,772	1,791	19
Alcoholic Beverages Licenses	998	969	(29)
Amusement Licenses	262	262	
Building Permits	153	105	(48)
Health Licenses	4,893	2,789	(2,104)
Professional and Occupational Licenses	824	824	
Street Permits	513	611	98
Total Licenses and Permits	$ 9,415	$ 7,351	$ (2,064)
Intergovernmental:			
Bexar County - Child Support	42	42	
Health Aid from Bexar County	191	191	
Library Aid from Bexar County	2,584	2,584	
Magistration and Detention - Bexar	448	798	350
Other	1,750	2,137	387
SAWS Reimbursement	258	273	15
VIA Contributions	351	351	
Total Intergovernmental	$ 5,624	$ 6,376	$ 752
Revenues from Utilities:			
CPS Energy	355,336	358,788	3,452
San Antonio Water System	18,356	18,864	508
Total Revenues from Utilities	$ 373,692	$ 377,652	$ 3,960

(Continued)

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	$ 4,102	$ 4,409	$ 307
Public Safety:			
Fire Department	36,045	34,057	(1,988)
Police Department	8,518	8,657	139
Sanitation:			
Demolition of Unsafe Structures	651	660	9
Health	3,147	2,878	(269)
Streets	29	11	(18)
Culture and Recreation:			
Attractions and Venues	13,679	14,173	494
Community Centers	346	358	12
Concessions & Rentals	570	571	1
Library	1,053	948	(105)
Miscellaneous Recreation Revenue	17	17	
Recreation Fees	1,242	1,305	63
Swimming Pools	27	18	(9)
Total Charges for Services	$ 69,426	$ 68,062	$ (1,364)
Fines and Forfeits:			
Municipal Court Fines	$ 11,267	$ 9,911	$ (1,356)
Miscellaneous:			
Interfund Charges	1,850	1,825	(25)
Other	2,501	3,252	751
Recovery of Expenditures	3,055	21,620	18,565
Rents, Leases, and Concessions	663	593	(70)
Sales	3,467	3,813	346
Total Miscellaneous	$ 11,536	$ 31,103	$ 19,567
Investment Earnings:			
Interest	$ 8,506	$ 9,365	$ 859
Contributions:			
Contributions	$ -	$ 44	$ 44
Total Revenues	$ 1,190,820	$ 1,218,002	$ 27,182

(End of Schedule)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Executive:			
Personal Services	$ 42,369	$ 41,763	$ 606
Contractual Services	8,456	8,348	108
Commodities	567	476	91
Other Expenditures	7,890	7,701	189
Capital Outlay	186	226	(40)
Total Executive	$ 59,468	$ 58,514	$ 954
Judicial:			
Personal Services	11,223	10,879	344
Contractual Services	2,092	1,826	266
Commodities	185	202	(17)
Other Expenditures	2,063	2,063	
Capital Outlay	171	65	106
Total Judicial	$ 15,734	$ 15,035	$ 699
Legislative:			
Personal Services	4,890	4,851	39
Contractual Services	4,592	4,528	64
Commodities	235	401	(166)
Other Expenditures	8,487	8,280	207
Capital Outlay	139	152	(13)
Total Legislative	$ 18,343	$ 18,212	$ 131
Total General Government	$ 93,545	$ 91,761	$ 1,784
Public Safety:			
Fire:			
Personal Services	266,057	264,342	1,715
Contractual Services	11,982	12,061	(79)
Commodities	9,944	9,780	164
Other Expenditures	29,106	28,777	329
Capital Outlay	3,472	5,046	(1,574)
Total Fire	$ 320,561	$ 320,006	$ 555
Police:			
Personal Services	383,735	380,843	2,892
Contractual Services	20,515	19,091	1,424
Commodities	6,222	7,041	(819)
Other Expenditures	38,463	37,929	534
Capital Outlay	2,484	6,559	(4,075)
Total Police	$ 451,419	$ 451,463	$ (44)
Total Public Safety	$ 771,980	$ 771,469	$ 511

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Public Works:			
Administration:			
Personal Services	$ 2,779	$ 2,541	$ 238
Contractual Services	10,278	10,377	(99)
Commodities	20	24	(4)
Other Expenditures	791	775	16
Capital Outlay	3	3	
Total Administration	$ 13,871	$ 13,720	$ 151
Streets:			
Personal Services	14,590	15,011	(421)
Contractual Services	6,333	7,546	(1,213)
Commodities	6,486	6,588	(102)
Other Expenditures	20,206	19,760	446
Capital Outlay	201	192	9
Total Streets	$ 47,816	$ 49,097	$ (1,281)
Traffic and Transportation:			
Personal Services	6,235	6,008	227
Contractual Services	5,191	4,117	1,074
Commodities	1,270	272	998
Other Expenditures	1,968	1,909	59
Capital Outlay	105	112	(7)
Total Traffic and Transportation	$ 14,769	$ 12,418	$ 2,351
Total Public Works	$ 76,456	$ 75,235	$ 1,221
Health Services:			
Personal Services	18,335	18,218	117
Contractual Services	5,468	5,774	(306)
Commodities	1,695	1,494	201
Other Expenditures	4,041	3,986	55
Capital Outlay	476	506	(30)
Total Health Services	$ 30,015	$ 29,978	$ 37
Welfare:			
Personal Services	7,959	7,908	51
Contractual Services	24,973	24,079	894
Commodities	185	235	(50)
Other Expenditures	6,677	6,436	241
Capital Outlay	156	293	(137)
Total Welfare	$ 39,950	$ 38,951	$ 999

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Culture and Recreation:			
Downtown Operations:			
Personal Services	$ 4,951	$ 4,834	$ 117
Contractual Services	11,135	11,805	(670)
Commodities	439	398	41
Other Expenditures	2,213	1,899	314
Capital Outlay	13	17	(4)
Total Downtown Operations	$ 18,751	$ 18,953	$ (202)
Libraries:			
Personal Services	25,410	25,005	405
Contractual Services	5,753	5,869	(116)
Commodities	5,804	5,771	33
Other Expenditures	4,316	4,405	(89)
Capital Outlay	735	690	45
Total Libraries	$ 42,018	$ 41,740	$ 278
Parks:			
Personal Services	43,236	43,064	172
Contractual Services	9,881	9,841	40
Commodities	3,594	3,711	(117)
Other Expenditures	11,239	10,998	241
Capital Outlay	1,200	1,241	(41)
Total Parks	$ 69,150	$ 68,855	$ 295
Total Culture and Recreation	$ 129,919	$ 129,548	$ 371
Economic Development and Opportunity:			
Personal Services	3,791	3,645	146
Contractual Services	20,132	20,517	(385)
Commodities	113	91	22
Other Expenditures	234	353	(119)
Capital Outlay	11	20	(9)
Total Economic Development and Opportunity	$ 24,281	$ 24,626	$ (345)
Urban Redevelopment and Housing			
Personal Services	12,220	12,204	16
Contractual Services	12,012	11,100	912
Commodities	328	290	38
Other Expenditures	3,023	3,897	(874)
Capital Outlay	340	357	(17)
Total Urban Redevelopment and Housing	$ 27,923	$ 27,848	$ 75
Debt Service:			
Principal Retirement	3,240	3,240	
Interest	115	115	
Total Debt Service	$ 3,355	$ 3,355	$ -
Total Expenditures	$ 1,197,424	$ 1,192,771	$ 4,653

(End of Schedule)

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	$ 220,716	$ 221,115	$ 399
Delinquent	440	472	32
Penalties and Interest on Delinquent Taxes	1,288	1,433	145
Miscellaneous	3,588	3,674	86
Investment Earnings	898	2,149	1,251
Total Revenues	$ 226,930	$ 228,843	$ 1,913
Expenditures:			
General Government:			
Contractual Services	491	510	(19)
Debt Service:			
Principal Retirement	166,770	166,770	
Interest	85,503	85,503	
Issuance Costs	1,146	1,146	
Total Expenditures	$ 253,910	$ 253,929	$ (19)
(Deficiency) of Revenues (Under) Expenditures	$ (26,980)	$ (25,086)	$ 1,894
Other Financing Sources:			
Refunded Debt Issued	193,395	193,395	
Payments to Refunded Bond Escrow Agent	(221,348)	(221,348)	
Premium on Long-Term Debt	29,293	29,293	
Transfers In	18,172	18,066	(106)
Total Other Financing Sources	$ 19,512	$ 19,406	$ (106)
Net Change in Fund Balance	(7,468)	(5,680)	$ 1,788
Fund Balances, October 1	38,146	38,146	
Fund Balances, September 30	$ 30,678	$ 32,466	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Advanced Transportation District
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 17,766	$ 18,117	$ 351
Investment Earnings	288	317	29
Miscellaneous	134	138	4
Total Revenues	$ 18,188	$ 18,572	$ 384
Expenditures:			
Public Works:			
Personal Services	2,147	2,141	6
Contractual Services	498	326	172
Commodities	53	33	20
Other Expenditures	2,360	2,332	28
Capital Outlay	10	11	(1)
Total Expenditures	$ 5,068	$ 4,843	$ 225
Excess of Revenues Over Expenditures	$ 13,120	$ 13,729	$ 609
Other Financing (Uses):			
Transfers Out	(25,706)	(26,099)	(393)
Total Other Financing (Uses)	$ (25,706)	$ (26,099)	$ (393)
Net Change in Fund Balance	(12,586)	(12,370)	$ 216
Fund Balances, October 1	12,586	12,586	
Add Encumbrances		12,805	
Fund Balances, September 30	$ -	$ 13,021	

The City noted budget violations of excess transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community and Visitor Facilities
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 72,213	$ 72,706	$ 493
Penalties and Interest on Delinquent Taxes		188	188
Intergovernmental	481	68	(413)
Charges for Services	33,190	34,484	1,294
Miscellaneous	1,473	4,091	2,618
Investment Earnings		2,419	2,419
Total Revenues	$ 107,357	$ 113,956	$ 6,599
Expenditures:			
Culture & Recreation:			
Arts & Cultural:			
Personal Services	1,746	1,731	15
Contractual Services	2,238	3,847	(1,609)
Commodities	71	64	7
Other Expenditures	528	538	(10)
Capital Outlay	4	4	
Total Arts & Cultural	$ 4,587	$ 6,184	$ (1,597)
Alamodome:			
Personal Services	4,988	5,056	(68)
Contractual Services	5,913	5,293	620
Commodities	428	400	28
Other Expenditures	3,861	4,120	(259)
Capital Outlay	303	432	(129)
Total Alamodome	$ 15,493	$ 15,301	$ 192
Nondepartmental:			
Personal Services	175	513	(338)
Contractual Services	2,692	3,434	(742)
Other Expenditures	794	260	534
Capital Outlay	8	56	(48)
Total Nondepartmental	$ 3,669	$ 4,263	$ (594)
Contributions to Other Agencies	7,159	7,107	52
Total Culture & Recreation	$ 30,908	$ 32,855	$ (1,947)
Convention and Tourism:			
Convention Center:			
Personal Services	15,408	15,328	80
Contractual Services	5,742	4,946	796
Commodities	771	1,039	(268)
Other Expenditures	7,419	6,811	608
Capital Outlay	266	351	(85)
Total Convention Center	$ 29,606	$ 28,475	$ 1,131
Contributions to Other Agencies (VSA)	24,251	24,251	
Total Convention and Tourism	$ 53,857	$ 52,726	$ 1,131
Total Expenditures	$ 84,765	$ 85,581	$ (816)
Excess of Revenues Over Expenditures	$ 22,592	$ 28,375	$ 5,783
Other Financing Sources (Uses):			
Transfers In	17,790	10,261	(7,529)
Transfers Out	(24,896)	(28,030)	(3,134)
Total Other Financing Sources (Uses), Net	$ (7,106)	$ (17,769)	$ (10,663)
Net Change in Fund Balance	15,486	10,606	$ (4,880)
Fund Balances, October 1	91,313	91,313	
Add Encumbrances		4,529	
Fund Balances, September 30	$ 106,799	$ 106,448	

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of the City through VSA and support for arts and cultural organizations in the Department of Arts and Culture.

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 1,708	$ 1,965	$ 257
Recovery of Expenditures	31	30	(1)
Investment Earnings	27	72	45
Total Revenues	$ 1,766	$ 2,067	$ 301
Expenditures:			
Public Safety:			
Personal Services	51	62	(11)
Contractual Services	642	548	94
Commodities	118	120	(2)
Other Expenditures	55	54	1
Capital Outlay	77	76	1
Total Expenditures	$ 943	$ 860	$ 83
Excess of Revenues Over Expenditures	$ 823	$ 1,207	$ 384
Other Financing (Uses):			
Transfers Out	(389)	(389)	
Total Other Financing (Uses)	$ (389)	$ (389)	$ -
Net Change in Fund Balance	434	818	$ 384
Fund Balances, October 1	2,403	2,403	
Add Encumbrances		120	
Fund Balances, September 30	$ 2,837	$ 3,341	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Hotel/Motel 2% Revenue
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 20,632	$ 20,773	$ 141
Penalties and Interest on Delinquent Taxes	45	54	9
Investment Earnings		243	243
Total Revenues	$ 20,677	$ 21,070	$ 393
Expenditures:			
Convention and Tourism:			
Contractual Services		6	(6)
Total Expenditures	$ -	$ 6	$ (6)
Excess of Revenues Over Expenditures	$ 20,677	$ 21,064	$ 387
Other Financing Sources (Uses):			
Transfer In	6,479	10,571	4,092
Transfers Out	(31,145)	(31,495)	(350)
Total Other Financing Sources (Uses), Net	$ (24,666)	$ (20,924)	$ 3,742
Net Change in Fund Balance	(3,989)	140	$ 4,129
Fund Balances, October 1	2,652	2,652	
Fund Balances, September 30	$ (1,337)	$ 2,792	

The City noted budget violations of excess expenditures, and transfers out over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2015, 2010, and 2005 Venue Projects
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 37,493	$ 37,975	$ 482
Investment Earnings	1,183	1,961	778
Total Revenues	$ 38,676	$ 39,936	$ 1,260
Expenditures:			
Culture and Recreation:			
Contractual Services	750	752	(2)
Total Expenditures	$ 750	$ 752	$ (2)
Excess of Revenues Over Expenditures	$ 37,926	$ 39,184	$ 1,258
Other Financing (Uses):			
Transfers Out	(101,128)	(101,128)	
Total Other Financing (Uses)	$ (101,128)	$ (101,128)	$ -
Net Change in Fund Balance	(63,202)	(61,944)	$ 1,258
Fund Balances, October 1	82,320	82,320	
Add Encumbrances		63,339	
Fund Balances, September 30	$ 19,118	$ 83,715	

The City noted budget violations of excess expenditures, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Environmental & Sanitation
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 7,204	$ 7,176	$ (28)
Investment Earnings		13	13
Miscellaneous	137	137	
Total Revenues	$ 7,341	$ 7,326	$ (15)
Expenditures:			
Sanitation:			
Personal Services	4,550	4,679	(129)
Contractual Services	2,168	2,050	118
Commodities	109	92	17
Other Expenditures	442	443	(1)
Total Expenditures	$ 7,269	$ 7,264	$ 5
Excess of Revenues Over Expenditures	$ 72	$ 62	$ (10)
Net Change in Fund Balance	72	62	$ (10)
Fund Balances, October 1	851	851	
Fund Balances, September 30	$ 923	$ 913	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Right of Ways
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 4,089	$ 4,198	$ 109
Investment Earnings	55	79	24
Miscellaneous	44	47	3
Total Revenues	$ 4,188	$ 4,324	$ 136
Expenditures:			
Public Works:			
Personal Services	2,699	2,598	101
Contractual Services	402	66	336
Commodities	40	31	9
Other Expenditures	322	317	5
Total Expenditures	$ 3,463	$ 3,012	$ 451
Excess of Revenues Over Expenditures	$ 725	$ 1,312	$ 587
Other Financing (Uses):			
Transfers Out	(600)	(600)	
Total Other Financing (Uses)	$ (600)	$ (600)	$ -
Net Change in Fund Balance	125	712	$ 587
Fund Balances, October 1	3,587	3,587	
Add Encumbrances		165	
Fund Balances, September 30	$ 3,712	$ 4,464	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 59,862	$ 59,654	$ (208)
Miscellaneous	595	597	2
Investment Earnings	814	779	(35)
Total Revenues	$ 61,271	$ 61,030	$ (241)
Expenditures:			
Public Works:			
Administration:			
Personal Services	4,176	4,220	(44)
Contractual Services	6,409	6,064	345
Commodities	72	61	11
Other Expenditures	418	381	37
Capital Outlay	16	11	5
Total Administration	$ 11,091	$ 10,737	$ 354
Vegetation Control:			
Personal Services	5,011	5,084	(73)
Contractual Services	1,016	1,211	(195)
Commodities	944	746	198
Other Expenditures	2,372	2,388	(16)
Capital Outlay	132	82	50
Total Vegetation Control	$ 9,475	$ 9,511	$ (36)
River Maintenance:			
Personal Services	94	120	(26)
Contractual Services	1,171	1,185	(14)
Commodities	10	10	
Other Expenditures	120	123	(3)
Total River Maintenance	$ 1,395	$ 1,438	$ (43)
Street Sweeping:			
Personal Services	2,292	2,217	75
Contractual Services	703	797	(94)
Commodities	316	345	(29)
Other Expenditures	1,100	1,086	14
Total Street Sweeping	$ 4,411	$ 4,445	$ (34)
Tunnel Maintenance:			
Personal Services	4,591	4,698	(107)
Contractual Services	2,600	2,724	(124)
Commodities	721	573	148
Other Expenditures	1,672	1,658	14
Capital Outlay	76	7	69
Total Tunnel Maintenance	$ 9,660	$ 9,660	$ -
Design Engineering:			
Personal Services	1,815	1,697	118
Contractual Services	97	61	36
Commodities	12	3	9
Other Expenditures	168	120	48
Total Design Engineering	$ 2,092	$ 1,881	$ 211
Total Expenditures	$ 38,124	$ 37,672	$ 452
Excess of Revenues Over Expenditures	$ 23,147	$ 23,358	$ 211
Other Financing (Uses):			
Transfers Out	(42,534)	(42,882)	(348)
Total Other Financing (Uses)	$ (42,534)	$ (42,882)	$ (348)
Net Change in Fund Balance	(19,387)	(19,524)	$ (137)
Fund Balances, October 1	31,147	31,147	
Add Encumbrances		23,341	
Fund Balances, September 30	$ 11,760	$ 34,964	

The City noted budget violations of excess transfers out and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Tax Increment Financing
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Administrative Fee [1]	$ 935	$ 988	$ 53
Investment Earnings		18	18
Miscellaneous	6	6	
Total Revenues	$ 941	$ 1,012	$ 71
Expenditures:			
Economic Development and Opportunity:			
Personal Services	623	585	38
Contractual Services	109	87	22
Commodities	8	1	7
Other Expenditures	45	45	
Capital Outlay	1	1	
Total Expenditures	$ 786	$ 719	$ 67
Excess of Revenues Over Expenditures	$ 155	$ 293	$ 138
Other Financing (Uses):			
Transfers Out	(48)	(48)	
Total Other Financing (Uses)	$ (48)	$ (48)	$ -
Net Change in Fund Balance	107	245	$ 138
Fund Balances, October 1	838	838	
Add Encumbrances		1	
Fund Balances, September 30	$ 945	$ 1,084	

This fund is incorporated within the Tax Increment Reinvestment Zone reporting unit.

[1] For financial reporting presentation the revenue is reported as an intrafund transfer and therefore is not reflected in the financial statements; however the above schedule reflects the fund schedule from the City's 2019 Adopted Budget.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Child Safety
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 328	$ 336	$ 8
Intergovernmental	1,909	1,953	44
Miscellaneous	191	191	-
Total Revenues	$ 2,428	$ 2,480	$ 52
Expenditures:			
Public Safety:			
Personal Services	1,912	1,942	(30)
Contractual Services	10	13	(3)
Commodities	18	15	3
Other Expenditures	420	424	(4)
Total Expenditures	$ 2,360	$ 2,394	$ (34)
Excess of Revenues Over Expenditures	$ 68	$ 86	$ 18
Other Financing Sources:			
Transfers In	123	123	
Total Other Financing Sources	$ 123	$ 123	$ -
Net Change in Fund Balance	191	209	$ 18
Fund Balances, October 1			
Fund Balances, September 30	$ 191	$ 209	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Energy Efficiency Fund
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 54	$ 54	$ -
Investment Earnings	25	47	22
Miscellaneous	3	15	12
Total Revenues	$ 82	$ 116	$ 34
Expenditures:			
General Government:			
Personal Services	306	307	(1)
Contractual Services	2,141	1,925	216
Other Expenditures	23	14	9
Total Expenditures	$ 2,470	$ 2,246	$ 224
(Deficiency) of Revenues (Under) Expenditures	$ (2,388)	$ (2,130)	$ 258
Other Financing Sources (Uses):			
Transfers In	1,111	1,111	
Transfers Out	(207)	(204)	3
Total Other Financing Sources (Uses), Net	$ 904	$ 907	$ 3
Net Change in Fund Balance	(1,484)	(1,223)	$ 261
Fund Balances, October 1	1,625	1,625	
Add Encumbrances		1,659	
Fund Balances, September 30	$ 141	$ 2,061	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Golf Course Operating and Maintenance
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous[1]	$ 1,122	$ 1,117	$ (5)
Investment Earnings	2	4	2
Total Revenues	$ 1,124	$ 1,121	$ (3)
Excess of Revenues Over Expenditures	$ 1,124	$ 1,121	$ (3)
Other Financing Sources (Uses):			
Transfers Out	(1,017)	(1,017)	
Total Other Financing (Uses)	$ (1,017)	$ (1,017)	$ -
Net Change in Fund Balance	107	104	$ (3)
Fund Balances, October 1	(190)	(190)	
Fund Balances, September 30	$ (83)	$ (86)	

[1] For financial reporting presentation the revenue is reported as transfers in: however the above schedule reflects the fund schedule from the City's 2019 Adopted Budget.

Note: The deficit will be covered by MGA-SA over a three year period that began in fiscal year 2018.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Juvenile Case Manager
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 880	$ 845	$ (35)
Investment Earnings	11	10	(1)
Miscellaneous	20	20	
Total Revenues	$ 911	$ 875	$ (36)
Expenditures:			
General Government:			
Personal Services	951	942	9
Contractual Services	10	15	(5)
Commodities	1	1	
Other Expenditures	112	112	
Total Expenditures	$ 1,074	$ 1,070	$ 4
(Deficiency) of Revenues (Under) Expenditures	$ (163)	$ (195)	$ (32)
Net Change in Fund Balance	(163)	(195)	$ (32)
Fund Balances, October 1	533	533	
Fund Balances, September 30	$ 370	$ 338	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Security
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 291	$ 295	$ 4
Investment Earnings	1	1	
Miscellaneous	8	8	
Total Revenues	$ 300	$ 304	$ 4
Expenditures:			
General Government:			
Personal Services	269	269	
Contractual Services	110	102	8
Commodities	2	2	
Other Expenditures	49	49	
Total Expenditures	$ 430	$ 422	$ 8
(Deficiency) of Revenues (Under) Expenditures	$ (130)	$ (118)	$ 12
Other Financing Sources (Uses):			
Transfers In	180	180	
Transfers Out	(20)	(20)	
Total Other Financing Sources (Uses), Net	$ 160	$ 160	$ -
Net Change in Fund Balance	30	42	$ 12
Fund Balances, October 1	12	12	
Fund Balances, September 30	$ 42	$ 54	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Technology
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 392	$ 393	$ 1
Investment Earnings		4	4
Total Revenues	$ 392	$ 397	$ 5
Expenditures:			
General Government:			
Contractual Services	705	710	(5)
Total Expenditures	$ 705	$ 710	$ (5)
(Deficiency) of Revenues (Under) Expenditures	$ (313)	$ (313)	$ -
Other Financing Sources:			
Transfers In	87	87	
Total Other Financing Sources	$ 87	$ 87	$ -
Net Change in Fund Balance	(226)	(226)	$ -
Fund Balances, October 1	226	226	
Fund Balances, September 30	$ -	$ -	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Public Education and Government
Year-Ended September 30, 2019
(In Thousands)

	2019		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Business and Franchise Tax	$ 2,706	$ 2,788	$ 82
Investment Earnings	279	287	8
Total Revenues	$ 2,985	$ 3,075	$ 90
Expenditures:			
Culture and Recreation:			
Contractual Services	620	642	(22)
Commodities		166	(166)
Other Expenditures	9	16	(7)
Capital Outlay	2,887	2,188	699
Total Expenditures	$ 3,516	$ 3,012	$ 504
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (531)	$ 63	$ 594
Other Financing (Uses):			
Transfers Out	(10)	(10)	
Total Other Financing (Uses)	$ (10)	$ (10)	$ -
Net Change in Fund Balance	(541)	53	$ 594
Fund Balances, October 1	10,611	10,611	
Add Encumbrances		1,961	
Fund Balances, September 30	$ 10,070	$ 12,625	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Canopy Preservation and Mitigation Fund
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 2,336	$ 3,664	$ 1,328
Investment Earnings	138	141	3
Miscellaneous	4	4	
Total Revenues	$ 2,478	$ 3,809	$ 1,331
Expenditures:			
Culture and Recreation:			
Personal Services	205	188	17
Contractual Services	5,430	4,927	503
Commodities	292	308	(16)
Other Expenditures	62	64	(2)
Total Expenditures	$ 5,989	$ 5,487	$ 502
(Deficiency) of Revenues (Under) Expenditures	$ (3,511)	$ (1,678)	$ 1,833
Other Financing (Uses):			
Transfers Out	(475)	(475)	
Total Other Financing (Uses)	$ (475)	$ (475)	$ -
Net Change in Fund Balance	(3,986)	(2,153)	$ 1,833
Fund Balances, October 1	5,080	5,080	
Add Encumbrances		2,673	
Fund Balances, September 30	$ 1,094	$ 5,600	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemeteries
Year-Ended September 30, 2019
(In Thousands)

	2019 FINAL BUDGET	2019 ACTUAL	2019 VARIANCE WITH FINAL BUDGET
Revenues:			
Lease Revenue	$ 202	$ 198	$ (4)
investment Earnings	7	7	
Miscellaneous	2	2	
Total Revenues	$ 211	$ 207	$ (4)
Expenditures:			
Culture and Recreation:			
Personal Services	70	70	
Contractual Services	201	129	72
Commodities	1	1	
Other Expenditures	4	4	
Total Expenditures	$ 276	$ 204	$ 72
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (65)	$ 3	$ 68
Net Change in Fund Balance	(65)	3	$ 68
Fund Balances, October 1	299	299	
Add Encumbrances		71	
Fund Balances, September 30	$ 234	$ 373	

This fund is incorporated within the City Cemeteries reporting unit.

Nonmajor Enterprise Funds

DEVELOPMENT SERVICES – accounts for all revenues and expenses associated with the operation and maintenance of the City's development and service activities, required debt service for outstanding bonds, and construction and management of the Development Services' assets.

MARKET SQUARE – accounts for all revenues and expenses associated with the management and operation of the Farmer's Market, El Mercado, the Market Square Parking Lot, and Centro de Artes.

PARKING SYSTEM – accounts for all revenues and expenses associated with the operation and maintenance of the City's structures and parking lots, required debt service for outstanding bonds, and construction and management of the Parking System's assets.

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2019
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 1,644	$ 78	$ 1,472	$ 3,194
Investments	15,604	2,073	13,409	31,086
Receivables, Net	94	45	130	269
Materials and Supplies, at Cost			131	131
Prepaid Expenses	286			286
Total Unrestricted Assets	17,628	2,196	15,142	34,966
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents			390	390
Investments	9		392	401
Receivables, Net			1	1
Construction Accounts:				
Cash and Cash Equivalents	2,158		1	2,159
Investments	6,784			6,784
Receivables, Net	18			18
Improvement and Contingency Accounts:				
Cash and Cash Equivalents			161	161
Investments			1,545	1,545
Receivables, Net			5	5
Total Restricted Assets	8,969		2,495	11,464
Total Current Assets	26,597	2,196	17,637	46,430
Noncurrent Assets:				
Capital Assets:				
Land	1,196	45	8,125	9,366
Buildings		1,357	24,830	26,187
Improvements	1,033	7,868	5,375	14,276
Machinery and Equipment	11,724		1,493	13,217
Construction in Progress	4,042			4,042
Total Capital Assets	17,995	9,270	39,823	67,088
Less: Accumulated Depreciation	4,575	4,769	19,228	28,572
Net Capital Assets	13,420	4,501	20,595	38,516
Total Noncurrent Assets	13,420	4,501	20,595	38,516
Total Assets	40,017	6,697	38,232	84,946
Total Deferred Outflows of Resources	6,937	139	2,245	9,321

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2019
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 230	$ 119	$ 133	$ 482
Accounts Payable - Other	4,701	59	60	4,820
Accrued Payroll	805	13	171	989
Current Portion of Accrued Leave Payable	908	9	208	1,125
Unearned Revenue		3	35	38
Due To Other Governmental Agencies			3	3
Total Payable from Current Unrestricted Assets	6,644	203	610	7,457
Payable from Restricted Assets:				
Vouchers Payable	1,420		1	1,421
Accrued Interest	24		71	95
Current Portion of Bonds and Certificates (net of premium/discount)	339		1,212	1,551
Other Payables	26			26
Total Payable from Restricted Assets	1,809		1,284	3,093
Total Current Liabilities	8,453	203	1,894	10,550
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & discount/premium)	7,059		5,651	12,710
Accrued Leave Payable (net of current portion)		24		24
Net OPEB and Pension Liabilities	37,305	798	9,289	47,392
Total Noncurrent Liabilities	44,364	822	14,940	60,126
Total Liabilities	52,817	1,025	16,834	70,676
Total Deferred Inflows of Resources	1,443	36	417	1,896
Net Position:				
Net Investment in Capital Assets	14,964	4,501	14,242	33,707
Restricted:				
Debt Service	57		711	768
Capital Projects	7,432		161	7,593
Unrestricted (Deficit)	(29,759)	1,274	8,112	(20,373)
Total Net Position	$ (7,306)	$ 5,775	$ 23,226	$ 21,695

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year-Ended September 30, 2019
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:				
Charges for Services	$ 35,092	$ 2,891	$ 9,754	$ 47,737
Total Operating Revenues	35,092	2,891	9,754	47,737
Operating Expenses:				
Personal Services	24,571	454	5,522	30,547
Contractual Services	2,002	1,247	1,643	4,892
Commodities	343	38	68	449
Other	5,953	436	1,177	7,566
Depreciation	2,191	348	944	3,483
Total Operating Expenses	35,060	2,523	9,354	46,937
Operating Income	32	368	400	800
Nonoperating Revenues (Expenses):				
Investment Earnings	499	54	417	970
Other Nonoperating Revenue	787	16	135	938
Interest and Debt Expense	(68)		(599)	(667)
Other Nonoperating Expense	(2,511)		(21)	(2,532)
Total Nonoperating Revenues (Expenses), Net	(1,293)	70	(68)	(1,291)
Change in Net Position Before Transfers	(1,261)	438	332	(491)
Transfers In (Out):				
Transfers In	2,694		1,567	4,261
Transfers Out	(3,641)	(680)	(596)	(4,917)
Total Transfers In (Out), Net	(947)	(680)	971	(656)
Change In Net Position	(2,208)	(242)	1,303	(1,147)
Net Position - October 1	(5,098)	6,017	21,923	22,842
Net Position - September 30	$ (7,306)	$ 5,775	$ 23,226	$ 21,695

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year-Ended September 30, 2019
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 35,082	$ 2,890	$ 9,935	$ 47,907
Cash Payments to Suppliers for Goods and Services	(8,180)	(1,654)	(2,952)	(12,786)
Cash Payments to Employees for Service	(21,654)	(401)	(4,800)	(26,855)
Cash Received from Other Cash Receipts	787	16	135	938
Net Cash Provided by Operating Activities	6,035	851	2,318	9,204
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	2,694		1,567	4,261
Transfers Out to Other Funds	(3,641)	(680)	(596)	(4,917)
Net Cash Provided by (Used for) Noncapital Financing Activities	(947)	(680)	971	(656)
Cash Flows from Capital and Related Financing Activities:				
Acquisitions and Construction of Capital Assets	(4,002)		54	(3,948)
Debt Issuance Costs	(44)			(44)
Interest and Fees Paid on Long-Term Debt	(24)		(610)	(634)
Principal Payments on Long-Term Debt			(1,141)	(1,141)
Proceeds from Issuance of Long-Term Debt	7,398			7,398
Net Cash Provided by (Used for) Capital and Related Financing Activities	3,328		(1,697)	1,631
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(25,191)	(2,315)	(18,138)	(45,644)
Maturity of Investment Securities	18,221	1,963	16,383	36,567
Investment Earnings	488	51	409	948
Net Cash Provided by (Used for) Investing Activities	(6,482)	(301)	(1,346)	(8,129)
Net Increase (Decrease) in Cash and Cash Equivalents	1,934	(130)	246	2,050
Cash and Cash Equivalents, October 1	1,868	208	1,778	3,854
Cash and Cash Equivalents, September 30	$ 3,802	$ 78	$ 2,024	$ 5,904
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 32	$ 368	$ 400	$ 800
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	2,191	348	944	3,483
Other Nonoperating Revenues	787	16	135	938
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable		(4)	169	165
(Increase) in Materials and Supplies			(67)	(67)
(Increase) Decrease in Prepaid Expenses	(286)		50	(236)
Increase (Decrease) in Vouchers Payable	80	13	(56)	37
Increase in Accounts Payable - Other	314	54	6	374
Increase in Accrued Payroll	126		41	167
Increase (Decrease) in Accrued Leave Payable	(5)	(6)	37	26
Increase in Net OPEB Obligation and Pension Liability	9,856	201	2,297	12,354
(Increase) in Deferred Outflows of Resources	(5,716)	(120)	(1,423)	(7,259)
(Decrease) in Deferred Inflows of Resources	(1,344)	(22)	(230)	(1,596)
Increase in Unearned Revenue		3	12	15
Increase in Due to Other Government Agencies			3	3
Net Cash Provided by Operating Activities	$ 6,035	$ 851	$ 2,318	$ 9,204

Internal Service Funds

SELF-INSURANCE PROGRAMS – to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Employee Health Benefits Program, Insurance Reserve Program, and Workers' Compensation Program.

INFORMATION SERVICES – to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.

OTHER INTERNAL SERVICES – to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This includes funds covering the following services: Purchasing, Central Stores, Automotive Repair, and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

CAPITAL MANAGEMENT SERVICES (CMS) – to account for revenues and expenses associated with the administration and delivery of the City's capital improvement projects.

Combining Statement of Net Position
Internal Service Funds
As of September 30, 2019
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Assets:							
Current Assets:							
Unrestricted Assets:							
Cash and Cash Equivalents	$ 2,871	$ 2,484	$ 4,555	$ 1,210	$ 7,329	$ 450	$ 18,899
Investments	27,489	23,985	44,096	11,613	65,261	1,872	174,316
Receivables, Net	126	91	182	570	243		1,212
Materials and Supplies, at Cost				12	2,652		2,664
Deposits	194		36				230
Prepaid Expenses				45			45
Due From Other Governmental Agencies, Net				1,141	95	26	1,262
Total Unrestricted Assets	30,680	26,560	48,869	14,591	75,580	2,348	198,628
Restricted Assets:							
Debt Service Accounts:							
Cash and Cash Equivalents					107		107
Total Restricted Assets					107		107
Total Current Assets	30,680	26,560	48,869	14,591	75,687	2,348	198,735
Noncurrent Assets:							
Capital Assets:							
Buildings				20	158		178
Improvements					514		514
Machinery and Equipment	5	10		6,943	268,893	249	276,100
Depreciable Intangible						250	250
Total Capital Assets	5	10		6,963	269,565	499	277,042
Less: Accumulated Depreciation	5	4		6,269	137,830	333	144,441
Net Capital Assets		6		694	131,735	166	132,601
Total Noncurrent Assets		6		694	131,735	166	132,601
Total Assets	30,680	26,566	48,869	15,285	207,422	2,514	331,336
Total Deferred Outflows of Resources	703	606	592	10,316	7,885	5,467	25,569
Liabilities:							
Current Liabilities:							
Payable from Current Unrestricted Assets:							
Vouchers Payable	4,849	410	94	1,816	11,705	42	18,916
Accounts Payable - Other	469	497	75	4,029	492	189	5,751
Claims Payable	7,806	4,490	10,001				22,297
Accrued Payroll	82	68	71	1,200	800	608	2,829
Accrued Interest					41		41
Current Portion of Accrued Leave Payable	116	87	78	1,658	970	803	3,712
Current Portion of Asset Retirement Obligations					175		175
Due To Other Funds						625	625
Total Payable from Current Unrestricted Assets	13,322	5,552	10,319	8,703	14,183	2,267	54,346
Payable from Restricted Assets:							
Current Portion of Bonds and Certificates (net of premium/discount)					179		179
Total Payable from Restricted Assets					179		179
Total Current Liabilities	13,322	5,552	10,319	8,703	14,362	2,267	54,525
Noncurrent Liabilities:							
Bonds and Certificates (net of current portion & discount/premium)					5,025		5,025
Claims Payable (net of current portion)		12,033	21,015				33,048
Accrued Leave Payable (net of current portion)	33	18	2	825	229	70	1,177
Net OPEB and Pension Liabilities	3,927	3,462	3,110	57,182	40,524	28,386	136,591
Asset Retirement Obligations					567		567
Total Noncurrent Liabilities	3,960	15,513	24,127	58,007	46,345	28,456	176,408
Total Liabilities	17,282	21,065	34,446	66,710	60,707	30,723	230,933
Total Deferred Inflows of Resources	133	121	117	1,898	1,718	996	4,983
Net Position:							
Net Investment in Capital Assets		6		694	126,531	166	127,397
Restricted:							
Debt Service					66		66
Unrestricted (Deficit)	13,968	5,980	14,898	(43,701)	26,285	(23,904)	(6,474)
Total Net Position	$ 13,968	$ 5,986	$ 14,898	$ (43,007)	$ 152,882	$ (23,738)	$ 120,989

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year-Ended September 30, 2019
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Operating Revenues:							
Charges for Services	$ 145,132	$ 6,168	$ 7,698	$ 62,785	$ 105,547	$ 20,603	$ 347,933
Total Operating Revenues	145,132	6,168	7,698	62,785	105,547	20,603	347,933
Operating Expenses:							
Personal Services	9,658	2,102	2,073	36,874	25,199	18,247	94,153
Contractual Services	13,349	339	1,592	23,886	6,378	692	46,236
Commodities	17	10	66	904	2,119	189	3,305
Materials					23,732		23,732
Claims	122,534	4,938	5,299				132,771
Other	15,037	4,270	8,893	5,538	11,851	4,056	49,645
Depreciation	1	2		282	29,452	20	29,757
Total Operating Expenses	160,596	11,661	17,923	67,484	98,731	23,204	379,599
Operating Income (Loss)	(15,464)	(5,493)	(10,225)	(4,699)	6,816	(2,601)	(31,666)
Nonoperating Revenues (Expenses):							
Investment Earnings	1,067	753	1,541	263	1,778		5,402
Other Nonoperating Revenue	10,373	17	451	497	612	352	12,302
Gain (Loss) on Sale of Capital Assets					3,254		3,254
Interest and Debt Expense					(264)		(264)
Total Nonoperating Revenues	11,440	770	1,992	760	5,380	352	20,694
Change in Net Position Before Transfers	(4,024)	(4,723)	(8,233)	(3,939)	12,196	(2,249)	(10,972)
Transfers In (Out):							
Transfers In			85	1	353	224	663
Transfers Out	(2)	(85)	(234)		(4,058)		(4,379)
Total Transfers In (Out), Net	(2)	(85)	(149)	1	(3,705)	224	(3,716)
Change in Net Position	(4,026)	(4,808)	(8,382)	(3,938)	8,491	(2,025)	(14,688)
Net Position - October 1 (restated)	17,994	10,794	23,280	(39,069)	144,391	(21,713)	135,677
Net Position - September 30	$ 13,968	$ 5,986	$ 14,898	$ (43,007)	$ 152,882	$ (23,738)	$ 120,989

Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2019
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:							
Cash Received from Customers	$ 145,213	$ 6,174	$ 7,698	$ 61,564	$ 105,374	20,630	$ 346,653
Cash Payments to Suppliers for Goods and Services	(150,054)	(9,334)	(19,173)	(27,062)	(37,024)	(5,312)	(247,959)
Cash Payments to Employees for Service	(9,358)	(1,842)	(1,835)	(32,487)	(22,303)	(16,132)	(83,957)
Cash Received from Other Cash Receipts	10,373	17	451	497	612	352	12,302
Net Cash Provided by (Used for) Operating Activities	(3,826)	(4,985)	(12,859)	2,512	46,659	(462)	27,039
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			85	1	353	224	663
Transfers Out to Other Funds	(2)	(85)	(234)		(4,058)		(4,379)
Due To Other Funds						625	625
Due From Other Funds	311			128	709	1	1,149
Net Cash Provided by (Used for) Noncapital Financing Activities	309	(85)	(149)	129	(2,996)	850	(1,942)
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets				(191)	(43,396)	(107)	(43,694)
Interest and Fees Paid on Long-Term Debt					(236)		(236)
Principal Payments on Long-Term Debt					(173)		(173)
Proceeds from Sale of Assets					5,862		5,862
Net Cash (Used for) Capital and Related Financing Activities				(191)	(37,943)	(107)	(38,241)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(30,700)	(26,786)	(49,247)	(12,969)	(72,884)	(2,091)	(194,677)
Maturity of Investment Securities	32,331	30,272	58,798	10,354	65,954	2,051	199,760
Investment Earnings	1,047	740	1,512	287	1,687		5,273
Net Cash Provided by (Used for) Investing Activities	2,678	4,226	11,063	(2,328)	(5,243)	(40)	10,356
Net Increase (Decrease) in Cash and Cash Equivalents	(839)	(844)	(1,945)	122	477	241	(2,788)
Cash and Cash Equivalents, October 1	3,710	3,328	6,500	1,088	6,959	209	21,794
Cash and Cash Equivalents, September 30	$ 2,871	$ 2,484	$ 4,555	$ 1,210	$ 7,436	$ 450	$ 19,006
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Operating Income (Loss)	$ (15,464)	$ (5,493)	$ (10,225)	$ (4,699)	$ 6,816	$ (2,601)	$ (31,666)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	1	2		282	29,452	20	29,757
Other Nonoperating Revenues	10,373	17	451	497	612	352	12,302
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:							
(Increase) Decrease in Accounts Receivable	(4)	6		(511)	3	2	(504)
(Increase) in Due from Other Governmental Agencies				(640)	(34)	(27)	(701)
(Increase) Decrease in Materials and Supplies				7	(560)		(553)
(Increase) in Prepaid Expenses				(44)			(44)
Decrease in Deposits	86					50	136
Increase (Decrease) in Vouchers Payable	1,962	235	62	340	7,448	(417)	9,630
(Decrease) in Claims Payable	(1,402)	(357)	(3,446)				(5,205)
Increase in Accounts Payable - Other	322	345	60	2,963	168	42	3,900
Increase in Accrued Payroll	9	9	21	128	125	105	397
Increase (Decrease) in Accrued Leave Payable	13	10	(17)	180	24	46	256
Increase in Net OPEB Obligation and Pension Liability	985	826	836	14,171	10,581	7,182	34,581
(Increase) in Deferred Outflows of Resources	(559)	(458)	(487)	(7,857)	(6,557)	(4,272)	(20,190)
(Decrease) in Deferred Inflows of Resources	(148)	(127)	(114)	(2,235)	(1,277)	(944)	(4,845)
(Decrease) in Unearned Revenue				(70)	(142)		(212)
Net Cash Provided by (Used for) Operating Activities	$ (3,826)	$ (4,985)	$ (12,859)	$ 2,512	$ 46,659	$ (462)	$ 27,039
Noncash Investing, Capital and Financing Activities:	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Fiduciary Funds

PENSION AND HEALTH CARE FUNDS – to account for resources of the pension and health care funds established for the City's firefighters, police officers, and retired civilians:

SAN ANTONIO FIRE AND POLICE PENSION FUND – to account for collection and payment of funds for the pension fund established for the City's firefighters and police officers, as provided for under state law.

SAN ANTONIO FIRE AND POLICE RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

CITY OF SAN ANTONIO RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's civilian and pre-October 1, 1989 uniformed retirees.

AGENCY FUNDS – to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTIONS FUND – to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

CRIMINAL JUSTICE PLANNING FUND – to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

DEPOSIT FUND – to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

EVIDENTIARY CASH FUND – to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.

MUNICIPAL COURT CASH BOND FUND – to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

STATE SALES TAX FUND – to account for the collection and payment to the State of Texas for sales tax collected.

UNCLAIMED PROPERTY FUND – to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

Combining Statement of Fiduciary Net Position
Pension and Health Care Funds
As of September 30, 2019
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	CITY OF SAN ANTONIO RETIREE HEALTH CARE FUND	TOTAL PENSION AND HEALTH CARE FUNDS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 57,717	$ 7,120	$ 54	$ 64,891
Security Lending Collateral	95,325			95,325
Investments:				
Common Stock	1,122,086	9,128		1,131,214
U.S. Government Securities	63,856		538	64,394
Corporate Bonds	323,335			323,335
Foreign Bonds	247,994			247,994
Mutual Funds		79,538		79,538
Hedge Funds	480,868	457		481,325
Real Estate	251,363	28,490		279,853
Alternative	465,386	240,152		705,538
Receivables:				
Accounts	5,748	2,404	13	8,165
Accrued Interest	5,226	26	4	5,256
Accrued Revenue	6,098			6,098
Prepaid Expenses		15		15
Total Current Assets	3,125,002	367,330	609	3,492,941
Capital Assets:				
Machinery and Equipment	401	217		618
Buildings	561	1,055		1,616
Total Capital Assets	962	1,272		2,234
Less: Accumulated Depreciation	447	612		1,059
Net Capital Assets	515	660		1,175
Total Assets	$ 3,125,517	$ 367,990	$ 609	$ 3,494,116
Liabilities:				
Vouchers Payable	$ 5,239	$ -	$ -	$ 5,239
Accounts Payable - Other	9,541	68		9,609
Claims Payable		3,458	351	3,809
Accrued Payroll	255	25		280
Securities Lending Obligation	95,325			95,325
Total Liabilities	110,360	3,551	351	114,262
Net Position:				
Restricted for Pension	3,015,157			3,015,157
Restricted for Other Postemployment Benefits		364,439	258	364,697
Total Net Position	$ 3,015,157	$ 364,439	$ 258	$ 3,379,854

Combining Statement of Changes in Fiduciary Net Position
Pension and Health Care Funds
Year-Ended September 30, 2019
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	CITY OF SAN ANTONIO RETIREE HEALTH CARE FUND	TOTAL PENSION AND HEALTH CARE FUNDS
Additions:				
Contributions:				
Employer	$ 78,312	$ 30,892	$ 8,195	$ 117,399
Employee	39,182	15,442	1,729	56,353
Other Contributions		1,817		1,817
Total Contributions	117,494	48,151	9,924	175,569
Investment Earning (Loss):				
Net (Decrease) in Fair Value of Investments	(168,172)	(24,782)		(192,954)
Real Estate Income, Net	6,871			6,871
Interest and Dividends	53,631	3,563	14	57,208
Securities Lending	2,029			2,029
Other Income	65	4	324	393
Total Investment Earnings (Loss)	(105,576)	(21,215)	338	(126,453)
Less: Investment Expenses				
Investment Management Fees and Custodian Fees	(15,465)	(414)		(15,879)
Less: Securities Lending Expenses				
Borrower Rebates and Lending Fees	(1,654)			(1,654)
Net Investment Earnings (Loss)	(122,695)	(21,629)	338	(143,986)
Total Additions	(5,201)	26,522	10,262	31,583
Deductions:				
Benefits	171,774	35,642	6,929	214,345
Refunds of Contributions	918			918
Administrative Expenses	3,479	3,249	2,344	9,072
Total Deductions	176,171	38,891	9,273	224,335
Change in Net Position	(181,372)	(12,369)	989	(192,752)
Net Position - Beginning of Fiscal Year	3,196,529	376,808	(731)	3,572,606
Net Position - End of Fiscal Year	$ 3,015,157	$ 364,439	$ 258	$ 3,379,854

Combining Balance Sheet
Agency Funds
As of September 30, 2019
(In Thousands)

	ASSETS				
	CASH AND CASH EQUIVALENTS	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:					
Bexar County Hotel/Motel Tax Collections Fund	$ 210	$ 1,991	$ 94	$ 4	$ 2,299
Criminal Justice Planning Fund	2,213				2,213
Deposit Fund	515				515
Evidentiary Cash Fund	230	2,217		8	2,455
Municipal Court Cash Bond Fund	43				43
State Sales Tax Fund	200				200
Unclaimed Property Fund	37	355		1	393
Total	$ 3,448	$ 4,563	$ 94	$ 13	$ 8,118

	LIABILITIES			
	VOUCHERS PAYABLE	ACCOUNTS PAYABLE - OTHER	DUE TO OTHER FUNDS	TOTAL LIABILITIES
Funds:				
Bexar County Hotel/Motel Tax Collections Fund	$ -	$ 1,670	$ 629	$ 2,299
Criminal Justice Planning Fund	10	2,203		2,213
Deposit Fund		515		515
Evidentiary Cash Fund		2,455		2,455
Municipal Court Cash Bond Fund		43		43
State Sales Tax Fund		200		200
Unclaimed Property Fund		393		393
Total	$ 10	$ 7,479	$ 629	$ 8,118

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year-Ended September 30, 2019

(In Thousands)

	BALANCE 10-01-2018	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2019
Bexar County Hotel/Motel Tax Collections Fund				
Assets:				
Cash and Cash Equivalents	$ 214	$ 26,751	$ 26,755	$ 210
Investments	1,772	2,009	1,790	1,991
Receivables:				
Accounts	13	20,226	20,145	94
Accrued Interest	2	4	2	4
Total Assets	$ 2,001	$ 48,990	$ 48,692	$ 2,299
Liabilities:				
Vouchers Payable	$ 1,461	$ 21,515	$ 22,976	$ -
Accounts Payable - Other	540	27,730	26,600	1,670
Due To Other Funds		629		629
Total Liabilities	$ 2,001	$ 49,874	$ 49,576	$ 2,299
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 2,983	$ 9,763	$ 10,533	$ 2,213
Total Assets	$ 2,983	$ 9,763	$ 10,533	$ 2,213
Liabilities:				
Vouchers Payable	$ -	$ 23	$ 13	$ 10
Accounts Payable - Other	2,983	9,789	10,569	2,203
Total Liabilities	$ 2,983	$ 9,812	$ 10,582	$ 2,213
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ 486	$ 2,751	$ 2,722	$ 515
Receivables:				
Accounts		2	2	
Total Assets	$ 486	$ 2,753	$ 2,724	$ 515
Liabilities:				
Vouchers Payable	$ -	$ 60	$ 60	$ -
Accounts Payable - Other	486	280,369	280,340	515
Total Liabilities	$ 486	$ 280,429	$ 280,400	$ 515
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 246	$ 4,853	$ 4,869	$ 230
Investments	2,032	4,058	3,873	2,217
Receivables:				
Accrued Interest	8	8	8	8
Total Assets	$ 2,286	$ 8,919	$ 8,750	$ 2,455
Liabilities:				
Accounts Payable - Other	$ 2,286	$ 568	$ 399	$ 2,455
Total Liabilities	$ 2,286	$ 568	$ 399	$ 2,455

(Continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year-Ended September 30, 2019

(In Thousands)

	BALANCE 10-01-2018	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2019
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 55	$ 17	$ 29	$ 43
Total Assets	$ 55	$ 17	$ 29	$ 43
Liabilities:				
Accounts Payable - Other	$ 55	$ 29	$ 41	$ 43
Total Liabilities	$ 55	$ 29	$ 41	$ 43
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 195	$ 15,334	$ 15,329	$ 200
Total Assets	$ 195	$ 15,334	$ 15,329	$ 200
Liabilities:				
Accounts Payable - Other	$ 195	$ 15,339	$ 15,334	$ 200
Total Liabilities	$ 195	$ 15,339	$ 15,334	$ 200
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 65	$ 690	$ 718	$ 37
Investments	539	360	544	355
Receivables:				
Accrued Interest	2	1	2	1
Total Assets	$ 606	$ 1,051	$ 1,264	$ 393
Liabilities:				
Accounts Payable - Other	$ 606	$ 333	$ 546	$ 393
Total Liabilities	$ 606	$ 333	$ 546	$ 393
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 4,244	$ 60,159	$ 60,955	$ 3,448
Investments	4,343	6,427	6,207	4,563
Receivables:				
Accounts	13	20,228	20,147	94
Accrued Interest	12	13	12	13
Total Assets	$ 8,612	$ 86,827	$ 87,321	$ 8,118
Liabilities:				
Vouchers Payable	$ 1,461	$ 21,598	$ 23,049	$ 10
Accounts Payable - Other	7,151	334,157	333,829	7,479
Due To Other Funds		629		629
Total Liabilities	$ 8,612	$ 356,384	$ 356,878	$ 8,118

(End of Statement)

Nonmajor Discretely Presented Component Units

BROOKS – was established to improve mission effectiveness, reduce the cost of providing quality installation support, and promote economic development on Brooks Air Force Base and in the surrounding community. Dedicated funds will provide basic municipal services at the base while continuing to develop it as a technology and business park.

SAN ANTONIO BEXAR COUNTY SOCCER PUBLIC FACILITY CORPORATION (SABC PFC) – was established as a nonprofit in fiscal year 2016 in accordance with state law for the purpose of, and to act on behalf of the City in, the renovation and operation of a facility and related property and infrastructure to be used for and to support professional soccer within the City. SABC PFC is governed by a four-member board of directors comprised of two appointees from the City and two from the County.

PORT AUTHORITY OF SAN ANTONIO (THE PORT) – was established for the purpose of monitoring the closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The Port is authorized to issue bonds to finance related projects. These bonds are not obligations of the City.

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION (SAEAPFC) – was established for the purpose of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City of San Antonio.

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION (HTFC) – was established in accordance with state laws for the purpose of acting on behalf of the City, to carry out the purposes of the Texas Housing Finance Corporations Act.

SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (HTF) – was established as a nonprofit corporation in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low- to middle-income families. In addition, SAHTF provides administrative and other support for the operations of the San Antonio Housing Trust Fund, a Special Revenue Fund of the City.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION (HTPFC) – was established to assist the City in financing, refinancing, or providing public facilities. The Corporation was to provide a tool to develop affordable housing.

SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION – was established for the purpose of aiding and acting on behalf of the City to provide a means of assisting with the planning, developing, identifying potential partners, fund raising, managing, and financing of projects involved with the City's 300th year anniversary celebration. This entity ceased operations in fiscal year 2019.

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
As of September 30, 2019
(In Thousands)

	BROOKS	SABC SOCCER PUBLIC FACILITY CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Assets:									
Current Assets:									
Unrestricted Assets:									
Cash and Cash Equivalents	$ 9,646	$ -	$ 4,093	$ 1,863	$ 2,706	$ -	$ 3,772	$ -	$ 22,080
Investments			25,253						25,253
Receivables, Net	378		1,279	4,554	20		879		7,110
Materials and Supplies, at Cost	54								54
Due from Other Governmental Agencies			999						999
Prepaid Expenses	114			27,941					28,055
Other Assets			987		500				1,487
Total Unrestricted Assets	10,192		32,611	34,358	3,226		4,651		85,038
Restricted Assets:									
Debt Service Accounts:									
Cash and Cash Equivalents	7,488			14,626					22,114
Investments				8,847					8,847
Receivables, Net				85					85
Other Restricted Accounts:									
Cash and Cash Equivalents		249	10,129			2,644			13,022
Receivables, Net		18				718			736
Deferred Charges				60,147					60,147
Total Restricted Assets	7,488	267	10,129	83,705		3,362			104,951
Total Current Assets	17,680	267	42,740	118,063	3,226	3,362	4,651		189,989
Noncurrent Assets:									
Capital Assets:									
Land	4,449	3,980	35,583			30	42,237		86,279
Infrastructure	50,214	16,492	56,249						122,955
Buildings	137,225		238,165			147			375,537
Machinery and Equipment	10,777		8,886			62			19,725
Construction in Progress	20,057		31,778						51,835
Total Capital Assets	222,722	20,472	370,661			239	42,237		656,331
Less: Accumulated Depreciation	67,657	3,875	140,172			78			211,782
Net Capital Assets	155,065	16,597	230,489			161	42,237		444,549
Other Noncurrent Assets:									
Cash and Cash Equivalents									
Receivables, Net			232			3,360			3,592
Prepaid Expenses			1,790	160,848					162,638
Total Other Noncurrent Assets			2,022	160,848		3,360			166,230
Total Noncurrent Assets	155,065	16,597	232,511	160,848		3,521	42,237		610,779
Total Assets	172,745	16,864	275,251	278,911	3,226	6,883	46,888		800,768
Deferred Outflows of Resources	1,301		1,119						2,420

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
As of September 30, 2019
(In Thousands)

	BROOKS	SABC SOCCER PUBLIC FACILITY CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Liabilities:									
Current Liabilities:									
Payable from Current Unrestricted Assets:									
Accounts Payable and Other Current Liabilities	$ 6,542		$ 10,003		$ 909		$ 1,226		$ 18,680
Unearned Revenues	917		1,729						2,646
Current Portion of Long-Term Lease/Notes Payable	10,185		1,065						11,250
Total Payable from Current Unrestricted Assets	17,644		12,797		909		1,226		32,576
Payable from Restricted Assets:									
Accounts Payable and Other Current Liabilities						335			335
Accrued Interest on Bonds and Certificates			80	7,464					7,544
Current Portion of Bonds and Certificates			1,685	33,215					34,900
Other Payables							40,609		40,609
Total Payable from Current Restricted Assets			1,765	40,679		335	40,609		83,388
Total Current Liabilities	17,644		14,562	40,679	909	335	41,835		115,964
Noncurrent Liabilities:									
Bonds and Certificates (net of current portion & premium/discount)	85,650		29,856	238,232					353,738
Long-Term Lease/Notes Payable (net of current portion)	30,863		64,322						95,185
Other Payables (net of current portion)	2,551		1,173						3,724
Total Noncurrent Liabilities	119,064		95,351	238,232					452,647
Total Liabilities	136,708		109,913	278,911	909	335	41,835		568,611
Deferred Inflows of Resources									
Net Position:									
Net Investment in Capital Assets	35,917	16,597	138,027			161	42,237		232,939
Restricted for:									
Capital Projects		267							267
Operating and Other Reserves						2,690			2,690
Unrestricted	1,421		28,430		2,317	3,697	(37,184)		(1,319)
Total Net Position	$ 37,338	$ 16,864	$ 166,457	$ -	$ 2,317	$ 6,548	$ 5,053	$ -	$ 234,577

Combining Statement of Activities

Nonmajor Discretely Presented Component Units

Year-Ended September 30, 2019

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	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: BROOKS	SABC SOCCER PUBLIC FACILITY CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION, INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Brooks													
Economic Development and Opportunity	$ 37,086	$ 21,822	$ 222	$ 1,392	$ (13,650)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (13,650)
SABC Soccer Public Facility Corporation													
Culture and Recreation	1,176	244				(932)							(932)
Port Authority of San Antonio													
Economic Development and Opportunity	37,382	39,119		7,347			9,084						9,084
SA Energy Acquisition Public Facility Corporation													
General Government	49,696	46,979						(2,717)					(2,717)
San Antonio Housing Trust Finance Corporation													
Urban Redevelopment and Housing	244	979							735				735
San Antonio Housing Trust Foundation, Inc.													
Urban Redevelopment and Housing	861	1,561								700			700
San Antonio Housing Trust Public Facility Corporation													
Urban Redevelopment and Housing	2,260	3,829									1,569		1,569
San Antonio Tricentennial Celebration Commission													
Culture and Recreation	2,849	8	928									(1,913)	(1,913)
Total	$ 131,554	$ 114,541	$ 1,150	$ 8,739	(13,650)	(932)	9,084	(2,717)	735	700	1,569	(1,913)	(7,124)
		General Revenues:											
		Investment Earnings			341		1,161	1,039		83			2,624
		Miscellaneous			4,344			1,678					6,022
		Total General Revenues			4,685		1,161	2,717		83			8,646
		Change in Net Position			(8,965)	(932)	10,245		735	783	1,569	(1,913)	1,522
		Net Position - Beginning of Fiscal Year			46,303	17,796	156,212		1,582	5,765	3,484	1,913	233,055
		Net Position - End of Fiscal Year			$ 37,338	$ 16,864	$ 166,457	$ -	$ 2,317	$ 6,548	$ 5,053	$ -	$ 234,577

Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Source[1]

As of September 30, 2019

(In Thousands)

		2019
Governmental Funds Capital Assets:		
Land	$	1,418,662
Non-Depreciable Intangible Assets		206,062
Depreciable Intangible Assets		4,058
Buildings		1,381,356
Improvements		1,034,952
Infrastructure		3,566,111
Machinery and Equipment		379,068
Construction in Progress		271,543
Total Governmental Funds Capital Assets	$	8,261,812
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,946,421
General Obligation Bonds, Certificates of Obligation, Tax and Revenue Notes, and Revenue Bonds		4,646,989
Federal and State Grants		615,157
Special Assessments		1,008
Municipal Golf Association - SA		22,492
Westside Development Corp		20
Visit San Antonio, Inc.		488
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
Total Investment in Governmental Funds Capital Assets by Source	$	8,261,812

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Function and Activity[1]

As of September 30, 2019

(In Thousands)

	Land	Non-Depreciable Intangible Assets	Depreciable Intangible Assets	Buildings	Improvements	Infrastructure	Machinery and Equipment	Total
General Government:								
Legislative	$ 56	$ -	$ -	$ 2,592	$ 91	$ -	$ 345	$ 3,084
Judicial	196		1,004	19,091	248		636	21,175
Executive							27	27
Administration	3,104	12,641	2,176	165,073	47,199	29,886	196,053	456,132
Total General Government	3,356	12,641	3,180	186,756	47,538	29,886	197,061	480,418
Public Safety:								
Police	11,969			38,168	10,282		76,160	136,579
Fire	40,942			82,581	11,540	235	46,008	181,306
Building Inspection and Regulations	7,299			14,210			190	21,699
Total Public Safety	60,210			134,959	21,822	235	122,358	339,584
Public Works	1,231,406	22,137	250	401,988	596,060	3,491,614	21,240	5,764,695
Health Services	2,824		469	2,866	2,278		4,507	12,944
Convention and Tourism	5,422			455,280	95,695		8,049	564,446
Sanitation				164	15		523	702
Welfare	345			27,672	7,595		1,717	37,329
Culture and Recreation:								
Libraries	8,700			99,464	25,679	22,997	1,900	158,740
Parks	105,487	170,932	159	41,094	227,896	19,513	9,009	574,090
Culture & Arts				2,361	6,092		11,144	19,597
Total Culture and Recreation	114,187	170,932	159	142,919	259,667	42,510	22,053	752,427
Urban Redevelopment and Housing					699	1,866	707	3,272
Education	912			27,752			458	29,122
Economic Development and Opportunity				1,000	3,583		395	4,978
Environment		352						352
Total Capital Assets Allocated to Functions	$ 1,418,662	$ 206,062	$ 4,058	$ 1,381,356	$ 1,034,952	$ 3,566,111	$ 379,068	$ 7,990,269
Construction in Progress								271,543
Total Governmental Funds Capital Assets								$ 8,261,812

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets by Function and Activity[1]

As of September 30, 2019

(In Thousands)

	Beginning Balance	Additions[2]	Deductions[3]	Ending Balance
Function and Activity:				
General Government:				
Legislative	$ 3,084	$ -	$ -	$ 3,084
Judicial	21,175			21,175
Executive	27			27
Administration	442,161	14,354	383	456,132
Total General Government	466,447	14,354	383	480,418
Public Safety:				
Police	132,883	6,854	3,158	136,579
Fire	181,285	5,567	5,546	181,306
Building Inspection and Regulations	21,726		27	21,699
Total Public Safety	335,894	12,421	8,731	339,584
Public Works	5,534,278	243,051	12,634	5,764,695
Health Services	11,172	2,002	230	12,944
Convention and Tourism	564,280	175	9	564,446
Sanitation	624	119	41	702
Welfare	37,545	11	227	37,329
Culture and Recreation:				
Libraries	158,735	12	7	158,740
Parks	538,423	35,824	157	574,090
Culture & Arts	19,552	132	87	19,597
Total Culture and Recreation	716,710	35,968	251	752,427
Urban Redevelopment and Housing	3,113	210	51	3,272
Education	29,097	25		29,122
Economic Development and Opportunity	4,611	367		4,978
Environment	1,039		687	352
Construction in Progress	251,310	289,627	269,394	271,543
Total Governmental Funds Capital Assets	$ 7,956,120	$ 598,330	$ 292,638	$ 8,261,812

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

[2] Additions include $260,258 transferred from construction in progress.

[3] Deductions from construction in progress include the $260,258 in assets transferred.

STATISTICAL SECTION

Statistical Section (Unaudited)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information as required by GASB Statement No. 54 began in that year.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales and use taxes.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Statistical Data
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015 (Restated)	2016 (Restated)	2017 (Restated)	2018 (Restated)	2019 (Restated)
Governmental Activities:										
Net Investment in Capital Assets	$ 2,238,834	$ 2,364,212	$ 2,325,170	$ 2,304,579	$ 2,554,305	$ 2,615,833	$ 2,675,249	$ 2,815,626	$ 2,852,015	$ 2,957,496
Restricted	124,300	126,142	104,158	72,643	100,264	61,946	62,622	56,706	52,819	45,376
Unrestricted	162,135	63,069	78,783	72,932	(516,002)	(471,052)	(566,044)	(1,125,842)	(1,007,985)	(1,048,034)
Total Governmental Activities, net position	$ 2,525,269	$ 2,553,423	$ 2,508,111	$ 2,450,154	$ 2,138,567	$ 2,206,727	$ 2,171,827	$ 1,746,490	$ 1,896,849	$ 1,954,838
Business-Type Activities:										
Net Investment in Capital Assets	$ 273,344	$ 273,108	$ 270,500	$ 292,278	$ 300,791	$ 316,995	$ 348,896	$ 365,001	$ 338,367	$ 331,455
Restricted	78,558	90,532	104,990	91,418	102,390	113,968	85,629	97,709	136,568	169,981
Unrestricted	556	15,320	9,851	18,024	(47,431)	(55,809)	(67,721)	(101,635)	(118,932)	(125,547)
Total Business-Type Activities, net position	$ 352,458	$ 378,960	$ 385,341	$ 401,720	$ 355,750	$ 375,154	$ 366,804	$ 361,075	$ 356,003	$ 375,889
Primary Government:										
Net Investment in Capital Assets	$ 2,512,178	$ 2,637,320	$ 2,595,670	$ 2,596,857	$ 2,855,096	$ 2,932,828	$ 3,024,145	$ 3,180,627	$ 3,190,382	$ 3,288,951
Restricted	202,858	216,674	209,148	164,061	202,654	175,914	148,251	154,415	189,387	215,357
Unrestricted	162,691	78,389	88,634	90,956	(563,433)	(526,861)	(633,765)	(1,227,477)	(1,126,917)	(1,173,581)
Total Primary Government, net position	$ 2,877,727	$ 2,932,383	$ 2,893,452	$ 2,851,874	$ 2,494,317	$ 2,581,881	$ 2,538,631	$ 2,107,565	$ 2,252,852	$ 2,330,727

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2010	2011	2012	2013	2014	2015 (Restated)	2016 (Restated)	2017	2018	2019
Expenses:										
Governmental Activities:										
General Government	$ 114,591	$ 103,617	$ 140,761	$ 127,697	$ 112,845	$ 99,788	$ 131,273	$ 101,673	$ 134,370	$ 137,479
Public Safety	545,359	607,532	613,975	684,547	721,930	717,447	888,100	828,839	721,695	846,878
Public Works	221,612	239,195	252,804	257,395	324,257	247,087	240,763	244,437	349,150	327,811
Sanitation	8,385	20,015	14,382	13,250	7,142	7,535	7,090	9,574	5,748	7,507
Health Services	104,667	101,995	101,293	38,250	55,014	55,020	54,953	67,038	80,505	75,978
Culture and Recreation	143,122	147,591	153,642	161,280	167,463	169,505	171,704	161,408	214,302	208,092
Convention and Tourism	26,437	28,735	31,892	29,674	31,579	57,277	73,932	66,634	60,426	82,251
Urban Redevelopment and Housing	26,486	13,570	13,252	9,111	25,949	27,839	27,025	30,867	38,521	56,855
Welfare	177,819	185,600	157,678	162,015	115,094	121,932	126,440	143,370	157,828	164,042
Education				6,381	8,530	64,917	62,579	81,563	74,314	83,331
Economic Development and Opportunity	104,964	90,258	115,253	117,362	25,909	34,634	22,974	27,994	27,463	34,137
Environmental									209	930
Bond Issuance Costs					1,862	2,544	2,192	1,951	1,832	3,008
Interest on Long-Term Debt	70,945	87,792	85,073	115,016	93,313	88,813	86,862	89,469	91,718	91,909
Total Governmental Activities Expenses	1,544,387	1,625,900	1,680,005	1,721,978	1,690,887	1,694,338	1,895,887	1,854,817	1,958,081	2,120,208
Business-Type Activities:										
Airport System	83,109	105,708	118,560	102,041	106,033	112,439	127,122	127,419	134,352	147,216
Development Services	19,570	20,195	23,327	24,437	22,273	26,042	27,033	29,643	30,490	38,184
Market Square	251	2,215	2,297	2,135	2,558	2,846	2,708	2,643	2,488	2,535
Parking System	9,135	8,703	8,117	8,214	12,165	10,038	14,157	9,671	12,321	10,051
Solid Waste Management	85,058	82,128	89,405	93,056	98,555	92,492	110,361	114,308	113,513	123,390
Total Business-Type Activities Expenses	197,123	218,949	241,706	229,883	241,584	243,857	281,381	283,684	293,164	321,376
Total Primary Government Expenses	$ 1,741,510	$ 1,844,849	$ 1,921,711	$ 1,951,861	$ 1,932,471	$ 1,938,195	$ 2,177,268	$ 2,138,501	$ 2,251,245	$ 2,441,584
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 21,176	$ 27,853	$ 22,245	$ 27,951	$ 27,710	$ 33,662	$ 23,084	$ 24,489	$ 29,185	$ 22,787
Public Safety	10,350	9,882	12,190	12,278	49,363	60,147	52,110	54,055	49,748	50,399
Public Works	53,723	43,267	43,164	44,706	47,342	49,111	51,862	58,198	61,532	64,578
Sanitation	397	407	509	365	7,491	7,366	6,846	6,961	7,078	7,176
Health Services	31,595	33,815	30,940	30,356	18,844	16,660	19,336	21,106	19,756	16,121
Culture and Recreation	33,791	33,037	34,483	46,707	53,698	50,047	56,416	63,892	70,083	71,081
Convention and Tourism	1,262									
Urban Redevelopment and Housing	388	400	634	584		148	487	976	688	1,096
Welfare	72	52	15	2			151	785		
Education					267	412	726	778	697	747
Economic Development and Opportunity	2,582	2,631	5,025	90	135	220	383	588		
Environmental									105	577
Operating Grants and Contributions	256,214	267,524	211,290	202,932	168,170	175,921	188,371	225,040	186,005	184,117
Capital Grants and Contributions	98,362	137,892	149,713	145,199	84,744	32,642	68,366	39,254	49,653	61,254
Total Governmental Activities Program Revenues	509,912	556,760	510,208	511,170	457,764	426,336	468,138	496,122	474,530	479,933
Business-Type Activities:										
Charges for Services:										
Airport System	63,524	82,901	84,395	80,635	84,410	83,193	84,792	85,773	100,976	104,298
Development Services	20,336	21,629	23,392	24,813	27,646	27,878	28,874	30,230	31,345	35,092
Market Square	138	2,211	2,316	2,477	2,598	2,654	2,891	2,925	3,019	2,891
Parking System	9,287	8,588	8,630	8,654	8,487	9,272	9,671	9,406	9,269	9,754
Solid Waste Management	87,888	90,067	93,333	92,871	96,321	100,334	101,954	107,633	117,310	133,212
Capital Grants and Contributions	40,156	40,237	34,765	39,580	44,206	45,886	45,837	53,872	54,198	47,296
Total Business-Type Activities Program Revenues	221,329	245,633	246,831	249,030	263,668	269,217	274,019	289,839	316,117	332,543
Total Primary Government Program Revenues	$ 731,241	$ 802,393	$ 757,039	$ 760,200	$ 721,432	$ 695,553	$ 742,157	$ 785,961	$ 790,647	$ 812,476

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2010	2011	2012	2013	2014	2015 (Restated)	2016 (Restated)	2017	2018	2019
Net (Expense) Revenue:										
Governmental Activities	$ (1,034,475)	$ (1,069,140)	$ (1,169,797)	$ (1,210,808)	$ (1,233,123)	$ (1,268,002)	$ (1,437,254)	$ (1,358,695)	$ (1,483,551)	$ (1,640,275)
Business-Type Activities	24,206	26,684	5,125	19,147	22,084	25,360	(7,362)	6,155	22,953	11,167
Total Primary Government Net (Expense)	$ (1,010,269)	$ (1,042,456)	$ (1,164,672)	$ (1,191,661)	$ (1,211,039)	$ (1,242,642)	$ (1,444,616)	$ (1,352,540)	$ (1,460,598)	$ (1,629,108)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	$ 406,579	$ 396,847	$ 395,944	$ 402,619	$ 423,781	$ 446,705	$ 495,638	$ 550,204	$ 577,870	$ 617,045
General Sales and Use	223,475	236,819	259,927	287,944	324,612	339,012	347,874	358,076	378,367	397,869
Selective Sales and Use	5,921	5,879	5,200	5,799	7,554	7,957	8,516	8,875	9,554	9,928
Gross Receipts Business	35,913	34,341	33,625	33,745	34,784	36,202	35,992	33,380	32,086	32,109
Occupancy	59,734	62,968	67,937	72,770	77,064	79,163	81,280	85,814	91,563	100,648
Penalties and Interest on Delinquent Taxes	3,885	3,797	3,554	3,302	3,557	3,303	3,480	3,647	3,923	4,023
Revenues from Utilities	293,091	308,838	299,693	307,687	355,515	348,997	345,666	363,612	389,319	377,652
Investment Earnings	6,954	6,184	5,005	5,192	3,997	3,164	4,811	8,109	19,031	39,682
Miscellaneous	24,039	40,217	53,990	35,500	50,868	62,021	84,841	82,132	96,643	116,883
Transfers, net	5,429	1,404	1,156	(2,871)	1,570	7,720	3,733	6,006	35,554	2,956
Total Governmental Activities	1,065,020	1,097,294	1,126,031	1,151,687	1,283,302	1,334,244	1,411,831	1,499,855	1,633,910	1,698,795
Business-Type Activities:										
Investment Earnings	823	772	827	1,026	764	562	1,152	1,969	3,808	6,605
Miscellaneous	1,547	450	1,585	621	4,861	13,440	1,684	5,396	4,568	5,663
Transfers, net	(5,429)	(1,404)	(1,156)	(4,351)	(4,552)	(7,364)	(3,824)	(4,619)	(36,401)	(3,501)
Total Business-Type Activities	(3,059)	(182)	1,256	(2,704)	1,073	6,638	(988)	2,746	(28,025)	8,767
Total Primary Government	$ 1,061,961	$ 1,097,112	$ 1,127,287	$ 1,148,983	$ 1,284,375	$ 1,340,882	$ 1,410,843	$ 1,502,601	$ 1,605,885	$ 1,707,562
Change in Net Position:										
Governmental Activities	$ 30,545	$ 28,154	$ (43,766)	$ (59,121)	$ 50,179	$ 66,242	$ (25,423)	$ 141,160	$ 150,359	$ 58,520
Business-Type Activities	21,147	26,502	6,381	16,443	23,157	31,998	(8,350)	8,901	(5,072)	19,934
Total Primary Government	$ 51,692	$ 54,656	$ (37,385)	$ (42,678)	$ 73,336	$ 98,240	$ (33,773)	$ 150,061	$ 145,287	$ 78,454

Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2010	2011 [1]	2012	2013	2014	2015 (Restated)	2016	2017	2018	2019
General Fund:										
Reserved	$ 30,526									
Unreserved	199,110									
Total General Fund	$ 229,636									
All Other Governmental Funds:										
Reserved	$ 421,620									
Unreserved, reported in:										
Special Revenue	4,183									
Permanent	4,802									
Capital Project										
Unrestricted	298,480									
Total All Other Governmental Funds	$ 729,085									
General Fund:										
Nonspendable		$ 4,939	$ 5,800	$ 6,238	$ 5,504	$ 7,026	$ 6,681	$ 6,087	$ 6,887	$ 7,084
Restricted		1,107	1,003	718	1,032	537	470	528	2,283	2,392
Committed		48,540	47,035	39,603	46,882	52,686	49,333	64,594	97,134	108,420
Assigned		7,413	4,143	3,230	523	521	6,554	10	8	21
Unassigned		170,693	158,532	135,375	164,654	182,698	192,072	212,930	243,828	247,125
Total General Fund		$ 232,692	$ 216,513	$ 185,164	$ 218,595	$ 243,468	$ 255,110	$ 284,149	$ 350,140	$ 365,042
All Other Governmental Funds:										
Nonspendable		$ 4,416	$ 5,235	$ 4,943	$ 4,716	$ 11,274	$ 11,635	$ 6,220	$ 8,357	$ 11,730
Restricted		686,530	665,530	946,189	853,657	744,698	644,983	629,077	840,375	976,322
Committed		67,281	77,204	85,060	101,183	101,040	72,312	87,316	98,975	135,757
Assigned		13,237	12,330	19,866	24,495	19,384	32,407	10,665	3,367	4,225
Unassigned		(74,796)	(38,916)	(30,699)	(3,427)	(14,860)	(10,478)	(7,617)	(7,346)	(6,463)
Total All Other Governmental Funds		$ 696,668	$ 721,383	$ 1,025,359	$ 980,624	$ 861,536	$ 750,859	$ 725,661	$ 943,728	$ 1,121,571

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

Statistical Data
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2010	2011	2012	2013 [1]	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	$ 733,694	$ 740,039	$ 766,903	$ 808,185	$ 872,987	$ 912,934	$ 973,357	$ 1,032,903	$ 1,091,138	$ 1,161,167
Licenses and Permits	7,769	8,680	8,469	8,343	7,396	8,107	8,961	9,264	9,160	7,351
Intergovernmental	269,315	306,813	245,030	230,356	240,847	198,307	235,542	233,963	216,367	224,753
Revenues from Utilities	292,726	308,451	299,306	307,300	348,480	348,997	345,666	363,612	389,319	377,652
Charges for Services	144,293	117,607	122,229	131,220	153,995	169,492	169,896	187,071	195,946	198,253
Fines and Forfeits	11,506	14,124	14,807	13,925	13,597	12,589	11,215	12,317	12,253	10,247
Miscellaneous	34,393	40,626	43,989	35,308	50,955	57,546	69,440	70,978	78,534	90,929
Investment Earnings	6,383	5,515	4,354	4,232	3,505	2,761	4,158	7,006	16,261	34,280
Contributions	83,541	104,709	123,020	128,012	30,579	31,596	44,141	48,587	47,579	45,368
Total Revenues	1,583,620	1,646,564	1,628,107	1,666,881	1,722,341	1,742,329	1,862,376	1,965,701	2,056,557	2,150,000
Expenditures:										
General Government	92,054	93,797	105,291	94,973	74,902	79,295	85,007	88,856	89,784	95,349
Public Safety	522,982	553,324	571,221	659,949	688,987	711,201	731,816	751,133	774,563	793,409
Public Works	114,327	93,975	88,697	92,498	164,768	112,470	118,290	131,310	127,177	130,575
Health Services	96,342	102,723	100,061	36,625	52,499	56,133	58,533	63,729	61,664	65,001
Sanitation	8,596	20,020	14,590	13,190	7,050	6,963	7,174	9,891	6,957	7,804
Welfare	176,961	184,942	156,105	159,528	113,074	123,064	128,236	139,916	144,121	155,572
Culture and Recreation	123,202	132,801	132,596	146,270	142,537	155,098	161,757	158,688	172,407	167,426
Convention and Tourism	21,240	20,043	20,158	18,939	20,969	23,406	45,246	51,373	51,829	61,192
Urban Redevelopment and Housing	41,686	13,298	15,902	9,214	25,251	30,496	28,424	29,945	33,083	49,350
Education				3,500	34,750	57,172	63,032	76,157	74,064	74,224
Economic Development and Opportunity	106,645	23,951	114,927	116,838	25,524	34,762	23,282	28,458	27,383	32,892
Environmental									1,247	214
Capital Outlay	287,722	411,270	301,381	291,038	379,309	475,466	455,746	410,626	298,671	355,349
Debt Service:										
Principal Retirement	152,605	140,975	117,265	117,595	130,412	140,963	149,489	162,594	172,790	180,464
Interest	75,614	83,981	87,327	102,965	105,417	105,939	110,902	111,584	113,702	118,037
Issuance Costs	3,518	1,626	1,732	6,465	1,862	2,544	2,192	1,951	1,832	3,008
Total Expenditures	1,823,494	1,876,726	1,827,253	1,869,587	1,967,311	2,114,972	2,169,126	2,216,211	2,151,274	2,289,866
(Deficiency) of Revenues (Under) Expenditures	(239,874)	(230,162)	(199,146)	(202,706)	(244,970)	(372,643)	(306,750)	(250,510)	(94,717)	(139,866)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	413,180	176,635	218,985	793,671	223,555	237,765	180,114	221,934	310,557	279,985
Refunding Debt Issued					67,050	144,880	147,130			193,395
Payments to Refunded Bond Escrow Agent	(185,508)		(37,892)	(356,969)	(76,531)	(159,593)	(176,308)			(221,348)
Issuance of Notes and Loans		14,716					835			
Premium/(Discount) on Long-Term Debt	27,680	15,182	30,617	43,246	31,455	41,762	51,282	24,002	32,069	73,907
Transfers In	361,508	336,070	368,586	694,459	528,253	585,857	550,511	550,995	453,830	505,548
Transfers Out	(364,600)	(340,516)	(369,827)	(698,979)	(532,384)	(574,161)	(545,849)	(542,608)	(417,681)	(498,876)
Total Other Financing Sources (Uses)	252,260	202,087	210,469	475,428	241,398	276,510	207,715	254,323	378,775	332,611
Net Change in Fund Balances	$ 12,386	$ (28,075)	$ 11,323	$ 272,722	$ (3,572)	$ (96,133)	$ (99,035)	$ 3,813	$ 284,058	$ 192,745
Debt Service as a Percentage of Noncapital Expenditures	14.5%	14.2%	13.1%	13.8%	14.9%	14.6%	14.8%	15.3%	15.5%	15.3%

[1] EMS was reclassed from Health Services to Public Safety

Statistical Data
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property [1]	Sales and Use [2]	Alcoholic Beverage Tax [3]	Business Tax	Hotel/Motel Occupancy	Penalties and Interest and Judgments	Total
2010	$ 404,766	$ 223,475	$ 5,921	$ 35,913	$ 59,734	$ 3,885	$ 733,694
2011	396,235	236,819	5,879	34,341	62,968	3,797	740,039
2012	396,660	259,927	5,200	33,625	67,937	3,554	766,903
2013	404,625	287,944	5,799	33,745	72,770	3,302	808,185
2014	425,416	324,612	7,554	34,784	77,064	3,557	872,987
2015	447,297	339,012	7,957	36,202	79,163	3,303	912,934
2016	496,215	347,874	8,516	35,992	81,280	3,480	973,357
2017	543,111	358,076	8,875	33,380	85,814	3,647	1,032,903
2018	575,645	378,367	9,554	32,086	91,563	3,923	1,091,138
2019	616,590	397,869	9,928	32,109	100,648	4,023	1,161,167
Change:							
2010-2019	52.3%	78.0%	67.7%	-10.6%	68.5%	3.6%	58.3%

[1] The City had maintained the property tax rate at a current tax rate from 2010 to 2015, and was able to reduce the property tax rate in 2016 because of growth in property tax values (see Assessed Value and Actual Value of Taxable Property).

[2] Sales and Use tax revenues increased in the past ten years due to a combination of rate increases (see Direct and Overlapping Sales and Use Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales and use tax base.

[3] Alcohol Beverage Tax increased in 2014 due to the restoration of administrative fee to the City, plus additional State legislative measures to broaden the Alcohol Beverage Tax base.

Statistical Data

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Dollars In Thousands)

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property [1]	Estimated Actual Value	Total Direct Tax Rate
2010	$ 41,874,227	$ 32,060,323	$ 2,515,645	$ 8,031,416	$ 11,738,392	$ 72,743,219	0.57
2011	41,545,063	30,853,443	2,363,174	7,974,502	11,728,635	71,007,547 [2]	0.57
2012	41,126,475	31,052,797	2,362,451	8,114,854	11,975,378	70,681,199 [2]	0.57
2013	40,716,193	32,283,498	2,455,552	8,039,080	12,095,367	71,398,956	0.57
2014	41,251,546	34,899,935	2,494,938	8,336,790	12,371,142	74,612,067	0.57
2015	43,908,306	37,346,495	2,438,664	8,778,393	13,241,605	79,230,253	0.57
2016	49,166,613	42,931,187	2,820,244	9,403,514	14,980,047	89,341,511	0.56
2017	53,399,742	47,829,963	3,110,813	10,105,288	16,255,650	98,190,156	0.56
2018	57,302,203	51,196,368	3,385,569	10,956,518	17,170,373	105,670,285	0.56
2019	61,409,375	54,766,795	3,770,062	11,595,996	18,424,378	113,117,850	0.56

Source: Bexar Appraisal District

[1] Tax-exempt property deductions include deductions of residential homestead exemptions and exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include historic properties, tax phase-ins, freeport, absolute, prorated, low income housing, pollution control, community housing development organization, disabled person residence homestead, armed services surviving spouse, first responder surviving spouse, and personal property vehicle.

[2] Net Taxable Assessed Value decreased in 2011 and 2012 due to a reduction in base values.

Statistical Data
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)

		City Direct Rates			Overlapping Rates					
Fiscal Year	Tax Roll	General Fund	Debt Service Funds	Total Direct	Alamo Community College	Bexar County	University Health System	San Antonio River Authority	Alamo Heights ISD	East Central ISD
2010	2009	$ 0.354190	$ 0.211500	$ 0.565690	$ 0.135855	$ 0.326866	$ 0.266235	$ 0.015951	$ 1.162000	$ 1.319500
2011	2010	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.016652	1.168000	1.319500
2012	2011	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.017370	1.198000	1.296000
2013	2012	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017370	1.218000	1.296000
2014	2013	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017798	1.218000	1.275000
2015	2014	0.354190	0.211500	0.565690	0.149150	0.314500	0.276235	0.017500	1.205000	1.275000
2016	2015	0.346770	0.211500	0.558270	0.149150	0.314500	0.276235	0.017290	1.195000	1.265000
2017	2016	0.346770	0.211500	0.558270	0.149150	0.308950	0.276235	0.017290	1.195000	1.285000
2018	2017	0.346770	0.211500	0.558270	0.149150	0.277429	0.276235	0.017290	1.200000	1.335000
2019	2018	0.346770	0.211500	0.558270	0.149150	0.277429	0.276235	0.018580	1.255000	1.325000

		Overlapping Rates									
Fiscal Year	Tax Roll	Edgewood ISD	Harlandale ISD	Judson ISD	Northeast ISD	Northside ISD	San Antonio ISD	Somerset ISD	South San Antonio ISD	Southside ISD	Southwest ISD
2010	2009	$ 1.420000	$ 1.479000	$ 1.463000	$ 1.402900	$ 1.337500	$ 1.249700	$ 1.228000	$ 1.433800	$ 1.368900	$ 1.243200
2011	2010	1.420000	1.604800	1.463000	1.402900	1.365500	1.279700	1.289000	1.454900	1.368900	1.256100
2012	2011	1.407400	1.544400	1.430000	1.402900	1.375500	1.307600	1.278000	1.454900	1.368900	1.222600
2013	2012	1.398000	1.538500	1.425000	1.425000	1.375500	1.357600	1.278000	1.454900	1.368900	1.273000
2014	2013	1.382600	1.528800	1.425000	1.440600	1.375500	1.357600	1.278000	1.451500	1.368900	1.401622
2015	2014	1.362700	1.528800	1.425000	1.440600	1.375500	1.382600	1.278000	1.451500	1.368900	1.465282
2016	2015	1.355900	1.528800	1.420000	1.415000	1.375500	1.382600	1.278000	1.451500	1.368900	1.414900
2017	2016	1.355900	1.528800	1.470000	1.385000	1.375500	1.512600	1.278000	1.451500	1.368900	1.473000
2018	2017	1.385178	1.528800	1.425000	1.365000	1.375500	1.532600	1.450700	1.451500	1.607100	1.473000
2019	2018	1.377242	1.558800	1.440000	1.360000	1.375500	1.562600	1.442173	1.451500	1.575900	1.473000

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts

Statistical Data
Principal Property Taxpayers
Current Year and Nine Years Ago
(Dollars In Thousands)

Taxpayer	2019 Taxable Assessed Value	2019 Rank	2019 Percentage of Total City Taxable Assessed Value[1]	2010 Taxable Assessed Value	2010 Rank	2010 Percentage of Total City Taxable Assessed Value[1]
H.E.Butt Grocery Company	$ 1,314,283	1	1.15%	$ 808,898	1	1.11%
Microsoft Corporation	747,241	2	0.65%			
United Services Automobile Association	737,788	3	0.64%	334,538	7	0.46%
Methodist Healthcare System	693,155	4	0.60%	386,376	4	0.53%
Wal-Mart Stores, Inc.	648,628	5	0.57%	339,493	6	0.47%
VHS San Antonio Partners LP	625,073	6	0.55%	388,970	3	0.53%
Toyota Motor Manufacturing Texas, Inc	567,390	7	0.49%	414,407	2	0.57%
General Growth Properties, Inc. [2]	537,618	8	0.47%	263,640	10	0.36%
Frankel Family Trust	386,095	9	0.34%			
Schlumberger Technology Corporation	361,737	10	0.32%			
Hyatt Regency Hotels				362,530	5	0.50%
Marriott International, Inc.				302,132	8	0.42%
AT&T				298,481	9	0.41%
Total	$ 6,619,008		5.78%	$ 3,899,465		5.36%

1 Based on Bexar Appraisal District values as of Certification.
2 Formerly named La Cantera Retail LTD Partnership.

Source: City of San Antonio

Statistical Data
Property Tax Levies and Collections
Last Ten Fiscal Years
(Dollars In Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [2 3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 405,896	$ 397,356	97.90%	$ 3,935	$ 401,291	98.87%
2011	396,621	389,419	98.18%	4,701	394,120	99.37%
2012	395,466	389,217	98.42%	4,718	393,935	99.61%
2013	400,055	394,756	98.68%	3,295	398,051	99.50%
2014	417,936	413,452	98.93%	1,651	415,103	99.32%
2015	442,164	437,746	99.00%	1,460	439,206	99.33%
2016	489,748	484,769	98.98%	2,145	486,914	99.42%
2017	535,505	529,916	98.96%	2,219	532,135	99.37%
2018	573,757	567,369	98.89%	188	567,557	98.92%
2019	612,018	604,639	98.79%		604,639	98.79%

[1] Taxes levied, less the over-65 and disabled tax freeze amount.

[2] Penalty, judgments, and interest on judgments are excluded.

[3] Amounts represent the taxes levied during that fiscal year-end that were collected in subsequent fiscal years.

Statistical Data
Taxable Sales by Category
Last Ten Calendar Years
(Dollars In Thousands)

	Calendar Year [1]									
	2009	2010	2011	2012	2013 [4]	2014	2015	2016	2017	2018
Motor Vehicle and Parts Dealers	$ 412,029	$ 443,562	$ 490,986	$ 541,129	$ 571,398	$ 608,744	$ 614,692	$ 615,592	$ 615,479	$ 638,281
Furniture and Home Furnishings Stores	408,767	401,945	416,000	458,965	480,569	563,611	637,118	563,966	556,688	587,722
Electronics and Appliance Stores	543,728	526,011	643,608	618,470	660,797	545,778	522,708	516,082	524,175	626,402
Building Material and Garden Equipment and Supplies Dealers	845,675	931,836	1,018,861	1,171,782	1,270,827	1,430,979	1,528,088	1,547,838	1,612,541	1,673,106
Food and Beverage Stores [2]	972,101	993,209	1,028,454	1,090,222	1,214,149	1,242,065	1,267,148	1,301,232	1,307,578	1,378,002
Health and Personal Care Stores	217,338	223,256	256,765	271,402	284,652	292,477	287,982	296,910	286,245	273,322
Gasoline Stations	373,608	388,912	389,164	444,008	392,004	405,563	434,216	462,318	490,228	501,924
Clothing and Clothing Accessories Stores [3]	990,423	973,059	1,033,708	1,137,776	1,214,530	1,222,788	1,228,480	1,206,815	1,152,396	1,227,961
Sporting Goods, Hobby, Book and Music Stores	456,367	476,985	503,160	534,610	567,623	574,906	569,892	556,242	504,898	472,035
General Merchandise Stores	2,163,415	2,186,077	2,223,217	2,303,225	2,358,250	2,473,208	2,575,692	2,589,998	2,593,070	2,415,265
Miscellaneous Store Retailers	472,380	499,347	495,304	524,087	558,642	558,764	543,416	541,602	532,605	744,249
Nonstore Retailers	36,814	39,387	57,455	55,622	57,204	62,149	106,696	95,331	78,624	85,046
Food Services and Drinking Places	2,340,982	2,481,983	2,652,204	2,887,476	3,040,666	3,245,232	3,447,511	3,625,730	3,730,076	3,955,173
Total	$ 10,233,627	$ 10,565,569	$ 11,208,886	$ 12,038,774	$ 12,671,311	$ 13,226,264	$ 13,763,639	$ 13,919,656	$ 13,984,603	$ 14,578,488
City Direct Sales Tax Rate	1.125%	1.125%	1.125%	1.125%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2019 information will not be available until May 2020.

[2] General grocery items are not taxable; the sales and use tax applies only to prepared food items and nonfood items.

[3] Clothing under $100 is exempt during the sales and use tax holiday in August.

[4] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

Statistical Data
Direct and Overlapping Sales and Use Tax Rates
Last Ten Fiscal Years

Fiscal Year	San Antonio Tax	Pre-K 4 SA Tax [1]	San Antonio ATD [2]	San Antonio MTA [3]	State of Texas	Total [4]
2010	1.125%		0.250%	0.500%	6.250%	8.125%
2011	1.125%		0.250%	0.500%	6.250%	8.125%
2012	1.125%		0.250%	0.500%	6.250%	8.125%
2013	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2014	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2015	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2016	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2017	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2018	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2019	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%

[1] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

[2] San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other related transportation infrastructure.

[3] San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designated boundaries.

[4] The City is currently at its Sales and Use Tax Rate maximum limit of 8.250%.

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Governmental Activities

Fiscal Year	Tax-Exempt General Obligation Bonds [1, 2]	Taxable General Obligation Bonds [1, 2]	Tax-Exempt Commercial Paper	Tax-Exempt Certificates of Obligation [1, 2]	Taxable Certificates of Obligation [1, 2]	Tax Notes [1, 2]	Revenue Bonds [1, 2]	Notes Payable
2010	$ 760,669	$ 191,550	$ 14,370	$ 319,607	$ 80	$ 29,529	$ 557,441	$ 50,880
2011	768,769	191,550		372,509		28,439	575,047	48,816
2012	873,499	191,550		347,355		32,651	594,084	46,631
2013	934,975	191,550		340,515		19,844	905,902	43,671
2014	1,022,004	191,550		292,475		19,325	895,909	41,320
2015	1,147,841	191,550		262,478	43,825	16,908	885,660	38,810
2016	1,175,231	191,550		257,939	66,864	36,272	874,310	36,190
2017	1,151,889	191,550		309,005	65,149	44,003	859,819	28,617
2018	1,202,655	191,550		395,595	71,328	54,305	844,898	25,692
2019	1,540,720	4,135		409,368	68,563	59,176	829,475	

Governmental Activities Direct Borrowing & Direct Placement: [3]

Fiscal Year	Taxable Certificates of Obligation [1]	Tax Notes [1]	Contractual Obligations	Revenue Notes	Capital Leases	Notes Payable
2010	$ -	$ -	$ -	$ -	$ 5,796	$ -
2011					17,045	
2012					14,193	
2013				18,460	15,285	
2014		19,140	17,500	28,055	8,916	
2015		10,105	8,835	15,725	13,498	6,100
2016		1,030		12,765	14,822	6,594
2017	47,000	835		9,715	11,540	6,463
2018	47,000	635		6,575	22,889	6,361
2019	47,000	430		3,335	18,771	6,323

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] Amounts are net of premiums/discounts.
[2] Restated premiums/discounts in fiscal year 2014
[3] In fiscal year 2019, the City adopted GASB Statement No. 88, resulting in the reclassification of direct borrowing and direct placements reported in prior years.

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Business-Type Activities				Business Type Activities: Direct Borrowing & Direct Placement: [2]				
Fiscal Year	Tax-Exempt General Obligation Bonds [1]	Taxable General Obligation Bonds [1]	Tax-Exempt Certificates of Obligation [1]	Revenue Bonds [1]	Tax Notes [1]	Capital Leases	Total Primary Government	Percentage of Personal Income [3]	Per Capita [3]
2010	$ 1,435	$ 16,992	$ 2,225	$ 353,395	$ 34,500	$ 25,615	$ 2,364,084	8.22%	$ 1,764
2011	1,401	16,163	2,125	413,814		21,140	2,456,818	8.69%	1,862
2012	1,337	14,969	2,007	395,483		21,312	2,535,071	8.92%	1,911
2013	1,286	13,658	1,894	374,045		16,105	2,877,190	9.91%	2,116
2014	1,329	12,093	1,670	350,636		16,471	2,918,393	9.49%	2,110
2015	2,542	11,098	331	498,477		15,580	3,169,363	10.04%	2,249
2016	2,579	10,102	7,604	479,959		33,598	3,207,409	9.78%	2,232
2017	2,472	9,080	13,074	460,587		23,425	3,234,223	9.27%	2,200
2018	2,265	8,004	38,336	440,472	36,000	16,939	3,411,499	9.40%	2,248
2019	2,054	6,862	44,069	423,862	36,000	8,127	3,508,270	9.27%	2,284

(End of Schedule)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] Amounts are net of premiums/discounts.
[2] In fiscal year 2019, the City adopted GASB Statement No. 88, resulting in the reclassification of direct borrowing and direct placements reported in prior years.
[3] See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and

Statistical Data
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental and Business-Type Activities [1]								Percentage of	
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Contractual Obligations	Total [2]	Less Principal [3]	Less Debt Service Fund [4]	Net Debt Outstanding	Actual Taxable Value of Property	Per Capita [5]
2010	$ 970,646	$ 321,912	$ 64,029	$ -	$ 1,356,587	$ (96,675)	$ (78,816)	$ 1,181,096	1.62%	$ 881.05
2011	977,883	374,634	28,439		1,380,956	(63,068)	(60,814)	1,257,074	1.77%	952.70
2012	1,081,355	349,362	32,651		1,463,368	(81,348)	(54,151)	1,327,869	1.88%	1,001.00
2013	1,141,469	342,409	19,844		1,503,722	(57,730)	(45,426)	1,400,566	1.96%	1,030.03
2014	1,226,976	294,145	38,465	17,500	1,577,086	(69,915)	(38,233)	1,468,938	1.97%	1,061.99
2015	1,353,031	306,634	27,013	8,835	1,695,513	(104,680)	(34,430)	1,556,403	1.96%	1,104.60
2016	1,379,462	332,407	37,302		1,749,171	(132,940)	(33,478)	1,582,753	1.77%	1,101.66
2017	1,354,991	434,228	44,838		1,834,057	(184,962)	(32,497)	1,616,598	1.65%	1,099.86
2018	1,404,474	552,259	90,940		2,047,673	(254,237)	(28,981)	1,764,455	1.67%	1,162.46
2019	1,553,771	569,000	95,606		2,218,377	(249,423)	(26,158)	1,942,796	1.72%	1,264.73

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] Governmental and Business-Type amounts are net of premiums/discounts.

[2] Airport, Solid Waste, Development Services, and Parking utilized part of this debt from fiscal year 2010 to fiscal year 2019; refer to Note 7 Long-Term Debt.

[3] Resources have been externally restricted for the repayment of the principal of debt.

[4] Amount available for repayment of general obligation bonds, certificates of obligation, tax notes, and contractual obligations.

[5] Population data can be found in Demographic and Economic Statistics.

Statistical Data
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019
(Dollars In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 426,018	71.55%	$ 304,806
Bexar County Bonds	1,762,337	71.61%	1,262,015
San Antonio River Authority Bonds	20,066	69.70%	13,986
University Health System	839,649	71.50%	600,349
Alamo Heights Independent School District Bonds	192,128	50.76%	97,519
East Central Independent School District Bonds	116,117	49.39%	57,352
Edgewood Independent School District Bonds	65,789	100.00%	65,789
Harlandale Independent School District Bonds	216,957	100.00%	216,957
Judson Independent School District Bonds	594,712	36.61%	217,753
Northeast Independent School District Bonds	1,325,675	84.71%	1,122,970
Northside Independent School District Bonds	2,157,863	71.78%	1,548,918
San Antonio Independent School District Bonds	780,913	99.21%	774,733
Somerset Independent School District Bonds	33,812	4.36%	1,474
South San Antonio Independent School District Bonds	156,587	100.00%	156,587
Southside Independent School District Bonds	92,334	32.96%	30,432
Southwest Independent School District Bonds	481,961	65.50%	315,667
Total Overlapping Debt			$ 6,787,307
City Direct Debt			$ 2,800,878
Total Direct and Overlapping Debt			$ 9,588,185

Sources: Assessed value data used to estimate applicable percentages provided by the districts. Debt outstanding data provided by each overlapping government.

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

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Statistical Data
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	$ 132,647,906
Debt Limit (10.0% of Assessed Value)	13,264,791
Debt Applicable to Limit:	
Total Bonded Debt	2,041,830
Less: Self-Supporting Debt:	(249,423)
Debt Supplemented by Other Sources	
Assets Available for Payment of Principal In:	
Debt Service Fund	(28,713)
Total Net Debt Applicable to Limit	1,763,694
Legal Debt Margin	$ 11,501,097

	Fiscal Year 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	$ 8,448,161	$ 8,273,618	$ 8,265,658	$ 8,349,432	$ 8,698,321	$ 9,247,186	$ 10,432,156	$ 11,444,581	$ 12,433,599	$ 13,264,791
Total Net Debt Applicable to Limit	1,159,482	1,177,644	1,246,134	1,297,787	1,381,400	1,448,815	1,450,349	1,487,662	1,626,425	1,763,694
Legal Debt Margin	$ 7,288,679	$ 7,095,974	$ 7,019,524	$ 7,051,645	$ 7,316,921	$ 7,798,371	$ 8,981,807	$ 9,956,919	$ 10,807,174	$ 11,501,097
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.7%	14.2%	15.1%	15.5%	15.9%	15.7%	13.9%	13.0%	13.1%	13.3%

Note: City Charter and the Constitution of the State of Texas sets limits of bond indebtedness at 10.0% of assessed valuation.

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars In Thousands)

	Hotel Occupancy Tax Revenue Bonds[1]				Texas Convention Center Hotel Finance[2]			
	Hotel				Net			
Fiscal	Occupancy	Debt Service			Revenues	Debt Service		
Year	Tax	Principal	Interest	Coverage	of Hotel	Principal	Interest	Coverage
2010	$ 46,460	$ 7,265	$ 4,199	4.1	$ -	$ 2,150	$ 10,442	-
2011	48,975	7,660	3,952	4.2		2,320	10,345	
2012	52,840	8,385	3,819	4.3		2,500	10,238	
2013						2,690	10,122	
2014						2,895	9,993	
2015						3,120	9,850	
2016						3,350	9,699	
2017						3,600	9,528	
2018						3,860	9,344	
2019						4,140	9,148	

	Municipal Drainage Utility System				Starbright Industrial Development Corporation			
	Municipal							
Fiscal	Drainage Utility	Debt Service			Pledged	Debt Service		
Year	System Revenue	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage
2010	$ 36,972	$ 2,795	$ 4,507	5.1	$ 283,502	$ 565	$ 1,097	170.6
2011	37,576	2,915	4,390	5.1	297,630	585	1,078	179.0
2012	38,187	3,055	4,253	5.2	288,096	605	1,057	173.3
2013	38,847	3,200	2,851	6.4	293,310		605	484.8
2014	39,279	3,245	3,312	6.0	331,717		733	452.5
2015	39,919	3,390	3,170	6.1	332,068		733	453.0
2016	42,955	3,515	3,045	6.6	331,847	825	733	213.0
2017	47,436	3,645	2,919	7.2	346,985	935	724	209.2
2018	50,167	3,785	2,770	7.7	371,136	950	710	223.6
2019	51,730	3,965	2,596	7.9	358,789	965	693	216.4

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2013 the City's Public Facilities Corporation issued Lease Revenue Bonds to refund all Hotel Occupancy Tax Revenue Bonds and finance the Convention Center expansion project. The debt issued by the Public Facilities Corporation is paid by annually appropriated lease payments made by the City to the Public Facilities Corporation.

[2] The bonds are secured by a lien on and are payable from the following sources of revenue (in the order of priority given): first, the Pledged Hotel Operating Revenues which are the net revenues derived from the Hotel that remain after making necessary monthly escrow payments for property taxes; insurance premiums; and furniture, fixtures, and equipment replacements; second, the State Hotel Occupancy Tax collected at the Hotel; third, the Hotel specific General Hotel Occupancy Tax (7.0% HOT); and fourth, the Expansion Hotel Occupancy Tax revenues collected Citywide (2.0% HOT).

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(Dollars In Thousands)

	Airport System			
Fiscal Year	Airport System Revenues	Debt Service Principal	Debt Service Interest	Coverage
2010	$ 68,224	$ 5,380	$ 11,770	4.0
2011	83,289	13,325	11,661	3.3
2012	90,164	12,845	10,200	3.9
2013	89,324	13,190	10,750	3.7
2014	91,035	13,440	9,874	3.9
2015	91,618	11,250	9,316	4.5
2016	96,847	11,695	10,670	4.3
2017	94,687	12,220	10,296	4.2
2018	106,953	12,795	9,731	4.7
2019	116,004	8,385	9,170	6.6

	PFC Operations						
Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2010	$ 30,752	$ 16,766	$ 6,049	$ 41,469	$ 3,690	$ 7,066	3.9
2011	32,498	16,197	7,926	40,769	4,845	7,783	3.2
2012	25,200	16,364	3,725	37,839	4,795	7,605	3.1
2013	21,542	16,064	715	36,891	4,925	7,904	2.9
2014	21,165	15,318	10	36,473	5,225	7,609	2.8
2015	20,230	16,582	340	36,472	5,460	7,380	2.8
2016	19,868	16,035	113	35,790	5,705	7,138	2.8
2017	19,228	17,994		37,222	5,975	6,869	2.9
2018	20,727	19,032		39,759	6,265	6,583	3.1
2019	23,482	20,130		43,612	6,580	6,274	3.4

	CFC Operations[1]						
Fiscal Year	CFC Beginning Fund Balance	CFC Revenues	Less: CFC Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2015	$ -	$ 9,621	$ -	$ 9,621	$ -	$ -	-
2016		10,694		10,694		6,293	1.7
2017		10,676		10,676		6,823	1.6
2018		12,024		12,024		6,823	1.8
2019		14,263		14,263	700	6,823	1.9

(End of Schedule)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] CFC Operations started in fiscal year 2015.

Statistical Data
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	1,340,549	$ 28,750,754	$ 21,447	32.6	296,328	5.9%
2010	1,319,492	28,260,879	21,418	32.1	387,343	7.0%
2011	1,326,539	28,421,098	21,425	32.8	392,897	7.1%
2012	1,359,730	29,038,394	21,356	32.7	396,718	6.4%
2013	1,383,194	30,752,552	22,233	33.2	397,500	5.8%
2014	1,409,019	31,581,326	22,414	33.0	407,047	4.8%
2015	1,436,697	32,790,329	22,823	33.2	401,771	3.7%
2016	1,469,824	34,905,380	23,748	33.1	403,558	3.7%
2017	1,517,866	36,308,882	23,921	33.5	401,867	3.5%
2018	1,536,137	37,827,377	24,625	33.6	410,625	3.5%

Sources: Population, personal income, per capita income, median age, and school enrollment information provided by the Planning & Community Development Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission.

Statistical Data
Principal Employers
Current Year and Nine Years Ago

	2019			2010		
Employer	Employees	Rank	Percentage of Total City Employment [1]	Employees	Rank	Percentage of Total City Employment [2]
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph[3]	80,000	1	7.56%	75,052	1, 2, 6	9.22%
H.E.B. Food Stores	22,000	2	2.08%	17,664	3	2.17%
United Services Automobile Association	19,000	3	1.80%	14,589	4	1.79%
Northside Independent School District	13,977	4	1.32%	12,597	5	1.55%
City of San Antonio	13,881	5	1.31%	11,017	7	1.35%
Methodist Health Care System	9,851	6	0.93%	7,154	10	0.88%
North East Independent School District	9,001	7	0.85%	10,223	8	1.25%
San Antonio Independent School District	7,677	8	0.73%	7,714	9	0.95%
Baptist Health Systems	6,371	9	0.60%			
JPMorgan Chase & Co.	5,000	10	0.47%			
Total	186,758		17.65%	156,010		19.16%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2019, and Department of Defense personnel statistics.

[1] Percent based on an Employment Estimate of 1,058,300 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2019. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 814,900 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2010. Figure provided by the Texas Workforce Commission.

[3] In fiscal year 2012, Lackland, Fort Sam and Randolph military operations were consolidated into Joint Base San Antonio. In fiscal year 2010, the employee counts were 35,026, 28,082, and 11,944, respectively.

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Full-time Equivalent Employees as of September 30

Function/Program:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mayor and Council	17	15	18	19	18	15	15	18	18	13
City Manager	17	17	15	18	18	15	20	18	18	15
Animal Care Services	108	103	117	116	109	112	116	121	123	133
Arts and Culture [14]	11	12	12	19	20	24	18	17	16	16
Aviation Civilian Employees	415	409	425	338	322	349	353	368	408	427
Aviation Uniformed - Fire and Rescue	30	31	33	52	49	31	28	30	30	32
Building & Equipment Services [11]	147	157	256	250	155	156	157	169	166	173
Capital Management Services (CMS) [10]	196	200	200	198						
Center City Development [2, 9, 14, 20]		6	7	7	121	114	132	136	132	139
City Attorney	104	99	95	94	84	84	83	79	79	81
City Auditor	22	20	21	21	21	22	24	21	21	22
City Clerk	20	21	22	27	30	28	29	29	32	31
Code Enforcement Services					137	133	141	142	146	149
Communications and Public Affairs [8, 13]	8	13	16	16	56	50				
Convention and Visitors Bureau [17]	86	84	132	127	80	81	76			
Convention, Sports and Entertainment Facilities	280	290	311	292	297	283	285	312	322	330
Customer Services/311 System [8]	56	59	52	42						
Development Services [1, 6]	200	225	199	195	221	231	233	255	261	273
Downtown Operations [9]	160	140	143	123						
Eastpoint [20]					15	15	3	4	2	
Early Education Development				146	300	344	356	358	373	373
Economic Development [2, 12]	33	24	27	21	24	23	29	35	34	33
Finance [3, 15]	82	89	134	186	145	147	143	134	131	131
Firefighters and EMS	1,568	1,606	1,612	1,641	1,655	1,601	1,616	1,714	1,719	1,734
Fire Department Civilian Employees	159	144	124	107	112	153	158	264	163	146
Government and Public Affairs [13, 18]							59	69	34	35
Grants Monitoring and Administration [5]	25	22	16							
Health	360	345	314	295	292	306	312	354	364	372
Housing and Neighborhood Services [7]	154	131	133	134						
Human Resources	73	69	84	80	105	102	105	112	74	77
Human Services	278	251	286	285	255	297	296	312	310	305
Information Technology Services	214	199	194	317	309	309	314	317	322	320
Intergovernmental Relations [12]	5	5	5	5	7	7				
International Affairs [4]	8	4	4							
Library	300	321	497	468	297	297	308	310	321	322
Municipal Court	174	182	188	171	175	168	160	114	124	122
Municipal Court Detention Center								41	38	35
Neighborhood and Housing Services [19]									51	70
Non Departmental [4]	36	36	30	53	35	36	28	40	29	35
Office of 311/Customer Service [18]									37	36
Office of Historic Preservation [6]					12	16	15	18	16	19
Office of Innovation [16]								8	5	9
Office of Management and Budget [16]	17	23	22	21	26	24	24	18	16	19
Parks and Recreation	617	602	630	587	566	594	606	474	464	469
Parks Police								160	174	185
Planning [1, 5, 19]			48	57	52	56	55	62	18	22
Police Officers	2,229	2,261	2,276	2,311	2,333	2,191	2,199	2,201	2,240	2,311
Police Department Civilian Employees	599	585	565	547	506	541	551	815	773	838
Public Works [10]	610	591	600	547						
Purchasing and Contract Services [3]	136	131	2							
Risk Management [15]								19	17	24
Solid Waste Management [11]	455	447	521	512	578	606	609	649	684	694
Transportation and Capital Improvements [10]					698	741	740	758	794	809
Total	**10,009**	**9,969**	**10,386**	**10,445**	**10,235**	**10,302**	**10,396**	**11,075**	**11,099**	**11,379**

Statistical Data
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Source: City of San Antonio, Texas. Figures account for actual employment positions filled.

[1] In fiscal year 2009, Planning and Community Development was combined with Development Services and then split back up in fiscal year 2012.
[2] In fiscal year 2011, Center City Development was separated from Economic and Employment Development.
[3] In fiscal year 2012, Purchasing and Contract Services was combined with Finance.
[4] In fiscal year 2013, International Affairs was combined with Non Departmental.
[5] In fiscal year 2013, Grants Monitoring and Administration was combined with Planning and Community Development.
[6] In fiscal year 2014, Office of Historic Preservation split from Development Services.
[7] In fiscal year 2014, Housing and Neighborhood services combined with Planning and Community Development.
[8] In fiscal year 2014, Customer Services/311 Systems combined with Communications and Public Affairs.
[9] In fiscal year 2014, Downtown Operations was combined with Center City Development.
[10] In fiscal year 2014, Public Works and CMS combined to form Transportation and Capital Improvements.
[11] In fiscal year 2015, some Fleet employees were reclassed from Building Equipment Services into Solid Waste Management.
[12] In fiscal year 2016, the International Relations Office was combined with the Economic Development Department.
[13] In fiscal year 2016, the Communications and Public Affairs Department was combined into the Government and Public Affairs Department.
[14] In fiscal year 2016, some employees were reclassed from Arts & Culture into Center City Development.
[15] In fiscal year 2017, Risk Management split from the Finance Department.
[16] In fiscal year 2017, Office of Innovation split from Office of Management and Budget (OMB).
[17] In fiscal year 2017, the Convention and Visitors Bureau transitioned to the independent, non-profit corporation, Visit San Antonio (VSA).
[18] In fiscal year 2018, Customer Services/311 Systems split from Government and Public Affairs Department.
[19] In fiscal year 2018, some employees were reclassed from Planning into Neighborhood and Planning Department.
[20] In fiscal year 2019, Eastpoint was combined with Center City Development.

Statistical Data
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program:										
Police:										
Physical Arrests [1]	186,181	161,604	165,319	164,310	180,667	188,212	116,382	103,443	103,318	54,173
Parking Violations	76,142	62,170	78,612	77,570	76,128	74,716	77,694	92,678	73,561	61,202
Traffic Violations	254,011	165,908	266,157	226,084	215,164	182,237	183,140	166,659	178,759	144,358
Fire:										
Fire Incidents	104,253	114,087	108,507	105,404	99,191	114,483	142,358	160,520	167,977	174,701
Fires Extinguished	2,390	3,121	2,218	2,420	2,371	2,046	2,512	3,155	2,881	2,756
Inspections	22,459	21,180	25,057	23,891	24,517	24,668	24,300	29,693	32,222	31,659
Solid Waste:										
Refuse Collected (tons per day)	1,376	1,137	1,123	1,138	1,084	1,219	1,225	1,305	1,247	1,230
Recyclables Collected (tons per day)	478	446	501	593	504	581	627	628	592	678
Other Public Works:										
Street Resurfacing (miles)	423.00	275.00	348.00	252.00	241.00	270.00	271.00	241.00	275.00	300.00
Potholes Repaired	42,240	15,137	11,431	10,465	12,955	29,401	57,679	75,127	85,443	100,520
Parks and Recreation:										
Athletic Field Permits Issued	1,945	3,939	4,273	4,746	5,043	4,116	3,919	3,634	4,166	4,026
Community Center Reservations	1,930	1,735	2,015	2,198	2,097	2,173	2,114	2,550	3,172	3,124
Library:										
Volumes in Collection	2,241,491	2,333,032	2,216,722	2,155,139	2,139,234	2,179,598	2,214,770	2,066,789	2,083,989	2,016,804
Volumes in Circulation	6,601,175	6,733,534	7,354,466	7,396,057	7,177,889	7,362,800	7,330,691	7,282,570	7,384,064	8,001,230
Water:										
Customers	352,059	356,546	360,281	365,099	367,408	373,920	378,365	488,705	496,543	505,627
Water Main Breaks	3,212	1,475	3,397	2,128	1,863	2,018	2,151	1,194	1,843	2,329
Average Daily Consumption (millions of gallons)	181.4	188.0	204.5	192.2	189.1	191.3	194.2	240.5	245.6	233.1
Maximum Daily Consumption (millions of gallons)	243.5	266.0	265.6	264.0	270.2	261.0	292.9	359.9	302.8	301.1
Wastewater:										
Amount Treated Peak Day (millions of gallons)	194.0	258.0	160.0	199.0	221.0	196.0	286.0	311.0	245.0	235.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	6	6	6	6	6	6	6	6	6	6
Marked Patrol Units [1]	680	716	716	716	716	716	719	769	768	768
Fire:										
Fire Stations	50	50	51	51	51	51	51	53	53	54
Solid Waste:										
Garbage Trucks	49	65								
Recycling Trucks [2]										
Dual Purpose Collection Vehicles [2]	120	160	323	333	349	360	377	377	377	383
Other Public Works:										
Streets (miles)	4,064	4,066	4,066	4,066	4,066	4,066	4,081	4,081	4,152	4,155
Highways (miles)	1,046	1,036	1,036	1,140	1,180	1,180	1,180	1,180	1,180	1,219
Streetlights	79,468	79,468	70,714	71,531	71,877	71,834	74,010	77,521	79,290	79,936
Traffic Signals	1,288	1,299	1,317	1,332	1,366	1,385	1,397	1,402	1,419	1,422
Parks and Recreation:										
Acreage	14,282	14,288	14,519	14,822	14,866	15,469	15,572	15,933	15,942	15,994
Playgrounds	148	154	166	177	178	196	197	200	221	223
Baseball/Softball Diamonds	129	129	129	129	130	129	129	129	129	129
Soccer/Football Fields	93	93	94	94	94	94	100	100	100	114
Golf Courses	7	7	7	7	7	8	8	8	8	8
Swimming Pools	27	26	26	26	26	26	26	25	25	26
Community Centers	30	30	30	30	30	30	30	30	30	30
Water:										
Water Mains (miles)	4,866	4,936	4,988	5,022	5,072	5,259	5,315	6,961	7,060	7,144
Fire Hydrants	26,599	27,115	27,566	27,914	28,323	28,753	29,530	39,998	40,872	41,553
Storage Capacity (millions of gallons)	166.2	180.8	184.1	183.7	197.4	220.6	221.0	269.2	277.2	287.6
Wastewater:										
Sewer Mains (miles)	5,085	5,118	5,163	5,200	5,238	5,247	5,322	5,375	5,482	5,535
Storm Sewers (miles)	498.0	581.0	581.0	581.0	700.0	700.0	700.0	574.0	646.0	623.0
Permitted Treatment Capacity (millions of gallons)	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

[1] The number of units reported in fiscal year 2011 includes all marked patrol vehicles, regardless of function.

[2] The City has purchased dual purpose vehicles, which serve both as garbage and recycle collection vehicles.

FEDERAL SECTION

Summary Schedule of Federal Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2019	Fiscal Year 2018 (Restated)	Variance Increase (Decrease)
Federal Categorical Grants:			
Air Transportation	$ 12,560,397	$ 2,363,934	$ 10,196,463
Criminal Justice	3,862,718	7,537,955	(3,675,237)
Emergency Management	3,797,450	1,506,972	2,290,478
Environmental Quality	257,642	453,456	(195,814)
Public Health	14,928,958	14,141,802	787,156
Public Works	15,356,000	1,801,300	13,554,700
Recreation and Culture	1,405,230	1,230,206	175,024
Social Services	94,834,655	81,410,794	13,423,861
Total Federal Categorical Grants	$ 147,003,050	$ 110,446,419	$ 36,556,631
Federal Block Grants:			
Community Development Block Grant	$ 12,741,544	$ 11,604,919	$ 1,136,625
HOME Program Block Grant	5,491,627	3,898,909	1,592,718
Total Federal Block Grants	$ 18,233,171	$ 15,503,828	$ 2,729,343
Total Federal Grants	$ 165,236,221	$ 125,950,247	$ 39,285,974

Air Transportation increase of $10.2 million is primarily due to the receipt of new Federal Aviation Administration Airport Improvement Program (AIP) Grants. New AIP funding includes $4.6 million for Taxiway Projects and $2.4 million for the Master Plan Phase II Project. The City also received $2.3 million in Voluntary Airport Low Emissions grant for the Emissions Reduction Project in fiscal year 2019.

Criminal Justice decrease of $3.7 million is due to the $3.1 million Community Oriented Policing Services (COPS) multi-year grant awarded in fiscal year 2018 and $208 thousand Technology Innovation for Public Safety (TIPS) grant awarded in fiscal year 2018 that was not received in fiscal year 2019.

Emergency Management increase of $2.3 million is due to the 2018 Urban Area Security Initiative (UASI) and the 2018 State Homeland Security Program (SHSP) both being awarded in fiscal year 2019 for $1.1 million and $854 thousand respectively; and the receipt of the Emergency Management Performance Grant (EMPG) for fiscal year 2018 and 2019 both being awarded in fiscal year 2019 for a total of $321 thousand.

Public Health increase is due primarily to a $618 thousand increase in WIC Grant funding.

Public Works increase of $13.6 million is due to the receipt of $15.4 million from six Advanced Funding Agreements (AFA) between the City and Texas Department of Transportation (TxDOT) that are multi-year grants for multi-year projects.

Social Services increase of $13.4 million is primarily due to the Child Care Service Program receiving $12.1 million in additional funding for direct costs, additional enrollments, and rate increases to providers.

The City receives multi-year grants that are awarded during the fiscal year, as well as grants whose award dates do not correlate with the City’s fiscal year. As such, expenditures for these grants will be reported on the Schedule of Federal Expenditures when expended, and expenditures will not always be reported in the same year the award was received.

Schedule of Expenditures of Federal Awards by Grantor, Federal Program and Grant Number

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2019

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U. S. Department of Agriculture:					
Pass Through - Texas Department of State Health Services:					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children:					
WIC 2016-2017	10.557	2017-049832-001	22-01636011	$ -	$ (213)
WIC 2017-2018	10.557	2017-049832-001A	22-01636030		258,284
WIC 2018-2019	10.557	2017-049832-001	22-01636048		5,245,097
Total Special Supplemental Nutrition Program for Women, Infants, and Children				$ -	$ 5,503,168
Child Nutrition Cluster:					
Pass Through - Texas Department of Agriculture:					
Summer Food Service Program for Children:					
Summer Food Program 2019	10.559	CE ID 01566	22-02026004	$ -	$ 484,935
Total Child Nutrition Cluster				$ -	$ 484,935
Total U.S. Department of Agriculture				$ -	$ 5,988,103
U.S. Department of Housing and Urban Development:					
Direct Programs					
Housing Counseling Assistance Program:					
Housing Counseling Program 2017	14.169	HC170821025	22-05438010	$ -	$ 174
Housing Counseling Program 2018	14.169	HC180821030	22-05457002		11,513
Total Housing Counseling Assistance Program				$ -	$ 11,687
CDBG - Entitlement Grant Cluster:					
Community Development Block Grants/Entitlement Grants:					
Community Development Program - 29th Year	14.218	B03MC480508	28-029000	$ -	$ 383,742
Community Development Program - 38th Year	14.218	B12MC480508	28-038000		105,047
Community Development Program - 39th Year	14.218	B13MC480508	28-039000		82,598
Community Development Program - 40th Year	14.218	B14MC480508	28-040000	216,553	582,084
Community Development Program - 41st Year	14.218	B15MC480508	28-041000		550,072
Community Development Program - 42nd Year	14.218	B16MX480508	28-242000		589,156
Community Development Program - 43rd Year	14.218	B17MX480508	28-243000	23,060	718,851
Community Development Program - 44th Year	14.218	B18MX480508	28-244000	331,476	7,360,821
Neighborhood Stabilization Grant	14.218	B08MN480501	23-28000001	244,482	268,436
CDBG Investment Partnerships Program Outstanding Loans	14.218	Various	Various		1,778,600
Neighborhood Stabilization Grant Program Outstanding Loans	14.218	Various	Various		2,568,668
Total Community Development Block Grants/Entitlement Grants				$ 815,571	$ 14,988,075
Total CDBG - Entitlement Grant Cluster				$ 815,571	$ 14,988,075
Emergency Solutions Grant Program:					
ESG 2017-2019	14.231	E17MC480508	22-05438009	$ 45,237	$ 68,086
ESG 2018-2020	14.231	E18MC480508	22-05438014	770,326	962,191
Total Emergency Solutions Grant Program				$ 815,563	$ 1,030,277
HOME Investment Partnerships Program:					
HOME Program Grant - 18th Year	14.239	M09MC480508	25-018000	$ -	$ 1,337
HOME Program Grant - 19th Year	14.239	M10MC480508	25-019000		81,105
HOME Program Grant - 21st Year	14.239	M12MC480508	25-021000		22,537
HOME Program Grant - 22nd Year	14.239	M13MC480508	25-022000		1,627,942
HOME Program Grant - 23rd Year	14.239	M14MC480508	25-023000		603,631
HOME Program Grant - 24th Year	14.239	M15MC480508	25-024000		12,951
HOME Program Grant - 25th Year	14.239	M16MC480508	25-225000		3,385,060
HOME Program Grant - 26th Year	14.239	M17MC480508	25-226000		1,320,404
HOME Program Grant - 27th Year	14.239	M18MC480508	25-227000		1,607,286
HOME Investment Partnerships Program Outstanding Loans	14.239	Various	Various		32,433,964
Total HOME Investment Partnerships Program				$ -	$ 41,096,217
Housing Opportunities for Persons with AIDS:					
HOPWA 2017-2020	14.241	TXH17F005	22-05438006	$ 50,576	$ 52,548
HOPWA 2018-2021	14.241	TXH18F005	22-05438013	1,416,746	1,459,618
Total Housing Opportunities for Persons with AIDS				$ 1,467,322	$ 1,512,166
Lead Hazard Reduction Demonstration Grant Program:					
Lead Hazard Reduction Demonstration 2016-2019	14.905	TXLHD0297-16	22-05450001	$ -	$ 471,532
Healthy Homes Technical Studies Grants:					
Healthy Homes Tech Grant	14.906	MILTS0007-17	22-05457003	$ -	$ 1,250
Total U.S. Department of Housing and Urban Development				$ 3,098,456	$ 59,111,204

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2019

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Justice:					
Direct Programs					
Services for Trafficking Victims:					
Enhanced Collaborative Model to Combat Human Trafficking	16.320	2016-VT-BX-K011	22-02817002	$ -	$ 224,714
Public Safety Partnership and Community Policing Grants:					
Cops CHRP Grant 2018-2020	16.710	2017ULWX0018	22-02817007	$ -	$ 1,672,676
Edward Byrne Memorial Justice Assistance Grant Program:					
SAPD NIBIN Implementation Program	16.738	2017-DG-BX-K009	22-02817005	$ -	$ 7,147
Pass-Through - Bexar County:					
Edward Byrne Memorial Justice Assistance Grant Program:					
JAG 2016-2020	16.738	2016-DJ-BX-0205	22-02817004	$ -	$ 9
JAG 2017-2021	16.738	2017-DJ-BX-0847	22-02817008		156,206
JAG 2018-2021	16.738	2018-DJ-BX-0415	22-02817011		120,879
				$ -	$ 277,094
Total Edward Byrne Memorial Justice Assistance Grant Program				$ -	$ 284,241
Direct Programs					
Economic, High-Tech, and Cyber Crime Prevention:					
Intellectual Property Crimes 2018	16.752	2018-IP-BX-0019	22-02817009	$ -	$ 48,263
Equitable Sharing Program:					
Airport Federal Account	16.922	N/A	29-037000	$ -	$ 15,780
Federal Account	16.922	N/A	29-039000		246,088
HIDTA - Federal Account	16.922	N/A	29-046000		155,452
Total Equitable Sharing Program				$ -	$ 417,320
Total U.S. Department of Justice				$ -	$ 2,647,214
U.S. Department of Transportation:					
Direct Program					
Airport Improvement Program:					
Expand Apron 80-2014	20.106	3-48-0192-080-2014	26-05833068	$ -	$ 794,988
Master Plan Update, SAT	20.106	3-48-0192-091-2018	22-05833011		1,835,469
Perimeter Road Pk2 88-17	20.106	3-48-0192-088-2017	22-05833007		46,966
Rehabilitate Perimeter RD 87-2016	20.106	3-48-0192-087-2016	22-05833003		20,078
Rehabilitate Taxiway G 77-2014	20.106	3-48-0192-077-2014	26-05833065		156,404
Rehabilitate Taxiway N 78-2014	20.106	3-48-0192-078-2014	26-05833066		216,178
Residential Acoustical Program 85-2016	20.106	3-48-0192-085-2016	22-05833004		2,266,716
Residential Acoustical Program 90-2017	20.106	3-48-0192-090-2017	22-05833009		3,377,635
Taxiway G Rehabilitate 83-2016	20.106	3-48-0192-083-2016	22-05833001		101,071
Taxiway J Rehabilitate 84-2016	20.106	3-48-0192-084-2016	22-05833002		14,964
Taxiway R Rehabilitation, Phase 1	20.106	3-48-0192-089-2017	22-05833008		2,484,375
Terminal Area Taxiways 81-2015	20.106	3-48-0192-081-2015	26-05833069		1,553,075
Total Airport Improvement Program				$ -	$ 12,867,919
Pass Through - Texas Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction Program:					
Medical Center-Floyd Curl	20.205	CSJ 0915-12-558	26-05923012	$ -	$ 1,908,968
TXDOT - B-Cycle Urban Core Transportation Enhancement	20.205	CSJ 0915-12-536	26-05955004		467,146
TXDOT - Contributions	20.205	Various	26-05940001		196,007
Total Highway Planning and Construction Program				$ -	$ 2,572,121
Total Highway Planning and Construction Cluster				$ -	$ 2,572,121
Pass Through - Texas Department of Transportation:					
Highway Safety Cluster:					
State and Community Highway Safety:					
Police Traffic Services Enforcement and Education Campaign to Reduce Intersection Crashes	20.600	2018-SATCID-G-1	22-05923004	$ -	$ 3,119
Traffic Safety Grant 2018	20.600	2018-SanAntPD-S-1YG-0002	22-05917001		1,260
Traffic Safety Grant 2019	20.600	2019-SanAntPD-S-1YG-0009	22-05917002		928,211
Total State and Community Highway Safety				$ -	$ 932,590
Total Highway Safety Cluster				$ -	$ 932,590
Total U.S. Department of Transportation				$ -	$ 16,372,630
Institute of Museum and Library Services:					
Pass Through - Texas State Library and Archives Commission:					
Grants to States:					
Interlibrary Loan Grant 2018	45.310	LS-00-17-0044-17	22-01804004	$ -	$ 106,396
Total Institute of Museum and Library Services				$ -	$ 106,396

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2019

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
Environmental Protection Agency:					
Direct Program					
Brownfields Assessment and Cleanup Cooperative Agreements:					
EPA Grant - Hazardous	66.818	BF-01F07701	26-01219003	$ -	$ 36,486
EPA Grant - Petroleum	66.818	BF-01F07201	26-01219004		81,212
Total Brownfield Assessment and Cleanup Cooperative Agreements				$ -	$ 117,698
Total Environmental Protection Agency				$ -	$ 117,698
U.S. Department of Health and Human Services:					
Pass Through - Alamo Area Council of Governments:					
Aging Cluster:					
Special Programs for the Aging, Title III, Part C, Nutrition Services:					
SNP 2018-2019	93.045	539-16-00210001	22-01138002	$ -	$ 1,582,805
Nutrition Services Incentive Program:					
SNP 2018-2019	93.053	539-16-00210001	22-01138002	$ -	$ 522,000
Total Aging Cluster				$ -	$ 2,104,805
Pass Through-Texas Department of State Health Services:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements:					
Bio-Terrorism Preparation 2016-2018	93.074	537-18-0179-0001	22-01636019	$ -	$ (137)
Bio-Terrorism Preparation 2017-2019	93.074	537-18-0179-0001	22-01636037		748,507
Bio-Terrorism Preparation 2018-2020	93.074	537-18-0179-0001	22-01636056		255,892
Cities Readiness Initiative 2018	93.074	537-18-0191-0001	22-01636020		(1,323)
Cities Readiness Initiative 2019	93.074	537-18-0191-0001	22-01636038		146,053
Cities Readiness Initiative 2020	93.074	537-18-0191-0001	22-01636057		50,129
Laboratory Response Network 2018	93.074	537-18-0148-0001	22-01636018		(105)
Laboratory Response Network 2019	93.074	537-18-0148-0001	22-01636036		132,508
Laboratory Response Network 2020	93.074	537-18-0148-0001	22-01636055		60,028
ZIKA Grant 2018	93.074	537-18-0356-0001	22-01636016		89,807
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements:				$ -	$ 1,481,359
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED):					
Substance Abuse and Mental Health Services Administration 2017	93.104	5U79SM061639-04	22-05438008	$ -	$ 1,123
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
Special T.B. Team Project 2018	93.116	HHS000036000008	22-01636033	$ -	$ 93,703
Special T.B. Team Project 2019	93.116	HHS000036000008	22-01636051		219,629
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs				$ -	$ 313,332
Direct Program					
Immunization Cooperative Agreements:					
Immunization Program 317 - 2017	93.268	6 NH23IP000718-05-02	22-02236003	$ -	$ (19,746)
Immunization Program 317 - 2018	93.268	6 NH23IP000718-05-02	22-02236005		1,978,590
Immunization Program 317 - 2019	93.268	1 NH23IP922584-01-00	22-02236007		875,034
Total Immunization Cooperative Agreements				$ -	$ 2,833,878
Pass Through-Texas Department of State Health Services:					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):					
ZIKA Grant 2018	93.323	537-18-0356-00001	22-01636016	$ -	$ 95,760
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response:					
Hurricane Crisis Response FY19	93.354	HHS000371500007	22-01636054	$ -	$ 17,194
Pass Through - Alamo Workforce Development, Inc.:					
TANF Cluster:					
Temporary Assistance for Needy Families:					
CCDS - 2017-2018	93.558	2017CCS-01	22-03938006	$ -	$ 1,022
CCDS - 2018-2019	93.558	2017CCS-02	22-03938007		8,749
Total Temporary Assistance for Needy Families				$ -	$ 9,771
Total TANF Cluster				$ -	$ 9,771
Pass Through - Texas Department of Housing & Community Affairs:					
Community Services Block Grant:					
CSBG - 2018	93.569	61180002844	22-06038003	$ -	$ 534,586
CSBG - 2019	93.569	61190003036	22-06038004		1,490,276
Total Community Services Block Grant				$ -	$ 2,024,862
Subtotal U.S. Department of Health and Human Services				$ -	$ 8,882,084

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2019

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):						
Pass Through - Alamo Workforce Development, Inc.:						
Child Care Cluster:						
Child Care and Development Block Grant:	*					
CCDS - 2017-2018		93.575	2017CCS-01	22-03938006	$ -	$ 1,398,435
CCDS - 2018-2019		93.575	2017CCS-02	22-03938007		48,221,390
Total Child Care and Development Block Grant					$ -	$ 49,619,825
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	*					
CCDS - 2016-2017		93.596	CCDS2013001-03	22-03938000	$ -	$ (500)
CCDS - 2017-2018		93.596	2017CCS-01	22-03938006		6,010,842
CCDS - 2018-2019		93.596	2017CCS-02	22-03938007		3,766,174
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund					$ -	$ 9,776,516
Total Child Care Cluster					$ -	$ 59,396,341
Direct Programs						
Head Start:	*					
Early Head Start 2017-2018		93.600	06HP0019/03	22-02238003	$ -	$ 1,238
Early Head Start 2018-2019		93.600	06HP0019/04	22-02238005	1,817,664	2,779,999
Early Head Start 2019-2020		93.600	06HP0019/05	22-02238007	278,063	436,623
Head Start Program 2016-2017		93.600	06CH7074/04	26-02238018		(113)
Head Start Program 2018-2019		93.600	06CH7074/06	22-02238004	6,594,151	9,035,188
Head Start Program 2019-2020		93.600	06CH010821-01	22-02238006	7,972,522	14,849,581
Total Head Start					$ 16,662,400	$ 27,102,516
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF):						
HPV Vaccine 2017		93.733	1 NH23IP922556-01-00	22-02236001	$ -	$ 64,376
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention Health Funds:						
Reach Healthy Neighborhoods		93.738	6 NU58DP006589-01-00	22-01636050	$ -	$ 522,874
Pass Through - Texas Department of State Health Services:						
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF):						
Federal Triple OOO FY 19		93.758	517-18-0245-00001	22-01636047	$ -	$ 89,778
Medicaid Cluster:						
Medical Assistance Program:						
TB Medicaid Waiver 2014		93.778	2014-045668	26-01636128	$ -	$ (44,521)
TB Medicaid Waiver 2018-2019		93.778	2014-045668-001E	22-01636034		473
TB Medicaid Waiver 2019-2020		93.778	HHS000068600001	22-01636049		771,504
Total Medical Assistance Program					$ -	$ 727,456
Total Medicaid Cluster					$ -	$ 727,456
Direct Program						
Healthy Start Initiative:						
Healthy Start Initiative 2018-2019		93.926	6 H49MC00101-18-02	22-02236004	$ -	$ 877,920
Healthy Start Initiative 2019-2020		93.926	2 H49MC00101-19-00	22-02236006		322,296
Total Healthy Start Initiative					$ -	$ 1,200,216
Pass Through - Texas Department of State Health Services:						
HIV Prevention Activities - Health Department Based:						
HIV Prevention Program 2019		93.940	2016-001339-009	22-01636053	$ -	$ 125,000
Sexually Transmitted Diseases (STD) Prevention and Control Grants:						
STD-Staff Support Program 2018		93.977	2016-003944-002	22-01636031	$ -	$ 780,398
STD-Staff Support Program 2019		93.977	HHS000288900006	22-01636052		1,205,151
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants Control Grants					$ -	$ 1,985,549
Preventive Health and Health Services Block Grant:						
Federal Triple OOO FY 2019		93.991	HHS000485600003	22-01636061	$ -	$ 17,090
Maternal and Child Health Services Block Grant to the States:						
Title V CHS - Dental Services 2017		93.994	2016-003944-00	22-01636010	$ -	$ 17,455
DSHS Healthy Texas Babies 2019		93.994	HHS000066400001	22-01636039		60,978
DSHS Healthy Texas Babies 2020		93.994	HHS000066400001	22-01636064		7,104
Title V CHS - Dental Services 2018		93.994	2016-003944-002	22-01636026		12,929
Title V CHS - Dental Services 2019		93.994	2016-003944-002	22-01636044		263,692
Title V CHS - Dental Services 2020		93.994	HHS000136500028	22-01636062		3,832
Total Maternal and Child Health Services Block Grant to the States					$ -	$ 365,990
Total U.S. Department of Health and Human Services					$ 16,662,400	$ 100,479,270

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2019

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
Executive Office of the President:					
Direct Program					
High Intensity Drug Trafficking Areas Program:					
Office of National Drug Control Policy:					
HIDTA Initiative San Antonio 2017	95.001	G17SS0009A	22-02817003	$ -	$ 44,017
HIDTA Initiative San Antonio 2018	95.001	G18SS0009A	22-02817006		1,119,145
HIDTA Initiative San Antonio 2019	95.001	G19SS0009A	22-02817010		994,034
Total High Intensity Drug Trafficking Areas Program				$ -	$ 2,157,196
Total Executive Office of the President				$ -	$ 2,157,196
U.S. Department of Homeland Security:					
Pass Through - United Way National Board:					
Emergency Food and Shelter National Board Program:					
Emergency Food and Shelter Program	97.024	SF7886-00-039C1	22-05438018	$ -	$ 280,201
Pass Through - Texas Department of Public Safety:					
Emergency Management Performance Grants:					
EMPG 2018	97.042	18TX-EMPG-0632	22-06520003	$ -	$ (90,174)
Pass Through - Texas Department of Emergency Management:					
Emergency Management Performance Grants:					
EMPG 2019	97.042	19TX-EMPG-0632	22-06520008		157,999
Total Emergency Management Performance Grants				$ -	$ 67,825
Pass Through - Texas Office of the Governor- Homeland Security Grants Division:					
Homeland Security Grant Program:					
HSGP 2017	97.067	EMW-2017-SS-00005	22-06520004	$ -	$ 244,946
SHSP 2016	97.067	EMW-2016-SS-00056	22-06520002		112,510
SHSP 2016 Supplemental Funds	97.067	EMW-2016-SS-00056	22-05620014		29,611
SHSP 2018	97.067	EMW-2018-SS-00022-S01	22-06520007		514,793
UASI 2017	97.067	EMW-2017-SS-00005	22-06520005		607,650
UASI 2018	97.067	EMW-2018-SS-00022	22-06520006		403,449
Total Homeland Security Grant Program				$ -	$ 1,912,959
Direct Program					
Homeland Security Biowatch Program:					
Biowatch Fed Air Monitoring 2019	97.091	150HBO000270200	22-06536004	$ -	$ 246,577
Biowatch Fed Air Monitoring 2020	97.091	150HBIO00027050	22-01636063		23,473
Total Direct Homeland Security Biowatch Program				$ -	$ 270,050
Total U.S. Department of Homeland Security				$ -	$ 2,531,035
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 19,760,856	$ 189,510,746

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2019

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

2. As of September 30, 2019, the City recorded net HOME Program Notes Receivable of $32,050,444, which includes the estimated allowances for the doubtful accounts of $27,065,632. These are loans that are made for renovation or construction of apartment complexes that provide rental to low income people. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $32,433,964 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

3. As of September 30, 2019, the City recorded net CDBG Program Notes Receivable of $9,191,732, which includes the estimated allowances for the doubtful accounts of $9,054,869. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $1,778,600 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

4. As of September 30, 2019, the City recorded net NSP Program Notes Receivable of $1,062,819, which includes estimated allowances for doubtful accounts of $3,198,401. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $2,568,668 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

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

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members of the City Council
City of San Antonio, Texas

We have audited, 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 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 San Antonio, 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 February 20, 2020.

Our report includes a reference to other auditors who audited the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, and Visit San Antonio, blended and fiduciary component units; CPS Energy, San Antonio Water System, Brooks Development Authority, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units; and the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Finance Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, and Visit San Antonio were not audited in accordance with *Government Auditing Standards.*

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 design 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 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

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there is a reasonable possibility that a material misstatement of the City'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 the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 report is not suitable for any other purpose.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance as Required by the Uniform Guidance

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Mayor and Members of the City Council
City of San Antonio, Texas

Report on compliance for each major federal program

We have audited the compliance of the City of San Antonio, Texas (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of its 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.

Our audit of, and opinion on, the City's compliance for each major federal program does not include the operations of the San Antonio Water System (SAWS) and Port Authority of San Antonio dba Port San Antonio, discretely presented component units, and San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA, a major fund and blended component unit, which received federal awards for the year ended September 30, 2019 that are not included in the accompanying schedule of findings and questioned costs. SAWS, Port San Antonio and Pre-K 4 SA engaged other auditors to audit its compliance with the types of compliance requirements described in the *OMB Compliance Supplement*.

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

Auditor's 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.

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 compliance requirements that could have a direct and material effect on each major federal program to design audit 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.

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

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. Given these limitations, during our audit we did not identify any deficiencies in the Entity's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Schedule of Findings and Questioned Costs

Federal

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2019

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	_____ Yes __X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	_____ Yes __X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs:	
Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?	_____ Yes __X__ No

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.575, 93.596	Child Care Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000
Auditee qualified as low-risk auditee?	_____ Yes __X__ No

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2019

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

There are no findings to be reported.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2019

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There are no findings to be reported.

Corrective Action Plan

Federal

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2019

None

Summary Status of Prior Year Findings

Federal

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2019

Finding: 2014-004
Procurement and Suspension and Debarment
CFDA #95.001 – High Intensity Drug Trafficking Area
Award Number – G14SS0009A
Award Year – 2014
Federal Agency – Executive Office of the President
Type of Finding – Non-compliance and Control deficiency
Questioned Costs - $0

Recommendation:
We recommend the City amend its Procurement Policy and Procedures to include controls and procedures over federally funded leases and lease renewals greater than $25,000 in order to ensure such expenditures are adequately documented and in compliance with procurement and suspension and debarment requirements.

Status:
Corrected

The City amended its Procurement Policy and Procedures and held training for City Departments led by the Purchasing Division of the Finance Department. The new policy requires any federal or state funded procurements greater than $25,000 to be documented and to be in compliance with procurement and suspension and debarment requirements.

Implementation Date
October 2018

Responsible Persons:
John Jacks, Director
Center City Development and Operations

Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

STATE SECTION

Summary Schedule of State Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2019	Fiscal Year 2018	Variance Increase (Decrease)
State Categorical Grants:			
Air Transportation	$ 50,000	$ 50,000	$ -
Criminal Justice	1,555,357	4,094,669	(2,539,312)
Emergency Management	30,914	32,146	(1,232)
Environmental Quality		110,795	(110,795)
Public Health	1,578,452	1,526,003	52,449
Public Works	1,150,813	642,891	507,922
Social Services	12,180,850	14,045,993	(1,865,143)
Total State Categorical Grants	$ 16,546,386	$ 20,502,497	$ (3,956,111)

Criminal Justice decrease of $2.5 million is primarily due to the receipt of the one-time Rifle-Resistant Body Armor Grant Program (BAGP) in fiscal year 2018.

Environmental Quality decrease of $111 thousand is due to the Air Monitors grants being funded with federal dollars in fiscal year 2019.

Public Works increase of $508 thousand is due to the receipt of $1.2 million in state awards for six Advanced Funding Agreements with Texas Department of Transportation (TxDOT) for various improvement projects offset by State funding in fiscal year 2018 of $500 thousand for the "Green Street" Project Agreement between the City and TxDOT.

Social Services decrease of $1.9 million is due to a $3.8 million reduction in fiscal year 2019 State funding for the Child Care Services Program mitigated by a $2.0 million additional state funding for the fiscal year 2018 Child Care Services Program. The City’s decrease in the State portion of the Child Care Services Program is due to outside agencies being awarded contracts directly from the State to manage this program, thus reducing the City’s allocation of State grant funding.

The City receives multi-year grants that are awarded during the fiscal year, as well as grants whose award dates do not correlate with the City’s fiscal year. As such, expenditures for these grants will be reported on the Schedule of State Expenditures when expended, and expenditures will not always be reported in the same year the award was received.

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Schedule of Expenditures of State Awards by Grantor, State Program and Grant Number

Schedule of Expenditures of State Awards
Year-Ended September 30, 2019

STATE GRANTOR/PASS THROUGH GRANTOR/ STATE PROGRAM		GRANT NUMBER	CITY NUMBER	STATE EXPENDITURES
Texas Attorney General's Office:				
Direct Program				
State Confiscated Property:	*			
HIDTA Task Force Seizures		N/A	29-043000	$ 75,778
New State Account		N/A	29-038000	614,320
Salvage Theft Reduction Program Seizures		N/A	29-042000	21,945
Vice State Account		N/A	29-040000	132
Total State Confiscated Property				$ 712,175
Total Texas Attorney General's Office				$ 712,175
Texas Commission on Environmental Quality:				
Direct Programs				
Air Monitors:				
Air Monitors Lake Calaveras 2018-2019		582-19-90040	22-00836005	$ (196)
Solid Waste Grant Projects:				
Community Outreach Program 2019		19-18-01	22-00855004	$ 71,357
Total Texas Commission on Environmental Quality				$ 71,161
Texas Department of Public Safety:				
Direct Program				
Hurricane Harvey and Harvey Deployments		N/A	Various	$ 50,830
Total Texas Department of Public Safety				$ 50,830
Texas Department of State Health Services:				
Direct Programs				
Emerging and Acute Infectious Disease Branch:				
IDCU/FLU - Lab 2019		537-18-0334-00001	22-01636043	$ 4,832
IDCU/Surveillance Epidemiology Ebola 2018		537-18-0328-00001	22-01636023	(41)
IDCU/Surveillance Epidemiology Ebola 2019		537-18-0328-00001	22-01636041	129,693
IDCU/Surveillance Epidemiology Ebola 2020		HHS000436300023	22-01636066	12,161
Total Emerging and Acute Infectious Disease Branch				$ 146,645
HIV Surveillance & Prevention Programs:				
HIV Prevention Program 2018		2016-001339-007	22-01636032	$ 44,048
HIV Prevention Program 2019		2016-001339-009	22-01636053	44,331
HIV Surveillance Program 2019		537-18-0007-00001	22-01636045	160,328
HIV Surveillance Program 2020		537-18-0007-00001	22-01636059	13,240
Total HIV Surveillance & Prevention Programs				$ 261,947
Immunization Grants:	*			
Inner-City School Immunization 2019		HHS000119700021	22-01636040	$ 625,634
Inner-City School Immunization 2020		HHS000119700021	22-01636065	56,587
Total Immunization Grants				$ 682,221
Milk Sample Lab Tests:				
Milk Group - 2019		537-18-0162-00001	22-01636042	$ 50,218
Milk Group - 2020		537-18-0162-00001	22-01636067	3,977
Total Milk Sample Lab Tests				$ 54,195
Preventive Health and Health Services Block Grant:				
Fed Triple OOO FY19		537-18-0245-00001	22-01636047	$ 114,263
STRAC Grant Project:				
STRAC Grant Project FY 2019		N/A	22-01620003	$ 30,914
TB Prevention and Control:	*			
TB Prevention and Control 2018-2019		537-18-0042-00001	22-01636046	$ 663,881
TB Prevention and Control 2019-2020		HHS000484100001	22-01636060	34,271
Total TB Prevention and Control				$ 698,152
Subtotal Texas Department of State Health Services				$ 1,988,337

* Major Program

See accompanying Notes to the Schedule of Expenditures of State Awards

Schedule of Expenditures of State Awards
Year-Ended September 30, 2019

STATE GRANTOR/PASS THROUGH GRANTOR/ STATE PROGRAM	GRANT NUMBER	CITY NUMBER	STATE EXPENDITURES
Texas Department of State Health Services (Continued):			
Pass Through - Alamo Area Council of Governments:			
Special Programs for the Aging, Nutrition Services:			
SNP 2018-2019	539-16-00210001	22-01138002	$ 6,472
Total Texas Department of State Health Services			$ 1,994,809
Texas Department of Transportation:			
Pass Through - The Texas Automobile Burglary & Theft Prevention Authority:			
Regional Auto Crimes Team:			
Regional Auto Crimes Team 2015-2016	SAT041006314	26-03117007	$ 125
Regional Auto Crimes Team 2016-2017	608-17-SPD0000	22-06536002	(1,926)
Regional Auto Crimes Team 2017-2018	608-18-SPD0000	22-03117001	(109,536)
Regional Auto Crimes Team 2018-2019	608-19-SPD0000	22-03117002	646,072
Regional Auto Crimes Team 2019-2020	608-20-SPD0000	22-03117003	90,832
Total Texas Automobile Burglary & Theft Prevention Authority			$ 625,567
Direct Programs			
Airport Improvement Program:			
Stinson Ramp - 2019	M1915STSO	22-05833012	$ 35,844
Highway Planning and Construction:			
Medical Center Green St-Floyd Curl	CSJ 0915-12-558	26-05923017	$ 205,214
Callaghan Road	CSJ 0915-12-516	26-05923019	268
TxDOT - Contributions	Various	Various	7,038
Total Highway Planning and Construction			$ 212,520
Total Texas Department of Transportation			$ 873,931
Office of the Texas Governor:			
Direct Program			
Criminal Justice Division:			
Rifle-Resistant Body Armor	2018-BG-ST-0025	22-05517004	$ 63,180
Texas Anti-Gang Program 2018	2018-AG-ST-0019	22-05517003	291,895
Truancy Intervention & Prevention Program 2018	3291102	22-05303002	598,283
Truancy Intervention & Prevention Program 2019	3291103	22-05303003	40,771
Total Criminal Justice Division			$ 994,129
Total Office of the Texas Governor			$ 994,129
Texas Parks and Wildlife Commission:			
Direct Program			
Local Park Grant Program:			
Hardberger Park	55-000037	22-05226002	$ 106,850
Rosedale Park Improvement	55-000031	22-05226001	5,750
Total Local Park Grant Program			$ 112,600
Total Texas Parks and Wildlife Commission			$ 112,600
Texas Workforce Commission:			
Pass Through - Alamo Workforce Development, Inc.: *			
CCDS - 2017-2018	2017CCS-01	22-03938006	$ 2,752
CCDS - 2018-2019	2017CCS-02	22-03938007	10,340,539
Total Texas Workforce Commission			$ 10,343,291
TOTAL EXPENDITURES OF STATE AWARDS			$ 15,152,926

* Major Program

See accompanying Notes to the Schedule of Expenditures of State Awards

Notes to the Schedule of Expenditures of State Awards

Year-Ended September 30, 2019

1. The accompanying schedule of expenditures of state awards includes the state grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* ("Audit Circular"). The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

2. As of September 30, 2019, the City did not provide any state awards to subrecipients.

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Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members of the City Council
City of San Antonio, Texas

We have audited, 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 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 San Antonio, 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 February 20, 2020.

Our report includes a reference to other auditors who audited the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, and Visit San Antonio, blended and fiduciary component units; CPS Energy, San Antonio Water System, Brooks Development Authority, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units; and the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Finance Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, and Visit San Antonio were not audited in accordance with *Government Auditing Standards.*

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 design 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 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 City'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 the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 report is not suitable for any other purpose.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Report of Independent Certified Public Accountants on Compliance for Each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Uniform Grant Management Standards

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

The Honorable Mayor and Members of the City Council
City of San Antonio, Texas

Report on compliance for each major state program

We have audited the compliance of the City of San Antonio, Texas (the "City") with the types of compliance requirements described in the *Texas Comptroller of Public Accounts, State of Texas Uniform Grant Management Standards*, which includes the State of Texas Single Audit Circular ("UGMS") that could have a direct and material effect on each of its 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 state statutes, regulations, and the terms and conditions of its state awards applicable to the City's state programs.

Auditor's 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 the audit requirements of the UGMS. Those standards and the 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.

Other matters
The results of our audit procedures disclosed instances of noncompliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that are required to be reported in accordance with the UGMS. Our opinion on each major state program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the City's 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 compliance requirements that could have a direct and material effect on each major state program to design audit 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 the 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 UGMS. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Schedule of Findings and Questioned Costs

State

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2019

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	__X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported
Noncompliance material to financial statements noted?	_____ Yes	__X__ No

State Awards

Internal control over State major programs:

Material weakness(es) identified?	_____ Yes	__X__ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__X__ None Reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in Accordance with the *State of Texas Single Audit Circular?*	__X__ Yes	_____ No

Identification of major State programs:

Grant Numbers	**Name of State Program or Cluster**
N/A	State Confiscated Property
HHS000119700021	Immunization Grants
537-18-0042-00001, HHS0004841000001	TB Prevention and Control
2017CCS-01, 2017CCS-02	Child Care Service

Dollar threshold used to distinguish between Type A and Type B programs: $454,587

Auditee qualified as low-risk auditee?	_____ Yes	__X__ No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2019

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

There are no findings to be reported.

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2019

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

Finding #2019-001: Special Tests and Provisions
Program Title: Confiscated Property
Contract Grant Number: N/A
State Award Year: 10/1/2018 – 9/30/2019
State Agency: Texas Attorney General's Office
Type of Finding: Control Deficiency and Noncompliance

Criteria:
Article 59.06 of the Code of Criminal Procedure states "all forfeited property shall be administered by the attorney representing the state, acting as the agent of the state, in accordance with accepted accounting practices and with the provisions of any local agreement entered into between the attorney representing the state and law enforcement agencies". Additionally, "If a local agreement exists between the attorney representing the state and law enforcement agencies, all money, securities, negotiable instruments, stocks or bonds, or things of value, or proceeds from the sale of those items, shall be deposited, after the deduction of court costs to which a district court clerk is entitled under Article 59.05(f), according to the terms of the agreement."

The Interlocal Agreement between the City and the Bexar County Criminal District Attorney (Prosecutor) requires that all money seized by San Antonio Police Department (SAPD) be deposited in the Prosecutor's Forfeitures Trust Fund as soon as possible, but in no event later than 15 days after seizure.

Condition:
For five (5) of the forty (40) cash seizures randomly selected for testing, the SAPD did not deposit the funds within the required 15 days.

Context:
For the five (5) exceptions noted, the amount seized totaled $8,836 and the days between seizure and deposit ranged from 16 to 21 days.

Cause:
The Property Room is responsible for the deposits and there are sometimes delays because of holiday closures, as well as delays in obtaining the necessary paperwork.

Effect:
Lack of controls over cash seizure deposits could result in the City's noncompliance with the Interlocal Agreement requirement.

Questioned Costs:
None

Repeat Finding:
No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2019

Recommendation:
We recommend that the Department follow the specific requirements as outlined in the Interlocal Agreement between the City and Bexar County for all cash seizures or consider modifying the agreement to allow for specific exceptions.

Views of responsible officials:
The San Antonio Police Department (SAPD) fell short in some instances in meeting the 15-day deadline to deposit asset seizure funds, as specified in the interlocal agreement (ILA) between Bexar County and SAPD. The longest time frame to deposit was 23 days. These isolated delays stem from the intentional decision to hold off depositing funds until a case is filed with the District Attorney's Office. State forfeiture statutes mandate a 30-day deadline to file cases. If the deposit is made before filing the case and investigations later show the case cannot be filed, the District Attorney's Office would be required to issue SAPD a check, and then SAPD would return the funds, thereby creating additional administrative work. In discussions with the DA's office, it is more interested in making sure the case meets the filing deadline and has no preference regarding when the deposit is made. Given the 15-day deadline as specified in the ILA is not required by law or any outside entity, the City will work with Bexar County to amend future ILAs to require the deposit funds in a timely manner after cases are filed.

Corrective Action Plan

State

Corrective Action Plan
State Grants
Year-Ended September 30, 2019

Finding #2019-001: Special Tests and Provisions
Type of Finding: Control Deficiency and Noncompliance

Responsible Person
Rick Riley, Assistant Police Director
San Antonio Police Department

Implementation Date
October 2020

Views of responsible officials and planned corrective actions
The City agrees that some payments made to Bexar County were not made within the 15 days written in the interlocal agreement (ILA) with Bexar County. As this 15 day requirement is one decided between the City and Bexar County, and not mandated by external sources, the City will work with Bexar County to amend future ILAs to require timely deposit after the cases are filed.

Summary Status of Prior Year Findings

State

Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2019

Finding: 2018-001
Procurement – Texas Anti-Gang Grant Program (TAG) – Significant deficiency and Non-compliance

Recommendation:
We recommend that the Department follow the grant specific requirements for procurement for all transactions.

Status:
Corrected

The San Antonio Police Department (SAPD) has strengthened its approval process for all departmental buys to ensure purchases are reviewed and approved by the SAPD Fiscal Office prior to procurement. SAPD has updated their Standard Operating Procedures (SOP) on grant management. In addition to the updated SOP, SAPD updated their internal routing slip that is used to approve all purchases within the department. The updated routing slip now requires SAPD's Fiscal Analyst to acknowledge that they have reviewed all grant procurement policies for that purchase prior to approving.

Responsible Person
Rick Riley, Assistant Police Director
San Antonio Police Department

Finding: 2018-002
Reporting – Truancy Intervention & Prevention (TIP) – Significant Deficiency

Recommendation:
We recommend that the City of San Antonio Municipal Court fill open positions and develop and implement a process for independently reviewing Financial Status Reports prior to the submission to the grantor agency in order to ensure there is appropriate evidence of review by a person other than the preparer of such reports.

Status:
Corrected

The process for reporting expenditures of grants to the Office of the Governor (OOG) was implemented in June 2019. The process for reporting expenditures of grant to OOG includes the Accountant (preparation, entry, and submission of Financial Status Report) and the Senior Accountant/Accounting Manager (review and approval of Financial Status Report).

Responsible Person
Frederick Garcia Jr., Court Clerk
Municipal Court

PFC REPORT

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

The Honorable Mayor and Members of the City Council
City of San Antonio, Texas

We have audited, 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 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 San Antonio, 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 February 20, 2020.

Our report includes a reference to other auditors who audited the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, and Visit San Antonio, blended and fiduciary component units; CPS Energy, San Antonio Water System, Brooks Development Authority, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units; and the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Finance Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, and Visit San Antonio were not audited in accordance with *Government Auditing Standards.*

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 design 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 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

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there is a reasonable possibility that a material misstatement of the City'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 the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 report is not suitable for any other purpose.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Report of Independent Certified Public Accountants on Compliance with Applicable Requirements of the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

The Honorable Mayor and Members of the City Council
City of San Antonio, Texas

Report on compliance for the Passenger Facility Charge Program

We have audited the compliance of the City of San Antonio, Texas (the "City") with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on the Passenger Facility Charge program (the "PFC program") for the year ended September 30, 2019.

Management's responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions applicable to the City's Passenger Facility Charge program.

Auditor's responsibility
Our responsibility is to express an opinion on compliance for the City's Passenger Facility Charge program 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 the Guide. Those standards and the Guide 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 the Passenger Facility Charge 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 with the Passenger Facility Charge program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the PFC 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 the Passenger Facility Charge program 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 compliance requirements that could have a direct and material effect on the Passenger Facility Charge program to design audit procedures that are appropriate in the circumstances for the purpose of

expressing an opinion on compliance for the Passenger Facility Charge program and to test and report on internal control over compliance in accordance with the Guide, 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 the Passenger Facility Charge 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 the Passenger Facility Charge 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 the Passenger Facility Charge 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. Given these limitations, during our audit we did not identify any deficiencies in the City's 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 the Guide. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Houston, Texas
February 20, 2020

Schedule of Revenues and Expenditures of Passenger Facility Charges

CITY OF SAN ANTONIO, TEXAS
SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES
Year Ended September 30, 2018 and Each Quarter During the year ended September 30, 2019 with Cumulative Totals as of September 30, 2018 and 2019

	SEPTEMBER 30, 2018 PROGRAM TOTAL	QUARTER 1 OCTOBER THROUGH DECEMBER	QUARTER 2 JANUARY THROUGH MARCH	QUARTER 3 APRIL THROUGH JUNE	QUARTER 4 JULY THROUGH SEPTEMBER	YEAR ENDED SEPTEMBER 30, 2019 TOTAL	SEPTEMBER 30, 2019 PROGRAM TOTAL
Revenue:							
Collections	$ 233,869,067	$ 5,212,254	$ 4,884,245	$ 4,093,947	$ 6,262,356	$ 20,452,802	$ 254,321,869
Interest	7,459,339	202,396	192,527	225,794	206,540	827,257	8,286,596
Total Revenue	$ 241,328,406	$ 5,414,650	$ 5,076,772	$ 4,319,741	$ 6,468,896	$ 21,280,059	$ 262,608,465
Disbursements:							
Application 01-01-C-00-SAT							
Project ID 1.8 Replace RON Apron	$ 1,722,176	$ -	$ -	$ -	$ -	$ -	$ 1,722,176
Project ID 1.9-Rehabilitate T-1 & T-2	18,106,264		199,957		961,161	1,161,118	19,267,382
Project ID 1.11-Reconstruct Per. Rd.	464,840						464,840
Application 03-02-U-00-SAT							
Project ID 1.10 Concourse B	103,576,290		2,221,533	262	6,434,693	8,656,488	112,232,778
Application 04-03-U-00-SAT							
Project ID 1.1 Residential Noise Attenuation	13,930,718		364,882	39	907,796	1,272,717	15,203,435
Application 05-04-C-00-SAT							
Project ID 4.1 Terminal Elevated Roadway	26,045,799		468,210	263	1,698,450	2,166,923	28,212,722
Project ID 4.2 Central Plant Upgrade	6,233,206		156,685	58	487,348	644,091	6,877,297
Project ID 4.3 Apron Replacement	2,507,765		25,558		92,901	118,459	2,626,224
Project ID 4.4 New Utilities -Terminal Expansion	7,936,801		146,587	127	490,457	637,171	8,573,972
Project ID 4.5 Replace Two ARFF Vehicles	303,970						303,970
Project ID 4.6 Conduct Environmental Impact Statement	549,241						549,241
Project ID 4.7 Reconstruct Terminal Area Roadway	225,000						225,000
Project ID 4.8 Noise Monitoring Equipment	245,153						245,153
Project ID 4.9 Terminal and Airfield Security	973,534						973,534
Project ID 4.10 Airfield Electrical Improvements	633,333						633,333
Project ID 4.11 PFC Development	150,000						150,000
Application 07-05-C-00-SAT							
Project ID 5.1 Terminal 1 Modifications	25,460,155		583,846		1,424,204	2,008,050	27,468,205
Project ID 5.2 Runway Safety Action Team (RSAT)	824,376						824,376
Project ID 5.3 Runway 21 Extension	5,737,978						5,737,978
Project ID 5.4 Taxiway R Extension	631,259						631,259
Total Disbursements	$ 216,257,858	$ -	$ 4,167,258	$ 749	$ 12,497,010	$ 16,665,017	$ 232,922,875
Net PFC Revenue	$ 25,070,548	$ 5,414,650	$ 909,514	$ 4,318,992	$ (6,028,114)	$ 4,615,042	$ 29,685,590
PFC Account Balance	$ 25,070,548	$ 30,485,198	$ 31,394,712	$ 35,713,704	$ 29,685,590	$ 29,685,590	$ 29,685,590

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year-Ended September 30, 2019

General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of Passenger Facility Charges (PFC) and use of PFC revenue on Federal Aviation Administration (FAA) approved projects.

- On August 29, 2001, the FAA approved a $3.00 Passenger Facility Charge collection at San Antonio International Airport (SAT) effective November 1, 2001 per PFC Application 01-01-C-00-SAT. The total approved amount of PFC revenue plus interest SAT is allowed to collect under this application is $238,029,391 by January 1, 2013, as amended on February 15, 2005 and June 26, 2007. The second amendment additionally increased the approved collection rate for the application to $4.50, effective October 1, 2007.

- PFC Application 03-02-U-00-SAT, approved on July 23, 2003, and 04-03-U-00-SAT approved on December 1, 2004, authorized SAT to utilize funds collected at SAT in PFC Application 01-01-C-00-SAT. Approved PFC project funding was increased, as amended on February 15, 2005 and June 26, 2007.

- On February 22, 2005, per PFC Application 05-04-C-00-SAT, the FAA additionally approved a $3.00 PFC to be collected at SAT effective November 1, 2012 (upon the expiration date of the previous application, as amended). The total approved amount of PFC revenue plus interest SAT is allowed to collect under this application is $118,303,705 by March 1, 2018, as amended on June 26, 2007. Additionally, the second amendment increased the approved collection rate for this application to $4.50 and changed the charge effective date to January 1, 2013.

- On October 4, 2007, per PFC Application 07-05-C-00-SAT, the FAA approved a $4.50 PFC to be collected at SAT effective March 1, 2018 (upon the expiration date of the previous application, as amended). The total approved amount of PFC revenue plus interest SAT is allowed to collect under this application is $24,625,453.

- On May 28, 2010, the FAA approved an amendment to PFC Application 01-01-C-00-SAT. As a result, the impose authority is increased by $126,197,658 from $238,029,391 to $364,227,049. As a result of this amendment, the approved authority in Application 03-02-U-00-SAT, as amended, increased by $108,498,037 from $176,470,875 to $284,968,912. This amendment is referenced as 03-02-U-03-SAT. Also as a result of this amendment, the approved authority in Application 04-03-U-00-SAT is increased by $17,699,621 from $24,840,225 to $42,539,846. This amendment is referenced as 04-03-U-03-SAT.

- On May 28, 2010, the FAA approved an amendment to PFC Applications 07-05-C-00-SAT and 05-04-C-00-SAT. As a result, the approved applications impose and use authority is increased by $55,756,620 from $24,625,453 to $80,382,073 and $10,856,201 from $118,303,705 to $129,159,906 respectively. These applications are now referenced as 07-05-C-01-SAT and 05-04-C-02-SAT, respectively.

- On April 13, 2015, the FAA approved an amendment to PFC Applications 01-01-C-03-SAT, 05-04-C-02-SAT, and 07-05-C-01-SAT. The approved impose authority decreased in Application 01-01-C-04-SAT by $48,338,011 from $284,968,912 to $236,630,901. This amendment is referenced as 03-02-U-04-SAT. The approved imposed and use authority decreased in Application 01-01-C-04-SAT by $87,517 from $552,357 to $464,840. Also as a result of this amendment, the approved impose and use authority decreased in 05-04-C-03-SAT by $34,154,019 from $129,159,906 to $95,005,887 and 07-05-C-02-SAT by $27,479,278 from $80,382,073 to $52,902,795.

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges (Continued)

Year-Ended September 30, 2019

Schedule of Revenues and Expenditures of Passenger Facility Charges

The accompanying schedule of revenues and expenditures of passenger facility charges presents the revenues received from Passenger Facility Charges and expenditures incurred on approved projects on the cash basis of accounting.

Revenues received and expenditures spent on approved projects in the accompanying schedule agree to the Passenger Facility Charge Quarterly Status Reports submitted by SAT to the FAA.

Schedule of Findings and Questioned Costs

Passenger Facility Charges

Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
Year-Ended September 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

Passenger Facility Charge Program

Internal control over passenger facility charge program:

Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	None Reported
Type of auditors' report issued on compliance for passenger facility charge program:		Unmodified		
Any audit findings disclosed that are required to be reported?	_____	Yes	X	No

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO PASSENGER FACILITY CHARGE PROGRAM

There are no findings to be reported.

Summary Status of Prior Year Findings

Passenger Facility Charges

Summary Status of Prior Year Findings
Passenger Facility Charge Program
Year-Ended September 30, 2019

None.

CITY OF SAN ANTONIO, TEXAS