

City of Austin, Texas Comprehensive Annual Financial Report

For the Fiscal Year ended September 30, 2017





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Comprehensive Annual Financial Report



City of Austin, Texas

*For the year ended
September 30, 2017*

*Prepared by:
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City Council

Steve Adler

Mayor

Term expires January 2019

Kathie Tovo

Mayor Pro Tem (District 9)

Term expires January 2019

Council Members	District	Term expiration
Ora Houston	1	January 2019
Delia Garza	2	January 2021
Sabino "Pio" Renteria	3	January 2019
Gregorio "Greg" Casar	4	January 2021
Ann Kitchen	5	January 2019
Jimmy Flannigan	6	January 2021
Leslie Pool	7	January 2021
Ellen Troxclair	8	January 2019
Alison Alter	10	January 2021

Spencer Cronk

City Manager

**CITY OF AUSTIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2017**

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INTRODUCTION



City of Austin

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

March 1, 2018

Honorable Mayor, Mayor Pro Tem and Councilmembers, and Citizens of Austin
City of Austin, Texas

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas for the fiscal year ended September 30, 2017. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff, and other readers.

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

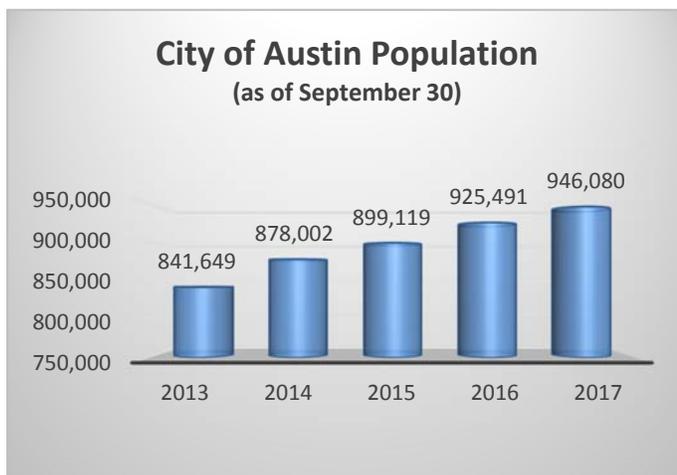
The basic financial statements and related notes have been audited by the independent firm of Certified Public Accountants, Deloitte & Touche LLP. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. Grant awards are being audited under the provisions of the Single Audit Act of 1996, as amended, and the *State of Texas Uniform Grants Management Standards*. The Single Audit reports will be issued separately.

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

AUSTIN'S GOVERNMENT AND THE REPORTING ENTITY

General Information

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Councilmembers who are elected by geographic district. The elected officials serve four-year staggered terms subject to a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to the Council for the management of all City employees, except Council appointees, and for the administration of all City affairs.



Austin, the capital of Texas, is the fourth largest city in the state (behind Houston, San Antonio, and Dallas) and the eleventh largest in the nation with a September 2017 population of 946,080 according to the City's estimates. Over the past ten years, Austin's population increased by approximately 26.8% or 199,975 residents. The City's demographer predicts that Austin will surpass the 1 million mark by 2020. With a population of over two million people, the Austin metro is the fastest growing metro of its size in the U.S. Geographically, Austin consists of approximately 325 square miles. The current estimated median household income for Austin residents is \$56,849 according to Nielsen Site Reports. Austin's per capita income is estimated to be \$53,908.

Austin is nationally recognized as a great place to live due in part to its diverse and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. Austin draws its special character from its physical setting along the Balcones Escarpment, a city wedged between coastal plains and dramatic cliffs, canyons, and juniper-carpeted rolling hills; it exists as a physical and cultural oasis where talented, entrepreneurial, hard-working people are drawn from all over the world. Austin's quality of life has become its biggest economic development engine, and the City's diverse demographic structure serves to support and enrich its quality of life.

The City of Austin is fortunate to offer a host of broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with 48% of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 28% for Texas and 30% for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area which is host to six universities, a robust community college system, and numerous other institutions of higher learning. The University of Texas at Austin (UT), a world-class center of education and research, is the 7th largest public university in terms of undergraduate enrollment. In the 2018 *U.S. News & World Report* Best Colleges survey, the university was ranked 18th among public universities and its business programs were ranked 5th among national universities, both public and private.

Reporting Entity

This CAFR includes all funds of the City, including those organizations required to be included because the City is financially accountable for them. The City provides a full range of services, including general government; public safety; transportation, planning, and sustainability; public health; public recreation and culture; urban growth management; electric; water; wastewater; airport; convention; and other enterprise services. In addition, the financial statements include these separate legal entities (and, the fund where reported if different from the entity name): the Austin Housing Finance Corporation (Housing Assistance Fund), the Urban Renewal Agency, the Austin Industrial Development Corporation, the Mueller Local Government Corporation, and the Austin-Bergstrom International Airport (ABIA) Development Corporation. These entities are reported as governmental activities. Additionally, the financial statements include Austin-Bergstrom Landhost Enterprises, Inc., Austin Convention Enterprises, Inc., and Waller Creek Local Government Corporation. These separate legal entities are reported as discrete component units on the government-wide statements.

THE ECONOMIC OUTLOOK AND MAJOR INITIATIVES

Local Economy

The Austin metropolitan area is consistently recognized among the most inventive, creative, wired, educated, fit, and loved cities in which to live and work. The overall economic activity of the Austin MSA is growing at a brisk rate, 7.4% in 2017 per the Business Cycle Index by the Federal Reserve Bank of Dallas. Austin was ranked as the 2017 Top Metro for Economic Growth Potential by *Business Facilities* 13th annual rankings report. The report cites Austin as one of the most dynamic and diverse metro economies in the nation and states that Austin "is a thriving cosmopolitan city that has it all including a highly skilled workforce with a demographic up-arrow that points to sustainable growth for years to come."

Real gross domestic product (GDP) increased in the Austin–Round Rock metropolitan area by 4.9% compared to the U.S. average of 1.7%, per the latest report by the Bureau of Economic Analysis based on 2016 data. Growth in the metro area was led by the professional and business services sector. While the Austin economy has diversified over the last decade, the technology industry continues to play a large role in the City's economic expansion. Various semiconductor companies and leading chip designers with 10,000 to 15,000 jobs call Austin home along with Apple's 6,000 employees in the metro area.

Just south east of downtown, Oracle recently opened their new corporate waterfront campus, a five-story 500,000-square foot facility that will initially house 3,000 tech workers. Oracle also purchased a new 295-unit apartment complex right next to their new corporate campus for use by their employees. Oracle has plans for expansion and recently purchased 6 acres just south of its corporate campus.

Going forward, Austin economic consulting firm, Texas Perspectives, projects the creation of 32,500 jobs in 2018 with personal income expanding in the 6% range. In the real estate area, according to *Emerging Trends in Real Estate 2018* published by PricewaterhouseCoopers US and the Urban Land Institute, Austin held the second spot as the top market to watch in 2018. This report is the compilation of interviews and surveys of over 2,000 real estate professionals across all segments of the industry. Some of Austin's strengths cited in the report include the attractiveness of the market to millennials and the presence of a research university. Nationwide trends identified by the report include the effect of generation Z on future retail and work space, housing shortages, senior housing, and the strength of multifamily markets.

Texas Economy – In 2017 the Texas economy expanded due to the energy sector's increase in oil prices, manufacturing, professional and business sectors, and in the last quarter of the year, the reconstruction efforts on the Texas coast due to Hurricane Harvey. This economic expansion helped the statewide unemployment rate fall to a record low of 3.8% in 2017 with total new non-farm jobs exceeding 278,000. The state added 9% more jobs in energy and 2.8% more in manufacturing. Although unemployment levels have decreased to an all-time low, employee compensation remained stagnant as private hourly earnings have increased 1.1% statewide. Texas hourly wages overall are below the national average by \$0.40, although Texas manufacturing jobs paid a 10.5% premium in hourly earnings compared to the national average.

With a gross state product of almost \$1.6 trillion, the Texas economy is the second largest in the U.S. The long-term outlook for the State remains positive. According to the Real Estate Center at Texas A&M University, in 2017 the Texas Leading Economic Index, which measures future directional changes in the business cycle, rose 2.8% after faltering the two previous years. Further, the Texas Consumer Confidence Index jumped 19.6% reflecting this optimism.

Employment – Austin area employment growth continued to be solid in 2017. In December 2017, Austin's unemployment rate of 2.7% was well below the state and national unemployment rates of 3.9% and 4.1%, respectively. 2017 saw a 3.0% growth in job creation despite a tightening labor market in certain fields. Austin has a high demand for skilled workers as seen in the manufacturing sector where Austin manufacturers continue to move from traditional to advanced manufacturing requiring specific highly technical skills. High tech companies are continuing to expand their presence in Austin, including Oracle, Google, Apple, Facebook, and Amazon. Due to the demand for skilled labor, wages across the metro area increased for a fifth straight year. Job growth in the Austin MSA was ranked sixth along with several other cities when comparing activity in the top 50 metro areas per the U.S. Bureau of Labor statistics. Austin added more than 27,300 net new jobs in 2017.



Sales Taxes – Consumer spending growth (as measured by sales tax collections) reflects Austin's population and economic growth. Since 2009, sales tax revenue steadily increased. Fiscal year 2017 experienced a 2.9% increase over fiscal year 2016, which was a 4.2% increase over 2015. Lower-than-anticipated growth in fiscal year 2017, despite a continued population influx, evidences the effects of minor gains in real income growth, but it also reflects the growing competitive challenge presented by the expansion of retail developments in Austin's neighboring communities. Total personal income in the metro area grew 4.5% in 2017 up from 0.9% in 2016.

Tourism - Austin continues to be a destination for both business and recreational activities. Austin is known around the world as the "Live Music Capital of the World" with over 250 live music venues. Per the Downtown Austin Alliance, Austin has over 25.6 million visitors a year with a \$7 billion annual economic impact from visitor spending.

Austin is home to a number of popular annual festivals and events many of which bring in visitors from around the world. The *Austin Business Journal* reports the following official 2017 attendance numbers for the top five events in Austin: (1) Austin City Limits Music Festival held at Zilker Park in the fall had the largest attendance with 450,000 people over two weekends, (2) South by Southwest (SXSW) held in March had 421,900 attendees, (3) Annual Trail of Lights in December had over 400,000 visitors, (4) Formula 1 United States Grand Prix held at the Circuit of Americas just southeast of Austin in October had 269,889 attendees, and (5) Rodeo Austin held at the Travis County Expo Center in March had 263,000 visitors. Other major festivals and events impacting the tourism economy include University of Texas athletic events, Austin Film Festival, Texas Book Festival, RTX Austin Animation & Gaming Experience, and the Statesman Capitol 10K.

Austin Bergstrom International Airport (ABIA) set new annual passenger traffic records in each of the last eight years. In 2017, passenger traffic reached 13.9 million, an 11.5% increase compared to 2016. With its live music, barbequed brisket, and breakfast tacos, ABIA was ranked fifth Best Domestic Airport in the 2017 *Travel & Leisure* readers' poll.

As a result of increased business and tourism travel, ABIA is seeing tremendous growth in international enplanements. As of the end of 2017, ABIA had seven direct international flights. With an increase in international boardings of over 800% between 2012 and 2016, ABIA had the second fastest international growth rate for a medium size U.S. airport. ABIA had multiple expansion projects in 2017 to increase the capacity for global traffic. A new customs and border protection facility at the terminal east has doubled the number of people that can be processed from 200 to 400 per hour. In April 2017, ABIA opened a new \$12 million, 30,000 square foot south terminal with 3 new gates.



Construction continues on a nine-gate terminal and apron expansion which is expected to be complete in 2019. This expansion will accommodate approximately 4 million additional passengers annually. Another major undertaking is the parking garage and administration building at ABIA. Construction of the 6,000-space garage is underway and should be completed in late 2018. The administration building is in the design phase with a completion scheduled for 2019. With the increase in passenger traffic, a new baggage handling system is in the planning phase to centralize the baggage system and increase capacity.

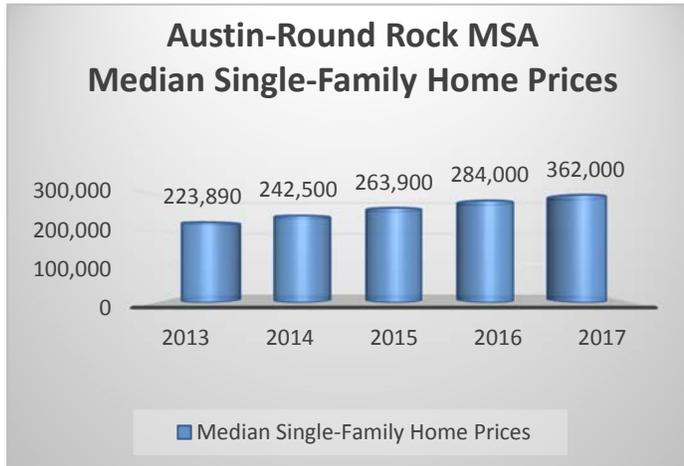
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The rate of increase in hotel occupancy tax revenues slowed somewhat from an increase of 7.6% in 2016 to an increase of 4.9% in 2017. While the rate of increase slowed from the last several years, the current growth rate is still a healthy one. Austin has the highest revenue-per-available-room and occupancy rates in the state. High occupancy rates have spurred construction of new hotels across the Austin metro area in the last few years. The Austin Convention and Visitors Bureau estimates that there are over 10,000 hotel rooms within 8 blocks of the Convention Center and 35,000 rooms in the Austin area. In recent years 4,000 hotel rooms have been added to the metro area along with about 2,000 short term rental options. Currently more than 2,000 additional rooms are under construction downtown including a 1,048 room Fairmont Hotel, which is located adjacent to the Austin Convention Center and is slated to open in 2018. With the additional hotel inventory, Austin can accommodate an increase in both number and size of events hosted. The additional inventory is also having a positive impact on the City's convention center.

Medical School – The partnership between the University of Texas at Austin, Ascension Seton Healthcare Family, (Seton), and Central Health is progressing as the Dell Medical School has now been in operation since June 2016 when it accepted its first class. The associated teaching hospital, Dell Seton Medical Center at The University of Texas opened in May 2017. This 211-bed cutting-edge hospital and Level 1 Trauma Center is built, owned, and operated by Seton. The medical school and medical center anchor a new healthcare innovation zone in downtown Austin which is expected to spur growth in the life sciences sector of the economy. The innovation hub will pair science and technology entities and serve as an anchor for healthcare businesses.

In 2017, several bio and life-sciences sector companies have relocated to Austin including Merck who is opening an IT Hub with offices on the medical school campus. In addition, the Association of British Healthcare Industries has established an innovation hub at the medical school to offer companies in the United Kingdom the opportunity to locate at this world-class facility. Central Health is in the process of redeveloping the grounds of the former Brackenridge hospital into a medical and commercial district with up to 3.7 million square feet of offices, medical facilities, shops, and residences, all adjacent to the medical school campus.

Real Estate - All sectors of the real estate market are performing well. The Austin residential market is still strong



with an increase in sales of 2.5% in 2017 over 2016. As of December 2017, the median price of an Austin home increased to an all-time high of \$362,000, a 27% increase from the previous year of \$284,000. Austin’s housing market is experiencing an inventory shortage of homes in the \$200,000 to \$300,000 price range as is the case across the state. Austin homebuilders are adding “value” lines and smaller homes to capture that market share. More than half of new home construction starts during 2017 were priced below \$300,000 according to Metrostudy. Homebuilders are starting more homes than they have in the past ten years but are encountering longer construction timelines with permitting delays and labor shortages as a result of natural disasters such as Hurricane Harvey.

Housing in Downtown Austin has grown in popularity. There are now approximately 8,900 units for lease or purchase in downtown Austin with more condo and apartment developments in various phases of planning and construction. The tallest current residential condo property is The Austonian condo tower with 56 stories and 188 units. The Independent, a 58-story condo, currently under construction, is slated for completion in 2019.

The National Low-Income Housing Coalition reports housing rental rates are high in Travis County which are at the upper end of housing costs in the state. Recent years have seen aggressive construction of new apartment units in the area, and as a result, Austin apartment renters have started to see rent prices level off as supply begins to catch up with demand. Apartment rents have increased on average 1.4% in 2017 compared to an annual average of 5.8% for the previous five years. This slow growth in apartment rental rates could be short lived as the planned construction of new apartments may not be able to keep up with the expected job growth in the metro area.

Commercial real estate continues to grow in Austin as indicated by the number of cranes in the City skyline. The Austin metro area has seen the overall commercial vacancy rate drop to a 16-year low of 8.8%. This has impacted both rental rates and new construction. Class A office space rent averaged \$39.09 per square foot in 2017 up from \$36.95 per square foot in 2016 according to Cushman & Wakefield’s Austin office. At the end of 2017, there was about 2.7 million square feet of new office space under construction in the Austin metro area.

The demand for Class A office space in the central business district (CBD) has been particularly high as more companies are expanding their presence in the downtown area. As a result, Austin has the most expensive commercial CBD rental rates in the state of Texas and is 5th in the nation, behind only Boston, San Francisco, New York City, and Washington DC. Rents for Class A space in this area averaged more than \$54 per square foot at the end of 2017. The largest multi-tenant office buildings in downtown Austin are the Frost Bank Tower, One Congress Plaza, One American Center, and the 500 West 2nd - all with greater than 500,000 square feet of rentable space. There are plans for several new mixed use high rise buildings in downtown Austin to meet this demand. Developers are planning what would be Austin’s tallest building at over 60 stories with more than 500,000 square feet of office space and 300 luxury apartments at 600 Guadalupe. At 308 Guadalupe, one of the largest undeveloped lots in the CBD, a vertical mixed-use center with about 10% of the housing set up as low- and moderate-income residences is in the planning phase.

Recognition – Austin continues to be recognized by others for being a leader in numerous areas such as job opportunities, creative economy, and business opportunities:

#5 Best Cities for Startups -
Innovation that Matters 2017
US Chamber of Commerce
October 2017

#5 Top Metros for Talent Attraction
EMSI
June 2017

#3 Top City for Small Business in
2017
Biz2Credit.
April 2017

#1 Best Places for Veterans to Live
WalletHub
November 2017

#3 Where Tech Salaries go
Furthest, 2017
Indeed
September 2017

#3 City Creating the Most Tech
Jobs in 2017
New Geography/Forbes.
March 2017

#2 Startup Activity Index
Kauffman Foundation
May 2017

#7 Best City for Jobs
New Economy/Forbes
May 2017

#7 Best Foodie City in America
WalletHub
October 2017

Major Initiatives

The City has a long-term vision of Austin being the most livable community in the country. The City has a highly dedicated and exceptional workforce to support City Council's policies and initiatives. City staff is committed to creating a work environment that fosters creative thinking and innovation throughout the organization, thereby better positioning the workforce to more effectively respond to new challenges as well as new opportunities. City employees take enormous pride in their work. In 2017, Forbes recognized the City of Austin as the 9th overall best employer in the United States in its list of *America's Best Employers*. The list ranks both the public and private sectors. Austin was the highest ranked governmental employer in this survey.

Imagine Austin

Austin residents share a sense of community pride and a determination that the City's vision is not just a slogan, but a reality for everyone who lives here. *Imagine Austin*, a comprehensive plan for the City's future, sets a context to guide decision-makers for the next 30 years. The plan adheres to 6 core principles established in collaboration with Austin citizens: (1) Grow as a compact, connected city, (2) Integrate nature into the city, (3) Provide paths to prosperity for all, (4) Develop as an affordable and healthy community, (5) Sustainably manage water, energy, and other environmental resources, and (6) Think creatively and work together.

The plan's success is monitored annually with performance metrics and will be formally assessed at least every five years. During the development of both the annual and capital improvement budgets, *Imagine Austin* is a consideration in how resources are allocated.

Strategic Plan

In addition to *Imagine Austin*, in the spring of 2017 the City Council selected six strategic outcomes to help develop and guide City policies, initiatives, and budget development. The six strategic outcomes are:

- ❖ *Mobility* - getting us where we want to go, when we want to get there, safely and cost effectively;
- ❖ *Economic Opportunity and Affordability* - having economic opportunities and resources that enable us to thrive in our community;
- ❖ *Safety* - being safe in our home, at work, and in our community;
- ❖ *Health* - enjoying a sustainable environment and a healthy life, physically and mentally;
- ❖ *Cultural and Learning Opportunities* - being enriched by Austin's unique civic, cultural, ethnic, and learning opportunities; and
- ❖ *Government that Works for All of Us* - believing that city government works effectively and collaboratively for all of us--that is equitable, ethical and innovative.

Mobility - In November 2016, Austinites approved a \$720 million general obligation bond proposition to fund transportation and mobility improvements. Approximately two-thirds of the funding will be devoted to corridor improvement projects with the remainder earmarked for regional and local improvements including bicycle and pedestrian facilities and safety. The capital spending plan for 2018 includes \$60.4 million for mobility projects including improvements to the FM620/RM2222 intersection, design for corridor improvements, safety improvements at several intersections, and infrastructure improvements for the Safe Routes to Schools program. Progress continues on several joint interchange projects along Interstate 35 with the Texas Department of Transportation, one of the City's regional partners. In addition to projects, the City is updating its transportation plan to expand the vision of the Imagine Austin plan into actionable mobility-related goals to guide future transportation investments.

Economic Opportunity and Affordability - Affordability is a prime consideration as the City makes decisions that impact the citizens who live here and the businesses that operate here. Whether setting taxes or utility rates, taking actions that provide affordable housing, or providing services and programs to the underprivileged members of the community, affordability is always part of the discussion. For 2018 there were no base rate increases for five of the City's seven rate assessing enterprise departments. Notably, for the first time in more than a decade, Austin Water customers will experience no rate increase.

Housing affordability is increasingly an issue in a region where housing costs have been rising at a brisk pace and the impact is felt the most by those in the service, music, and creative areas. Since 2006, the median sales price of a home increased almost 63% gradually pricing more and more families out of the home buying market. In April 2017, the City Council passed the Strategic Housing Blueprint which calls for an additional 60,000 affordable housing units to be created by both public and private development in Austin by 2027. The 2018 budget includes more than \$20 million for housing development, home repair services, and permanent supportive housing in Neighborhood Housing and Community Development. Notable projects include a 50-unit permanent supportive housing facility, a 125-unit affordable apartment complex, and \$3 million to renovate an independent living facility for seniors and people with disabilities.

Safety – In addition to the traffic safety enhancements previously mentioned, in 2018 funding is provided for additional positions in Austin Code for enforcement. In addition, all of the public safety departments received additional funding for either positions or enhancements. Watershed Protection is continuing to buyout properties in sections of town that have a high risk of flooding.

Health – Funding was provided for adding staff to the aquatics program to comply with new Texas legal requirements for pool safety, for a new joint-use recreation and community center to be developed in the Montopolis neighborhood, and for the operation of a new sobriety center. Fleet Services is in the first phases of installing charging stations for the City's growing fleet of electric vehicles. In addition, several departments received awards for their sustainability efforts:

- ❖ Watershed Protection Department was awarded the prestigious MS4 award in November 2017 for having the best, large city Municipal Separate Storm Sewer System.
- ❖ The City of Austin ranked fifth in the nation among local government purchasers of energy produced by renewable sources per the U.S. Environmental Protection Agency (EPA). In 2017 Austin Energy purchased an additional 200 megawatts (MW) of wind power and the output of a 150-megawatt solar power plant bringing total wind and solar power under contract to 1,300 MW and 792 MW respectively.
- ❖ In April 2017, the EPA awarded Austin Energy its 11th ENERGY STAR Partner of the Year Energy Efficiency Program Delivery Award for 2017 for the utility's Home Performance with ENERGY STAR® program which will allow Austin Energy to save 1,535 megawatt hours of electricity annually.

Cultural and Learning Opportunities - The City's world class new central library opened in October 2017. The new library overlooks Shoal Creek and Lady Bird Lake and is a main attraction in the redeveloped Seaholm district. Among other things, this "library for the future" features flexible and blended spaces, state-of-the-art technology, sustainable features, and community gathering places.

Government that Works - CodeNEXT, a major revision of the City's land development code which determines how land can be used throughout the City, is in the final stages of being completed. After publishing several drafts and receiving input from all interested parties, a third draft was recently released. A final recommendation from the land use commissions is anticipated in the spring and final adoption of the plan is expected in 2018.

The City established a new Equity Office to build and sustain a culture of equity across the City, help the City remain engaged with residents, meet community needs effectively, and minimize unintended consequences and biases in its decision making.

Austin 3-1-1 achieved ISO standard certification, becoming the first 3-1-1 center in the nation to be ISO 9001:2015 certified. ISO, the International Organization for Standardization, is a world-renowned and recognized international body that standardizes how businesses and organizations manage information and processes based on quality management principles.

FINANCIAL INFORMATION

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Financial Policies

The City adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies and results of the review are published in the Approved Budget document. An important element of the policies dictates that current revenue will be sufficient to support current expenditures (defined as "structural balance"). Assigned and unassigned fund balances in excess of what is required shall normally be used to fund capital items. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the Austin community.

Long-term Financial Planning

Austin leaders are continually looking towards and planning for the future. A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a tool to develop the following year's operating budget. In addition, the City annually prepares a five-year Capital Improvement Project (CIP) Plan that outlines all capital projects in progress, those that will be implemented in the five-year horizon, and related funding sources. A second plan covering a 10-year planning horizon, the Long-Range CIP Strategic Plan, is also updated annually. This plan provides a data-driven approach to planning for how the City's future capital improvements support the way Austin functions and grows. Such an approach assists in aligning the City's CIP investments with the Imagine Austin Comprehensive Plan and the Council's new strategic priorities as the City strives to strike a balance between ongoing capital needs necessary to maintain services for a rapidly growing community and strategic investments that support community priorities.

City departments prepare a number of other long- and mid- range service plans that provide input into decisions made in the planning and budgeting process. These plans range from annexation to clean energy and climate protection to strategic mobility planning. A brief summary of these planning documents can be found in the Integrated Planning section of Volume 2 of the City's approved budget.

Maintaining sound financial and economic development policies within the City organization allows for a high level of services to the community. Because of consistent adherence to our financial policies and the area's healthy economy, the City's bond ratings for General Obligation bonds continue to be "AAA" for all three bond rating agencies, Moody's (Aaa), Standard & Poor's and Fitch Investors. Austin Energy's ratings were upgraded by two of the three rating agencies. Moody's ratings are now Aa3 and Standard & Poor's are now AA Stable. Both agencies cited continuing advancement in financial performance even while base revenue has been reduced. Fitch ratings remained constant at AA- Stable. Finally, Standard & Poor's increased their rating for the Convention Center's revenue bonds and subordinate bonds from AA- to AA and A to A+, respectively.

Budgetary Control

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual budgets are legally required for the General Fund, debt service funds, and certain special revenue funds. While not legally required, annual budgets are also adopted for the enterprise and internal service funds. Annual updates to the Capital Improvements Program budgets follow a similar process. Multi-year budgets are adopted for capital projects and grant funds.

Throughout the year, primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. The City Manager is authorized to transfer appropriation balances within a fund and department of the City. The City Council must approve amendments to the budget and transfers of appropriations from one fund and department to another. As demonstrated by the statements and schedules included in the 2017 CAFR, the City continues to meet its responsibility for sound financial management.

Budgetary Information

The 2018 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. The City's Budget is organized around activities and services. The budget development process integrates collaborative approach to the City's finances with business planning, performance measurement, and resident input, thereby elevating budget discussions to meaningful conversations about outcomes that impact our residents. This budget cycle set aside \$5 million to address new strategic priorities of the City Council. Input was gathered and evaluated to address the many issues, concerns, and priorities identified by Austin's citizens, employees, boards and commissions, and Councilmembers. The result was a budget built around the ideals of livability, affordability, and inclusivity that dictate the operations of Austin's city government.

The structurally balanced fiscal year 2018 Approved Budget totals \$3.9 billion and includes \$1 billion for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services to the citizens of Austin. Austin budgeted revenue comes from utility charges (49%), various taxes (including property) (24%), charges for services and goods (14%), and other revenue such as interest, fees, and transfers (13%). The 2018 budget was approved with a 0.3 cent increase to the property tax rate, from 44.18 to 44.48 cents per \$100 of taxable value.

The City's largest enterprise department, Austin Energy, is the eighth largest municipal-owned electric utility in the United States in terms of customers served. Austin Energy serves more than 465,000 customers within a service territory of approximately 437 square miles in the Greater Austin area. The approved budget for fiscal year 2018 is \$1.4 billion in annual revenues, including transfers. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and an increasing portfolio of renewable energy sources such as solar and wind.

The City's second largest enterprise activity is the Austin Water Utility, which provides water and wastewater services to more than one million retail and wholesale customers spanning more than 540 square miles within Austin and surrounding areas. The fiscal year 2018 budget projects revenues and transfers in of \$624 million. For the first time in several years, the utility has a zero-percent rate increase for water and wastewater services for 2018. Growth in revenue is the result of projected customer growth and higher water consumption projections.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report that meets the GFOA program standards. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2016 CAFR. The City has received this award for 10 consecutive years. The certificate is valid for a period of one year only. City management believes that this 2017 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

The City also received the GFOA Distinguished Budget Presentation award for the 2017 budget as well as a 2017 Certificate of Excellence in Performance Measurement from the ICMA.

ACKNOWLEDGMENTS

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

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

Finally, we acknowledge the Mayor and Councilmembers who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.

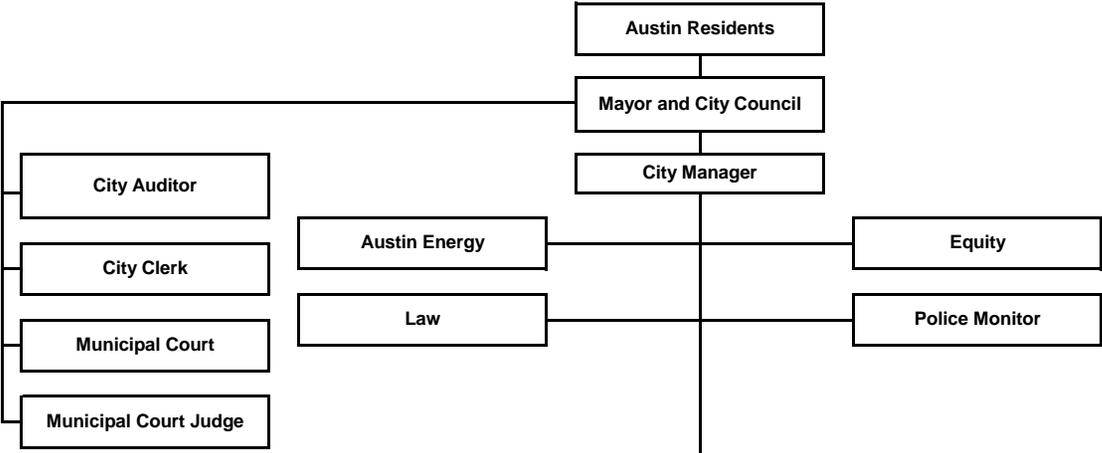


Elaine Hart, CPA
Chief Financial Officer

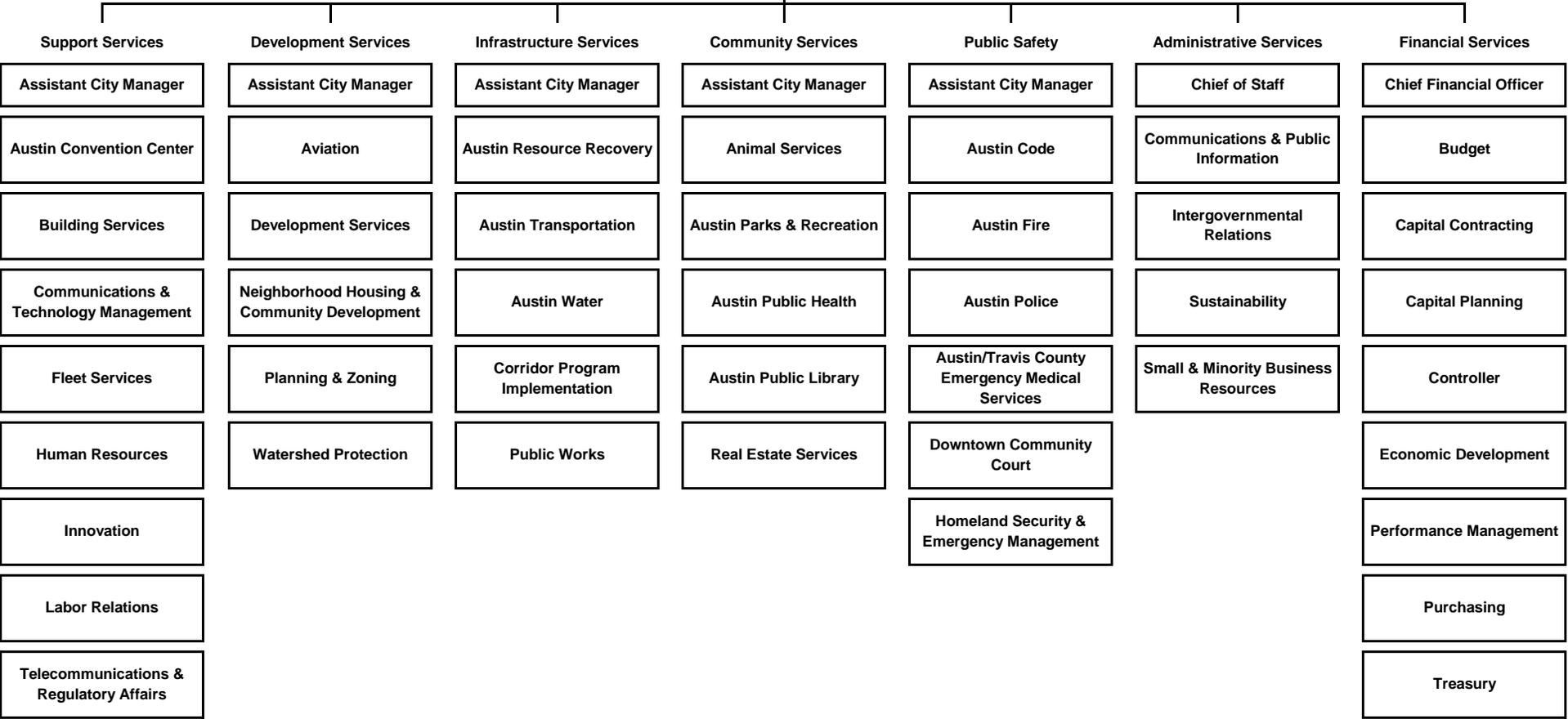


Diana Thomas, CPA
Controller

City of Austin, Texas



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Government Finance Officers Association

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2016.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2017 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Austin
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of discretely presented component units which represent 100% of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports, one of which (Austin Bergstrom Landhost Enterprises) contains an emphasis of matter paragraph related to a going concern issue, have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the

combining and individual nonmajor fund financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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.

Deloitte & Touche LLP

March 1, 2018

The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 74, No. 76 through No. 80, and No. 82.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2017, resulting in \$4.4 billion of net position. Net position associated with governmental activities is approximately \$0.5 billion, or 10.3% of total net position, while the net position associated with business-type activities is approximately \$4.0 billion, or 89.7% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is \$4.1 billion, or 91.8% of total net position.

The City's unrestricted net position is a deficit of \$478.3 million. Unrestricted net position for governmental activities is a deficit of \$1.4 billion, while unrestricted net position for business-type activities is approximately \$915.8 million, or 23.0% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of \$1.2 billion and other postemployment benefits payable of \$631.2 million.

During fiscal year 2017, total net position for the City of Austin increased \$121.0 million or 2.8%. Of this amount, governmental activities decreased \$177.6 million, or 28.1% from the previous year and business-type activities increased \$298.5 million, or 8.1%.

Total revenues for the City increased \$111.6 million; revenues for governmental activities increased \$25.2 million; revenues for business-type activities increased \$86.4 million. Total expenses for the City increased \$213.5 million; expenses for governmental activities increased \$92.5 million; expenses for business-type activities increased \$121.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

a -- Government-wide financial statements

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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

b -- Fund financial statements

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

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

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

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

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

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of three of the City's major funds, Austin Energy™, Austin Water Utility, and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.
- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City's internal service funds include: Capital Projects Management; Combined Transportation, Emergency and Communications Center (CTECC); Employee Benefits; Fleet Maintenance; Information Systems; Liability Reserve; Support Services; Wireless Communication; and Workers' Compensation. Because these services predominantly benefit governmental operations rather than business-type functions, they have been included in governmental activities in the government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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

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

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

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

c -- Notes to the financial statements

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

d -- Other information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net position

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

	Condensed Statement of Net Position as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 658,456	620,994	1,662,516	1,451,381	2,320,972	2,072,375
Capital assets	2,949,094	2,898,442	7,909,044	7,692,806	10,858,138	10,591,248
Other noncurrent assets	161,139	138,151	2,139,577	1,797,435	2,300,716	1,935,586
Total assets	3,768,689	3,657,587	11,711,137	10,941,622	15,479,826	14,599,209
Deferred outflows of resources	359,842	393,054	342,671	413,338	702,513	806,392
Current liabilities	361,031	333,146	532,870	532,423	893,901	865,569
Noncurrent liabilities	3,305,919	3,077,582	6,328,919	6,002,049	9,634,838	9,079,631
Total liabilities	3,666,950	3,410,728	6,861,789	6,534,472	10,528,739	9,945,200
Deferred inflows of resources	6,228	7,009	1,215,205	1,142,181	1,221,433	1,149,190
Net position:						
Net investment in capital assets	1,709,146	1,719,704	2,358,240	2,250,698	4,067,386	3,970,402
Restricted	140,299	124,695	702,749	690,459	843,048	815,154
Unrestricted (deficit)	(1,394,092)	(1,211,495)	915,825	737,150	(478,267)	(474,345)
Total net position	\$ 455,353	632,904	3,976,814	3,678,307	4,432,167	4,311,211

In the current fiscal year, total assets increased \$880.6 million and deferred outflows of the City decreased by \$103.9 million. Total liabilities increased \$583.5 million and deferred inflows increased by \$72.2 million. Governmental-type total assets increased by \$111.1 million and business-type increased by \$769.5 million, while governmental-type liabilities increased by \$256.2 million and business-type increased by \$327.3 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of \$50.7 million as the City continues to build out projects from the 2012 bond program. Factors in the increase of governmental-type liabilities include increases in bonds payable of \$60.3 million, related primarily to the 2012 and 2016 bond programs along with increases in the net pension liability of \$78.1 million and other postemployment benefits payable of \$93.3 million.

The most significant factor in the increase of business-type total assets is related to growth in capital assets of \$216.2 million or 28.1% of the increase in business-type total assets. The primary factors in the increase in business-type total liabilities of \$327.3 million include an increase in long term debt of \$298.8 million and an increase in other postemployment benefits of \$54.4 million.

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.4 billion at the end of the current fiscal year. However, the largest portion of the City's net position is represented in the net investment in capital assets (e.g. land, buildings, and equipment offset by related debt), which is \$4.1 billion, or 91.8% of the total amount of the City's net position. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, \$843.0 million of the City's net position, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance is a deficit of \$478.3 million of unrestricted net position. Unrestricted net position decreased \$3.9 million in the current fiscal year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for business-type activities. However, governmental activities as well as the government as a whole report a deficit of \$1.4 billion and \$478.3 million for unrestricted net position, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net position

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 176,640	182,045	2,500,259	2,411,212	2,676,899	2,593,257
Operating grants and contributions	45,162	47,430	861	739	46,023	48,169
Capital grants and contributions	90,256	95,486	137,464	144,139	227,720	239,625
General revenues:						
Property tax	554,631	507,485	--	--	554,631	507,485
Sales tax	218,790	212,634	--	--	218,790	212,634
Franchise fees and gross receipts tax	151,670	147,773	--	--	151,670	147,773
Interest and other	26,950	41,708	14,801	10,936	41,751	52,644
Special item - land sale	--	4,309	--	--	--	4,309
Total revenues	<u>1,264,099</u>	<u>1,238,870</u>	<u>2,653,385</u>	<u>2,567,026</u>	<u>3,917,484</u>	<u>3,805,896</u>
Program expenses:						
General government	192,231	177,302	--	--	192,231	177,302
Public safety	719,032	657,846	--	--	719,032	657,846
Transportation, planning, and sustainability	72,517	66,739	--	--	72,517	66,739
Public health	119,278	100,195	--	--	119,278	100,195
Public recreation and culture	161,226	147,191	--	--	161,226	147,191
Urban growth management	156,180	179,081	--	--	156,180	179,081
Interest on debt	61,879	61,500	--	--	61,879	61,500
Electric	--	--	1,277,623	1,226,585	1,277,623	1,226,585
Water	--	--	281,787	244,907	281,787	244,907
Wastewater	--	--	219,609	237,450	219,609	237,450
Airport	--	--	158,863	135,860	158,863	135,860
Convention	--	--	75,377	63,796	75,377	63,796
Environmental and health services	--	--	108,658	102,994	108,658	102,994
Public recreation	--	--	8,736	8,266	8,736	8,266
Urban growth management	--	--	183,532	173,360	183,532	173,360
Total expenses	<u>1,482,343</u>	<u>1,389,854</u>	<u>2,314,185</u>	<u>2,193,218</u>	<u>3,796,528</u>	<u>3,583,072</u>
Excess (deficiency) before transfers	(218,244)	(150,984)	339,200	373,808	120,956	222,824
Transfers	40,693	121,838	(40,693)	(121,838)	--	--
Increase (decrease) in net position	<u>(177,551)</u>	<u>(29,146)</u>	<u>298,507</u>	<u>251,970</u>	<u>120,956</u>	<u>222,824</u>
Beginning net position, as previously reported	<u>632,904</u>	<u>662,050</u>	<u>3,678,307</u>	<u>3,426,337</u>	<u>4,311,211</u>	<u>4,088,387</u>
Ending net position	<u>\$ 455,353</u>	<u>632,904</u>	<u>3,976,814</u>	<u>3,678,307</u>	<u>4,432,167</u>	<u>4,311,211</u>

Total net position of the City increased by \$121.0 million in the current fiscal year. Governmental net position decreased by \$177.6 million. The decrease is attributable to expenses exceeding revenues by \$218.2 million before transfers from other funds of \$40.7 million. Business-type net position increased by \$298.5 million due to revenues exceeding expenses by \$339.2 million before transfers to other funds of \$40.7 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

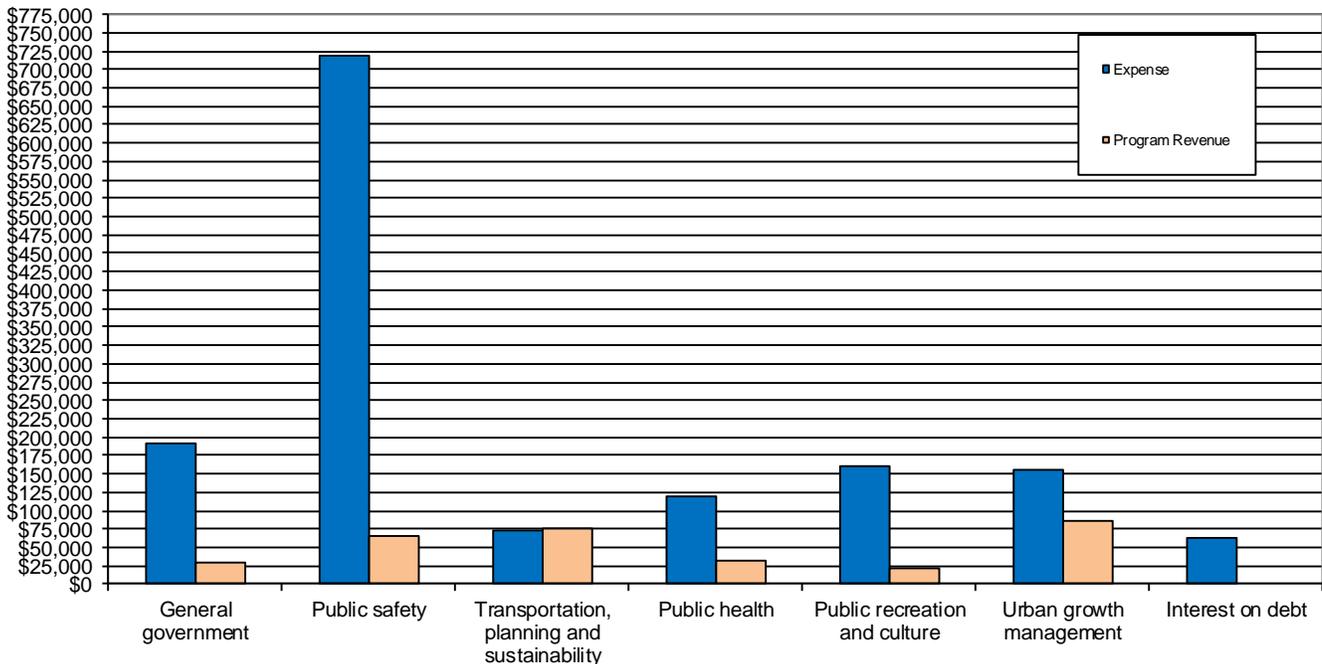
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City’s net position by \$177.6 million in fiscal year 2017, a 28.1% decrease of governmental net position from the previous year. Key factors for the change from fiscal year 2016 to 2017 are as follows:

- The City’s property tax revenue increased by \$47.1 million from the previous year due to an increase in assessed property values of \$15 billion, while the property tax rate per \$100 of valuation decreased from 0.4589 to 0.4418.
- Sales tax collections and franchise fees for the year were \$6.2 million and \$3.9 million, respectively, more than the prior year as result of the continued improvement in the Austin economy.
- Increases in pension expense and other postemployment benefit expense are the primary drivers for increased expenses in public safety (\$61.2 million) and public health (\$19.1 million). Public safety expenses included an additional \$32 million in pension expense and \$19 million in other postemployment benefit expenses with the remainder primarily due to salary and fringe benefit increases as a result of the addition of 141 full time equivalents (FTE). Public health expenses included an additional \$6 million in pension expenses and \$5 million in other postemployment benefits expenses with the remainder primarily due to increases in social service contracts.
- Indian Hills Public Improvement District and Whisper Valley Public Improvement District paid off special assessment subordinate bonds in 2016 in the amount of \$14.9 million and \$1.3 million respectively, which is the primary reason for the decrease in expense in urban growth management of \$22.9 million in 2017.

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

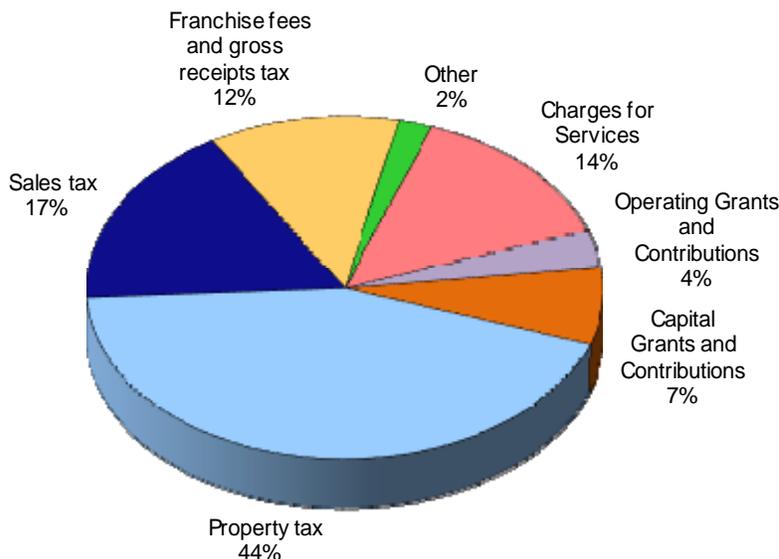
**Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)**



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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

Government-wide Revenues by Source -- Governmental Activities



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

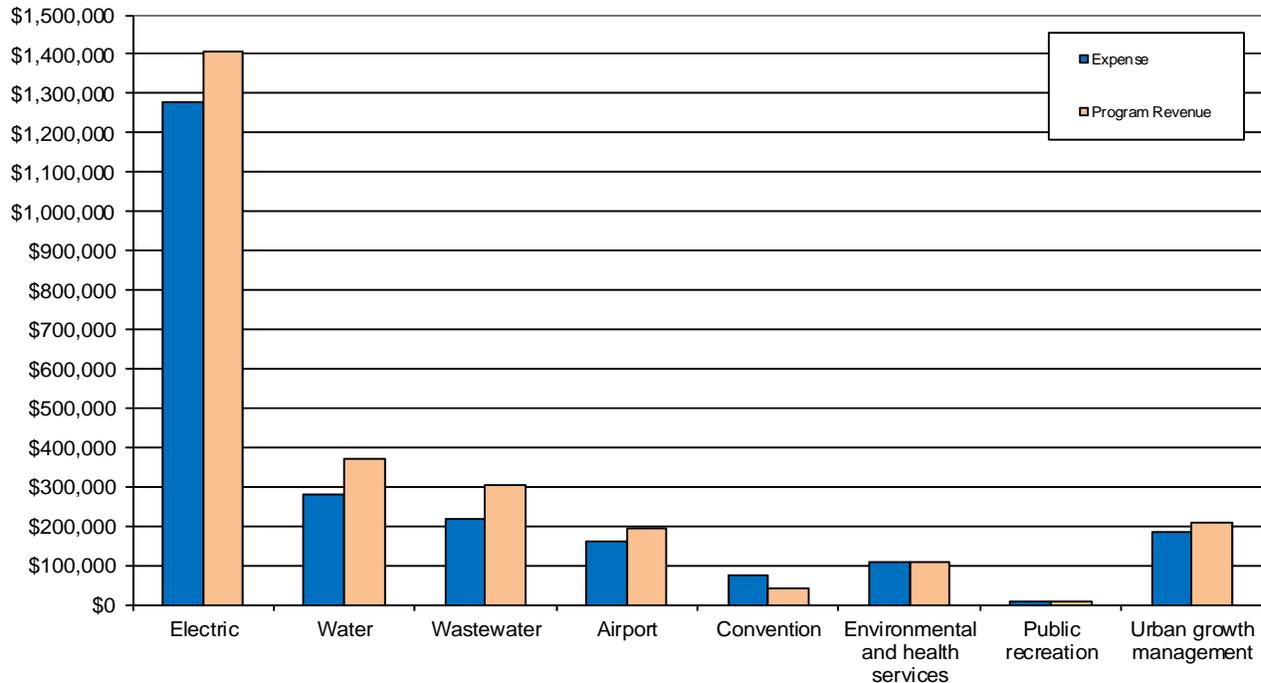
Business-type activities increased the City's net position by approximately \$298.5 million, accounting for a 6.9% increase in the City's total net position. Key factors include:

- Austin Energy net position increased approximately \$21.7 million. Operating revenues decreased primarily due to the base rate reduction offset by increased power supply and regulatory revenue. Operating expenses increased primarily due to transmission and power supply costs.
- Austin Water Utility net position increased approximately \$123.3 million. Revenues increased 5.3% largely due to a combined utility rate increase of 3.0% for fiscal year 2017. Expenses increased by 3.9% due to an increase in operating and maintenance costs.
- Airport net position increased approximately \$38.8 million. Revenues increased 18.6% due to an increase in passenger traffic and higher rental and landing fees. Passenger traffic increased 8.0% over the previous year. Expenses increased 16.9% due to an increase in operating and maintenance costs and interest expense on debt service.
- Convention Center net position increased approximately \$41.4 million. Revenues and transfers from the Hotel Occupancy and Vehicle Rental Tax Funds increased 9.7% due to additional hotels put in service causing an increase in total room nights as well as growth of large events. Expenses increased 18.1% due to an increase in operating costs, pension expense, and other postemployment benefits.
- Environmental and health services activities is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position increased approximately \$11.0 million. Revenues increased by 5.8% due mainly to an increase in the Clean Community Fee of \$0.40 per residential account and \$1.75 per commercial customer account and an increase to the base customer charge of \$1.00. Expenses increased by 5.5% due mainly to an increase in operations and support services costs.
- Urban growth management activities are comprised of the Drainage and Transportation nonmajor enterprise funds. Net position increased by approximately \$63.6 million. Drainage revenues and transfers increased 36.3% primarily due to a \$50 million transfer for home buyouts. Drainage expenses remained relatively flat. Transportation revenues increased approximately 23.2% primarily due to an increase in the Transportation User Fee of \$1.75 per single-family home as well as an increase in the number of hours charged for parking in the downtown area. Transportation expenses increased 15.3% due to an increase in operations and support services costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

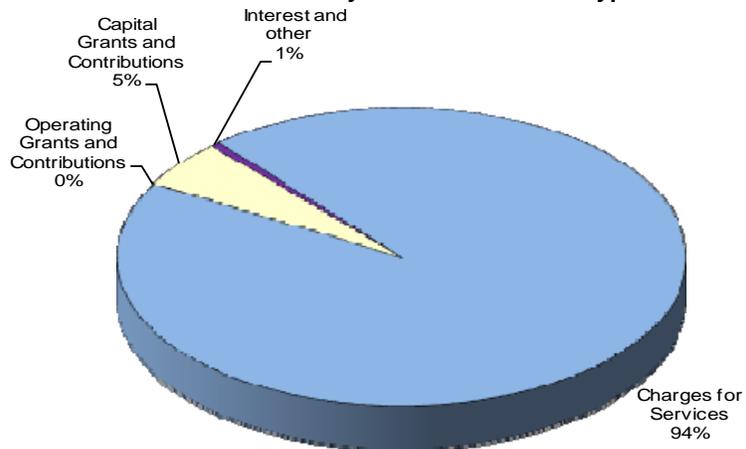
As shown in the following chart, Austin Energy (electric), with expenses of \$1.3 billion is the City’s largest business-type activity, followed by water with \$281.8 million, wastewater with \$219.6 million, urban growth management with \$183.5 million, airport with \$158.9 million, environmental and health services with \$108.7 million, convention with \$75.4 million, and public recreation with \$8.7 million. For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention and public recreation.

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



For all business-type activities, charges for services provide the largest percentage of revenues (94.23%), followed by capital grants and contributions (5.18%), interest and other revenues (0.56%), and operating grants and contributions (0.03%).

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

a -- Governmental funds

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

At the end of the fiscal year, the City of Austin's governmental funds reported combined ending fund balances of \$512.4 million, an increase of \$28.5 million from the previous year. Approximately \$1.8 million is nonspendable, \$214.6 million is restricted, \$40.7 million is committed, \$139.3 million is assigned, and \$116.1 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of \$0.7 million, assigned fund balance of \$29.6 million, and unassigned fund balance of \$141.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.5% of total General Fund expenditures of \$976.0 million, and total fund balance represents 17.6% of expenditures. The City's financial policies provide that surplus fund balance be identified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance identified for budget stabilization was \$76.0 million. The balance identified for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, but such appropriation will not normally exceed one-third of the total identified amount, with the other two-thirds identified for budget stabilization in future years.

The fund balance of the General Fund increased \$10.8 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased \$33.0 million due to an increase in assessed property values.
- Licenses, permits, and inspections increased \$13.6 million, and sales tax revenues increased by \$6.2 million.

General Fund expenditures increased \$43.8 million, due primarily to increases in the following areas: public safety (\$16.2 million), general government (\$9.5 million), public health (\$8.1 million), public recreation and culture (\$6.9 million), and urban growth management (\$3.4 million). These increases are primarily due to a 2.5% general wage increase for non-sworn employees and a 2% general wage increase for sworn Police, Fire, and EMS employees, the addition of 195 FTE's, and increases in contractual expenditures.

b -- Proprietary funds

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net position of the City's enterprise funds increased by \$286.4 million before consolidation of the internal service funds activities.

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

OTHER INFORMATION

a -- General Fund budgetary highlights

The original revenue budget of the General Fund was not amended during fiscal year 2017. The original expenditure budget of the General Fund was amended during fiscal year 2017 to increase expenditures for the addition of one full time position to the Fire department for assignment at the Airport. Airport will reimburse the Fire department for the cost of this position, budgeted at \$83,000. The net impact to the General Fund was \$0 with the addition of the one FTE. The expenditure budget was also increased by \$3.5 million for overtime in the Fire department due to staffing shortages. This amount was appropriated from the Budget Stabilization Reserve.

During the year, actual budget basis revenues were \$4.5 million more than budgeted. Licenses, permits and inspections were \$10.3 million more than budgeted due to higher fees, and larger than anticipated inspection volume. This was offset partly by \$5.4 million in lower than budgeted sales tax collections.

OTHER INFORMATION, continued

Actual budget-basis expenditures were \$13.0 million less than budgeted. All departments were under budget. Police and EMS were under budget by \$3.5 million and \$1.8 million, respectively, due primarily to salary savings from regular position vacancies. Fire was under budget by \$1.5 million largely due to lower than expected equipment replacement and maintenance costs. Library was under budget by \$1.9 million largely due to salary and contractual expense savings caused by the delayed opening of the new central library. Other urban growth management was \$2.1 million under budget due primarily to lower contractual expenses as a result of agreements not realized. The total budget-basis fund balance at year-end was \$174.9 million.

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2017, total \$10.9 billion (net of accumulated depreciation and amortization). Capital assets include buildings and improvements, equipment, vehicles, electric plant, non-electric plant, nuclear fuel, water rights, infrastructure, land, construction in progress, and plant held for future use. The total increase in the City's capital assets for the current fiscal year was \$266.9 million, with an increase of 1.8% for governmental activities and an increase of 2.8% for business-type activities. Additional information on capital assets can be found in Note 5. Capital asset balances are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
	Building and improvements	\$ 651	551	1,916	1,776	2,567
Plant and equipment	65	74	2,348	2,321	2,413	2,395
Vehicles	52	50	76	81	128	131
Electric plant	--	--	2,198	2,222	2,198	2,222
Non-electric plant	--	--	141	144	141	144
Nuclear fuel	--	--	43	47	43	47
Water rights	--	--	82	83	82	83
Infrastructure	1,658	1,581	--	--	1,658	1,581
Land and improvements	379	374	676	651	1,055	1,025
Construction in progress	116	241	402	341	518	582
Plant held for future use	--	--	23	23	23	23
Other assets not depreciated	28	27	4	4	32	31
Total net capital assets	\$ 2,949	2,898	7,909	7,693	10,858	10,591

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

- Governmental capital assets increased \$50.7 million primarily due to additions of new facilities and improvements to existing facilities. Significant additions and improvements were also made including acquisitions of parkland, upgrades to information technology equipment, pedestrian facility improvements, and street reconstructions across the City. The construction on the new Central Library was completed during the fiscal year.
- Business-type activities purchased, constructed or received capital asset contributions of \$216.2 million. Asset additions included continued work on the airport terminal and apron expansion projects. Additionally, the Drainage Fund continued to acquire properties at risk of flooding in Onion Creek.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported \$6.6 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

Outstanding Debt						
General Obligation and Revenue Debt						
(in millions)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
General obligation bonds and other tax supported debt, net	\$ 1,436	1,376	116	136	1,552	1,512
Commercial paper notes, net	--	--	146	130	146	130
Revenue bonds, net	--	--	4,881	4,579	4,881	4,579
Capital lease obligations	--	--	1	1	1	1
Total	<u>\$ 1,436</u>	<u>1,376</u>	<u>5,144</u>	<u>4,846</u>	<u>6,580</u>	<u>6,222</u>

During fiscal year 2017, the City's total outstanding debt increased by \$358.6 million. The City issued new debt, used cash to defease debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities increased by \$60.3 million. The resulting net increase is a combination of the issuance of \$185.6 million in new debt to be used primarily for facility improvements, streets and mobility, drainage improvements, watershed home buyouts, central library, parks and recreation, capital equipment, transportation projects, affordable housing and the Seaholm garage, offset by the refunding portion of the issuance of \$63.6 million and debt payments during the year.
- Outstanding debt for business-type functions increased by \$298.3 million. The City issued \$101.6 of Electric Utility System separate lien revenue refunding bonds to refund separate lien debt, \$20.4 million in Water and Wastewater System revenue bonds, \$311.1 million in Water and Wastewater System separate lien revenue refunding bonds to refund separate lien debt and tax-exempt commercial paper, \$315.0 million in Airport System revenue bonds, \$29.1 million of Convention Center revenue refunding bonds to refund prior lien debt, all of which was offset by debt payments during the year and the cash defeasance of \$19.7 million in Water and Wastewater separate lien revenue bonds.

OTHER INFORMATION, continued

During the year, Austin Energy separate lien revenue bonds received favorable bond rating upgrades from Moody's Investors Service and Standard & Poor's from A1 to Aa3 and AA- to AA, respectively. In addition, Convention Center revenue bonds and subordinate revenue bonds received positive bond rating upgrades from Standard & Poor's from AA- to AA and A to A+, respectively. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations; commercial paper ratings were unchanged in the current fiscal year. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2017 and 2016 were as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's		Fitch, Inc.	
	2017	2016	2017	2016	2017	2016
General obligation bonds and other tax supported debt	Aaa	Aaa	AAA	AAA	AAA	AAA
Commercial paper notes - tax exempt	P-1	P-1	A-1	A-1	F1	F1
Commercial paper notes - taxable	P-1	P-1	A-1	A-1	F1	F1
Utility revenue bonds - prior lien	Aa1	Aa1	AA+	AA+	AA	AA
Utility revenue bonds - subordinate lien	Aa2	Aa2	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Austin Energy	Aa3	A1	AA	AA-	AA-	AA-
Austin Water Utility	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	A1	A1	A	A	NUR (1)	NUR (1)
Convention Center revenue bonds	Aa3	Aa3	AA	AA-	NUR (1)	NUR (1)
Convention Center revenue bonds - subordinate	A1	A1	A+	A	NUR (1)	NUR (1)

(1) No underlying rating

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

Austin's diverse economic base and national reputation as a great place to work and live continues to attract new employers and talented individuals to the area. The Austin metro area is the fastest growing metro in the US for its size. Over the past 10 years, Austin's population has increased by approximately 26.8% or nearly 200,000 residents, with projections of the City surpassing the 1 million mark by the year 2020. Both the Austin and the Texas economies continue to expand at rates above the national economy. Job growth in the Austin MSA was ranked sixth along with several other cities when comparing activity in the top 50 metro areas per the US Bureau of Labor statistics. Austin added more than 27,300 net new jobs in 2017. The unemployment rate for the Austin-Round Rock MSA reached a low of 2.7%, while the state unemployment rate fell to 3.9% in 2017; the national unemployment was 4.1%.

The City's primary economic drivers which in the past have included the technology industry, business startups and growth of entrepreneurial business, and tourism, continue to diversify with the opening of the Dell Seton Medical Center. The medical center includes a medical school, teaching hospital, and innovation zone that is expected to foster health care research and development. All of these factors are expected to continue to generate job growth. All sectors of the real estate market continue to perform well. The Austin residential market experienced an increase in sales of 2.5% in 2017 over 2016, with housing in the downtown area growing in popularity. In 2017, sales tax revenue increased 2.9% over the previous year, compared to a 4.2% increase in 2016 and 7.7% increase in 2015, an indicator that the economy is slowing to more normal and sustainable levels. For 2018, the rate of growth in sales tax collections is expected to be 3%. Overall, the Austin economy is expected to continue to grow at a steady pace barring any events at the national or international level that would have an adverse impact.

OTHER INFORMATION, continued

The City's fiscal year 2018 budget was developed in a manner true to City Management's unwavering commitment to openness, transparency, and public engagement; a process that has been refined over time and centered this year on heightened levels of collaboration between the community, city staff, management, and the City Council. The overriding goal of the 2018 budget process was to align department budgets to Council's priorities with particular focus on the Council's six strategic outcomes for the City: Mobility, Economic Opportunity and Affordability, Safety, Health, Cultural and Learning Opportunities, and Government that Works. Each year during the budget process, the Austin City Council adopts a comprehensive set of financial policies that provide the foundation for long-range financial sustainability. These financial policies are directly aligned with the Council's underlying goals of budget stability, maintaining affordability, investing in future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings; the City had ratings upgrades for three separate debt instruments in 2017. City management continues to monitor the economy and take corrective actions when necessary to help mitigate any unfavorable economic events.

The taxable property values within the City increased by 11.2% in 2017 for fiscal year 2018. The property tax rate for fiscal year 2018 is 44.48 cents per \$100 valuation, up from 44.18 cents per \$100 valuation in 2017. The tax rate consists of 33.93 cents for the General Fund and 10.55 cents for debt service. Each 1 cent of the 2017 (fiscal year 2018) property tax rate is equivalent to \$13,942,501 of tax levy, as compared to \$12,371,655 in the previous year. Austin Energy's 2018 base rates also remain unchanged from the prior fiscal year due to a cost of service study that was completed and approved by the City Council in August 2016. For the past several years, Austin Water has been working to strengthen its financial position and reduce the need for annual rate increases; subsequently, the utility submitted its Fiscal Year 2018 budget with a zero percent rate increase.

e -- Requests for Information

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



BASIC FINANCIAL STATEMENTS



Statement of Net Position
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)	Component Units
ASSETS				
Current assets:				
Cash	\$ 64	62	126	4,225
Pooled investments and cash	507,854	934,013	1,441,867	--
Pooled investments and cash - restricted	--	121,347	121,347	--
Total pooled investments and cash	507,854	1,055,360	1,563,214	--
Investments - restricted	23,694	157,207	180,901	--
Cash held by trustee	--	668	668	--
Cash held by trustee - restricted	9,724	475	10,199	--
Working capital advances	--	3,659	3,659	--
Property taxes receivable, net of allowance \$4,980	11,595	--	11,595	--
Accounts receivable, net of allowance \$301,629	100,244	221,464	321,708	3,910
Receivables from other governments	15,705	697	16,402	--
Receivables from other governments - restricted	--	5,978	5,978	--
Notes receivable, net of allowance of \$14,968	24,117	--	24,117	--
Internal balances	(46,671)	46,671	--	--
Inventories, at cost	2,324	82,617	84,941	961
Real property held for resale	5,675	--	5,675	--
Regulatory assets, net of accumulated amortization	--	52,885	52,885	--
Prepaid expenses	1,025	17,518	18,543	628
Other receivables - restricted	--	3,754	3,754	--
Other assets	3,106	13,501	16,607	--
Total current assets	658,456	1,662,516	2,320,972	9,724
Noncurrent assets:				
Cash - restricted	--	4,951	4,951	3,000
Pooled investments and cash - restricted	156,174	808,580	964,754	--
Investments - restricted	--	311,624	311,624	63,717
Investments held by trustee - restricted	1,773	215,523	217,296	2,168
Cash held by trustee - restricted	1,823	--	1,823	353
Interest receivable - restricted	--	467	467	--
Depreciable capital assets, net	2,425,918	6,802,945	9,228,863	179,043
Nondepreciable capital assets	523,176	1,106,099	1,629,275	15,554
Derivative instruments - energy risk management	--	1,863	1,863	--
Regulatory assets, net of accumulated amortization	--	763,717	763,717	--
Other receivables - restricted	--	12,343	12,343	--
Other long-term assets	1,369	20,509	21,878	5,111
Total noncurrent assets	3,110,233	10,048,621	13,158,854	268,946
Total assets	3,768,689	11,711,137	15,479,826	278,670
DEFERRED OUTFLOWS OF RESOURCES	\$ 359,842	342,671	702,513	16,669

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

(Continued)

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

Statement of Net Position
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit A-1
(Continued)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 41,893	93,127	135,020	8,113
Accounts and retainage payable from restricted assets	21,996	54,413	76,409	--
Accrued payroll	32,321	18,068	50,389	267
Accrued compensated absences	61,301	26,060	87,361	--
Due to other governments	477	3,352	3,829	--
Claims payable	26,353	2,412	28,765	--
Accrued interest payable from restricted assets	10	118,713	118,723	7,712
Interest payable on other debt	8,688	872	9,560	--
Bonds payable	60,579	14,608	75,187	66,764
Bonds payable from restricted assets	23,765	132,272	156,037	--
Capital lease obligations payable	--	54	54	7
Customer and escrow deposits payable from restricted assets	71,479	52,634	124,113	--
Accrued landfill closure and postclosure costs	--	2,794	2,794	--
Decommissioning liability payable from restricted assets	--	6,662	6,662	--
Other liabilities	12,169	5,968	18,137	5,725
Other liabilities payable from restricted assets	--	861	861	--
Total current liabilities	361,031	532,870	893,901	88,588
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	78,364	287	78,651	--
Claims payable	22,743	221	22,964	--
Capital appreciation bond interest payable	--	26,661	26,661	--
Commercial paper notes payable, net of discount	--	146,097	146,097	--
Bonds payable, net of discount and inclusive of premium	1,351,684	4,849,878	6,201,562	229,955
Net pension liability	1,203,405	656,565	1,859,970	--
Other postemployment benefits payable	631,176	380,161	1,011,337	--
Capital lease obligations payable	--	935	935	--
Accrued landfill closure and postclosure costs	--	9,899	9,899	--
Decommissioning liability payable from restricted assets	--	159,284	159,284	--
Derivative instruments - energy risk management	--	14,960	14,960	--
Derivative instruments - interest rate swaps	--	46,959	46,959	--
Other liabilities	18,547	33,714	52,261	--
Other liabilities payable from restricted assets	--	3,298	3,298	3,000
Total noncurrent liabilities	3,305,919	6,328,919	9,634,838	232,955
Total liabilities	3,666,950	6,861,789	10,528,739	321,543
DEFERRED INFLOWS OF RESOURCES				
	6,228	1,215,205	1,221,433	--
NET POSITION				
Net investment in capital assets	1,709,146	2,358,240	4,067,386	(60,485)
Restricted for:				
Bond reserve	--	45,130	45,130	--
Capital projects	48,467	246,856	295,323	1,000
Debt service	15,077	53,601	68,678	28,795
Housing activities	27,354	--	27,354	--
Operating reserve	--	57,102	57,102	--
Passenger facility charges	--	90,044	90,044	--
Perpetual care:				
Expendable	1	--	1	--
Nonexpendable	1,070	--	1,070	--
Renewal and replacement	--	23,298	23,298	--
Strategic reserve	--	186,718	186,718	--
Tourism	19,676	--	19,676	--
Other purposes	28,654	--	28,654	--
Unrestricted (deficit)	(1,394,092)	915,825	(478,267)	4,486
Total net position	\$ 455,353	3,976,814	4,432,167	(26,204)

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

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

Statement of Activities
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities								
General government	\$ 192,231	21,345	454	7,223	(163,209)	--	(163,209)	--
Public safety	719,032	57,728	7,209	--	(654,095)	--	(654,095)	--
Transportation, planning, and sustainability	72,517	1,698	659	72,808	2,648	--	2,648	--
Public health	119,278	12,374	20,490	170	(86,244)	--	(86,244)	--
Public recreation and culture	161,226	11,251	1,805	9,994	(138,176)	--	(138,176)	--
Urban growth management	156,180	72,244	14,545	61	(69,330)	--	(69,330)	--
Interest on debt	61,879	--	--	--	(61,879)	--	(61,879)	--
Total governmental activities	1,482,343	176,640	45,162	90,256	(1,170,285)	--	(1,170,285)	--
Business-type activities								
Electric	1,277,623	1,362,132	34	43,981	--	128,524	128,524	--
Water	281,787	324,562	--	44,944	--	87,719	87,719	--
Wastewater	219,609	274,518	--	29,742	--	84,651	84,651	--
Airport	158,863	178,433	585	14,751	--	34,906	34,906	--
Convention	75,377	40,196	--	--	--	(35,181)	(35,181)	--
Environmental and health services	108,658	109,274	242	30	--	888	888	--
Public recreation	8,736	6,705	--	290	--	(1,741)	(1,741)	--
Urban growth management	183,532	204,439	--	3,726	--	24,633	24,633	--
Total business-type activities	2,314,185	2,500,259	861	137,464	--	324,399	324,399	--
Total primary government	\$ 3,796,528	2,676,899	46,023	227,720	(1,170,285)	324,399	(845,886)	--
Component Units	89,609	95,753	--	--	--	--	--	6,144
General revenues:								
Property tax					554,631	--	554,631	--
Sales tax					218,790	--	218,790	--
Franchise fees and gross receipts tax					151,670	--	151,670	--
Interest and other					26,950	14,801	41,751	22
Transfers-internal activities					40,693	(40,693)	--	--
Total general revenues and transfers					992,734	(25,892)	966,842	22
Change in net position					(177,551)	298,507	120,956	6,166
Beginning net position, as previously reported					632,904	3,678,307	4,311,211	(32,370)
Ending net position					\$ 455,353	3,976,814	4,432,167	(26,204)

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



**Governmental Funds
Balance Sheet
September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit B-1**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 53	--	53
Pooled investments and cash	170,879	335,784	506,663
Investments	--	23,694	23,694
Cash held by trustee - restricted	--	9,582	9,582
Investments held by trustee - restricted	--	1,773	1,773
Property taxes receivable, net of allowance	7,959	3,636	11,595
Accounts receivable, net of allowance	61,541	28,503	90,044
Receivables from other governments	1,589	12,029	13,618
Notes receivable, net of allowance	175	23,942	24,117
Due from other funds	--	11,443	11,443
Advances to other funds	--	19,096	19,096
Inventories, at cost	28	--	28
Real property held for resale	--	5,675	5,675
Prepaid items	699	--	699
Other assets	58	3,048	3,106
Total assets	<u>242,981</u>	<u>478,205</u>	<u>721,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	21,458	24,184	45,642
Accrued payroll	26,126	123	26,249
Accrued compensated absences	462	--	462
Due to other funds	241	11,412	11,653
Due to other governments	465	9	474
Unearned revenue	--	2,973	2,973
Advances from other funds	654	18,266	18,920
Deposits and other liabilities	5,687	73,788	79,475
Total liabilities	<u>55,093</u>	<u>130,755</u>	<u>185,848</u>
DEFERRED INFLOWS OF RESOURCES	<u>16,074</u>	<u>6,823</u>	<u>22,897</u>
FUND BALANCES			
Nonspendable:			
Inventories and prepaid items	727	--	727
Permanent funds	--	1,070	1,070
Restricted	--	214,582	214,582
Committed	--	40,652	40,652
Assigned	29,618	109,692	139,310
Unassigned	141,469	(25,369)	116,100
Total fund balances	<u>171,814</u>	<u>340,627</u>	<u>512,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 242,981</u>	<u>478,205</u>	<u>721,186</u>

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

Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds \$ 512,441

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Governmental capital assets	4,632,260	
Less: accumulated depreciation	<u>(1,742,047)</u>	2,890,213

Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.

Other assets	<u>1,369</u>	1,369
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Deferred outflows represent the consumption of net position that are applicable to a future reporting period.

Pensions	337,178	
Loss on debt refundings	<u>22,557</u>	359,735

Long-term liabilities are not payable in the current period and are not reported in the funds.

Compensated absences	(130,035)	
Interest payable	(8,688)	
Bonds and other tax supported debt payable, net	(1,432,879)	
Net pension liability	(1,203,405)	
Other postemployment benefits payable	(631,176)	
Other liabilities	<u>(15,317)</u>	(3,421,500)

Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.

Unavailable revenue		
Property taxes and interest	11,777	
Accounts and other taxes receivable	11,121	
Deferred gain on service concession agreement	(1,173)	
Pensions	<u>(5,055)</u>	16,670

Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds.

Certain assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

96,425

Total net position - Governmental activities		<u><u>\$ 455,353</u></u>
--	--	--------------------------

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

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit B-2

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 416,540	137,871	554,411
Sales taxes	218,790	--	218,790
Franchise fees and other taxes	47,645	104,025	151,670
Fines, forfeitures and penalties	13,117	4,511	17,628
Licenses, permits and inspections	61,076	374	61,450
Charges for services/goods	59,362	22,006	81,368
Intergovernmental	--	59,572	59,572
Property owners' participation and contributions	--	14,659	14,659
Interest and other	15,754	11,296	27,050
Total revenues	<u>832,284</u>	<u>354,314</u>	<u>1,186,598</u>
EXPENDITURES			
Current:			
General government	126,645	2,063	128,708
Public safety	585,250	8,156	593,406
Transportation, planning and sustainability	421	4,704	5,125
Public health	80,487	20,538	101,025
Public recreation and culture	112,728	13,871	126,599
Urban growth management	70,491	57,491	127,982
Debt service:			
Principal	--	87,367	87,367
Interest	--	61,862	61,862
Fees and commissions	--	13	13
Capital outlay-capital project funds	--	130,783	130,783
Total expenditures	<u>976,022</u>	<u>386,848</u>	<u>1,362,870</u>
Deficiency of revenues over expenditures	(143,738)	(32,534)	(176,272)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	130,665	130,665
Issuance of refunding bonds	--	54,970	54,970
Bond premiums	--	35,430	35,430
Payment to refunding bond escrow agent	--	(68,744)	(68,744)
Transfers in	166,688	55,852	222,540
Transfers out	(12,125)	(157,942)	(170,067)
Total other financing sources (uses)	<u>154,563</u>	<u>50,231</u>	<u>204,794</u>
Net change in fund balances	10,825	17,697	28,522
Fund balances at beginning of year	160,989	322,930	483,919
Fund balances at end of year	<u>\$ 171,814</u>	<u>340,627</u>	<u>512,441</u>

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

Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit B-2.1

Net change in fund balances - Governmental funds \$ 28,522

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	108,801	
Depreciation expense	(124,393)	
Loss on disposal of capital assets	<u>(3,104)</u>	(18,696)

Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.

Property taxes	220	
Charges for services	(1,524)	
Interest and other	179	
Capital asset contributions	<u>66,755</u>	65,630

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	(130,665)	
Principal repayment on long-term debt	87,367	
Issuance of refunding bonds	(54,970)	
Refunding bond premiums	(35,430)	
Payment to refunding bond escrow agent	<u>68,744</u>	(64,954)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Compensated absences	(2,708)	
Pensions	(111,858)	
Other postemployment benefits	(93,336)	
Interest and other	<u>12,820</u>	(195,082)

A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. 7,029

Change in net position - Governmental activities \$ (177,551)

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

Proprietary Funds
Statement of Net Position
September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
ASSETS			
Current assets:			
Cash	\$ 22	5	3
Pooled investments and cash	398,583	187,932	7,514
Pooled investments and cash - restricted	36,904	52,101	19,172
Total pooled investments and cash	435,487	240,033	26,686
Investments - restricted	45,568	67,982	32,494
Cash held by trustee	--	668	--
Cash held by trustee - restricted	--	475	--
Working capital advances	3,659	--	--
Accounts receivable, net of allowance	125,605	70,370	5,462
Receivables from other governments	--	68	1
Receivables from other governments - restricted	5,022	--	867
Due from other funds	3,473	301	--
Inventories, at cost	76,326	1,937	1,835
Regulatory assets, net of accumulated amortization	4,821	48,064	--
Prepaid expenses	17,222	42	86
Other receivables - restricted	4	--	3,722
Other assets	12,377	--	1,124
Total current assets	729,586	429,945	72,280
Noncurrent assets:			
Cash - restricted	4,951	--	--
Pooled investments and cash - restricted	60,961	93,020	637,597
Advances to other funds	15,341	2,104	--
Advances to other funds - restricted	--	--	52
Investments - restricted	200,308	58,421	39,590
Investments held by trustee - restricted	213,923	1,600	--
Interest receivable - restricted	467	--	--
Depreciable capital assets, net	2,388,829	3,172,595	875,820
Nondepreciable capital assets	211,985	448,944	132,896
Derivative instruments - energy risk management	1,863	--	--
Regulatory assets, net of accumulated amortization	516,001	247,716	--
Other receivables - restricted	8,459	483	3,401
Other long-term assets	1,380	--	19,129
Total noncurrent assets	3,624,468	4,024,883	1,708,485
Total assets	4,354,054	4,454,828	1,780,765
DEFERRED OUTFLOWS OF RESOURCES	\$ 114,289	118,244	40,621

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
ASSETS			
Current assets:			
Cash	32	62	11
Pooled investments and cash	339,984	934,013	152,918
Pooled investments and cash - restricted	13,170	121,347	--
Total pooled investments and cash	353,154	1,055,360	152,918
Investments - restricted	11,163	157,207	--
Cash held by trustee	--	668	--
Cash held by trustee - restricted	--	475	1,965
Working capital advances	--	3,659	--
Accounts receivable, net of allowance	20,027	221,464	10,200
Receivables from other governments	628	697	2,087
Receivables from other governments - restricted	89	5,978	--
Due from other funds	1,700	5,474	--
Inventories, at cost	2,519	82,617	2,296
Regulatory assets, net of accumulated amortization	--	52,885	--
Prepaid expenses	168	17,518	326
Other receivables - restricted	28	3,754	--
Other assets	--	13,501	--
Total current assets	389,508	1,621,319	169,803
Noncurrent assets:			
Cash - restricted	--	4,951	--
Pooled investments and cash - restricted	17,002	808,580	4,447
Advances to other funds	--	17,445	7
Advances to other funds - restricted	311	363	--
Investments - restricted	13,305	311,624	--
Investments held by trustee - restricted	--	215,523	--
Interest receivable - restricted	--	467	--
Depreciable capital assets, net	365,701	6,802,945	58,239
Nondepreciable capital assets	312,274	1,106,099	642
Derivative instruments - energy risk management	--	1,863	--
Regulatory assets, net of accumulated amortization	--	763,717	--
Other receivables - restricted	--	12,343	--
Other long-term assets	--	20,509	--
Total noncurrent assets	708,593	10,066,429	63,335
Total assets	1,098,101	11,687,748	233,138
DEFERRED OUTFLOWS OF RESOURCES			
	69,517	342,671	107

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

(Continued)

Proprietary Funds
Statement of Net Position
September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 82,662	3,680	2,097
Accounts and retainerage payable from restricted assets	10,839	18,831	19,759
Accrued payroll	7,323	3,810	1,361
Accrued compensated absences	10,570	5,632	2,194
Claims payable	2,060	351	1
Due to other funds	--	--	162
Due to other funds payable from restricted assets	--	3,101	--
Due to other governments	3,347	--	5
Accrued interest payable from restricted assets	23,275	82,842	11,697
Interest payable on other debt	211	106	--
Bonds payable	--	--	21
Bonds payable from restricted assets	35,086	60,487	23,744
Capital lease obligations payable	54	--	--
Customer and escrow deposits payable from restricted assets	30,241	14,483	1,351
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	6,662	--	--
Other liabilities	921	2,630	1,822
Other liabilities payable from restricted assets	473	--	--
Total current liabilities	213,724	195,953	64,214
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	2	--
Claims payable	10	211	--
Advances from other funds	--	680	506
Advances from other funds payable from restricted assets	--	13,926	--
Capital appreciation bond interest payable	691	25,970	--
Commercial paper notes payable, net of discount	146,097	--	--
Bonds payable, net of discount and inclusive of premium	1,261,092	2,507,406	857,654
Net pension liability	273,451	146,090	46,242
Other postemployment benefits payable	148,262	95,976	26,194
Capital lease obligations payable	935	--	--
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	159,284	--	--
Derivative instruments - energy risk management	14,960	--	--
Derivative instruments - interest rate swaps	--	15,509	21,535
Other liabilities	32,647	1,067	--
Other liabilities payable from restricted assets	3,298	--	--
Total noncurrent liabilities	2,040,727	2,806,837	952,131
Total liabilities	2,254,451	3,002,790	1,016,345
 DEFERRED INFLOWS OF RESOURCES	 \$ 366,324	 659,475	 189,161

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
LIABILITIES			
Current liabilities:			
Accounts payable	4,688	93,127	18,249
Accounts and retainage payable from restricted assets	4,984	54,413	--
Accrued payroll	5,574	18,068	6,072
Accrued compensated absences	7,664	26,060	9,003
Claims payable	--	2,412	26,353
Due to other funds	2,001	2,163	--
Due to other funds payable from restricted assets	--	3,101	--
Due to other governments	--	3,352	3
Accrued interest payable from restricted assets	899	118,713	10
Interest payable on other debt	555	872	--
Bonds payable	14,587	14,608	374
Bonds payable from restricted assets	12,955	132,272	--
Capital lease obligations payable	--	54	--
Customer and escrow deposits payable from restricted assets	6,559	52,634	1,758
Accrued landfill closure and postclosure costs	2,794	2,794	--
Decommissioning liability payable from restricted assets	--	6,662	--
Other liabilities	595	5,968	2,670
Other liabilities payable from restricted assets	388	861	--
Total current liabilities	64,243	538,134	64,492
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	285	287	165
Claims payable	--	221	22,743
Advances from other funds	2,879	4,065	--
Advances from other funds payable from restricted assets	--	13,926	--
Capital appreciation bond interest payable	--	26,661	--
Commercial paper notes payable, net of discount	--	146,097	--
Bonds payable, net of discount and inclusive of premium	223,726	4,849,878	2,775
Net pension liability	190,782	656,565	--
Other postemployment benefits payable	109,729	380,161	--
Capital lease obligations payable	--	935	--
Accrued landfill closure and postclosure costs	9,899	9,899	--
Decommissioning liability payable from restricted assets	--	159,284	--
Derivative instruments - energy risk management	--	14,960	--
Derivative instruments - interest rate swaps	9,915	46,959	--
Other liabilities	--	33,714	--
Other liabilities payable from restricted assets	--	3,298	--
Total noncurrent liabilities	547,215	6,346,910	25,683
Total liabilities	611,458	6,885,044	90,175
DEFERRED INFLOWS OF RESOURCES	245	1,215,205	1

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

(Continued)

Proprietary Funds
Statement of Net Position
September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
NET POSITION			
Net investment in capital assets	\$ 987,437	562,673	359,464
Restricted for:			
Bond reserve	10,268	21,832	2,719
Capital projects	26,558	37,269	171,176
Debt service	22,292	--	20,849
Operating reserve	--	37,651	14,874
Passenger facility charges	--	--	90,044
Renewal and replacement	12,386	--	10,000
Strategic reserve	186,718	--	--
Unrestricted	601,909	251,382	(53,246)
Total net position	\$ 1,847,568	910,807	615,880
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	20,138	11,557	4,055
Total net position - Business-type activities	\$ 1,867,706	922,364	619,935

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
NET POSITION			
Net investment in capital assets	448,666	2,358,240	55,732
Restricted for:			
Bond reserve	10,311	45,130	--
Capital projects	11,853	246,856	4,447
Debt service	10,460	53,601	--
Operating reserve	4,577	57,102	--
Passenger facility charges	--	90,044	--
Renewal and replacement	912	23,298	--
Strategic reserve	--	186,718	--
Unrestricted	69,136	869,181	82,890
Total net position	555,915	3,930,170	143,069
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	10,894	46,644	
Total net position - Business-type activities	566,809	3,976,814	

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

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
OPERATING REVENUES			
Utility services	\$ 1,362,132	599,080	--
User fees and rentals	--	--	149,333
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	<u>1,362,132</u>	<u>599,080</u>	<u>149,333</u>
OPERATING EXPENSES			
Operating expenses before depreciation	1,063,029	259,730	102,885
Depreciation and amortization	162,930	121,521	26,667
Total operating expenses	<u>1,225,959</u>	<u>381,251</u>	<u>129,552</u>
Operating income (loss)	<u>136,173</u>	<u>217,829</u>	<u>19,781</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	6,771	2,172	3,907
Interest on revenue bonds and other debt	(59,261)	(104,589)	(30,058)
Interest capitalized during construction	--	--	1,893
Passenger facility charges	--	--	29,100
Cost (recovered) to be recovered in future years	15,228	(19,897)	--
Other nonoperating revenue (expense)	(12,922)	1,482	(1,859)
Total nonoperating revenues (expenses)	<u>(50,184)</u>	<u>(120,832)</u>	<u>2,983</u>
Income (loss) before contributions and transfers	85,989	96,997	22,764
Capital contributions	43,981	74,686	14,751
Transfers in	2,122	13	--
Transfers out	(115,582)	(51,215)	(33)
Change in net position	<u>16,510</u>	<u>120,481</u>	<u>37,482</u>
Total net position, beginning	<u>1,831,058</u>	<u>790,326</u>	<u>578,398</u>
Total net position, ending	<u>\$ 1,847,568</u>	<u>910,807</u>	<u>615,880</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	16,510	120,481	37,482
Adjustment to consolidate internal service activities	5,164	2,773	1,298
Change in net position - Business-type activities	<u>\$ 21,674</u>	<u>123,254</u>	<u>38,780</u>

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,961,212	--
User fees and rentals	360,614	509,947	--
Billings to departments	--	--	435,349
Employee contributions	--	--	44,224
Operating revenues from other governments	--	--	4,410
Other operating revenues	--	--	13,307
Total operating revenues	<u>360,614</u>	<u>2,471,159</u>	<u>497,290</u>
OPERATING EXPENSES			
Operating expenses before depreciation	340,354	1,765,998	447,796
Depreciation and amortization	28,774	339,892	11,599
Total operating expenses	<u>369,128</u>	<u>2,105,890</u>	<u>459,395</u>
Operating income (loss)	<u>(8,514)</u>	<u>365,269</u>	<u>37,895</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	1,951	14,801	19
Interest on revenue bonds and other debt	(9,288)	(203,196)	(136)
Interest capitalized during construction	1,003	2,896	--
Passenger facility charges	--	29,100	--
Cost (recovered) to be recovered in future years	--	(4,669)	--
Other nonoperating revenue (expense)	(6,464)	(19,763)	(6,483)
Total nonoperating revenues (expenses)	<u>(12,798)</u>	<u>(180,831)</u>	<u>(6,600)</u>
Income (loss) before contributions and transfers	<u>(21,312)</u>	<u>184,438</u>	<u>31,295</u>
Capital contributions	4,046	137,464	4,812
Transfers in	139,200	141,335	2,929
Transfers out	(10,053)	(176,883)	(19,854)
Change in net position	<u>111,881</u>	<u>286,354</u>	<u>19,182</u>
Total net position, beginning	<u>444,034</u>	<u>3,643,816</u>	<u>123,887</u>
Total net position, ending	<u>555,915</u>	<u>3,930,170</u>	<u>143,069</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	111,881	286,354	
Adjustment to consolidate internal service activities	2,918	12,153	
Change in net position - Business-type activities	<u>114,799</u>	<u>298,507</u>	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,393,118	587,403	141,806
Cash received from other funds	30,641	8,671	--
Cash payments to suppliers for goods and services	(789,476)	(51,546)	(28,931)
Cash payments to other funds	(51,509)	(69,979)	(26,603)
Cash payments to employees for services	(204,609)	(108,576)	(39,106)
Cash payments to claimants/beneficiaries	(144)	(283)	--
Taxes collected and remitted to other governments	(41,880)	--	--
Net cash provided by operating activities	336,141	365,690	47,166
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	1,036	--	--
Transfers out	(115,495)	(46,905)	--
Collections from other sources	--	668	--
Loans to other funds	(459)	--	(1)
Loans from other funds	--	--	--
Loan repayments to other funds	--	(297)	(178)
Loan repayments from other funds	339	301	--
Collections from other governments	2,880	1,673	940
Net cash provided (used) by noncapital financing activities	(111,699)	(44,560)	761
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	58,351	82,830	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	--	20,430	314,965
Principal paid on long-term debt	(44,625)	(103,299)	(21,964)
Proceeds from the sale of capital assets	1,527	--	--
Interest paid on revenue bonds and other debt	(60,613)	(141,519)	(26,027)
Passenger facility charges	--	--	25,378
Acquisition and construction of capital assets	(159,586)	(148,355)	(116,503)
Contributions from state and federal governments	--	116	14,350
Contributions in aid of construction	43,981	29,948	401
Bond issuance costs	(983)	(2,246)	(2,545)
Bond premiums	12,320	62,394	44,459
Cash paid for bond defeasance	--	(21,317)	--
Bonds issued for advanced refundings of debt	101,570	311,100	--
Cash paid for bond refunding escrow	(114,060)	(249,582)	--
Cash paid to payoff commercial paper	--	(125,000)	--
Cash paid for nuclear fuel inventory	(13,671)	--	--
Net cash provided (used) by capital and related financing activities	\$ (175,789)	(284,500)	232,514

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	356,747	2,479,074	58,265
Cash received from other funds	3,646	42,958	435,349
Cash payments to suppliers for goods and services	(76,545)	(946,498)	(75,708)
Cash payments to other funds	(66,086)	(214,177)	(24,052)
Cash payments to employees for services	(159,349)	(511,640)	(171,679)
Cash payments to claimants/beneficiaries	--	(427)	(171,635)
Taxes collected and remitted to other governments	--	(41,880)	--
Net cash provided by operating activities	58,413	807,410	50,540
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	128,310	129,346	2,370
Transfers out	(3,298)	(165,698)	(18,670)
Collections from other sources	--	668	--
Loans to other funds	(3)	(463)	--
Loans from other funds	118	118	--
Loan repayments to other funds	(333)	(808)	--
Loan repayments from other funds	94	734	--
Collections from other governments	810	6,303	--
Net cash provided (used) by noncapital financing activities	125,698	(29,800)	(16,300)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	141,181	--
Proceeds from the sale of general obligation bonds and other tax supported debt	(119)	(119)	--
Proceeds from the sale of revenue bonds	--	335,395	--
Principal paid on long-term debt	(26,871)	(196,759)	(485)
Proceeds from the sale of capital assets	--	1,527	--
Interest paid on revenue bonds and other debt	(9,856)	(238,015)	(154)
Passenger facility charges	--	25,378	--
Acquisition and construction of capital assets	(55,540)	(479,984)	(8,425)
Contributions from state and federal governments	30	14,496	--
Contributions in aid of construction	3,094	77,424	--
Bond issuance costs	(130)	(5,904)	--
Bond premiums	--	119,173	--
Cash paid for bond defeasance	--	(21,317)	--
Bonds issued for advanced refundings of debt	29,080	441,750	--
Cash paid for bond refunding escrow	(28,924)	(392,566)	--
Cash paid to payoff commercial paper	--	(125,000)	--
Cash paid for nuclear fuel inventory	--	(13,671)	--
Net cash provided (used) by capital and related financing activities	(89,236)	(317,011)	(9,064)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (208,793)	(209,973)	(81,184)
Proceeds from sale and maturities of investment securities	213,719	248,753	49,301
Interest on investments	4,891	2,172	3,671
Net cash provided (used) by investing activities	9,817	40,952	(28,212)
Net increase (decrease) in cash and cash equivalents	58,470	77,582	252,229
Cash and cash equivalents, beginning	442,951	256,619	412,057
Cash and cash equivalents, ending	501,421	334,201	664,286
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	136,173	217,829	19,781
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	162,930	121,521	26,667
Change in assets and liabilities:			
Increase in working capital advances	(1,677)	--	--
(Increase) decrease in accounts receivable	19,264	(3,585)	(3,215)
Increase (decrease) in allowance for doubtful accounts	213	(824)	191
Increase in receivables from other governments	--	--	--
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	3,183	404	(20)
(Increase) decrease in prepaid expenses and other assets	6,948	(20)	(57)
Increase in deferred outflows related to operations	17,485	9,479	2,513
Decrease in advances to other funds	--	--	--
Decrease in other long-term assets	18,450	--	--
Increase (decrease) in accounts payable	10,472	(734)	(387)
Increase in accrued payroll and compensated absences	1,063	429	424
Increase (decrease) in claims payable	2,070	562	--
Decrease in due to other governments	--	--	--
Decrease in due to other funds	--	--	--
Increase in net pension liability	7,093	3,933	1,974
Increase in other postemployment benefits payable	19,847	12,726	4,259
Increase (decrease) in other liabilities	(26,518)	2,567	(461)
Increase in customer deposits	727	1,403	591
Decrease in deferred inflows related to operations	(41,582)	--	(5,094)
Total adjustments	199,968	147,861	27,385
Net cash provided by operating activities	\$ 336,141	365,690	47,166

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(18,747)	(518,697)	--
Proceeds from sale and maturities of investment securities	18,262	530,035	--
Interest on investments	1,951	12,685	20
Net cash provided (used) by investing activities	1,466	24,023	20
Net increase (decrease) in cash and cash equivalents	96,341	484,622	25,196
Cash and cash equivalents, beginning	273,847	1,385,474	134,145
Cash and cash equivalents, ending	370,188	1,870,096	159,341
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(8,514)	365,269	37,895
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	28,774	339,892	11,599
Change in assets and liabilities:			
Increase in working capital advances	--	(1,677)	--
(Increase) decrease in accounts receivable	(539)	11,925	(958)
Increase (decrease) in allowance for doubtful accounts	(328)	(748)	--
Increase in receivables from other governments	--	--	(1,747)
Decrease in due from other funds	--	--	1,005
(Increase) decrease in inventory	526	4,093	(459)
(Increase) decrease in prepaid expenses and other assets	(48)	6,823	216
Increase in deferred outflows related to operations	10,541	40,018	24
Decrease in advances to other funds	--	--	35
Decrease in other long-term assets	--	18,450	--
Increase (decrease) in accounts payable	(907)	8,444	1,823
Increase in accrued payroll and compensated absences	1,298	3,214	666
Increase (decrease) in claims payable	--	2,632	(242)
Decrease in due to other governments	--	--	(1)
Decrease in due to other funds	--	--	(1,005)
Increase in net pension liability	8,720	21,720	--
Increase in other postemployment benefits payable	17,585	54,417	--
Increase (decrease) in other liabilities	657	(23,755)	214
Increase in customer deposits	648	3,369	1,475
Decrease in deferred inflows related to operations	--	(46,676)	--
Total adjustments	66,927	442,141	12,645
Net cash provided by operating activities	58,413	807,410	50,540

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital appreciation bonds interest accreted	\$ (260)	(7,644)	--
Capital assets contributed from other funds	--	104	--
Capital assets contributed to other funds	(160)	--	--
Capital assets acquired through service concession arrangements	--	--	27,490
Contributed facilities	--	44,518	--
Increase in the fair value of investments	(3,006)	--	--
Amortization of bond (discounts) premiums	6,783	15,255	2,617
Amortization of deferred gain (loss) on refundings	(5,332)	(5,575)	(890)
Gain (loss) on disposal of assets	(8,051)	(14)	(33)
Costs (recovered) to be recovered	15,228	(19,897)	--
Transfers from other funds	1,086	13	--
Transfers to other funds	(87)	(4,310)	(33)
Capitalized interest	--	--	1,893

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

(Continued)

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital appreciation bonds interest accreted	--	(7,904)	--
Capital assets contributed from other funds	922	1,026	11,587
Capital assets contributed to other funds	(6,011)	(6,171)	(399)
Capital assets acquired through service concession arrangements	--	27,490	--
Contributed facilities	--	44,518	--
Increase in the fair value of investments	--	(3,006)	--
Amortization of bond (discounts) premiums	1,823	26,478	41
Amortization of deferred gain (loss) on refundings	(1,849)	(13,646)	(24)
Gain (loss) on disposal of assets	(828)	(8,926)	(22)
Costs (recovered) to be recovered	--	(4,669)	--
Transfers from other funds	10,890	11,989	559
Transfers to other funds	(6,755)	(11,185)	(1,184)
Capitalized interest	1,003	2,896	--

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

Fiduciary Funds
Statement of Fiduciary Net Position
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Private-purpose</u> <u>Trust</u>	<u>Agency</u>
ASSETS		
Pooled investments and cash	\$ 2,085	2,098
Investments held by trustee	--	3,863
Other assets	200	--
Total assets	<u>2,285</u>	<u>5,961</u>
LIABILITIES		
Accounts payable	--	55
Due to other governments	--	1,469
Deposits and other liabilities	1,469	4,437
Total liabilities	<u>1,469</u>	<u>5,961</u>
NET POSITION		
Held in trust	<u>816</u>	
Total net position	<u>\$ 816</u>	

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private-Purpose Trust</u>
ADDITIONS	
Contributions	\$ 1,744
Interest and other	15
Total additions	<u>1,759</u>
DEDUCTIONS	
Benefit payments	<u>1,655</u>
Total deductions	<u>1,655</u>
Net additions (deductions)	104
Total net position, beginning	<u>712</u>
Total net position, ending	<u>\$ 816</u>

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The City of Austin’s charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 74, No. 76 through No. 80, and No. 82. In fiscal year 2017, the City implemented the following GASB Statements:

GASB Statement	Impact
74 – <i>“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”</i>	This statement is directed at administrators of stand-alone postemployment benefit plans and as such does not apply to the City. The companion statement, GASB Statement No. 75, <i>Accounting and Financial Reporting for Postemployment Benefits Other than Pensions</i> , is effective for the City in fiscal year 2018. The City is assessing the impact of GASB Statement No. 75 on its financial report.
77 – <i>“Tax Abatement Disclosures”</i>	This statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments that result in a reduction of revenue. This statement requires additional information be disclosed in the notes to the financial statements. See Note 13.
78 – <i>“Pensions Provided through Certain Multiple-Employer Defined Benefit Plans”</i>	This statement does not apply to the City as this statement is directed at multiple-employer plans. The City’s pension plans are single-employer plans.
80 – <i>“Blending Requirements for Certain Component Units”</i>	This statement amends the blending requirements of component units by adding an additional criterion requiring blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of this standard had no impact on amounts reported in the financial statements.

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

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

a -- Reporting Entity

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

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

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

<u>Blended Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
The Austin Housing Finance Corporation (AHFC)	AHFC was created in 1979 as a public, nonprofit corporation and instrumentality of the City under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and Local Government Code. The mission of the AHFC is to generate and implement strategic housing solutions for the benefit of low- and moderate- income residents of the City. AHFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit. Reporting Fund: Housing Assistance Fund, a nonmajor special revenue fund
Urban Renewal Agency (URA)	URA was created by the City under Chapter 374 of the Texas Local Government Code. The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council. An urban renewal plan's primary purpose is to eliminate slum and blighting influence within a designated area of the city. City Council maintains the ability to impose its will on the organization. URA exclusively receives financial support/benefits from its relationship with the City. Reporting Fund: Urban Renewal Agency fund, a nonmajor special revenue fund
Austin Industrial Development Corporation (AIDC)	AIDC was created under the Texas Development Corporation Act of 1979 to provide a means of extending tax-exempt financing to projects that are deemed to have substantial social benefit through the creation of commercial, industrial, and manufacturing enterprises, in order to promote and encourage employment in the City. City Council acts as the board of directors of the corporation. In addition, City management has operational responsibilities for this component unit. Reporting Fund: Austin Industrial Development Corporation Fund, a nonmajor special revenue fund
Mueller Local Government Corporation (MLGC)	MLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. City Council acts as the board of directors of the corporation. Members of the City staff serve as officers of the corporation and have operational responsibilities for this component unit. Reporting Fund: Mueller Local Government Corporation, a nonmajor special revenue fund
Austin-Bergstrom International Airport (ABIA) Development Corporation	ABIA Development Corporation is governed by a board composed of the City Council. The entity has no day-to-day operations. Its existence relates only to the authorization for issuance of industrial revenue bonds or to other similar financing arrangements in accordance with the Texas Development Corporation Act of 1979. To date, none of the bonds issued constitute a liability of ABIA Development Corporation or the City. In addition, City management has operational responsibilities for this component unit. There is no financial activity to report related to this component unit.

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

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

<u>Discretely Presented Component Units</u>	<u>Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) 2716 Spirit of Texas Drive Austin, TX 78719	ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City.
Austin Convention Enterprises, Inc. (ACE) 500 East 4th Street Austin, TX 78701	ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City.
Waller Creek Local Government Corporation (WCLGC) 124 W. 8 th Street Austin, TX 78701	WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. City Council appoints a voting majority of the board of directors of the WCLGC and maintains a contractual ability to remove board members at will.

There is no financial activity to report related to this component unit.

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

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

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

b -- Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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

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

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

The City reports the following major enterprise funds:

Austin Energy™: Accounts for the activities of the City-owned electric utility.

Austin Water Utility: Accounts for the activities of the City-owned water and wastewater utility.

Airport: Accounts for the operations of the Austin-Bergstrom International Airport.

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

Convention: Accounts for convention center and public events activities.

Environmental and health services: Accounts for solid waste services activities.

Public recreation: Accounts for golf activities.

Urban growth management: Accounts for drainage and transportation activities.

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

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

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

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

d -- Budget

The City Manager is required by the City Charter to present a proposed operating and capital budget to the City Council no later than thirty days before the beginning of the new fiscal year. The final budget shall be adopted no later than the twenty-seventh day of the last month of the preceding fiscal year. During the final adoption process, the City Council passes an appropriation ordinance and a tax-levying ordinance.

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

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

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

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

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

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

Accounts Receivable -- Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2017 (in thousands):

	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental activities				
Charges for Services	\$ 282,504	658	10,200	293,362
Fines	18,510	81	--	18,591
Taxes	46,584	22,332	--	68,916
Other Governments	--	3,988	--	3,988
Other	--	2,708	--	2,708
Allowance for doubtful accounts	(286,057)	(1,264)	--	(287,321)
Total	\$ 61,541	28,503	10,200	100,244

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

	Austin Energy	Austin Water	Airport	Nonmajor enterprise	Total
Accounts Receivable	\$ 134,068	72,808	7,260	21,636	235,772
Allowance for doubtful accounts	(8,463)	(2,438)	(1,798)	(1,609)	(14,308)
Total	\$ 125,605	70,370	5,462	20,027	221,464

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

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

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

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

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

Fund	Inventory Valuation Method
General Fund	Average cost; postage first-in, first-out
Austin Energy	
Fuel oil	Last-in, first-out
Other inventories	Average cost
All others	Average cost

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

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

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

	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Total Restricted Assets
Capital projects	\$ 45,517	93,853	512,644	16,921	668,935
Customer and escrow deposits	30,241	14,926	1,351	6,257	52,775
Debt service	45,568	67,982	67,601	11,474	192,625
Environmental and landfill	--	--	--	81	81
Federal grants	11,431	--	868	89	12,388
Operating reserve account	--	37,651	14,874	5,712	58,237
Passenger facility charge account	--	--	90,044	--	90,044
Plant decommissioning	220,391	--	--	--	220,391
Renewal and replacement account	12,386	--	10,000	1,229	23,615
Revenue bond reserve	24,315	59,670	39,513	13,305	136,803
Strategic reserve	186,718	--	--	--	186,718
	<u>\$ 576,567</u>	<u>274,082</u>	<u>736,895</u>	<u>55,068</u>	<u>1,642,612</u>

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

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

Interest is not capitalized on governmental capital assets. Enterprise funds, with the exception of Austin Energy and Austin Water Utility, capitalize interest paid on long-term debt when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by the bond proceeds issued to fund the project. Interest is not capitalized on Austin Energy and Austin Water Utility assets in accordance with accounting for regulated operations.

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

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

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

(1) Includes internal service funds

(2) Nuclear fuel is amortized over units of production

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

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

Water rights represent the amortized cost of a \$100 million contract, net of accumulated amortization of \$17.8 million, between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and the LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

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

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

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

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

Activities	Category and explanation	Deferred Outflows		Deferred Inflows	
		Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Derivative instruments	Deferred outflows or inflows. Derivative instruments are reported in the statement of net position at fair value. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred outflows or inflows in the statement of net position, as an offset to the related hedging derivative instrument.	\$ --	61,919	--	1,863
Gain/loss on debt refundings	Deferred outflows or inflows. When debt is refunded, the associated gains (deferred inflows) or losses (deferred outflows) are recognized as deferred outflows or inflows of resources and amortized over future periods.	22,664	105,607	--	245
Regulated operations	Deferred inflows. In accordance with accounting for regulated operations, certain credits to income are held as deferred inflows of resources until the anticipated matched charge is incurred. These credits include unrealized gain/loss on investments, contributions, interest, decommissioning, and pass-through rates.	--	--	--	1,023,936
Service concession arrangements	Deferred inflows. The resources related to the service concession arrangements that will be recognized as revenue in future years over the terms of arrangements between the City and the operators are reported as deferred inflows of resources.	--	--	1,174	189,161
Pensions	Deferred outflows or inflows. Differences between estimated and actual investment earnings, changes in actuarial assumptions, and differences between projected and actual actuarial experience may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	337,178	175,145	5,054	--
	Total	\$ 359,842	342,671	6,228	1,215,205

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues (\$22.8 million) that are not available to liquidate current liabilities in the funds. These amounts will be recognized in the period these amounts become available.

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

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

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

	Work-week	Non-Sworn Employees (1)	Sworn Police (2)	Sworn Fire (3)	Sworn EMS (4)
Vacation	0-40	240	240	240	240
	42	N/A	N/A	N/A	270
	48	N/A	N/A	N/A	309
	53	N/A	N/A	360	N/A
Exception vacation (5)	0-40	160	160	176	206
	42	160	N/A	N/A	206
	48	160	N/A	N/A	206
	53	N/A	N/A	264	N/A
Sick leave	0-40	720	1,400	720	720
	42	N/A	N/A	N/A	756
	48	N/A	N/A	N/A	864
	53	N/A	N/A	1,080	N/A
Compensatory time (6)		120	120	120	120

- (1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
- (2) Sworn police employees with 12 years of actual service are eligible for accumulated sick leave payout.
As of January 1, 2011, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.
- (3) Sworn fire employees are eligible for accumulated sick leave payout regardless of hire date.
- (4) Sworn EMS employees with 12 years of actual service are eligible for accumulated sick leave payout if certain criteria are met.
- (5) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.
- (6) Employees may earn compensatory time in lieu of paid overtime; maximum payout is 120 hours for all employees.

Other Postemployment Benefits (OPEB) -- The City provides certain health care benefits for its retired employees and their families as more fully described in Note 8. At September 30, 2017, the City's total actuarial accrued liability for these retiree benefits was approximately \$2.0 billion. The City funds the costs of these benefits on a pay-as-you-go basis.

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

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

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

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

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

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

Other Long-Term Liabilities -- Capital appreciation bonds are recorded at net accreted value. Annual accretion of the bonds is recorded as interest expense during the life of the bonds. The cumulative accretion of capital appreciation bonds, net of principal and interest payments on the bonds, is recorded as capital appreciation bond interest payable.

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

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

	<u>Bad Debt Expense</u>
Austin Energy	\$ 4,862
Austin Water Utility	815
Airport	191
Nonmajor Enterprise	886

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read and bills rendered on a cycle basis by billing district. Electric rate schedules include a fuel cost adjustment clause that permits recovery of fuel costs in the month incurred or in future months. The City reports fuel costs on the same basis as it recognizes revenue. Unbilled revenue is recorded in Austin Energy by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2017. The amount of unbilled revenue recorded, as of September 30, 2017, was \$27.8 million. Austin Water Utility records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2017. The amount of unbilled revenue reported in accounts receivable as of September 30, 2017 was \$17.1 million for water and \$14.4 million for wastewater.

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

	<u>Discounts</u>
Airport	\$ 1,035
Nonmajor Enterprise	2,574

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

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

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

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

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

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

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

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

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

Assigned: The portion of fund balance that is constrained by the City's intent to use for specific purposes, but are neither restricted nor committed. Under the City charter, the City Manager is authorized to assign individual amounts up to \$58,000 in fiscal year 2017 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.

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

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

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

	General Fund	Nonmajor Governmental			Total
		Special Revenue	Debt Service	Capital Projects	
Nonspendable					
Inventory	\$ 28	--	--	--	28
Prepaid items	699	--	--	--	699
Permanent funds	--	--	--	--	1,070
Total Nonspendable	727	--	--	--	1,797
Restricted					
Municipal court services	--	2,173	--	--	2,173
Police special purpose	--	7,714	--	--	7,714
Fire special purpose	--	49	--	--	49
Transportation, planning, and sustainability	--	218	--	--	218
Public health services	--	241	--	--	241
Parks services	--	2,111	--	--	2,111
Library services	--	1,930	--	1	1,931
Tourism programs	--	19,676	--	--	19,676
Affordable housing programs	--	32,321	--	--	32,321
Urban growth programs	--	9,251	--	--	9,251
Capital construction	--	--	--	114,310	114,310
Debt service	--	--	24,587	--	24,587
Total Restricted	--	75,684	24,587	114,310	1
Committed					
Parks services	--	5,673	--	--	5,673
Affordable housing programs	--	738	--	--	738
Urban growth programs	--	34,241	--	--	34,241
Total Committed	--	40,652	--	--	40,652
Assigned					
General government services	177	--	--	--	177
Municipal court services	391	--	--	--	391
Police special purpose	5,627	39	--	--	5,666
Fire special purpose	619	--	--	--	619
EMS special purpose	2,172	--	--	--	2,172
Transportation, planning, and sustainability	61	10	--	--	71
Public health services	5,699	32	--	--	5,731
Parks services	543	156	--	--	699
Library services	698	6	--	--	704
Tourism programs	--	98	--	--	98
Affordable housing programs	205	4,344	--	--	4,549
Urban growth programs	13,426	6,241	--	--	19,667
Capital construction	--	--	--	98,766	98,766
Total Assigned	29,618	10,926	--	98,766	--
Unassigned	141,469	(2,542)	--	(22,827)	--
Total Fund Balance	\$ 171,814	124,720	24,587	190,249	1,071

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

Budget stabilization -- By formal action of City Council, the General Fund maintains two reserve funds: an emergency reserve and a budget stabilization reserve. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2017, the emergency reserve maintains a balance of six percent of total General Fund requirements, or \$58.2 million, and the budget stabilization reserve reports a balance of \$76 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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

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

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

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

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

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

f -- Comparative Data

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

g -- Use of Estimates

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

2 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2017 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	\$ 170,879	--
Nonmajor governmental funds	335,784	--
Austin Energy	398,583	97,865
Austin Water Utility	187,932	145,121
Airport	7,514	656,769
Nonmajor enterprise funds	339,984	30,172
Internal service funds	152,918	4,447
Fiduciary funds	4,183	--
Subtotal pooled investments and cash	<u>1,597,777</u>	<u>934,374</u>
Total pooled investments and cash	<u>\$ 2,532,151</u>	

3 – INVESTMENTS AND DEPOSITS

a – Investments

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

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

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

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

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

The City did not participate in any reverse repurchase agreements or security lending arrangements during fiscal year 2017.

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

The City participates in TexPool/TexPool Prime, TexasDAILY, TexStar, and Lone Star (collectively referred to as the LGIPs). The State Comptroller oversees TexPool/Texpool Prime, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees maintains oversight responsibility for TexasDAILY. PFM Asset Management LLC manages the daily operations of TexasDAILY under a contract with the advisory board. JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar under an agreement with the TexStar board of directors. First Public, LLC serves as the administrator of Lone Star under an agreement with Lone Star's board of directors.

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

The City invests in LGIPs to provide its liquidity needs. The LGIPs were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. The LGIPs are structured like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are adjusted on a daily basis, and the funds seek to maintain a constant NAV of \$1.00, although this cannot be fully guaranteed. The LGIPs are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2017, TexPool, Texpool Prime, TexasDAILY, TexStar, and Lone Star had a weighted average maturity of 37 days, 51 days, 35.6 days, 27 days, and 21 days, respectively. The City's LGIP investments are not subject to limitations, penalties, or restrictions on withdrawals outside emergency conditions that make the sale of assets or determination of fund NAV not reasonably practical, and therefore, the City considers holdings in these funds to have an effective weighted average maturity of one day.

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

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

The City has the following recurring fair value measurements as of September 30, 2017:

- U.S. Treasury securities of \$377 million are valued using other observable inputs, including but not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing (Level 2 inputs).
- U.S. Agency securities of \$1.5 billion are valued using other observable inputs, including but not limited to, model processes, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing (Level 2 inputs).

As of September 30, 2017, the City presented Money Market Funds of \$68.5 million, LGIPs of \$1,014 million valued using amortized cost, and LGIP's of \$251 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2017 (in thousands):

	Governmental Activities	Business- type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	\$ 23,694	310,024	--	333,718
Money Market Funds	1,773	62,833	3,863	68,469
US Treasury Notes	--	17,984	--	17,984
US Agency Bonds	--	293,513	--	293,513
Total non-pooled investments	<u>25,467</u>	<u>684,354</u>	<u>3,863</u>	<u>713,684</u>
Pooled investments:				
Local Government Investment Pools	244,263	685,651	1,539	931,453
US Treasury Notes	94,171	264,341	593	359,105
US Agency Bonds	321,451	902,293	2,051	1,225,795
Total pooled investments	<u>659,885</u>	<u>1,852,285</u>	<u>4,183</u>	<u>2,516,353</u>
Total investments	<u>\$ 685,352</u>	<u>2,536,639</u>	<u>8,046</u>	<u>3,230,037</u>

Concentration of Credit Risk

At September 30, 2017, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in millions): Federal Farm Credit Bank (\$433.7 or 13%), Federal Home Loan Bank (\$353.8 or 11%), Federal Home Loan Mortgage Corporation (\$378.7 or 12%), and Federal National Mortgage Association (\$353.1 or 11%).

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

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

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

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

b -- Investment Categories

As of September 30, 2017, the City had the following investments in each of these strategic categories (in thousands):

Investment Type by Category	Governmental Activities	Business- type Activities	Fiduciary Funds	Total	Weighted Average Maturity
Operating funds					
Local Government Investment Pools	\$ 244,263	685,651	1,539	931,453	1
US Treasury Notes	94,171	264,341	593	359,105	259
US Agency Bonds	321,451	902,293	2,051	1,225,795	491
Total Operating funds	659,885	1,852,285	4,183	2,516,353	
Debt service funds					
General Obligation Debt Service					
Local Government Investment Pools	23,694	--	--	23,694	1
Utility (1)					
Local Government Investment Pools	--	113,549	--	113,549	1
Airport					
Local Government Investment Pools	--	32,494	--	32,494	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	11,163	--	11,163	1
Total Debt service funds	23,694	157,206	--	180,900	
Debt service reserve funds					
Utility (1)					
Local Government Investment Pools	--	41,394	--	41,394	1
Money Market Funds	--	1,214	--	1,214	1
Airport					
Local Government Investment Pools	--	39,513	--	39,513	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	13,305	--	13,305	1
Total Debt service reserve funds	--	95,426	--	95,426	
Special projects/purpose funds					
Austin Energy Strategic Reserve					
Local Government Investment Pools	--	31,233	--	31,233	1
US Treasury Notes	--	--	--	--	
US Agency Bonds	--	158,805	--	158,805	927
Total Austin Energy Strategic Reserve	--	190,038	--	190,038	
Austin Energy Nuclear Decommissioning Trust Funds (NDTF)					
Money Market Funds	--	61,232	--	61,232	1
US Treasury Notes	--	17,984	--	17,984	526
US Agency Bonds	--	134,708	--	134,708	598
Total Austin Energy NDTF	--	213,924	--	213,924	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	27,296	--	27,296	1
Special Projects - Airport Construction					
Local Government Investment Pools	--	77	--	77	1
Special Purpose Funds - Investments Held by Trustee					
Money Market Funds	1,773	387	3,863	6,023	1
Total Special projects/purpose funds	1,773	431,722	3,863	437,358	
Total funds	\$ 685,352	2,536,639	8,046	3,230,037	

(1) Includes combined pledge debt service

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

Credit Risk

At September 30, 2017, City funds held investments in LGIPs and Money Market Funds rated AAAM by Standard & Poor's, short-to-medium term U.S. Agency bonds rated AA+ by Standard & Poor's, and the remaining investments in Treasury securities, which are direct obligations of the U.S. government.

Concentration of Credit Risk

Operating Funds

At September 30, 2017, the operating funds held investments with more than five percent of the total portfolio in securities of the following issuers (in millions): Federal Farm Credit Bank (\$418.8 or 17%), Federal Home Loan Bank (\$279.2 or 11%), Federal Home Loan Mortgage Corporation (\$298.9 or 12%), and Federal National Mortgage Association (\$228.8 or 9%).

Special Projects or Special Purpose Funds

At September 30, 2017, the Austin Energy Strategic Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$14.9 or 8%), Federal Home Loan Bank (\$34.8 or 18%), Federal Home Loan Mortgage Corporation (\$44.9 or 24%), and Federal National Mortgage Association (\$64.2 or 34%).

At September 30, 2017, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$39.7 or 19%), Federal Home Loan Mortgage Corporation (\$34.9 or 16%), Federal National Mortgage Association (\$60.1 or 28%).

Interest Rate Risk

Operating Funds

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

At September 30, 2017, less than half of the Investment Pool was invested in AAAM rated LGIPs, with the remainder invested in short-to-medium term U.S. Agency and Treasury obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity of all securities was 277 days, which was less than the threshold of 365 days.

Debt Service Funds

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

Debt Service Reserve Funds

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

Special Projects or Special Purpose Funds

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

Special Purpose Funds - Austin Energy Strategic Reserve Fund

At September 30, 2017, the portfolios held investments in TexPool, U.S. Treasury, and U.S. Agency obligations with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 775 days.

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

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the NDTF portfolios requires that the dollar weighted average maturity, using final stated maturity dates, shall not exceed seven years, although the portfolio's weighted average maturity may be substantially shorter if market conditions so dictate. At September 30, 2017, the dollar weighted average maturity was 421 days.

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

Special Purpose Funds - Investments Held by Trustee

Investment objectives for these special purpose funds have as the primary objective the safety of principal and assurance of liquidity adequate to cover construction expense draws. As a means of minimizing risk of loss due to interest rate fluctuations, funds are being held in overnight money market funds.

c -- Investment and Deposits

Investments and deposits portfolio balances at September 30, 2017, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	\$ 37,078	690,510	3,863	731,451
Pooled investments and cash	661,206	1,855,994	4,183	2,521,383
Total investments and cash	<u>698,284</u>	<u>2,546,504</u>	<u>8,046</u>	<u>3,252,834</u>
Unrestricted cash	64	730	--	794
Restricted cash	11,547	5,426	--	16,973
Pooled investments and cash	661,206	1,855,994	4,183	2,521,383
Investments	25,467	684,354	3,863	713,684
Total	<u>\$ 698,284</u>	<u>2,546,504</u>	<u>8,046</u>	<u>3,252,834</u>

A difference of \$10.8 million exists between portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

Deposits

The September 30, 2017 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	\$ 64	62	126
Restricted	--	4,951	4,951
Cash held by trustee			
Unrestricted	--	668	668
Restricted	11,547	475	12,022
Pooled cash	1,321	3,709	5,030
Total deposits	<u>\$ 12,932</u>	<u>9,865</u>	<u>22,797</u>

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2017.

4 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2016, upon which the 2017 levy was based, was \$125,371,654,656

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2017, 99.50% of the current tax levy (October 1, 2016) was collected. The statutory lien date is January 1.

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

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

The City is authorized to set tax rates on property within the city limits. However, if the effective tax rate, excluding tax rates for bonds, certificates of obligation, and other contractual obligations, as adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, State statute allows qualified voters of the City to petition for an election to determine whether to limit the tax rate increase to no more than 8%.

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

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2017, was \$0.3399 per \$100 assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2017 was \$0.1019 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$0.6601 per \$100 assessed valuation, and could levy approximately \$82,757,829,238 in additional taxes from the assessed valuation of \$125,371,654,656 before the legislative limit is reached.

The City has reserved a portion of the taxes collected for lawsuits filed by certain taxpayers against the appraisal districts challenging assessed values in the government-wide financial statements.

5 – CAPITAL ASSETS AND INFRASTRUCTURE

Governmental Activities

Capital asset activity for the year ended September 30, 2017, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
Depreciable capital assets				
Building and improvements	\$ 887,946	125,941	(29)	1,013,858
Plant and equipment	259,566	11,993	(6,701)	264,858
Vehicles	135,121	13,432	(6,928)	141,625
Infrastructure	2,693,713	154,485	--	2,848,198
Total depreciable capital assets	<u>3,976,346</u>	<u>305,851</u>	<u>(13,658)</u>	<u>4,268,539</u>
Less accumulated depreciation for				
Building and improvements	(336,626)	(25,965)	11	(362,580)
Plant and equipment	(185,325)	(20,708)	6,010	(200,023)
Vehicles	(85,556)	(11,181)	6,771	(89,966)
Infrastructure	(1,111,913)	(78,139)	--	(1,190,052)
Total accumulated depreciation	<u>(1,719,420)</u>	<u>(135,993)</u> (2)	<u>12,792</u>	<u>(1,842,621)</u>
Depreciable capital assets, net	<u>2,256,926</u>	<u>169,858</u>	<u>(866)</u>	<u>2,425,918</u>
Nondepreciable capital assets				
Land and improvements	373,974	8,256	(3,069)	379,161
Arts and treasures	9,357	845	--	10,202
Library collections	17,610	557	--	18,167
Construction in progress	240,575	113,383	(238,312)	115,646
Total nondepreciable assets	<u>641,516</u>	<u>123,041</u>	<u>(241,381)</u>	<u>523,176</u>
Total capital assets	<u>\$ 2,898,442</u>	<u>292,899</u>	<u>(242,247)</u>	<u>2,949,094</u>

(1) Increases and decreases do not include transfers (at net book value) between Governmental Activities

(2) Components of accumulated depreciation/amortization increases:

Governmental Activities:

General government	\$ 6,238
Public safety	14,909
Transportation, planning and sustainability	60,520
Public health	1,570
Public recreation and culture	17,329
Urban growth management	23,828
Internal service funds	11,599
Total increases in accumulated depreciation/amortization	<u>\$ 135,993</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2017, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
Depreciable capital assets				
Building and improvements	\$ 2,502,842	197,421	--	2,700,263
Plant and equipment	3,792,162	130,848	(5,544)	3,917,466
Vehicles	213,653	13,350	(6,146)	220,857
Electric plant	4,804,559	130,936	(16,124)	4,919,371
Non-electric plant	215,306	6,110	(183)	221,233
Nuclear fuel	362,713	13,672	--	376,385
Water rights	100,000	--	--	100,000
Total depreciable capital assets	<u>11,991,235</u>	<u>492,337</u>	<u>(27,997)</u>	<u>12,455,575</u>
Less accumulated depreciation/amortization for				
Building and improvements	(726,981)	(57,839)	2	(784,818)
Plant and equipment	(1,471,191)	(102,618)	3,836	(1,569,973)
Vehicles	(132,617)	(17,400)	4,978	(145,039)
Electric plant	(2,582,528)	(151,942)	13,157	(2,721,313)
Non-electric plant	(71,087)	(9,106)	65	(80,128)
Nuclear fuel	(316,092)	(17,489)	--	(333,581)
Water rights	(16,791)	(987)	--	(17,778)
Total accumulated depreciation/amortization	<u>(5,317,287)</u>	<u>(357,381)</u> (2)	<u>22,038</u>	<u>(5,652,630)</u>
Depreciable capital assets, net	<u>6,673,948</u>	<u>134,956</u>	<u>(5,959)</u>	<u>6,802,945</u>
Nondepreciable capital assets				
Land and improvements	650,508	25,723	(74)	676,157
Arts and treasures	4,081	17	--	4,098
Construction in progress	341,154	501,410	(439,835)	402,729
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	<u>1,018,858</u>	<u>527,150</u>	<u>(439,909)</u>	<u>1,106,099</u>
Total capital assets	<u>\$ 7,692,806</u>	<u>662,106</u>	<u>(445,868)</u>	<u>7,909,044</u>

(1) Increases and decreases do not include transfers (at net book value) between Business-type Activities.

(2) Components of accumulated depreciation/amortization increases:

Business-type Activities:

Electric	\$ 180,419
Water	62,047
Wastewater	59,474
Airport	26,667
Convention	9,071
Environmental and health services	8,794
Public recreation	804
Urban growth management	10,105
Total increases in accumulated depreciation/amortization	<u>\$ 357,381</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2017, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable capital assets				
Vehicles	\$ 32,617	1,596	(1,061)	33,152
Electric plant	4,804,559	130,936	(16,124)	4,919,371
Non-electric plant	215,306	6,110	(183)	221,233
Nuclear fuel	362,713	13,672	--	376,385
Total depreciable capital assets	<u>5,415,195</u>	<u>152,314</u>	<u>(17,368)</u>	<u>5,550,141</u>
Less accumulated depreciation/amortization for				
Vehicles	(25,234)	(1,882)	826	(26,290)
Electric plant	(2,582,528)	(151,942)	13,157	(2,721,313)
Non-electric plant	(71,087)	(9,106)	65	(80,128)
Nuclear fuel	(316,092)	(17,489)	--	(333,581)
Total accumulated depreciation/amortization	<u>(2,994,941)</u>	<u>(180,419) (1)</u>	<u>14,048</u>	<u>(3,161,312)</u>
Depreciable capital assets, net	<u>2,420,254</u>	<u>(28,105)</u>	<u>(3,320)</u>	<u>2,388,829</u>
Nondepreciable capital assets				
Land and improvements	64,511	229	--	64,740
Plant held for future use	23,115	--	--	23,115
Construction in progress	102,073	165,913	(143,856)	124,130
Total nondepreciable assets	<u>189,699</u>	<u>166,142</u>	<u>(143,856)</u>	<u>211,985</u>
Total capital assets	<u>\$ 2,609,953</u>	<u>138,037</u>	<u>(147,176)</u>	<u>2,600,814</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	\$ 162,930
Current year amortization included in operating expense	17,489
Total increases in accumulated depreciation/amortization	<u>\$ 180,419</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water Utility

Capital asset activity for the year ended September 30, 2017, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable capital assets				
Building and improvements	\$ 1,181,887	9,140	--	1,191,027
Plant and equipment	3,559,760	106,024	(1,335)	3,664,449
Vehicles	40,702	2,923	(1,042)	42,583
Water rights	100,000	--	--	100,000
Total depreciable capital assets	<u>4,882,349</u>	<u>118,087</u>	<u>(2,377)</u>	<u>4,998,059</u>
Less accumulated depreciation/amortization for				
Building and improvements	(279,515)	(25,552)	--	(305,067)
Plant and equipment	(1,377,313)	(92,590)	75	(1,469,828)
Vehicles	(31,348)	(2,392)	949	(32,791)
Water rights	(16,791)	(987)	--	(17,778)
Total accumulated depreciation/amortization	<u>(1,704,967)</u>	<u>(121,521) (1)</u>	<u>1,024</u>	<u>(1,825,464)</u>
Depreciable capital assets, net	<u>3,177,382</u>	<u>(3,434)</u>	<u>(1,353)</u>	<u>3,172,595</u>
Nondepreciable capital assets				
Land and improvements	230,923	447	(10)	231,360
Arts and treasures	103	8	--	111
Construction in progress	140,415	149,953	(72,895)	217,473
Total nondepreciable assets	<u>371,441</u>	<u>150,408</u>	<u>(72,905)</u>	<u>448,944</u>
Total capital assets	<u>\$ 3,548,823</u>	<u>146,974</u>	<u>(74,258)</u>	<u>3,621,539</u>

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	\$ 61,060
Wastewater	59,474
Current year amortization	
Water	987
Total increases in accumulated depreciation/amortization	<u>\$ 121,521</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2017, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable capital assets				
Building and improvements	\$ 984,905	181,652	--	1,166,557
Plant and equipment	29,256	7,114	(33)	36,337
Vehicles	14,385	1,391	(355)	15,421
Total depreciable capital assets	<u>1,028,546</u>	<u>190,157</u>	<u>(388)</u>	<u>1,218,315</u>
Less accumulated depreciation for				
Building and improvements	(293,086)	(23,407)	--	(316,493)
Plant and equipment	(15,770)	(1,742)	25	(17,487)
Vehicles	(7,295)	(1,518)	298	(8,515)
Total accumulated depreciation	<u>(316,151)</u>	<u>(26,667) (1)</u>	<u>323</u>	<u>(342,495)</u>
Depreciable capital assets, net	<u>712,395</u>	<u>163,490</u>	<u>(65)</u>	<u>875,820</u>
Nondepreciable capital assets				
Land and improvements	96,381	--	--	96,381
Arts and treasures	3,366	9	--	3,375
Construction in progress	66,194	129,545	(162,599)	33,140
Total nondepreciable assets	<u>165,941</u>	<u>129,554</u>	<u>(162,599)</u>	<u>132,896</u>
Total capital assets	<u>\$ 878,336</u>	<u>293,044</u>	<u>(162,664)</u>	<u>1,008,716</u>

(1) Components of accumulated depreciation/amortization increases:
Current year depreciation

\$ 26,667

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2017, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u> (1)	<u>Decreases</u> (1)	<u>Ending Balance</u>
Depreciable capital assets				
Building and improvements	\$ 336,050	6,629	--	342,679
Plant and equipment	203,146	17,710	(4,176)	216,680
Vehicles	125,949	7,440	(3,688)	129,701
Total depreciable capital assets	<u>665,145</u>	<u>31,779</u>	<u>(7,864)</u>	<u>689,060</u>
Less accumulated depreciation for				
Building and improvements	(154,380)	(8,880)	2	(163,258)
Plant and equipment	(78,108)	(8,286)	3,736	(82,658)
Vehicles	(68,740)	(11,608)	2,905	(77,443)
Total accumulated depreciation	<u>(301,228)</u>	<u>(28,774)</u> (2)	<u>6,643</u>	<u>(323,359)</u>
Depreciable capital assets, net	<u>363,917</u>	<u>3,005</u>	<u>(1,221)</u>	<u>365,701</u>
Nondepreciable capital assets				
Land and improvements	258,693	25,047	(64)	283,676
Arts and treasures	612	--	--	612
Construction in progress	32,472	55,999	(60,485)	27,986
Total nondepreciable assets	<u>291,777</u>	<u>81,046</u>	<u>(60,549)</u>	<u>312,274</u>
Total capital assets	<u>\$ 655,694</u>	<u>84,051</u>	<u>(61,770)</u>	<u>677,975</u>

(1) Increases and decreases do not include transfers (at net book value) between nonmajor enterprise funds.

(2) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Convention	\$ 9,071
Environmental and health services	8,794
Public recreation	804
Urban growth management	10,105
Total increases in accumulated depreciation/amortization	<u>\$ 28,774</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Capitalized Interest

The City has recorded capitalized interest for fiscal year 2017 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

<u>Enterprise Funds</u>	
Major fund:	
Airport	\$ 1,893
Nonmajor enterprise funds:	
Convention Center	160
Drainage	843

Interest is not capitalized on governmental capital assets. In accordance with accounting for regulated operations, interest is also not capitalized for Austin Energy or Austin Water Utility capital assets.

Service Concession Arrangements

The City has recorded net capital assets of \$172.8 million, other assets of \$21.1 and deferred inflows of \$169.2 million derived from four service concession arrangements (SCA) described below. An SCA is an arrangement in which the City conveys use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated from third parties; where the City may determine what services are provided, to whom and for what price; where the City retains a significant residual interest in the asset after the SCA terminates.

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

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

The City entered into a Master Lease Agreement with Austin CONRAC LLC, a corporation established to operate Austin’s consolidated rent-a-car facility (“CONRAC”). The master lease, with a 20 year initial term and a 10 year extension option, provides for construction, financing, and management of a joint use facility. CONRAC began operations October 1, 2015. The operator pays annual rent of \$900,000 to the Airport. The present value of the future rent payments was \$13 million at lease inception. As of September 30, 2017, the unamortized balance was \$12.1 million and is presented in other assets and deferred inflows of resources. The CONRAC was financed with \$143 million in City issued Rental Car Special Facility Bonds, conduit debt secured by customer facilities charges (CFC). CFC funds are remitted by rental car concessionaires directly to the bond trustee. See Note 16 for conduit debt information. Construction costs totaled \$152.4 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 30 year term of the master lease agreement.

The City entered into a Lease and Development Agreement with Scott Airport Parking, LLC (Scott) to develop and operate a 2,000-space covered parking facility and full service pet boarding facility (Bark and Zoom). The lease has a 40 year term which began on October 2016. Scott pays a monthly square footage rate, a monthly percentage rate, and a fixed monthly rate in exchange for the right to operate the facilities, as defined in the lease and development agreement. The fixed monthly rate for the first 5 years is \$5,000. The present value of the future payments was \$9.2 million at lease inception. As of September 30, 2017, the unamortized balance was \$8.9 million and is presented in other assets and deferred inflows of resources. Construction costs totaled \$26.5 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 40 year term of the master lease agreement.

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

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

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

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

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2017, were as follows (in thousands):

Description	October 1, 2016	Increases	Decreases	September 30, 2017	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	\$ 1,108,558	133,078	(131,870)	1,109,766	60,206
Certificates of obligation, net	166,201	62,743	(14,550)	214,394	7,703
Contractual obligations, net	101,012	25,244	(14,388)	111,868	16,435
Debt service requirements total	1,375,771	221,065	(160,808)	1,436,028	84,344
Other long-term obligations					
Accrued compensated absences	136,682	3,239	(256)	139,665	61,301
Claims payable	49,338	26,076	(26,318)	49,096	26,353
Net pension liability	1,125,290	181,785	(103,670)	1,203,405	--
Other postemployment benefits	537,840	93,336	--	631,176	--
Other liabilities	93,682	12,953	(4,440)	102,195	83,648
Governmental activities total	3,318,603	538,454	(295,492)	3,561,565	255,646
Total business-type activities					
General obligation bonds, net	24,073	2,536	(6,306)	20,303	3,724
Certificates of obligation, net	58,814	7,043	(10,615)	55,242	2,177
Contractual obligations, net	45,537	--	(12,642)	32,895	11,051
Other tax supported debt, net	7,655	--	(539)	7,116	546
General obligation bonds and other tax supported debt total	136,079	9,579	(30,102)	115,556	17,498
Commercial paper notes, net	129,916	141,181	(125,000)	146,097	--
Revenue bonds, net	4,578,492	896,319	(593,609)	4,881,202	129,382
Capital lease obligations	1,040	--	(51)	989	54
Debt service requirements total	4,845,527	1,047,079	(748,762)	5,143,844	146,934
Other long-term obligations					
Accrued compensated absences	25,105	2,227	(985)	26,347	26,060
Claims payable	--	7,805	(5,172)	2,633	2,412
Net pension liability	634,844	74,485	(52,764)	656,565	--
Other postemployment benefits	325,744	54,417	--	380,161	--
Accrued landfill closure and postclosure costs	12,603	125	(35)	12,693	2,794
Decommissioning expense payable	186,350	--	(20,404)	165,946	6,662
Other liabilities	90,552	6,863	(940)	96,475	59,463
Business-type activities total	6,120,725	1,193,001	(829,062)	6,484,664	244,325
Total liabilities (1)	\$ 9,439,328	1,731,455	(1,124,554)	10,046,229	499,971

(1) This schedule excludes select short-term liabilities of \$105,385 for governmental activities. For business-type activities, it excludes select short-term liabilities of \$288,545, capital appreciation bond interest payable of \$26,661 and derivative instruments of \$61,919.

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

Description	October 1, 2016	Increases	Decreases	September 30, 2017	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	\$ 406	--	(127)	279	115
General obligation bonds and other tax supported debt total	406	--	(127)	279	115
Commercial paper notes, net	87,746	58,351	--	146,097	--
Revenue bonds, net	1,339,190	113,890	(157,181)	1,295,899	34,971
Capital lease obligations	1,040	--	(51)	989	54
Debt service requirements total	1,428,382	172,241	(157,359)	1,443,264	35,140
Other long-term obligations					
Accrued compensated absences	10,271	585	(286)	10,570	10,570
Claims payable	--	3,822	(1,752)	2,070	2,060
Net pension liability	266,357	29,053	(21,959)	273,451	--
Other postemployment benefits	128,415	19,847	--	148,262	--
Decommissioning expense payable	186,350	--	(20,404)	165,946	6,662
Other liabilities	66,972	1,059	(451)	67,580	31,635
Electric activities total	2,086,747	226,607	(202,211)	2,111,143	86,067
Water and Wastewater activities					
General obligation bonds, net	1,753	1,270	(1,050)	1,973	731
Certificates of obligation bonds, net	--	1,781	(88)	1,693	86
Contractual obligations, net	7,440	--	(1,938)	5,502	1,608
Other tax supported debt, net	4,901	--	(345)	4,556	350
General obligation bonds and other tax supported debt total	14,094	3,051	(3,421)	13,724	2,775
Commercial paper notes, net	42,170	82,830	(125,000)	--	--
Revenue bonds, net	2,529,804	393,924	(369,559)	2,554,169	57,712
Debt service requirements total	2,586,068	479,805	(497,980)	2,567,893	60,487
Other long-term obligations					
Accrued compensated absences	5,531	507	(404)	5,634	5,632
Claims payable	--	3,974	(3,412)	562	351
Net pension liability	142,157	15,670	(11,737)	146,090	--
Other postemployment benefits	83,250	12,726	--	95,976	--
Other liabilities	14,210	3,970	--	18,180	17,113
Water and Wastewater activities total	2,831,216	516,652	(513,533)	2,834,335	83,583
Airport activities					
General obligation bonds, net	80	--	(24)	56	21
General obligation bonds and other tax supported debt total	80	--	(24)	56	21
Revenue bonds, net	546,495	359,425	(24,557)	881,363	23,744
Debt service requirements total	546,575	359,425	(24,581)	881,419	23,765
Other long-term obligations					
Accrued compensated absences	1,988	206	--	2,194	2,194
Claims payable	--	9	(8)	1	1
Net pension liability	44,268	5,690	(3,716)	46,242	--
Other postemployment benefits	21,935	4,259	--	26,194	--
Other liabilities	3,043	591	(461)	3,173	3,173
Airport activities total	617,809	370,180	(28,766)	959,223	29,133
Nonmajor activities					
General obligation bonds, net	21,834	1,266	(5,105)	17,995	2,857
Certificates of obligation, net	58,814	5,262	(10,527)	53,549	2,091
Contractual obligations	38,097	--	(10,704)	27,393	9,443
Other tax supported debt, net	2,754	--	(194)	2,560	196
General obligation bonds and other tax supported debt total	121,499	6,528	(26,530)	101,497	14,587
Revenue bonds, net	163,003	29,080	(42,312)	149,771	12,955
Debt service requirements total	284,502	35,608	(68,842)	251,268	27,542
Other long-term obligations					
Accrued compensated absences	7,315	929	(295)	7,949	7,664
Net pension liability	182,062	24,072	(15,352)	190,782	--
Other postemployment benefits	92,144	17,585	--	109,729	--
Accrued landfill closure and postclosure costs	12,603	125	(35)	12,693	2,794
Other liabilities	6,327	1,243	(28)	7,542	7,542
Nonmajor activities total	\$ 584,953	79,562	(84,552)	579,963	45,542

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

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

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2017, including those reported in certain proprietary funds (in thousands):

Series	Fiscal Year	Original Amount Issue	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
NW Austin MUD - 2004	2005	\$ 2,630	630	50 (1)(3)	4.15 - 4.30%	9/1/2018-2020
NW Austin MUD - 2006	2006	7,995	6,336	2,058 (1)(3)	4.10 - 4.25%	9/1/2018-2026
NW Austin MUD - 2009	2010	2,760	150	3 (1)(3)	4.25%	3/1/2018
Mueller Contractual Obligation - 2006	2006	12,000	7,180	1,714 (1)(4)	4.00 - 5.00%	9/1/2018-2026
Contractual Obligation - 2007	2008	9,755	245	4 (2)	3.66%	11/1/2017
Public Improvement Refunding - 2008	2008	172,505	37,525	3,878 (1)	5.00%	9/1/2018-2021
Public Improvement - 2008	2009	76,045	3,750	150 (1)	4.00%	9/1/2018
Certificates of Obligation - 2008	2009	10,700	495	25 (1)	5.00%	9/1/2018
Public Improvement - 2009B	2009	78,460	73,845	25,609 (1)	4.35 - 5.31%	9/1/2018-2029
Certificates of Obligation - 2009	2009	12,500	8,225	4,016 (1)	3.00 - 4.75%	9/1/2018-2039
Contractual Obligation - 2009	2009	13,800	1,460	69 (2)	3.00 - 3.25%	11/1/2017-2019
Mueller Contractual Obligation - 2009	2010	15,000	10,540	3,051 (1)(4)	4.00 - 4.25%	9/1/2018-2029
Public Improvement - 2010A	2011	79,528	66,030	21,024 (1)	2.13 - 4.00%	9/1/2018-2030
Public Improvement - 2010B	2011	26,400	24,570	8,845 (1)	3.45 - 4.65%	9/1/2018-2030
Certificates of Obligation - 2010	2011	22,300	16,805	4,171 (1)	2.00 - 3.50%	9/1/2018-2030
Contractual Obligation - 2010	2011	16,450	1,245	11 (2)	1.75%	11/1/2017
Public Improvement Refunding - 2010	2011	91,560	68,720	11,857 (1)	4.34 - 5.00%	9/1/2018-2023
Public Improvement - 2011A	2012	78,090	68,140	25,944 (1)	2.00 - 4.00%	9/1/2018-2031
Public Improvement - 2011B	2012	8,450	7,800	2,795 (1)	2.50 - 4.50%	9/1/2018-2031
Certificates of Obligation - 2011	2012	51,150	45,260	24,181 (1)	3.00 - 5.00%	9/1/2018-2041
Contractual Obligation - 2011	2012	26,725	6,360	128 (2)	2.00%	11/1/2017-2018
Public Improvement Refunding - 2011A	2012	68,285	18,100	3,283 (1)	4.00 - 5.00%	9/1/2018-2023
Public Improvement - 2012A	2013	74,280	70,945	25,069 (1)	3.00 - 5.00%	9/1/2023-2032
Public Improvement - 2012B	2013	6,640	5,030	1,389 (1)	2.00 - 3.50%	9/1/2018-2032
Certificates of Obligation - 2012	2013	24,645	20,485	6,220 (1)	3.00 - 4.00%	9/1/2018-2037
Contractual Obligation - 2012	2013	27,135	10,400	565 (2)	3.00 - 4.00%	11/1/2017-2019
Mueller Contractual Obligation - 2012	2013	16,735	14,210	4,487 (1)(4)	2.00 - 3.38%	9/1/2018-2032
Public Improvement - 2013	2014	104,665	93,380	44,457 (1)	4.00 - 5.00%	9/1/2019-2033
Certificates of Obligation - 2013	2014	25,355	23,765	12,302 (1)	3.25 - 5.00%	9/1/2018-2038
Contractual Obligation - 2013	2014	50,150	25,115	1,144 (2)	2.00 - 3.00%	11/1/2017-2020
Public Improvement Refunding - 2013A	2014	43,250	27,420	5,882 (1)	5.00%	9/1/2018-2024
Public Improvement Refunding - 2013B	2014	71,455	36,015	1,524 (1)	1.93 - 2.72%	9/1/2018-2020
Public Improvement - 2014	2015	89,915	89,205	56,882 (1)	3.00 - 5.00%	9/1/2020-2034
Public Improvement - 2014	2015	10,000	9,750	4,722 (1)	1.81 - 4.02%	9/1/2018-2034
Certificates of Obligation - 2014	2015	35,490	31,840	15,552 (1)	2.00 - 5.00%	9/1/2018-2034
Certificates of Obligation - 2014	2015	9,600	8,520	3,122 (1)	1.76 - 3.92%	9/1/2018-2034
Contractual Obligation - 2014	2015	14,100	12,245	1,372 (2)	4.00 - 5.00%	11/1/2017-2021
Mueller Contractual Obligation - 2014	2015	15,845	15,365	6,108 (1)(4)	3.00 - 5.00%	9/1/2018-2029
Public Improvement and Refunding - 2015	2016	236,905	229,105	79,137 (1)	2.95 - 5.00%	9/1/2018-2035
Public Improvement - 2015	2016	10,000	9,605	3,916 (1)	2.89 - 4.27%	9/1/2018-2035
Certificates of Obligation - 2015	2016	43,710	40,730	21,608 (1)	3.25 - 5.00%	9/1/2018-2035
Contractual Obligation - 2015	2016	14,450	11,700	1,789 (2)	3.00 - 5.00%	11/1/2017-2022
Public Improvement and Refunding - 2016	2017	98,365	91,210	39,115 (1)	3.00 - 5.00%	9/1/2018-2036
Certificates of Obligation - 2016	2017	44,015	42,460	23,306 (1)	3.00 - 5.00%	9/1/2018-2036
Contractual Obligation - 2016	2017	22,555	21,095	3,195 (2)	2.00 - 5.00%	11/1/2017-2023
Public Improvement - 2016	2017	12,000	11,530	3,577 (1)	1.81 - 4.00%	9/1/2018-2036
Certificates of Obligation - 2016	2017	8,700	8,360	2,592 (1)	1.81 - 4.00%	9/1/2018-2036
			<u>\$ 1,432,896</u>			

(1) Interest is paid semiannually on March 1 and September 1.

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

(3) Includes Austin Water Utility principal of \$4,556 and interest of \$1,351 and Drainage Fund principal of \$2,560 and interest of \$760.

(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

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

In October 2016, the City issued \$98,365,000 of Public Improvement and Refunding Bonds, Series 2016. The net proceeds of \$51,810,000 (after issue costs, discounts, and premiums) from the non-refunding portion of the issue will be used as follows: streets and mobility (\$22,380,000), parks and recreation (\$13,625,000), and facility improvements (\$15,805,000). The net proceeds of the refunding portion of \$68,557,045 were used to refund \$56,905,000 Public Improvement Bonds, Series 2008 and \$6,755,000 Certificates of Obligation, Series 2008. These bonds will be amortized serially on September 1 of each year from 2017 to 2036. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2017. Total interest requirements for these bonds, at rates ranging from 2.0% to 5.0%, are \$43,356,567. An economic gain of \$9,165,242 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$10,419,491. An accounting loss of \$4,355,130, which will be deferred and amortized, was recorded on this refunding.

In October 2016, the City issued \$44,015,000 of Certificates of Obligation, Series 2016. The net proceeds of \$53,550,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: watershed home buyouts (\$50,000,000), and the Central Library (\$3,550,000). These certificates of obligation will be amortized serially on September 1 of each year from 2017 to 2036. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2017. Total interest requirements for these obligations, at rates ranging from 2.0% to 5.0%, are \$25,209,767.

In October 2016, the City issued \$22,555,000 of Public Property Finance Contractual Obligations, Series 2016. The net proceeds of \$25,070,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: capital equipment (\$16,470,000), and CTM network equipment (\$8,600,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2017 to 2023. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2017. Total interest requirements for these obligations, at rates ranging from 2.0% to 5.0%, are \$3,734,764.

In October 2016, the City issued \$12,000,000 of Public Improvement Taxable Bonds, Series 2016. The net proceeds of \$12,176,103 (after issue costs, discounts, and premiums) from the issuance were used for affordable housing (\$10,000,000) and for Austin Film Studios (\$2,000,000). Interest is payable March 1 and September 1 of each year from 2017 to 2036, commencing on March 1, 2017. Principal payments are due September 1 of each year from 2017 to 2036. Total interest requirements for this obligation, at rates ranging from 1.8% to 4.0% are \$3,889,491.

In October 2016, the City issued \$8,700,000 of Certificates of Obligation Bonds, Taxable Series 2016. The net proceeds of \$8,827,815 (after issue costs, discounts, and premiums) from the issuance were used for the Seaholm Garage. Interest is payable March 1 and September 1 of each year from 2017 to 2036, commencing on March 1, 2017. Principal payments are due September 1 of each year from 2017 to 2036. Total interest requirements for this obligation, at rates ranging from 1.8% to 4.0% are \$2,817,885.

General obligation bonds authorized and unissued amounted to \$866,420,000 at September 30, 2017. Bond ratings at September 30, 2017 were Aaa (Moody's Investors Service, Inc.), AAA (Standard & Poor's), and AAA (Fitch).

c -- Business-Type Activities Long-Term Liabilities

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

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

The total combined utility systems revenue bond obligations at September 30, 2017, exclusive of discounts, premiums, and loss on refundings consists of \$18,625,434 prior lien bonds and \$109,920,695 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$110,883,283 at September 30, 2017. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2017, for the prior lien and subordinate lien bonds were, respectively, Aa1 and Aa2 (Moody's Investors Service, Inc.), AA+ and AA (Standard & Poor's), and AA and AA- (Fitch).

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

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

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the refunding revenue bonds outstanding at September 30, 2017 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1990B Refunding	1990	\$ 236,009	819	5,216 (2)	7.35%	11/15/2017
1994 Refunding	1995	142,559	17,806	66,244 (2)	6.60%	5/15/2018-2019
1998 Refunding	1999	139,965	103,105	27,955 (1)	5.25%	5/15/2018-2025
1998A Refunding	1999	105,350	6,816	11,469 (2)	4.25%	5/15/2018-2020
			<u>\$ 128,546</u>			

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

(2) Interest requirements include accreted interest

Combined Utility Systems Debt -- Tax Exempt Commercial Paper Notes - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed \$400,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2017, were P-1 (Moody's Investors Service, Inc.), A-1 (Standard & Poor's), and F1 (Fitch). The notes are in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of Austin Energy and Austin Water Utility.

At September 30, 2017, Austin Energy had tax exempt commercial paper notes of \$114,905,000 outstanding with interest ranging from 0.84% to 0.96%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 12%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The associated letter of credit agreements have the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	Bank of Tokyo Mitsubishi	0.41%	Goldman Sachs	0.05%	<u>\$ 114,905</u>	10/15/2017 (1)

(1) In October 2017, the City extended the letter of credit agreement with the current parties. The new agreement expires October 9, 2020, thus the City has classified this debt as long-term at the end of the fiscal year.

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

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

Combined Utility Systems Debt -- Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes (the “taxable notes”) in an aggregate principal amount not to exceed \$50,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City’s electric system and the City’s water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2017, were P-1 (Moody’s Investors Service, Inc.), A-1 (Standard & Poor’s), and F1 (Fitch).

The taxable notes are issued in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the taxable notes are payable from the combined net revenues of Austin Energy and Austin Water Utility.

At September 30, 2017, Austin Energy had outstanding taxable commercial paper notes of \$31,192,000 with interest rates ranging from 1.20% to 1.23%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

<u>Note Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
Various	Citibank	0.28%	Goldman Sachs	0.05%	\$ 31,192	10/15/2017 (1)

(1) In October 2017, the City extended the letter of credit agreement with the current parties. The new agreement expires October 9, 2020, thus the City has classified this debt as long-term at the end of the fiscal year.

These taxable notes are payable at maturity to the holder at a price equal to the par value of the note. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by Citibank, NA and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate.

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

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Energy. Bond ratings at September 30, 2017, were Aa3 (Moody’s Investors Service, Inc.), AA (Standard & Poor’s), and AA- (Fitch).

Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues – In February 2017, the City issued \$101,570,000 of Electric Utility System Revenue Refunding Bonds, Series 2017. The net proceeds of \$113,890,104 (after issue costs, premium and discounts) from the issuance were used to refund \$105,460,000 in series 2008A Revenue Refunding Bonds. Interest is payable May 15 and November 15 of each year from 2017 to 2038, commencing on May 15, 2017. Principal payments are due November 15 of each year from 2019 to 2038. Total interest requirements for this obligation, with rates ranging from 4.0% to 5.0% are \$79,171,457. An economic gain of \$10,934,470 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$11,439,372. An accounting loss of \$6,785,613, which will be deferred and amortized, was recorded on this refunding.

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

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2017 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2007 Refunding	2007	\$ 146,635	29,810	2,836 (1)	5.00%	11/15/2017-2020
2008 Refunding	2008	50,000	40,015	23,208 (1)	5.20 - 6.26%	11/15/2017-2032
2010A Refunding	2010	119,255	98,555	51,379 (1)	4.00 - 5.00%	11/15/2017-2040
2010B Refunding	2010	100,990	100,990	81,860 (1)	4.54 - 5.72%	11/15/2019-2040
2012A Refunding	2013	267,770	262,950	166,462 (1)	2.50 - 5.00%	11/15/2017-2040
2012B Refunding	2013	107,715	83,615	19,631 (1)	1.53 - 3.16%	11/15/2018-2027
2015A Refunding	2015	327,845	327,845	283,547 (1)	5.00%	11/15/2021-2045
2015B Refunding	2015	81,045	81,045	25,876 (1)	1.11 - 4.66%	11/15/2017-2037
2017 Refunding	2017	101,570	101,570	77,995 (1)	4.00 - 5.00%	11/15/2019-2038
			<u>\$ 1,126,395</u>			

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

Electric Utility System Revenue Debt -- Pledged Revenues - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2017 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,373,020	1,018,604	354,416	104,970	3.38

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation, other postemployment benefits and net pension liability accruals.

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue Austin Water Utility revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Austin Water Utility. Bond ratings at September 30, 2017, were Aa2 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch).

Water and Wastewater System Revenue Debt -- Revenue Bond Issue - In November 2016, the City issued \$20,430,000 of Water and Wastewater System Revenue Bonds, Series, 2016A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of \$19,119,376 will be used as follows: improving and extending the Water/Wastewater system. The debt service requirements on the bonds are \$24,155,813 with interest rates ranging from 0.5% to 2.1%. Interest payments are due May 15 and November 15 of each year from 2017 to 2036. Principal payments are due November 15 of each year from 2017 to 2036.

Water and Wastewater System Revenue Debt -- Revenue Bond Cash Defeasance - In March 2017, the City defeased \$8,330,000 of separate lien revenue refunding bonds, series 2004A, \$7,070,000 of separate lien revenue refunding bonds, series 2009, \$2,305,000 of separate lien revenue refunding bonds, series 2009A, and \$2,000,000 of separate lien revenue refunding bonds, series 2014, with a \$21,317,330 cash payment. The funds were deposited in an irrevocable escrow account to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt.

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

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues - In August 2017, the City issued \$311,100,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2017. The net proceeds of \$372,187,436 (after issue costs, discounts, and premiums) from the bond refunding were used to refund \$98,460,000 of the City's separate lien revenue refunding bonds, series 2009, \$130,340,000 of the City's separate lien revenue refunding bonds, series 2009A, and \$125,000,000 of tax-exempt commercial paper. The debt service requirements on the refunding bonds are \$219,556,958 with interest rates ranging from 2.5% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2017 to 2046. Principal payments are due November 15 of each year from 2020 to 2046. An economic gain of \$29,045,226 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$36,830,194. An accounting loss of \$11,572,025, which will be deferred and amortized, was recorded on this refunding.

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2017 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2004A Refunding	2005	\$ 165,145	5,680	677 (1)	5.00%	11/15/2018-2019
2007 Refunding	2008	135,000	3,220	85 (1)	5.25%	11/15/2017
2008 Refunding	2008	170,605	109,820	34,560 (2)	0.54 - 0.94%	11/15/2017-2031 (3)
2009 Refunding	2009	175,000	17,115	1,021 (1)	4.00 - 5.00%	11/15/2017-2019
2009A Refunding	2010	166,575	6,830	377 (1)	4.50 - 5.00%	11/15/2017-2019
2010	2010	31,815	26,505	-- (4)	0.00%	11/15/2017-2041
2010A Refunding	2011	76,855	71,235	51,720 (1)	5.00 - 5.13%	11/15/2017-2040
2010B Refunding	2011	100,970	95,805	76,995 (1)	3.36 - 6.02%	11/15/2017-2040
2011 Refunding	2012	237,530	236,030	150,270 (1)	2.00 - 5.00%	11/15/2017-2041
2012 Refunding	2012	336,820	269,530	167,478 (1)	2.50 - 5.00%	11/15/2017-2042
2013A Refunding	2013	282,460	270,100	178,760 (1)	3.00 - 5.00%	11/15/2017-2043
2014 Refunding	2014	282,205	280,205	208,391 (1)	4.00 - 5.00%	5/15/2018-2043
2015A Refunding	2015	249,145	247,805	108,274 (1)	2.85 - 5.00%	11/15/2017-2036
2015B Refunding	2015	40,000	36,490	2,035 (1)	1.13 - 2.54%	11/15/2017-2021
2016 Refunding	2016	247,770	247,770	222,580 (1)	5.00%	11/15/2019-2045
2016A	2017	20,430	20,430	3,587 (1)	0.53 - 2.12%	11/15/2017-2036
2017 Refunding	2017	311,100	311,100	219,557 (1)	2.50 - 5.00%	11/15/2020-2046
			<u>\$ 2,255,670</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 3.60% in effect at the end of the fiscal year.

(3) Series matures on May 15 of the final year.

(4) Zero interest bond placed with Texas Water Development Board.

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008	Citibank	0.28%	Goldman Sachs	0.05%	<u>\$ 109,820</u>	10/15/2018

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by the respective liquidity providers and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid.

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

Water and Wastewater System Revenue Debt -- Pledged Revenues - The net revenue of Austin Water Utility was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2017 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (3)
\$ 601,928	233,592	368,336	227,382	1.62

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Excludes depreciation, other postemployment benefits, and net pension liability accruals.
- (3) The coverage calculation presented considers all Water and Wastewater debt service obligations, regardless of type or designation. This methodology closely approximates but does not follow exactly the coverage calculation required by the master ordinance.

Airport Revenue Bonds -- General - The City's Airport Fund issues airport system revenue bonds to fund Airport Fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport Fund. At September 30, 2017, the total airport system obligation for prior lien bonds is \$812,933,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$621,373,096 at September 30, 2017. Revenue bonds authorized and unissued amount to \$735,795,000. Bond ratings at September 30, 2017, for the revenue bonds were A (Standard & Poor's) and A1 (Moody's Investors Service, Inc.).

Airport System Revenue Debt -- Revenue Bond Issue - In February 2017, the City issued \$185,300,000 of Airport System Revenue Bonds, Series 2017A. The net proceeds of \$213,319,508 (after issue costs, discounts, and premiums) from the issuance are being used for parking garage project construction. Interest is payable May 15 and November 15 of each year from 2017 to 2046, commencing on May 15, 2017. Principal payments are due November 15 of each year from 2026 to 2046. Total interest requirements for these obligations, at a constant rate of 5.0%, are \$199,610,319.

In February 2017, the City issued \$129,665,000 of Airport System Revenue Bonds, Series 2017B (AMT). The bonds are subject to the alternative minimum tax (AMT). The net proceeds of \$146,104,969 (after issue costs, discounts, and premiums) from the issuance are being used for expansion and improvements to the terminal and apron. Interest is payable May 15 and November 15 of each year from 2017 to 2046, commencing on May 15, 2017. Principal payments are due November 15 of each year from 2026 to 2046. Total interest requirements for these obligations, a constant rate of 5.00% are \$139,677,305.

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2017 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2005 Refunding	2008 (1)	\$ 281,300	179,075	34,734 (2)	0.60 - 0.97%	11/15/2017-2025
2013 Revenue	2013	60,000	56,410	7,897 (3)	2.25%	11/15/2017-2028 (4)
2013A Refunding	2014	35,620	17,988	162 (3)	1.56%	11/15/2017-2018
2014 Revenue	2015	244,495	244,495	243,798 (3)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	196,960 (3)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	137,822 (3)	5.00%	11/15/2026-2046
			<u>\$ 812,933</u>			

- (1) Series was remarketed in 2008.
- (2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate of 4.05% in effect at the end of the fiscal year.
- (3) Interest is paid semiannually on May 15 and November 15.
- (4) Series matures on May 15 of the final year.

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

The Series 2005 refunding bonds that were remarketed in 2008 are variable rate demand bonds. These bonds are separated into 4 subseries with a total principal amount of \$179,075,000. The associated letter of credit agreement has the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2005-1	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	\$ 44,775	10/15/2018
2005-2	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	44,750	10/15/2018
2005-3	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	44,775	10/15/2018
2005-4	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	44,775	10/15/2018
					<u>\$ 179,075</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in annual installments over the remaining life of the bond series beginning on the first business day of the month six months following the triggering repayment event. Thus, under any circumstance, no principal payments will be due within a year of September 30, 2017. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid.

Airport Revenue Debt -- Pledged Revenues - The net revenue of the Airport Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding (including revenue bonds and revenue notes). The table below represents the pledged amounts at September 30, 2017 (in thousands):

Gross Revenue (1)	Other Available Funds (2)	Operating Expense (3)	Net Revenue and Other Available Funds	Debt Service Requirement (4)	Revenue Bond Coverage
\$ 154,570	4,830	94,139	65,261	19,319	3.38

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Pursuant to the bond ordinance, in addition to gross revenue, the Airport is authorized to use "other available funds" in the calculation of revenue bond coverage not to exceed 25% of the debt service requirements.
- (3) Excludes depreciation, other postemployment benefits, and net pension liability accruals.
- (4) Excludes debt service amounts paid with passenger facility charge revenues and restricted bond proceeds applied to current interest payments.

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

Nonmajor Fund Debt:

Convention Center -- Prior and Subordinate Lien Revenue Refunding Bonds - The City's Convention Center Fund issues convention center revenue bonds and hotel occupancy tax revenue bonds to fund Convention Center Fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. At September 30, 2017, the total convention center obligation for prior and subordinate lien bonds is \$148,010,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$29,469,204 at September 30, 2017. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2017.

Bond ratings at September 30, 2017, for the revenue bonds and subordinate lien bonds were, respectively, Aa3 and A1 (Moody's Investors Service, Inc.), and AA and A+ (Standard & Poor's).

Convention Center -- Revenue Refunding Bond Issue - In November 2016, the City issued 29,080,000 of Town Lake Park Community Events Center Venue Project Refunding Bonds, Series 2016. The bonds were issued via private placement bonds. Proceeds from the bonds were used to refund \$28,920,000 of the City's Series 2005 Venue Project Refunding bonds. Interest is payable May 15 and November 15 of each year from 2017 to 2029, commencing on May 15, 2017. Principal payments are due November 15 of each year from 2017 to 2029. Total interest requirements at a rate of 1.875% are \$3,945,923. An economic gain of \$6,112,269 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$6,920,227. An accounting loss of \$785,846, which will be deferred and amortized, was recorded on this refunding.

The following table summarizes Convention Center refunding revenue bonds outstanding at September 30, 2017 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2008AB Refunding	2008	\$ 125,280	87,820	18,936 (2)	0.54 - 0.96%	11/15/2017-2029
2012 Refunding	2012	20,185	16,995	5,777 (1)	2.50 - 5.00%	11/15/2017-2029
2013 Refunding	2014	26,485	14,115	1,082 (1)	5.00%	11/15/2017-2019
2016 Refunding	2017	29,080	29,080	3,674 (1)	1.88%	11/15/2017-2029
			<u>\$ 148,010</u>			

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

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

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008-A	JPMorgan Chase Bank, NA	0.42%	Raymond James	0.06%	\$ 43,910	12/15/2017 (1)
2008-B	JPMorgan Chase Bank, NA	0.42%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.05%	43,910	12/15/2017 (1)
					<u>\$ 87,820</u>	

(1) In October 2017, the City extended the letter of credit agreements with the current parties. The new agreements expire on October 9, 2020, thus the City has classified this debt as long-term at the end of the fiscal year.

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds or if the agreement expires with no new agreement in place, the bonds will be purchased by the respective liquidity provider and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period beginning six months from the triggering repayment event. Thus, under any circumstance, no principal payments will be due within a year of September 30, 2017. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

The remarketing agent takes the variable debt to auction on a weekly basis; the winning bid determines the weekly rate paid.

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

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 60,206	44,419	7,703	8,184	16,435	3,986
2019	63,233	42,032	7,502	7,899	15,485	3,428
2020	66,161	39,375	7,729	7,621	13,824	2,879
2021	70,562	36,318	8,057	7,329	11,455	2,388
2022	70,876	32,943	8,402	7,022	8,953	1,935
2023-2027	352,950	116,862	47,907	29,718	24,562	5,545
2028-2032	263,350	48,163	57,090	18,694	14,395	1,376
2033-2037	75,130	5,779	41,643	6,879	--	--
2038-2042	--	--	9,835	974	--	--
	<u>1,022,468</u>	<u>365,891</u>	<u>195,868</u>	<u>94,320</u>	<u>105,109</u>	<u>21,537</u>
Less: Unamortized bond discounts	(45)	--	--	--	(7)	--
Add: Unamortized bond premiums	87,343	--	18,526	--	6,766	--
Net debt service requirements	<u>1,109,766</u>	<u>365,891</u>	<u>214,394</u>	<u>94,320</u>	<u>111,868</u>	<u>21,537</u>

Fiscal Year Ended September 30	Total Governmental Debt Service Requirements		
	Principal	Interest	Total
2018	84,344	56,589	140,933
2019	86,220	53,359	139,579
2020	87,714	49,875	137,589
2021	90,074	46,035	136,109
2022	88,231	41,900	130,131
2023-2027	425,419	152,125	577,544
2028-2032	334,835	68,233	403,068
2033-2037	116,773	12,658	129,431
2038-2042	9,835	974	10,809
	<u>1,323,445</u>	<u>481,748</u>	<u>1,805,193</u>
Less: Unamortized bond discounts	(52)	--	(52)
Add: Unamortized bond premiums	112,635	--	112,635
Net debt service requirements	<u>\$ 1,436,028</u>	<u>481,748</u>	<u>1,917,776</u>

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

Fiscal Year Ended September 30	Business-type Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,724	869	2,177	2,157	11,051	922
2019	3,171	714	2,273	2,090	9,195	605
2020	3,119	587	2,371	2,016	6,851	339
2021	3,254	443	2,488	1,935	3,285	163
2022	2,574	297	2,602	1,849	1,256	63
2023-2027	3,365	253	15,048	7,617	413	10
2028-2032	--	--	15,920	4,105	--	--
2033-2037	--	--	7,453	952	--	--
2038-2042	--	--	745	53	--	--
2043-2047	--	--	--	--	--	--
	<u>19,207</u>	<u>3,163</u>	<u>51,077</u>	<u>22,774</u>	<u>32,051</u>	<u>2,102</u>
Less: Unamortized bond discounts	--	--	--	--	--	--
Add: Unamortized bond premiums	1,096	--	4,165	--	844	--
Net debt service requirements	<u>20,303</u>	<u>3,163</u>	<u>55,242</u>	<u>22,774</u>	<u>32,895</u>	<u>2,102</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2018	546	467	146,097	136	129,382
2019	455	575	--	--	118,729	225,554
2020	775	258	--	--	162,048	198,454
2021	820	226	--	--	186,565	187,508
2022	845	191	--	--	195,216	179,476
2023-2027	3,675	394	--	--	1,005,955	761,991
2028-2032	--	--	--	--	886,182	538,454
2033-2037	--	--	--	--	715,825	358,408
2038-2042	--	--	--	--	674,355	179,119
2043-2047	--	--	--	--	397,297	39,933
	<u>7,116</u>	<u>2,111</u>	<u>146,097</u>	<u>136</u>	<u>4,471,554</u>	<u>2,920,887</u>
Less: Unamortized bond discounts	--	--	--	--	(1,123)	--
Add: Unamortized bond premiums	--	--	--	--	410,771	--
Net debt service requirements	<u>\$ 7,116</u>	<u>2,111</u>	<u>146,097</u>	<u>136</u>	<u>4,881,202</u>	<u>2,920,887</u>

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

(Continued)

(2) A portion of these bonds are variable rate bonds with rates ranging from 0.54% to 0.97%.

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

Business-type Activities, continued
(in thousands)

Fiscal Year Ended September 30	Capital Lease Obligations		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2018	\$ 54	73	293,031	256,614
2019	57	70	133,880	229,608	363,488
2020	60	67	175,224	201,721	376,945
2021	63	64	196,475	190,339	386,814
2022	67	61	202,560	181,937	384,497
2023-2027	387	250	1,028,843	770,515	1,799,358
2028-2032	301	104	902,403	542,663	1,445,066
2033-2037	--	--	723,278	359,360	1,082,638
2038-2042	--	--	675,100	179,172	854,272
2043-2047	--	--	397,297	39,933	437,230
	<u>989</u>	<u>689</u>	<u>4,728,091</u>	<u>2,951,862</u>	<u>7,679,953</u>
Less: Unamortized bond discounts	--	--	(1,123)	--	(1,123)
Add: Unamortized bond premiums	--	--	416,876	--	416,876
Net debt service requirements	<u>\$ 989</u>	<u>689</u>	<u>5,143,844</u>	<u>2,951,862</u>	<u>8,095,706</u>

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

Business-type Activities: Austin Energy
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Commercial Paper Notes (1)		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2018	\$ 115	7	146,097	136	34,971
2019	109	4	--	--	37,007	54,363
2020	50	2	--	--	46,993	52,724
2021	4	--	--	--	47,106	50,835
2022	--	--	--	--	54,593	48,794
2023-2027	--	--	--	--	272,027	205,366
2028-2032	--	--	--	--	244,980	141,113
2033-2037	--	--	--	--	198,520	90,294
2038-2042	--	--	--	--	162,165	43,403
2043-2047	--	--	--	--	105,015	10,880
	<u>278</u>	<u>13</u>	<u>146,097</u>	<u>136</u>	<u>1,203,377</u>	<u>756,428</u>
Less: Unamortized bond discounts	--	--	--	--	(180)	--
Add: Unamortized bond premiums	1	--	--	--	92,702	--
Net debt service requirements	<u>279</u>	<u>13</u>	<u>146,097</u>	<u>136</u>	<u>1,295,899</u>	<u>756,428</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2018	54	73	181,237	58,872
2019	57	70	37,173	54,437	91,610
2020	60	67	47,103	52,793	99,896
2021	63	64	47,173	50,899	98,072
2022	67	61	54,660	48,855	103,515
2023-2027	387	250	272,414	205,616	478,030
2028-2032	301	104	245,281	141,217	386,498
2033-2037	--	--	198,520	90,294	288,814
2038-2042	--	--	162,165	43,403	205,568
2043-2047	--	--	105,015	10,880	115,895
	<u>989</u>	<u>689</u>	<u>1,350,741</u>	<u>757,266</u>	<u>2,108,007</u>
Less: Unamortized bond discounts	--	--	(180)	--	(180)
Add: Unamortized bond premiums	--	--	92,703	--	92,703
Net debt service requirements	<u>\$ 989</u>	<u>689</u>	<u>1,443,264</u>	<u>757,266</u>	<u>2,200,530</u>

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

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

Business-type Activities: Austin Water Utility
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 731	84	86	62	1,608	174
2019	239	51	91	59	1,352	126
2020	207	43	92	56	1,052	83
2021	186	34	99	53	671	50
2022	187	27	102	50	419	24
2023-2027	343	26	590	190	175	4
2028-2032	--	--	591	60	--	--
2033-2037	--	--	3	--	--	--
2038-2042	--	--	--	--	--	--
2043-2047	--	--	--	--	--	--
	<u>1,893</u>	<u>265</u>	<u>1,654</u>	<u>530</u>	<u>5,277</u>	<u>461</u>
Less: Unamortized bond discounts	--	--	--	--	--	--
Add: Unamortized bond premiums	80	--	39	--	225	--
Net debt service requirements	<u>1,973</u>	<u>265</u>	<u>1,693</u>	<u>530</u>	<u>5,502</u>	<u>461</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Revenue Bonds (1)		Total Austin Water Utility Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2018	350	299	57,712	152,213	60,487	152,832	213,319
2019	291	368	44,033	131,419	46,006	132,023	178,029
2020	496	165	74,955	107,441	76,802	107,788	184,590
2021	525	145	103,999	99,779	105,480	100,061	205,541
2022	541	122	105,583	95,042	106,832	95,265	202,097
2023-2027	2,353	252	547,133	398,391	550,594	398,863	949,457
2028-2032	--	--	497,067	271,786	497,658	271,846	769,504
2033-2037	--	--	392,720	171,824	392,723	171,824	564,547
2038-2042	--	--	353,205	74,704	353,205	74,704	427,909
2043-2047	--	--	130,827	11,018	130,827	11,018	141,845
	<u>4,556</u>	<u>1,351</u>	<u>2,307,234</u>	<u>1,513,617</u>	<u>2,320,614</u>	<u>1,516,224</u>	<u>3,836,838</u>
Less: Unamortized bond discounts	--	--	(620)	--	(620)	--	(620)
Add: Unamortized bond premiums	--	--	247,555	--	247,899	--	247,899
Net debt service requirements	<u>\$ 4,556</u>	<u>1,351</u>	<u>2,554,169</u>	<u>1,513,617</u>	<u>2,567,893</u>	<u>1,516,224</u>	<u>4,084,117</u>

(1) Portions of these bonds are variable rate bonds with rates of 0.54% - 0.94%.

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

Business-type Activities: Airport
(in thousands)

Fiscal Year Ended September 30	General Obligation			
	Bonds		Revenue Bonds (1)	
	Principal	Interest	Principal	Interest
2018	\$ 21	2	23,744	36,505
2019	20	1	24,249	35,646
2020	10	--	26,135	34,682
2021	2	--	26,150	33,702
2022	1	--	25,430	32,748
2023-2027	--	--	134,065	148,641
2028-2032	--	--	108,135	124,112
2033-2037	--	--	124,585	96,290
2038-2042	--	--	158,985	61,012
2043-2047	--	--	161,455	18,035
	<u>54</u>	<u>3</u>	<u>812,933</u>	<u>621,373</u>
Less: Unamortized bond discounts	--	--	(259)	--
Add: Unamortized bond premiums	2	--	68,689	--
Net debt service requirements	<u>56</u>	<u>3</u>	<u>881,363</u>	<u>621,373</u>

Fiscal Year Ended September 30	Total Airport		
	Debt Service Requirements		
	Principal	Interest	Total
2018	23,765	36,507	60,272
2019	24,269	35,647	59,916
2020	26,145	34,682	60,827
2021	26,152	33,702	59,854
2022	25,431	32,748	58,179
2023-2027	134,065	148,641	282,706
2028-2032	108,135	124,112	232,247
2033-2037	124,585	96,290	220,875
2038-2042	158,985	61,012	219,997
2043-2047	161,455	18,035	179,490
	<u>812,987</u>	<u>621,376</u>	<u>1,434,363</u>
Less: Unamortized bond discounts	(259)	--	(259)
Add: Unamortized bond premiums	68,691	--	68,691
Net debt service requirements	<u>\$ 881,419</u>	<u>621,376</u>	<u>1,502,795</u>

(1) Portions of these bonds are variable rate bonds with rates ranging from 0.60% - 0.97%.

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

Business-type Activities: Nonmajor Enterprise
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,857	776	2,091	2,095	9,443	748
2019	2,803	658	2,182	2,031	7,843	479
2020	2,852	542	2,279	1,960	5,799	256
2021	3,062	409	2,389	1,882	2,614	113
2022	2,386	270	2,500	1,799	837	39
2023-2027	3,022	227	14,458	7,427	238	6
2028-2032	--	--	15,329	4,045	--	--
2033-2037	--	--	7,450	952	--	--
2038-2042	--	--	745	53	--	--
	<u>16,982</u>	<u>2,882</u>	<u>49,423</u>	<u>22,244</u>	<u>26,774</u>	<u>1,641</u>
Less: Unamortized bond discounts	--	--	--	--	--	--
Add: Unamortized bond premiums	1,013	--	4,126	--	619	--
Net debt service requirements	<u>17,995</u>	<u>2,882</u>	<u>53,549</u>	<u>22,244</u>	<u>27,393</u>	<u>1,641</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Revenue Bonds (1)		Total Nonmajor Enterprise Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2018	196	168	12,955	4,616	27,542	8,403	35,945
2019	164	207	13,440	4,126	26,432	7,501	33,933
2020	279	93	13,965	3,607	25,174	6,458	31,632
2021	295	81	9,310	3,192	17,670	5,677	23,347
2022	304	69	9,610	2,892	15,637	5,069	20,706
2023-2027	1,322	142	52,730	9,593	71,770	17,395	89,165
2028-2032	--	--	36,000	1,443	51,329	5,488	56,817
2033-2037	--	--	--	--	7,450	952	8,402
2038-2042	--	--	--	--	745	53	798
	<u>2,560</u>	<u>760</u>	<u>148,010</u>	<u>29,469</u>	<u>243,749</u>	<u>56,996</u>	<u>300,745</u>
Less: Unamortized bond discounts	--	--	(64)	--	(64)	--	(64)
Add: Unamortized bond premiums	--	--	1,825	--	7,583	--	7,583
Net debt service requirements	<u>\$ 2,560</u>	<u>760</u>	<u>149,771</u>	<u>29,469</u>	<u>251,268</u>	<u>56,996</u>	<u>308,264</u>

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.54% - 0.96%.

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

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

On September 30, 2017, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity Dates	Balance (1)
General Obligation		
Public Improvement Bonds, Series 2008	9/1/2018	\$ 56,905
Certificates of Obligation, Series 2008	9/1/2018	6,755
Austin Water Utility		
Series 2004A	11/15/2018 - 11/15/2019	8,330
Series 2007	11/15/2017	110,940
Series 2009	11/15/2018 - 11/15/2019	118,360
Series 2009A	11/15/2018 - 11/15/2019	137,210
Series 2014	5/15/2018 - 5/15/2019	2,000
Austin Energy		
Series 2008A	11/15/2017 - 11/15/2018	169,605
Combined Utility System Revenue		
Series 1994 Subordinate Lien	5/15/2019	3,700
		<u>\$ 613,805</u>

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

7 – RETIREMENT PLANS
a -- General Information

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

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

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

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

Plan Financial Statements. The most recently available financial statements of the pension funds are for the year ended December 31, 2016. Stand-alone financial reports that include financial statements and supplementary information for each plan are publicly available at the locations and internet addresses shown below.

Plan	Address	Telephone
City of Austin Employees' Retirement and Pension Fund	418 E. Highland Mall Blvd. Austin, Texas 78752-3720 www.coaers.org	(512)458-2551
City of Austin Police Officers' Retirement and Pension Fund	2520 S. IH 35, Ste. 100 Austin, Texas 78704 www.ausprs.org	(512)416-7672
Fire Fighters' Relief and Retirement Fund of Austin, Texas	4101 Parkstone Heights Dr., Ste. 270 Austin, Texas 78746 www.afrs.org	(512)454-9567

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

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

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

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Eligibility	Group A members qualify for retirement benefits at age 62; age 55 with 20 years creditable service; or any age with 23 years creditable service. No reduced benefits are available. Group B members qualify for normal retirement benefits at age 65 with 5 years creditable service or at age 62 with 30 years creditable service. Reduced benefits are available at age 55 with 10 years of creditable service.	Members are eligible for retirement benefits at any age with 23 years creditable service (excluding pre-membership military service), age 55 and 20 years creditable service (excluding pre-membership military service), or age 62 and any number of creditable service years.	Members are eligible for normal retirement benefits upon the earlier of age 50 with 10 years of service or 25 years of service regardless of age. Members are eligible for early retirement at 45 with 10 years of service or with 20 years of service regardless of age.
Calculation	Average of 36 highest months of base pay multiplied by years and months of creditable service multiplied by 3.0% for Group A and 2.5% for Group B.	Average of 36 highest months of base salary plus longevity pay multiplied by years and months of service multiplied by 3.2%.	Average of 36 highest months of base salary plus longevity pay multiplied by years of service multiplied by 3.3% with a \$2,000 monthly minimum.
Death Benefits	Retiree or active member eligible for retirement, \$10,000 lump sum and continuation of benefits to beneficiary if this option was selected. If not eligible for retirement, refund of accumulated deposits plus death benefit from COAERS equal to those deposits excluding purchases of time.	For retirees and members eligible for retirement, \$10,000 lump sum and the member's accrued benefit as of the date of death based on annuity selected. Non-vested members receive the greater of \$10,000 or twice the amount of the member's accumulated contributions.	Surviving spouse receives 75% of retiree benefits based on the greater of 20 years or years of service at time of death. If surviving spouse exists, each dependent receives 15% of the payment paid to the surviving spouse. If no surviving spouse exists, dependents split equally the amount that would have been paid to surviving spouse.
Disability Benefits	After approved for disability benefits, active members may choose from several different disability retirement options. Must have 5 years of service if disability is not job related.	After approved for disability benefits, if disability is the result of employment duties, benefit is based on the greater of 20 years or normal retirement calculation. Must have 10 years of service if disability is not job related.	For the first 30 months, eligible for retiree benefits based on the greater of service at time of disability or 20 years. After 30 months, continuance of annuity may be reevaluated.
Cost of Living Adjustments (COLA)	The plan does not require COLAs. Such increases must be deemed sustainable by the actuary and approved by the City Council and Board of Trustees of the fund. The most recent COLA was put into effect in 2002.	The plan does not require COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect in 2007.	The plan does not require COLAs. Such increases must be approved by the Board of Trustees and the actuary of the fund. The most recent COLA was put into effect for 2017.

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

Employees Covered by Benefit Terms: Membership in the plans as of December 31, 2016, is as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Inactive employees or beneficiaries currently receiving benefits	5,934	849	750
Inactive employees entitled to but not yet receiving benefits	2,507	36	7
Active employees	9,364	1,837	990
Total	<u>17,805</u>	<u>2,722</u>	<u>1,747</u>

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

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Employee contribution (percent of earnings)	8.00%	13.00%	18.70%
City contribution (percent of earnings)	18.00% (1)	21.313%	22.05%
City contributions year ended September 30, 2017 (in thousands)	\$108,929	34,717	19,104

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

The City's net pension liability was measured as of December 31, 2016 for all three systems. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for the City Employees' fund. For the other two systems, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 using the final 2016 assumptions and then was rolled forward to the plan's year ending December 31, 2016.

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

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Inflation rate	2.75%	3.00%	3.00%
Projected annual salary increases	4.00% to 6.25%	0.1% to 18.00% Service based (1)(2)	1.00% to 8.50% Service based (2)
Investment rate of return	7.50%	7.70%	7.70%
Ad hoc postemployment benefit changes including COLAs	None	None	None
Dates of experience studies	2011 - 2015	2012 - 2016	2004 - 2014
Source for mortality assumptions	RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014.	RP-2000 Combined Healthy without projection - Sex Distinct.	RP2000 (Fully Generational using Scale AA) set back two years for males and females - Sex Distinct.

(1) This includes the classification status change upon graduation from the academy.

(2) This does not include assumed general wage increases of 3.25% and 3.00% for Police and Fire, respectively.

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
City Employees:		
International equity	30.00%	5.90%
US equity	30.00%	4.57%
Fixed income	24.50%	1.25%
Alternative investments	10.00%	3.25% to 7.25%
Real estate	5.50%	4.00%
Total	<u>100.00%</u>	
Police Officers:		
Domestic equity	40.00%	7.50%
International equity	15.00%	8.50%
Other Equity	7.50%	7.50%
Core Fixed Income	5.00%	2.50%
Global fixed income	5.00%	3.50%
Other Fixed Income	5.00%	2.50%
Real estate	15.00%	4.50%
Timber	2.50%	2.50%
Hedge Funds	5.00%	5.00%
Total	<u>100.00%</u>	
Fire Fighters:		
Public domestic equity	20.00%	5.30%
Public foreign equity	22.00%	6.90%
Private equity fund of funds	15.00%	5.60%
Investment grade bonds	13.00%	1.10%
Treasury inflation protected securities	5.00%	0.80%
High yield/bank loans	5.00%	3.80%
Emerging market debt	7.00%	3.60%
Core real estate	5.00%	3.40%
Non-core real estate	5.00%	5.00%
Natural resources	3.00%	5.90%
Total	<u>100.00%</u>	

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

Discount Rate. The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net position for all three pension funds was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Single discount rate	7.50%	7.70%	7.70%
Change since last measurement date	None	(0.10%)	None
Long-term expected rate of return on pension plan investments	7.50%	7.70%	7.70%
Cash flow assumptions	Plan member contributions will be made at the current rate. City contributions will be made at the current rate for 32 years and then will decrease to 8%.	Plan member contributions will be made at current contribution rates. City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate.	Plan member contributions will be made at current contribution rates. City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate.

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

	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>	
	<u>Rate</u>	<u>Net Pension Liability</u>	<u>Rate</u>	<u>Net Pension Liability</u>	<u>Rate</u>	<u>Net Pension Liability</u>
City Employees	6.50%	\$ 1,731,803	7.50%	\$ 1,291,688	8.50%	\$ 924,512
Police Officers	6.70%	543,431	7.70%	420,169	8.70%	315,661
Fire Fighters	6.70%	248,626	7.70%	148,113	8.70%	63,515

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

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

Schedule of Changes in Net Pension Liability. Changes in net pension liability for all three funds and the City for the measurement period ended December 31, 2016 are as follows (in thousands):

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Total pension liability at December 31, 2015 (a)	\$ 3,391,796	1,028,909	913,618	5,334,323
Changes for the year:				
Service cost	107,111	32,990	24,323	164,424
Interest	251,684	80,846	70,893	403,423
Benefit changes	--	--	5,491	5,491
Differences between expected and actual experience	19,914	7,455	8,893	36,262
Assumption changes	--	5,148	--	5,148
Contribution buy back	--	1,668	--	1,668
Benefit payments including refunds	(179,129)	(50,827)	(45,495)	(275,451)
Net change in total total pension liability	<u>199,580</u>	<u>77,280</u>	<u>64,105</u>	<u>340,965</u>
Total pension liability at December 31, 2016 (b)	<u>\$ 3,591,376</u>	<u>1,106,189</u>	<u>977,723</u>	<u>5,675,288</u>
Total plan fiduciary net position at December 31, 2015 (c)	<u>\$ 2,144,804</u>	<u>644,174</u>	<u>785,211</u>	<u>3,574,189</u>
Changes for the year:				
Employer contributions	104,273	33,814	19,104	157,191
Employee contributions	60,801	20,623	15,884	97,308
Contribution buy back	--	1,668	--	1,668
Pension plan net investment income (loss)	171,640	37,965	55,569	265,174
Benefits payments and refunds	(179,129)	(50,827)	(45,496)	(275,452)
Pension plan administrative expense	(2,701)	(1,397)	(662)	(4,760)
Net change in total plan fiduciary net position	<u>154,884</u>	<u>41,846</u>	<u>44,399</u>	<u>241,129</u>
Total plan fiduciary net position at December 31, 2016 (d)	<u>\$ 2,299,688</u>	<u>686,020</u>	<u>829,610</u>	<u>3,815,318</u>
Net pension liability at December 31, 2015 (a-c)	<u>\$ 1,246,992</u>	<u>384,735</u>	<u>128,407</u>	<u>1,760,134</u>
Net pension liability at December 31, 2016 (b-d)	<u>\$ 1,291,688</u>	<u>420,169</u>	<u>148,113</u>	<u>1,859,970</u>

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

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

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

Changes to assumptions included:

- The investment return assumption has been decreased from 7.80% to 7.70%,
- The core inflation rate assumption has been decreased from 3.25% to 3.00% per year,
- The general wage inflation rate assumption has been decreased from 3.50% to 3.25% per year,
- The assumed rates of salary increase have been amended at most service points,
- The payroll growth assumption has been increased from 3.50% to 4.00% per year.

The Fire Fighters' fund had no significant changes of assumptions during the measurement period but did have a change in benefit term that affected the total pension liability. Effective January 1, 2017 a cost-of-living adjustment increase of 1.50% went into effect.

c -- Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2017, was comprised of the following (in thousands):

	Pension Expense
City Employees	\$ 232,097
Police Officers	61,389
Fire Fighters	42,862
Total	\$ 336,348

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

At September 30, 2017, the City reported deferred outflows and inflows of resources related to pensions from the following sources (in thousands):

Source	City Employees	Police Officers	Fire Fighters	Total
Deferred Outflows of Resources				
Contributions to the plans subsequent to the measurement date	\$ 80,263	25,486	13,993	119,742
Differences between expected and actual experience	37,943	6,710	13,176	57,829
Changes in assumptions	76,077	17,653	3,255	96,985
Net difference between projected and actual earnings on pension plan investments	150,241	45,226	42,300	237,767
Total	344,524	95,075	72,724	512,323
Deferred Inflows of Resources				
Differences between expected and actual experience	--	5,054	--	5,054
Total	\$ --	5,054	--	5,054

7 – RETIREMENT PLANS, continued

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

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

Fiscal Year Ended September 30	City Employees	Police Officers	Fire Fighters	Total
2018	\$ 92,107	17,461	17,405	126,973
2019	91,888	17,461	17,406	126,755
2020	71,810	15,115	14,256	101,181
2021	6,876	4,919	3,446	15,241
2022	1,580	2,433	2,553	6,566
Thereafter	--	7,146	3,665	10,811
Total	<u>\$ 264,261</u>	<u>64,535</u>	<u>58,731</u>	<u>387,527</u>

8 – OTHER POSTEMPLOYMENT BENEFITS

a -- Description

In addition to the contributions made to the three pension systems, the City provides certain other postemployment benefits to its retirees. Other postemployment benefits include access to medical, dental, and vision insurance for the retiree and the retiree's family and \$1,000 of life insurance on the retiree only. All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for other postemployment benefits. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate. The City's other postemployment benefits plan is a single employer plan.

The City is under no obligation to pay any portion of the cost of other postemployment benefits for retirees or their dependents. Allocation of City funds to pay other postemployment benefits is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis.

The City recognizes the cost of providing these benefits to active employees as an expense and corresponding revenue in the Employee Benefits Fund; no separate plan report is available. The City pays actual claims for medical and 100% of the retiree's life insurance premium. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium.

The pay-as-you-go cost of providing medical and life benefits was \$43.1 million for 4,834 retirees in 2017 and \$39.3 million for 4,644 retirees in 2016.

b -- Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligation

The annual cost associated with the City's OPEB retiree benefits for the fiscal year ended September 30, 2017 is as follows (in thousands):

	OPEB Obligation
Annual required contribution	\$ 203,571
Interest on net OPEB obligation	36,358
Adjustment to annual required contribution	<u>(49,125)</u>
Annual OPEB cost	190,804
Contributions made	<u>(43,051)</u>
Change in net OPEB obligation	147,753
Beginning net OPEB obligation	863,584
Net OPEB obligation	<u>\$ 1,011,337</u>

8 – OTHER POSTEMPLOYMENT BENEFITS, continued

b -- Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligation, continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and the two preceding years are as follows (in thousands):

Year Ended September 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 126,916	31%	777,699
2016	125,199	31%	863,584
2017	190,804	22%	1,011,337

c -- Schedule of Funding Progress at September 30, 2017 (in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability	UAAL (1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
\$ --	2,004,664	2,004,664	0%	850,259	235.8%

(1) UAAL - Unfunded Actuarial Accrued Liability

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

d -- Actuarial Methods and Assumptions

Projections of benefits are based on the plan in place at the time of the valuation and include the type of benefits provided at the valuation date and the cost sharing pattern between the employer and plan members at that time. The actuarial calculations of the OPEB plan reflect a long-term perspective and utilize actuarial methods and assumptions that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities.

e -- Funding Policy

The actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

OPEB	
Actuarial valuation date	October 1, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage Open
Remaining amortization period	30 years
Asset valuation method	N/A
Investment rate of return	4.21%
Inflation rate	None
Salary increase	None
Payroll Increase	None
Health care cost trend rate	8.0% in 2017, decreasing 0.5% per year for six years to an ultimate trend of 5.0% in 2023

9 – DERIVATIVE INSTRUMENTS

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

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

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

a -- Energy Risk Management Program

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

Hedging Derivative Instruments

Natural Gas Derivatives

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

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

Premiums paid for options are deferred until the contract is settled. As of September 30, 2017, \$195 thousand in premiums was deferred. As of September 30, 2017, the fair value of Austin Energy's futures, options, swaps and congestion revenue rights, was an unrealized loss of \$13.1 million, of which \$15.0 million is reported as derivative instruments in liabilities and \$1.9 million is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

Congestion Revenue Rights Derivatives

Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. The instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments.

As of September 30, 2017, PCRRs had a fair value of \$81 thousand and CRRs had a fair value of \$1.4 million, and both are reported as derivative instruments. The market value for CRRs and PCRRs is calculated using the implied market value (the difference between future proxy sink price and source price) multiplied by the number of open positions, hierarchy level 2 market approach. The difference in the prices represents what the expected cost of congestion will be for that given point in time.

In fiscal year 2017, Austin Energy sold PCRRs and recorded a gain of \$205 thousand; however, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2017, \$205 thousand remained deferred.

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

On September 30, 2017, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction	Reference Index	Maturity Dates	Fair Value at September 30, 2017		Change in Fair Value	Premiums Deferred	
			Notional Volumes	Fair Value			
Long	OTC Call Options	Henry Hub	Oct 2017 - Sept 2021	12,040,000 (1)	\$ 389	(130)	2,868
Long	OTC Basis Swaps	WAHA	Apr 2018 - Oct 2018	1,070,000 (1)	24	24	--
n/a	Congestion Rights	ICE (2)	Oct 2017- Jun 2018	22,029,210 (3)	1,450	(1,728)	--
Derivative instruments (assets)					<u>1,863</u>	<u>(1,834)</u>	<u>2,868</u>
Short	OTC Put Options	Henry Hub	Oct 2017 - Sep 2021	(12,040,000) (1)	(6,234)	1,242	(2,673)
Long	OTC Swaps	Henry Hub	Oct 2017 - Sep 2020	8,437,500 (1)	(8,726)	783	--
Derivative instruments (liabilities)					<u>(14,960)</u>	<u>2,025</u>	<u>(2,673)</u>
Total					<u>\$ (13,097)</u>	<u>191</u>	<u>195</u>

- (1) Volume in MMBTUs
- (2) Intercontinental Exchange
- (3) Volume in MWHs

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

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

Risks

Credit Risk. Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative contracts expose Austin Energy to custodial credit risk on Exchange Traded derivative positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected. At September 30, 2017, the brokerages had credit ratings of A.

The over-the-counter agreements expose Austin Energy to credit risk; however, at September 30, 2017, none of the counterparties had outstanding obligations with Austin Energy. The contractual provisions applied to these contracts under the International Swaps and Derivatives Association (ISDA) agreement include collateral provisions. At September 30, 2017, no collateral was required under these provisions.

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

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

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

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

Basis Risk. Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub). As of September 30, 2017, the NYMEX price was \$2.97 per MMBTU (one million British thermal unit, a measurement of heating value), the WAHA Hub price was \$2.44 per MMBTU, Katy was \$2.92 per MMBTU, and the HSC Hub price was \$2.88 per MMBTU.

Risks

As of September 30, 2017, Austin Energy was not exposed to credit, interest, or foreign currency risk on its investment derivative instruments.

b -- Variable Rate Debt Management Program

Hedging Derivative Instruments

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

As of September 30, 2017, the City has three outstanding swap transactions with initial and outstanding notional amounts totaling \$602.1 million and \$376.7 million, respectively. The fair values of the interest rate derivative transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current amount, discounted using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows. Where applicable under the income approach an option pricing model is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions. Given the observability of inputs significant to the measurements, the fair values of the transactions are categorized as Level 2.

On September 30, 2017, the City had the following outstanding interest rate swap hedging derivative instruments (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
Business-Type Activities - Hedging derivatives:						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	\$ 109,820	(15,509)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Pay 4.051%, receive 71% of LIBOR	8/17/2005	11/15/2025	179,075	(21,535)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of LIBOR	8/14/2008	11/15/2029	87,820	(9,915)
					<u>\$ 376,715</u>	<u>(46,959)</u>

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

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

The fair value of the City's interest rate swap hedging derivative instruments is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreements as of September 30, 2017 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification Amount Classification		Change in fair value	
				Deferred Outflows	Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW2	\$ 109,820	(15,509)	Non-current liability	7,917	--
AIR1	179,075	(21,535)	Non-current liability	10,492	--
HOT1	87,820	(9,915)	Non-current liability	5,156	--
	<u>\$ 376,715</u>	<u>(46,959)</u>		<u>23,565</u>	<u>--</u>

Due to the continued low interest rate levels during fiscal year 2017, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2017. The fair value takes into consideration nonperformance risk, the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received.

Risks

Credit risk. As of September 30, 2017, the City was not exposed to credit risk on any of its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value.

The counterparty credit ratings for the City's interest rate swap hedging derivative instruments at September 30, 2017, are included in the table below:

Item	Related Variable Rate Bonds	Counterparty	Counterparty Ratings		
			Moody's Investors Service, Inc	Standard & Poor's	Fitch, Inc
Business-Type Activities:					
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	A1	A+	A
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Morgan Stanley Capital Services, LLC	A3	BBB+	A
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Morgan Keegan Financial Products (MKFP)	Baa2	A-	BBB+

Swap agreements for all three swaps contain collateral agreements with the counterparties. These swap agreements require collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreements. For Swap AIR1, the City purchased swap insurance to mitigate the need to post collateral as long as the insurer, Financial Security Assurance, maintains a credit rating above A2/A by Moody's/S&P. For Swap HOT1, the credit support provider of MKFP is Deutsche Bank AG, New York Branch (DBAG). This swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

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

Swap payments and associated debt. The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2017, are included in the table below (in thousands):

Item	Related Variable Rate Bonds	Counterparty Swap Interest			Interest to Bondholders	Net Interest Payments
		Pay	Receive	Net		
Business-Type Activities:						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	\$ (3,978)	821	(3,157)	(826)	(3,983)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	(7,278)	1,076	(6,202)	(1,385)	(7,587)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(2,883)	527	(2,356)	(674)	(3,030)
		<u>\$ (14,139)</u>	<u>2,424</u>	<u>(11,715)</u>	<u>(2,885)</u>	<u>(14,600)</u>

Basis and interest rate risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The City does not bear basis risk on Swap WW2. At September 30, 2017, the City bears basis risk on the two remaining swaps. These swaps have basis risk since the City receives a percentage of LIBOR to offset the actual variable rate the City pays on the related bonds. The City is exposed to basis risk should the floating rate that it receives on a swap drop below the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

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

Tax risk. Tax risk is a specific type of basis risk. Tax risk is the risk of a permanent mismatch occurring between the interest rate paid on the City's underlying variable rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds. For example, a grandfathering of the elimination of federal tax-exemption on existing tax-exempt bonds, or a tax cut, would result in the yields required by investors on the City's bonds coming close to or being equal to taxable yields. This would result in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 71% of LIBOR on AIR1, and 67% of LIBOR on Swap HOT1 and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Nonperformance/Termination risk. The City or the counterparties may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the City. Additionally, the City purchased swap insurance on the Swap AIR1 to further reduce the possibility of termination risk.

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

Investment Derivative Instruments

At September 30, 2017, the City did not have any investment derivative instruments related to interest rate swaps.

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

As of September 30, 2017, debt service requirement of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Variable Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total Interest
	Principal	Interest (1)		
2018	\$ 12,600	43	13,652	13,695
2019	28,525	38	12,697	12,735
2020	31,935	28	11,507	11,535
2021	31,010	18	10,318	10,336
2022	27,710	9	9,235	9,244
2023-2027	168,090	(88)	25,629	25,541
2028-2031	76,845	(36)	5,181	5,145
Total	\$ 376,715	12	88,219	88,231

(1) The net effect of the reference rate projected to be paid to the City versus the variable rate projected to be paid to bondholders utilizing rates in effect at 9/30/2017.

10 – DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2017, the following funds reported deficits in fund balances/net position (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issues.

<u>Nonmajor Governmental</u>	<u>Deficit</u>
Special Revenue Funds:	
Auto Theft Interdiction	\$ 29
Fiscal Surety - Land Development	279
Neighborhood Housing & Conservation	1,948
City Hall	169
Mueller Tax Increment Financing	89
Tourism and Promotion	10
Waller Creek Tax Increment Finance	18
Capital Projects Funds:	
2012 fund	
Health	545
2016 fund	
Mobility	13,211
Other funds	
Health Projects	1,118
Build Austin	264
Public Works	439
Watershed Protection	718
City Hall, plaza, parking garage	6,532
Internal Service Funds	
Capital Projects Management	347
Nonmajor Enterprise	
Austin Resource Recovery	39,957
Transportation	27,413

11 – INTERFUND BALANCES AND TRANSFERS

a -- Interfund receivables, payables, and advances

Interfund receivables, payables, and advances at September 30, 2017, are as follows (in thousands):

Due To	Due From					Total
	Nonmajor Governmental	Austin Energy	Austin Water Utility	Nonmajor Enterprise		
General	\$ 31	210	--	--		241
Nonmajor governmental	11,412	--	--	--		11,412
Austin Water Utility	--	3,101	--	--		3,101
Airport	--	162	--	--		162
Nonmajor enterprise	--	--	301	1,700		2,001
Total	\$ 11,443	3,473	301	1,700		16,917

Interfund receivables (due from) and payables (due to) reflect short term loans between funds, mainly the result of short term deficits in pooled investments and cash (\$13.1 million). Deficits in grant funds awaiting reimbursement from grantors (\$9.9 million) was borrowed from the Fiscal Surety fund.

Advance From	Advance To							Total
	Nonmajor Governmental	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Internal Service		
General	\$ --	654	--	--	--	--		654
Nonmajor governmental	17,641	255	--	52	311	7		18,266
Austin Water Utility	680	13,926	--	--	--	--		14,606
Airport	--	506	--	--	--	--		506
Nonmajor enterprise	775	--	2,104	--	--	--		2,879
Total	\$ 19,096	15,341	2,104	52	311	7		36,911

Advances to and advances from reflect borrowing that will not be liquidated within one year. Of the above amounts, \$6.6 million is an interfund loan between capital project funds, the CTM and City Hall funds. \$8.9 million is an interfund loan between the Transportation and Mobility funds, both capital project funds, to cover deficit pooled cash. \$43 million in bond proceeds, including \$15 million for corridor mobility improvements and \$10 million for sidewalks, will be transferred to the Mobility fund in 2018. The advance to Austin Water Utility from Austin Energy funded the Combined Utility System Revenue Bond Retirement Reserve Account. Austin Energy funded the entire reserve on behalf of both enterprise funds.

b -- Transfers

Transfers at September 30, 2017, are as follows (in thousands):

Transfers Out	Transfers In							Total
	General Fund	Nonmajor Governmental	Austin Energy	Austin Water	Nonmajor Enterprise	Internal Service		
General Fund	\$ --	8,393	9	--	1,353	2,370		12,125
Nonmajor governmental	4,918	26,116	3	--	126,905	--		157,942
Austin Energy	115,493	--	--	--	54	35		115,582
Austin Water Utility	45,805	76	2,110	--	3,050	174		51,215
Airport	--	--	--	--	--	33		33
Nonmajor enterprise	472	2,826	--	13	6,647	95		10,053
Internal service	--	18,441	--	--	1,191	222		19,854
Total	\$ 166,688	55,852	2,122	13	139,200	2,929		366,804

Interfund transfers are authorized through City council approval. Significant transfers include: Austin Energy and Austin Water Utility transfers to the General fund (\$161.3 million), which are comparable to a return on investment to owners. The transfer of tax collections from the Hotel-Motel Occupancy Tax (\$67.3 million) and the Vehicle Rental Tax (\$9.3 million) special revenue funds to the Convention Center, and a (\$50 million) transfer from non-major governmental fund to Drainage for Watershed home buyout program.

12 – SELECTED REVENUES
a -- Major Enterprise Funds

Austin Energy and Austin Water Utility

The Texas Public Utility Commission (PUC) has jurisdiction over electric utility wholesale transmission rates. On June 3, 2014, the PUC approved the City's most recent wholesale transmission rate of \$1.160111/KW. Transmission revenues totaled approximately \$78 million in FY17. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council determines electric utility and water and wastewater utility rates based on the cost of operations.

Under a bill passed by the Texas Legislature in 1999, municipally-owned electric utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. As of September 30, 2017, the City has elected not to enter the retail market, as allowed by state law.

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

Airport

The City has entered into certain lease agreements as the lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In the fiscal year 2017, the Airport fund revenues included minimum concession guarantees of \$20,253,878.

The following is a schedule by year of minimum future rentals on non-cancelable operating leases with remaining terms of up to 80 years for the Airport Fund as of September 30, 2017 (in thousands):

Fiscal Year Ended September 30	Airport Lease Receipts
2018	\$ 26,576
2019	25,268
2020	24,156
2021	24,143
2022	22,535
2023-2027	101,204
2028-2032	16,430
2033-2037	14,858
2038-2042	10,344
Thereafter	4,863
Totals	<u>\$ 270,377</u>

12 – SELECTED REVENUES, continued
b -- Operating Lease Revenue

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

Fiscal Year Ended September 30	Future Lease Receivables
2018	\$ 2,635
2019	2,322
2020	2,118
2021	1,775
2022	1,583
2023-2027	7,272
Totals	<u>\$ 17,705</u>

13 – TAX ABATEMENTS

The City grants tax abatements as defined in GASB Statement No. 77 under one of two programs, the Chapter 380 Performance Based Economic Development Incentive Program under which sales and property taxes may be rebated if the entity meets performance criteria, and the Media Production Development Zone program under which sales, excise, and use taxes may be abated.

Performance Based Rebate Program

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

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

During fiscal year 2017, the City had four agreements under this program which resulted in rebates that meet the definition of tax abatements of approximately \$13.3 million. The City had no commitments related to these agreements other than the timeframe during which a compliance review will occur and a deadline for the refund of the taxes.

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

14 – COMMITMENTS AND CONTINGENCIES

a -- Fayette Power Project

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

Austin Energy's investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in FPP was \$28.0 million as of September 30, 2017. The decrease in the pro-rata interest from 2016 is primarily due to a decrease in coal inventory. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City's financial statements. The original cost of Austin Energy's share of FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies.

b -- South Texas Project

Austin Energy is one of three participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are NRG South Texas LP and City Public Service of San Antonio. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy's 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2017, Austin Energy's investment in the STP was approximately \$380.1 million, net of accumulated depreciation.

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

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

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

c -- South Texas Project Decommissioning

Austin Energy began collecting in rates and accumulating funds for decommissioning STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted investments held by trustee. The related liability is reported as a decommissioning liability payable. Excess or unfunded liabilities related to decommissioning STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. The increase to nuclear deferred inflow of resources from prior fiscal year is attributable to the NRC issued license extension in FY17. At September 30, 2017, the trust's assets were in excess of the estimated liability by \$55.0 million which is reported as part of deferred inflows of resources (in thousands).

Decommissioning trust assets	\$ 214,322
Pro rata decommissioning liability	<u>(159,284)</u>
	<u>\$ 55,038</u>

STP is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. The most recent annual calculation of financial assurance filed on December 31, 2016, showed that the trust assets exceeded the minimum required assurance by \$49.0 million.

d -- Purchased Power

Austin Energy has commitments totaling \$6.4 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2041, landfill power through 2018, biomass through 2032, and solar through 2049.

14 – COMMITMENTS AND CONTINGENCIES, continued

e -- Decommissioning and Environmental/Pollution Remediation Contingencies

Austin Energy may incur costs for environmental/pollution remediation of certain sites including the Holly, Fayette, and Decker Power Plants. At September 30 2017, the financial statements includes a \$6.7 million short-term decommissioning liability related to Holly and a \$430 thousand short-term environmental liability related to Fayette and Decker, classified as other liabilities. The amount is based on 2017 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

f -- Arbitrage Rebate Payable

The City's arbitrage consultant has determined that the City has not earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. Therefore, the City will not be required to rebate any amounts to the federal government. There are no estimated payables at September 30, 2017.

g -- Federal and State Financial Assistance Programs

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

h -- Capital Improvement Plan

As required by charter, the City has a *Capital Improvements Program* plan (capital budget) covering a five-year period which details anticipated spending for projects in the upcoming and future years. The City's 2017 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

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

<u>Project</u>	<u>Remaining Commitment (in thousands)</u>
Governmental activities:	
General government	\$ 175,819
Public safety	27,935
Transportation	113,821
Public health	5,916
Public recreation and culture	64,551
Urban growth management	22,240
Business-type activities:	
Electric	181,445
Water	120,408
Wastewater	170,867
Airport	417,956
Convention	55,601
Environmental and health services	1,835
Urban growth management	127,762
Total	<u>\$ 1,486,156</u>

14 – COMMITMENTS AND CONTINGENCIES, continued

i -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2017, is as follows (in thousands):

	<u>Encumbrances</u>
General Fund	\$ 19,487
Nonmajor governmental	
Special Revenue	28,273
Capital Projects	114,915
	<u>\$ 162,675</u>

Significant encumbrances include reservations for the 2012 bond program (\$30,632), Communications and Technology Management (\$19,408), General Government Projects (\$15,421), and 2016 Bond Program (\$16,549).

j -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Austin Resource Recovery Fund, a nonmajor enterprise fund. Substantial closure occurred in fiscal year 2011. Flooding in fiscal year 2015 has delayed final closure, which is expected in fiscal year 2019. While the landfill only reached 99.04% capacity, the City is no longer accepting waste. The amount of costs reported, based on landfill capacity of 100% as of September 30, 2017, is as follows (in thousands):

	<u>Closure</u>	<u>Postclosure</u>	<u>Total</u>
Total estimated costs	\$ 22,500	9,899	32,399
% capacity used	100%	100%	100%
Cumulative liability accrued	22,500	9,899	32,399
Costs incurred	(19,706)	--	(19,706)
Closure and postclosure liability	<u>\$ 2,794</u>	<u>9,899</u>	<u>12,693</u>

These amounts are based on the 2017 cost estimates to perform closure and postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

k -- Risk-Related Contingencies

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

<u>Fund Name</u>	<u>Description</u>
Employee Benefits	City employees and retirees may choose a self-insured PPO, HMO, or CDHP with HSA for health coverage. Approximately 20% of City employees and 27% of retirees use the HMO option; approximately 72% of City employees and 72% of retirees use the PPO option; and approximately 8% of City employees and 1% of retirees use the CDHP with HSA option. Costs are charged to City funds through a charge per employee per pay period.
Liability Reserve	This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability, and certain employment liability. Premiums are charged to other City funds each year based on historical costs. Beginning in 2017, third-party claims activities are being reported directly in the Austin Energy, Austin Water Utility, and Aviation enterprise funds.
Workers' Compensation	Premium charges for this self-insured program are assessed to other funds each year based on the number of full-time equivalent (FTE) employees per fund.

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

The City purchases stop-loss insurance for the City's PPO, HMO, and CDHP plans. This stop-loss insurance covers individual claims that exceed \$500,000 per calendar year, up to a maximum of \$5 million. In calendar year 2017 (through September 30), four claims exceeded the stop-loss limit of \$500,000; during calendar years 2016 and 2015, fifteen claims and ten claims, respectively, exceeded the stop-loss limit of \$500,000. City coverage is unlimited for lifetime benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

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

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes actuarial information and historical claim settlement trends to determine the claim liabilities for the Employee Benefits Fund and Workers' Compensation Fund. Claims liabilities for the Austin Energy, Austin Water Utility, Airport and Liability Reserve funds are calculated based on an estimate of outstanding claims, which may differ from the actual amounts paid. Possible losses are estimated to range from \$51.7 to \$55.7 million. In accordance with GAAP, \$51.7 million is recognized as claims payable in the financial statements with \$28.8 million recognized as a current liability and \$22.9 million recognized as long term. For Employee Benefits and Workers Compensation, city funds contribute amounts to these internal service funds based on an estimate of anticipated costs for claims each year. Beginning in fiscal year 2017, the Austin Energy, Austin Water utility, and Airport funds report their respective claims activities for third-party claims. All other funds contribute amounts to the Liability Reserve Fund based on an estimate of anticipated costs for claims each year.

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

	Austin Energy		Austin Water Utility		Aviation	
	2017	2016	2017	2016	2017	2016
Liability balances, beginning of year	\$ --	--	--	--	--	--
Claims and changes in estimates	2,221	--	1,839	--	9	--
Claim payments	(151)	--	(1,277)	--	(8)	--
Liability balances, end of year	<u>2,070</u>	<u>--</u>	<u>562</u>	<u>--</u>	<u>1</u>	<u>--</u>
	Employee Benefits (1)		Liability Reserve		Workers' Compensation	
	2017	2016	2017	2016	2017	2016
Liability balances, beginning of year	14,310	13,286	9,364	9,337	25,664	24,841
Claims and changes in estimates	18,568	17,904	3,984	3,929	3,524	4,651
Claim payments	(14,056)	(16,880)	(8,373)	(3,902)	(3,889)	(3,828)
Liability balances, end of year	<u>\$ 18,822</u>	<u>14,310</u>	<u>4,975</u>	<u>9,364</u>	<u>25,299</u>	<u>25,664</u>

- (1) For the Employee Benefits Fund, claim payments as reported above, represent amounts paid against claims outstanding at the beginning of the year. Claims initiated after the beginning of the year, but not yet settled, are reported in claims and changes in estimates. Cash paid for claims was \$161,004 and \$160,180 for the years ended September 30, 2016 and 2017, respectively.

The Austin Water Utility Fund claims liability balance at fiscal year-end included liabilities of \$216 thousand discounted at 3.75%. The Liability Reserve Fund claims liability balance at fiscal year-end included liabilities of \$3.1 million discounted at 3.75% and \$3.1 million discounted at 3.19% in 2016.

I -- Redevelopment of Robert Mueller Municipal Airport

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

14 – COMMITMENTS AND CONTINGENCIES, continued
l -- Redevelopment of Robert Mueller Municipal Airport, continued

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

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

The development contains over 1.6 million square feet of civic, institutional, hotel and Class A office space and approximately 602,000 square feet of retail space that is either complete or under construction. Over 80 employers provide approximately 5,000 jobs at Mueller. From the start of home sales in 2007, the community has been well received. As of September 30, 2017, approximately 1,736 single-family homes and 1,981 multi-family units were either complete or under construction. Catellus has also started the infrastructure for an additional 350 single-family homes.

m -- No-Commitment Special Assessment Debt

In November 2011, the City issued \$15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$1,740,561 in total assessments were levied in the year ended September 30, 2017. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2017 are \$14,365,000 and \$109,580, respectively.

In November 2011, the City issued \$2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$344,396 in total assessments were levied in the year ended September 30, 2017. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2017 are \$2,650,000 and \$360, respectively.

In July 2013, the City issued \$12,590,000 of Special Assessment Revenue Bonds, Series 2013 related to the Estancia Hill Country Public Improvement District. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. \$1,745,255 in total assessments were levied during the fiscal year with \$18,410 in delinquent receivables at September 30, 2017. The aggregate principal outstanding at September 30, 2017 is \$11,300,000.

n -- Capital Leases

The City has entered into a lease agreement to finance equipment for business-type activities. This lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments at their inception date. The lease agreement ends in 2031. See Note 6 for the debt service requirements on this lease.

The following summarizes capital assets recorded at September 30, 2017, under capital lease obligations (in thousands):

Capital Assets	Austin Energy
Building and improvements	\$ 1,405
Accumulated depreciation	(527)
Net capital assets	<u>\$ 878</u>

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

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2017, was \$21.9 million.

Fiscal Year Ended September 30	Future Lease Payments
2018	\$ 15,132
2019	12,746
2020	8,996
2021	7,345
2022	6,324
2023-2027	9,269
Totals	<u>\$ 59,812</u>

15 – LITIGATION

A number of claims and lawsuits against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and lawsuits will not have a material effect on the City's financial statements. The City has accrued liabilities in the Austin Energy, Austin Water Utility, Airport, and Liability Reserve funds for claims payable at September 30, 2017. These liabilities, reported in the government-wide statement of net position, include amounts for claims and lawsuits settled subsequent to year-end.

16 – CONDUIT DEBT

The City has issued several series of housing revenue bonds to provide for low cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2017, \$66.1 million in housing revenue bonds were outstanding with an original issue value of \$74 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport and convention center. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2017, \$146.5 million in revenue and revenue refunding bonds were outstanding with an original issue value of \$148.6 million.

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

17 – SEGMENT INFORMATION – CONVENTION CENTER

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

Condensed Statement of Net Position	
ASSETS	
Current assets	\$ 169,223
Capital assets	214,497
Other noncurrent assets	13,347
Total assets	<u>397,067</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>25,923</u>
LIABILITIES	
Other current liabilities	23,020
Other noncurrent liabilities	204,825
Total liabilities	<u>227,845</u>
DEFERRED INFLOWS OF RESOURCES	<u>231</u>
NET POSITION	
Net investment in capital assets	60,018
Restricted	25,991
Unrestricted	108,905
Total net position	<u>\$ 194,914</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position	
OPERATING REVENUES	
User fees and rentals	\$ 40,196
Total operating revenues	<u>40,196</u>
OPERATING EXPENSES	
Operating expenses before depreciation	59,969
Depreciation and amortization	9,071
Total operating expenses	<u>69,040</u>
Operating income (loss)	<u>(28,844)</u>
Nonoperating revenues (expenses)	(6,845)
Transfers	76,299
Change in net position	<u>40,610</u>
Total net position, beginning	154,304
Total net position, ending	<u>\$ 194,914</u>

Condensed Statement of Cash Flows	
Net cash provided (used) by:	
Operating activities	\$ (13,241)
Noncapital financing activities	76,296
Capital and related financing activities	(28,187)
Investing activities	414
Net increase (decrease) in cash and cash equivalents	<u>35,282</u>
Cash and cash equivalents, beginning	122,525
Cash and cash equivalents, ending	<u>\$ 157,807</u>

18 – SUBSEQUENT EVENTS

a -- General Obligation Bond Issue

In October 2017, the City issued \$63,580,000 of Public Improvement Bonds, Series 2017. The net proceeds of \$74,000,000 (after issue costs, discounts, and premiums) from the issue will be used as follows: streets and mobility (\$43,000,000), parks and recreation (\$15,300,000), and facility improvements (\$15,700,000). These bonds will be amortized serially on September 1 of each year from 2018 to 2037. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2018. Total interest requirements for these bonds, at a rate of 5.0%, are \$28,965,422.

In October 2017, the City issued \$29,635,000 of Certificates of Obligation, Series 2017. The net proceeds of \$35,325,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: watershed home buyouts (\$22,000,000), central library (\$5,000,000), animal shelter improvements (\$5,425,000), and women and children's shelter (\$2,900,000). These certificates of obligation will be amortized serially on September 1 of each year from 2018 to 2037. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2018. Total interest requirements for these obligations, at rates ranging from 4.0% to 5.0%, are \$17,602,222.

In October 2017, the City issued \$5,075,000 of Public Property Finance Contractual Obligations, Series 2017. The net proceeds of \$5,460,000 (after issue costs, discounts, and premiums) from this issue will be used for capital equipment (\$5,460,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2018 to 2024. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2018. Total interest requirements for these obligations, at rates ranging from 2.0% to 5.0%, are \$702,034.

In October 2017, the City issued \$25,000,000 of Public Improvement Taxable Bonds, Series 2017. The net proceeds of \$25,000,000 (after issue costs, discounts, and premiums) from the issuance will be used for affordable housing (\$25,000,000). Interest is payable March 1 and September 1 of each year from 2018 to 2037, commencing on March 1, 2018. Principal payments are due September 1 of each year from 2018 to 2037. Total interest requirements for this obligation, at rates ranging from 2.3% to 5.0% are \$9,890,858.

b -- Water and Wastewater – System Revenue Bond Issue

In November 2017, the City issued \$45,175,000 of Water and Wastewater System Revenue Bonds, Series, 2017A. This is a private placement structured through a memorandum with the Texas Water Development Board (TWDB). Project funds of \$42,363,027 will be used to improve and extend the water/wastewater system. The debt service requirements on the bonds are \$54,326,741 with interest rates ranging from 0.6% to 2.3%. Interest payments are due May 15 and November 15 of each year from 2018 to 2037. Principal payments are due November 15 of each year from 2018 to 2037.



**REQUIRED
SUPPLEMENTARY
INFORMATION**



**General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
RSI**

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 646,918	100	647,018	650,538	650,538	(3,520)
Franchise fees	36,057	153	36,210	36,717	36,717	(507)
Fines, forfeitures and penalties	13,117	1	13,118	16,209	16,209	(3,091)
Licenses, permits and inspections	61,076	(1)	61,075	50,799	50,799	10,276
Charges for services/goods	59,362	1,266	60,628	60,890	60,890	(262)
Interest and other	15,754	(9,626)	6,128	4,540	4,540	1,588
Total revenues	832,284	(8,107)	824,177	819,693	819,693	4,484
EXPENDITURES						
General government						
Municipal Court	22,386	158	22,544	22,619	22,619	75
Public safety						
Police	340,924	42,103	383,027	386,573	386,573	3,546
Fire	172,320	16,901	189,221	187,208	190,708	1,487
Emergency Medical Services	72,006	10,199	82,205	84,036	84,036	1,831
Transportation, planning, and sustainability						
Transportation, planning, and sustainability	421	(421)	--	--	--	--
Public health						
Health	80,487	2,870	83,357	83,688	83,688	331
Public recreation and culture						
Parks and Recreation	72,452	7,823	80,275	80,829	80,829	554
Austin Public Library	40,276	4,930	45,206	47,167	47,167	1,961
Urban growth management						
Neighborhood Planning and Zoning	38,088	6,865	44,953	45,567	45,567	614
Other urban growth management	32,403	480	32,883	35,244	35,244	2,361
General city responsibilities (4)	104,259	(97,501)	6,758	6,963	6,963	205
Total expenditures	976,022	(5,593)	970,429	979,894	983,394	12,965
Excess (deficiency) of revenues over expenditures	(143,738)	(2,514)	(146,252)	(160,201)	(163,701)	17,449
OTHER FINANCING SOURCES (USES)						
Transfers in	166,688	39,203	205,891	187,296	190,803	15,088
Transfers out	(12,125)	(41,132)	(53,257)	(34,662)	(38,169)	(15,088)
Total other financing sources (uses)	154,563	(1,929)	152,634	152,634	152,634	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	10,825	(4,443)	6,382	(7,567)	(11,067)	17,449
Fund balance at beginning of year	160,989	7,501	168,490	142,590	142,590	25,900
Fund balance at end of year	\$ 171,814	3,058	174,872	135,023	131,523	43,349

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget based on the modified accrual basis. Encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

The General Fund, as reported in the financial statements is comprised of nine separately budgeted funds: the Budgetary General Fund, as budgeted by the City, plus the Budget Stabilization Reserve, Community Development Incentives, Economic Development, Economic Incentives Reserve, Emergency Reserve, Long Center Capital Improvements, Music Venue Assistance Program, and the Property Tax Reserve Fund.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes interdepartmental charges (\$6,137,157).

b -- Budget Amendments

The original revenue budget of the General Fund was not amended during fiscal year 2017. The original expenditure budget of the General Fund was amended during fiscal year 2017 for the addition of one full time position at the Austin Fire Department (\$83,000). This increase was offset by a reimbursement from Aviation. In addition, an increase in expenditures in the Austin Fire Department for the increase in overtime due to staffing shortage. The Budget Stabilization Reserve transferred (\$3.5 million) to Austin Fire to fund this additional expense.

c -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP-basis and budget-basis reporting for the General Fund are the reporting of encumbrances and the reporting of certain transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the activities comprising the General Fund are provided, as follows (in thousands):

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 10,825
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(1,688)
Net compensated absences accrual	300
Outstanding encumbrances established in current year	(16,780)
Payments against prior year encumbrances	12,609
Other	1,116
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ 6,382</u>

RETIREMENT PLANS-TREND INFORMATION

Changes in net pension liability for each pension plan for the measurement periods ended December 31, 2014, 2015, and 2016 are presented in the next three schedules:

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

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

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

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

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

RETIREMENT PLANS-TREND INFORMATION, continued

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

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

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

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

- The investment return assumption has been decreased from 7.80% to 7.70% (decreasing 0.30% over the last three years)
- The core inflation rate assumption has been decreased from 3.25% to 3.00%,
- The general wage inflation rate assumption has been decreased from 3.50% to 3.25%,
- The assumed rates of salary increase have been amended at most service points, and
- The payroll growth assumption has been increased from 3.50% to 4.00%.

RETIREMENT PLANS-TREND INFORMATION, continued

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

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

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

There were no significant assumption or benefit changes or any other significant factors that affected measurement of the total pension liability for the Fire Fighter's Fund during the years ended December 31, 2016, 2015, or 2014.

RETIREMENT PLANS-TREND INFORMATION, continued

Information pertaining to City contributions to the retirement systems for the fiscal year ending September 30, 2017, is shown in the following two tables (in thousands). An actuarially determined contribution was calculated for the City Employees' fund but was not calculated for the other two funds.

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

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
	\$	\$	\$	\$	
2015	96,554	97,655	(1,101)	540,110	18.08%
2016	109,725	102,609	7,116	566,227	18.12%
2017	119,038	108,929	10,109	600,726	18.13%

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

Valuation Date: December 31 of each calendar year occurring during the fiscal year.
Notes Members and employers contribute based on statutorily fixed or negotiated rates. A funding period is solved for through open group projections.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal (all years)
 Asset Valuation Method 2017 - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income
 2016 and 2015 - 20% of market plus 80% of expected actuarial value
 Inflation 2.75% for 2017 and 2016, 3.25% for 2015
 Salary Increases 4.00% to 6.25% for 2017 and 2016, 4.50% to 6.00% for 2015
 Investment Rate of Return 7.50% for 2017 and 2016, 7.75% for 2015
 Retirement Age 2017 and 2016 - Experience-based table of rates that are gender specific. Last updated for December 31, 2015 valuation pursuant to an experience study of the 5-year period ending December 31, 2015.
 2015 - For previous valuation updated on December 31, 2012 valuation pursuant to an experience study of the 5-year period ending December 31, 2011.
 Mortality 2017 and 2016 - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014.
 For 2015 RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.

Other Information: There were no benefit changes during the periods displayed.

RETIREMENT PLANS-TREND INFORMATION, continued

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

Fiscal Year Ended September 30	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	\$	\$	\$	\$	
Police Officers					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
Fire Fighters					
2015	18,327	18,327	--	83,118	22.05%
2016	19,145	19,145	--	86,826	22.05%
2017	19,104	19,104	--	86,642	22.05%

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

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

OTHER POSTEMPLOYMENT BENEFITS-TREND INFORMATION

Under GAAP, the City is required to have an actuarial valuation of its other postemployment benefits program every other year. The Schedule of Funding Progress for other postemployment benefits is as follows (in thousands):

Fiscal Year Ended September 30	Valuation Date, October 1	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
		\$	\$	\$		\$	
2013	2012	--	1,384,490	1,384,490	0.0%	696,559	198.8%
2015	2014	--	1,449,238	1,449,238	0.0%	775,527	186.9%
2017	2016	--	2,004,664	2,004,664	0.0%	850,259	235.8%

(1) UAAL – Unfunded Actuarial Accrued Liability (Excess)

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



**COMBINING AND INDIVIDUAL
FUND FINANCIAL
STATEMENTS AND
SCHEDULES**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
As of September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-1

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 415,378	100	415,478	412,368	3,110
Delinquent	(382)	--	(382)	1,077	(1,459)
Penalty and interest	1,544	--	1,544	1,179	365
Property taxes	416,540	100	416,640	414,624	2,016
Sales taxes	218,790	--	218,790	224,166	(5,376)
Other taxes	11,588	--	11,588	11,748	(160)
Total taxes	646,918	100	647,018	650,538	(3,520)
Franchise fees	36,057	153	36,210	36,717	(507)
Fines, forfeitures, and penalties					
Library fines	546	1	547	797	(250)
Traffic fines	6,153	--	6,153	8,174	(2,021)
Parking violations	2,951	--	2,951	2,893	58
Other	3,467	--	3,467	4,345	(878)
Total fines, forfeitures, and penalties	13,117	1	13,118	16,209	(3,091)
Licenses, permits, and inspections					
Alarm permits	3,208	--	3,208	3,282	(74)
Public health	4,685	--	4,685	4,360	325
Development	18,942	(1)	18,941	12,494	6,447
Building safety	32,979	--	32,979	29,593	3,386
Beer and wine permits	593	--	593	397	196
Other	669	--	669	673	(4)
Total licenses, permits, and inspections	61,076	(1)	61,075	50,799	10,276
Charges for services/goods					
Recreation and culture	8,765	--	8,765	7,945	820
Public health	7,686	(261)	7,425	7,631	(206)
Emergency medical services	41,099	1,527	42,626	43,457	(831)
General government	1,812	--	1,812	1,857	(45)
Total charges for services/goods	59,362	1,266	60,628	60,890	(262)
Interest and other					
Interest	2,587	--	2,587	1,095	1,492
Rental income	1,865	--	1,865	2,052	(187)
Sale of property	1,207	1	1,208	1,170	38
Other	10,095	(9,627)	468	223	245
Total interest and other	15,754	(9,626)	6,128	4,540	1,588
Total revenues	\$ 832,284	(8,107)	824,177	819,693	4,484

(1) Adjustments and actual-budget basis include amounts budgeted as fund-level revenues.

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
As of September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-2

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
General government					
Municipal Court:					
Salaries and fringe benefits	\$ 13,963	--	13,963	13,860	(103)
Contractual services	8,431	155	8,586	8,711	125
Commodities	147	(27)	120	173	53
Expense refunds	(205)	--	(205)	(205)	--
Capital outlay	50	30	80	80	--
Total general government	22,386	158	22,544	22,619	75
Public safety					
Police:					
Salaries and fringe benefits	321,084	(293)	320,791	318,444	(2,347)
Contractual services	31,002	42,451	73,453	73,312	(141)
Commodities	4,919	(40)	4,879	5,084	205
Expense refunds	(16,559)	(132)	(16,691)	(10,874)	5,817
Capital outlay	478	117	595	607	12
	340,924	42,103	383,027	386,573	3,546
Fire:					
Salaries and fringe benefits	163,987	(77)	163,910	163,390	(520)
Contractual services	10,578	17,665	28,243	29,181	938
Commodities	5,534	(2,326)	3,208	2,911	(297)
Indirect cost	489	--	489	423	(66)
Expense refunds	(8,307)	(14)	(8,321)	(6,891)	1,430
Capital outlay	39	1,653	1,692	1,694	2
	172,320	16,901	189,221	190,708	1,487
Emergency Medical Services:					
Salaries and fringe benefits	60,467	22	60,489	62,309	1,820
Contractual services	8,453	8,974	17,427	16,878	(549)
Commodities	3,867	(22)	3,845	3,786	(59)
Expense refunds	(1,568)	--	(1,568)	(1,156)	412
Capital outlay	787	1,225	2,012	2,219	207
	72,006	10,199	82,205	84,036	1,831
Total public safety	585,250	69,203	654,453	661,317	6,864
Transportation, planning, and sustainability					
Transportation, Planning, and Sustainability:					
Contractual services	421	(421)	--	--	--
Total transportation, planning, and sustainability	421	(421)	--	--	--
Public health					
Salaries and fringe benefits	33,830	(947)	32,883	33,522	639
Contractual services	46,798	3,632	50,430	49,666	(764)
Commodities	2,033	46	2,079	2,041	(38)
Expense refunds	(2,175)	(34)	(2,209)	(1,802)	407
Capital outlay	1	173	174	261	87
	80,487	2,870	83,357	83,688	331
Total public health	80,487	2,870	83,357	83,688	331
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	56,522	(15)	56,507	56,359	(148)
Contractual services	15,645	8,522	24,167	25,025	858
Commodities	4,257	(451)	3,806	3,214	(592)
Indirect cost	545	--	545	510	(35)
Expense refunds	(4,773)	(10)	(4,783)	(4,362)	421
Capital outlay	256	(223)	33	83	50
	\$ 72,452	7,823	80,275	80,829	554

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
As of September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Austin Public Library:					
Salaries and fringe benefits	\$ 30,653	(1)	30,652	32,399	1,747
Contractual services	6,112	3,400	9,512	10,490	978
Commodities	5,140	208	5,348	4,348	(1,000)
Expense refunds	(394)	--	(394)	(70)	324
Capital outlay	(1,235)	1,323	88	--	(88)
	<u>40,276</u>	<u>4,930</u>	<u>45,206</u>	<u>47,167</u>	<u>1,961</u>
Total public recreation and culture	<u>112,728</u>	<u>12,753</u>	<u>125,481</u>	<u>127,996</u>	<u>2,515</u>
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	38,486	48	38,534	39,219	685
Contractual services	6,345	6,865	13,210	12,930	(280)
Commodities	837	(62)	775	855	80
Expense refunds	(7,695)	--	(7,695)	(7,574)	121
Capital outlay	115	14	129	137	8
	<u>38,088</u>	<u>6,865</u>	<u>44,953</u>	<u>45,567</u>	<u>614</u>
Other urban growth management:					
Salaries and fringe benefits	11,489	21	11,510	9,320	(2,190)
Contractual services	23,342	324	23,666	26,619	2,953
Commodities	534	135	669	444	(225)
Expense refunds	(2,962)	--	(2,962)	(1,139)	1,823
	<u>32,403</u>	<u>480</u>	<u>32,883</u>	<u>35,244</u>	<u>2,361</u>
Total urban growth management	<u>70,491</u>	<u>7,345</u>	<u>77,836</u>	<u>80,811</u>	<u>2,975</u>
General city responsibilities (2)	<u>104,259</u>	<u>(97,501)</u>	<u>6,758</u>	<u>6,963</u>	<u>205</u>
Total expenditures	<u>976,022</u>	<u>(5,593)</u>	<u>970,429</u>	<u>983,394</u>	<u>12,965</u>
General fund expenditures					
Salaries	730,481	(1,242)	729,239	728,822	(417)
Contractuals	157,127	91,567	248,694	252,812	4,118
Commodities	27,268	(2,539)	24,729	22,856	(1,873)
Indirect cost	1,034	--	1,034	933	(101)
Expense refunds	(44,638)	(190)	(44,828)	(34,073)	10,755
Capital outlay	491	4,312	4,803	5,081	278
General city responsibilities	104,259	(97,501)	6,758	6,963	205
Total expenditures	<u>\$ 976,022</u>	<u>(5,593)</u>	<u>970,429</u>	<u>983,394</u>	<u>12,965</u>

(1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers or fund-level expenditures.

(2) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

General Fund
Schedule of Transfers - Budget and Actual-Budget Basis
As of September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-3

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
General Fund:					
Budgetary General Fund	\$ --	31,988	31,988	16,900	15,088
Budget Stabilization Reserve	--	7,055	7,055	7,055	--
Special revenue funds:					
Business Retention & Enhancement	4,787	159	4,946	4,946	--
Tax Increment Finance	131	--	131	131	--
Enterprise funds:					
Austin Energy	115,493	--	115,493	115,493	--
Austin Water Utility	45,805	1	45,806	45,806	--
Austin Resource Recovery	472	--	472	472	--
Total transfers in	166,688	39,203	205,891	190,803	15,088
Transfers out					
General Fund:					
Barton Springs Conservation	--	53	53	53	--
Budgetary General Fund	--	3,500	3,500	3,500	--
Budget Stabilization Reserve	--	15,247	15,247	159	(15,088)
Community Development Incentives	--	7	7	7	--
Economic Development	--	4,863	4,863	4,863	--
Economic Incentives Reserve	--	11,637	11,637	11,637	--
Emergency Reserve	--	3,548	3,548	3,548	--
Long Center Capital Improvements	--	300	300	300	--
Music Venue Assistance Program	--	100	100	100	--
Special revenue funds:					
Child Safety	836	--	836	836	--
Housing Trust Social Equity	2,497	--	2,497	2,497	--
Urban Renewal Agency	7	(7)	--	--	--
Cable TV	475	--	475	475	--
Downtown Public Improvement District	38	(38)	--	--	--
Mueller Local Government Corporation	976	--	976	976	--
Tax Increment Finance	--	100	100	100	--
Capital Improvement Projects	3,472	71	3,543	3,543	--
Debt Service funds:					
Debt Service	92	--	92	92	--
Enterprise funds:					
Austin Energy	9	(9)	--	--	--
Golf	500	--	500	500	--
Transportation	3,223	(2,370)	853	853	--
Internal service funds:					
Information Systems	--	336	336	336	--
Liability Reserve	--	1	1	1	--
Support Services	--	1,362	1,362	1,362	--
Wireless Communication	--	2,370	2,370	2,370	--
Workers Compensation	--	61	61	61	--
Total transfers out	12,125	41,132	53,257	38,169	(15,088)
Net transfers	\$ 154,563	(1,929)	152,634	152,634	--

(1) Includes adjustments to actual transfers required for adjusted budget basis presentation.



**NONMAJOR
GOVERNMENTAL
FUNDS**



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit E-4**

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Pooled investments and cash	\$ 125,377	71	209,265	1,071	335,784
Investments	--	23,694	--	--	23,694
Cash held by trustee - restricted	9,582	--	--	--	9,582
Investments held by trustee - restricted	1,773	--	--	--	1,773
Property taxes receivable, net of allowance	--	3,636	--	--	3,636
Accounts receivable, net of allowance	25,937	--	2,566	--	28,503
Receivables from other governments	12,004	--	25	--	12,029
Notes receivable, net of allowance	23,942	--	--	--	23,942
Due from other funds	11,412	31	--	--	11,443
Advances to other funds	--	1,455	17,641	--	19,096
Real property held for resale	5,675	--	--	--	5,675
Other assets	3,048	--	--	--	3,048
Total assets	218,750	28,887	229,497	1,071	478,205
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	3,429	--	20,755	--	24,184
Accrued payroll	123	--	--	--	123
Due to other funds	11,412	--	--	--	11,412
Due to other governments	9	--	--	--	9
Unearned revenue	2,973	--	--	--	2,973
Advances from other funds	--	625	17,641	--	18,266
Deposits and other liabilities	73,376	--	412	--	73,788
Total liabilities	91,322	625	38,808	--	130,755
DEFERRED INFLOWS OF RESOURCES	2,708	3,675	440	--	6,823
FUND BALANCES					
Nonspendable:					
Permanent funds	--	--	--	1,070	1,070
Restricted	75,684	24,587	114,310	1	214,582
Committed	40,652	--	--	--	40,652
Assigned	10,926	--	98,766	--	109,692
Unassigned	(2,542)	--	(22,827)	--	(25,369)
Total fund balances	124,720	24,587	190,249	1,071	340,627
Total liabilities, deferred inflows of resources, and fund balances	\$ 218,750	28,887	229,497	1,071	478,205

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$ 10,379	127,492	--	--	137,871
Franchise fees and other taxes	104,025	--	--	--	104,025
Fines, forfeitures and penalties	4,511	--	--	--	4,511
Licenses, permits and inspections	374	--	--	--	374
Charges for services/goods	22,006	--	--	--	22,006
Intergovernmental	52,623	--	6,949	--	59,572
Property owners' participation and contributions	3,012	--	11,647	--	14,659
Interest and other	4,343	3,424	3,529	--	11,296
Total revenues	201,273	130,916	22,125	--	354,314
EXPENDITURES					
Current:					
General government	2,063	--	--	--	2,063
Public safety	8,156	--	--	--	8,156
Transportation, planning, and sustainability	4,704	--	--	--	4,704
Public health	20,538	--	--	--	20,538
Public recreation and culture	13,871	--	--	--	13,871
Urban growth management	57,491	--	--	--	57,491
Debt service:					
Principal	2,115	85,252	--	--	87,367
Interest	4,186	57,676	--	--	61,862
Fees and commissions	--	13	--	--	13
Capital outlay	--	--	130,783	--	130,783
Total expenditures	113,124	142,941	130,783	--	386,848
Excess (deficiency) of revenues over expenditures	88,149	(12,025)	(108,658)	--	(32,534)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	9,878	654	120,133	--	130,665
Issuance of refunding bonds	--	54,970	--	--	54,970
Bond premiums	176	13,774	21,480	--	35,430
Payment to refunding bond escrow agent	--	(68,744)	--	--	(68,744)
Transfers in	15,385	14,329	26,138	--	55,852
Transfers out	(105,263)	--	(52,679)	--	(157,942)
Total other financing sources (uses)	(79,824)	14,983	115,072	--	50,231
Net change in fund balances	8,325	2,958	6,414	--	17,697
Fund balances at beginning of year	116,395	21,629	183,835	1,071	322,930
Fund balances at end of year	\$ 124,720	24,587	190,249	1,071	340,627





SPECIAL REVENUE FUNDS

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City reports the following nonmajor special revenue funds:

FEDERAL, STATE AND OTHER SPECIAL REVENUE GRANTS

These represent grants awarded to the City from various federal, state and other sources. This category includes operational and capital grant activities. Grants awarded to enterprise operations are consolidated with enterprise reporting and are reported in the supplemental schedules.

OTHER SPECIAL REVENUE FUNDS

General Government

Municipal Court:

Municipal Court Building Security Fund - Provides funding to enhance courthouse security.

Municipal Court Juvenile Case Manager Fund - Accounts for the collection of fees associated with fine only misdemeanor charges.

Municipal Court Technology Fund - Provides funding for technological enhancements to Municipal Court operations.

Public Safety

Police:

ARIC Sustainability Fund - Accounts for the funding of costs to sustain operation of the Austin Regional Intelligence Center (ARIC).

Auto Theft Interdiction Fund - Accounts for funds seized related to current auto theft investigations.

Municipal Court Traffic Safety Fund - Collection of fees associated with red light camera program penalties.

Police Benefit Fund - Accounts for donations received for the benefit and improvement of the Police Department.

Police Federal Dept. of Justice Asset Forfeiture Fund - Records all Dept. of Justice federal seized funds generated by police enforcement activities.

Police Federal Dept. of Treasury Asset Forfeiture Fund - Records all Dept. of Treasury federal seized funds generated by police enforcement activities.

Police State Contraband Asset Forfeiture Fund - Accounts for the redistribution of proceeds generated by police enforcement activities.

Police State Forfeiture Gambling Fund - Accounts for proceeds from the sale of property forfeited through the courts for illegal gambling operations.

Fire:

Fire Miscellaneous Fund - Accounts for contributions for "The Firehouse," a public safety awareness exhibit, which is transported to different sites throughout Austin.

Transportation, Planning, and Sustainability

Public Works and Transportation:

Capital Area Metropolitan Planning Organization - Accounts for transportation planning activities regarding the Austin Metropolitan roadways, bicycle areas, and pedestrian walkways.

Child Safety Fund - Accounts for certain fines and fees used to provide school crossing guards at City schools.

Fiscal Surety - Land Development Fund - Escrow funds received from contractors for improvements for environmental, health, safety controls, and public infrastructure.

Public Health

Health and Human Services:

Health Miscellaneous Fund - Accounts for contributions for Strategic Intervention for High Risk Youth.

Other Public Health:

Animal Services Fund - Accounts for donations to fund animal services activities.

Animal Shelter Building Fund - Accounts for donations to improve the Town Lake Animal Shelter.

Public Recreation and Culture

Austin Public Library:

Austin History Center Fund - Accounts for contributions to be used for the Austin-Travis County Collection.

Friends of Austin Public Library Fund - Accounts for proceeds of book sales.

Special Library Fund - Accounts for donations received to purchase books or special equipment.

Parks and Recreation:

Adaptive Programs Fund - Accounts for various revenues and fees generated by programs and activities sponsored by the Parks and Recreation Dept.

PARD Cultural Projects Fund - Records activities for cultural project purposes. Funded by a portion of the hotel occupancy tax.

PARD Miscellaneous Fund - Accounts for miscellaneous deposits and revenues to be used for specified purposes.

Planting for the Future Fund - Accounts for donations received for plantings in the City of Austin.

Republic Square Fund - Accounts for donations for the improvement and beautification of Republic Square.

Special Events Fund - Accounts for the collection and use of revenue received for specific special events utilizing Austin's parklands through ticket surcharges and other special event fees.

Summer Musical Fund - Accounts for funds for the annual summer musical production that is administered by the Parks and Recreation Department.

Teen Activity Fund - Accounts for contributions received to provide leisure activities for teenagers.

Tennis League Fund - Accounts for tournament fees received from participants of Austin Tennis League activities and tournaments.

Town Lake Beautification Fund - Accounts for donations for the beautification of Lady Bird Lake.

OTHER SPECIAL REVENUE FUNDS, continued

Urban Growth Management

Neighborhood Housing & Community Development:

Homestead Preservation Reinvestment Tax Increment Fund - Accounts for property tax revenue that is collected in the City of Austin reinvestment zone. The purpose of the fund is to increase home ownership, provide affordable housing, and prevent the involuntary loss of homesteads by existing low-income and moderate-income families.

Housing Loan Fund - Accounts for Affordable Housing loan activities.

Housing Trust Social Equity Fund - Accounts for housing funds set aside for SMART Housing initiative.

Neighborhood Housing & Conservation - Provides funding for affordable housing programs through general obligation bonds.

UNO Housing Trust Fund - The fund was created to provide rental housing development assistance to development within the University Neighborhood Overlay.

Urban Renewal Agency Fund - Accounts for the agency responsible for overseeing the implementation and compliance of urban renewal plans. (blended component unit)

Development Services and Watershed Protection:

Austin Industrial Development Corporation (AIDC) - Accounts for the administrative costs related to the Corporation. (blended component unit)

Austin Lake Hills Water Quality Fund - Accounts for developer funding to design and construct water quality controls for specific lots located in the Austin Lake Hills subdivision.

Barton Springs Zone Mitigation Fund - Accounts for the Barton Springs zone mitigation fee.

Riparian Zone Mitigation Fund - Accounts for the fees paid by developers to restore riparian health or provide mitigation if on-site restoration is infeasible in the Critical Water Quality Zone

Urban Forest Replenishment Fund - Assists in planting replacement trees, saving blocks of natural areas, providing a maintenance program for trees to be retained, requiring special construction techniques, and/or transplanting existing trees.

Water Supply Mitigation Fund - Accounts for funds received from properties located in a water supply rural or water supply suburban watershed.

Other Urban Growth Management:

Business Retention & Enhancement Fund - Accounts for funds to retain and enhance downtown businesses.

Cable TV Fund - Accounts for payments from cable companies and disbursements to Austin Access Television.

City Hall Fund - Accounts for revenue and operating expenditures related to City Hall's retail leases and underground parking garage.

City Hall Retail Tenant Improvement Fund - Accounts for revenue and deposits related to retail space in City Hall.

Downtown Public Improvement District Fund - Accounts for the downtown public improvement district, which will provide services, security, and improvements for the downtown Austin area.

East Sixth Street Public Improvement District Fund - Accounts for the E Sixth Street public improvement district, which will provide services, security, and improvements for the E Sixth Street area.

Estancia Hill Country Public Improvement District Fund - Accounts for the Estancia Hill Country public improvement district, which issued bonds to finance the construction, ownership and maintenance of certain improvements to support the Estancia Hill Country development.

Hotel-Motel Occupancy Tax Fund - Accounts for hotel/motel occupancy tax revenues and transfers of these revenues to participating funds.

I-35 Parking Program Fund - Accounts for revenue, operations and maintenance requirements for two parking lots located under the I-35 overpass. These state-owned lots fall under the City's control through a 1963 lease arrangement.

Indian Hills Public Improvement District Fund - Accounts for the Indian Hills public improvement district, which issued bonds to finance the construction, ownership and maintenance of certain improvements to support the Indian Hills development.

Mueller Development Fund - Accounts for the costs of overseeing the life of the redevelopment project, Robert Mueller Municipal Airport site.

Mueller Local Government Corporation - Established for the purpose of financing projects required for the development of the former site of Mueller Airport. (blended component unit)

Mueller Tax Increment Financing Fund - Accounts for property tax revenue that is collected in the Mueller Tax Increment Financing Reinvestment Zone No. 16.

One Texas Center Fund - Accounts for the revenues and debt service requirements of the One Texas Center building.

Public Arts Fund - Provides for preservation and conservation of the City of Austin public art collection.

Rainey Street District Fund - The fund was created to assist in the rehabilitation of the existing single-family structures that are relocated outside of the Rainey Street District to be used and maintained as affordable housing units.

Rutherford Lane Facility Fund - Accounts for the revenue, expenditures and debt service requirements associated with the Rutherford Lane facilities.

Seaholm Parking Garage Fund - Accounts for property tax revenue and other revenue related to the Seaholm parking garage. The revenue will be used for debt service costs associated with the redevelopment of the former Seaholm Power Plant.

Seaholm Tax Increment Financing Fund - Accounts for property tax revenue that is collected in the Seaholm Tax Increment Financing Reinvestment Zone No. 18 to finance the construction of public improvements for the Seaholm Redevelopment Project.

Section 108 Family Business Loan Fund - Accounts for the public-private partnership loan program funded by a U.S. Department of Housing and Urban Development (HUD) Section 108 loan guarantee.

South Congress Public Improvement District Fund - Accounts for the South Congress public improvement district, which will provide services, security and improvements to the South Congress area.

Tax Increment Finance Fund - Accounts for maintaining the plazas, streetscapes and other public improvements installed on specific downtown blocks.

Tourism and Promotion Fund - Accounts for the promotion of tourism in Austin as both a leisure and business destination. Funded by a portion of bed tax receipts.

Vehicle Rental Tax Fund - Accounts for the levy of a short-term motor vehicle rental tax.

Waller Creek Reserve Fund - Provides reserve funding for the proposed Waller Creek tunnel project.

Waller Creek Tax Increment Finance Fund - Accounts for property tax revenue that is collected in the Waller Creek Tax Increment Financing Reinvestment Zone No. 17.

Whisper Valley Public Improvement District Fund - Accounts for the Whisper Valley public improvement district, which issued bonds to finance the construction, ownership and maintenance of certain improvements to support the Whisper Valley development

Wildland Conservation Fund - Accounts for the City and County's management of preserve systems.

HOUSING ASSISTANCE FUND

Accounts for the activities of the Austin Housing Finance Corporation.

**Special Revenue Funds
Combining Balance Sheet
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit E-6**

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
ASSETS				
Pooled investments and cash	\$ 2,125	119,714	3,538	125,377
Cash held by trustee - restricted	842	8,740	--	9,582
Investments held by trustee - restricted	--	1,773	--	1,773
Accounts receivable, net of allowance	--	25,779	158	25,937
Receivables from other governments	11,994	--	10	12,004
Notes receivable, net of allowance	--	3,534	20,408	23,942
Due from other funds	--	11,412	--	11,412
Real property held for resale	--	678	4,997	5,675
Other assets	13	3,035	--	3,048
Total assets	14,974	174,665	29,111	218,750
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	968	2,461	--	3,429
Accrued payroll	--	123	--	123
Due to other funds	9,869	1,543	--	11,412
Due to other governments	--	9	--	9
Unearned revenue	2,973	--	--	2,973
Deposits and other liabilities	1,164	70,455	1,757	73,376
Total liabilities	14,974	74,591	1,757	91,322
DEFERRED INFLOWS OF RESOURCES	--	2,708	--	2,708
FUND BALANCES				
Restricted	--	48,330	27,354	75,684
Committed	--	40,652	--	40,652
Assigned	--	10,926	--	10,926
Unassigned	--	(2,542)	--	(2,542)
Total fund balances	--	97,366	27,354	124,720
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,974	174,665	29,111	218,750

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
REVENUES				
Property taxes	\$ --	10,379	--	10,379
Franchise fees and other taxes	--	104,025	--	104,025
Fines, forfeitures, and penalties	--	4,511	--	4,511
Licenses, permits and inspections	--	374	--	374
Charges for services/goods	--	21,851	155	22,006
Intergovernmental	43,577	678	8,368	52,623
Property owners' participation and contributions	--	3,012	--	3,012
Interest and other	--	4,296	47	4,343
Total revenues	43,577	149,126	8,570	201,273
EXPENDITURES				
Current:				
General government	480	1,583	--	2,063
Public safety	6,620	1,536	--	8,156
Transportation, planning, and sustainability	1,793	2,911	--	4,704
Public health	20,254	284	--	20,538
Public recreation and culture	805	13,066	--	13,871
Urban growth management	13,625	36,671	7,195	57,491
Debt service:				
Principal	--	2,115	--	2,115
Interest	--	4,186	--	4,186
Total expenditures	43,577	62,352	7,195	113,124
Excess of revenues over expenditures	--	86,774	1,375	88,149
OTHER FINANCING SOURCES (USES)				
Issuance of tax supported debt	--	9,878	--	9,878
Bond premiums	--	176	--	176
Transfers in	--	15,385	--	15,385
Transfers out	--	(105,263)	--	(105,263)
Total other financing sources (uses)	--	(79,824)	--	(79,824)
Net change in fund balances	--	6,950	1,375	8,325
Fund balances at beginning of year	--	90,416	25,979	116,395
Fund balances at end of year	\$ --	97,366	27,354	124,720

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets					Liabilities and Fund Balances						
	Pooled Investments and Cash	Cash held by trustee	Receivables from Other Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Unearned Revenue	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
Federal grants												
U.S. Department of Agriculture	\$ 175	--	1,023	--	1,198	2	1,021	--	175	1,198	--	1,198
Equal Employment Opportunity Commission	--	--	2	--	2	--	2	--	--	2	--	2
U.S. Department of Justice	4	--	443	--	447	--	388	4	55	447	--	447
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	10
U.S. Department of State	--	--	170	--	170	63	107	--	--	170	--	170
U.S. Department of Transportation	--	--	1,146	--	1,146	--	1,126	20	--	1,146	--	1,146
U.S. Health & Human Services	262	193	1,368	13	1,836	3	1,306	249	278	1,836	--	1,836
U.S. Department of Homeland Security	62	--	4,264	--	4,326	65	3,649	612	--	4,326	--	4,326
U.S. Housing/Urban Development	175	649	1,967	--	2,791	835	1,135	700	121	2,791	--	2,791
U.S. National Endowment for the Arts	20	--	99	--	119	--	99	20	--	119	--	119
U.S. National Science Foundation	39	--	--	--	39	--	--	--	39	39	--	39
U.S. Department of Interior	--	--	30	--	30	--	--	--	30	30	--	30
U.S. Institute of Museum and Library Services	--	--	40	--	40	--	40	--	--	40	--	40
Total federal grants	737	842	10,562	13	12,154	968	8,883	1,605	698	12,154	--	12,154
State grants												
Texas Governor's Office Criminal Justice Division	--	--	469	--	469	--	447	--	22	469	--	469
State Health Services	13	--	397	--	410	--	385	--	25	410	--	410
Texas Commission of the Arts	5	--	--	--	5	--	--	2	3	5	--	5
Texas Parks and Wildlife	--	--	29	--	29	--	29	--	--	29	--	29
Texas Department of Motor Vehicles	--	--	125	--	125	--	125	--	--	125	--	125
Texas Commission of Environmental Quality	--	--	--	--	--	--	--	--	--	--	--	--
Texas Department of Housing and Community Affairs	--	--	--	--	--	--	--	--	--	--	--	--
Total state grants	18	--	1,020	--	1,038	--	986	2	50	1,038	--	1,038
Other special revenue grants	1,370	--	412	--	1,782	--	--	1,366	416	1,782	--	1,782
Total all grants	\$ 2,125	842	11,994	13	14,974	968	9,869	2,973	1,164	14,974	--	14,974

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
 Exhibit E-9

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	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess</u> <u>(Deficiency)</u>	<u>Fund Balances</u>	<u>Fund Balances</u>
	<u>Inter-</u>	<u>Special</u>	<u>Of Revenues</u>	<u>at Beginning</u>	<u>at End</u>
	<u>governmental</u>	<u>Projects</u>	<u>Over</u>	<u>of Year</u>	<u>of Year</u>
			<u>Expenditures</u>		
Federal grants					
U.S. Department of Agriculture	\$ 5,213	5,213	--	--	--
Equal Employment Opportunity Commission	128	128	--	--	--
U.S. Department of Justice	1,000	1,000	--	--	--
U.S. Department of Labor	--	--	--	--	--
U.S. Department of State	327	327	--	--	--
U.S. Department of Transportation	2,982	2,982	--	--	--
U.S. Health & Human Services	12,930	12,930	--	--	--
U.S. Department of Homeland Security	2,892	2,892	--	--	--
U.S. Housing/Urban Development	14,297	14,297	--	--	--
U.S. National Foundation for the Arts	30	30	--	--	--
U.S. National Science Foundation	6	6	--	--	--
U.S. Department of Interior	--	--	--	--	--
U.S. Institute of Museum and Library Services	97	97	--	--	--
Total federal grants	39,902	39,902	--	--	--
State grants					
Texas Governor's Office Criminal Justice Division	763	763	--	--	--
State Health Services	936	936	--	--	--
Texas Commission of the Arts	22	22	--	--	--
Texas Parks and Wildlife	185	185	--	--	--
Texas Department of Motor Vehicles	406	406	--	--	--
Texas Commission on Environmental Quality	26	26	--	--	--
Texas Department of Housing and Community Affairs	509	509	--	--	--
Total state grants	2,847	2,847	--	--	--
Other special revenue grants	828	828	--	--	--
Total all grants	\$ 43,577	43,577	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-10

	Total Expenditures at			Current Year		Total Expenditures at			Budget		
	Beginning of Year			In-Kind		End of Year			In-Kind		
	Grant	Match	Total	Grant	Match	Grant	Match	Total	Grant	Match	Total
Federal grants											
U.S. Department of Agriculture	\$ 55,565	--	55,565	5,213	5	60,778	5	60,783	64,433	5	64,438
Equal Employment Opportunity Commission	957	--	957	128	--	1,085	--	1,085	1,200	--	1,200
U.S. Department of Justice	32,995	5,420	38,415	1,000	142	33,995	5,562	39,557	38,126	6,226	44,352
U.S. Department of Labor	68	--	68	--	--	68	--	68	82	--	82
U.S. Department of State	131	--	131	327	--	458	--	458	500	166	666
U.S. Department of Transportation	47,721	13,185	60,906	2,982	857	50,703	14,042	64,745	70,122	19,405	89,527
U.S. Health & Human Services	142,545	970	143,515	12,930	253	155,475	1,223	156,698	182,912	1,435	184,347
U.S. Department of Homeland Security	51,819	2,932	54,751	2,892	560	54,711	3,492	58,203	60,372	4,138	64,510
U.S. Housing/Urban Development	286,137	4,434	290,571	14,297	705	300,434	5,139	305,573	311,257	5,289	316,546
U.S. National Endowment for the Arts	112	44	156	30	--	142	44	186	152	58	210
U.S. National Science Foundation	--	--	--	6	--	6	--	6	75	--	75
U.S. Department of Interior	395	305	700	--	--	395	305	700	397	311	708
U.S. Institute of Museum and Library Services	174	33	207	97	--	271	33	304	283	33	316
Total federal grants	618,619	27,323	645,942	39,902	2,522	658,521	29,845	688,366	729,911	37,066	766,977
State grants											
Texas Governor's Office Criminal Justice Division	637	157	794	763	185	1,400	342	1,742	1,419	345	1,764
State Health Services	7,268	658	7,926	936	97	8,204	755	8,959	10,161	884	11,045
Texas Commission of the Arts	215	71	286	22	--	237	71	308	279	125	404
Texas Parks and Wildlife	1,576	1,554	3,130	185	168	1,761	1,722	3,483	2,309	2,345	4,654
Texas Department of Motor Vehicles	3,245	1,075	4,320	406	194	3,651	1,269	4,920	3,717	1,269	4,986
Texas Commission on Environmental Quality	7,297	5,539	12,836	26	--	7,323	5,539	12,862	7,571	8,861	16,432
Texas Department of Housing and Community Affairs	4,393	192	4,585	509	--	4,902	192	5,094	4,934	192	5,126
Total state grants	24,631	9,246	33,877	2,847	644	27,478	9,890	37,368	30,390	14,021	44,411
Other special revenue grants	6,518	93	6,611	828	16	7,346	109	7,455	13,259	553	13,812
Total all grants	\$ 649,768	36,662	686,430	43,577	3,182	693,345	39,844	733,189	773,560	51,640	825,200

Special Revenue Funds - Other
Combining Balance Sheet
For the year ended September 30, 2017
(In thousands)

	Assets								Total Assets
	Pooled Investments and Cash	Cash Held by Trustee, Restricted	Investments Held by Trustee, Restricted	Net Accounts Receivable	Net Notes Receivable	Due from Other Funds	Property Held for Resale	Other Assets	
General government									
<i>Municipal Court:</i>									
Municipal Court Building Security	\$ 21	--	--	--	--	--	--	--	21
Municipal Court Juvenile Case Manager	1,666	--	--	--	--	--	--	--	1,666
Municipal Court Technology	527	--	--	--	--	--	--	--	527
Total general government	2,214	--	--	--	--	--	--	--	2,214
Public safety									
<i>Police:</i>									
ARIC Sustainability	1,411	--	--	--	--	--	--	--	1,411
Auto Theft Interdiction	1	--	--	--	--	--	--	--	1
Municipal Court Traffic Safety	74	--	--	--	--	--	--	--	74
Police Benefit	327	--	--	--	--	--	--	--	327
Police Federal Dept. of Justice Asset Forfeiture	2,490	--	--	--	--	--	--	--	2,490
Police Federal Dept. of Treasury Asset Forfeiture	1,638	--	--	--	--	--	--	--	1,638
Police State Contraband Asset Forfeiture	1,392	--	--	--	--	--	--	--	1,392
Police State Gambling Asset Forfeiture	611	--	--	--	--	--	--	--	611
Total Police	7,944	--	--	--	--	--	--	--	7,944
<i>Fire:</i>									
Fire Miscellaneous	49	--	--	--	--	--	--	--	49
Total Fire	49	--	--	--	--	--	--	--	49
Total public safety	7,993	--	--	--	--	--	--	--	7,993
Transportation, planning, and sustainability									
<i>Public Works and Transportation:</i>									
Capital Area Metropolitan Planning Organization	--	--	--	--	--	--	--	--	--
Child Safety	241	--	--	81	--	--	--	--	322
Fiscal Surety - Land Development	53,064	--	--	--	--	9,869	--	--	62,933
Total Public Works and Transportation	53,305	--	--	81	--	9,869	--	--	63,255
Total transportation, planning, and sustainability	53,305	--	--	81	--	9,869	--	--	63,255
Public health									
<i>Health and Human Services:</i>									
Health Miscellaneous	163	--	--	--	--	--	--	--	163
Total Health and Human Services	163	--	--	--	--	--	--	--	163
<i>Other public health:</i>									
Animal Services	276	--	--	25	--	--	--	--	301
Animal Shelter Building	15	--	--	--	--	--	--	--	15
Total other public health	291	--	--	25	--	--	--	--	316
Total public health	\$ 454	--	--	25	--	--	--	--	479

Liabilities						Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
Accounts Payable	Accrued Payroll	Due to Other Funds	Due to Other Governments	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restr- icted	Com- mitted	Assi- gned	Unass- igned		Total Fund Balances
--	--	--	--	--	--	--	21	--	--	--	21	21
1	22	--	--	--	23	--	1,643	--	--	--	1,643	1,666
18	--	--	--	--	18	--	509	--	--	--	509	527
19	22	--	--	--	41	--	2,173	--	--	--	2,173	2,214
--	--	--	--	--	--	--	1,411	--	--	--	1,411	1,411
--	--	--	--	30	30	--	--	--	--	(29)	(29)	1
74	--	--	--	--	74	--	--	--	--	--	--	74
--	--	--	--	--	--	--	288	--	39	--	327	327
116	--	--	--	--	116	--	2,374	--	--	--	2,374	2,490
--	--	--	--	--	--	--	1,638	--	--	--	1,638	1,638
--	--	--	--	--	--	--	1,392	--	--	--	1,392	1,392
--	--	--	--	--	--	--	611	--	--	--	611	611
190	--	--	--	30	220	--	7,714	--	39	(29)	7,724	7,944
--	--	--	--	--	--	--	49	--	--	--	49	49
--	--	--	--	--	--	--	49	--	--	--	49	49
190	--	--	--	30	220	--	7,763	--	39	(29)	7,773	7,993
--	--	--	--	--	--	--	--	--	--	--	--	--
1	93	--	--	--	94	--	218	--	10	--	228	322
--	--	--	--	63,212	63,212	--	--	--	--	(279)	(279)	62,933
1	93	--	--	63,212	63,306	--	218	--	10	(279)	(51)	63,255
1	93	--	--	63,212	63,306	--	218	--	10	(279)	(51)	63,255
1	--	--	--	107	108	--	54	--	1	--	55	163
1	--	--	--	107	108	--	54	--	1	--	55	163
12	--	--	--	86	98	--	187	--	16	--	203	301
--	--	--	--	--	--	--	--	--	15	--	15	15
12	--	--	--	86	98	--	187	--	31	--	218	316
13	--	--	--	193	206	--	241	--	32	--	273	479

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
For the year ended September 30, 2017
(In thousands)

	Assets								Total Assets
	Pooled Investments and Cash	Cash Held by Trustee, Restricted	Investments Held by Trustee, Restricted	Net Accounts Receivable	Net Notes Receivable	Due from Other Funds	Property Held for Resale	Other Assets	
Public recreation and culture									
<i>Austin Public Library:</i>									
Austin History Center	\$ 100	--	--	--	--	--	--	--	100
Friends of Austin Public Library	428	--	--	--	--	--	--	7	435
Special Library	1,401	--	--	--	--	--	--	--	1,401
Total Austin Public Library	1,929	--	--	--	--	--	--	7	1,936
<i>Parks and Recreation:</i>									
Adaptive Programs	10	--	--	--	--	--	--	--	10
PARD Cultural Projects	5,890	--	--	--	--	--	--	7	5,897
PARD Miscellaneous	1,118	--	--	--	--	--	--	--	1,118
Planting for the Future	514	--	--	--	--	--	--	--	514
Republic Square	1	--	--	--	--	--	--	--	1
Special Events	--	--	--	--	--	--	--	--	--
Summer Musical	360	--	--	--	--	--	--	--	360
Teen Activity	135	--	--	--	--	--	--	--	135
Tennis League	2	--	--	--	--	--	--	--	2
Town Lake Beautification	49	--	--	--	--	--	--	--	49
Total Parks and Recreation	8,079	--	--	--	--	--	--	7	8,086
Total public recreation and culture	10,008	--	--	--	--	--	--	14	10,022
Urban growth management									
<i>Neighborhood Housing & Community Development:</i>									
Homestead Preservation									
Reinvestment Tax Increment	253	--	--	--	--	--	--	--	253
Housing Loan	--	--	--	--	3,534	--	--	--	3,534
Housing Trust Social Equity	2,990	--	--	--	--	1,416	--	--	4,406
Neighborhood Housing & Conservation	--	--	--	--	--	--	--	--	--
UNO Housing Trust	1,114	--	--	100	--	--	--	--	1,214
Urban Renewal Agency	--	--	--	--	--	--	678	--	678
Total Neighborhood Housing & Community Development	4,357	--	--	100	3,534	1,416	678	--	10,085
<i>Development Services and Watershed Protection:</i>									
Austin Industrial Development Corporation (AIDC)	185	--	--	--	--	--	--	--	185
Austin Lake Hills Water Quality	96	--	--	--	--	--	--	--	96
Barton Springs Zone Mitigation	401	--	--	--	--	--	--	--	401
Riparian Zone Mitigation	753	--	--	--	--	--	--	--	753
Urban Forest Replenishment	3,969	--	--	--	--	--	--	--	3,969
Water Supply Mitigation	8	--	--	--	--	--	--	--	8
Total Development Services and Watershed Protection	\$ 5,412	--	--	--	--	--	--	--	5,412

(Continued)

Liabilities						Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
Accounts Payable	Accrued Payroll	Other Funds	Due to Other Governments	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restr- icted	Com- mitted	Assi- gned	Unass- igned		Total Fund Balances
--	--	--	--	--	--	--	100	--	--	--	100	100
--	--	--	--	--	--	--	429	--	6	--	435	435
--	--	--	--	--	--	--	1,401	--	--	--	1,401	1,401
--	--	--	--	--	--	--	1,930	--	6	--	1,936	1,936
--	--	--	--	--	--	--	10	--	--	--	10	10
143	--	--	--	--	143	--	--	5,673	81	--	5,754	5,897
--	--	--	--	--	--	--	1,043	--	75	--	1,118	1,118
--	--	--	--	--	--	--	514	--	--	--	514	514
--	--	--	--	--	--	--	1	--	--	--	1	1
--	--	--	--	--	--	--	--	--	--	--	--	--
3	--	--	--	--	3	--	357	--	--	--	357	360
--	--	--	--	--	--	--	135	--	--	--	135	135
--	--	--	--	--	--	--	2	--	--	--	2	2
--	--	--	--	--	--	--	49	--	--	--	49	49
146	--	--	--	--	146	--	2,111	5,673	156	--	7,940	8,086
146	--	--	--	--	146	--	4,041	5,673	162	--	9,876	10,022
--	--	--	--	--	--	--	253	--	--	--	253	253
--	--	--	--	--	--	--	3,534	--	--	--	3,534	3,534
36	--	--	--	--	36	--	--	60	4,310	--	4,370	4,406
531	--	1,417	--	--	1,948	--	--	--	--	(1,948)	(1,948)	--
--	--	--	--	--	--	--	1,180	--	34	--	1,214	1,214
--	--	--	--	--	--	--	--	678	--	--	678	678
567	--	1,417	--	--	1,984	--	4,967	738	4,344	(1,948)	8,101	10,085
--	--	--	--	--	--	--	--	185	--	--	185	185
--	--	--	--	--	--	--	--	96	--	--	96	96
--	--	--	--	--	--	--	--	397	4	--	401	401
--	--	--	--	--	--	--	--	747	6	--	753	753
162	--	--	--	--	162	--	--	3,758	49	--	3,807	3,969
--	--	--	--	--	--	--	--	8	--	--	8	8
162	--	--	--	--	162	--	--	5,191	59	--	5,250	5,412

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
For the year ended September 30, 2017
(In thousands)

	Assets								
	Pooled Investments and Cash	Cash Held by Trustee, Restricted	Investments Held by Trustee, Restricted	Net Accounts Receivable	Net Notes Receivable	Due from Other Funds	Property Held for Resale	Other Assets	Total Assets
<i>Other urban growth management:</i>									
Business Retention & Enhancement	\$ 583	--	--	521	--	--	--	6	1,110
Cable TV	5,430	--	--	--	--	127	--	--	5,557
City Hall	--	--	--	12	--	--	--	--	12
City Hall Retail Tenant Improvement	117	--	--	--	--	--	--	--	117
Downtown Public Improvement District	3,759	--	--	224	--	--	--	--	3,983
East Sixth Street Public Improvement District	63	--	--	51	--	--	--	--	114
Estancia Hill Country Public Improvement District (1)	176	--	1,269	18	--	--	--	--	1,463
Hotel-Motel Occupancy Tax	85	--	--	19,676	--	--	--	--	19,761
I-35 Parking Program	938	--	--	--	--	--	--	--	938
Indian Hills Public Improvement District	192	--	115	--	--	--	--	--	307
Mueller Development	92	--	--	2,708	--	--	--	--	2,800
Mueller Local Government Corporation	2,985	1,823	--	--	--	--	--	--	4,808
Mueller Tax Increment Financing	--	--	--	--	--	--	--	--	--
One Texas Center	401	--	--	--	--	--	--	--	401
Public Arts	11	--	--	--	--	--	--	--	11
Rainey Street District	101	--	--	--	--	--	--	--	101
Rutherford Lane Facility	981	--	--	--	--	--	--	--	981
Seaholm Parking Garage	817	--	--	--	--	--	--	--	817
Seaholm Tax Increment Financing	1,833	--	--	--	--	--	--	--	1,833
Section 108 Family Business Loan	714	6,917	--	--	--	--	--	3,015	10,646
South Congress Public Improvement District	107	--	--	87	--	--	--	--	194
Tax Increment Finance	731	--	--	--	--	--	--	--	731
Tourism and Promotion	797	--	--	--	--	--	--	--	797
Vehicle Rental Tax	--	--	--	2,276	--	--	--	--	2,276
Waller Creek Reserve	13,005	--	--	--	--	--	--	--	13,005
Waller Creek Tax Increment Finance	--	--	--	--	--	--	--	--	--
Whisper Valley Public Improvement District	615	--	389	--	--	--	--	--	1,004
Wildland Conservation	1,438	--	--	--	--	--	--	--	1,438
Total other urban growth management	35,971	8,740	1,773	25,573	--	127	--	3,021	75,205
Total urban growth management	45,740	8,740	1,773	25,673	3,534	1,543	678	3,021	90,702
Total	\$ 119,714	8,740	1,773	25,779	3,534	11,412	678	3,035	174,665

(1) Previously reported as Estancia Public Improvement District.

(Continued)

Liabilities						Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances	
Accounts Payable	Accrued Payroll	Due to Other Funds	Due to Other Governments	Deposits and Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restr- icted	Com- mitted	Assi- igned	Unass- igned		Total Fund Balances
14	--	--	--	--	14	--	--	127	969	--	1,096	1,110
63	--	--	--	--	63	--	3,379	--	2,115	--	5,494	5,557
153	--	19	9	--	181	--	--	--	--	(169)	(169)	12
23	--	--	--	--	23	--	94	--	--	--	94	117
--	--	--	--	--	--	--	--	2,955	1,028	--	3,983	3,983
--	--	--	--	--	--	--	--	7	107	--	114	114
--	--	--	--	--	--	--	--	342	1,121	--	1,463	1,463
--	--	--	--	85	85	--	19,676	--	--	--	19,676	19,761
1	--	--	--	--	1	--	915	--	22	--	937	938
--	--	--	--	--	--	--	--	302	5	--	307	307
--	--	--	--	7	7	2,708	--	85	--	--	85	2,800
--	--	--	--	--	--	--	--	4,808	--	--	4,808	4,808
--	--	89	--	--	89	--	--	--	--	(89)	(89)	--
--	--	--	--	--	--	--	--	401	--	--	401	401
--	--	--	--	11	11	--	--	--	--	--	--	11
--	--	--	--	--	--	--	--	69	32	--	101	101
155	--	--	--	--	155	--	--	826	--	--	826	981
--	--	--	--	--	--	--	817	--	--	--	817	817
--	--	--	--	--	--	--	1,833	--	--	--	1,833	1,833
2	--	--	--	6,917	6,919	--	--	3,727	--	--	3,727	10,646
28	--	--	--	--	28	--	--	160	6	--	166	194
96	--	--	--	--	96	--	35	--	600	--	635	731
807	--	--	--	--	807	--	--	--	--	(10)	(10)	797
--	--	--	--	--	--	--	2,178	--	98	--	2,276	2,276
--	--	--	--	--	--	--	--	13,005	--	--	13,005	13,005
--	--	18	--	--	18	--	--	--	--	(18)	(18)	--
--	--	--	--	--	--	--	--	980	24	--	1,004	1,004
21	8	--	--	--	29	--	--	1,256	153	--	1,409	1,438
<u>1,363</u>	<u>8</u>	<u>126</u>	<u>9</u>	<u>7,020</u>	<u>8,526</u>	<u>2,708</u>	<u>28,927</u>	<u>29,050</u>	<u>6,280</u>	<u>(286)</u>	<u>63,971</u>	<u>75,205</u>
<u>2,092</u>	<u>8</u>	<u>1,543</u>	<u>9</u>	<u>7,020</u>	<u>10,672</u>	<u>2,708</u>	<u>33,894</u>	<u>34,979</u>	<u>10,683</u>	<u>(2,234)</u>	<u>77,322</u>	<u>90,702</u>
<u>2,461</u>	<u>123</u>	<u>1,543</u>	<u>9</u>	<u>70,455</u>	<u>74,591</u>	<u>2,708</u>	<u>48,330</u>	<u>40,652</u>	<u>10,926</u>	<u>(2,542)</u>	<u>97,366</u>	<u>174,665</u>

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

	Revenues								Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergovernmental	Contributions	Interest and Other	
General government									
<i>Municipal Court:</i>									
Municipal Court Building Security	\$ --	--	285	--	--	--	--	--	285
Municipal Court Juvenile Case Manager	--	--	470	--	--	--	--	14	484
Municipal Court Technology	--	--	380	--	--	--	--	5	385
Total general government	--	--	1,135	--	--	--	--	19	1,154
Public safety									
<i>Police:</i>									
ARIC Sustainability	--	--	--	--	--	--	471	11	482
Auto Theft Interdiction	--	--	--	--	--	--	--	--	--
Municipal Court Traffic Safety	--	--	683	--	--	--	--	70	753
Police Benefit	--	--	--	--	--	--	118	--	118
Police Federal Dept. of Justice Asset Forfeiture	--	--	271	--	--	--	--	20	291
Police Federal Dept. of Treasury Asset Forfeiture	--	--	471	--	--	--	--	13	484
Police State Contraband Asset Forfeiture	--	--	223	--	--	--	--	14	237
Police State Gambling Asset Forfeiture	--	--	40	--	--	--	--	5	45
Total Police	--	--	1,688	--	--	--	589	133	2,410
<i>Fire:</i>									
Fire Miscellaneous	--	--	--	--	2	--	--	1	3
Total Fire	--	--	--	--	2	--	--	1	3
Total public safety	--	--	1,688	--	2	--	589	134	2,413
Transportation, planning, and sustainability									
<i>Public Works and Transportation:</i>									
Capital Area Metropolitan Planning Organization	--	--	--	--	10	--	--	--	10
Child Safety	--	--	1,688	--	--	--	--	1	1,689
Fiscal Surety - Land Development	--	--	--	--	--	--	--	--	--
Total Public Works and Transportation	--	--	1,688	--	10	--	--	1	1,699
Total transportation, planning, and sustainability	--	--	1,688	--	10	--	--	1	1,699
Public health									
<i>Health and Human Services:</i>									
Health Miscellaneous	--	--	--	--	--	--	10	--	10
Total Health and Human Services	--	--	--	--	--	--	10	--	10
<i>Other public health:</i>									
Animal Services	--	--	--	--	--	--	226	2	228
Animal Shelter Building	--	--	--	--	--	--	--	--	--
Total other public health	--	--	--	--	--	--	226	2	228
Total public health	\$ --	--	--	--	--	--	236	2	238

(1) Expenditures include capital outlay of \$603 thousand.

Current Expend- itures (1)	Expenditures		Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)				Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Debt Service Principal	Interest		Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out			
322	--	--	(37)	--	--	--	--	(37)	58	21
736	--	--	(252)	--	--	--	--	(252)	1,895	1,643
525	--	--	(140)	--	--	--	--	(140)	649	509
1,583	--	--	(429)	--	--	--	--	(429)	2,602	2,173
186	--	--	296	--	--	--	--	296	1,115	1,411
6	--	--	(6)	--	--	--	--	(6)	(23)	(29)
727	--	--	26	--	--	--	(26)	--	--	--
57	--	--	61	--	--	--	--	61	266	327
405	--	--	(114)	--	--	--	--	(114)	2,488	2,374
55	--	--	429	--	--	--	--	429	1,209	1,638
100	--	--	137	--	--	--	--	137	1,255	1,392
--	--	--	45	--	--	--	--	45	566	611
1,536	--	--	874	--	--	--	(26)	848	6,876	7,724
--	--	--	3	--	--	--	--	3	46	49
--	--	--	3	--	--	--	--	3	46	49
1,536	--	--	877	--	--	--	(26)	851	6,922	7,773
193	--	--	(183)	--	--	--	--	(183)	183	--
2,347	--	--	(658)	--	--	836	--	178	50	228
371	--	--	(371)	--	--	--	--	(371)	92	(279)
2,911	--	--	(1,212)	--	--	836	--	(376)	325	(51)
2,911	--	--	(1,212)	--	--	836	--	(376)	325	(51)
--	--	--	10	--	--	--	--	10	45	55
--	--	--	10	--	--	--	--	10	45	55
284	--	--	(56)	--	--	--	--	(56)	259	203
--	--	--	--	--	--	--	--	--	15	15
284	--	--	(56)	--	--	--	--	(56)	274	218
284	--	--	(46)	--	--	--	--	(46)	319	273

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

	Revenues								Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions	Interest and Other	
Public recreation and culture									
<i>Austin Public Library:</i>									
Austin History Center	\$ --	--	--	--	--	--	12	--	12
Friends of Austin Public Library	--	--	--	--	--	--	137	1	138
Special Library	--	--	--	--	--	--	364	--	364
Total Austin Public Library	--	--	--	--	--	--	513	1	514
<i>Parks and Recreation:</i>									
Adaptive Programs	--	--	--	--	--	--	--	--	--
PARD Cultural Projects	--	10,867	--	--	--	--	--	37	10,904
PARD Miscellaneous	--	--	--	2	--	--	272	--	274
Planting for the Future	--	--	--	139	--	--	62	--	201
Republic Square	--	--	--	--	--	--	--	--	--
Special Events	--	--	--	--	1,654	--	--	--	1,654
Summer Musical	--	--	--	--	--	--	152	--	152
Teen Activity	--	--	--	--	--	--	1	--	1
Tennis League	--	--	--	--	--	--	--	--	--
Town Lake Beautification	--	--	--	--	--	--	--	--	--
Total parks and recreation	--	10,867	--	141	1,654	--	487	37	13,186
Total public recreation and culture	--	10,867	--	141	1,654	--	1,000	38	13,700
Urban growth management									
<i>Neighborhood Housing & Community Development:</i>									
Homestead Preservation									
Reinvestment Tax Increment	253	--	--	--	--	--	--	--	253
Housing Loan	--	--	--	--	--	--	--	--	--
Housing Trust Social Equity	--	--	--	--	1,359	--	--	24	1,383
Neighborhood Housing & Conservation	--	--	--	--	--	--	--	--	--
UNO Housing Trust	--	--	--	--	104	--	--	11	115
Urban Renewal Agency	--	--	--	--	--	--	--	--	--
Total Neighborhood Housing & Community Development	253	--	--	--	1,463	--	--	35	1,751
<i>Development Services and Watershed Protection:</i>									
Austin Industrial Development Corporation (AIDC)	--	--	--	--	--	--	--	1	1
Austin Lake Hills Water Quality	--	--	--	--	--	--	--	1	1
Barton Springs Zone Mitigation	--	--	--	--	--	--	--	3	3
Riparian Zone Mitigation	--	--	--	--	--	--	188	5	193
Urban Forest Replenishment	--	--	--	--	--	--	994	28	1,022
Water Supply Mitigation	--	--	--	--	--	--	--	--	--
Total Development Services and Watershed Protection	\$ --	--	--	--	--	--	1,182	38	1,220

(1) Expenditures include capital outlay of \$603 thousand.

(Continued)

Expenditures			Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)				Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
Current Expend- itures (1)	Debt Service			Issuance of	Bond	Transfers	Transfers			
	Principal	Interest		Tax Supported Debt	Premiums	In	Out			
59	--	--	(47)	--	--	--	--	(47)	147	100
144	--	--	(6)	--	--	--	--	(6)	441	435
183	--	--	181	--	--	--	--	181	1,220	1,401
386	--	--	128	--	--	--	--	128	1,808	1,936
4	--	--	(4)	--	--	--	--	(4)	14	10
10,285	--	--	619	--	--	--	--	619	5,135	5,754
299	--	--	(25)	--	--	--	--	(25)	1,143	1,118
60	--	--	141	--	--	--	--	141	373	514
--	--	--	--	--	--	--	--	--	1	1
1,654	--	--	--	--	--	--	--	--	--	--
183	--	--	(31)	--	--	--	--	(31)	388	357
128	--	--	(127)	--	--	--	--	(127)	262	135
--	--	--	--	--	--	--	--	--	2	2
67	--	--	(67)	--	--	--	--	(67)	116	49
12,680	--	--	506	--	--	--	--	506	7,434	7,940
13,066	--	--	634	--	--	--	--	634	9,242	9,876
--	--	--	253	--	--	--	--	253	--	253
167	--	--	(167)	--	--	--	--	(167)	3,701	3,534
1,323	--	--	60	--	--	2,497	--	2,557	1,813	4,370
5,676	--	--	(5,676)	9,878	176	--	--	4,378	(6,326)	(1,948)
--	--	--	115	--	--	--	--	115	1,099	1,214
7	--	--	(7)	--	--	7	--	--	678	678
7,173	--	--	(5,422)	9,878	176	2,504	--	7,136	965	8,101
--	--	--	1	--	--	--	--	1	184	185
--	--	--	1	--	--	--	--	1	95	96
--	--	--	3	--	--	--	--	3	398	401
--	--	--	193	--	--	--	--	193	560	753
646	--	--	376	--	--	--	--	376	3,431	3,807
--	--	--	--	--	--	--	--	--	8	8
646	--	--	574	--	--	--	--	574	4,676	5,250

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

	Revenues								
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Licenses, Permits, and Inspections	Charges for Services/ Goods	Intergov- ernmental	Contri- butions	Interest and Other	Total Revenues
Other urban growth management:									
Business Retention & Enhancement	\$ --	--	--	233	289	--	--	34	556
Cable TV	--	2,120	--	--	--	--	--	38	2,158
City Hall	--	--	--	--	1,511	--	--	4	1,515
City Hall Retail Tenant Improvement	--	--	--	--	--	--	5	20	25
Downtown Public Improvement District	--	--	--	--	6,742	--	--	41	6,783
East Sixth Street Public Improvement District	--	--	--	--	104	--	--	--	104
Estancia Hill Country Public Improvement District (2)	--	--	--	--	1,791	--	--	8	1,799
Hotel-Motel Occupancy Tax	--	66,676	--	--	--	--	--	--	66,676
I-35 Parking Program	--	--	--	--	349	--	--	7	356
Indian Hills Public Improvement District	--	--	--	--	345	--	--	4	349
Mueller Development	--	--	--	--	32	--	--	251	283
Mueller Local Government Corporation	--	--	--	--	--	--	--	6	6
Mueller Tax Increment Financing	4,376	--	--	--	--	--	--	17	4,393
One Texas Center	--	--	--	--	1,567	--	--	--	1,567
Public Arts	--	--	--	--	--	--	--	--	--
Rainey Street District	--	--	--	--	--	--	--	1	1
Rutherford Lane Facility	--	--	--	--	3,488	--	--	5	3,493
Seaholm Parking Garage	--	--	--	--	597	--	--	2	599
Seaholm Tax Increment Financing	894	--	--	--	--	--	--	9	903
Section 108 Family Business Loan	--	--	--	--	--	678	--	74	752
South Congress Public Improvement District	--	--	--	--	167	--	--	--	167
Tax Increment Finance	100	--	--	--	--	--	--	6	106
Tourism and Promotion	--	15,002	--	--	--	--	--	26	15,028
Vehicle Rental Tax	--	9,360	--	--	--	--	--	35	9,395
Waller Creek Reserve	--	--	--	--	--	--	--	3,014	3,014
Waller Creek Tax Increment Finance	4,756	--	--	--	--	--	--	4	4,760
Whisper Valley Public Improvement District	--	--	--	--	1,740	--	--	15	1,755
Wildland Conservation	--	--	--	--	--	--	--	408	408
Total other urban growth management	10,126	93,158	--	233	18,722	678	5	4,029	126,951
Total urban growth management	10,126	93,158	--	233	20,185	678	1,187	4,102	129,669
Total	\$ 10,379	104,025	4,511	374	21,851	678	3,012	4,296	149,126

(1) Expenditures include capital outlay of \$603 thousand.

(2) Previously reported as Estancia Public Improvement District.

(Continued)

Current Expend- itures (1)	Expenditures		Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)				Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Debt Service Principal	Debt Service Interest		Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out			
--	--	--	556	--	--	--	(4,787)	(4,231)	5,327	1,096
1,486	--	--	672	--	--	475	--	1,147	4,347	5,494
1,013	--	--	502	--	--	--	(650)	(148)	(21)	(169)
24	--	--	1	--	--	--	--	1	93	94
6,320	--	--	463	--	--	360	--	823	3,160	3,983
164	--	--	(60)	--	--	35	--	(25)	139	114
973	--	770	56	--	--	--	--	56	1,407	1,463
--	--	--	66,676	--	--	--	(67,251)	(575)	20,251	19,676
127	--	--	229	--	--	--	(102)	127	810	937
116	--	221	12	--	--	--	--	12	295	307
250	--	--	33	--	--	--	--	33	52	85
4	2,115	1,997	(4,110)	--	--	5,462	--	1,352	3,456	4,808
--	--	--	4,393	--	--	--	(4,486)	(93)	4	(89)
--	--	--	1,567	--	--	--	(3,083)	(1,516)	1,917	401
--	--	--	--	--	--	--	--	--	--	--
--	--	--	1	--	--	--	--	1	100	101
1,765	--	--	1,728	--	--	--	(1,884)	(156)	982	826
--	--	--	599	--	--	785	(567)	817	--	817
--	--	--	903	--	--	--	--	903	930	1,833
5	--	--	747	--	--	--	(213)	534	3,193	3,727
84	--	--	83	--	--	3	--	86	80	166
224	--	--	(118)	--	--	--	(131)	(249)	884	635
15,479	--	--	(451)	--	--	--	(994)	(1,445)	1,435	(10)
--	--	--	9,395	--	--	--	(9,333)	62	2,214	2,276
--	--	--	3,014	--	--	4,925	(6,831)	1,108	11,897	13,005
--	--	--	4,760	--	--	--	(4,925)	(165)	147	(18)
549	--	1,198	8	--	--	--	--	8	996	1,004
269	--	--	139	--	--	--	--	139	1,270	1,409
28,852	2,115	4,186	91,798	--	--	12,045	(105,237)	(1,394)	65,365	63,971
36,671	2,115	4,186	86,697	9,878	176	14,549	(105,237)	6,063	71,006	77,069
56,051	2,115	4,186	86,774	9,878	176	15,385	(105,263)	6,950	90,416	97,366

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
General government							
<i>Municipal Court:</i>							
Municipal Court Building Security							
Actual-budget basis	\$ 58	285	340	--	--	(55)	3
Budget	36	355	399	--	--	(44)	(8)
Variance-Positive (Negative)	22	(70)	59	--	--	(11)	11
Municipal Court Juvenile Case Manager							
Actual-budget basis	1,829	483	723	--	10	(250)	1,579
Budget	1,746	616	947	--	10	(341)	1,405
Variance-Positive (Negative)	83	(133)	224	--	--	91	174
Municipal Court Technology							
Actual-budget basis	649	385	528	--	--	(143)	506
Budget	630	475	1,103	--	--	(628)	2
Variance-Positive (Negative)	19	(90)	575	--	--	485	504
Public safety							
<i>Police:</i>							
Municipal Court Traffic Safety							
Actual-budget basis	--	753	726	--	27	--	--
Budget	--	1,665	1,349	--	316	--	--
Variance-Positive (Negative)	--	(912)	623	--	289	--	--
Police Federal Dept. of Justice Asset Forfeiture							
Actual-budget basis	2,489	291	708	--	--	(417)	2,072
Budget	2,340	--	2,340	--	--	(2,340)	--
Variance-Positive (Negative)	149	291	1,632	--	--	1,923	2,072
Police Federal Dept. of Treasury Asset Forfeiture							
Actual-budget basis	1,209	484	55	--	--	429	1,638
Budget	1,051	--	1,051	--	--	(1,051)	--
Variance-Positive (Negative)	158	484	996	--	--	1,480	1,638
Police State Contraband Asset Forfeiture							
Actual-budget basis	1,167	237	12	--	--	225	1,392
Budget	788	--	788	--	--	(788)	--
Variance-Positive (Negative)	379	237	776	--	--	1,013	1,392
Police State Gambling Asset Forfeiture							
Actual-budget basis	567	44	--	--	--	44	611
Budget	566	--	566	--	--	(566)	--
Variance-Positive (Negative)	1	44	566	--	--	610	611

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Transportation, planning, and sustainability							
<i>Public Works and Transportation:</i>							
Child Safety							
Actual-budget basis	\$ 50	1,689	2,343	836	15	167	217
Budget	267	1,736	2,511	836	15	46	313
Variance-Positive (Negative)	(217)	(47)	168	--	--	121	(96)
Public recreation and culture							
<i>Parks and Recreation:</i>							
PARC Cultural Projects							
Actual-budget basis	4,761	37	11,146	10,867	--	(242)	4,519
Budget	4,313	8	11,645	10,561	--	(1,076)	3,237
Variance-Positive (Negative)	448	29	499	306	--	834	1,282
Special Events							
Actual-budget basis	--	1,654	1,654	--	--	--	--
Budget	--	1,884	1,884	--	--	--	--
Variance-Positive (Negative)	--	(230)	230	--	--	--	--
Urban growth management							
<i>Neighborhood Housing & Community Development:</i>							
Housing Trust Social Equity							
Actual-budget basis	1,614	1,383	1,554	2,497	--	2,326	3,940
Budget	831	--	3,328	2,497	--	(831)	--
Variance-Positive (Negative)	783	1,383	1,774	--	--	3,157	3,940
UNO Housing Trust							
Actual-budget basis	1,099	115	--	--	--	115	1,214
Budget	1,082	--	1,082	--	--	(1,082)	--
Variance-Positive (Negative)	17	115	1,082	--	--	1,197	1,214
<i>Other urban growth management:</i>							
Business Retention and Enhancement							
Actual-budget basis	5,321	557	--	--	4,787	(4,230)	1,091
Budget	4,787	--	--	--	4,787	(4,787)	--
Variance-Positive (Negative)	534	557	--	--	--	557	1,091
Cable TV							
Actual-budget basis	3,871	2,158	1,645	475	--	988	4,859
Budget	2,790	1,903	2,009	475	--	369	3,159
Variance-Positive (Negative)	1,081	255	364	--	--	619	1,700

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management, continued							
City Hall							
Actual-budget basis	\$ (28)	1,515	1,025	--	650	(160)	(188)
Budget	59	1,831	1,155	--	650	26	85
Variance-Positive (Negative)	(87)	(316)	130	--	--	(186)	(273)
Downtown Public Improvement District							
Actual-budget basis	569	6,783	7,338	360	--	(195)	374
Budget	558	7,288	7,648	360	--	--	558
Variance-Positive (Negative)	11	(505)	310	--	--	(195)	(184)
East Sixth Street Public Improvement District							
Actual-budget basis	113	104	165	35	--	(26)	87
Budget	112	90	165	35	--	(40)	72
Variance-Positive (Negative)	1	14	--	--	--	14	15
Estancia Hill Country Public Improvement District (1)							
Actual-budget basis	121	1,799	1,744	--	--	55	176
Budget	126	1,745	1,745	--	--	--	126
Variance-Positive (Negative)	(5)	54	1	--	--	55	50
Hotel-Motel Occupancy Tax							
Actual-budget basis	(161)	93,280	--	--	93,119	161	--
Budget	--	90,495	--	--	90,495	--	--
Variance-Positive (Negative)	(161)	2,785	--	--	(2,624)	161	--
I-35 Parking Program							
Actual-budget basis	787	356	481	--	102	(227)	560
Budget	597	435	660	--	102	(327)	270
Variance-Positive (Negative)	190	(79)	179	--	--	100	290
Indian Hills Public Improvement District							
Actual-budget basis	183	348	339	--	--	9	192
Budget	--	1,659	1,659	--	--	--	--
Variance-Positive (Negative)	183	(1,311)	1,320	--	--	9	192
Mueller Tax Increment Financing							
Actual-budget basis	5	4,392	4,486	--	--	(94)	(89)
Budget	3	4,490	4,486	--	--	4	7
Variance-Positive (Negative)	2	(98)	--	--	--	(98)	(96)
One Texas Center							
Actual-budget basis	1,917	1,567	--	--	3,083	(1,516)	401
Budget	1,682	1,643	--	--	3,083	(1,440)	242
Variance-Positive (Negative)	235	(76)	--	--	--	(76)	159

(1) Previously reported as Estancia Public Improvement District.

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management, continued							
Rutherford Lane Facility							
Actual-budget basis	\$ 857	3,493	2,001	--	1,884	(392)	465
Budget	704	3,488	2,204	--	1,884	(600)	104
Variance-Positive (Negative)	153	5	203	--	--	208	361
Seaholm Parking Garage							
Actual-budget basis	--	598	--	785	566	817	817
Budget	559	500	--	--	700	(200)	359
Variance-Positive (Negative)	(559)	98	--	785	134	1,017	458
Seaholm Tax Increment Financing							
Actual-budget basis	930	903	--	--	--	903	1,833
Budget	928	894	--	--	--	894	1,822
Variance-Positive (Negative)	2	9	--	--	--	9	11
Section 108 Family Business Loan							
Actual-budget basis	(1,812)	6,348	683	--	213	5,452	3,640
Budget	1,398	3,539	3,000	--	304	235	1,633
Variance-Positive (Negative)	(3,210)	2,809	2,317	--	91	5,217	2,007
South Congress Public Improvement District							
Actual-budget basis	24	168	104	3	--	67	91
Budget	21	129	132	3	--	--	21
Variance-Positive (Negative)	3	39	28	--	--	67	70
Tax Increment Finance							
Actual-budget basis	877	6	763	100	131	(788)	89
Budget	823	--	792	100	131	(823)	--
Variance-Positive (Negative)	54	6	29	--	--	35	89
Tourism and Promotion							
Actual-budget basis	1,434	26	15,479	15,002	994	(1,445)	(11)
Budget	1,888	6	15,479	14,579	994	(1,888)	--
Variance-Positive (Negative)	(454)	20	--	423	--	443	(11)
Vehicle Rental Tax							
Actual-budget basis	(62)	9,395	--	--	9,333	62	--
Budget	--	9,001	--	--	9,001	--	--
Variance-Positive (Negative)	(62)	394	--	--	(332)	62	--
Waller Creek Reserve							
Actual-budget basis	11,897	3,014	--	4,925	6,831	1,108	13,005
Budget	11,890	3,230	--	4,925	6,831	1,324	13,214
Variance-Positive (Negative)	7	(216)	--	--	--	(216)	(209)

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures, and Transfers -
 Budget and Actual-Budget Basis
 For the year ended September 30, 2017
 (In thousands)

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management, continued							
Waller Creek Tax Increment Finance							
Actual-budget basis	\$ 147	4,760	--	--	4,925	(165)	(18)
Budget	146	4,784	--	--	4,925	(141)	5
Variance-Positive (Negative)	1	(24)	--	--	--	(24)	(23)
Whisper Valley Public Improvement District							
Actual-budget basis	618	1,755	1,758	--	--	(3)	615
Budget	--	16,699	16,699	--	--	--	--
Variance-Positive (Negative)	618	(14,944)	14,941	--	--	(3)	615
Wildland Conservation							
Actual-budget basis	1,254	408	338	--	--	70	1,324
Budget	1,295	253	428	--	--	(175)	1,120
Variance-Positive (Negative)	(41)	155	90	--	--	245	204
Total							
Actual-budget basis	\$ 44,354	151,573	58,138	35,885	126,670	2,650	47,004
Budget	44,016	160,841	87,254	34,371	124,228	(16,270)	27,746
Variance-Positive (Negative)	338	(9,268)	29,116	1,514	(2,442)	18,920	19,258



DEBT SERVICE FUNDS

Debt service funds account for and report financial resources, and the accumulation of those financial resources, that are restricted, committed, or assigned to expenditure for principal and interest of general long-term debt and HUD Section 108 loans. The City reports the following nonmajor debt service funds:

General Obligation Debt Service Fund - Accounts for payments of principal, interest and related costs of general obligation and other tax-supported debt;

HUD Section 108 Loans Fund - Accounts for HUD loans for construction costs.



Debt Service Funds
Combining Balance Sheet
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-14

	General Obligation	HUD Section 108 Loans	Total
ASSETS			
Pooled investments and cash	\$ 71	--	71
Investments	23,694	--	23,694
Property taxes receivable, net of allowance	3,636	--	3,636
Due from other funds	31	--	31
Advances to other funds	1,455	--	1,455
Total assets	<u>28,887</u>	<u>--</u>	<u>28,887</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Advances from other funds	625	--	625
Total liabilities	<u>625</u>	<u>--</u>	<u>625</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>3,675</u>	<u>--</u>	<u>3,675</u>
FUND BALANCES			
Restricted	24,587	--	24,587
Total fund balances	<u>24,587</u>	<u>--</u>	<u>24,587</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,887</u>	<u>--</u>	<u>28,887</u>

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the period ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-15

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>Total</u>
REVENUES			
Property taxes			
Current	\$ 126,998	--	126,998
Penalty and interest	494	--	494
Total property taxes	<u>127,492</u>	<u>--</u>	<u>127,492</u>
Interest and other	<u>2,887</u>	<u>537</u>	<u>3,424</u>
Total revenues	<u>130,379</u>	<u>537</u>	<u>130,916</u>
EXPENDITURES			
Debt service:			
Principal	84,692	560	85,252
Interest	57,490	186	57,676
Fees and commissions	9	4	13
Total expenditures	<u>142,191</u>	<u>750</u>	<u>142,941</u>
Excess (deficiency) of revenues over expenditures	(11,812)	(213)	(12,025)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	654	--	654
Issuance of refunding bonds	54,970	--	54,970
Bond premiums	13,774	--	13,774
Payment to refunding bond escrow agent	(68,744)	--	(68,744)
Transfers in	14,116	213	14,329
Total other financing sources (uses)	<u>14,770</u>	<u>213</u>	<u>14,983</u>
Net change in fund balances	2,958	--	2,958
Fund balances at beginning of year	21,629	--	21,629
Fund balances at end of year	<u>\$ 24,587</u>	<u>--</u>	<u>24,587</u>

Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the period ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual-Budget Basis
REVENUES							
General Property taxes	\$ 127,492	127,105	387	--	--	--	127,492
Interest	1,335	1,325	10	--	--	--	1,335
Other revenue	2,097	119	1,978	537	841	(304)	2,634
Total revenues	130,924	128,549	2,375	537	841	(304)	131,461
EXPENDITURES							
Principal	102,760	103,875	1,115	560	560	--	103,320
Interest	62,121	64,543	2,422	186	277	91	62,307
Fees and commissions	9	--	(9)	4	4	--	13
Total expenditures	164,890	168,418	3,528	750	841	91	165,640
Excess (deficiency) of revenues over expenditures	(33,966)	(39,869)	5,903	(213)	--	(213)	(34,179)
OTHER FINANCING SOURCES (USES)							
Transfers in	37,037	36,599	438	213	--	213	37,250
Total other financing sources (uses)	37,037	36,599	438	213	--	213	37,250
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,071	(3,270)	6,341	--	--	--	3,071
Fund balances at beginning of year	20,687	19,899	788	--	--	--	20,687
Fund balances at end of year	\$ 23,758	16,629	7,129	--	--	--	23,758



CAPITAL PROJECTS FUNDS

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). The City reports the following nonmajor capital projects funds:

Prior

- to 1984:* Funds authorized August 29, 1981, for emergency medical service projects;
- 1984:* Funds authorized September 8, 1984, for parks and recreation, street and drainage improvements, and fire projects;
- 1985:* Funds authorized January 19, 1985, for cultural arts;
Funds authorized July 26, 1985, for parks and recreation;
- 1987:* Funds authorized September 3, 1987, for street improvements;
- 1992:* Funds authorized August 10, 1992, for various purposes;
- 1997:* Funds authorized May 3, 1997, for radio trunking;
- 1998:* Funds authorized November 3, 1998, for various purposes;
- 2000:* Funds authorized November 7, 2000, for transportation mobility and land acquisition;
- 2006:* Funds authorized November 7, 2006, for various purposes;
- 2010:* Funds authorized November 2, 2010, for transportation mobility;
- 2012:* Funds authorized November 6, 2012, for various purposes;
- 2016:* Funds authorized November 8, 2016, for mobility purposes; and
- Other:* Other funds established for various purposes.



**Capital Projects Funds
Combining Balance Sheet
September 30, 2017
(In thousands)**

	Assets				Liabilities	
	Pooled Investments and Cash	Net Accounts Receivable	Receivables from other Governments	Advances to Other Funds	Total Assets	Accounts Payable
Funds Authorized September 8, 1984						
Parkland acquisition	\$ --	--	--	--	--	--
Street improvements	689	--	17	--	706	--
Fire improvements	--	--	--	--	--	--
Total Funds Authorized in 1984	689	--	17	--	706	--
Funds Authorized January 19, 1985						
Cultural arts	--	--	--	--	--	--
Funds Authorized July 26, 1985						
Neighborhood park and recreation	21,925	--	--	--	21,925	40
Total Funds Authorized in 1985	21,925	--	--	--	21,925	40
Funds Authorized September 3, 1987						
Street resurfacing	250	--	--	--	250	--
Total Funds Authorized in 1987	250	--	--	--	250	--
Funds Authorized August 10, 1992						
Asbestos abatement/ADA compliance/ East Austin health clinic	46	--	--	--	46	--
Erosion & flood control	--	--	--	--	--	--
Street & traffic signals	--	--	--	--	--	--
Barton Creek greenway	320	--	--	--	320	--
Total Funds Authorized in 1992	366	--	--	--	366	--
Funds Authorized November 3, 1998						
Cultural arts and land	39	--	--	--	39	--
Traffic signals	3,578	63	--	--	3,641	--
Public safety facilities	110	--	--	--	110	--
Parks and recreation facilities	135	--	--	--	135	--
Total Funds Authorized in 1998	\$ 3,862	63	--	--	3,925	--

Liabilities				Fund Balances				Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Advances from Other Funds	Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Assigned	Unassigned	Fund Balances	
--	--	--	--	--	--	--	--	--
--	--	--	--	--	706	--	706	706
--	--	--	--	--	--	--	--	--
--	--	--	--	--	706	--	706	706
--	--	--	--	--	--	--	--	--
--	--	40	--	21,729	156	--	21,885	21,925
--	--	40	--	21,729	156	--	21,885	21,925
--	--	--	--	--	250	--	250	250
--	--	--	--	--	250	--	250	250
--	--	--	--	--	46	--	46	46
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	320	--	--	320	320
--	--	--	--	320	46	--	366	366
--	--	--	--	39	--	--	39	39
--	--	--	--	3,641	--	--	3,641	3,641
--	--	--	--	110	--	--	110	110
--	--	--	--	135	--	--	135	135
--	--	--	--	3,925	--	--	3,925	3,925

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2017
(In thousands)**

	Assets					Liabilities
	Pooled Investments and Cash	Net Accounts Receivable	Receivables from other Governments	Advances to Other Funds	Total Assets	Accounts Payable
Funds Authorized November 7, 2000						
Transportation Mobility Improvement	\$ 1,402	--	--	--	1,402	156
Total Funds Authorized in 2000	1,402	--	--	--	1,402	156
Funds Authorized November 7, 2006						
Transportation	545	--	--	--	545	--
Drainage & Open Spaces	6,962	--	--	--	6,962	60
Parks	1,827	--	--	--	1,827	55
Cultural Facilities	1,252	--	--	--	1,252	--
Affordable Housing	147	--	--	--	147	--
Central Library	1,331	--	--	--	1,331	51
Public Safety	6,332	--	--	--	6,332	11
Total Funds Authorized in 2006	18,396	--	--	--	18,396	177
Funds Authorized November 2, 2010						
Mobility	2,604	--	--	--	2,604	148
Total Funds Authorized in 2010	2,604	--	--	--	2,604	148
Funds Authorized November 6, 2012						
Transportation	18,986	--	--	9,216	28,202	1,406
Open Space	196	--	--	--	196	1
Parks	15,591	--	--	--	15,591	1,031
Public Safety	8,290	--	--	--	8,290	372
Health	--	--	--	--	--	180
Library & Cultural	5,071	--	--	--	5,071	157
Total Funds Authorized in 2012	48,134	--	--	9,216	57,350	3,147
Funds Authorized November 8, 2016						
Mobility	--	--	--	--	--	4,360
Total Funds Authorized in 2016	\$ --	--	--	--	--	4,360

(Continued)

Liabilities			Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Advances from Other Funds	Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Assigned	Unassigned	Total Fund Balances	
--	--	156	--	--	1,246	--	1,246	1,402
--	--	156	--	--	1,246	--	1,246	1,402
--	--	--	--	545	--	--	545	545
--	--	60	--	6,902	--	--	6,902	6,962
--	--	55	--	1,772	--	--	1,772	1,827
--	--	--	--	1,252	--	--	1,252	1,252
--	--	--	--	147	--	--	147	147
--	--	51	--	1,280	--	--	1,280	1,331
--	--	11	--	6,321	--	--	6,321	6,332
--	--	177	--	18,219	--	--	18,219	18,396
--	--	148	--	2,456	--	--	2,456	2,604
--	--	148	--	2,456	--	--	2,456	2,604
--	--	1,406	--	26,796	--	--	26,796	28,202
--	--	1	--	195	--	--	195	196
--	--	1,031	--	14,560	--	--	14,560	15,591
--	--	372	--	7,918	--	--	7,918	8,290
365	--	545	--	--	--	(545)	(545)	--
--	--	157	--	4,914	--	--	4,914	5,071
365	--	3,512	--	54,383	--	(545)	53,838	57,350
8,851	--	13,211	--	--	--	(13,211)	(13,211)	--
8,851	--	13,211	--	--	--	(13,211)	(13,211)	--

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2017
(In thousands)**

	Assets				Liabilities	
	Pooled Investments and Cash	Net Accounts Receivable	Receivables from other Governments	Advances to Other Funds	Total Assets	Accounts Payable
Other funds						
TPSD general improvements	\$ 13,550	50	--	--	13,600	354
Library automation system	3,443	--	--	--	3,443	3,103
Fire/EMS/NW Austin MUD #1	772	--	--	--	772	1
General government projects	9,235	--	--	--	9,235	1,510
Health projects	--	--	--	--	--	493
Build Austin	--	20	6	--	26	176
CMTA Mobility	2,148	2,403	--	--	4,551	691
Park improvements	2,332	--	--	--	2,332	--
Parks and Recreation	3,301	--	--	--	3,301	174
Police and courts	991	--	--	--	991	--
Fire - general	1,145	--	--	--	1,145	30
Capital reserve	--	--	--	--	--	--
CTM	48,957	--	--	8,425	57,382	4,616
GCP-PLD In Lieu Of Fee	479	--	--	--	479	--
Public Works	--	--	--	--	--	32
GCP-PLD Development Fee	289	--	--	--	289	--
Watershed Protection	--	--	--	--	--	--
Great Streets	3,433	--	--	--	3,433	1
City Hall, plaza, parking garage	--	30	--	--	30	1
Conservation land	--	--	--	--	--	--
Colony Park	1,979	--	2	--	1,981	149
NPZ general	5,809	--	--	--	5,809	347
Economic Development	39	--	--	--	39	--
Waller Creek Tunnel	6,177	--	--	--	6,177	1,049
Fleet general improvements	953	--	--	--	953	--
Interest income fund	6,605	--	--	--	6,605	--
Total other funds	111,637	2,503	8	8,425	122,573	12,727
Totals	\$ 209,265	2,566	25	17,641	229,497	20,755

(Continued)

Liabilities			Fund Balances					Total Liabilities, Deferred Inflows of Resources, and Fund Balances
Advances from Other Funds	Other Liabilities	Total Liabilities	Deferred Inflows of Resources	Restricted	Assigned	Unassigned	Total Fund Balances	
--	--	354	--	--	13,246	--	13,246	13,600
--	--	3,103	--	--	340	--	340	3,443
--	--	1	--	--	771	--	771	772
--	412	1,922	--	2,263	5,050	--	7,313	9,235
625	--	1,118	--	--	--	(1,118)	(1,118)	--
114	--	290	--	--	--	(264)	(264)	26
--	--	691	440	3,275	145	--	3,420	4,551
--	--	--	--	--	2,332	--	2,332	2,332
--	--	174	--	--	3,127	--	3,127	3,301
--	--	--	--	991	--	--	991	991
--	--	30	--	--	1,115	--	1,115	1,145
--	--	--	--	--	--	--	--	--
--	--	4,616	--	--	52,766	--	52,766	57,382
--	--	--	--	471	8	--	479	479
407	--	439	--	--	--	(439)	(439)	--
--	--	--	--	285	4	--	289	289
718	--	718	--	--	--	(718)	(718)	--
--	--	1	--	--	3,432	--	3,432	3,433
6,561	--	6,562	--	--	--	(6,532)	(6,532)	30
--	--	--	--	--	--	--	--	--
--	--	149	--	--	1,832	--	1,832	1,981
--	--	347	--	--	5,462	--	5,462	5,809
--	--	--	--	--	39	--	39	39
--	--	1,049	--	5,040	88	--	5,128	6,177
--	--	--	--	953	--	--	953	953
--	--	--	--	--	6,605	--	6,605	6,605
8,425	412	21,564	440	13,278	96,362	(9,071)	100,569	122,573
17,641	412	38,808	440	114,310	98,766	(22,827)	190,249	229,497

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
September 8, 1984					
Parkland acquisition	\$ --	--	--	--	--
Street improvements	--	--	--	--	104
Fire improvements	--	--	--	--	--
Total Funds Authorized in 1984	--	--	--	--	104
Funds Authorized					
January 19, 1985					
Cultural arts	--	--	--	--	--
Funds Authorized					
July 26, 1985					
Neighborhood park and recreation	--	5,814	77	5,891	1,848
Total Funds Authorized in 1985	--	5,814	77	5,891	1,848
Funds Authorized					
September 3, 1987					
Street resurfacing	--	--	3	3	--
Total Funds Authorized in 1987	--	--	3	3	--
Funds Authorized					
August 10, 1992					
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	61
Erosion & flood control	--	--	--	--	--
Street & traffic signals	--	--	--	--	--
Barton Creek greenway	--	--	--	--	--
Total Funds Authorized in 1992	--	--	--	--	61
Funds Authorized					
November 3, 1998					
Cultural arts and land	--	--	--	--	--
Traffic signals	--	--	--	--	55
Public safety facilities	--	--	--	--	105
Parks and recreation facilities	83	--	--	83	10
Total Funds Authorized in 1998	\$ 83	--	--	83	170

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources (Uses)			
	--	--	--	--	(2)			
(104)	--	--	--	--	--	(104)	810	706
--	--	--	--	(4)	(4)	(4)	4	--
(104)	--	--	--	(6)	(6)	(110)	816	706
--	--	--	--	(263)	(263)	(263)	263	--
4,043	--	--	--	(15)	(15)	4,028	17,857	21,885
4,043	--	--	--	(278)	(278)	3,765	18,120	21,885
3	--	--	--	--	--	3	247	250
3	--	--	--	--	--	3	247	250
(61)	--	--	--	(5)	(5)	(66)	112	46
--	--	--	--	(1)	(1)	(1)	1	--
--	--	--	--	(8)	(8)	(8)	8	--
--	--	--	--	--	--	--	320	320
(61)	--	--	--	(14)	(14)	(75)	441	366
--	--	--	--	--	--	--	39	39
(55)	--	--	--	--	--	(55)	3,696	3,641
(105)	--	--	--	(4)	(4)	(109)	219	110
73	--	--	--	--	--	73	62	135
(87)	--	--	--	(4)	(4)	(91)	4,016	3,925

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
November 7, 2000					
Transportation Mobility Improvement	\$ --	--	--	--	1,132
Total Funds Authorized in 2000	--	--	--	--	1,132
Funds Authorized					
November 7, 2006					
Transportation	--	--	--	--	22
Drainage & Open Spaces	--	--	--	--	826
Parks	--	--	--	--	567
Cultural Facilities	--	--	--	--	1
Affordable Housing	--	--	--	--	59
Central Library	--	--	--	--	2,273
Public Safety	--	--	--	--	94
Total Funds Authorized in 2006	--	--	--	--	3,842
Funds Authorized					
November 2, 2010					
Mobility	--	--	--	--	1,192
Total Funds Authorized in 2010	--	--	--	--	1,192
Funds Authorized					
November 6, 2012					
Transportation	--	--	--	--	15,362
Open Space	--	--	--	--	--
Parks	--	--	--	--	8,569
Public Safety	--	--	--	--	4,250
Health	--	--	--	--	3,977
Library & Cultural	--	--	--	--	1,018
Total Funds Authorized in 2012	--	--	--	--	33,176
Funds Authorized					
November 8, 2016					
Mobility	--	--	--	--	13,211
Total Funds Authorized in 2016	\$ --	--	--	--	13,211

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources(Uses)			
(1,132)	--	--	--	--	--	(1,132)	2,378	1,246
(1,132)	--	--	--	--	--	(1,132)	2,378	1,246
(22)	--	--	--	--	--	(22)	567	545
(826)	--	--	--	--	--	(826)	7,728	6,902
(567)	--	--	--	--	--	(567)	2,339	1,772
(1)	--	--	--	--	--	(1)	1,253	1,252
(59)	--	--	--	--	--	(59)	206	147
(2,273)	--	--	--	--	--	(2,273)	3,553	1,280
(94)	--	--	--	--	--	(94)	6,415	6,321
(3,842)	--	--	--	--	--	(3,842)	22,061	18,219
(1,192)	--	--	--	--	--	(1,192)	3,648	2,456
(1,192)	--	--	--	--	--	(1,192)	3,648	2,456
(15,362)	24,428	4,752	--	--	29,180	13,818	12,978	26,796
--	--	--	--	--	--	--	195	195
(8,569)	15,873	3,054	--	--	18,927	10,358	4,202	14,560
(4,250)	1,963	382	--	--	2,345	(1,905)	9,823	7,918
(3,977)	172	33	--	--	205	(3,772)	3,227	(545)
(1,018)	2,784	541	--	--	3,325	2,307	2,607	4,914
(33,176)	45,220	8,762	--	--	53,982	20,806	33,032	53,838
(13,211)	--	--	--	--	--	(13,211)	--	(13,211)
(13,211)	--	--	--	--	--	(13,211)	--	(13,211)

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Other funds					
TPSD general improvements	\$ 1,560	1,081	425	3,066	3,439
Library automation system	--	--	--	--	13,493
Fire/EMS/NW Austin MUD #1	--	--	6	6	--
General government projects	--	131	120	251	21,284
Health projects	170	--	--	170	1,288
Build Austin	1,380	--	--	1,380	1,658
CMTA Mobility	2,403	--	31	2,434	4,710
Park improvements	484	--	--	484	1,362
Parks and Recreation	191	1,287	--	1,478	2,328
Police and courts	--	--	--	--	--
Fire - general	--	--	--	--	302
Capital reserve	--	--	--	--	156
CTM	--	2,174	--	2,174	18,450
GCP-PLD In Lieu Of Fee	--	471	--	471	--
Public Works	678	344	--	1,022	1,243
GCP-PLD Development Fee	--	284	1	285	--
Watershed Protection	--	--	--	--	--
Great Streets	--	--	1,909	1,909	--
City Hall, plaza, parking garage	--	--	--	--	--
Conservation land	--	--	--	--	1
Colony Park	--	61	--	61	1,139
NPZ general	--	--	--	--	2,625
Economic Development	--	--	--	--	--
Waller Creek Tunnel	--	--	55	55	2,492
Fleet general improvements	--	--	--	--	77
Interest income fund	--	--	902	902	--
Total other funds	6,866	5,833	3,449	16,148	76,047
Totals	\$ 6,949	11,647	3,529	22,125	130,783

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)					Net Change In Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax	Bond Premiums	Transfers In	Transfers Out	Total Other Financing Sources(Uses)			
	Supported Debt							
(373)	--	--	1,691	(130)	1,561	1,188	12,058	13,246
(13,493)	2,894	656	75	--	3,625	(9,868)	10,208	340
6	--	--	--	--	--	6	765	771
(21,033)	22,929	1,838	4,930	(813)	28,884	7,851	(538)	7,313
(1,118)	--	--	--	--	--	(1,118)	--	(1,118)
(278)	--	--	--	--	--	(278)	14	(264)
(2,276)	--	--	--	--	--	(2,276)	5,696	3,420
(878)	--	--	--	--	--	(878)	3,210	2,332
(850)	--	--	1,347	(150)	1,197	347	2,780	3,127
--	--	--	--	(4)	(4)	(4)	995	991
(302)	--	--	--	--	--	(302)	1,417	1,115
(156)	--	--	--	--	--	(156)	156	--
(16,276)	7,678	922	15,355	(20)	23,935	7,659	45,107	52,766
471	--	--	8	--	8	479	--	479
(221)	--	--	--	--	--	(221)	(218)	(439)
285	--	--	4	--	4	289	--	289
--	40,945	9,246	--	(50,191)	--	--	(718)	(718)
1,909	--	--	--	(1,000)	(1,000)	909	2,523	3,432
--	--	--	500	--	500	500	(7,032)	(6,532)
(1)	--	--	--	--	--	(1)	1	--
(1,078)	--	--	--	--	--	(1,078)	2,910	1,832
(2,625)	--	--	2,228	(40)	2,188	(437)	5,899	5,462
--	--	--	--	--	--	--	39	39
(2,437)	--	--	--	--	--	(2,437)	7,565	5,128
(77)	467	56	--	(29)	494	417	536	953
902	--	--	--	--	--	902	5,703	6,605
(59,899)	74,913	12,718	26,138	(52,377)	61,392	1,493	99,076	100,569
(108,658)	120,133	21,480	26,138	(52,679)	115,072	6,414	183,835	190,249





PERMANENT FUNDS

Permanent funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City reports the following nonmajor permanent funds:

3M Maintenance Endowment Fund - Accounts for 3M Mitigation Land Endowment.

Ellis Library Trust Fund - Accounts for principal and interest income earned on the principal from the Ellis estate. This income is used for purchasing books on the subject of mental health.

Perpetual Care Fund - Accounts for revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit E-19

	3M			
	Maintenance	Ellis Library	Perpetual	Total
	Endowment	Trust	Care	
ASSETS				
Pooled investments and cash	\$ 50	10	1,011	1,071
Total assets	<u>50</u>	<u>10</u>	<u>1,011</u>	<u>1,071</u>
FUND BALANCES				
Nonspendable:				
Permanent funds	50	9	1,011	1,070
Restricted	--	1	--	1
Total fund balances	<u>50</u>	<u>10</u>	<u>1,011</u>	<u>1,071</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50</u>	<u>10</u>	<u>1,011</u>	<u>1,071</u>

Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
 Exhibit E-20

	3M			
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	Total
REVENUES				
Interest and other	\$ --	--	--	--
Total revenues	--	--	--	--
EXPENDITURES				
Current:				
Public recreation and culture	--	--	--	--
Total expenditures	--	--	--	--
Net change in fund balances	--	--	--	--
Fund balances at beginning of year	50	10	1,011	1,071
Fund balances at end of year	\$ 50	10	1,011	1,071





NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the acquisition, operations, and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance. The City reports the following nonmajor enterprise funds:

Austin Resource Recovery Fund – Accounts for solid waste services activities.

Convention Center Fund – Accounts for convention center and public events activities.

Drainage Fund – Accounts for drainage activities.

Golf Fund – Accounts for golf activities.

Transportation Fund – Accounts for transportation activities.



Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2017
(In thousands)

	Austin Resource Recovery	Convention Center	Drainage
ASSETS			
Current assets:			
Cash	\$ 3	21	1
Pooled investments and cash	8,360	147,425	145,765
Pooled investments and cash - restricted	2,809	10,361	--
Total pooled investments and cash	11,169	157,786	145,765
Investments - restricted	--	11,163	--
Accounts receivable, net of allowance	9,070	110	4,787
Receivables from other governments	401	--	--
Receivable from other governments - restricted	8	--	81
Due from other funds	--	--	1,700
Inventories, at cost	--	109	--
Prepaid expenses	51	6	9
Other receivables - restricted	--	28	--
Total current assets	20,702	169,223	152,343
Noncurrent assets:			
Pooled investments and cash - restricted	4,847	--	11,333
Advances to other funds - restricted	269	42	--
Investments - restricted	--	13,305	--
Depreciable capital assets, net	37,707	168,935	122,010
Nondepreciable capital assets	23,289	45,562	234,011
Total noncurrent assets	66,112	227,844	367,354
Total assets	86,814	397,067	519,697
DEFERRED OUTFLOWS OF RESOURCES	\$ 15,884	25,923	10,661

	<u>Golf</u>	<u>Transportation</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	5	2	32
Pooled investments and cash	--	38,434	339,984
Pooled investments and cash - restricted	--	--	13,170
Total pooled investments and cash	--	38,434	353,154
Investments - restricted	--	--	11,163
Accounts receivable, net of allowance	2	6,058	20,027
Receivables from other governments	--	227	628
Receivable from other governments - restricted	--	--	89
Due from other funds	--	--	1,700
Inventories, at cost	--	2,410	2,519
Prepaid expenses	42	60	168
Other receivables - restricted	--	--	28
Total current assets	<u>49</u>	<u>47,191</u>	<u>389,508</u>
Noncurrent assets:			
Pooled investments and cash - restricted	822	--	17,002
Advances to other funds - restricted	--	--	311
Investments - restricted	--	--	13,305
Depreciable capital assets, net	11,366	25,683	365,701
Nondepreciable capital assets	6,493	2,919	312,274
Total noncurrent assets	<u>18,681</u>	<u>28,602</u>	<u>708,593</u>
Total assets	<u>18,730</u>	<u>75,793</u>	<u>1,098,101</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,135</u>	<u>15,914</u>	<u>69,517</u>

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Position
September 30, 2017
(In thousands)

	<u>Austin Resource Recovery</u>	<u>Convention Center</u>	<u>Drainage</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,356	292	953
Accounts and retainage payable from restricted assets	186	1,358	3,274
Accrued payroll	1,715	828	1,098
Accrued compensated absences	2,258	1,209	1,663
Due to other funds	--	--	--
Accrued interest payable from restricted assets	--	899	--
Interest payable on other debt	151	68	143
Bonds payable	6,989	1,368	2,009
Bonds payable from restricted assets	--	12,955	--
Customer and escrow deposits payable from restricted assets	2,809	3,448	302
Accrued landfill closure and postclosure costs	2,794	--	--
Other liabilities	--	595	--
Other liabilities payable from restricted assets	--	--	388
Total current liabilities	<u>18,258</u>	<u>23,020</u>	<u>9,830</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	67	--
Advances from other funds	--	--	775
Bonds payable, net of discount and inclusive of premium	20,262	150,291	39,971
Net pension liability	59,547	28,675	39,267
Other postemployment benefits payable	34,689	15,877	22,957
Accrued landfill closure and postclosure costs	9,899	--	--
Derivative instruments - interest rate swaps	--	9,915	--
Total noncurrent liabilities	<u>124,397</u>	<u>204,825</u>	<u>102,970</u>
Total liabilities	<u>142,655</u>	<u>227,845</u>	<u>112,800</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>--</u>	<u>231</u>	<u>14</u>
NET POSITION			
Net investment in capital assets	48,596	60,018	310,897
Restricted for:			
Bond Reserve	--	10,311	--
Capital projects	--	--	11,031
Debt service	269	10,191	--
Operating reserve	--	4,577	--
Renewal and replacement	--	912	--
Unrestricted	<u>(88,822)</u>	<u>108,905</u>	<u>95,616</u>
Total net position	<u>(39,957)</u>	<u>194,914</u>	<u>417,544</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	4,666	2,170	843
Total net position - Business-type activities	<u>\$ (35,291)</u>	<u>197,084</u>	<u>418,387</u>

(Continued)

	<u>Golf</u>	<u>Transportation</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	--	2,087	4,688
Accounts and retainage payable from restricted assets	6	160	4,984
Accrued payroll	155	1,778	5,574
Accrued compensated absences	159	2,375	7,664
Due to other funds	1,700	301	2,001
Accrued interest payable from restricted assets	--	--	899
Interest payable on other debt	5	188	555
Bonds payable	119	4,102	14,587
Bonds payable from restricted assets	--	--	12,955
Customer and escrow deposits payable from restricted assets	--	--	6,559
Accrued landfill closure and postclosure costs	--	--	2,794
Other liabilities	--	--	595
Other liabilities payable from restricted assets	--	--	388
Total current liabilities	<u>2,144</u>	<u>10,991</u>	<u>64,243</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	112	106	285
Advances from other funds	--	2,104	2,879
Bonds payable, net of discount and inclusive of premium	193	13,009	223,726
Net pension liability	4,263	59,030	190,782
Other postemployment benefits payable	2,326	33,880	109,729
Accrued landfill closure and postclosure costs	--	--	9,899
Derivative instruments - interest rate swaps	--	--	9,915
Total noncurrent liabilities	<u>6,894</u>	<u>108,129</u>	<u>547,215</u>
Total liabilities	<u>9,038</u>	<u>119,120</u>	<u>611,458</u>
DEFERRED INFLOWS OF RESOURCES			
	--	--	245
NET POSITION			
Net investment in capital assets	17,541	11,614	448,666
Restricted for:			
Bond Reserve	--	--	10,311
Capital projects	822	--	11,853
Debt service	--	--	10,460
Operating reserve	--	--	4,577
Renewal and replacement	--	--	912
Unrestricted	(7,536)	(39,027)	69,136
Total net position	<u>10,827</u>	<u>(27,413)</u>	<u>555,915</u>
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	427	2,788	10,894
Total net position - Business-type activities	<u>11,254</u>	<u>(24,625)</u>	<u>566,809</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended September 30, 2017
(In thousands)

	Austin	Convention	Drainage
	Resource	Center	Drainage
	Recovery	Center	Drainage
OPERATING REVENUES			
User fees and rentals	\$ 109,274	40,196	90,926
Total operating revenues	<u>109,274</u>	<u>40,196</u>	<u>90,926</u>
OPERATING EXPENSES			
Operating expenses before depreciation	99,189	59,969	66,513
Depreciation and amortization	8,794	9,071	5,832
Total operating expenses	<u>107,983</u>	<u>69,040</u>	<u>72,345</u>
Operating income (loss)	<u>1,291</u>	<u>(28,844)</u>	<u>18,581</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	120	899	758
Interest on revenue bonds and other debt	(664)	(6,785)	(1,471)
Interest capitalized during construction	--	160	843
Other nonoperating revenue (expense)	38	(1,119)	(5,259)
Total nonoperating revenues (expenses)	<u>(506)</u>	<u>(6,845)</u>	<u>(5,129)</u>
Income (loss) before contributions and transfers	785	(35,689)	13,452
Capital contributions	30	--	3,603
Transfers in	10,711	76,584	50,225
Transfers out	(710)	(285)	(3,660)
Change in net position	<u>10,816</u>	<u>40,610</u>	<u>63,620</u>
Total net position, beginning	<u>(50,773)</u>	<u>154,304</u>	<u>353,924</u>
Total net position, ending	<u>\$ (39,957)</u>	<u>194,914</u>	<u>417,544</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	10,816	40,610	63,620
Adjustment to consolidate internal service activities	193	824	602
Change in net position - Business-type activities	<u>\$ 11,009</u>	<u>41,434</u>	<u>64,222</u>

	<u>Golf</u>	<u>Transportation</u>	<u>Total</u>
OPERATING REVENUES			
User fees and rentals	6,705	113,513	360,614
Total operating revenues	<u>6,705</u>	<u>113,513</u>	<u>360,614</u>
OPERATING EXPENSES			
Operating expenses before depreciation	8,226	106,457	340,354
Depreciation and amortization	804	4,273	28,774
Total operating expenses	<u>9,030</u>	<u>110,730</u>	<u>369,128</u>
Operating income (loss)	<u>(2,325)</u>	<u>2,783</u>	<u>(8,514)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	6	168	1,951
Interest on revenue bonds and other debt	(4)	(364)	(9,288)
Interest capitalized during construction	--	--	1,003
Other nonoperating revenue (expense)	209	(333)	(6,464)
Total nonoperating revenues (expenses)	<u>211</u>	<u>(529)</u>	<u>(12,798)</u>
Income (loss) before contributions and transfers	(2,114)	2,254	(21,312)
Capital contributions	290	123	4,046
Transfers in	500	1,180	139,200
Transfers out	(44)	(5,354)	(10,053)
Change in net position	<u>(1,368)</u>	<u>(1,797)</u>	<u>111,881</u>
Total net position, beginning	<u>12,195</u>	<u>(25,616)</u>	<u>444,034</u>
Total net position, ending	<u>10,827</u>	<u>(27,413)</u>	<u>555,915</u>
Reconciliation to government-wide Statement of Activities			
Change in net position	(1,368)	(1,797)	111,881
Adjustment to consolidate internal service activities	89	1,210	2,918
Change in net position - Business-type activities	<u>(1,279)</u>	<u>(587)</u>	<u>114,799</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	Austin		
	Resource Recovery	Convention Center	Drainage
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 109,169	40,705	87,302
Cash received from other funds	318	--	3,161
Cash payments to suppliers for goods and services	(16,377)	(22,088)	(12,607)
Cash payments to other funds	(24,304)	(6,467)	(16,057)
Cash payments to employees for services	(46,435)	(25,391)	(31,632)
Net cash provided (used) by operating activities	22,371	(13,241)	30,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	52	76,584	50,191
Transfers out	(630)	(285)	--
Loans to other funds	--	(3)	--
Loans from other funds	--	--	118
Loan repayments to other funds	--	--	--
Loan repayments from other funds	62	--	32
Collections from other governments	(167)	--	1,199
Net cash provided (used) by noncapital financing activities	(683)	76,296	51,540
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	--
Principal paid on long-term debt	(7,661)	(12,958)	(2,249)
Interest paid on revenue bonds and other debt	(1,022)	(6,321)	(1,858)
Acquisition and construction of capital assets	(7,422)	(8,934)	(36,581)
Contributions from state and federal governments	30	--	--
Contributions in aid of construction	--	--	2,804
Bond issuance costs	--	(130)	--
Bonds issued for advanced refundings of debt	--	29,080	--
Cash paid for bond refunding escrow	--	(28,924)	--
Net cash provided (used) by capital and related financing activities	(16,075)	(28,187)	(37,884)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	--	(18,747)	--
Proceeds from sale and maturities of investment securities	--	18,262	--
Interest on investments	120	899	758
Net cash provided (used) by investing activities	120	414	758
Net increase (decrease) in cash and cash equivalents	5,733	35,282	44,581
Cash and cash equivalents, beginning	10,286	122,525	112,518
Cash and cash equivalents, ending	\$ 16,019	157,807	157,099

	Golf	Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	6,703	112,868	356,747
Cash received from other funds	--	167	3,646
Cash payments to suppliers for goods and services	(1,789)	(23,684)	(76,545)
Cash payments to other funds	(1,206)	(18,052)	(66,086)
Cash payments to employees for services	(4,296)	(51,595)	(159,349)
Net cash provided (used) by operating activities	(588)	19,704	58,413
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	500	983	128,310
Transfers out	(44)	(2,339)	(3,298)
Loans to other funds	--	--	(3)
Loans from other funds	--	--	118
Loan repayments to other funds	(32)	(301)	(333)
Loan repayments from other funds	--	--	94
Collections from other governments	--	(222)	810
Net cash provided (used) by noncapital financing activities	424	(1,879)	125,698
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	(119)	(119)
Principal paid on long-term debt	(116)	(3,887)	(26,871)
Interest paid on revenue bonds and other debt	(14)	(641)	(9,856)
Acquisition and construction of capital assets	(568)	(2,035)	(55,540)
Contributions from state and federal governments	--	--	30
Contributions in aid of construction	290	--	3,094
Bond issuance costs	--	--	(130)
Bonds issued for advanced refundings of debt	--	--	29,080
Cash paid for bond refunding escrow	--	--	(28,924)
Net cash provided (used) by capital and related financing activities	(408)	(6,682)	(89,236)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	--	--	(18,747)
Proceeds from sale and maturities of investment securities	--	--	18,262
Interest on investments	6	168	1,951
Net cash provided (used) by investing activities	6	168	1,466
Net increase (decrease) in cash and cash equivalents	(566)	11,311	96,341
Cash and cash equivalents, beginning	1,393	27,125	273,847
Cash and cash equivalents, ending	827	38,436	370,188

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	<u>Austin Resource Recovery</u>	<u>Convention Center</u>	<u>Drainage</u>
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,291	(28,844)	18,581
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	8,794	9,071	5,832
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(85)	361	(359)
Increase (decrease) in allowance for doubtful accounts	(204)	3	(104)
(Increase) decrease in inventory	--	(11)	--
(Increase) decrease in prepaid expenses and other assets	(36)	24	(4)
(Increase) decrease in deferred outflows related to operations	3,533	1,539	2,512
Increase (decrease) in accounts payable	(85)	(334)	(473)
Increase (decrease) in accrued payroll and compensated absences	350	312	246
Increase (decrease) in net pension liability	2,808	1,491	610
Increase (decrease) in other postemployment benefits payable	5,413	2,406	3,354
Increase (decrease) in other liabilities	90	595	(28)
Increase (decrease) in customer deposits	502	146	--
Total adjustments	<u>21,080</u>	<u>15,603</u>	<u>11,586</u>
Net cash provided (used) by operating activities	<u>\$ 22,371</u>	<u>(13,241)</u>	<u>30,167</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	\$ --	--	799
Capital assets contributed to other funds	(192)	(583)	(5,236)
Amortization of bond (discounts) premiums	270	849	448
Amortization of deferred gain (loss) on refundings	(17)	(1,775)	(57)
Gain (loss) on disposal of assets	(61)	(405)	(23)
Transfers from other funds	10,659	--	34
Transfers to other funds	(80)	--	(3,660)
Capitalized interest	--	160	843

(Continued)

	Golf	Transportation	Total
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(2,325)	2,783	(8,514)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	804	4,273	28,774
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(2)	(454)	(539)
Increase (decrease) in allowance for doubtful accounts	--	(23)	(328)
(Increase) decrease in inventory	--	537	526
(Increase) decrease in prepaid expenses and other assets	--	(32)	(48)
(Increase) decrease in deferred outflows related to operations	295	2,662	10,541
Increase (decrease) in accounts payable	(1)	(14)	(907)
Increase (decrease) in accrued payroll and compensated absences	19	371	1,298
Increase (decrease) in net pension liability	23	3,788	8,720
Increase (decrease) in other postemployment benefits payable	599	5,813	17,585
Increase (decrease) in other liabilities	--	--	657
Increase (decrease) in customer deposits	--	--	648
Total adjustments	1,737	16,921	66,927
Net cash provided (used) by operating activities	(588)	19,704	58,413
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Capital assets contributed from other funds	--	123	922
Capital assets contributed to other funds	--	--	(6,011)
Amortization of bond (discounts) premiums	8	248	1,823
Amortization of deferred gain (loss) on refundings	--	--	(1,849)
Gain (loss) on disposal of assets	(2)	(337)	(828)
Transfers from other funds	--	197	10,890
Transfers to other funds	--	(3,015)	(6,755)
Capitalized interest	--	--	1,003





INTERNAL SERVICE FUNDS

Internal service funds account for and report the financing of goods or services provided by one department to other departments of the City and other agencies on a cost-reimbursement basis. The City reports the following internal service funds:

Capital Projects Management Fund – Accounts for project delivery costs related to the City's capital improvement projects.

Combined Transportation, Emergency and Communications Center Fund (CTECC) – Accounts for the operation of shared critical emergency communications and transportation management for the region.

Employee Benefits Fund – Accounts for activities related to the health, dental, and life insurance costs of City employees.

Fleet Maintenance Fund - Accounts for City vehicle and equipment services.

Information Systems Fund – Accounts for the activities of the Communications and Technology Management Department.

Liability Reserve Fund – Accounts for coverage of the City's major claims liabilities.

Support Services Fund - Accounts for the activities of the various support service departments.

Wireless Communication Fund - Accounts for communication support activities.

Workers' Compensation Fund - Accounts for workers' compensation costs.



Internal Service Funds
Combining Statement of Net Position
September 30, 2017
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS					
Current assets:					
Cash	\$ --	--	--	1	--
Pooled investments and cash	574	504	56,312	15,319	11,643
Cash held by trustee - restricted	--	--	1,965	--	--
Accounts receivable, net of allowance	259	2,146	7,294	36	89
Receivables from other governments	2	--	340	9	147
Inventories, at cost	--	--	--	1,801	--
Prepaid expenses	24	--	--	--	134
Total current assets	859	2,650	65,911	17,166	12,013
Noncurrent assets:					
Pooled investments and cash - restricted	--	--	--	4,447	--
Advances to other funds	--	--	--	3	--
Depreciable capital assets, net	429	20,267	--	7,623	11,424
Nondepreciable capital assets	--	32	--	327	--
Total noncurrent assets	429	20,299	--	12,400	11,424
Total assets	1,288	22,949	65,911	29,566	23,437
DEFERRED OUTFLOWS OF RESOURCES					
	--	--	--	106	--
LIABILITIES					
Current liabilities:					
Accounts payable	7	718	2,688	3,578	2,353
Accrued payroll	664	184	--	680	994
Accrued compensated absences	964	297	--	886	1,747
Claims payable	--	--	18,822	--	--
Due to other governments	--	--	--	3	--
Accrued interest payable from restricted assets	--	--	--	10	--
Bonds payable	--	--	--	335	--
Customer and escrow deposits payable from restricted assets	--	--	--	--	--
Other liabilities	--	--	1,859	--	--
Total current liabilities	1,635	1,199	23,369	5,492	5,094
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	52	--	--	--
Claims payable	--	--	--	--	--
Bonds payable, net of discount and inclusive of premium	--	--	--	2,719	--
Total noncurrent liabilities	--	52	--	2,719	--
Total liabilities	1,635	1,251	23,369	8,211	5,094
DEFERRED INFLOWS OF RESOURCES					
	--	--	--	--	--
NET POSITION					
Net investment in capital assets	429	20,299	--	4,896	11,424
Restricted for:					
Capital projects	--	--	--	4,447	--
Unrestricted	(776)	1,399	42,542	12,118	6,919
Total net position	\$ (347)	21,698	42,542	21,461	18,343

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
ASSETS					
Current assets:					
Cash	--	10	--	--	11
Pooled investments and cash	6,371	27,017	181	34,997	152,918
Cash held by trustee - restricted	--	--	--	--	1,965
Accounts receivable, net of allowance	--	2	374	--	10,200
Receivables from other governments	--	1,549	40	--	2,087
Inventories, at cost	--	--	495	--	2,296
Prepaid expenses	--	168	--	--	326
Total current assets	6,371	28,746	1,090	34,997	169,803
Noncurrent assets:					
Pooled investments and cash - restricted	--	--	--	--	4,447
Advances to other funds	--	4	--	--	7
Depreciable capital assets, net	--	3,443	15,053	--	58,239
Nondepreciable capital assets	--	21	262	--	642
Total noncurrent assets	--	3,468	15,315	--	63,335
Total assets	6,371	32,214	16,405	34,997	233,138
DEFERRED OUTFLOWS OF RESOURCES					
	--	1	--	--	107
LIABILITIES					
Current liabilities:					
Accounts payable	25	8,356	279	245	18,249
Accrued payroll	--	3,398	152	--	6,072
Accrued compensated absences	--	4,852	257	--	9,003
Claims payable	1,870	--	--	5,661	26,353
Due to other governments	--	--	--	--	3
Accrued interest payable from restricted assets	--	--	--	--	10
Bonds payable	--	39	--	--	374
Customer and escrow deposits payable from restricted assets	--	1,758	--	--	1,758
Other liabilities	--	655	156	--	2,670
Total current liabilities	1,895	19,058	844	5,906	64,492
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	113	--	--	165
Claims payable	3,105	--	--	19,638	22,743
Bonds payable, net of discount and inclusive of premium	--	56	--	--	2,775
Total noncurrent liabilities	3,105	169	--	19,638	25,683
Total liabilities	5,000	19,227	844	25,544	90,175
DEFERRED INFLOWS OF RESOURCES					
	--	1	--	--	1
NET POSITION					
Net investment in capital assets	--	3,369	15,315	--	55,732
Restricted for:					
Capital projects	--	--	--	--	4,447
Unrestricted	1,371	9,618	246	9,453	82,890
Total net position	1,371	12,987	15,561	9,453	143,069

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended September 30, 2017
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES					
Billings to departments	\$ 21,162	14,488	151,496	46,225	56,794
Employee contributions	--	--	44,224	--	--
Operating revenues from other governments	--	3,912	--	--	--
Other operating revenues	2,541	--	1,484	1,795	390
Total operating revenues	23,703	18,400	197,204	48,020	57,184
OPERATING EXPENSES					
Operating expenses before depreciation	21,939	14,749	178,205	47,533	46,667
Depreciation and amortization	158	4,051	--	752	2,798
Total operating expenses	22,097	18,800	178,205	48,285	49,465
Operating income (loss)	1,606	(400)	18,999	(265)	7,719
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	--	4	(111)	87	35
Interest on bonds and other debt	--	--	--	(133)	--
Other nonoperating revenues (expenses)	(1)	(6)	--	(6,448)	--
Total nonoperating revenues (expenses)	(1)	(2)	(111)	(6,494)	35
Income (loss) before contributions and transfers	1,605	(402)	18,888	(6,759)	7,754
Capital contributions	--	1,285	--	29	2,347
Transfers in	--	--	--	10	--
Transfers out	(144)	(2,453)	--	(1,018)	(7,486)
Change in net position	1,461	(1,570)	18,888	(7,738)	2,615
Total net position, beginning	(1,808)	23,268	23,654	29,199	15,728
Total net position, ending	\$ (347)	21,698	42,542	21,461	18,343

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
OPERATING REVENUES					
Billings to departments	4,061	117,666	11,004	12,453	435,349
Employee contributions	--	--	--	--	44,224
Operating revenues from other governments	--	--	498	--	4,410
Other operating revenues	1,287	3,628	2,182	--	13,307
Total operating revenues	5,348	121,294	13,684	12,453	497,290
OPERATING EXPENSES					
Operating expenses before depreciation	4,852	113,762	10,559	9,530	447,796
Depreciation and amortization	--	523	3,317	--	11,599
Total operating expenses	4,852	114,285	13,876	9,530	459,395
Operating income (loss)	496	7,009	(192)	2,923	37,895
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	(16)	92	4	(76)	19
Interest on bonds and other debt	--	(3)	--	--	(136)
Other nonoperating revenues (expenses)	--	(28)	--	--	(6,483)
Total nonoperating revenues (expenses)	(16)	61	4	(76)	(6,600)
Income (loss) before contributions and transfers	480	7,070	(188)	2,847	31,295
Capital contributions	--	124	1,027	--	4,812
Transfers in	--	23	2,896	--	2,929
Transfers out	--	(3,160)	(5,593)	--	(19,854)
Change in net position	480	4,057	(1,858)	2,847	19,182
Total net position, beginning	891	8,930	17,419	6,606	123,887
Total net position, ending	1,371	12,987	15,561	9,453	143,069

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,533	3,684	45,023	1,814	256
Cash received from other funds	21,162	14,488	151,496	46,225	56,794
Cash payments to suppliers for goods and services	(1,323)	(8,752)	(10,835)	(21,893)	(16,282)
Cash payments to other funds	(2,126)	(941)	(1,957)	(6,478)	(670)
Cash payments to employees for services	(18,441)	(5,278)	--	(19,665)	(27,907)
Cash payments to claimants/beneficiaries	--	--	(160,180)	--	--
Net cash provided (used) by operating activities	805	3,201	23,547	3	12,191
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	--	--	--	--
Transfers out	--	(2,453)	--	--	(7,486)
Net cash provided (used) by noncapital financing activities	--	(2,453)	--	--	(7,486)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	--	--	(445)	--
Interest paid on revenue bonds and other debt	--	--	--	(147)	--
Acquisition and construction of capital assets	(231)	(820)	--	(6,891)	(459)
Net cash provided (used) by capital and related financing activities	(231)	(820)	--	(7,483)	(459)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	--	4	(111)	87	35
Net cash provided (used) by investing activities	--	4	(111)	87	35
Net increase (decrease) in cash and cash equivalents	574	(68)	23,436	(7,393)	4,281
Cash and cash equivalents, beginning	--	572	34,841	27,160	7,362
Cash and cash equivalents, ending	\$ 574	504	58,277	19,767	11,643

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	1,287	2,079	2,589	--	58,265
Cash received from other funds	4,061	117,666	11,004	12,453	435,349
Cash payments to suppliers for goods and services	(881)	(4,439)	(6,196)	(5,107)	(75,708)
Cash payments to other funds	(363)	(9,138)	(534)	(1,845)	(24,052)
Cash payments to employees for services	--	(96,136)	(4,252)	--	(171,679)
Cash payments to claimants/beneficiaries	(8,373)	--	--	(3,082)	(171,635)
Net cash provided (used) by operating activities	(4,269)	10,032	2,611	2,419	50,540
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	--	2,370	--	2,370
Transfers out	--	(3,138)	(5,593)	--	(18,670)
Net cash provided (used) by noncapital financing activities	--	(3,138)	(3,223)	--	(16,300)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	(40)	--	--	(485)
Interest paid on revenue bonds and other debt	--	(7)	--	--	(154)
Acquisition and construction of capital assets	--	(24)	--	--	(8,425)
Net cash provided (used) by capital and related financing activities	--	(71)	--	--	(9,064)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	(16)	92	5	(76)	20
Net cash provided (used) by investing activities	(16)	92	5	(76)	20
Net increase (decrease) in cash and cash equivalents	(4,285)	6,915	(607)	2,343	25,196
Cash and cash equivalents, beginning	10,656	20,112	788	32,654	134,145
Cash and cash equivalents, ending	6,371	27,027	181	34,997	159,341

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,606	(400)	18,999	(265)	7,719
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	158	4,051	--	752	2,798
Change in assets and liabilities:					
(Increase) decrease in working capital advances	--	--	--	--	--
(Increase) decrease in accounts receivable	(1)	(228)	(685)	(6)	13
(Increase) decrease in receivable from other governments	(2)	--	--	(9)	(147)
(Increase) decrease in due from other funds	--	--	--	--	--
(Increase) decrease in inventory	--	--	--	(249)	--
(Increase) decrease in prepaid expenses and other assets	--	6	--	--	272
(Increase) decrease in deferred outflows related to operations	--	--	--	24	--
(Increase) decrease in advance to other funds	--	--	--	34	--
Increase (decrease) in accounts payable	(57)	(264)	314	(296)	1,452
Increase (decrease) in accrued payroll and compensated absences	112	36	--	19	84
Increase (decrease) in claims payable	--	--	4,512	--	--
Increase (decrease) in due to other governments	--	--	--	(1)	--
Increase (decrease) in due to other funds	(1,005)	--	--	--	--
Increase (decrease) in other liabilities	--	--	407	--	--
Increase (decrease) in customer deposits	(6)	--	--	--	--
Total adjustments	(801)	3,601	4,548	268	4,472
Net cash provided (used) by operating activities	\$ 805	3,201	23,547	3	12,191
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	\$ --	1,285	--	6,448	2,347
Capital assets contributed to other funds	--	--	--	(29)	--
Amortization of bond discounts and premiums	--	--	--	38	--
Amortization of deferred gain (loss) on refundings	--	--	--	(24)	--
Gain (loss) on disposal of assets	--	(6)	--	(2)	--
Transfers from other funds	--	--	--	10	--
Transfers to other funds	(144)	--	--	(1,018)	--

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	496	7,009	(192)	2,923	37,895
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	--	523	3,317	--	11,599
Change in assets and liabilities:					
(Increase) decrease in working capital advances	--	--	--	--	--
(Increase) decrease in accounts receivable	--	--	(51)	--	(958)
(Increase) decrease in receivable from other governments	--	(1,549)	(40)	--	(1,747)
(Increase) decrease in due from other funds	--	1,005	--	--	1,005
(Increase) decrease in inventory	--	--	(210)	--	(459)
(Increase) decrease in prepaid expenses and other assets	--	(62)	--	--	216
(Increase) decrease in deferred outflows related to operations	--	--	--	--	24
(Increase) decrease in advance to other funds	--	1	--	--	35
Increase (decrease) in accounts payable	(376)	1,086	103	(139)	1,823
Increase (decrease) in accrued payroll and compensated absences	--	390	25	--	666
Increase (decrease) in claims payable	(4,389)	--	--	(365)	(242)
Increase (decrease) in due to other governments	--	--	--	--	(1)
Increase (decrease) in due to other funds	--	--	--	--	(1,005)
Increase (decrease) in other liabilities	--	148	(341)	--	214
Increase (decrease) in customer deposits	--	1,481	--	--	1,475
Total adjustments	(4,765)	3,023	2,803	(504)	12,645
Net cash provided (used) by operating activities	(4,269)	10,032	2,611	2,419	50,540
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	--	124	1,383	--	11,587
Capital assets contributed to other funds	--	(14)	(356)	--	(399)
Amortization of bond discounts and premiums	--	3	--	--	41
Amortization of deferred gain (loss) on refundings	--	--	--	--	(24)
Gain (loss) on disposal of assets	--	(14)	--	--	(22)
Transfers from other funds	--	23	526	--	559
Transfers to other funds	--	(22)	--	--	(1,184)





FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations, or governmental units. The City utilizes private-purpose trust funds and agency funds which are considered fiduciary funds.

Private-purpose trust funds account for and report trust arrangements under which principal and interest income benefits individuals, private organizations, or other governments. Agency funds are purely custodial and thus do not involve measurement of results of operations. The City reports the following private-purpose trust funds and agency funds:

Private-Purpose Trust Funds

General Government

Unclaimed Property Fund - Accounts for and reports unclaimed City of Austin checks.

Transportation, Planning, and Sustainability

Public School Energy Assistance Fund - Accounts for and reports contributions for the benefit of public schools energy bills. Contributions are received with electric bill payments.

Voluntary Utility Assistance Fund - Accounts for and reports contributions for the benefit of indigent utility customers. Contributions are received with electric bill payments.

Public Recreation and Culture

First Step - A Community Project Fund - Accounts for and reports programs and activities that improve community relations.

Science Fest Fund - Accounts for and reports all contributions, registration fees and other donations received for the Regional Science Festival.

Urban Growth Management

Leveraged Loan Pool Fund - Accounts for and reports funds that are held to leverage private capital and state or federal resources to stimulate business investments.

Telecommunity Partnership Fund - Accounts for and reports the training needs of the Austin community and creating opportunities for individuals through partnerships with local employers.

Agency Funds

Campaign Financing Fund - Accounts for and reports donations and fees for the Austin Fair Campaign Ordinance.

Estancia Hill Country Debt Management Fund – Accounts for debt service payments made by the Trustee for special assessment debt issued for the Estancia Hill Country Public Improvement District.

Indian Hills Debt Management Fund – Accounts for debt service payments made by the Trustee for special assessment debt issued for the Indian Hills Public Improvement District.

Municipal Courts Fund - Accounts for and reports service fees collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

Neighborhood Revitalization Fund - Accounts for and reports escrow deposits and payments to loan recipients.

Whisper Valley Debt Management Fund – Accounts for debt service payments made by the Trustee for special assessment debt issued for the Whisper Valley Public Improvement District.

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Position
September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit H-1

	Assets			Liabilities		Net Position Held in Trust
	Pooled Investments and Cash	Other Assets	Total Assets	Other Liabilities	Total Liabilities	
General government						
Unclaimed Property	\$ 1,586	--	1,586	1,469	1,469	117
Total general government	<u>1,586</u>	<u>--</u>	<u>1,586</u>	<u>1,469</u>	<u>1,469</u>	<u>117</u>
Transportation, planning, and sustainability						
Public School Energy Assistance	20	--	20	--	--	20
Voluntary Utility Assistance	--	--	--	--	--	--
Total transportation, planning, and sustainability	<u>20</u>	<u>--</u>	<u>20</u>	<u>--</u>	<u>--</u>	<u>20</u>
Public recreation and culture						
First Step - A Community Project	14	--	14	--	--	14
Science Fest	--	79	79	--	--	79
Total public recreation and culture	<u>14</u>	<u>79</u>	<u>93</u>	<u>--</u>	<u>--</u>	<u>93</u>
Urban growth management						
Leveraged Loan Pool	449	121	570	--	--	570
Telecommunity Partnership	16	--	16	--	--	16
Total urban growth management	<u>465</u>	<u>121</u>	<u>586</u>	<u>--</u>	<u>--</u>	<u>586</u>
Total	<u>\$ 2,085</u>	<u>200</u>	<u>2,285</u>	<u>1,469</u>	<u>1,469</u>	<u>816</u>

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit H-2

	<u>Additions</u>			<u>Deductions</u>		<u>Net Position at Beginning of Year</u>	<u>Net Position at End of Year</u>
	<u>Contributions</u>	<u>Interest and Other</u>	<u>Total Additions</u>	<u>Benefit Payments</u>	<u>Net Increase (Decrease)</u>		
General government							
Unclaimed Property	\$ --	12	12	1	11	106	117
Total general government	--	12	12	1	11	106	117
Transportation, planning, and sustainability							
Public School Energy Assistance	20	--	20	9	11	9	20
Voluntary Utility Assistance	1,565	--	1,565	1,565	--	--	--
Total transportation, planning, and sustainability	1,585	--	1,585	1,574	11	9	20
Public recreation and culture							
First Step - A Community Project	--	--	--	--	--	14	14
Science Fest	159	--	159	80	79	--	79
Total public recreation and culture	159	--	159	80	79	14	93
Urban growth management							
Leveraged Loan Pool	--	3	3	--	3	567	570
Telecommunity Partnership	--	--	--	--	--	16	16
Total urban growth management	--	3	3	--	3	583	586
Total	\$ 1,744	15	1,759	1,655	104	712	816

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit H-3

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
<u>Campaign Financing Fund</u>				
Assets				
Pooled investments and cash	\$ 62	27	65	24
Total assets	62	27	65	24
Liabilities				
Deposits and other liabilities	62	--	38	24
Total liabilities	62	--	38	24
<u>Estancia Hill Country Debt Management</u>				
Assets				
Investments held by trustee	--	3,336	1,332	2,004
Total assets	--	3,336	1,332	2,004
Liabilities				
Deposits and other liabilities	--	3,336	1,332	2,004
Total liabilities	--	3,336	1,332	2,004
<u>Indian Hills Debt Management</u>				
Assets				
Investments held by trustee	--	593	317	276
Total assets	--	593	317	276
Liabilities				
Deposits and other liabilities	--	593	317	276
Total liabilities	--	593	317	276
<u>Municipal Courts</u>				
Assets				
Pooled investments and cash	1,708	8,225	8,095	1,838
Total assets	1,708	8,225	8,095	1,838
Liabilities				
Accounts payable	1	7,500	7,446	55
Due to other governments	1,411	13,351	13,293	1,469
Deposits and other liabilities	296	2,335	2,317	314
Total liabilities	1,708	23,186	23,056	1,838
<u>Neighborhood Revitalization</u>				
Assets				
Pooled investments and cash	236	--	--	236
Total assets	236	--	--	236
Liabilities				
Deposits and other liabilities	236	--	--	236
Total liabilities	236	--	--	236
<u>Whisper Valley Debt Management</u>				
Assets				
Investments held by trustee	--	3,602	2,019	1,583
Total assets	--	3,602	2,019	1,583
Liabilities				
Deposits and other liabilities	--	3,602	2,019	1,583
Total liabilities	--	3,602	2,019	1,583
<u>Total Agency Funds</u>				
Assets				
Pooled investments and cash	2,006	8,252	8,160	2,098
Investments held by trustee	--	7,531	3,668	3,863
Total assets	2,006	15,783	11,828	5,961
Liabilities				
Accounts payable	1	7,500	7,446	55
Due to other governments	1,411	13,351	13,293	1,469
Deposits and other liabilities	594	9,866	6,023	4,437
Total liabilities	\$ 2,006	30,717	26,762	5,961





DISCRETELY PRESENTED COMPONENT UNITS

The City reports the following discretely presented component units:

Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) – This legally separate entity issues revenue bonds to finance the cost of acquiring, improving, equipping a full-service hotel on the airport property.

Austin Convention Enterprises, Inc (ACE) – This legally separate entity owns, operates, and finances the Austin Convention Center Hotel.

Waller Creek Local Government Corporation (WCLGC) – This legally separate entity was created to finance, design, construct, maintain and operate certain public improvements located around the Waller Creek Redevelopment Project district.

**Discretely Presented Component Units
Combining Statement of Net Position
September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit I-1**

	Austin Bergstrom Landhost Enterprises, Inc. (1)	Austin Convention Enterprises, Inc. (1)	Total
ASSETS			
Cash	\$ 290	3,935	4,225
Accounts receivable, net of allowance	228	3,682	3,910
Inventories, at cost	54	907	961
Prepaid expenses	103	525	628
Total current assets	675	9,049	9,724
Noncurrent assets:			
Cash - restricted	3,000	--	3,000
Investments- restricted	--	63,717	63,717
Investments held by trustee - restricted	2,168	--	2,168
Cash held by trustee - restricted	353	--	353
Depreciable capital assets, net	22,152	156,891	179,043
Nondepreciable capital assets	--	15,554	15,554
Other long-term assets	--	5,111	5,111
Total noncurrent assets	27,673	241,273	268,946
Total assets	28,348	250,322	278,670
DEFERRED OUTFLOWS OF RESOURCES			
	--	16,669	16,669
LIABILITIES			
Current liabilities:			
Accounts payable	268	7,845	8,113
Accrued payroll	267	--	267
Accrued interest payable from restricted assets	1,676	6,036	7,712
Bonds payable	60,944	5,820	66,764
Capital lease obligations payable	7	--	7
Other liabilities	2,610	3,115	5,725
Total current liabilities	65,772	22,816	88,588
Noncurrent liabilities, net of current portion:			
Bonds payable, net of discount and inclusive of premium	--	229,955	229,955
Other liabilities payable from restricted assets	3,000	--	3,000
Total noncurrent liabilities	3,000	229,955	232,955
Total liabilities	68,772	252,771	321,543
NET POSITION			
Net investment in capital assets	(38,792)	(21,693)	(60,485)
Restricted for:			
Capital Projects	1,000	--	1,000
Debt service	--	28,795	28,795
Unrestricted	(2,632)	7,118	4,486
Total net position	\$ (40,424)	14,220	(26,204)

(1) Data as of December 31, 2016, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain separately audited financial statements for this component unit.

**Discretely Presented Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit I-2**

	Austin Bergstrom Landhost Enterprises, Inc. (1)	Austin Convention Enterprises, Inc. (1)	Total
OPERATING REVENUES			
User fees and rentals	\$ 16,853	78,900	95,753
Total operating revenues	<u>16,853</u>	<u>78,900</u>	<u>95,753</u>
OPERATING EXPENSES			
Operating expenses before depreciation	12,771	45,294	58,065
Depreciation and amortization	1,225	9,386	10,611
Total operating expenses	<u>13,996</u>	<u>54,680</u>	<u>68,676</u>
Operating income (loss)	<u>2,857</u>	<u>24,220</u>	<u>27,077</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	19	3	22
Interest on revenue bonds and other debt	(4,827)	(12,629)	(17,456)
Other nonoperating revenue (expense)	--	(3,477)	(3,477)
Total nonoperating revenues (expenses)	<u>(4,808)</u>	<u>(16,103)</u>	<u>(20,911)</u>
Change in net position	(1,951)	8,117	6,166
Total net position, beginning	(38,473)	6,103	(32,370)
Total net position, ending	<u>\$ (40,424)</u>	<u>14,220</u>	<u>(26,204)</u>

(1) Data as of the year ended December 31, 2016, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

**Discretely Presented Component Units
Combining Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit I-3**

	Austin Bergstrom Landhost Enterprises, Inc. (1)	Austin Convention Enterprises, Inc. (1)	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 17,147	77,676	94,823
Cash payments to suppliers for goods and services	(8,625)	(26,469)	(35,094)
Cash payments to employees for services	(3,963)	(15,241)	(19,204)
Net cash provided (used) by operating activities	<u>4,559</u>	<u>35,966</u>	<u>40,525</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Payment to primary government	--	(3,476)	(3,476)
Net cash provided (used) by noncapital financing activities	<u>--</u>	<u>(3,476)</u>	<u>(3,476)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	(25)	(9,205)	(9,230)
Interest paid on revenue bonds and other debt	(4,077)	(12,426)	(16,503)
Acquisition and construction of capital assets	(3)	(15,687)	(15,690)
Payment from primary government	3,000	--	3,000
Net cash provided (used) by capital and related financing activities	<u>(1,105)</u>	<u>(37,318)</u>	<u>(38,423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Purchase) Sale of investment securities	--	4,561	4,561
Interest on investments	19	3	22
Net cash provided (used) by investing activities	<u>19</u>	<u>4,564</u>	<u>4,583</u>
Net increase (decrease) in cash and cash equivalents	3,473	(264)	3,209
Cash and cash equivalents, beginning	1,985	4,199	6,184
Cash and cash equivalents, ending	<u>\$ 5,458</u>	<u>3,935</u>	<u>9,393</u>

(Continued)

(1) Data as of the year ended December 31, 2016, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.

**Discretely Presented Component Units
Combining Statement of Cash Flows
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit I-3**

(Continued)

	Austin Bergstrom Landhost Enterprises, Inc. (1)	Austin Convention Enterprises, Inc. (1)	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,857	24,220	27,077
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,225	9,687	10,912
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	294	(1,224)	(930)
(Increase) decrease in inventory	1	17	18
(Increase) decrease in prepaid expenses and other assets	32	(86)	(54)
Increase (decrease) in accounts payable	(85)	1,543	1,458
Increase (decrease) in accrued payroll and compensated absences	23	--	23
Increase (decrease) in other liabilities	212	748	960
(Increase) decrease in deferred inflows related to operations	--	1,061	1,061
Total adjustments	<u>1,702</u>	<u>11,746</u>	<u>13,448</u>
Net cash provided (used) by operating activities	<u>\$ 4,559</u>	<u>35,966</u>	<u>40,525</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Amortization of bond (discounts) premiums	\$ --	(651)	(651)
Amortization of deferred loss on refundings	--	1,191	1,191
Capital appreciation bonds interest accreted	2,252	--	2,252

(1) Data as of the year ended December 31, 2016, the fiscal year end for this component unit. See Note 1 for additional information about how to obtain the separately audited financial statements for this component unit.



SUPPLEMENTAL SCHEDULES

**Budgetary General Fund
Supplementary Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit J-1**

The General Fund, as reported in the financial statements, is comprised of nine separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document) plus the Budget Stabilization Reserve, Community Development Incentives, Economic Development, Economic Incentives Reserve, Emergency Reserve, Long Center Capital Improvements, Music Venue Assistance Program, and the Property Tax Reserve Fund. RSI reflects the budgetary comparison for the consolidated General Fund. Below are the budgetary comparisons for each of the nine funds.

Budgetary General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 646,918	100	647,018	650,538	650,538	(3,520)
Franchise fees	36,057	153	36,210	36,717	36,717	(507)
Fines, forfeitures and penalties	13,117	1	13,118	16,209	16,209	(3,091)
Licenses, permits and inspections	61,076	(1)	61,075	50,799	50,799	10,276
Charges for services/goods	59,362	1,266	60,628	60,890	60,890	(262)
Interest and other	15,487	(9,650)	5,837	4,396	4,396	1,441
Total revenues	832,017	(8,131)	823,886	819,549	819,549	4,337
EXPENDITURES						
General government						
Municipal Court	22,337	186	22,523	22,514	22,514	(9)
Public safety						
Police	340,924	42,103	383,027	386,573	386,573	3,546
Fire	169,822	17,707	187,529	185,514	189,014	1,485
Emergency Medical Services	71,362	10,595	81,957	83,786	83,786	1,829
Public health:						
Health	79,691	3,194	82,885	83,175	83,175	290
Public recreation and culture						
Parks and Recreation	72,226	7,747	79,973	80,505	80,505	532
Austin Public Library	40,276	4,930	45,206	47,167	47,167	1,961
Urban growth management						
Neighborhood Planning and Zoning	37,744	6,824	44,568	45,167	45,167	599
Other urban growth management	2,976	36	3,012	5,798	5,798	2,786
General city responsibilities (4)	104,000	(97,493)	6,507	6,613	6,613	106
Total expenditures	941,358	(4,171)	937,187	946,812	950,312	13,125
Excess (deficiency) of revenues over expenditures	(109,341)	(3,960)	(113,301)	(127,263)	(130,763)	17,462
OTHER FINANCING SOURCES (USES)						
Transfers in	131,930	22,578	154,508	151,008	154,508	--
Transfers out	(2,748)	(36,085)	(38,833)	(23,745)	(23,745)	(15,088)
Total other financing sources (uses)	129,182	(13,507)	115,675	127,263	130,763	(15,088)
Excess (deficiency) of revenues and other sources over expenditures and other uses	19,841	(17,467)	2,374	--	--	2,374
Fund balance at beginning of year	108,197	(81,913)	26,284	--	--	26,284
Fund balance at end of year	\$ 128,038	(99,380)	28,658	--	--	28,658

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

Budgetary General Fund
Supplementary Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)

City of Austin, Texas
Exhibit J-1

(Continued)

Budget Stabilization Reserve	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
EXPENDITURES						
General government						
Municipal Court	\$ 49	(28)	21	105	105	84
Public safety						
Fire	2,498	(806)	1,692	1,694	1,694	2
Emergency Medical Services	644	(396)	248	250	250	2
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	421	(421)	--	--	--	--
Public health:						
Health	796	(324)	472	513	513	41
Public recreation and culture						
Parks and Recreation	226	76	302	324	324	22
Urban growth management						
Neighborhood Planning and Zoning	344	41	385	400	400	15
Other urban growth management	315	(185)	130	227	227	97
General city responsibilities (4)	259	(8)	251	350	350	99
Total expenditures	5,552	(2,051)	3,501	3,863	3,863	362
Excess (deficiency) of revenues over expenditures	(5,552)	2,051	(3,501)	(3,863)	(3,863)	362
OTHER FINANCING SOURCES (USES)						
Transfers in	20,316	(282)	20,034	4,946	4,946	15,088
Transfers out	(8,308)	(3,067)	(11,375)	(7,868)	(11,375)	--
Total other financing sources (uses)	12,008	(3,349)	8,659	(2,922)	(6,429)	15,088
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,456	(1,298)	5,158	(6,785)	(10,292)	15,450
Fund balance at beginning of year	68,881	1,975	70,856	65,038	65,038	5,818
Fund balance at end of year	\$ 75,337	677	76,014	58,253	54,746	21,268

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.
- (4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs and amounts budgeted as fund-level expenditures.

**Budgetary General Fund
Supplementary Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit J-1**

(Continued)

Community Development Incentives

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
EXPENDITURES						
Urban growth management						
Other urban growth management	\$ 155	20	175	225	225	50
Total expenditures	155	20	175	225	225	50
Excess (deficiency) of revenues over expenditures	(155)	(20)	(175)	(225)	(225)	50
OTHER FINANCING SOURCES (USES)						
Transfers in	--	7	7	--	7	--
Transfers out	--	(159)	(159)	(159)	(159)	--
Total other financing sources (uses)	--	(152)	(152)	(159)	(152)	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(155)	(172)	(327)	(384)	(377)	50
Fund balance at beginning of year	(219)	1,046	827	834	834	(7)
Fund balance at end of year	\$ (374)	874	500	450	457	43

Economic Development

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Interest and other	\$ 162	--	162	111	111	51
Total revenues	162	--	162	111	111	51
EXPENDITURES						
Urban growth management						
Other urban growth management	15,000	498	15,498	14,164	14,164	(1,334)
Total expenditures	15,000	498	15,498	14,164	14,164	(1,334)
Excess (deficiency) of revenues over expenditures	(14,838)	(498)	(15,336)	(14,053)	(14,053)	(1,283)
OTHER FINANCING SOURCES (USES)						
Transfers in	10,894	4,863	15,757	15,757	15,757	--
Transfers out	(93)	(1,821)	(1,914)	(1,914)	(1,914)	--
Total other financing sources (uses)	10,801	3,042	13,843	13,843	13,843	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,037)	2,544	(1,493)	(210)	(210)	(1,283)
Fund balance at beginning of year	(4,475)	4,925	450	210	210	240
Fund balance at end of year	\$ (8,512)	7,469	(1,043)	--	--	(1,043)

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

**Budgetary General Fund
 Supplementary Schedule of Revenues, Expenditures, and Changes in
 Fund Balances--Budget and Actual-Budget Basis
 For the year ended September 30, 2017
 (In thousands)**

**City of Austin, Texas
 Exhibit J-1**

(Continued)

Economic Incentives Reserve

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Interest and other	\$ 100	--	100	--	--	100
Total revenues	100	--	100	--	--	100
EXPENDITURES						
Other urban growth management	13,667	(226)	13,441	13,910	13,910	469
Total expenditures	13,667	(226)	13,441	13,910	13,910	469
Excess (deficiency) of revenues over expenditures	(13,567)	226	(13,341)	(13,910)	(13,910)	569
OTHER FINANCING SOURCES (USES)						
Transfers in	--	11,637	11,637	11,637	11,637	--
Transfers out	(976)	--	(976)	(976)	(976)	--
Total other financing sources (uses)	(976)	11,637	10,661	10,661	10,661	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(14,543)	11,863	(2,680)	(3,249)	(3,249)	569
Fund balance at beginning of year	(70,153)	80,577	10,424	16,869	16,869	(6,445)
Fund balance at end of year	\$ (84,696)	92,440	7,744	13,620	13,620	(5,876)

Emergency Reserve

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 3,548	--	3,548	3,548	3,548	--
Total other financing sources (uses)	3,548	--	3,548	3,548	3,548	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,548	--	3,548	3,548	3,548	--
Fund balances at beginning of year	54,669	--	54,669	54,669	54,669	--
Fund balance at end of year	\$ 58,217	--	58,217	58,217	58,217	--

(Continued)

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

**Budgetary General Fund
 Supplementary Schedule of Revenues, Expenditures, and Changes in
 Fund Balances--Budget and Actual-Budget Basis
 For the year ended September 30, 2017
 (In thousands)**

City of Austin, Texas
 Exhibit J-1

(Continued)

Long Center Capital Improvements

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
EXPENDITURES						
Urban growth management						
Other urban growth management	\$ 164	137	301	305	305	4
Total expenditures	164	137	301	305	305	4
Excess (deficiency) of revenues over expenditures	(164)	(137)	(301)	(305)	(305)	4
OTHER FINANCING SOURCES (USES)						
Transfers in	--	300	300	300	300	--
Total other financing sources (uses)	--	300	300	300	300	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(164)	163	(1)	(5)	(5)	4
Fund balance at beginning of year	(585)	586	1	5	5	(4)
Fund balance at end of year	\$ (749)	749	--	--	--	--

Music Venue Assistance Program

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Interest and other	\$ 5	24	29	33	33	(4)
Total revenues	5	24	29	33	33	(4)
EXPENDITURES						
Urban growth management						
Other urban growth management	126	200	326	615	615	289
Total expenditures	126	200	326	615	615	289
Excess (deficiency) of revenues over expenditures	(121)	(176)	(297)	(582)	(582)	285
OTHER FINANCING SOURCES (USES)						
Transfers in	--	100	100	100	100	--
Total other financing sources (uses)	--	100	100	100	100	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(121)	(76)	(197)	(482)	(482)	285
Fund balance at beginning of year	174	305	479	465	465	14
Fund balance at end of year	\$ 53	229	282	(17)	(17)	299

Property Tax Reserve

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
Fund balance at beginning of year	4,500	--	4,500	4,500	4,500	--
Fund balance at end of year	\$ 4,500	--	4,500	4,500	4,500	--

- (1) Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, compensated absences, and amounts budgeted as operating transfers.
- (2) Includes adjustments to revenues/transfers required for adjusted budget basis presentation.
- (3) Variance is actual-budget basis to final budget.

Enterprise Related Grants
Combining Balance Sheet
September 30, 2017
(In thousands)

	Receivables from Other Governments		Liabilities and Fund Balances			
	Total Assets	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances	
AUSTIN ENERGY RELATED						
U.S. Department of Energy	\$ 1,158	1,158	1,158	1,158	--	1,158
U.S. Department of Housing and Urban Development	--	--	--	--	--	--
U.S. National Endowment for the Arts	--	--	--	--	--	--
Texas Commission on Environmental Quality	--	--	--	--	--	--
Texas Commission on the Arts	--	--	--	--	--	--
American Public Power Association	--	--	--	--	--	--
Total Austin Energy	1,158	1,158	1,158	1,158	--	1,158
AIRPORT RELATED						
U.S. Department of Homeland Security	103	103	103	103	--	103
U.S. Department of Transportation	765	765	765	765	--	765
Federal Bureau of Investigation	--	--	--	--	--	--
Total Airport	868	868	868	868	--	868
DRAINAGE RELATED						
Texas Water Development Board	81	81	81	81	--	81
Total Drainage	81	81	81	81	--	81
AUSTIN RESOURCE RECOVERY RELATED						
U.S. Environmental Protection Agency	8	8	8	8	--	8
Total Austin Resource Recovery	8	8	8	8	--	8
Total grants, enterprise related	\$ 2,115	2,115	2,115	2,115	--	2,115

NOTE: These grants have been reported in the enterprise fund financial statements.

**Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit J-3**

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	In-Kind		Total	Grant	Match	In-Kind		Total	In-Kind		Total
	Grant	Match				Grant	Match		Grant	Match	
AUSTIN ENERGY RELATED											
U.S. Department of Energy	\$ 29,617	1,197	30,814	1,144	1,161	30,761	2,358	33,119	33,379	5,026	38,405
U.S. Department of Housing and Urban Development	236	25	261	15	--	251	25	276	251	1,511	1,762
U.S. National Endowment for the Arts	32	--	32	1	--	33	--	33	35	--	35
Texas Commission on Environmental Quality	--	--	--	--	1,533	--	1,533	1,533	1,000	2,304	3,304
Texas Commission on the Arts	140	46	186	12	--	152	46	198	163	46	209
American Public Power Association	16	--	16	10	--	26	--	26	82	--	82
Total Austin Energy	30,041	1,268	31,309	1,182	2,694	31,223	3,962	35,185	34,910	8,887	43,797
AIRPORT RELATED											
U.S. Department of Homeland Security	15,260	--	15,260	587	--	15,847	--	15,847	17,104	--	17,104
U.S. Department of Transportation	73,999	22,394	96,393	14,350	4,783	88,349	27,177	115,526	114,739	33,940	148,679
Federal Bureau of Investigation	22	--	22	(1)	--	21	--	21	25	--	25
Total Airport	89,281	22,394	111,675	14,936	4,783	104,217	27,177	131,394	131,868	33,940	165,808
DRAINAGE RELATED											
Texas Water Development Board	99	--	99	--	90	99	90	189	498	301	799
Total Drainage	99	--	99	--	90	99	90	189	498	301	799
AUSTIN RESOURCE RECOVERY RELATED											
U.S. Environmental Protection Agency	159	--	159	242	--	401	--	401	1,220	--	1,220
Total Austin Resource Recovery	159	--	159	242	--	401	--	401	1,220	--	1,220
Total grants, enterprise related	\$ 119,580	23,662	143,242	16,360	7,567	135,940	31,229	167,169	168,496	43,128	211,624

NOTE: These grants have been reported in the enterprise fund financial statements.

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit J-4**

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2017
10-22-83	Brackenridge 2000	\$ 50,000	40,785	--	9,215
09-08-84	Parks improvements	9,975	9,648	--	327
01-19-85	Cultural arts	20,285	14,890	--	5,395
11-07-06	Cultural arts	31,500	27,500	--	4,000
11-07-06	Public safety facility	58,100	53,100	--	5,000
11-6-12	Transportation and Mobility	143,299	84,340	29,180	29,779
11-6-12	Park and Recreation improvements	77,680	25,135	18,755	33,790
11-6-12	Public safety facility improvements	31,079	15,120	2,345	13,614
11-6-12	Health and Human Service facility improvements	11,148	6,145	205	4,798
11-6-12	Library, museum, and cultural arts facility improvements	13,442	4,615	3,325	5,502
11-5-13	Affordable housing	65,000	20,000	10,000	35,000
11-8-16	Mobility Transportation	720,000	--	--	720,000
		<u>\$ 1,231,508</u>	<u>301,278</u>	<u>63,810</u>	<u>866,420</u>

Source: Bond Sale Official Statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in the government-wide governmental activities and in proprietary funds.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit J-5**

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2017
AUSTIN ENERGY						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
Total Austin Energy		1,124,021	--	561,633	--	562,388
AUSTIN WATER UTILITY (Water)						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
Total Austin Water Utility (Water)		\$ 802,275	41,000	225,688	--	535,587

(Continued)

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2017
(In thousands)**

**City of Austin, Texas
Exhibit J-5**

(Continued)

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2017
AUSTIN WATER UTILITY (Wastewater)						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
Total Austin Water Utility (Wastewater)		741,960	38,011	309,281	--	394,668
Total Utility		2,668,256	79,011	1,096,602	--	1,492,643
AIRPORT						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
Total Airport		1,128,000	--	392,205	--	735,795
CONVENTION CENTER						
07-29-89	New convention center	69,000	--	68,240	--	760
Total Convention Center		69,000	--	68,240	--	760
Total revenue bonds		\$ 3,865,256	79,011	1,557,047	--	2,229,198

Source: Bond sale official statements

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.



STATISTICAL SECTION - UNAUDITED

This section of the City of Austin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Tables 1 - 5)

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Tables 6 - 12)

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Tables 13 - 17)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Tables 18 - 19)

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Tables 20 - 22)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 1

	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Net investment in capital assets	1,526,481	1,545,216	1,544,834	1,562,046	1,666,653	1,649,431	1,621,208	1,645,359	1,719,704	1,709,146
Restricted	76,478	95,641	71,716	92,650	82,916	103,246	118,335	133,984	124,695	140,299
Unrestricted (deficit)	1,553	(56,971)	(58,002)	(164,152)	(334,332)	(397,244)	(431,349)	(1,117,293)	(1,211,495)	(1,394,092)
Total governmental activities net position	<u>1,604,512</u>	<u>1,583,886</u>	<u>1,558,548</u>	<u>1,490,544</u>	<u>1,415,237</u>	<u>1,355,433</u>	<u>1,308,194</u>	<u>662,050</u>	<u>632,904</u>	<u>455,353</u>
Business-type activities										
Net investment in capital assets	1,825,599	1,902,398	1,998,753	2,048,964	2,104,623	2,195,358	2,216,347	2,223,964	2,250,698	2,358,240
Restricted	497,927	488,413	502,211	550,516	554,215	535,490	524,653	642,052	690,459	702,749
Unrestricted	558,625	495,318	403,346	438,240	392,904	466,167	587,362	560,321	737,150	915,825
Total business-type activities net position	<u>2,882,151</u>	<u>2,886,129</u>	<u>2,904,310</u>	<u>3,037,720</u>	<u>3,051,742</u>	<u>3,197,015</u>	<u>3,328,362</u>	<u>3,426,337</u>	<u>3,678,307</u>	<u>3,976,814</u>
Primary government										
Net investment in capital assets	3,352,080	3,447,614	3,543,587	3,611,010	3,771,276	3,844,789	3,837,555	3,869,323	3,970,402	4,067,386
Restricted	574,405	584,054	573,927	643,166	637,131	638,736	642,988	776,036	815,154	843,048
Unrestricted (deficit)	560,178	438,347	345,344	274,088	58,572	68,923	156,013	(556,972)	(474,345)	(478,267)
Total primary government net position	<u>4,486,663</u>	<u>4,470,015</u>	<u>4,462,858</u>	<u>4,528,264</u>	<u>4,466,979</u>	<u>4,552,448</u>	<u>4,636,556</u>	<u>4,088,387</u>	<u>4,311,211</u>	<u>4,432,167</u>

Note: The City implemented GASB Statement No. 68 in fiscal year 2015, which significantly impacted the net position of the governmental activities.

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Governmental activities:										
General government	97,945	80,819	89,315	99,780	124,735	97,675	118,074	131,993	177,302	192,231
Public safety	440,345	442,690	455,760	485,611	536,132	580,074	576,118	601,112	657,846	719,032
Transportation, planning, and sustainability	49,426	79,840	65,565	74,835	64,247	78,594	83,971	77,349	66,739	72,517
Public health	102,188	81,773	63,215	61,865	75,799	73,186	80,796	85,326	100,195	119,278
Public recreation and culture	87,975	90,307	91,732	106,488	104,026	104,951	117,441	134,567	147,191	161,226
Urban growth management	123,115	121,237	143,884	129,258	93,593	137,478	136,110	135,386	179,081	156,180
Interest on debt	40,954	42,435	44,889	45,154	46,417	48,400	49,617	55,855	61,500	61,879
Total governmental expenses	941,948	939,101	954,360	1,002,991	1,044,949	1,120,358	1,162,127	1,221,588	1,389,854	1,482,343
Business-type activities:										
Electric	1,070,999	1,089,632	1,086,470	1,136,850	1,133,951	1,132,476	1,251,599	1,203,729	1,226,585	1,277,623
Water	202,900	200,162	169,708	178,712	223,228	231,774	232,778	294,624	244,907	281,787
Wastewater	147,059	160,962	166,979	170,514	194,650	214,580	221,216	219,320	237,450	219,609
Airport	91,557	98,403	92,780	102,774	101,991	107,389	108,291	120,015	135,860	158,863
Convention	52,911	52,219	51,818	54,231	56,142	62,884	58,763	65,657	63,796	75,377
Environmental and health services	69,805	67,097	66,380	91,151	87,450	81,544	92,997	97,690	102,994	108,658
Public recreation	10,169	10,274	9,715	5,209	5,624	7,185	6,765	8,824	8,266	8,736
Urban growth management	84,886	89,306	106,618	110,996	114,270	129,583	125,983	135,360	173,360	183,532
Total business-type expenses	1,730,286	1,768,055	1,750,468	1,850,437	1,917,306	1,967,415	2,098,392	2,145,219	2,193,218	2,314,185
Total primary government expenses	2,672,234	2,707,156	2,704,828	2,853,428	2,962,255	3,087,773	3,260,519	3,366,807	3,583,072	3,796,528
Program Revenues										
Governmental activities:										
Charges for services:										
General government	9,572	11,319	7,902	8,126	17,285	15,223	17,890	15,434	15,915	21,345
Public safety	45,880	51,710	47,530	52,998	51,009	53,826	62,832	65,221	65,087	57,728
Transportation, planning, and sustainability	3,531	3,960	3,792	3,823	4,158	4,431	5,214	5,006	4,572	1,698
Public health	43,122	25,181	7,561	7,592	5,106	9,510	9,720	10,351	9,160	12,374
Public recreation and culture	3,749	3,819	3,456	7,891	7,576	8,753	8,205	8,330	8,781	11,251
Urban growth management	43,840	45,000	38,895	21,305	28,613	32,917	37,848	56,366	78,530	72,244
Operating grants and contributions	65,782	54,022	66,831	66,348	57,818	48,567	50,333	45,470	47,430	45,162
Capital grants and contributions	3,652	85,085	50,546	51,182	35,880	64,781	66,856	70,484	95,486	90,256
Total governmental program revenues	219,128	280,096	226,513	219,265	207,445	238,008	258,898	276,662	324,961	312,058
Business-type activities:										
Charges for services:										
Electric	1,217,735	1,162,286	1,147,676	1,249,139	1,179,872	1,288,259	1,367,155	1,351,436	1,370,228	1,362,132
Water	181,515	195,480	171,457	243,382	229,454	240,081	240,526	277,180	301,860	324,562
Wastewater	183,608	196,416	189,192	204,666	213,253	236,700	232,067	239,811	259,974	274,518

(Continued)

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2
(Continued)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airport	102,519	96,618	100,223	106,978	114,318	123,021	128,766	142,353	159,866	178,433
Convention	17,572	16,258	14,784	18,486	19,200	22,783	25,087	28,657	33,221	40,196
Environmental and health services	49,190	65,940	74,399	75,981	75,499	81,833	84,655	96,622	103,420	109,274
Public recreation	9,760	10,119	8,864	5,260	5,239	6,069	5,849	5,736	6,480	6,705
Urban growth management	83,779	90,739	108,312	115,850	123,477	131,561	141,755	154,337	176,163	204,439
Operating grants and contributions	--	--	--	--	10,950	3,749	1,489	1,039	739	861
Capital grants and contributions	76,881	71,819	31,703	47,850	50,064	64,124	65,550	110,580	144,139	137,464
Total business-type revenues	<u>1,922,559</u>	<u>1,905,675</u>	<u>1,846,610</u>	<u>2,067,592</u>	<u>2,021,326</u>	<u>2,198,180</u>	<u>2,292,899</u>	<u>2,407,751</u>	<u>2,556,090</u>	<u>2,638,584</u>
Total primary government revenues	<u>2,141,687</u>	<u>2,185,771</u>	<u>2,073,123</u>	<u>2,286,857</u>	<u>2,228,771</u>	<u>2,436,188</u>	<u>2,551,797</u>	<u>2,684,413</u>	<u>2,881,051</u>	<u>2,950,642</u>
Net (Expense)/Revenue										
Governmental activities	(722,820)	(659,005)	(727,847)	(783,726)	(837,504)	(882,350)	(903,229)	(944,926)	(1,064,893)	(1,170,285)
Business-type activities	192,273	137,620	96,142	217,155	104,020	230,765	194,507	262,532	362,872	324,399
Total primary government net expense	<u>(530,547)</u>	<u>(521,385)</u>	<u>(631,705)</u>	<u>(566,571)</u>	<u>(733,484)</u>	<u>(651,585)</u>	<u>(708,722)</u>	<u>(682,394)</u>	<u>(702,021)</u>	<u>(845,886)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	268,802	309,888	341,812	355,185	381,582	420,000	448,083	476,439	507,485	554,631
Sales tax	154,445	139,795	144,710	151,125	164,193	176,198	189,464	204,029	212,634	218,790
Franchise fees and gross receipts tax	93,236	85,183	87,996	95,029	99,011	114,147	128,032	141,368	147,773	151,670
Grants and contributions not restricted to specific programs (1)	80,178	--	--	--	--	--	--	--	--	--
Interest and other	29,287	20,827	31,960	19,364	15,884	23,888	21,275	21,951	41,708	26,950
Special items	--	--	--	--	--	--	15,830	11,983	4,309	--
Transfers	73,163	82,686	96,031	97,100	101,527	87,761	62,215	70,865	121,838	40,693
Total general revenues and transfers	<u>699,111</u>	<u>638,379</u>	<u>702,509</u>	<u>717,803</u>	<u>762,197</u>	<u>821,994</u>	<u>864,899</u>	<u>926,635</u>	<u>1,035,747</u>	<u>992,734</u>
Business-type activities:										
Interest and other	59,028	27,938	13,935	11,274	11,529	2,269	5,717	10,498	10,936	14,801
Transfers	(73,163)	(82,686)	(96,031)	(97,100)	(101,527)	(87,761)	(62,215)	(70,865)	(121,838)	(40,693)
Total business-type activities	<u>(14,135)</u>	<u>(54,748)</u>	<u>(82,096)</u>	<u>(85,826)</u>	<u>(89,998)</u>	<u>(85,492)</u>	<u>(56,498)</u>	<u>(60,367)</u>	<u>(110,902)</u>	<u>(25,892)</u>
Total primary government	<u>684,976</u>	<u>583,631</u>	<u>620,413</u>	<u>631,977</u>	<u>672,199</u>	<u>736,502</u>	<u>808,401</u>	<u>866,268</u>	<u>924,845</u>	<u>966,842</u>
Change in Net Position										
Governmental activities	(23,709)	(20,626)	(25,338)	(65,923)	(75,307)	(60,356)	(38,330)	(18,291)	(29,146)	(177,551)
Business-type activities	178,138	82,872	14,046	131,329	14,022	145,273	138,009	202,165	251,970	298,507
Total primary government	<u>154,429</u>	<u>62,246</u>	<u>(11,292)</u>	<u>65,406</u>	<u>(61,285)</u>	<u>84,917</u>	<u>99,679</u>	<u>183,874</u>	<u>222,824</u>	<u>120,956</u>

Note:

(1) Beginning in 2009, these amounts were assigned to the appropriate programs.

Program Revenues by Function/Program
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Function/Program										
Governmental activities:										
General government	13,338	15,524	11,831	17,491	31,179	29,603	29,150	24,715	29,665	29,022
Public safety	53,565	64,997	57,135	63,617	59,997	60,221	74,805	71,035	71,626	64,937
Transportation, planning, and sustainability	3,531	57,178	17,928	42,282	24,942	51,095	55,324	61,405	80,375	75,165
Public health	66,680	42,750	34,369	31,185	28,122	30,307	29,390	29,524	28,822	33,034
Public recreation and culture	5,253	7,846	9,536	11,544	13,145	14,343	17,233	15,390	17,685	23,050
Urban growth management	76,761	91,801	95,714	53,146	50,060	52,439	52,996	74,593	96,788	86,850
Subtotal governmental activities	<u>219,128</u>	<u>280,096</u>	<u>226,513</u>	<u>219,265</u>	<u>207,445</u>	<u>238,008</u>	<u>258,898</u>	<u>276,662</u>	<u>324,961</u>	<u>312,058</u>
Business-type activities:										
Electric	1,228,542	1,168,242	1,152,532	1,259,400	1,201,722	1,303,299	1,381,040	1,374,895	1,411,135	1,406,147
Water	216,654	225,881	180,918	257,346	241,205	262,212	264,265	312,102	349,195	369,506
Wastewater	189,823	211,080	190,625	213,339	221,561	249,564	246,569	261,680	290,717	304,260
Airport	113,368	112,804	108,022	112,457	124,042	128,301	134,208	151,368	163,432	193,769
Convention	17,572	16,258	14,784	18,499	19,234	23,149	25,138	28,657	33,221	40,196
Environmental and health services	50,311	66,592	75,033	77,008	78,694	83,080	84,807	96,674	103,538	109,546
Public recreation	11,134	11,268	12,809	5,410	5,404	6,776	6,626	6,206	6,701	6,995
Urban growth management	95,155	93,550	111,887	124,133	129,464	141,799	150,246	176,169	198,151	208,165
Subtotal business-type activities	<u>1,922,559</u>	<u>1,905,675</u>	<u>1,846,610</u>	<u>2,067,592</u>	<u>2,021,326</u>	<u>2,198,180</u>	<u>2,292,899</u>	<u>2,407,751</u>	<u>2,556,090</u>	<u>2,638,584</u>
Total primary government	<u><u>2,141,687</u></u>	<u><u>2,185,771</u></u>	<u><u>2,073,123</u></u>	<u><u>2,286,857</u></u>	<u><u>2,228,771</u></u>	<u><u>2,436,188</u></u>	<u><u>2,551,797</u></u>	<u><u>2,684,413</u></u>	<u><u>2,881,051</u></u>	<u><u>2,950,642</u></u>

Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
 Table 4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Reserved	3,566	4,510	4,135	N/A						
Unreserved	85,124	87,651	104,575	N/A						
Nonspendable	N/A	N/A	N/A	1,109	862	774	950	949	546	727
Assigned	N/A	N/A	N/A	14,109	16,255	18,459	25,887	26,123	28,700	29,618
Unassigned	N/A	N/A	N/A	119,035	113,046	127,859	156,659	150,091	131,743	141,469
Total general fund	<u>88,690</u>	<u>92,161</u>	<u>108,710</u>	<u>134,253</u>	<u>130,163</u>	<u>147,092</u>	<u>183,496</u>	<u>177,163</u>	<u>160,989</u>	<u>171,814</u>
All Other Governmental Funds										
Reserved	106,399	134,194	174,820	N/A						
Unreserved, reported in:										
Special revenue funds	56,008	56,385	57,694	N/A						
Capital projects funds	77,469	168,328	28,447	N/A						
Permanent funds	844	819	764	N/A						
Nonspendable	N/A	N/A	N/A	1,040	1,040	1,040	1,052	1,070	1,070	1,070
Restricted	N/A	N/A	N/A	175,522	174,773	160,483	162,000	175,977	186,395	214,582
Committed	N/A	N/A	N/A	18,139	19,716	22,921	27,486	40,196	42,508	40,652
Assigned	N/A	N/A	N/A	76,956	82,511	80,219	64,142	75,821	107,833	109,692
Unassigned	N/A	N/A	N/A	(36,582)	(38,012)	(47,512)	(70,581)	(51,622)	(14,876)	(25,369)
Total all other governmental funds	<u>240,720</u>	<u>359,726</u>	<u>261,725</u>	<u>235,075</u>	<u>240,028</u>	<u>217,151</u>	<u>184,099</u>	<u>241,442</u>	<u>322,930</u>	<u>340,627</u>

Note: The City implemented GASB Statement No. 54 in fiscal year 2011, which changes the reporting requirements for fund balances.

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)**

**City of Austin, Texas
Table 5**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Property taxes	277,886	308,292	340,804	355,262	381,611	419,965	446,876	474,704	509,104	554,411
Sales taxes	154,445	139,795	144,710	151,125	164,193	176,198	189,464	204,029	212,634	218,790
Franchise fees and other taxes	93,236	85,183	88,321	94,920	98,903	114,039	128,032	141,368	147,773	151,670
Fine, forfeitures, and penalties	24,574	25,380	24,571	24,077	20,251	21,128	22,520	22,884	20,079	17,628
Licenses, permits, and inspections	24,268	20,531	15,716	18,653	22,664	28,669	33,719	39,805	50,186	61,450
Charges for services/goods	96,076	84,905	64,594	55,170	56,397	63,568	72,924	86,576	98,911	81,368
Intergovernmental	91,765	62,802	86,557	78,250	76,233	76,085	79,407	62,622	56,746	59,572
Property owners' participation and contributions	7,065	12,161	6,937	6,624	6,624	10,167	12,718	12,763	14,554	14,659
Interest and other	31,830	31,187	35,563	19,270	15,932	24,345	21,393	21,517	38,334	27,050
Total revenues	801,145	770,236	807,773	803,351	842,808	934,164	1,007,053	1,066,268	1,148,321	1,186,598
Expenditures										
Other (non-departmental & special projects)										
General government	67,597	53,000	66,287	69,024	74,846	84,504	91,668	102,222	118,773	128,708
Public safety	399,060	409,579	421,958	449,355	483,458	497,371	528,670	565,070	576,461	593,406
Transportation, planning, and sustainability	9,370	7,675	10,634	9,983	7,556	16,007	14,053	7,032	7,039	5,125
Public health	91,863	70,762	53,229	55,508	65,861	69,418	74,310	80,630	92,076	101,025
Public recreation and culture	72,760	74,477	74,089	86,595	80,818	92,282	99,780	110,745	116,531	126,599
Urban growth management	101,492	106,149	100,218	75,865	80,021	97,840	106,715	116,912	155,459	127,982
Debt service:										
Principal	61,800	69,809	70,424	78,568	71,906	69,625	69,768	71,532	80,859	87,367
Interest	40,954	42,170	44,590	44,892	46,188	48,199	49,367	55,794	61,388	61,862
Fees and commissions	--	8	17	13	16	17	6	9	13	13
Capital outlay	119,290	96,342	166,491	160,682	178,380	214,294	257,420	186,870	142,822	130,783
Total expenditures	964,186	929,971	1,007,937	1,030,485	1,089,050	1,189,557	1,291,757	1,296,816	1,351,421	1,362,870
Excess (deficiency) of revenues over expenditures	(163,041)	(159,735)	(200,164)	(227,134)	(246,242)	(255,393)	(284,704)	(230,548)	(203,100)	(176,272)
Other financing sources (uses)										
Issuance of tax supported debt	104,060	191,310	15,000	118,778	145,175	131,499	154,444	159,939	142,775	130,665
Issuance of refunding bonds	156,038	--	--	79,342	58,347	--	107,923	--	139,690	54,970
Bond premiums	15,090	1,897	--	14,929	8,207	8,452	16,212	20,093	33,305	35,430
Payment to escrow agent	(171,128)	--	--	(94,271)	(66,554)	--	(113,836)	--	(159,589)	(68,744)
Transfers in	173,627	175,250	197,669	179,476	178,768	209,161	221,868	239,666	248,331	222,540
Transfers out	(96,014)	(86,245)	(93,957)	(70,146)	(76,838)	(99,667)	(114,385)	(150,123)	(140,407)	(170,067)
Total other financing sources (uses)	181,673	282,212	118,712	228,108	247,105	249,445	272,226	269,575	264,105	204,794
Special item	--	--	--	--	--	--	15,830	11,983	4,309	--
Net change in fund balances	18,632	122,477	(81,452)	974	863	(5,948)	3,352	51,010	65,314	28,522
Debt service as a percentage of noncapital expenditures	12.3%	13.6%	13.8%	13.6%	12.9%	11.5%	11.2%	11.3%	11.5%	11.9%

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
 Table 6

Fiscal Year Ended Sept. 30	Property Tax	Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Total
	\$	\$	\$	\$	\$
2008	277,886	154,445	5,541	87,695	525,567
2009	308,292	139,795	5,651	79,532	533,270
2010	340,804	144,710	6,049	82,272	573,835
2011	355,262	151,125	6,367	88,553	601,307
2012	381,611	164,193	5,964	92,939	644,707
2013	419,965	176,198	6,941	107,098	710,202
2014	446,876	189,464	9,355	118,677	764,372
2015	474,704	204,029	10,352	131,016	820,101
2016	509,104	212,634	11,177	136,596	869,511
2017	554,411	218,790	11,588	140,082	924,871
Change 2008-2017	99.51%	41.66%	109.13%	59.74%	

**Property Appraised Value, Taxable Value, Tax Rates,
Tax Levies, and Tax Collections
Last Ten Fiscal Years**

**City of Austin, Texas
Table 7**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Taxable Value to Appraised Value %	Total Appraised Value at January 1 \$	Less Exemptions (October 1) \$	Total Taxable Value (October 1) \$	Percent of Growth In Taxable Value %	Tax Rate (per \$100 Valuation)			
							General Fund \$	Debt Service Fund \$	Total \$	Percentage Change in Tax Rate %
2008	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.23)
2009	2008	86.54	88,688,319,460	11,936,311,723	76,752,007,737	11.66	0.2749	0.1263	0.4012	(0.55)
2010	2009	87.63	92,388,003,449	11,427,462,473	80,960,540,976	5.48	0.2950	0.1259	0.4209	4.91
2011	2010	88.15	88,051,834,377	10,432,484,993	77,619,349,384	(4.13)	0.3262	0.1309	0.4571	8.60
2012	2011	87.04	91,015,898,946	11,796,118,067	79,219,780,879	2.06	0.3551	0.1260	0.4811	5.25
2013	2012	87.30	95,412,581,152	12,118,044,659	83,294,536,493	5.14	0.3821	0.1208	0.5029	4.53
2014	2013	86.94	102,102,789,438	13,336,691,278	88,766,098,160	6.57	0.3856	0.1171	0.5027	(0.04)
2015	2014	84.70	116,469,347,283	17,817,167,853	98,652,179,430	11.14	0.3691	0.1118	0.4809	(4.34)
2016	2015	81.06	136,703,100,149	26,177,073,750	110,526,026,399	12.04	0.3527	0.1062	0.4589	(4.57)
2017	2016	79.97	156,764,185,067	31,392,530,411	125,371,654,656	13.43	0.3399	0.1019	0.4418	(3.73)
2018	2017	(1) 80.65	172,884,147,799	33,459,059,613	139,425,088,186	11.21	0.3393	0.1055	0.4448	0.68

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1) \$	Collected within the Fiscal Year of the Levy		Net Collections in Subsequent Years \$	Total Collections to Date		Total Outstanding Delinquencies (2)	
			Amount \$	Percentage of Levy %		Amount \$	Percentage of Levy %	Amount \$	Percentage of Levy %
2008	2007	277,284,215	274,903,217	99.14	642,563	276,522,618	99.73	9,338,671	3.37
2009	2008	307,929,055	304,956,471	99.03	1,690,447	306,726,563	99.61	9,626,876	3.13
2010	2009	340,762,916	337,268,213	98.97	1,880,067	338,346,496	99.29	10,591,712	3.11
2011	2010	354,798,046	351,707,776	99.13	1,261,447	353,091,464	99.52	11,589,297	3.27
2012	2011	381,126,366	378,351,758	99.27	1,615,996	379,214,593	99.50	12,177,159	3.20
2013	2012	418,888,224	416,202,468	99.36	1,012,632	416,866,326	99.52	12,662,032	3.02
2014	2013	446,227,175	442,872,352	99.25	1,037,201	442,872,352	99.25	13,037,334	2.92
2015	2014	474,418,331	470,959,014	99.27	435,940	470,959,014	99.27	14,469,523	3.05
2016	2015	507,203,935	504,891,858	99.54	(953,938)	503,937,920	99.36	13,711,114	2.70
2017	2016	553,891,970	551,107,380	99.50	--	551,107,380	99.50	13,903,694	2.51
2018	2017	(1) 620,162,792	**	**	**	**	**	**	**

** Information not yet available for fiscal year 2018.

Note: Appraisal district appraises property at market value.

(1) Appraised value at January 1, 2017, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

(2) The total amount of outstanding delinquencies for all prior years as of fiscal year end.

**Assessed Taxable Property Value by Class
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 8**

Fiscal Year Sept. 30	Single Family Property	Multi- Family Property	Land	Commercial Property	Personal Property	Total Assessed Taxable Value	Tax Rates (per \$100 Assessed Value)
	\$	\$	\$	\$	\$	\$	\$
2008	33,316,002	8,839,048	1,524,308	17,725,306	6,779,068	68,183,732	0.4034
2009	37,453,292	9,896,356	1,389,608	19,800,799	7,915,406	76,455,461	0.4012
2010	40,713,121	10,145,319	1,419,091	19,957,214	7,942,287	80,177,032	0.4209
2011	40,652,702	9,611,968	1,367,974	18,531,700	6,932,805	77,097,149	0.4571
2012	40,599,766	9,910,886	1,646,815	18,880,729	9,051,096	80,089,292	0.4811
2013	41,050,945	11,115,108	1,599,889	20,237,454	9,575,131	83,578,527	0.5029
2014	43,262,362	12,628,999	1,543,314	21,774,725	9,280,001	88,489,401	0.5027
2015	47,675,285	15,190,842	1,600,848	24,521,122	9,744,775	98,732,872	0.4809
2016	50,576,097	18,362,372	1,736,615	29,885,285	10,183,100	110,743,469	0.4589
2017	56,088,650	21,991,357	2,005,473	35,465,401	10,227,269	125,778,150	0.4418

Source: July certified tax rolls received from Travis, Williamson, and Hays Central Appraisal Districts. Excludes exemptions and appeal adjustments made between January 1 appraisal date and July certified roll date.

Note: Does not reflect appeal adjustments between July and October 1 assessment date. See Table 7 for additional property tax information.

Property Taxes and Tax Levies for Direct and Overlapping Governments with Applicable Percentages Over 10% Last Ten Fiscal Years

Government	Tax Rates (per \$100 Assessed Value) for Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4034	0.4012	0.4209	0.4571	0.4811	0.5029	0.5027	0.4809	0.4589	0.4418
Austin Community College	0.0958	0.0954	0.0946	0.0951	0.0948	0.0951	0.0949	0.0942	0.1005	0.1020
Austin Independent School District	1.1630	1.2020	1.2020	1.2270	1.2420	1.2420	1.2420	1.2220	1.2020	1.1920
Del Valle Independent School District	1.4800	1.4800	1.4800	1.5300	1.5300	1.5300	1.4700	1.4700	1.5300	1.5200
Eanes Independent School District	1.2025	1.2025	1.2025	1.2025	1.2125	1.2125	1.2125	1.2125	1.2125	1.2125
Leander Independent School District	1.3334	1.3792	1.4223	1.4548	1.4998	1.5119	1.5119	1.5119	1.5119	1.5119
Manor Independent School District	1.5150	1.5350	1.5150	1.5150	1.5150	1.5150	1.5150	1.5150	1.5150	1.5150
North Austin MUD #1	0.4180	0.4050	0.3801	0.3819	0.3719	0.3450	0.3450	0.3399	0.3170	0.2890
Northwest Austin MUD #1 (1)	0.2750	0.2525	0.2427	--	--	--	--	--	--	--
Northwest Travis County RD #3 (2)	0.1100	0.1100	0.1250	0.1450	0.1550	0.1300	0.1223	--	--	--
Pflugerville Independent School District	1.4700	1.4600	1.4600	1.4600	1.4800	1.5400	1.5400	1.5400	1.5400	1.5400
Round Rock Independent School District	1.3238	1.3324	1.3800	1.3800	1.3350	1.3800	1.3674	1.3375	1.3325	1.3325
Travis County (3)	0.4216	0.4122	0.4215	0.4658	0.4855	0.5001	0.4946	0.4563	0.4169	0.3838
Travis County Healthcare District	0.0693	0.0679	0.0674	0.0719	0.0789	0.0789	0.1290	0.1264	0.1178	0.1105

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	277,284	307,929	340,763	354,798	381,126	418,888	446,227	474,418	507,204	553,892
Austin Community College	72,389	79,189	82,756	79,524	80,596	84,766	90,079	99,308	121,203	140,069
Austin Independent School District	732,434	704,839	735,582	730,909	746,896	775,231	834,029	918,306	1,030,642	1,174,333
Del Valle Independent School District	43,898	47,600	46,563	43,736	44,867	46,004	51,559	53,414	60,093	67,076
Eanes Independent School District	100,971	111,930	115,036	110,042	111,792	116,443	123,749	135,138	148,545	164,250
Leander Independent School District	142,085	173,078	185,502	185,883	195,248	204,896	219,988	248,089	273,849	305,591
Manor Independent School District	35,816	37,916	43,116	38,829	40,609	48,860	47,605	63,098	58,687	70,423
North Austin MUD #1	2,873	2,859	2,859	2,750	2,713	2,660	2,661	2,968	3,131	293
Northwest Austin MUD #1 (1)	1,230	1,216	1,173	--	--	--	--	--	--	--
Northwest Travis County RD #3 (2)	524	546	582	576	607	565	568	--	--	--
Pflugerville Independent School District	95,934	104,552	108,097	104,112	105,197	111,719	118,412	133,432	147,355	166,578
Round Rock Independent School District	247,325	272,758	284,082	273,120	268,675	287,687	288,217	332,436	360,251	360,251
Travis County (3)	361,662	391,696	417,426	441,859	466,691	503,068	529,149	543,863	568,520	592,824
Travis County Healthcare District	59,543	64,629	66,842	68,303	75,928	79,480	138,132	150,765	160,701	170,812

Source: Travis Central Appraisal District, Williamson Central Appraisal District, Hays Central Appraisal District, and taxing entities.

Note:

- (1) Northwest Austin MUD #1 discontinued in 2010.
- (2) Northwest Travis County RD #3 was dissolved in 2014.
- (3) Includes taxes and levies for Travis County and Farm to Market Roads.

**Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	Type of Property	Fiscal Year Ended September 30					
		2017			2008		
		January 1, 2016 Assessed Valuation	Rank	Percent of Total Assessed Valuation of 125,371,654,656	January 1, 2007 Assessed Valuation	Rank	Percent of Total Assessed Valuation of 68,736,790,926
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	1,945,796,144	1	1.55	185,289,008	8	0.27
Columbia/St. Davids Health Care	Hospital/Medical	547,944,382	2	0.44			
Parkway San Jacinto Center LLC	Commercial	466,413,166	3	0.37			
Apple	Manufacturing	384,000,000	4	0.31			
Finley Company	Commercial	350,843,445	5	0.28			
CSHV-401 Congress LLC	Commercial	335,534,992	6	0.27	176,565,956	9	0.26
Domain Retail Property Owner LP	Commercial	301,942,549	7	0.24			
IMT Capital II Riata LP	Commercial	299,412,536	8	0.24			
HEB Grocery Company LP	Retail	292,658,781	9	0.23	163,182,221	10	0.24
CSHV-300 West 6th Street LLC	Commercial	282,442,634	10	0.23			
Freescale Semiconductor, Inc.	Manufacturing				451,272,461	1	0.66
Dell Computer Corporation	Manufacturing				400,048,046	2	0.58
Spansion LLC	Manufacturing				294,064,149	3	0.43
IBM Corporation	Manufacturing				260,454,949	4	0.38
AT&T	Telephone Utility				215,966,774	5	0.31
Shopping Center at Gateway LP	Commercial				213,795,973	6	0.31
Crescent Real Estate	Commercial				193,818,716	7	0.28
Total assessed valuation		5,206,988,629		4.15	2,554,458,253		3.72

Source: Travis, Williamson and Hays Central Appraisal Districts

**Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	City Direct Rate (1)	Capital Metro Rate (2)	State of Texas Rate (3)
	%	%	%
2008	1.00	1.00	6.25
2009	1.00	1.00	6.25
2010	1.00	1.00	6.25
2011	1.00	1.00	6.25
2012	1.00	1.00	6.25
2013	1.00	1.00	6.25
2014	1.00	1.00	6.25
2015	1.00	1.00	6.25
2016	1.00	1.00	6.25
2017	1.00	1.00	6.25

Sources: Capital Metro, Comptroller of Public Accounts, and City of Austin

(1) City of Austin 1% sales tax levy effective January 1, 1968

(2) Capital Metro 1% sales tax levy effective October 1, 1985

(3) State of Texas 6.25% sales tax levy effective July 1, 1990

**Taxable Sales by Category
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 12**

	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	7,609	6,929	5,914	4,680	4,212	4,804	5,510	7,214	4,915	4,488
Mining	6,537	4,034	2,854	2,264	6,549	15,455	52,267	30,534	3,594	3,512
Construction	452,770	352,053	368,296	389,154	471,658	551,199	628,533	685,990	749,861	836,779
Manufacturing	1,037,155	936,799	1,041,686	1,433,983	1,644,016	1,755,428	1,747,367	1,931,584	2,062,613	2,483,525
Transportation, communications, utilities	550,890	447,710	345,173	328,250	512,542	565,999	439,136	414,543	400,002	427,321
Wholesale trade	938,536	787,300	827,894	845,952	804,224	854,964	993,560	1,047,722	1,104,698	1,119,158
Retail trade	6,210,206	5,592,033	5,557,165	5,804,678	6,225,353	6,413,528	6,632,916	6,997,367	7,170,237	7,147,395
Finance, insurance, real estate	239,747	223,759	204,472	190,633	237,753	260,982	273,513	305,417	449,414	421,691
Services	1,355,771	1,233,310	1,189,812	1,257,576	1,395,058	1,510,025	1,555,087	1,657,188	1,824,561	2,011,728
Public administration	433,151	442,422	443,604	446,197	472,311	504,887	519,273	544,881	542,879	495,915
Other	2,170,937	2,128,184	2,150,840	2,361,381	2,659,739	2,987,068	3,299,444	3,616,962	3,879,965	4,114,151
Total taxable sales by category	13,403,309	12,154,533	12,137,710	13,064,748	14,433,415	15,424,339	16,146,606	17,239,402	18,192,739	19,065,663

Source: State of Texas Comptroller of Public Accounts

Note: Data subject to change as more precise numbers become available.

(1) Data not available for third quarter of fiscal year 2017. For Mining, data not available for fourth quarter of fiscal year 2016 and for Agriculture, forestry, fishing, data not available for first and second quarter of fiscal year 2017. Figures are estimates.

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (In thousands except per capita)**

Fiscal Year Ended Sept. 30	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capital Lease Obligations	Total Governmental Activities
	\$	\$	\$	\$	\$
2008	726,678	71,925	31,413	482	830,498
2009	845,741	78,525	28,456	468	953,190
2010	789,619	71,586	38,295	716	900,216
2011	842,708	62,426	32,994	433	938,561
2012	877,811	95,426	44,570	159	1,017,966
2013	902,750	114,798	67,788	--	1,085,336
2014	974,855	135,829	85,036	--	1,195,720
2015	1,030,680	165,350	102,396	--	1,298,426
2016	1,108,558	166,201	101,012	--	1,375,771
2017	1,109,766	214,394	111,868	--	1,436,028

Fiscal Year Ended Sept. 30	Business-type Activities									
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Other Tax Supported Debt	Commercial Paper Notes	Revenue Notes	Revenue Bonds	Contract Revenue Bonds	Capital Lease Obligations	Total Business-type Activities
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2008	24,370	34,971	29,211	7,178	213,200	28,000	3,406,897	1,683	2,782	3,748,292
2009	21,510	42,877	60,195	6,650	339,999	28,000	3,442,342	914	1,981	3,944,468
2010	16,233	40,169	50,064	18,178	299,797	28,000	3,643,111	--	1,628	4,097,180
2011	25,398	40,903	54,854	11,274	359,792	28,000	3,694,277	--	1,258	4,215,756
2012	34,661	34,456	52,298	10,605	305,026	--	3,944,795	--	1,218	4,383,059
2013	31,381	33,658	55,508	9,915	193,991	--	4,204,201	--	1,176	4,529,830
2014	33,701	27,232	65,854	9,195	241,456	--	4,298,643	--	1,135	4,677,216
2015	28,852	40,695	54,686	8,450	200,581	--	4,600,817	--	1,089	4,935,170
2016	24,073	58,814	45,537	7,655	129,916	--	4,578,492	--	1,040	4,845,527
2017	20,303	55,242	32,895	7,116	146,097	--	4,881,202	--	989	5,143,844

Fiscal Year Ended Sept. 30	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	\$	%	\$
2008	4,578,790	0.12	6,137
2009	4,897,658	0.13	6,358
2010	4,997,396	0.14	6,419
2011	5,154,317	0.13	6,398
2012	5,401,025	0.14	6,578
2013	5,615,166	0.12	6,672
2014	5,872,936	0.12	6,689
2015	6,233,596	0.13	6,933
2016	6,221,298	0.11	6,722
2017	6,579,872	0.12	6,955

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Population and personal income statistics can be found in Table 18.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (In thousands except per capita)**

**City of Austin, Texas
Table 14**

Fiscal Year Ended Sept. 30	General Bonded Debt Outstanding			Resources		Percentage of Actual Taxable Value of Property (1)	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total	Restricted for Repayment of Outstanding Debt Principal	Net General Bonded Debt		
	\$	\$	\$	\$	\$	%	\$
2008	751,048	174,698	925,746	18,079	907,667	1.32	1,216.54
2009	867,251	216,703	1,083,954	18,389	1,065,565	1.39	1,383.32
2010	805,852	218,292	1,024,144	21,958	1,002,186	1.24	1,287.23
2011	868,106	202,451	1,070,557	20,806	1,049,751	1.35	1,302.97
2012	912,472	237,356	1,149,828	17,627	1,132,201	1.43	1,379.03
2013	934,131	281,667	1,215,798	17,068	1,198,730	1.44	1,424.26
2014	1,008,556	323,146	1,331,702	18,368	1,313,334	1.48	1,495.82
2015	1,059,532	371,577	1,431,109	21,725	1,409,384	1.43	1,567.52
2016	1,132,631	379,219	1,511,850	21,629	1,490,221	1.35	1,610.20
2017	1,130,069	421,515	1,551,584	24,587	1,526,997	1.22	1,614.03

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for property value data.

(2) Population data can be found in Table 18.

**Direct and Overlapping Governmental Activities Debt
As of September 30, 2017**

**City of Austin, Texas
Table 15**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2017 (in 000's)	Percent Applicable to City of Austin	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
Direct debt: Governmental activities debt			
General obligation bonds	1,109,766		
Certificates of obligation	214,394		
Contractual obligations	111,868		
Capital leases	--		
Total direct debt	<u>1,436,028</u> (1)	100.00	<u>1,436,028</u>
Overlapping debt			
Greater than 10%:			
Austin Community College	297,584	70.35	209,350
Austin Independent School District	982,909	95.59	939,563
Avery Ranch Road District #1	7,755	99.39	7,708
Del Valle Independent School District	208,895	72.76	151,992
Eanes Independent School District	125,860	37.25	46,883
Leander Independent School District	992,698	12.07	119,819
Manor Independent School District	279,270	72.57	202,666
Northtown MUD	20,470	15.13	3,097
Northwoods Road District	8,520	100.00	8,520
Pearson Place Road District	5,315	100.00	5,315
Pflugerville Independent School District	455,775	35.00	159,521
Round Rock Independent School District	727,880	34.55	251,483
Travis County	684,531	79.81	546,324
Travis County Healthcare	10,380	73.63	7,643
Williamson County	872,280	11.46	99,963
Subtotal greater than 10%	<u>5,680,122</u>		<u>2,759,847</u>
Less than 10%:			
Hays County	436,200	0.05	218
Travis County Mud #8	6,351	2.39	152
Travis County WC & ID #10	45,970	3.86	1,774
Subtotal less than 10%	<u>488,521</u>		<u>2,144</u>
Total overlapping debt	<u>6,168,643</u>		<u>2,761,991</u>
Total direct and overlapping debt	<u>7,604,671</u>		<u>4,198,019</u>
Ratio of total direct and overlapping debt to assessed valuation (2)		3.35 %	
Per capita overlapping debt (3)		\$ 4,437.28	

Source: Taxing jurisdictions, Travis, Williamson, and Hays Central Appraisal Districts and Municipal Advisory Council of Texas

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

(1) Excludes general obligation debt reported in proprietary funds. See Note 6.

(2) Based on assessed valuation of \$125,371,654,656 provided by the Travis, Williamson, and Hays Central Appraisal Districts.

(3) Based on 2017 estimated population of 946,080.

**Legal Debt Margin Information
Last Ten Fiscal Years (In thousands)**

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed taxable value (1)	\$ 124,117,938
Debt limit (2)	18,279,122
Debt applicable to limit:	
General obligation debt	1,425,780
Less: Amount set aside for repayment of general obligation debt	<u>(24,587)</u>
Total net debt applicable to limit	<u>1,401,193</u>
Legal debt margin	<u><u>\$ 16,877,929</u></u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	10,021,785	11,190,400	11,804,005	11,316,858	11,550,204	12,144,302	12,942,046	14,383,428	16,114,633	18,279,122
Total net debt applicable to limit	878,798	1,043,671	971,250	1,020,759	1,102,536	1,163,822	1,253,012	1,332,360	1,387,051	1,401,193
Legal debt margin	9,142,987	10,146,729	10,832,755	10,296,099	10,447,668	10,980,480	11,689,034	13,051,068	14,727,582	16,877,929
Total net debt applicable to the limit as a percentage of debt limit	8.77%	9.33%	8.23%	9.02%	9.55%	9.58%	9.68%	9.26%	8.61%	7.67%

Note: Ad valorem tax limitations: The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 per assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of addressed valuation is established by referring to the State Statute and City Charter limitations.

(1) Assessed value 100% of estimated market value as of January 1, 2016, of \$125,371,654,656 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2016, for collections on \$124,117,938 results in tax revenues of \$1,861,769. This revenue could service the debt on \$18,279,122 issued as 8% - 20-year serial bonds with level debt service payments.

**Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 17**

Fiscal Year Ended Sept. 30	Electric Revenue Bonds						Water and Wastewater Revenue Bonds					
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
				Principal	Interest					Principal	Interest	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2008	1,260,817	840,898	419,919	81,366	61,834	2.93	367,444	145,101	222,343	56,091	87,544	1.55
2009	1,179,688	851,756	327,932	78,773	93,170	1.91	393,771	181,440	212,331	59,018	88,089	1.45
2010	1,159,295	866,914	292,381	65,823	99,786	1.77	361,342	166,907	194,435	54,413	101,265	1.25
2011	1,258,871	912,651	346,220	75,084	97,547	2.01	448,467	171,833	276,634	50,660	105,221	1.77
2012	1,190,798	875,675	315,123	75,772	92,959	1.87	443,028	178,891	264,137	67,295	110,872	1.48
2013	1,295,116	927,294	367,822	105,091	71,052	2.09	477,013	209,890	267,123	75,186	113,826	1.41
2014	1,375,294	1,028,794	346,500	83,151	60,101	2.42	472,717	218,071	254,646	98,245	105,901	1.25
2015	1,359,097	978,283	380,814	47,904	59,017	3.56	517,253	208,307	308,946	97,176	124,134	1.40
2016	1,378,749	989,768	388,981	65,132	62,599	3.05	563,066	217,457	345,609	79,564	105,186	1.87
2017	1,373,020	1,018,604	354,416	44,278	60,692	3.38	601,928	233,592	368,336	85,927	141,455	1.62

Fiscal Year Ended Sept. 30	Airport Revenue Bonds						Convention Center Revenue Bonds						
	Service Charges (1)	Other Available Funds (5)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	User Fees and Revenue Transfers (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
					Principal	Interest					Principal	Interest	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2008	91,271	4,550	49,965	45,856	6,545	11,654	2.52	59,951	29,791	30,160	3,440	12,047	1.95
2009	85,070	4,924	54,453	35,541	6,843	12,851	1.80	54,491	30,058	24,433	4,720	11,330	1.52
2010	85,156	3,673	57,773	31,056	7,168	7,522	2.11	51,226	30,520	20,706	8,215	9,238	1.19
2011	90,259	3,739	64,371	29,627	7,544	7,410	1.98	59,351	32,464	26,887	8,545	9,356	1.50
2012	96,344	3,594	65,689	34,249	7,473	6,902	2.38	63,345	35,640	27,705	9,450	8,423	1.55
2013	103,705	3,805	69,338	38,172	8,438	6,783	2.51	73,977	44,684	29,293	10,205	7,991	1.61
2014	109,263	3,620	73,822	39,061	8,520	5,960	2.70	82,971	41,142	41,829	10,750	7,278	2.32
2015	120,780	3,551	76,995	47,336	9,264	4,941	3.33	94,847	47,746	47,101	10,930	6,691	2.67
2016	137,826	3,700	82,330	59,196	9,616	5,184	4.00	106,037	45,306	60,731	11,740	6,352	3.36
2017	154,570	4,830	94,139	65,261	13,003	6,316	3.38	118,013	54,533	63,480	12,150	5,653	3.57

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Operating revenue, rental tax revenue, hotel tax revenue, and interest income.

(2) Operating expenses other than interest on debt, depreciation, amortization, and year-end unfunded other postemployment benefit and pension expenses.

(3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements. Airport excludes debt service amounts paid with passenger facility charge revenue and restricted bond proceeds applied to current interest payments.

(4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only. For Austin Water Utility, this methodology does not follow exactly the coverage calculation required by the master ordinance.

(5) Pursuant to bond ordinance, Airport is authorized to use "other available funds" in the calculation of revenue bond coverage to not exceed 25% of the debt service requirements.

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	City of Austin Population (1)	Area of Incorporation (Sq. Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Per Capita Personal Income MSA (2)	Unemployment Rate (MSA) (4)
				\$	\$	\$	%
2008	746,105	298	1,633,870	65,153,669	46,340	39,877	4.3
2009	770,296	302	1,682,338	64,290,898	47,520	38,215	6.9
2010	778,560	306	1,727,743	69,124,528	48,460	40,009	7.0
2011	805,662	308	1,781,409	76,507,673	46,689	42,948	6.6
2012	821,012	319	1,834,319	84,319,550	46,818	45,968	5.7
2013	841,649	321	1,882,856	87,138,010	46,436	46,280	5.2
2014	878,002	321	1,941,389	95,067,019	49,227	48,969	4.2
2015	899,119	323	1,998,104	102,159,431	52,519	51,128	3.4
2016	925,491	326	2,056,405	106,040,064	56,163	51,566	3.2
2017	946,080	325	2,077,799 (6)	112,009,610 (5)	56,849 (6)	53,908	(5) 2.9
2008-2017 Change	26.80%	9.03%	27.17%	71.92%	22.68%	35.19%	

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

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

(2) Source: Bureau of Economic Analysis for all years except 2017 which will not be available until first quarter 2018.

(3) Source: Claritas, a Nielsen company.

(4) Source: Bureau of Labor Statistics, United States Dept. of Labor as of September 30.

(5) Data not available for 2017. Figures are estimated.

(6) Source: Nielsen SiteReports.

**Principal Employers
Current Year and Nine Years Ago**

**City of Austin, Texas
Table 19**

		Fiscal Year Ended September 30					
		2017			2008		
10 Largest Employers	Industry	Rank	Employees	Percent	Rank	Employees	Percent
				of MSA			of MSA
				Total (1)			Total (1)
				%			%
State Government	Government	1	38,353 (2)	3.73	1	37,192	4.68
The University of Texas at Austin	Education	2	23,131 (4)	2.25	2	24,527	3.08
City of Austin	Government	3	13,825 (5)	1.34	4	12,236	1.54
Federal Government	Government	4	12,700 (6)	1.24	6	10,200	1.28
HEB	Retail	5	12,198 (4)	1.19	7	6,746	0.85
Dell Computer Corporation	Computers	6	12,000 (4)	1.17	3	17,000	2.14
Austin Independent School District	Education	7	11,447 (3)	1.11	5	11,102	1.40
Seton Healthcare Network	Healthcare	8	10,270 (4)	1.00	8	6,700	0.84
St. David's Healthcare Partnership	Healthcare	9	8,598 (4)	0.84	10	6,219	0.78
Samsung Austin Semiconductor	Manufacturer	10	6,074 (4)	0.59			
IBM Corporation	Computers				9	6,239	0.78
			<u>148,596</u>	<u>14.46</u>		<u>138,161</u>	<u>17.37</u>

Notes:

- (1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 1,028,100 for 2017 and 795,300 for 2008.
- (2) Texas State Auditor's Office: Regular and Part Time State Employees for 2017 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.
- (3) Texas Education Agency 2016-2017 Texas Academic Performance Report for AISD Page 21.
- (4) Austin Chamber of Commerce - Top Employers for Austin MSA - Fall 2017.
- (5) FY2017-2018 Personnel Summary (FTE's) City of Austin Budget Volume I Page 646 Approved Budget (2016-17 Amended Budget Column).
- (6) Bureau of Labor Statistics Federal Government employees in Austin MSA in September 2016.

**Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
General government	171	169	169	169	173	177	232	235	238	239
Public safety	3,959	3,938	3,938	4,046	4,117	4,219	4,281	4,401	4,523	4,664
Transportation, planning, and sustainability	5	5	4	4	4	7	9	14	14	14
Public health	953	484	517	517	520	513	513	532	575	592
Public recreation and culture	838	865	846	890	887	917	985	1,009	1075	1088
Urban growth management	373	373	378	387	378	386	411	417	449	472
Total governmental employees	6,299	5,834	5,852	6,013	6,079	6,219	6,431	6,608	6,874	7,069
Business-type activities										
Electric	1,679	1,719	1,738	1,737	1,722	1,719	1,682	1,676	1,674	1,718
Water	481	521	530	535	535	553	592	587	590	604
Wastewater	555	536	540	535	534	541	566	560	558	566
Airport	348	352	345	345	347	351	362	379	415	456
Convention	221	241	244	239	239	239	251	250	266	277
Environmental and health services	448	463	461	461	467	499	523	522	546	573
Public recreation	91	88	88	41	33	33	38	41	41	41
Urban growth management	661	659	632	649	681	693	767	775	809	881
Total business-type employees	4,484	4,579	4,578	4,542	4,558	4,628	4,781	4,790	4,899	5,116
Internal Services (1)	1,453	1,502	1,450	1,482	1,487	1,524	1,570	1,579	1,598	1,640
Total full-time equivalent employees	12,236	11,915	11,880	12,037	12,124	12,371	12,782	12,977	13,371	13,825

Source: Budget Office

Notes:

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
General government										
Municipal court cases filed	425,175	446,777	369,053	341,036	323,513	364,930	369,906	351,757	323,504	306,689
Central booking cases magistrates/arraigned	92,764	101,649	114,334	106,974	96,898	89,162	88,887	84,868	83,270	84,277
Number of cases docketed (excluding jail)	139,831	159,038	158,597	140,820	115,939	115,545	116,025	109,628	97,116	85,436
Number of warrants prepared	109,239	140,668	138,379	134,038	89,969	88,401	88,400	82,311	71,159	66,391
Jail cases prepared	119,140	125,406	134,018	122,279	103,126	93,949	96,744	92,765	92,946	95,145
Public safety										
Number of incidents responded to by patrol officers	N/A	N/A	N/A	N/A	638,006	623,768	595,292	572,623	572,303	570,707
Number of arrests made	N/A	N/A	N/A	N/A	62,841	56,628	52,870	50,072	47,078	47,617
Number of citation violations issued by APD officers	N/A	N/A	N/A	N/A	152,971	187,033	184,254	156,088	143,173	128,925
Fire emergency responses	76,347	74,211	75,676	81,982	84,473	86,641	89,538	89,563	81,973	86,665
Fire responses	2,767	2,816	2,172	3,208	2,086	2,404	2,129	2,066	2,120	2,508
Fire inspections	26,834	25,523	25,622	25,368	23,837	29,602	32,619	35,154	36,259	36,393
EMS response units dispatched	116,897	113,410	115,637	122,701	128,334	133,160	138,881	157,827	159,992	145,489
EMS 911 calls received	108,478	106,477	110,703	114,625	117,310	127,772	126,638	140,212	143,804	146,448
EMS ground patient transports	55,738	56,127	61,267	71,577	75,510	75,123	76,791	82,987	78,725	78,164
Transportation, planning, and sustainability										
Number of school zone signals that rec'd preventive maintenance	N/A	N/A	N/A	N/A	218	723	61	316	238	219
Number of children receiving safety training	49,077	44,480	44,582	44,468	46,790	52,862	49,627	50,165	49,531	48,483
Injuries to children in school zones	--	--	--	--	--	--	--	--	--	--
Public health										
Number of animals sheltered	24,663	22,150	24,026	19,752	19,392	19,760	19,137	18,630	17,431	17,284
Birth and death certificates	121,787	96,421	84,017	63,979	57,841	61,918	69,678	71,293	74,946	75,565
STD patient clinic visits	12,696	13,248	13,869	14,187	13,033	12,927	12,956	13,722	13,860	12,740
Number of Shots for Tots Clinics vaccine visits (ages 0-18)	15,628	12,380	17,084	9,934	7,960	6,994	7,583	7,541	8,156	8,373
Women and children service encounters	375,008	433,675	458,032	439,316	421,637	406,774	389,071	365,230	344,296	287,562
Participants receiving basic needs services	8,291	7,592	7,635	9,016	7,531	10,320	11,037	10,536	18,545	18,747
Food establishment permits issued	5,355	5,783	5,909	9,452	10,137	13,968	12,445	12,779	13,227	14,485
HIV clients	4,110	4,299	4,413	4,352	4,676	5,084	5,254	5,480	5,521	5,916
Public recreation and culture										
Volumes in library collection	1,469,288	1,455,793	1,465,765	1,454,103	1,480,479	1,464,512	1,425,914	1,725,535	1,869,385	1,919,511
Library volumes borrowed	3,791,515	4,197,963	4,316,785	4,663,483	4,845,067	5,129,759	5,392,446	5,572,268	5,921,193	5,762,874
Registered library borrowers	494,757	561,112	483,099	519,788	494,015	497,527	508,397	542,358	570,446	597,545
Meals served to senior citizens	119,224	64,821	64,032	63,299	65,965	62,053	63,718	78,147	79,183	81,452
Visits to educational and cultural facilities	N/A	N/A	N/A	N/A	388,650	302,778	329,734	256,526	307,136	356,389
Pool visits	N/A	N/A	N/A	N/A	1,098,545	1,312,941	1,202,587	1,253,624	1,115,800	1,403,260

(Continued)

**Operating Indicators by Function/Program
Last Ten Fiscal Years, continued**

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Urban growth management										
One-stop shop customers served by development assistance	30,447	26,531	26,597	28,983	32,362	31,477	33,116	32,273	36,036	35,237
Number of neighborhood plan amendments submitted per year	N/A	N/A	N/A	N/A	N/A	N/A	21	26	22	22
Zoning applications processed	232	101	145	137	129	140	149	169	139	144
Building inspections performed-development and regulation	226,841	177,854	150,228	161,519	186,737	220,881	228,576	240,632	277,246	138,459
One-stop shop building permits issued	111,735	92,396	91,996	96,205	108,494	109,492	101,012	70,432	74,902	67,504
Repair services provided to homeowners (1)	N/A	N/A	N/A	N/A	708	533	692	622	708	604
Svcs provided through housing/community development activities (1)	N/A	N/A	N/A	N/A	3,337	2,438	2,613	2,590	2,896	2,741
Business-type activities										
Electric										
Electric sales (in millions of KWH)	12,184	12,103	11,976	12,779	12,534	12,305	12,572	12,674	12,874	12,983
Number of metered customers	397,100	407,926	413,870	417,865	422,375	430,582	439,403	450,479	461,345	472,701
Water										
Actual water pumpage (millions of gallons)	53,921	53,331	43,827	54,923	49,192	47,750	43,239	43,481	44,672	47,371
Average daily consumption (thousands of gallons)	145,386	129,600	108,600	135,576	120,438	114,631	118,464	119,084	122,055	129,810
Average daily consumption per capita	170	167	135	162	142	136	125	122	122	126
Peak daily capacity (thousands of gallons)	285,000	286,000	286,000	286,000	285,000	285,000	285,000	285,000	335,000	335,000
Wastewater										
Average daily sewage treatment (millions of gallons)	83	82	99	84	104	95	102	105	109	104
Combined daily capacity (thousands of gallons)	150,000	135,000	135,000	135,000	150,000	150,000	150,000	150,000	150,000	150,000
Airport										
Enplanements	4,671,819	4,150,710	4,257,715	4,524,641	4,662,738	4,928,979	5,275,464	5,792,387	6,180,464	6,729,108
Deplanements	4,463,154	4,111,620	4,240,086	4,510,247	4,654,823	4,928,279	5,244,569	5,769,778	6,161,240	6,676,658
Cargo (in millions of pounds)	211	161	156	152	155	157	156	158	168	189
Convention										
Convention contracts executed	285	281	251	307	303	306	353	292	279	247
Vehicles parked	488,916	539,098	429,993	467,908	509,313	548,221	648,970	726,759	730,279	761,756
Environmental and health services										
Tons of trash collected	143,950	128,519	130,851	126,497	129,653	124,183	127,924	130,784	129,266	131,815
Tons of recyclables collected	34,691	49,811	52,479	52,236	54,009	53,702	55,494	57,324	58,879	58,705
Tons of brush collected	7,380	7,683	7,350	6,853	7,720	7,359	6,692	7,776	8,460	7,367
Tons of bulk items collected	7,792	8,219	7,710	7,503	7,844	8,681	9,274	9,672	12,144	11,334
Tons of yard trimmings collected	24,027	19,497	22,456	24,777	21,712	25,898	27,357	28,680	32,605	34,316
Public recreation										
Golf rounds played	231,231	230,852	200,446	216,789	195,000	201,086	190,244	181,285	196,972	208,118
Youth sports participants	N/A	N/A	N/A	N/A	N/A	18,475	23,769	26,165	22,196	14,581

(Continued)

**Operating Indicators by Function/Program
Last Ten Fiscal Years, continued**

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Urban growth management										
Storm water discharge permits issued to businesses	1,123	1,183	1,087	1,083	1,086	1,068	1,032	1,008	998	997
Litter and debris collection on Lady Bird Lake (in tons)	209	270	374	230	234	144	121	148	33	32
Feet of pipeline cleaned	77,283	74,164	51,627	70,235	61,099	72,669	69,380	83,716	79,606	78,106
Lane miles maintained	N/A	N/A	N/A	N/A	7,435	7,498	7,549	7,582	7,663	7,820
Signs installed/maintained	N/A	N/A	N/A	N/A	17,012	11,484	11,404	11,807	16,942	23,093
Traffic sign installations	28,002	23,144	31,754	1,812	3,834	4,308	2,037	2,025	3,673	3,143
Traffic counts performed	N/A	N/A	N/A	N/A	223	704	535	605	1,227	662
Internal services activities (2)										
Internal services										
Vehicles/equipment auctioned off	326	306	473	247	340	319	379	491	361	307
Fleet work orders completed (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48,968	49,878	51,087
Payment transactions processed	243,338	216,340	218,778	200,605	158,413	170,450	185,463	187,938	174,116	180,556
Payroll payments	434,578	435,034	425,679	444,255	432,216	438,945	453,686	466,928	474,170	487,292
Pieces of mail processed	2,251,672	1,939,554	1,849,811	1,838,809	1,840,326	1,891,966	1,965,527	2,027,927	2,957,604	2,765,905
Employees enrolled in medical benefit plans	7,730	7,693	10,770	10,916	11,049	11,219	11,551	11,873	11,991	12,365
Requests for council action processed	2,536	2,025	2,024	2,133	2,284	2,476	2,284	2,135	2,533	2,278
Active construction projects managed in-house	300	312	366	418	380	387	357	336	336	355
Land parcels acquired	242	218	244	169	104	135	160	264	250	122

Source: Various City departments; budget documents and performance reports

N/A: Information not available

(1) Newly implemented performance measure.

(2) Internal service activities are allocated to other programs and functions on a government-wide basis.

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Public safety										
Police stations	5	8	5	5	5	5	5	5	5	5
Police zones	9	9	9	9	9	9	9	9	9	9
Patrol units	355	355	359	349	349	345	372	360	365	360
Fire stations	44	44	45	45	45	45	45	45	45	45
EMS stations	33	33	35	35	35	37	37	37	37	37
Public health										
Health facilities (sq. ft.)	331,462	331,726	400,426	404,059	381,806	383,306	383,306	383,306	389,221	389,221
Program vehicles	76	76	76	76	82	83	90	85	109	111
Public recreation and culture										
Libraries	22	22	23	23	23	23	22	22	22	22
District parks	11	13	13	13	14	15	15	15	15	14
Metropolitan parks	11	12	11	12	11	11	11	11	11	11
Natural preserves	13	13	15	15	15	15	15	15	14	14
Greenbelts	26	29	40	40	39	39	40	43	44	48
Neighborhood parks	90	96	96	79	79	82	84	85	86	90
Special parks (museums, etc.)	28	28	39	39	38	40	40	42	41	37
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	18	20	20	20	20	20	22	23	23	23
Open fields	90	89	93	103	105	100	101	101	101	78
Senior activity centers	3	3	3	3	3	3	3	3	3	3
Veloway (miles)	3	3	3	3	3	3	3	3	3	3
Hike and bike trails (miles)	117	117	193	199	199	185	203	208	227	234
Tennis courts	102	114	110	110	115	116	124	124	124	124
Swimming pools	46	50	51	52	52	52	51	51	51	51
Business-type activities										
Electric										
Overhead distribution (miles)	5,489	5,493	5,475	5,450	5,403	5,361	5,263	5,104	5,017	4,961
Underground distribution (miles)	5,700	5,786	5,844	5,912	5,995	6,068	6,167	6,338	6,500	4,630
Water										
Treatment plants	2	2	2	2	2	2	2	3	3	3
Water mains (miles)	3,594	3,626	3,634	3,657	3,682	3,711	3,713	3,807	3,845	3,884
Booster pumps	45	45	46	45	41	41	39	40	44	44
Fire hydrants	31,348	32,232	32,576	33,533	33,839	34,041	36,217	37,518	38,265	39,445
Wastewater										
Sanitary sewers (miles)	2,607	2,634	2,650	2,650	2,664	2,692	2,692	2,776	2,806	2,848
Connections	191,297	196,842	198,116	199,005	202,444	202,690	204,378	212,760	214,373	215,879

(Continued)

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years, continued**

**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities, continued										
Airport										
Buildings maintained (sq. ft.)	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,361,831	2,361,831	2,361,831
Facility (terminal) maintained (sq. ft.)	1,016,000	1,016,000	1,016,000	1,016,000	687,940	687,940	687,940	743,641	743,641	743,641
Acres - air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Convention										
Convention facilities (sq. ft.)	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222
Environment and health services										
Refuse collection trucks	64	62	89	67	69	66	64	66	67	67
Recycle collection trucks	53	31	38	36	36	38	41	43	45	46
Public recreation										
Golf courses	5	5	5	5	5	5	6	6	5	6
Athletic fields	176	185	174	174	176	169	172	172	172	172
Softball fields	16	35	37	32	32	34	35	35	35	35
Urban growth management										
Residential ponds	630	710	803	820	840	860	865	873	894	994
Street (miles)	7,349	7,626	7,348	7,550	7,435	7,498	7,618	7,582	7,663	7,825
Bridges	366	424	427	438	438	438	447	450	450	436
Traffic signals	852	865	902	925	954	975	1,000	1,016	1,029	1,057
Metered parking spaces	3,772	4,017	5,026	5,076	5,508	6,015	6,072	7,300	7,600	8,217
Internal Services (1)										
Fleet facilities (sq. ft.)	123,117	123,117	127,916	127,916	127,916	127,916	127,916	127,916	127,916	127,916
City facilities insured	1,101	1,129	1,193	1,040	1,052	1,060	1,134	1,134	1,253	1,241
Facilities maintained (sq. ft.)	1,621,921	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244	1,539,244

Source: Various City departments; budget documents and performance reports

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.



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City of Austin Controller's Office

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