OFFICIAL STATEMENT DATED SEPTEMBER 10, 2019

Ratings: Moody's: "Aaa" (negative outlook)
S&P: "AAA" (stable outlook
Fitch: "AAA" (stable outlook)

NEW ISSUES - Book-Entry-Only (See "OTHER RELEVANT INFORMATION – Ratings" in this document)

In the opinion of Bond Counsel to the City, interest on the Bonds, the Certificates, and the Contractual Obligations (each as defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" in this document. The Taxable Bonds and the Taxable Certificates (each as defined below) are not obligations described in Section 103(a) of the Internal Revenue Code of 1986. Interest on the Taxable Bonds and the Taxable Certificates is not excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" in this document.

CITY OF AUSTIN, TEXAS

$146,090,000	$5,055,000	$25,780,000
Public Improvement and Refunding Bonds, Series 2019	**Certificates of Obligation, Series 2019**	**Public Property Finance Contractual Obligations, Series 2019**

$40,535,000	$14,935,000
Public Improvement Bonds, Taxable Series 2019	**Certificates of Obligation, Taxable Series 2019**

Dated Date: October 2, 2019 **Due: As shown on the inside cover page**

Interest on the $146,090,000 City of Austin, Texas Public Improvement and Refunding Bonds, Series 2019 (the "Bonds"), the $5,055,000 City of Austin, Texas Certificates of Obligation, Series 2019 (the "Certificates"), the $25,780,000 City of Austin, Texas Public Property Finance Contractual Obligations, Series 2019 (the "Contractual Obligations"), the $40,535,000 City of Austin, Texas Public Improvement Bonds, Taxable Series 2019 (the "Taxable Bonds") and the $14,935,000 City of Austin, Texas Certificates of Obligation, Taxable Series 2019 (the "Taxable Certificates") will accrue from the dated date shown above, and in the case of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates, will be payable March 1, 2020 and each September 1 and March 1 thereafter until maturity or redemption prior to maturity, and in the case of the Contractual Obligations will be payable May 1, 2020, and each November 1 and May 1 thereafter until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds, the Certificates and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations". The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations". **The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations."**

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

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

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

See "MATURITY SCHEDULES" on pages ii and iii

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

The Obligations are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. See "APPENDIX C - FORMS OF BOND COUNSEL'S OPINIONS" in this document. Certain legal matters will be passed upon for the City by Bracewell LLP, as disclosure counsel to the City, and for the underwriters listed below (the "Underwriters") by their counsel, Haynes and Boone, LLP.

It is expected that the Obligations will be delivered through the facilities of DTC on or about October 2, 2019.

Ramirez & Co., Inc.

Loop Capital Markets **Piper Jaffray & Co.** **RBC Capital Markets**

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$146,090,000
Public Improvement and Refunding Bonds, Series 2019
Base CUSIP No. 052397 (1)

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2020	$46,125,000	5.000%	1.120%	NS1	2030	$ 5,585,000	5.000%	1.630%(2)	PC4
2021	13,015,000	5.000	1.130	NT9	2031	5,860,000	5.000	1.680(2)	PD2
2022	6,850,000	5.000	1.160	NU6	2032	6,165,000	5.000	1.720(2)	PE0
2023	4,180,000	5.000	1.180	NV4	2033	6,465,000	5.000	1.760(2)	PF7
2024	4,390,000	5.000	1.200	NW2	2034	6,800,000	4.000	2.040(2)	PG5
2025	4,605,000	5.000	1.250	NX0	2035	7,125,000	5.000	1.840(2)	PH3
2026	3,110,000	5.000	1.310	NY8	2036	3,975,000	5.000	1.880(2)	PJ9
2027	3,355,000	5.000	1.400	NZ5	2037	2,210,000	5.000	1.920(2)	PK6
2028	5,355,000	5.000	1.480	PA8	2038	2,715,000	5.000	1.960(2)	PL4
2029	5,620,000	5.000	1.560	PB6	2039	2,585,000	5.000	2.000(2)	PM2

(Interest to accrue from the Dated Date)

$5,055,000
Certificates of Obligation, Series 2019
Base CUSIP No. 052397 (1)

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2020	$175,000	5.000%	1.120%	PN0	2030	$250,000	5.000%	1.630%(2)	PY6
2021	160,000	5.000	1.130	PP5	2031	260,000	5.000	1.680(2)	PZ3
2022	170,000	5.000	1.160	PQ3	2032	275,000	5.000	1.720(2)	QA7
2023	175,000	5.000	1.180	PR1	2033	290,000	5.000	1.760(2)	QB5
2024	185,000	5.000	1.200	PS9	2034	305,000	4.000	2.040(2)	QC3
2025	195,000	5.000	1.250	PT7	2035	315,000	5.000	1.840(2)	QD1
2026	205,000	5.000	1.310	PU4	2036	330,000	5.000	1.880(2)	QE9
2027	215,000	5.000	1.400	PV2	2037	345,000	5.000	1.920(2)	QF6
2028	225,000	5.000	1.480	PW0	2038	365,000	5.000	1.960(2)	QG4
2029	235,000	5.000	1.560	PX8	2039	380,000	5.000	2.000(2)	QH2

(Interest to accrue from the Dated Date)

$25,780,000
Public Property Finance Contractual Obligations, Series 2019
Base CUSIP No. 052397 (1)

Maturity (May 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (November 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2020	$1,380,000	5.000%	1.120%	QJ8	2020	$1,640,000	5.000%	1.120%	QK5
2021	1,640,000	5.000	1.130	QL3	2021	1,715,000	5.000	1.130	QM1
2022	1,715,000	5.000	1.160	QN9	2022	1,800,000	5.000	1.160	QP4
2023	1,795,000	5.000	1.180	QQ2	2023	1,895,000	5.000	1.180	QR0
2024	1,895,000	5.000	1.200	QS8	2024	1,980,000	5.000	1.210	QT6
2025	1,980,000	5.000	1.240	QU3	2025	2,095,000	5.000	1.250	QV1
2026	2,090,000	5.000	1.310	QW9	2026	2,160,000	5.000	1.320	QX7

(Interest to accrue from the Dated Date)

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

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

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. The City and the Financial Advisor take no responsibility for the accuracy of the CUSIP numbers.

(2) Initial yield shown is the yield to the first optional redemption date of September 1, 2029 for the Bonds and the Certificates.

MATURITY SCHEDULES

CITY OF AUSTIN, TEXAS

$40,535,000
Public Improvement Bonds, Taxable Series 2019

Base CUSIP No. 052397 (1)

$28,350,000 Serial Taxable Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2020	$1,600,000	1.866%	1.866%	QY5	2028	$1,940,000	2.252%	2.252%	RG3
2021	1,550,000	5.000	1.866	QZ2	2029	1,985,000	2.302	2.302	RH1
2022	1,625,000	5.000	1.860	RA6	2030	2,030,000	2.402	2.402	RJ7
2023	1,705,000	1.915	1.915	RB4	2031	2,080,000	2.452	2.452	RK4
2024	1,740,000	1.965	1.965	RC2	2032	2,130,000	2.552	2.552	RL2
2025	1,780,000	5.000	2.074	RD0	2033	2,185,000	2.602	2.602	RM0
2026	1,860,000	2.124	2.124	RE8	2034	2,240,000	2.652	2.652	RN8
2027	1,900,000	2.202	2.202	RF5					

$12,185,000 Term Taxable Bonds

$12,185,000 2.926% Taxable Term Bonds due September 1, 2039, priced to yield 2.926% CUSIP 052397RP3

(Interest to accrue from the Dated Date)

$14,935,000
Certificates of Obligation, Taxable Series 2019

Base CUSIP No. 052397 (1)

$10,445,000 Serial Taxable Certificates

Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix	Maturity (September 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix
2020	$590,000	1.866%	1.866%	RQ1	2028	$715,000	2.252%	2.252%	RY4
2021	570,000	5.000	1.866	RR9	2029	730,000	2.302	2.302	RZ1
2022	600,000	5.000	1.860	RS7	2030	750,000	2.402	2.402	SA5
2023	630,000	1.915	1.915	RT5	2031	765,000	2.452	2.452	SB3
2024	640,000	1.965	1.965	RU2	2032	785,000	2.552	2.552	SC1
2025	655,000	5.000	2.074	RV0	2033	805,000	2.602	2.602	SD9
2026	685,000	2.124	2.124	RW8	2034	825,000	2.652	2.652	SE7
2027	700,000	2.202	2.202	RX6					

$4,490,000 Term Taxable Certificates

$4,490,000 2.926% Taxable Term Certificates due September 1, 2039, priced to yield 2.926% CUSIP 052397SF4

(Interest to accrue from the Dated Date)

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

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

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

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

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

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

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

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

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

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

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CITY OF AUSTIN

Elected Officials

		Term Expires Jan. 5
Steve Adler	Mayor	2023
Natasha Harper-Madison	Councilmember District 1	2023
Delia Garza, Mayor Pro Tem	Councilmember District 2	2021
Sabino "Pio" Renteria	Councilmember District 3	2023
Gregorio "Greg" Casar	Councilmember District 4	2021
Ann Kitchen	Councilmember District 5	2023
Jimmy Flannigan	Councilmember District 6	2021
Leslie Pool	Councilmember District 7	2021
Paige Ellis	Councilmember District 8	2023
Kathryne B. Tovo	Councilmember District 9	2023
Alison Alter	Councilmember District 10	2021

Appointed Officials

Spencer Cronk	City Manager
Elaine Hart, CPA(1)	Deputy City Manager and Chief Financial Officer
Greg Canally	Deputy Chief Financial Officer
Ed Van Eenoo	Deputy Chief Financial Officer
Anne Morgan	City Attorney
Jannette S. Goodall	City Clerk

(1) Ms. Nuria Rivera-Vandermyde has been appointed to serve as the City's Deputy City Manager. Ms. Rivera-Vandermyde is expected to join the City in this role on October 1, 2019, and at such time, Ms. Elaine Hart will no longer serve as Deputy City Manager and will continue as the City's Chief Financial Officer.

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

DISCLOSURE COUNSEL FOR THE CITY
Bracewell LLP
Austin, Texas

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Austin, Texas

INDEPENDENT AUDITORS
Deloitte & Touche LLP
Austin, Texas

For additional information regarding the City, please contact:

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Managing Director
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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

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

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

The Bonds................................. The Bonds are issued in the principal amount of $146,090,000 pursuant to the general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, Chapter 1331, Texas Government Code, Chapter 1371, Texas Government Code ("Chapter 1371"), elections held within the City (see "DEBT INFORMATION – Authorized General Obligation Bonds" in this document), and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Certificates......................... The Certificates are issued in the principal amount of $5,055,000 pursuant to the general laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code, Chapter 1371, and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Contractual Obligations....................... The Contractual Obligations are issued in the principal amount of $25,780,000 pursuant to the general laws of the State of Texas, particularly Subchapter A, Chapter 271, Texas Local Government Code (the "Public Property Finance Act"), Chapter 1371, and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Taxable Bonds .... The Taxable Bonds are issued in the principal amount of $40,535,000 pursuant to the general laws of the State of Texas, particularly Chapter 1331, Texas Government Code, Chapter 1371, elections held within the City (see "DEBT INFORMATION – Authorized General Obligation Bonds" in this document) and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

The Taxable Certificates........ The Taxable Certificates are issued in the principal amount of $14,935,000 pursuant to the general laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code, Chapter 1371, and an ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority and Purpose for Issuance" in this document).

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

Security....................................... Each series of the Obligations constitutes a direct obligation of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt. The Certificates and the Taxable Certificates are additionally secured by and payable from a limited pledge of the surplus revenues (not to exceed $1,000) of the City's solid waste disposal system (see "OBLIGATION INFORMATION - Security" in this document).

Redemption of Obligations.......................... The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates having stated maturities on and after September 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2029, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "OBLIGATION INFORMATION – Optional Redemption of the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates" in this document). The Taxable Bonds and the Taxable Certificates will also be subject to mandatory sinking fund redemption as described in "OBLIGATION INFORMATION – Mandatory Sinking Fund Redemption of the Taxable Bonds and the Taxable Certificates."

The Contractual Obligations are not subject to redemption prior to their stated maturities (see "OBLIGATION INFORMATION – No Redemption of the Contractual Obligations Prior to Maturity" in this document).

Tax Matters – The Tax-Exempt Obligations................................ In the opinion of Bond Counsel, interest on the Bonds, the Certificates, and the Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" in this document.

Tax Matters – The Taxable Obligations................................ Interest on the Taxable Bonds and the Taxable Certificates shall be included in the gross income of the holders of the Taxable Bonds and the Taxable Certificates.

Payment Record .... The City has not defaulted in payment since 1900 when all bonds were refunded at par with a voluntary reduction in interest rates.

Selected Financial Information

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (1)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (2)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2011	805,662	$77,619,349,384	$96,342	$1,049,751	$1,302.97	1.35%	99.52%
2012	821,012	79,219,780,879	96,490	1,132,201	1,379.03	1.43%	99.50%
2013	841,649	83,294,536,493	98,966	1,198,730	1,424.26	1.44%	99.52%
2014	878,002	88,766,098,160	101,100	1,313,334	1,495.82	1.48%	99.25%
2015	899,119	98,652,179,430	109,721	1,409,384	1,567.52	1.43%	99.27%
2016	925,491	110,526,026,399	119,424	1,490,221	1,610.20	1.35%	99.36%
2017	946,080	125,371,654,656	132,516	1,526,997	1,614.03	1.22%	99.37%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.47%
2019	985,504	151,774,900,816	154,007	1,313,115(5)	1,332.43(5)	0.87%(5)	99.05%(3)
2020	1,002,725	167,326,485,696(4)	166,872	1,501,043(5)(6)	1,496.96(5)(6)	0.90%(5)(6)	N/A

(1) Source: 2018 City of Austin Comprehensive Annual Financial Report ("CAFR") – Table 18, through fiscal year ending 2018; City of Austin Department of Planning and Development based on full purpose area as of November 2018, for fiscal years ending 2019 and 2020.
(2) Excludes general obligation debt issued for certain enterprise funds and general fund departments of the City, the debt service on which is currently paid from the revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, there is no guarantee that this practice will continue in future years. See "DEBT INFORMATION" and "TAX INFORMATION – Statement of Debt" and "Valuation and Funded Debt History – TABLE TWO" in this document.
(3) Estimated collections as of May 31, 2019 based on the July 2018 Certified Tax Roll tax levy.
(4) Certified taxable value for the 2019 (fiscal year 2020) tax year provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District on August 17, 2019, July 17, 2019, and July 24, 2019, respectively.
(5) Includes the Obligations (aggregate issuance of $232,395,000 par amount).
(6) Projected. Includes tax-supported debt amounts the City expects to issue in the next 12-months.

OFFICIAL STATEMENT

Relating to

CITY OF AUSTIN, TEXAS

$146,090,000
Public Improvement and Refunding Bonds, Series 2019

$5,055,000
Certificates of Obligation, Series 2019

$25,780,000
Public Property Finance Contractual Obligations, Series 2019

$40,535,000
Public Improvement Bonds, Taxable Series 2019

$14,935,000
Certificates of Obligation, Taxable Series 2019

INTRODUCTION

This Official Statement, which includes the cover page, the summary statement and the appendices to this document, provides certain information regarding the issuance by the City of Austin, Texas (the "City") of its $146,090,000 Public Improvement and Refunding Bonds, Series 2019 (the "Bonds"), its $5,055,000 Certificates of Obligation, Series 2019 (the "Certificates"), its $25,780,000 Public Property Finance Contractual Obligations, Series 2019 (the "Contractual Obligations"), its $40,535,000 Public Improvement Bonds, Taxable Series 2019 (the "Taxable Bonds") and its $14,935,000 Certificates of Obligation, Taxable Series 2019 (the "Taxable Certificates"). The Bonds, the Certificates, and the Contractual Obligations are collectively referred to in this document as the "Tax-Exempt Obligations". The Taxable Bonds and the Taxable Certificates are collectively referred to in this document as the "Taxable Obligations". The Tax-Exempt Obligations and the Taxable Obligations are collectively referred to in this document as the "Obligations". The Bonds, the Certificates, the Contractual Obligations, the Taxable Bonds and the Taxable Certificates will be offered separately by the City, and delivery of any one issue is not contingent upon the delivery of any other issue. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance"), the ordinance authorizing the issuance of the Contractual Obligations (the "Contractual Obligation Ordinance"), the ordinance authorizing the issuance of the Taxable Bonds (the "Taxable Bond Ordinance"), and the ordinance authorizing the issuance of the Taxable Certificates (the "Taxable Certificate Ordinance"), except as otherwise indicated. The Bond Ordinance, the Certificate Ordinance, the Contractual Obligation Ordinance, the Taxable Bond Ordinance and the Taxable Certificate Ordinance are collectively referred to in this document as the "Ordinances".

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

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

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OBLIGATION INFORMATION

Authority and Purpose for Issuance

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

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

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

As permitted by Chapter 1371 and, with respect to the Bonds, Chapter 1207, in each ordinance the City has delegated to certain authorized officials of the City (each a "Pricing Officer") the authority to establish final terms of sale of the Obligations of each series, to be contained in one or more purchase agreements executed and delivered by the City and the underwriters named in this document.

Refunded Obligations

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

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

Sources and Uses of Funds

The proceeds of the Obligations will be applied substantially as follows:

	The Bonds	The Certificates	The Contractual Obligations	The Taxable Bonds	The Taxable Certificates
Sources of Funds:					
Principal Amount	$146,090,000.00	$5,055,000.00	$25,780,000.00	$40,535,000.00	$14,935,000.00
Original Issue Premium	24,309,494.10	1,239,910.00	3,804,588.05	523,347.70	192,739.30
City Contribution	88,320.40	--	--	--	--
Total	$170,487,814.50	$6,294,910.00	$29,584,588.05	$41,058,347.70	$15,127,739.30
Uses of Funds:					
Deposit to Project Fund	$147,670,000.00	$6,260,000.00	$29,400,000.00	$40,700,000.00	$15,000,000.00
Deposit to Escrow Fund	21,768,149.82	--	--	--	--
Costs of Issuance	517,017.64	14,294.35	92,090.33	194,319.06	67,306.52
Underwriters' Discount	532,647.04	20,615.65	92,497.72	164,028.64	60,432.78
Total	$170,487,814.50	$6,294,910.00	$29,584,588.05	$41,058,347.70	$15,127,739.30

General

Each series of Obligations shall be dated as of October 2, 2019 (the "Dated Date") and shall bear interest on the unpaid principal amounts from such date, at the per annum rates shown on pages ii and iii of this document for each series of Obligations. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates will be payable on March 1, 2020, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Contractual Obligations will be payable on May 1, 2020, and on each November 1 and May 1 thereafter until maturity. Principal is payable, upon presentation, at the Designated Payment/Transfer Office of the Paying Agent/Registrar (see "OBLIGATION INFORMATION – Paying Agent/Registrar" in this document). Interest is payable by the Paying Agent/Registrar to the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below) and shall be paid by the Paying Agent/Registrar by check mailed by United States mail, first class postage prepaid, to the address of such person as it appears on the registration books of the Paying Agent/Registrar on or before each interest payment date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The Obligations are issued only as fully registered obligations in denominations of $5,000 or any integral multiple thereof within a maturity of a series.

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

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

Security

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

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

Remedies

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

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

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

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

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

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

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

Defeasance of Obligations

Each of the Ordinances provides for the defeasance of each of the respective Obligations when the payment of the principal of the Obligations of a series, plus interest to the due date (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, to mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations; and thereafter the City will have no further responsibility with respect to amounts available to the paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Obligations, including any insufficiency caused by the failure of the paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. Each of the Ordinances provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of approval of the proceedings authorizing the issuance of the refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

Book-Entry-Only System

The City has elected to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), as described under this heading. The City is obligated to timely pay the Paying Agent/Registrar the amount due under the Ordinances. See "OBLIGATION INFORMATION - Paying Agent/Registrar" in this document. The responsibilities of DTC, the Direct Participants and the Indirect Participants to the Beneficial Owner of the Obligations are described in this document.

The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes this information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Obligations, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the beneficial owners, or that they will do so on a timely basis, or (3) DTC *will serve and act in the manner described in this document. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered Obligations registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to in this document as "Participants". DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an

Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Obligations held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for each series of the Obligations will be printed and delivered to DTC.

Paying Agent/Registrar

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

Transfer, Exchange and Registration

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

Limitation on Transfer of Obligations Called for Redemption

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

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

The City reserves the right, at its option, to redeem the Bonds, the Certificates, the Taxable Bonds and the Taxable Certificates having stated maturities on and after September 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2029, or any date thereafter, at the price of par, without premium, plus accrued interest to the date fixed for redemption. If less than all of a series of Obligations is to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while such Obligations are in book-entry-only form) shall determine by lot or other customary random selection method the Obligations, or portions thereof, within such maturity to be redeemed.

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

The Taxable Bonds maturing on September 1, 2039 (the "Taxable Term Bonds"), are subject to mandatory redemption in part prior to maturity at the redemption price of par plus accrued interest to the date of redemption on September 1 in each of the years and in principal amounts as follows:

Taxable Term Bonds due September 1, 2039	
Year	Principal Amount
2035	$2,300,000
2036	2,365,000
2037	2,435,000
2038	2,505,000
2039*	2,580,000

*Stated maturity.

The Taxable Certificates maturing on September 1, 2039 (the "Taxable Term Certificates"), are subject to mandatory redemption in part prior to maturity at the redemption price of par plus accrued interest to the date of redemption on September 1 in each of the years and in principal amounts as follows:

Taxable Term Certificates due September 1, 2039	
Year	Principal Amount
2035	$ 850,000
2036	870,000
2037	895,000
2038	925,000
2039*	950,000

*Stated maturity.

Reduction of Principal Amount Subject to Mandatory Sinking Fund Redemption

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

No Redemption of the Contractual Obligations Prior to Maturity

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

Notice of Redemption

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

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

TAX INFORMATION

Ad Valorem Tax Law

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

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

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

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

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

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

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

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

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

State law and Article VIII, section 2 of the Texas Constitution, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children. Notwithstanding the foregoing, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Effective January 1, 2018, a disabled veteran who has a disability rating of less than 100% is entitled to an exemption equal to the percentage of the veteran's disability rating for a residence homestead that was donated by a charitable organization to such veteran (i) at no cost to such veteran or (ii) at some cost to such veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made.

Following approval by the voters at a November 5, 2013 statewide election, the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residences homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. Effective January 1, 2018, the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

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

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

Section 1-n, Article VIII, provides for an exemption from taxation for "goods-in-transit." "Goods-in-transit" are defined as (i) personal property acquired or imported into Texas and transported to another location in the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding the public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt of the taxing unit, the tax officials of the taxing unit may continue to impose the taxes on the goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.
Freeport property is exempt from taxation by the City, and, on October 20, 2011, the City took action to tax goods-in-transit.

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

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

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

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

Tax Rate Limitation

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

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

Tax Procedures

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

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

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

"effective tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

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

"rollback tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.08, plus the debt service tax rate.

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

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

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

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

For the 2019 tax year, the procedures in this paragraph apply. After the assessor submits the appraisal roll, a designated officer or employee of the City is required to calculate its "rollback tax rate" and "effective tax rate". A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, and may not adopt a tax rate that exceeds the lower of its "rollback tax rate" or "effective tax rate" (as such terms are defined below) until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. The Property Tax Code provides that if the adopted tax rate exceeds the rollback tax rate, qualified voters of the city, by petition, may require that an election be held to determine whether or not to reduce the adopted tax rate to the rollback tax rate. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-effective tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Effective January 1, 2020, the terms rollback tax rate and effective tax rate will be replaced, respectively, with the terms "voter-approval tax rate" and "no-new-revenue tax rate". Beginning with the 2020 tax year, the procedures in this paragraph and the following paragraphs apply. A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

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

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

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

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

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

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

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

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

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Tax Valuation – TABLE ONE

January 1, 2019 Certified Appraised Value (1)	$206,919,993,225
Less Local Exemptions to Assessed Values: (2)	
Residential Homestead	$ 6,028,008,918
Residential Homestead over 65	3,403,805,973
Homestead 10% Increase Cap	3,073,778,821
Disabled Veterans	408,430,137
Agricultural and Historical Exemptions	928,728,735
Disability Exemption	198,869,395
Other Exemptions	24,184,811,603
Freeport Exemption	1,367,073,947
January 1, 2019 Net Taxable Assessed Valuation (1)	$167,326,485,696

(1) Appraised value and taxable value is subject to change pending additional exemption and appeals. Net Taxable Assessed Valuation as of January 1, 2019 corresponds to the City's fiscal year 2020.

(2) Exemptions or adjustments to assessed valuation granted in tax year 2019 include exemption of (a) 10% of the assessed valuation of a residence homestead; (b) exemptions of $88,000 for homestead property of property owners who are over 65 years of age or disabled; (c) exemptions for residence homestead property exceeding a 10 percent increase in valuation from the previous year; (d) exemptions for property of disabled veterans or certain surviving dependents of disabled veterans; (e) certain adjustments to productive agricultural lands; (f) exemptions to the land designated as historically significant sites by certain public bodies; and (g) exemption of freeport property detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication of exported finished goods from Texas.

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Statement of Debt (Anticipated as of September 30, 2019)

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

Public Improvement Bonds (1)(2)	$ 1,004,420,000	
Certificates of Obligation (1)(2)	254,405,000	
Contractual Obligations (1)	66,630,000	
Mueller Contract Revenue Obligations	42,495,000	
The Obligations	232,395,000	
Assumed MUD Bonds (3)	6,115,000	
Total		$ 1,606,460,000
Less Self-Supporting Debt:		
Assumed MUDs (3)	$ 6,115,000	
Mueller Contract Revenue Obligations	42,495,000	
Airport (4)	12,410	
Austin Energy (4)	53,900	
Austin Resource Recovery (4)	28,278,986	
Austin Water (4)	4,717,281	
City Hall (4)	5,178,857	
Code Compliance (4)	76,659	
Convention Center (4)	13,050,580	
Financial Services (4)	18,707,657	
Fleet Management (4)	2,143,030	
Golf (4)	61,398	
Transportation (4)	11,824,837	
Waller Creek Tax Increment Reinvestment Zone (4)	102,060,880	
Watershed Protection (4)	$ 31,290,614	
Less: Total Self-Supporting Debt		$ 266,067,089
Less: Interest and Sinking Fund Balance (5)		27,245,487
Less: Self-Supporting General Fund Payments (6)		32,386
Net Debt		$ 1,313,115,038
Ratio of Total Debt to Fiscal Year 2019 Net Taxable Assessed Valuation		1.06%
Ratio of Net Debt to Fiscal Year 2019 Net Taxable Assessed Valuation		0.87%

2019 Population (Estimate) – 985,504 (7)
Per Capita Net Taxable Assessed Valuation – $154,007
Per Capita Net Debt Outstanding – $1,333

(1) Excludes the Obligations.
(2) Excludes the Refunded Obligations.
(3) Represents bonds of the Northwest Austin MUD#1 annexed by the City.
(4) Certain enterprises of the City, including Austin Airport, Austin Energy, Austin Resource Recovery, Austin Water, Building Services, City Hall, Code Compliance, Convention Center, Financial Services, Fleet Management, Golf, One Texas Center, Transportation, Waller Creek, and Watershed Protection currently repay a portion of the debt service on outstanding Public Improvement Bonds, Certificates of Obligation and/or Contractual Obligations from the revenue of the respective enterprises. The City intends to continue to pay these obligations from each respective enterprise; however, there is no guarantee that this practice will continue in future years. Fleet Management and One Texas Center are internal service funds that generate revenue through charges to user departments.
(5) Represents the estimated value of cash and investments as of September 30, 2019.
(6) Various general fund departments have issued debt supported by a transfer into the debt service fund from the issuing department. Each department currently budgets the required debt service, which reduces the debt service tax requirement.
(7) Source: City of Austin Department of Planning and Development based on full purpose area as of November 2018.

Valuation and Funded Debt History – TABLE TWO

Fiscal Year Ended 9-30	Estimated City Population (1)	Taxable Assessed Valuation (1)	Per Capita Taxable Assessed Valuation	(000's) Net Funded Tax Debt (2)	Per Capita Net Funded Tax Debt	Ratio of Net Funded Tax Debt to Taxable Valuation	% of Total Tax Collections
2011	805,662	$77,619,349,384	$96,342	$1,049,751	$1,302.97	1.35%	99.52%
2012	821,012	79,219,780,879	96,490	1,132,201	1,379.03	1.43%	99.50%
2013	841,649	83,294,536,493	98,966	1,198,730	1,424.26	1.44%	99.52%
2014	878,002	88,766,098,160	101,100	1,313,334	1,495.82	1.48%	99.25%
2015	899,119	98,652,179,430	109,721	1,409,384	1,567.52	1.43%	99.27%
2016	925,491	110,526,026,399	119,424	1,490,221	1,610.20	1.35%	99.36%
2017	946,080	125,371,654,656	132,516	1,526,997	1,614.03	1.22%	99.37%
2018	963,797	138,418,647,260	143,618	1,529,599	1,587.06	1.11%	99.47%
2019	985,504	151,774,900,816	154,007	1,313,115(5)	1,332.43(5)	0.87%(5)	99.05%(3)
2020	1,002,725	167,326,485,696(4)	166,872	1,501,043(5)(6)	1,496.96(5)(6)	0.90%(5)(6)	N/A

(1) Source: 2018 City of Austin Comprehensive Annual Financial Report ("CAFR") – Table 18, through fiscal year ended 2018; City of Austin Department of Planning and Development based on full purpose area as of November 2017, for fiscal years ending 2019 and 2020.

(2) Excludes general obligation debt issued for enterprise funds and general fund departments, the debt service on which currently is paid from revenue of the respective enterprises and each department's operating budget, respectively. The City plans to continue to pay these obligations based on this practice; however, such enterprise revenues are not pledged as security for the Obligations and there is no guarantee that this practice will continue in future years. See "DEBT INFORMATION" in this document.

(3) Estimated Collections as of May 31, 2019 based on the July 2018 Certified Tax Roll tax levy.

(4) Certified taxable value for the 2019 tax year (fiscal year 2020) provided by the Travis Central Appraisal District, Williamson Central Appraisal District, and Hays Central Appraisal District on August 17, 2019, July 17, 2019, and July 24, 2019, respectively.

(5) Includes the Obligations (aggregate issuance of $232,395,000) and excludes the Refunded Obligations (refunded par amount of $21,625,000).

(6) Projected. Includes tax-supported debt amounts the City expects to issue in the next 12-months.

Tax Rate, Levy and Collection History – TABLE THREE

Fiscal Year Ended 9-30	Total Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2011	$0.4571	$0.3262	$0.1309	$354,798,046	99.13%	99.52%
2012	0.4811	0.3551	0.1260	381,126,366	99.27%	99.50%
2013	0.5029	0.3821	0.1208	418,888,224	99.36%	99.52%
2014	0.5027	0.3856	0.1171	446,227,175	99.25%	99.25%
2015	0.4809	0.3691	0.1118	474,418,331	99.27%	99.27%
2016	0.4589	0.3527	0.1062	507,203,935	99.54%	99.36%
2017	0.4418	0.3399	0.1019	553,891,970	99.50%	99.37%
2018	0.4448	0.3393	0.1055	617,275,588	99.47%	99.47%
2019	0.4403	0.3308	0.1095	668,264,888	99.05%(1)	99.05%(1)
2020	0.4431(2)	0.3337(2)	0.1094(2)	732,343,600(2)	N/A	N/A

(1) Estimated collections as of May 31, 2019 based on the July 2018 Certified Tax Roll tax levy.

(2) Preliminary, subject to change pending the City Council's adoption of the tax rate, expected to occur by September 25, 2019.

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Ten Largest Taxpayers – TABLE FOUR

Name of Taxpayer	Nature of Property	January 1, 2019 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Samsung Austin Semiconductor	Technology Manufacturing	$1,094,818,013	0.66%
Finley Company	Commercial	460,673,703	0.28%
Apple Inc.	Technology	457,508,626	0.28%
CSHV-401 Congress LLC	Commercial	401,326,200	0.24%
Domain Retail Prop. Owner LP	Commercial	374,743,907	0.23%
GW Block 23 Office LLC	Commercial	359,218,785	0.22%
BPP Alphabet MF Riata LP	Commercial	331,596,135	0.20%
CSHV-300 West 6th Street LLC	Commercial	320,553,888	0.19%
Cousins-One Congress Plaza LLC	Commercial	314,372,182	0.19%
SVF Northshore Austin LP	Commercial	310,103,000	0.19%
TOTAL		$4,424,914,439	2.66%

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

Property Tax Rate Distribution – TABLE FIVE

	Fiscal Year Ended September 30				
	2016	2017	2018	2019	2020 (1)
General Fund	$0.3527	$0.3399	$0.3393	$0.3308	$0.3337
Interest and Sinking Fund	0.1062	0.1019	0.1055	0.1095	0.1094
Total Tax Rate	$0.4589	$0.4418	$0.4448	$0.4403	$0.4431

(1) Preliminary, subject to change pending the City Council's adoption of the tax rate, expected to occur on or about September 25, 2019.

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Net Taxable Assessed Valuations, Tax Levies and Collections – TABLE SIX

Fiscal Year Ended 9-30	Valuation Date	Real Property Amount	Real Property % of Total	Personal Property Amount	Personal Property % of Total	Net Taxable Assessed Valuation	Total Tax Levy	% Current Collections	% Total Collections
2011	1-1-10	$70,501,655,045	90.83%	$7,117,694,339	9.17%	$77,619,349,384	$354,798,046	99.13%	99.52%
2012	1-1-11	70,283,821,626	88.72%	8,935,959,253	11.28%	79,219,780,879	381,126,366	99.27%	99.50%
2013	1-1-12	73,663,555,699	88.44%	9,630,980,794	11.26%	83,294,536,493	418,888,224	99.36%	99.52%
2014	1-1-13	79,399,650,702	89.45%	9,366,447,458	10.55%	88,766,098,160	446,227,175	99.25%	99.25%
2015	1-1-14	88,868,446,944	90.08%	9,783,732,486	9.92%	98,652,179,430	474,418,331	99.27%	99.27%
2016	1-1-15	100,293,482,266	90.74%	10,232,544,133	9.26%	110,526,026,399	507,203,935	99.54%	99.36%
2017	1-1-16	115,889,987,304	91.79%	10,295,308,937	8.21%	125,371,654,656	553,891,970	99.50%	99.37%
2018	1-1-17	128,972,794,157	92.50%	10,452,294,029	7.50%	138,775,986,481	620,162,792	99.47%	99.47%
2019	1-1-18	141,464,407,887	93.21%	10,310,492,929	6.79%	151,774,900,816	668,264,888	99.05% (1)	99.05% (1)
2020	1-1-19	156,884,505,168	93.76%	10,441,980,528	6.24%	167,326,485,696 (2)	732,343,600 (3)	N/A	N/A

(1) Estimated collections through May 31, 2019 based on the July 2018 Certified Tax Roll tax levy.
(2) Taxable Value is subject to change pending additional exemption and appeals.
(3) Preliminary, subject to change pending the City Council's adoption of the tax rate, expected to occur by September 25, 2019.

Revenue Debt (As of September 30, 2019)

In addition to the above, the City has outstanding $90,967,962 Combined Utility Systems Revenue Bonds payable from combined net revenue of the Electric System and the Water and Wastewater System; $1,804,675,000 Electric Utility Obligations payable from a separate lien on the net revenues of the Electric Utility System; $2,134,405,000 Water and Wastewater Obligations payable from a separate lien on the net revenue of the Water and Wastewater System, and $82,260,000 Combined Utility Systems Commercial Paper payable from a subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System.

The City additionally has outstanding $1,024,355,000 Airport System Revenue Bonds payable from net revenues of the City's Airport System; $141,060,000 Rental Car Special Facility Revenue Bonds payable from revenues derived from rental car facilities currently operating at the airport; $91,650,000 Hotel Occupancy Tax Subordinate Lien Revenue Bonds payable from the City's 2% and 4.5% Hotel Occupancy Tax; $4,940,000 Hotel Occupancy Tax Revenue Bonds payable from the City's 4.5% Hotel Occupancy Tax; and $25,025,000 Town Lake Park Community Events Center Venue Bonds payable from revenues received from the Special Motor Vehicle Rental Tax and Venue generated revenue.

Public Improvement District Debt (As of September 30, 2019)

The City previously authorized and issued special assessment revenue debt for public improvement districts ("PIDs") located within the City's boundaries: Estancia Hill Country PID ($22,465,000 of special assessment revenue bonds outstanding), Indian Hills PID ($2,370,000 of special assessment revenue bonds outstanding), and Whisper Valley PID ($16,705,000 of special assessment revenue bonds outstanding). The City may issue additional special assessment revenue debt for the purposes of additional development within the existing PIDs described above. Any additional special assessment revenue debt would be secured by and payable from only the special assessments levied on properties within the respective PID boundaries and would not represent an obligation of the City's revenue or taxes.

Obligations Subject to Annual Appropriation (As of September 30, 2019)

With respect to the redevelopment of the property formerly known as Robert Mueller Municipal Airport ("Mueller"), the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 (the "Development Agreement"), and in the Development Agreement, the City agreed to issue debt to finance certain "Public Finance Reimbursable Project Costs" either directly or through the auspices of a local government corporation created by the City. The City has entered into an economic development grant agreement (the "Grant Agreement") with Mueller Local Government Corporation ("MLGC"), a non-profit local government corporation created by the City to act on its behalf with respect to the redevelopment of Mueller. MLGC was created in response to the provisions of the Development Agreement. Under the terms of the Grant Agreement, the City will make grant payments to MLGC from the General Fund, subject to annual appropriation by the City, in amounts sufficient to pay debt service on bonds issued by MLGC to fund Public Finance Reimbursable Project Costs and pay administrative costs associated with such bonds. It is anticipated that sales tax revenues generated by properties developed at Mueller will be sufficient to fund the grants throughout the term of the Grant Agreement. $12,000,000 in Contract Revenue Bonds were issued in 2006 by MLGC to finance Public Finance Reimbursable Project Costs, and as of the date of this Official Statement, $5,830,000 in principal amount of these Contract Revenue Bonds is outstanding.

The City has also created a tax increment reinvestment zone for the Mueller project to include Reinvestment Zone Number Sixteen (the "Zone") and neighboring areas for the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the Zone which consists of approximately 700 acres. Currently, only the City participates in the Zone by contributing its tax increment revenues to the Zone, and it is not expected that any other taxing unit will participate in the Zone. The tax increment revenues of the City will be contributed by the City to the MLGC pursuant to the terms of a Tri-Party Agreement among the City, the MLGC and the Zone (the "Tri-Party Agreement"). In addition, the City has agreed to consider making payments to the MLGC under a grant agreement between the City and the MLGC, pursuant to which the City may make available to the MLGC grant funds in amounts sufficient to pay debt service on the Tax Increment Contract Revenue Bonds, should Pledged Revenues be insufficient to allow the MLGC to meet its debt service payment obligations. The grant payments are to be funded from available moneys in the City's general fund, subject to annual appropriation. The City is under no obligation to make grant payments. The MLGC has issued three series of Tax Increment Contract Revenue Bonds, aggregating $47,580,000 in principal amount, backed by tax increment revenues generated from taxation of real property within the boundaries of the Zone from taxing units participating in the Zone, and as of the date of this Official Statement, $36,665,000 in principal amount of these Tax Increment Contact Revenue Bonds is outstanding.

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DEBT INFORMATION (a)

Debt Service Requirements

Fiscal Year Ending 09/30	Public Improvement Bonds	Certificates of Obligation	Contractual Obligations	Northwest Austin MUD #1 (b)	Mueller Contract Rev Bonds	Less: The Refunded Obligations	Plus: The Obligations	Grand Total Requirements	Less Self-Supporting Requirements (c)	Net Total Requirements	Percent Principal Payout
2020	$119,219,081	$22,637,365	$23,906,175	$1,033,498	$4,453,040	$9,505,656	$58,888,176	$220,631,678	$36,481,293	$184,150,385	
2021	120,183,141	22,701,062	17,167,669	1,046,118	4,577,790	7,042,181	26,447,200	185,080,797	32,972,446	152,108,352	
2022	116,200,983	22,768,451	11,946,675	1,036,678	4,700,709	670,756	19,616,575	175,599,313	29,060,758	146,538,556	
2023	112,171,646	22,836,973	8,804,975	1,041,188	4,837,296	676,981	16,590,700	165,605,796	25,790,897	139,814,899	
2024	109,295,769	22,890,319	5,989,600	1,038,575	4,973,965	681,981	16,606,110	160,112,357	25,540,101	134,572,256	39.01%
2025	104,450,078	22,943,738	4,036,075	1,044,475	5,109,565	685,706	16,588,968	153,487,192	23,508,649	129,978,543	
2026	101,327,004	23,006,339	1,805,400	943,463	5,255,965	693,107	14,876,343	146,521,406	22,529,391	123,992,015	
2027	94,320,779	23,037,289			4,415,465	694,507	12,730,662	133,809,687	18,305,854	115,503,833	
2028	87,173,036	23,085,427			4,572,934	704,500	12,345,910	126,472,806	17,977,763	108,495,043	
2029	79,295,363	23,149,198			4,735,059	707,870	12,342,119	118,813,870	18,145,845	100,668,025	70.75%
2030	71,323,836	22,885,661			2,155,401	384,920	12,031,870	108,011,849	15,211,347	92,800,502	
2031	61,058,329	21,150,198			2,151,864	388,640	12,023,344	95,995,096	14,654,756	81,340,340	
2032	54,376,441	19,882,940			2,155,369	386,655	12,037,585	88,065,679	13,975,697	74,089,982	
2033	46,104,431	18,642,794				389,200	12,031,194	76,389,219	11,272,975	65,116,245	
2034	34,124,777	18,651,826				391,040	12,040,644	64,426,207	11,281,075	53,145,132	93.29%
2035	17,949,076	14,953,260				392,175	12,095,161	44,605,322	8,347,483	36,257,840	
2036	7,766,647	11,483,608				397,450	8,580,992	27,433,796	6,173,236	21,260,560	
2037	6,264,210	7,432,619				396,775	6,616,085	19,916,139	5,591,627	14,324,512	
2038	1,393,300	4,779,638				400,388	7,015,900	12,788,449	5,257,413	7,531,036	
2039		2,699,838				398,050	6,746,538	9,048,325	3,695,689	5,352,637	99.73%
2040		2,315,513						2,315,513	2,315,513		
2041		2,329,988						2,329,988	2,329,988		100.00%
Total	$1,343,997,925	$376,264,040	$73,656,569	$7,183,993	$54,094,421	$25,988,538	$308,252,074	$2,137,460,484	$350,419,791	$1,787,040,693	

(a) As of September 30, 2019. Includes the Obligations, excludes the Refunded Obligations.
(b) Includes debt service for Northwest Austin MUD #1.
(c) Includes principal and interest on self-supporting debt repaid from certain enterprise revenue of the City (see "Statement of Debt" in this document).

Estimated Direct and Overlapping Funded Debt Payable from Ad Valorem Taxes (in 000's)

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

Taxing Jurisdiction	Total Debt Funded from Ad Valorem Taxes (1)	Estimated % Applicable	Overlapping Funded Debt
City of Austin (2)	$ 1,313,115,038	100.00	$ 1,313,115,038
Austin CCD	418,335,000	70.46	294,758,841
Austin ISD	1,214,038,916	95.53	1,159,771,376
Avery Ranch Road District # 1	6,665,000	100.00	6,665,000
Del Valle ISD	185,209,999	73.19	135,555,198
Eanes ISD	108,210,000	36.95	39,983,595
Hays Co	414,252,697	0.31	1,284,183
Leander ISD	1,117,170,875	14.68	164,000,684
Manor ISD	317,509,999	69.10	219,399,409
Northtown MUD	19,350,000	31.53	6,101,055
Northwoods Road District # 1	10,550,000	100.00	10,550,000
Pearson Place Road District	5,245,000	100.00	5,245,000
Pflugerville ISD	622,545,000	35.14	218,762,313
Round Rock ISD	807,210,000	35.26	284,622,246
Travis Co	1,066,091,179	73.68	785,495,981
Travis Co ESD # 3	1,735,000	0.19	3,297
Travis Co ESD # 6	2,960,000	0.02	592
Travis Co ESD # 9	985,000	0.11	1,084
Travis Co Healthcare District dba Central Health	8,350,000	73.68	6,152,280
Travis Co MUD # 8	9,055,432	1.07	96,893
Travis Co WC&ID # 10	44,585,000	4.01	1,787,859
Williamson Co	826,249,942	11.91	98,406,368
Total Net Direct and Overlapping Debt			$4,751,758,292
Ratio of Net Direct and Overlapping Debt to Fiscal Year 2019 Taxable Assessed Value (3)			3.13%
Per Capita Overlapping Funded Debt (4)			$4,822

(1) Source: Overlapping debt amounts as of July 31, 2019 obtained from the Municipal Advisory Council of Texas.
(2) Outstanding tax-supported debt of the City shown as of September 30, 2019. Includes the Obligations (aggregate issuance of $232,395,000 par amount) and excludes $21,265,000 of Refunded Obligations.
(3) Based on the City's tax year 2018 (fiscal year 2019) net taxable assessed valuation of $151,774,900,816.
(4) Based on the City's 2019 estimated population of 985,504.

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

Authorized General Obligation Bonds – TABLE SEVEN

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued (1)	Currently Being Issued (1)(2)	Unissued Balance
Brackenridge 2000	10/22/1983	$50,000,000	$40,785,000	--	$9,215,000
Park Improvements	9/8/1984	9,975,000	9,648,000	--	327,000
Cultural Arts	1/19/1985	20,285,000	14,890,000	--	5,395,000
Cultural Arts	11/7/2006	31,500,000	27,500,000	--	4,000,000
Public Safety Facility	11/7/2006	58,100,000	53,100,000	$5,000,000	--
Mobility Transportation	11/6/2012	143,299,000	125,690,000	4,625,000	12,984,000
Park Improvements	11/6/2012	77,680,000	62,980,000	13,200,000	1,500,000
Public Safety Facility	11/6/2012	31,079,000	28,065,000	3,010,000	4,000
HHS Facility	11/6/2012	11,148,000	11,145,000	--	3,000
Cultural Arts	11/6/2012	13,442,000	9,840,000	3,600,000	2,000
Affordable Housing	11/5/2013	65,000,000	62,000,000	3,000,000	--
Mobility Transportation	11/8/2016	720,000,000	94,500,000	51,000,000	574,500,000
Affordable Housing	11/6/2018	250,000,000	--	34,905,000	215,095,000
Cultural Arts Facility	11/6/2018	128,000,000	--	6,700,000	121,300,000
Parks & Recreation	11/6/2018	149,000,000	--	11,280,000	137,720,000
Flood Control & Drainage	11/6/2018	184,000,000	--	36,850,000	147,150,000
Health & Human Services	11/6/2018	16,000,000	--	600,000	15,400,000
Public Safety Facility	11/6/2018	38,000,000	--	9,450,000	28,550,000
Street & Bridge	11/6/2018	160,000,000	--	5,150,000	154,850,000
		$2,156,508,000	$540,143,000	$188,370,000	$1,427,995,000

(1) Includes premium applied against voted authorization.
(2) Includes the Obligations.

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

Funded Debt Limitation

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

Short–Term Borrowing

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

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FISCAL MANAGEMENT

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

INVESTMENTS

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

Legal Investments

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

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

(13) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that comply with the United States Securities and Exchange Commission Rule 2a-7;
(14) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and,
(15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m" or at an equivalent rating by at least one nationally recognized rating service.

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

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

(i) the value of securities loaned under the program are not collateralized at less than 100%, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool;
(ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City;
(iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and
(iv) the agreement to lend securities has a term of one year or less.

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

The City, as the owner of a municipal electric utility that is engaged in the sale of electric energy to the public, may invest funds held in a "decommissioning trust" (a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation) in any investment authorized by Subtitle B, Title 9, Texas Property Code ("Texas Trust Code"). The Texas Trust Code provides that a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution. The City established an external irrevocable trust for decommissioning with JPMorgan Chase Bank, N.A., and, as of October 2016, transferred the trust to Wilmington Trust, National Association. The decommissioning trust market value, as of June 30, 2019, was $229,279,531.

The City is specifically prohibited from investing in:

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

Investment Policies

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

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

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

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

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

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

Additional Provisions

Under Texas law, the City is additionally required to:

(1) annually review its adopted policies and strategies,
(2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council,
(3) require a registered representative of business organizations offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements;
(4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and
(5) provide specific investment training for the Chief Financial Officer of the City, Treasurer and Investment Officers.

2019 Changes to the PFIA

In the 86th Regular Session of the Texas Legislature, legislation was enacted making changes to the PFIA. Effective September 1, 2019, the following changes to the PFIA will go into effect. For a fully collateralized repurchase agreement to be an authorized investment for governmental entities, the repurchase agreement must, among other requirements, be secured by a combination of cash and obligations described by Section 2256.009(a)(1), Government Code (to include obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Bank), or commercial paper as described in Section 2256.013, Government Code, or, for certain independent school districts, corporate bonds as described in Section 2256.0204, Government Code. In addition, effective September

1, 2019, Section 2256.0208 is added to Subchapter A, Chapter 2256, Government Code, requiring the investment officer of a local government to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement. The maximum maturity date of commercial paper defined in the PFIA was extended to 365 days from 270 days.

Current Investments – TABLE EIGHT

As of June 30, 2019, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U. S. Treasuries	20%
U. S. Agencies	39%
Money Market Funds	2%
Local Government Investment Pools	39%

The dollar weighted average maturity for the combined City investment portfolios is 219 days. The City prices the portfolios weekly utilizing a market pricing service.

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GENERAL FUND REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE – TABLE NINE

(in 000's)

	2014	2015	2016	2017	2018
Revenues:					
Taxes (1)	$537,138	$572,640	$607,361	$646,918	$702,761
Franchise Fees	37,407	37,842	36,678	36,057	35,738
Fines, Forfeitures and Penalties	17,130	17,305	15,027	13,117	10,330
Licenses, Permits and Inspections	33,719	39,006	47,470	61,076	54,103
Charges for Services	57,974	58,297	59,062	59,362	61,705
Interest and Other	9,335	11,831	15,205	15,754	21,389
Total Revenues	$692,703	$736,921	$780,803	$832,284	$886,026
Expenditures:					
Administration	$ 14,610	$ 19,246	$20,844	$22,386	$22,021
Urban Growth Management	57,325	63,072*	66,817	70,491	82,293
Public Safety	493,668	543,709*	559,038	585,250	584,760
Public Health	54,196	61,247*	72,333	80,487	84,410
Public Recreation and Culture	89,492	98,242*	105,410	112,278	120,120
Transportation, Planning and Sustainability(2)	(6)	4	814	421	-
Nondepartmental Expenditures	97,951	93,349*	106,985	104,259	113,140
Total Expenditures	$807,236	$878,869	$932,241	$976,022	$1,006,744
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	($114,533)	($141,948)	($151,438)	($143,738)	($120,718)
Other Financing Sources (Uses):					
Transfers from Other Funds	162,622	153,936	157,201	166,688	173,614
Transfers to Other Funds	(27,515)	(30,304)	(26,246)	(12,125)	(11,776)
Net Other Financing Sources	$135,107	$123,632	$130,955	$154,563	$161,838
Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses	$ 20,574	($18,316)	($20,483)	$10,825	$41,120
Special Item – Land Sale (See FY15 CAFR Note 1)	15,830	11,983	4,309	-	-
Fund Balances at Beginning of Year	147,092	183,496	177,163	160,989	171,814
Fund Balances at End of Year (3)	$183,496	$177,163	$160,989	$171,814	$212,934

(1) Consists of property, sales and mixed drinks tax.

(2) Reported with Urban Growth Management prior to 2012.

(3) As of September 30, 2018, the emergency reserve maintains a balance of six percent of total General Fund requirements, or $62 million, and the budget stabilization reserve reports a balance of $99.4 million.

*Numbers vary from the City's fiscal year 2015 continuing disclosure filing due to a reclassification of expenses between these line items.

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CERTAIN GENERAL FUND RECEIPTS OTHER THAN AD VALOREM TAXES

Municipal Sales Tax– TABLE TEN

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

Fiscal Year Ended 9-30	Per Capita Sales and Use Tax	(in 000's) Sales and Use Tax	% of Ad Valorem Tax Levy
2011	187.58	151,125	42.59%
2012	199.99	164,193	43.08%
2013	209.35	176,198	42.06%
2014	215.79	189,464	42.46%
2015	222.86	204,029	42,24%
2016	230.58	212,634	42.07%
2017	231.26	218,790	39.50%
2018	241.05	232,319	37.73%
2019	246.88	243,300	36.41%
2020 (1)	251.14	251,823	34.89%

(1) 2020 figures from the City's approved budget.

Transfers from Utility Funds – TABLE ELEVEN

The City owns and operates a Water and Wastewater System and an Electric Light and Power System, the financial operations of which are accounted for in the Utility Funds. Transfers from the Utility Funds to the General Fund have historically provided a significant percentage of the receipts for operation of the General Fund. The following sets forth the amount of such transfers.

Fiscal Year Ended 9-30	(in 000's) Transfers	% of General Fund Requirements
2011	134,263	20.8%
2012	136,919	19.8%
2013	139,548	18.5%
2014	142,909	18.0%
2015	143,755	16.9%
2016	145,793	15.9%
2017	150,877	15.6%
2018	154,914	15.1%
2019	157,586	15.2%
2020 (1)	158,486	14.6%

(1) 2020 figures from the City's approved budget.

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THE CITY

Administration

Incorporated in 1839, the City operates under a Council-Manager form of government under its home rule charter. The City Council is comprised of an eleven-member council, with the Mayor elected at-large, and the remaining members elected from ten single-member districts. Councilmembers, including the Mayor, serve a four-year term, with the terms staggered so that every two years five of the councilmembers and the Mayor stand for election, and five councilmembers stand for election two years later. See "APPENDIX A – GENERAL INFORMATION REGARDING THE CITY – General Information" in this document.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City.

City Manager – Spencer Cronk

Mr. Spencer Cronk joined the City as City Manager on February 12, 2018. Before joining the City, Mr. Cronk was Minneapolis City Coordinator (City Administrator). He directed the management of Minneapolis city government by assisting the Mayor and City Council in defining city policy and establishing priorities, mobilizing department heads and staff to implement the Mayor and Council's priorities, and working to strengthen the management and administrative systems of the city. Mr. Cronk previously served as Commissioner of the Minnesota Department of Administration, a role he was appointed to by Governor Mark Dayton in 2011. As Commissioner, Mr. Cronk led the state's real property, purchasing, fleet, demographic analysis and risk management divisions responsible for more than $2 billion in state purchasing and the historic renovation of the Minnesota State Capitol. Additionally, Mr. Cronk served as chair of the Minnesota Public Data Governance Advisory Committee, and as a member of the Environmental Quality Board and the Minnesota Indian Affairs Council. Before joining the State of Minnesota, Mr. Cronk served as executive director of organizational development and senior advisor for the Department of Small Business Services for the City of New York, under former Mayor Michael Bloomberg. His accomplishments there included the design and implementation of a comprehensive performance-management system and the development of a program for integrating new employees, which was used citywide as a best practice template for the City of New York's 300,000 employees. Mr. Cronk has served a number of community organizations and agencies, including as an Advisory Council member for Northern Spark, a member of the Minnesota Advisory Board of the Trust for Public Land, and a member of the Itasca Project Task Force on Socioeconomic Disparities in the Twin Cities. He was a recipient of the Minneapolis/St. Paul Business Journal's "40 Under 40" Award in 2013. Mr. Cronk received his bachelor's degree with honors from the University of Wisconsin–Madison. He is a graduate of Harvard University's Senior Executives in State and Local Government Program and was a Public Affairs Fellow with the Coro New York Leadership Center.

Deputy City Manager(1) / Chief Financial Officer – Elaine Hart, CPA

Ms. Elaine Hart currently serves as Deputy City Manager and Chief Financial Officer overseeing departments and projects that support the *Government That Works for All* Outcome of the City's Strategic Plan 2023. Ms. Hart became Deputy City Manager effective upon the adoption of the City's fiscal year 2019 budget. In this role, she provides oversight to City departments including Financial Services, Human Resources, Communications and Technology Management, Communications and Public Information, Building Services, Intergovernmental Relations, Labor Relations, and the Innovation Office. Ms. Hart served as Interim City Manager from October 1, 2016 until February 12, 2018 when Spencer Cronk joined the City as City Manager and she returned to the positon of Chief Financial Officer. Her career with the City spans more than 30 years, including 14 years in public power. Ms. Hart was appointed to the position of Chief Financial Officer in April 2012 after serving as Interim Chief Financial Officer for two months. Prior to her appointment as Chief Financial Officer, she served as Senior Vice President of Finance and Corporate Services for Austin Energy, the municipally-owned electric utility. During her tenure at the City (service not continuous), she has also served in other financial capacities, including the City's Chief Financial Officer in the late 1980s, Assistant Finance Director, City Controller, and Deputy City Auditor. She also has private sector auditing, accounting and consulting experience. Ms. Hart received her Bachelor of Business Administration degree. in Accounting from The University of Texas at Arlington and is a licensed Certified Public Accountant (CPA) in the State of Texas.

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(1) Ms. Nuria Rivera-Vandermyde has been appointed to serve as the City's Deputy City Manager. Ms. Rivera-Vandermyde is expected to join the City in this role on October 1, 2019, and at such time, Ms. Elaine Hart will no longer serve as Deputy City Manager and will continue as the City's Chief Financial Officer.

Deputy Chief Financial Officer – Greg Canally

Mr. Greg Canally is the Deputy Chief Financial Officer for the City of Austin with responsibility for the Treasury Office, Purchasing Office and Capital Contract Office, and works as the finance lead on economic development, transportation initiatives, facility master planning, and a variety of information technology issues for the City. Mr. Canally has been with the City for 18 years, entirely in the Finance Department. From 2004 through 2008, he was the City's Budget Officer. He is a past member of the Government Finance Officers Association's Committee on Economic Development and Capital Planning. Prior to his work in municipal government, Mr. Canally worked as a project manager/economist for HDR Engineering, working with all levels of government to implement water planning solutions in Texas. Mr. Canally holds a Bachelor of Science degree in Economics from Villanova University and a Master of Science degree in Economics from the University of Texas at Austin.

Deputy Chief Financial Officer – Ed Van Eenoo

Mr. Ed Van Eenoo currently serves as Deputy Chief Financial Officer overseeing the Budget Office and the Office of Performance Management within the Financial Services Department. Mr. Van Eenoo was appointed to the position of Deputy Chief Financial Officer in 2013 after serving four years as the Budget Officer for the City. Prior to joining the City, he spent nine years with the City of Chula Vista including time as a Fiscal and Management Analyst, Assistant Director of Budget and Analysis, and four years as the Director of Budget and Analysis. Mr. Van Eenoo received a Bachelor of Science degree in Economics from The University of Eastern Michigan and a Master of Science degree in Applied Economics from Virginia Tech University.

Services Provided by the City

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

Employees

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

The City does not have automatic escalators in payroll or in its retirement systems. The retirement systems may grant cost-of-living increases up to 6% for municipal employees and 6% for police officers and a percentage based on the amount of increase in the Consumer Price Index for the firefighters, but only if recommended by an independent actuary and approved by the retirement boards.

Annexation Program

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

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

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

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

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

Annexations – TABLE TWELVE

The following table sets forth (in acres) the City's annual annexations since 2010.

Calendar Year	Full Purpose Acres (1)	Limited Purpose Acres
2010	1,129	2,495
2011	726	0
2012	3,387	3,818
2013	3,484	594
2014	897	136
2015	1,911	3
2016	311	0
2017	1,283	0
2018	136	0
2019	126	166

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

Recent Annexation

In 2019, the City annexed for limited purposes several recently acquired and vacant outparcels located in the Pilot Knob MUD development project. Additionally, at the landowner's request, the City annexed for full purposes a 126-acre undeveloped parcel which the landowner plans to develop into a corporate campus.

In 2018, the City annexed and dissolved the Cascades MUD No. 1 at the request of the property owner. At the time of annexation the area was undeveloped and the MUD had not issued any debt. The property owner determined that the proposed Cascades at Onion Creek subdivision could be developed as originally planned without the need for a MUD and the City agreed to annex and dissolve the MUD. The taxable assessed value ("TAV") at the time of annexation was $584,827.

The largest of the 2017 annexations was the River Place MUD area which converted approximately 1,040 acres from the City's limited purpose jurisdiction to full purpose. This area included an estimated population of approximately 3,125 persons. In addition, the City annexed several commercial properties in south Austin. The total TAV for these areas at the time of annexation was $697.2 million.

The City's 2016 annexation program included the full purpose annexation of five areas containing approximately 311 acres. With the exception of a small amount of office/warehouse/commercial uses, these areas were largely undeveloped at the time of annexation. Approved development plans include an additional 651 single-family homes and 97 multi-family units. The TAV for these areas at the time of annexation was approximately $19.3 million.

In 2015 the City annexed eleven areas for full purposes and one area for limited purposes. These areas included an estimated total population of approximately 3,912 persons, mainly within the Lost Creek subdivision. Approved development plans for the remaining areas include an additional 1,944 single-family homes. The TAV for these areas at the time of annexation was approximately $25.4 million.

The City annexed seven areas for full purposes in 2014, including approximately 900 acres of undeveloped land. If developed as anticipated, these areas would include an estimated 1,498 dwelling units and a projected population of 3,747 persons at build-out. The TAV for these areas as of January 1, 2017 was approximately $12.6 million.

In 2013, the Wildhorse Ranch and the remainder of the Goodnight Ranch proposed developments were converted from limited to full purpose annexation status. In addition, the City annexed one commercial area and several undeveloped areas for full purposes for a total of 3,484 acres for the year. The TAV for these areas was approximately $17 million at the time of annexation. The City Council also approved the creation and limited purpose annexation of a new Public Improvement District, Estancia, which is located on the southern edge of the City along Interstate Highway 35 South. Future full purpose annexation of this area will occur in accordance with the terms of the development agreement.

Future Annexation

Shady Hollow MUD is scheduled for full purpose annexation in December 2020 in accordance with the terms of its strategic partnership agreement with the City.

Pension Plans

The City has three contributory defined benefit retirement plans for its general municipal, fire, and police employees. These three plans include the City of Austin Employees' Retirement System ("COAERS"), the City of Austin Police Retirement System (the "Police Retirement System") and the City of Austin Fire Fighters Relief and Retirement Fund (the "Fire Fighters Retirement Fund"). These plans are single employer funded plans each with a fiscal year end of December 31. The three retirement plans cover substantially all full-time employees. State law requires the City to make contributions to the plans in an amount at least equal to the contribution of the employee group. The contributions made by the City to the COAERS include amounts allocable to the City employees within Austin Energy (defined below in this document), Austin Water (defined below in this document) and the City's Aviation Department ("Aviation"); the contributions allocable to such employees are paid from gross revenues of the respective systems and constitute operating expenses of Austin Energy, Austin Water, and Aviation, respectively.

As of October 1, 2018, municipal employees contribute 8.0% and the City contributes 18.0% of payroll to the COAERS. Fire fighters (who are not members of the Social Security System) contribute 18.7% of payroll, and the City contributes 22.05% to the Fire Fighters Retirement Fund. Police officers contribute 13.0% and the City contributes 21.313% of payroll to the Police Retirement System. The contributions to the pension plans are designed to fund current service costs and to amortize the unfunded actuarial accrued liability. As of December 31, 2018, the amortization period of the unfunded actuarial accrued liability was 32 years for the COAERS, open or indefinite for the Police Retirement System, and 17.9 years for the Fire Fighters Retirement Fund.

The City's net pension liability was measured as of December 31, 2018 for each of the City's three pension plans. Information on the liabilities and funding measurements of each plan is discussed below.

City of Austin Employees' Retirement System (COAERS) - As of December 31, 2018, the COAERS reported a net pension liability of $1.53 billion with a plan fiduciary net position as a percentage of the total pension liability of 61.7%. The actuarial accrued liability for the COAERS was $3,989,560,137 and the funded ratio was 67.6%. As of December 31, 2017, the COAERS reported a net pension liability of $1.15 billion with a plan fiduciary net position as a percentage of the total pension liability of 69.8%. The actuarial accrued liability for the COAERS was $3,797,823,303 and the funded ratio was 68.3%. The COAERS had no changes of assumptions or benefit terms that affected the total pension liability for the measurement period.

The COAERS funding policy is to maintain contribution rates sufficient to cover the normal cost of the plan and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 25 years. Currently, the total contribution rate is sufficient to amortize the System's unfunded liabilities in approximately 32 years, a slight increase from the 30-year amortization period in the previous year. In 2005, a Supplemental Funding Plan ("SFP") was approved that increased the City's annual contribution rate to a maximum of 12%, but this additional funding was not sufficient to restore the long-term financial health of the COAERS. In FY 2011, City Council approved an amendment to the SFP that increased the City contribution rate to a maximum rate of 18% of payroll to be contributed by 2013. The City contributed an additional 6% in FY 2011, an additional 8% in FY 2012 and an additional 10% in FY 2013 pursuant to the terms of the SFP, which brought the City's contribution rate to the maximum of 18%. In addition, a new benefit tier for new employees hired on or after January 1, 2012 was approved by the COAERS Board of Trustees, the City Council and the Texas Legislature. The new benefit tier increased the age and service criteria necessary to reach retirement eligibility. It also decreased the pension multiplier, which is used to determine the final pension amount paid to future retirees. These two actions are expected to substantially improve the long-term financial health of the COAERS over time.

Police Retirement System – As of December 31, 2018, the Police Retirement System reported a net pension liability of $1.18 billion for the 2018 plan year, which is an increase from the $420.1 million net pension liability reported for the prior 2017 plan year. The fiduciary net position as a percentage of the total pension liability declined to 37.72% for the 2018 plan year from 64.68% in the prior year. Based on an experience study conducted in 2019, the Police Retirement System adopted changes to certain plan assumptions in May 2019, including a reduction to the investment return assumption (from 7.75% to 7.25%), a reduction of payroll growth assumption and adoption of a new mortality table. The assumption changes, among other contributing factors, resulted in a decrease in the funded ratio and an increase in the amortization period from 35 years to indefinite. Additionally, the use of a lower, blended discount rate – as required by GASB guidelines – contributed to the increase in the net pension liability. The 2018 plan year total pension liability was calculated using a 4.70% blended discount rate, which was revised down from the prior year discount rate of 7.70%. The blended discount was based on a revised expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.71%. A full description of the assumptions for the Police Retirement System is available in the actuarial report available on its website.

The actuarial accrued liability for the Police Retirement System as of December 31, 2018 was $1,389,660,616 and the funded ratio was 58.1%. The actuarial accrued liability for the Police Retirement System as of December 31, 2017 was $1,185,017,294 and the funded ratio was 65.8%.

Fire Fighters Retirement Fund - The Fire Fighters Retirement Fund, as of December 31, 2018, reported a net pension liability of $198.1 million with a plan fiduciary net position as a percentage of the total pension liability of 82.1%. The actuarial accrued liability for the Fire Fighters Retirement Fund was $1,084,533,608 and the funded ratio was 88.0%. As of December 31, 2017, the Fire Fighters Retirement Fund reported a net pension liability of $85.0 million and plan fiduciary net position as a percentage of the total pension liability of 91.8%. The actuarial accrued liability for the Fire Fighters Retirement Fund as of December 31, 2017 was $1,038,118,085 and the funded ratio was 88.3%.

The Fire Fighters Retirement 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, 2019, a cost-of-living adjustment increase of 2.30% went into effect.

The financial statements for each plan are accessible on their respective websites. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 7" in this document for additional information on the City's Pension Plans. Also, see Note 7 of the City's Comprehensive Annual Financial Report ("CAFR") for their web addresses.

Other Post-Employment Benefits ("OPEB")

In addition to the contributions made to the three pension systems, the City provides certain other post-employment benefits ("OPEB") to its retirees. The City's OPEB plan is a defined-benefit single-employer plan. Allocation of City funds to pay OPEB other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis. The City is under no obligation to pay any portion of the cost of OPEB for retirees or their dependents.

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

In fiscal year 2018, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which increased the City's total OPEB liability by $1.51 billion over the previously reported net OPEB obligation. The City does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

GASB Statement No. 75 requires governments offering OPEB to record a liability in the current period for total future OPEB obligations for existing employees and retirees in excess of plan assets. In addition, it identifies accepted actuarial methods and assumptions, allows deferral of certain OPEB expense items, expands financial statement note disclosures, and changes disclosure of required supplementary information.

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

The City subsidizes between 20% and 80% of the projected medical premium for retirees and a lesser portion for dependents and surviving spouses depending on years of service at retirement. The retiree must pay the unsubsidized portion of the premium. Both the City and retirees' estimated premiums are deposited in the Employee Benefits Fund, which pays actual claims for medical and prescription drugs and 100% of the retiree's basic life insurance premium. The cost of coverage above the $1,000 level for life insurance premium is paid by the retiree. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium. The estimated pay-as-you-go cost of providing medical and life benefits was $43.14 million in 2018 and $43.05 million in 2017. As of September 30, 2018, the total OPEB liability is $2.52 billion.

See "APPENDIX B – AUDITED FINANCIAL STATEMENTS – Note 8 and Note 18" in this document for additional information on the City's OPEB.

Insurance

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately $4.44 million for claims and damages at the end of fiscal year 2018. Employee injuries are covered by the City's Workers' Compensation Fund and health claims are covered by the City's Employee Benefits Fund.

ENTERPRISE FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Position

The Enterprise Funds account for the activities of the City that render services on a user charge basis to the general public. Set forth on pages B-32 and B-33 of APPENDIX B in this document is a summary of the revenues, expenses, transfers and net position of the City's enterprise funds for the year ended September 30, 2018.

THE ELECTRIC UTILITY AND WATER AND WASTEWATER SYSTEMS

The City owns and operates an electric utility system (also referred to in this document as the "Electric Utility System" or "Austin Energy") and a water and wastewater system (also referred to in this document as the "Water and Wastewater Utility" or "Austin Water") which provide the City, as well as adjoining areas of Travis County and certain adjacent areas of Williamson County, with electric, water and wastewater services. The City jointly participates with other electric utilities in the ownership of coal-fired electric generation facilities and a nuclear powered electric generation facility. Additionally, City individually-owned gas/oil-fired electric and a biomass generation facilities are available to meet Electric Utility System demand. The City owns all the facilities of the Water and Wastewater System. For the fiscal year commencing October 1, 2018, the Electric Utility System had approximately 1,749 full-time regular employees and the Water and Wastewater Utility had approximately 1,201 full-time regular employees.

Austin Energy and Austin Water each annually transfer revenue to the General Fund; the utility fund transfers have historically provided a significant percentage of the receipts for operation of the General Fund. In fiscal year 2018, the total transfers from the utility systems represented 15.0% of total General Fund revenue, with 10.6% from Austin Energy and 4.4% Austin Water. Austin Energy's annual transfer (the "General Fund Transfer") is especially significant to the operations of the General Fund. The General Fund Transfer is an annually recurring, formula-based appropriation. Given the significance of the General Fund Transfer to the operations of the City's General Fund, information related to Austin Energy's strategic plans, goals, financial policies, and industry and regulatory is provided below.

STRATEGIC PLANS, GOALS AND POLICIES OF AUSTIN ENERGY

Strategic Plan

Austin Energy's mission is "*To safely deliver clean, affordable, reliable energy and excellent customer service.*" To achieve its mission, Austin Energy adopted its 2017-2021 Strategic Plan (the "Strategic Plan") in June 2016. The Strategic Plan identifies adaptive strategies to proactively address customer expectations, deploy innovative technology, provide responsible energy services and ensure Austin Energy is well prepared for the challenges ahead. The Strategic Plan is informed by several sources, including Austin Energy's Technology Roadmap, Facilities Masterplan, Austin Energy Resource, Generation and Climate Protection Plan, and the City's strategic planning efforts. The primary focus of the Strategic Plan is to improve Austin Energy's competitive position while realizing its vision "*to drive customer value in energy services with innovative technology and environmental leadership.*"

The Strategic Plan addresses six overarching goals that are designed to enable Austin Energy to realize its vision. Three of the goals focus on delivering value to the customer, providing customer choice in the products and services they offer (Customer Collaboration, Environment and Grid Modernization). The other three goals have an internal focus on maintaining and increasing the value provided by the utility to its employees, customers and community (Financial Health, Employee Engagement and Business Excellence). Austin Energy identified thirteen separate new or ongoing initiatives associated with the six strategic goals. In order to measure performance over time, each goal has an assigned Key Performance Indicator ("KPI") as well as a target value for each KPI. Likewise, each initiative has several assigned performance metrics to monitor progress. Austin Energy established five-year goals that it intends to achieve before the completion of FY2021, although Austin Energy may complete some of the strategic initiatives on a shorter timeframe. Austin Energy publicly reports its strategic progress in the Monthly Performance Dashboard that tracks 36 separate KPIs and metrics.

Austin Energy is currently undertaking a review and refresh of the Strategic Plan. The refresh is intended to promote alignment and understanding around key industry trends and risks to Austin Energy and its customers. The outcome will be a prioritization of Austin Energy's initiatives, evaluation of metrics and a work plan for continued improvement in strategic direction for the utility.

Austin Energy Resource, Generation, and Climate Protection Plan to 2027

The Austin Energy Resource, Generation and Climate Protection Plan to 2027 (the "2027 Plan") outlines the City Council's strategic goals for Austin Energy's environmental and economic leadership and represents a combined, extensive effort of the Austin community. The 2027 Plan is flexible and dynamic in order to respond to changing circumstances including economic conditions, customer load, fuel prices, infrastructure build-out, technological development, law and regulations, policy direction, rate structures and customer needs. It involves extensive analysis of risks, costs and opportunities to meet future demand for electricity.

The 2027 Plan is built on the foundation of previous actions and plans including:

- The Austin City Council adopted the Austin Climate Protection Plan in 2007 to build a more sustainable community. Austin Energy developed the Resource, Generation and Climate Protection Plan to meet these objectives. The first plan, approved by City Council in 2010 and further refined in 2010 by adding affordability metrics, addressed resource plan options through 2020. Austin Energy is committed to updating its integrated resource plan every two years.
- In April 2014, the City Council passed Resolution No. 20140410-024 which recognized the need to further accelerate the reduction of greenhouse gas emissions and set a goal of reaching net zero community-wide greenhouse gas emissions by 2050 or earlier if feasible. The City Council then approved an updated Resource, Generation and Climate Protection Plan in December 2014, addressing resource options through 2025.

In November 2016, the City of Austin's Electric Utility Commission formed a working group to make recommendations on the most recent update to the 2027 Plan, which addresses resource plan options through 2027. In addition to reaffirming the affordability goals approved in 2010, the working group made recommendations in the areas of generation, local solar, energy efficiency and demand response, electric vehicles and process.

The 2027 Plan: Goals and Directives

On August 17, 2017, the City Council approved Resolution No. 20170817-061, adopting the Working Group recommendations and providing additional direction to Austin Energy. The recommendations and the City Council directives are detailed in this 2027 Plan.

Vision – The City Council affirmed its continued interest in achieving the City's climate protection goal of reducing emissions as quickly as possible.

Affordability – Affordability is an overarching goal. The affordability goal acknowledges that Austin Energy must be financially sound; that the cost of electric service must be affordable for all classes of customers and that rates must be competitive to ensure the retention and attraction of businesses for a strong local economy. The affordability goal approved by City Council is comprised of two metrics that seek to: (1) maintain system average rates at or below 2% annual compound growth rate that began October 2012; and (2) maintain an average annual system rate in the lower 50% of all Texas utilities serving residential, commercial and industrial customers, as measured by published data from the Energy Information Administration Form 861.

Resource and Technology Objectives – The following goals are inclusive of the goals in the 2027 Plan. Where a study or modeling effort is indicated, such items will be reported to the Electric Utility and Resource Management Commissions as well as the Austin Energy Utility Oversight Committee no later than September 30, 2019 unless a different date is indicated.

Renewable Energy

- Achieve at least 55% renewable energy by 2025, and commit to 65% renewable energy by the end of 2027 as a share of customer consumption. Under the 2027 Plan, installed solar capacity would increase to at least 950 MW by 2025, including 200 MW of local solar.

Decker Creek Power Station and Fayette Power Project

- Target ceasing operations and beginning retirement of Decker Steam units, assuming approval by the Electric Reliability Council of Texas ("ERCOT"), with Steam Unit 1 ceasing operations after summer peak of 2020 and Steam Unit 2 ceasing operations after summer peak of 2021.
- The City reaffirmed its previous goal, established in 2014, to exit Austin Energy's participation in the Fayette Power Plant ("FPP"), beginning by the end of 2022.

Local Solar

- Achieve 110 MW of local solar by the end of 2020, including at least 70 MW of customer-sited solar and commit to a local solar budget of $7.5 million per year for FY 2018 and FY 2019 followed by $5 million per year for each of the fiscal years FY 2020 through FY 2027. As of April 2019, there were 101 MW local solar, including the 30 MW Webberville solar farm, the 2.6 MW La Loma Community Solar project, and 68 MW of customer-sited solar photovoltaics. Austin Energy expects to achieve the 70 MW customer-sited solar goal in 2019, and the 110 MW local solar goal in 2020, through continued rooftop solar market growth, aided by Austin Energy incentives, and additional community solar project development.

Energy Efficiency and Demand Response

- Achieve 800 MWs of energy efficiency and demand response by 2020 with an incremental 100 MW of demand response to achieve a total of at least 900 MW of demand side management ("DSM") by 2025. From 2007 through March 2019, Austin Energy DSM customer programs have reduced demand by 754 MW. Program offerings are provided in all sectors and include community focus such as school based education, in-store point of sale discounts, low income and rebates for energy efficiency and demand response engagement.
- Budget at least 2.5% gross revenues to DSM (recovered in the Community Benefit Charge and base rates) – Austin Energy will work with stakeholders to make future goals 'budget-based,' rather than MW-based, as has been done in the past.

Emerging Technology and Energy Storage

- Commit to achieving 30 MW of local thermal storage by 2027 and a minimum of 10 MW of electric storage by 2025. Austin Energy is currently developing 3 MW of electrical storage with the help of a grant from the DOE SHINES program. Using the lessons learned following completion and implementation of the SHINES project, develop a roadmap for implementation of electrical storage to achieve the goal of 10 MW of electrical storage by 2025.

Electric Vehicles

- Initiate private public partnerships that promote, market, and provide electric vehicle support that will increase utility revenue while reducing air pollution and greenhouse gases. Expand current efforts and, as possible, utilize these vehicles as a valid distributed storage technology.

Financial Policies

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

- Current revenue, which does not include the beginning fund balance, will be sufficient to support current expenditures (defined as "structural balance"). However, if projected revenue in future years is not sufficient to support projected requirements, the ending balance may be budgeted to achieve structural balance.
- Net revenues generated by Austin Energy shall be used for a transfer to the City's General Fund (the "General Fund Transfer," which is a formula-based appropriation), capital investment, repair and replacement, debt management, competitive strategies, and other Austin Energy funding requirements. Once these obligations have been met, any remaining net revenues of the Electric Utility System will be deposited into Austin Energy's reserve funds in the following order until each reserve reaches its minimum funding level: Working Capital Reserve, Contingency Reserve, Power Supply Stabilization Reserve, and then Capital Reserve. The sum of the four reserves shall be the cash equivalent of no less than 150 days of operating and maintenance expense.
- Austin Energy shall maintain an operating cash equivalent (also known as working capital) of 60 days of budgeted operations and maintenance expense, less power supply costs, plus the amount of additional monies required to bring the sum of all Austin Energy's reserves to no less than 150 days of operating and maintenance expense. As of September 30, 2018, Austin Energy's operating cash balance was $454 million and Days Cash on Hand ("DCOH") was 224 days.
- Austin Energy shall maintain a minimum quick ratio of 1.50 (current assets less inventory divided by current liabilities). The source of this information shall be the City's Comprehensive Annual Financial Report ("CAFR").
- Austin Energy shall maintain either bond insurance policies or surety bonds issued by highly rated ("AAA") bond insurance companies, or a cash-funded debt service reserve, or a combination of bond insurance policies, surety bonds, or cash for its existing revenue bond issues, in accordance with the bond covenants of the Combined Utility Systems revenue bonds.
- Debt service coverage of a minimum of 2.0x shall be targeted for the Electric Utility System's revenue bonds, and a coverage minimum of 1.0x coverage shall be targeted when additionally including all short-term debt, including commercial paper obligations and non-revenue obligations.
- The Contingency Reserve shall be created and established for unanticipated or unforeseen events that reduce revenue or increase obligations, such as costs related to a natural disaster, extended unplanned plant outages, insurance deductibles, or unexpected costs created by Federal or State legislation. The Contingency Reserve may be used to fund unanticipated power supply expenses only after the Power Supply Stabilization Reserve has been fully depleted. The Contingency Reserve shall maintain an operating cash equivalent of 60 days of budgeted operations and maintenance expense, less power supply costs. In the event any portion of the Contingency Reserve is used, the balance will be replenished to the targeted funding level within two fiscal years.
- The Capital Reserve shall be created and established for providing extensions, additions, replacements and improvements to the Electric Utility System. The Capital Reserve shall maintain a minimum cash equivalent of 50% of the previous year's depreciation expense of the Electric Utility System.
- The Power Supply Stabilization Reserve shall be created and established for mitigating power supply cost volatility which causes frequent variation in the Power Supply Adjustment. The Power Supply Stabilization Reserve shall maintain a cash equivalent of 90 days of net power supply costs. Net power supply costs shall be defined as costs eligible for inclusion in the Power Supply Adjustment. The Power Supply Stabilization Reserve shall be funded using net revenues after meeting other obligations and consistent with the flow of funds schedule.
- The General Fund Transfer shall not exceed 12% of Austin Energy's three-year average operating revenues, calculated using the current fiscal year estimate and the previous two fiscal years' actual revenues less power supply costs and District Cooling Program revenue from the City's CAFR.

- Electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to support (1) the full cost (direct and indirect) of operations including depreciation, (2) debt service, (3) the General Fund Transfer, (4) equity funding of capital investments, (5) requisite deposits of all reserve accounts, (6) sufficient annual debt service requirements of the Parity Electric Utility Obligations and other bond covenant requirements, if applicable, and (7) any other current obligations. In addition, Austin Energy may recommend to the City Council in the budget directing excess net revenues for the General Fund Transfer, capital investment, repair and replacement, debt management, competitive strategies and other Austin Energy requirements such as working capital. In addition to these requirements, electric rates shall be designed to generate sufficient revenue, after consideration of interest income and miscellaneous revenue, to ensure a minimum debt service coverage of 2.0x on revenue bonds of the Electric Utility System. A rate adequacy review shall be completed every five years, at a minimum, through performing a cost of service study.
- A decommissioning trust shall be established external to the City to hold the proceeds for monies collected for the purpose of decommissioning the STP. An external investment manager may be hired to administer the trust investments. As of June 30, 2019, the market value of the investments in the trust was $229.3 million.
- A Non-Nuclear Plant Decommissioning Fund shall be established to fund plant retirement. The amount set aside will be based on a decommissioning study of the plant site. Funding will be set aside over a minimum of four years prior to the expected plant closure.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

Rate Regulation

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

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

An Independent System Operator ("ISO") was established for ERCOT as a part of the rules that were adopted by the PUCT to establish access to the wholesale electric market in the State and was approved by the PUCT on August 21, 1996. The ISO received approval on May 5, 2000, of its certification under Senate Bill 7, adopted by the State legislature and signed into law in 1999 ("SB7"). The ISO's responsibilities as detailed in SB7 are to (1) ensure nondiscriminatory access to the ERCOT transmission system; (2) ensure the reliability and adequacy of the ERCOT network; (3) ensure timely and accurate customer switching; and (4) ensure the accuracy of accounts among wholesale buyers and sellers. Austin Energy is a member of ERCOT, and Austin Energy staff is active in the ERCOT stakeholder process.
SB7 amended PURA to provide for retail deregulation of the electric utility industry in the State. SB7 opened retail competition for Investor Owned Utilities beginning January 1, 2002. SB7 allowed local authorities to choose when to bring retail competition to their Municipally Owned Utilities ("MOU"), and left key municipal utility decisions (like local rate setting and utility policies) in the hands of those who have a stake in the local community. Once a resolution to "opt in" for retail competition is adopted by the MOU's governing body, the decision is irrevocable. The City has not opted in to competition. As a result, retail competition is not allowed inside Austin Energy's service territory. Austin Energy participates in the wholesale power market.

ERCOT Wholesale Market Design

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

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

The PUCT has considered changes to the ERCOT wholesale market to address some potential resource adequacy challenges. While there is some debate over the existence or severity of a resource adequacy issue, the PUCT has increased the market offer caps and implemented an Operating Reserve Demand Curve to represent the value of operating reserves in the real-time market relative to the probability of loss of load. The PUCT continues to solicit comments on further wholesale market design changes, but there is little expectation any major decisions will be made in the near term.

Federal Rate Regulation

Austin Energy is not subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") under sections 205 and 206 of the Federal Power Act and is not subject to Federal statutes and regulation in the establishment of rates, the issuance of securities or the operation, maintenance or expansion of Austin Energy. Nevertheless, Austin Energy submits various reports to FERC and participates in ERCOT, a stakeholder organization established under State law that is similar to the Regional Transmission Organizations envisioned in FERC Order No. 2000. ERCOT includes stakeholders from all segments of the Texas electric market and is responsible for the management and oversight of the day-to-day operations of the transmission network and wholesale market settlement. Under PURA, the PUCT has specific responsibilities to oversee ERCOT operations and market participant compliance with ERCOT Protocols.

Pursuant to the Energy Policy Act of 2005, municipal entities are subject to certain FERC authority on reliability. On July 20, 2006, FERC certified the North American Electric Reliability Corporation ("NERC") as the nation's Electric Reliability Organization responsible for developing and enforcing mandatory electric reliability standards under FERC's oversight. On April 19, 2007, FERC approved the Delegation Agreement between NERC and the Texas Reliability Entity, Inc. ("TRE"), which governs the responsibilities of TRE as the Regional Entity responsible for overseeing the NERC reliability standards in the ERCOT region. Austin Energy has established compliance programs in its Energy Markets; transmission systems planning, operations and reliability; and Information Technology and Telecommunications units to examine the requirements for compliance with the standards and to evaluate and implement any needed changes to systems and procedures. This process is verified through external audits involving TRE.

Environmental Regulation - General

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

Environmental Regulation Related to Air Emissions

Clean Power Plan

In October 2015, the United States Environmental Protection Agency ("USEPA") finalized the Clean Power Plan ("CPP") requiring CO_2 emissions reductions from the electricity section in most states, and directed each state to develop its own plan to achieve those reductions. Twenty-seven states and numerous industry groups filed a combined 39 lawsuits from a total of 157 petitioners asking the D.C. Circuit to review the rule. Briefings were completed in April 2016 and oral arguments were conducted in September 2016. The Supreme Court stayed the CPP rule on February 9, 2016, pending review in the D.C. Circuit Court. The D.C. Circuit has yet to issue a ruling; however, in 2018, the USEPA proposed revising the rule; that proposal is not yet final. Austin Energy's fleet is less carbon intense than the state-wide fleet as a whole because of investments already made in zero-and-low-carbon generation sources. Austin Energy is well-positioned to comply with this rule, if it goes into effect.

Mercury and Air Toxics Standards (MATS)

USEPA's final MATS rule published in February 2012 set emissions limits, to be achieved by 2015, for mercury and other toxic air emissions from coal-fired electric utility boilers. For Austin Energy, this rule applies to FPP Units 1 and 2. Numerous states and industry groups continue to legally challenge USEPA's determination that the rule is needed, and USEPA has proposed changes to the rule.

Austin Energy and its operating partner at FPP have already made the necessary investment to comply with MATS and will continue to comply until further direction is provided from the courts and USEPA.

Cross-State Air Pollution Rule and Clean Air Interstate Rule

Austin Energy's large facilities have been complying with the Cross-State Air Pollution Rule ("CSAPR") since 2015. On September 7, 2016, USEPA finalized an update to the CSAPR rule. The final rule lowered the State's Phase II ozone season budgets by approximately an additional 10%. Austin Energy emission of nitrogen oxide ("NOx") exceeded allocations in 2018 and are expected to do so in 2019, resulting in the need to purchase excess allowances on the market.

Environmental Regulation Related to Water Discharges

Cooling water intake structures

Section 316(b) of the Clean Water Act establishes requirements to minimize the impact of cooling water intake structures on aquatic organisms. The USEPA promulgated revised standards in 2014 that require cooling water intake structures to be designed to limit organism impingement and entrainment. All major power plants with once-through cooling will be required to complete studies over the next four years assessing impacts to aquatic organisms and appropriate mitigation measures, and plants with potential impacts could be required to upgrade intake structures to meet the new criteria. The rule applies to the City's Decker Creek Power Station and FPP. However, both facilities were built on reservoirs specifically made for cooling, which the rule effectively exempts from some of the major requirements. Overall risk associated with this rule is believed to be low at this time.

Effluent Limit Guideline (ELG) regulations

On November 3, 2015, the USEPA finalized technology-based wastewater effluent limitation guidelines and standards for steam electric power generating units, primarily focused on discharges associated with coal generating facilities. The standards provide for a phased-in approach and the use of technologies already installed at many power plants. As a result of conversion to dry ash handling and onsite treatment of scrubber discharge at FPP. Austin Energy does not anticipate any significant compliance requirements for this rule at this time.

Environmental Regulation Related to Hazardous Wastes and Remediation

In January 2015, the USEPA promulgated a rule that sets new requirements for the storage of Coal Combustion Residuals ("CCRs") and potentially reclassifies those CCRs as a hazardous waste when stored in a landfill. FPP, like all coal burning plants, generates CCRs such as fly ash, bottom ash and gypsum. FPP currently recycles the majority of its CCR for beneficial use, such as for road base or as cement substitutes, with the remaining fractions stored onsite in a landfill for possible future use (recycle rates depend on market demand for the product). In 2011, Austin Energy and the Lower Colorado River Authority ("LCRA") completed a project to permanently close a "wet" ash pond where ash slurry had previously been sent for dewatering before recycle, and converted ash handling to a dry system. The final rule does not designate CCRs as hazardous and largely minimizes any requirements on existing CCR storage units currently at FPP. FPP is in compliance with existing CCR rule requirements and Austin Energy does not anticipate any significant future costs associated with this rule at this time.

Nuclear Regulation

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

The South Texas Nuclear Power Plant, in which the City owns a partial interest ("STP") is protected by provisions of the Price-Anderson Act, a comprehensive statutory arrangement providing limitations on nuclear liability and governmental indemnities even though the statutory protections for many non-commercial reactors are different. The Price-Anderson Act expires on December 31, 2025. As of September 30, 2018, the limit of liability under the Price-Anderson Act for licensees of nuclear power plants remains at $14.1 billion per unit per incident, and the maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is $137.609 million per unit, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $20.496 million per year per reactor for each nuclear incident. The City and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests in STP. For purposes of the assessments, STP has two licensed reactors. The participants (including the City) have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC, in accordance with the financial protection requirements of the Price-Anderson Act.

A Master Worker Nuclear Liability policy, with a maximum limit of $450 million (as of September 30, 2018) for the nuclear industry as a whole, provides protection from nuclear-related claims of workers employed in the nuclear industry after January 1, 1988 who do not use the workers' compensation system as sole remedy and bring suit against another party.

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

The owners of STP currently maintain $2.75 billion of nuclear property insurance, which is above the legally required amount of $1.06 billion for such losses ($2.75 billion is the maximum amount available for purchase from Nuclear Electric Insurance Limited ("NEIL")). Nuclear property insurance consists of $1.5 billion in primary property damage insurance and $1.25 billion of excess property damage insurance, both subject to a retrospective assessment being paid by all members of NEIL. In the event that property losses as a result of an accident at any nuclear plant insured by NEIL exceed the accumulated fund available to NEIL, a retrospective assessment could occur. The maximum aggregate assessment under current policies for accidental outage insurance, primary and excess property damage insurance is $59.6 million during any one policy year with insurance premiums being prorated per member share. This number changes annually and is calculated as 10 times the current premium for each policy. A small portion of the primary nuclear property damage insurance is provided by European Mutual Association for Nuclear Insurance ("EMANI") which is also subject to retrospective assessment of up to $1.864 million, which is six times the current calendar year premium.

The NRC regulations set forth minimum amounts required to demonstrate reasonable financial assurance of funds for decommissioning of nuclear reactors. Beginning in 1990, each holder of an operating license is required to submit to the NRC a bi-annual report indicating how reasonable assurance would be provided. The City provides the required report on its share of STP to the NRC which is based on the minimum amount for decommissioning, excluding waste disposal, as required by the NRC regulations of $105 million per unit (January 1986 dollars). This minimum is required to be adjusted annually in accordance with the adjustment factor formula set forth in the regulations. The 2018 report provided by the City based reasonable assurance on the minimum amount (January 1986 dollars) as adjusted by the adjustment factor formula set forth in the regulations. The City established an external irrevocable trust for decommissioning with JPMorgan Chase Bank, N.A, and as of October 2016, transferred the trust to Wilmington Trust, National Association. The City has been collecting for its share of anticipated decommissioning activities, which may begin as early as 2047, through its rates since Fiscal Year 1989. The market value of assets held in the decommissioning trust as of June 30, 2019 was $229,279,531. For Fiscal Year 2019, Austin Energy estimates that it will continue to collect approximately $5 million for decommissioning expense. In 2018 dollars, the minimum amount for decommissioning the City's share of STP is $397 million. See "INVESTMENTS – Legal Investments" in this document.

Events Affecting the Nuclear Industry

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

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

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

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

The third NRC order requires all plants to install enhanced equipment for monitoring water levels in each plant's spent fuel pool. The ISG for this order largely endorses an industry document that the staff concludes will successfully implement the order. The ISG defines in more detail the water levels the new equipment must accurately report, as well as standards for equipment mounting, powering and testing, personnel training and other criteria. The final ISG notes several areas, including instrument qualifications and instrument protection from falling debris, where the industry revised its initial approach. An exception in the staff's endorsement sets specific seismic criteria to ensure the instruments will survive an earthquake. This ISG is available in ADAMS under accession number ML12221A399; the associated industry document is available under accession number ML12240A304. STP has completed engineering design and installation of equipment and modifications to address these requirements and has had the final closeout inspection by the NRC. The NRC has accepted STP's completion letter and no further action is required for this order.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the main text of this Official Statement within the tables numbered one through twelve and in APPENDIX B. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City will update and provide this financial information and operating data as of the end of each fiscal year within six months after the end of each fiscal year, beginning with the fiscal year ending in 2019 and audited financial statements within 12 months of each fiscal year beginning with the fiscal year ending in 2019. If audited financial statements are not available within 12 months after any such fiscal year end, the City will provide unaudited financial statements within such 12 month period and audited financial statements for such fiscal year when and if the audit report on such statements becomes available. The City will provide the updated information to the MSRB through its Electronic Municipal Market Access ("EMMA") information system.

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

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

Disclosure Event Notices

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

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

Availability of Information

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

With respect to the City's continuing disclosure agreement regarding the Rental Car Special Facility Revenue Bonds, the City failed to file rating upgrades from Moody's and Fitch within the ten day window which started on July 10, 2015 and August 17, 2016, respectively. The City filed the event notices with respect to the ratings upgrade on December 14, 2016. The failure to file the ratings upgrade in a timely manner was also filed on the same date. With respect to the continuing disclosure agreement entered into by Austin-Bergstrom Landhost Enterprise ("ABLE"), with respect to its Series 1999A & 1999B Bonds, ABLE did not file its financial statements by the June 30 deadline for Fiscal Year December 31, 2015. The financial statements were filed on July 19, 2016 and the failure to file notice was posted on September 1, 2017. The referenced ABLE bonds are no longer outstanding. With respect to the City's continuing disclosure reports regarding its outstanding Airport System Revenue Bonds, the City determined that a table had transposed years in the presentation of data in such report that was filed in 2015, and the City filed corrected information for such table on May 8, 2015. With respect to the City's continuing disclosure reports regarding its outstanding Combined Utility Revenue Bonds, Water and Wastewater System Revenue Bonds, and Electric Utility System Revenue Bonds, on April 25, 2016, the City filed updated financial information and operating data to reflect audited financial information as well as updated information in the "Comparative Analysis of Electric Utility System and Water and Wastewater System Operations," "Operating Statement Electric Utility System and Water and Wastewater System" and "The Electric Utility System and Water and Wastewater System (Plant Cost and Equity in Utility Systems)" tables previously filed. On February 3, 2017, the City filed a ratings upgrade notice for the Prior First-Lien Combined Electric, Water and Wastewater Revenue Bonds, which took place on July 1, 2015. The failure to file the ratings upgrade in a timely manner was also filed on the same date. On June 30, 2017, the City filed updated financial information and operating data to reflect Fiscal Year 2016 information on the first page of the "Water Service Rates" table. The City has implemented procedures to ensure timely filing of all future financial information and event notices and will continue to provide updates to the financial information and operating data as changes occur.

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TAX MATTERS

Certain Federal Income Tax Considerations

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

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

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

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

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number

("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the withholding or backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Tax-Exempt Obligations

Opinion

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate related to the Tax-Exempt Obligations, and (b) covenants of the City contained in the Tax-Exempt Obligation documents relating to certain matters, including arbitrage and the use of the proceeds of the Tax-Exempt Obligations and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Tax-Exempt Obligations to become taxable retroactively to the date of issuance. In addition, with respect to the Bonds, Bond Counsel to the City will rely upon the report of Robert Thomas CPA, LLC, certified public accountants, reporting calculation of yield on the Bonds and the Refunded Obligations; see "VERIFICATION OF MATHEMATICAL CALCULATIONS" in this document.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

Future and Proposed Legislation

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

Taxable Obligations

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

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

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

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

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

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

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

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

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

The report of the Verification Agent will include the statement that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it and that it has no obligation to update its report because of events occurring, or data or information coming to their attention, subsequent to the date of their report. The report of the Verification Agent will be relied upon by Bond Counsel in rendering its opinions with respect to the exclusion of interest on the Bonds for federal income tax purposes and with respect to the defeasance of the Refunded Obligations.

OTHER RELEVANT INFORMATION

Ratings

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

Litigation

A number of claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City Attorney and the City Management are of the opinion that resolution of the claims pending (including the matter described below) will not have a material effect on the City's financial condition.

Electric Utility System Litigation

On May 3, 2017, Data Foundry, Inc., filed a lawsuit against the City (Cause No. D-1-GN-17-000937 in the 419th Judicial District Court of Travis County, Texas), alleging that the ERCOT nodal market design disqualifies the City's electric generation assets from being considered as used and useful for the purpose of establishing rates for electric service to the City's retail customers, and otherwise challenging the reasonableness of the City's rate of return and debt service coverage levels. The lawsuit seeks declaratory relief that the City's current retail electric rates are unlawful due to the inclusion of costs and return related to generation assets, and seeks a permanent injunction against the City's establishing electric rates that include costs and return related to generation assets and operations. The City filed a motion to dismiss the case under Rule 91(a) of the Texas Rules of Civil Procedure. The case was dismissed by the trial court on November 27, 2017 on the basis that the plaintiff lacked standing to bring a lawsuit challenging the City's rates. Data Foundry appealed the trial court's decision to the 14th Court of Appeals in Houston (Cause No. 14-18-00071-CV). On April 23, 2019, the appellate court partially upheld the trial court's dismissal of the case, holding that the City's inclusion of generation costs in retail rates was proper and dismissing other claims, but remanded the remainder of the case on the grounds that municipal utility ratepayers have general standing to bring suit alleging the excessiveness of utility rates.

Registration and Qualification

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Legal Matters

The delivery of each series of the Obligations is subject to the approval of the Attorney General of Texas to the effect that such Obligations are valid and legally binding obligations of the City payable from the sources and in the manner described in this document and in the respective Ordinances and the approving legal opinions of Bond Counsel. The forms of Bond Counsel's opinions are attached to this document in APPENDIX C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. The legal opinions of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. In addition, certain legal matters will be passed upon (i) for the City by Bracewell LLP, disclosure counsel for the City, and (ii) for the Underwriters by Haynes and Boone, LLP, counsel to the Underwriters. The legal fees of such firms are contingent upon the sale and delivery of the Obligations.

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

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

Financial Advisor

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

Independent Auditors

The financial data listed as fiscal year 2019 has been derived from the unaudited internal records of the City. The City's independent auditors have not reviewed, examined, or performed any procedures with respect to the unaudited financial information, nor the forward-looking financial information, nor have they expressed any opinion or any other form of assurance on such information, and assume no responsibility for, and disclaim any association with the unaudited financial information. The unaudited information is preliminary and is subject to change as a result of the audit and may differ from the audited financial statements when they are released.

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

Underwriting

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Bonds from the City at a price equal to the initial offering prices shown on page ii of this Official Statement, less an underwriting discount of $532,647.04. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Certificates from the City at a price equal to the initial offering prices shown on page ii of this Official Statement, less an underwriting discount of $20,615.65. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Contractual Obligations from the City at a price equal to the initial offering prices shown on page ii of this Official Statement, less an underwriting discount of $92,497.72. The Underwriters will be obligated to purchase all of the Contractual Obligations if any Contractual Obligations are purchased. The Contractual Obligations may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Taxable Bonds from the City at a price equal to the initial offering prices shown on page iii of this Official Statement, less an underwriting discount of $164,028.64. The Underwriters will be obligated to purchase all of the Taxable Bonds if any Taxable Bonds are purchased. The Taxable Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions to delivery, to purchase the Taxable Certificates from the City at a price equal to the initial offering prices shown on page iii of this Official Statement, less an underwriting discount of $60,432.78. The Underwriters will be obligated to purchase all of the Taxable Certificates if any Taxable Certificates are purchased. The Taxable Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

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

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

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

Forward - Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements included in this document are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Authenticity of Financial Data and Other Information

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

Approval of the Official Statement

This Official Statement, and the execution and delivery of this Official Statement, was approved and authorized by each of the Ordinances adopted by the City Council on August 22, 2019.

/s/ Steve Adler
Mayor
City of Austin, Texas

ATTEST:

/s/ Jannette S. Goodall
City Clerk
City of Austin, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

GENERAL INFORMATION

The City of Austin (the "City"), chartered in 1839, has a Council-Manager form of government with a Mayor who is elected at large and ten Councilmembers who are elected by geographic district. The City Manager, appointed by the City Council, is responsible to the City Council for the management of all City employees and administration of all City affairs.

The City, which is the capital of Texas, is the fourth largest city in the state—behind Houston, Dallas, and San Antonio—and the eleventh largest in the nation, with, according to the City's estimates, a September 2018 population of 963,797. Over the past ten years, Austin's population has increased by approximately 25.1%, or 193,501 residents. Geographically, the City consists of approximately 326 square miles. The current estimated median household income for residents of the City is $63,191 according to Nielsen SiteReports. The City's per capita income is estimated to be $57,600.

The City offers several broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with 49% of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 29% for Texas and 31% 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), the seventh largest public university in the nation, is known as a world-class center of education and research and was ranked 15th among public universities in the 2018 U.S. News and World Report Best Colleges survey of undergraduate programs.

The City is nationally recognized as a great place to live due in part to its diverse, educated and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. The City draws its special character from its physical setting along the Balcones Escarpment, wedged between coastal plains and dramatic cliffs, canyons, and juniper-carpeted rolling hills. Austin's quality of life has become a critical economic development engine, and the City's diverse demographic structure serves to support and enrich its quality of life.

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 are 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.

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:

- Grow as a compact, connected city
- Integrate nature into the city
- Provide paths to prosperity for all
- Develop as an affordable and healthy community
- Sustainably manage water, energy, and other environmental resources
- Think creatively and work together

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, voters approved the City's $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 2019 includes $67.7 million for mobility projects including sidewalks, bike lanes, urban trails, and the Corridor Construction Program improvements. Progress continues on several joint interchange projects along Interstate 35 with the Texas Department of Transportation, one of the City's regional partners. An additional $160 million in bond funding was approved by city-wide election in November 2018, which will fund a number of transportation projects including a replacement for one of the bridges over Lady Bird Lake. In addition to capital projects, the City is undergoing a pilot program for licensing dockless scooters and bicycles to improve mobility in the central city. Over 15,000 scooters have been licensed by nine companies in Austin's core neighborhoods and downtown.

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. For 2019 there were no base rate increases for five of the City's six rate assessing enterprise departments. This is significant, as there have been rate increases in at least two of these departments for each of the previous nine budget cycles.

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 2007, the median sales price of a home increased almost 60% gradually pricing more and more families out of the home buying market. At a June 2018 City Council meeting, action was taken to increase the general homestead exemption from 8% to 10% of eligible property value. In the November 2018 bond election, voters approved $250 million for planning, constructing and renovating affordable housing facilities for low- and moderate-income residents. Additionally, the current budget fully funds the Housing Trust Fund for the first time, enabling the City to reach income-restricted affordable housing goals adopted in the Austin Strategic Housing Blueprint.

In the arena of economic opportunity, the Small and Minority Business Resources Department will conduct a new disparity study to examine the participation of women and minority-owned businesses in public sector contracting over the past several years. Results of the study will form the basis of the MBE/WBE Procurement Program.

Safety – The 2019 budget includes 6 additional Airport Police officers, 16 sworn fire personnel, funding for 27 additional APD officers, and two new fire stations. Austin's Fire Department responds to approximately 87,000 incidents per year. The department's goal is to reach each emergency location within 8 minutes of call receipt. As the City develops and expands, this goal is an increasing challenge. In response, completion of a new fire station and design work on two others is slated for FY 2019. In tandem with the pilot program to license dockless mobility devices previously mentioned, Austin Health is working with the Centers for Disease Control to conduct a safety study, the first of its kind in the nation. Results of the study will be used to make recommendations for safe usage of the new technology.

Health & Environment – Reducing reliance on traditional higher-polluting fuel sources is behind the $220 million budgeted for Austin Energy to purchase more sustainable fuel sources in fiscal year 2019. Funding was provided for Austin Resource Recovery toward the purchase of vehicles for existing programs as well as vehicles and containers for expanding the curbside composting program, which is adding approximately 52,000 households in fiscal year 2019. In addition, several departments received recognition for their sustainability efforts:

- The new Central Library was awarded LEED Platinum status in July 2018. The platinum designation is the highest level of recognition awarded by the U.S. Green Building Council and only six commercial buildings have ever received it
- In July 2018, Austin Water received Platinum Certification from The Alliance for Water Efficiency for excellence in water conservation program operation and management.
- In October 2018, the Airports Council International awarded Austin Bergstrom International Airport a Level 2 Accreditation in its Airport Carbon Accreditation Program, which recognizes the airport's efforts in reducing its overall carbon footprint. In addition to participating in Austin Energy's GreenChoice® program for terminal operations, ABIA has replaced over 30 diesel powered vehicles with electric vehicles.

Cultural and Learning Opportunities – Established in fiscal year 2018, the Historic Preservation Fund was allocated additional funding from the Hotel-Motel Occupancy Tax in order to preserve, restore and rehabilitate historic structures city-wide. Also, the bond elections in November 2018 saw approval for $128 million for development of community, cultural and creative arts facilities.

Government that Works – The five-year capital improvements spending plan includes $1.1 billion in support of this priority, of which $262.7 million is expected to be expended in 2019. The majority of funding supports maintenance of and upgrades to the City's electric and water and wastewater systems to ensure continued incremental improvement to the condition and quality of these crucial components of the City's infrastructure. Funding is also included for technological replacement and enhancement such as a new data center and conversion to a remote water meter reading system which uses cellular or radio transmission.

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 has 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. These policies dictate 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 in the operating and capital budgets. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the Austin community.

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 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 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 the City's financial policies and the area's healthy economy, the City's general obligation bond ratings remain "AAA" from three of the major rating agencies, Moody's, S&P, and Fitch. Through defeasances in 2018 and 2019, Austin Water has retired $109.2 million of debt which improved debt service coverage and reduced scheduled debt service payments over the next five years.

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 CIP 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 City's 2018 CAFR, the City continues to meet its responsibility for sound financial management.

Budgetary Information

The 2019 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. The City's Budget is now organized around strategic outcomes. The budget development process still integrates a collaborative approach to the City's finances with business planning, performance measurement, and resident input, but by organizing around City Council identified strategic outcomes, the document is more focused on the bigger picture and less on the minutiae of departmental expenditures. 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 2019 Approved Budget totals $4.1 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 (48%), various taxes (including property) (25%), charges for services and goods (14%), and other revenue such as interest, fees, and transfers (13%). The 2019 budget was approved with a 0.45 cent decrease to the property tax rate, from 44.48 to 44.03 cents per $100 of taxable value.

The City's largest enterprise department, Austin Energy, is the eighth largest municipal-owned electric utility in the U.S. in terms of customers served. Austin Energy serves more than 480,000 customers within a service territory of approximately 437 square miles in the Greater Austin area. The approved budget for fiscal year 2019 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 Austin Water, 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 2019 budget projects revenues and transfers of $613 million. For the first time in several years, the utility has a slight decrease for water and wastewater rates for 2019. Reduction in projected revenue is the result of the 2018 rate reduction.

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Fiscal Year 2020 Budget

The approved fiscal year 2020 operating budget was prepared in accordance with guidelines provided by the City Council. The certified rollback tax rate of $0.4431 per $100 assessed valuation is estimated to generate revenue for the approved budget as set forth below. The following is a summary of the fiscal year 2020 General Fund Budget, which was adopted by City Council on September 10, 2019.

Beginning Balance, October 1, 2019 (Budget Basis)

Summary of Budgeted General Fund Resources		
Revenue:		
General Property Taxes	$ 531,298	
City Sales Tax	251,823	
Other Taxes	14,612	
Gross Receipts/Franchise Fees	29,028	
Miscellaneous	103,330	
Total Revenue		$ 930,091
Transfers In:		
Electric Revenue	$ 111,000	
Water Revenue	47,486	
Total Transfers In		158,486
Total General Fund Resources		$1,088,576
Summary of Budgeted General Fund Requirements		
Departmental Appropriations:		
Administrative Services	$ 31,511	
Urban Growth Management	17,850	
Public Safety	743,798	
Public Health and Human Services	85,926	
Public Recreation and Culture	153,080	
Total Departmental Appropriations		$ 1,032,164
Transfers Out		53,303
Other Requirements		3,109
Total General Fund Requirements		$ 1,088,576
Use of Beginning Balance		0
Ending Balance		$ 0
Budgeted Reserve Requirements		
Emergency Reserve		$ 64,244
Contingency Reserve		0
Property Tax Reserve		4,500
Budget Stabilization Reserve Fund		64,427
Total Budgeted Reserve Requirements		$ 133,171

The City's financial policies regarding General Fund reserves were revised, effective fiscal year 2016, to combine the General Fund Emergency Reserve and Contingency Reserve policies into one General Fund Emergency Reserve Fund and to set the target for total General Fund reserves of at least 12% of total fund requirements. The financial policies require a minimum General Fund Emergency Reserve Fund and General Fund Budget Stabilization Reserve Fund balance of 6% each of total General Fund requirements; previously, the policies set the General Fund Emergency Reserve Fund balance at $40 million and the General Fund Contingency Reserve Fund balance at 1% of departmental General Fund requirements and not less than $2,000,000, but did not set a balance for the General Fund Budget Stabilization Reserve Fund. Reserve usage and replenishment requirements did not change in the revised financial policies.

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 biennially. 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 City 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. In support of long-range capital improvement, $925 million within seven new bond propositions were approved by Austin voters in the November 2018 election.

The Capital Improvement Plan and Capital Budget

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

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

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

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Fiscal Year 2020 Capital Budget

The five-year Capital Improvement Program ("CIP") plan estimates city-wide capital spending in of $1.2 billion in fiscal year 2020. The first year of the five-year plan was used to determine the new appropriations required for inclusion in the fiscal year 2020 Capital Budget. The approved city-wide total appropriation is $1.0 billion. Appropriation by department is listed below.

Summary of Fiscal Year 2020 Capital Budget (millions):

Austin Convention Center	$14.4
Austin Energy	206.6
Austin Public Health	21.9
Austin Public Library	31.1
Austin Resource Recovery	15.6
Austin Transportation	125.5
Austin Water	122.0
Building Services	2.0
Communications and Technology Management	58.4
Economic Development	3.9
Financial Services	1.5
Emergency Medical Services	17.2
Fire	60.8
Fleet	24.8
Neighborhood Housing and Community Development	59.0
Parks and Recreation	91.0
Planning and Zoning	1.0
Police	1.5
Public Works	50.1
Watershed Protection	111.8
TOTAL PROPOSED NEW APPROPRIATIONS	$1,020.2

ADDITIONAL INFORMATION

Ten Largest Employers (As of September 30, 2018)

Employer	Product or Service	Employees
State Government	Government	37,890
The University of Texas at Austin	Education	23,925
City of Austin	Government	14,038
Federal Government	Government	13,756
HEB Grocery	Grocery/Retail	13,000
Dell Computer Corporation	Computers	13,000
Austin Independent School District	Education	11,379
Seton Healthcare Network	Healthcare	10,309
St. David's Healthcare Partnership	Healthcare	9,947
Samsung Austin Semiconductor	Manufacturer	8,935

Source: 2018 Comprehensive Annual Financial Report

Demographic and Economic Statistics - Last Ten Years

Year	City of Austin Population (1)	Area of Incorporation (Square Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Per Capita Personal Income MSA (3)	Unemployment Rate (MSA) (4)
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	1,835,298	84,319,550	46,818	45,943	5.7%
2013	841,649	321	1,884,439	87,138,010	46,436	46,241	5.1%
2014	878,002	321	1,943,465	95,231,402	49,227	49,001	4.2%
2015	899,919	323	2,000,860	102,072,207	52,519	51,014	3.4%
2016	925,491	326	2,056,405	106,040,064	56,163	55,065	3.2%
2017	937,065	325	2,007,799	112,009,610	56,849	53,908	2.9%
2018	963,797	326	2,130,664(6)	122,793,898(5)	63,191(6)	57,600(5)	2.9%
2009-2018 Change	25.12%	7.95%	26.65%	91.00%	32.98%	50.73%	

Note: Prior year statistics are subject to change as more precise numbers become available.
(1) Source: City Demographer, City of Austin, Neighborhood Planning and Zoning Department based on full purpose area as of September 30.
(2) Source: Bureau of Economic Analysis for all years except 2018 which will not be available until later in 2019.
(3) Source: Claritas, a Nielson Company.
(4) Source: Bureau of Labor Statistics; United States Department of Labor as of September 30.
(5) Data not available for 2018. Figures are estimated.
(6) Source: Nielsen SiteReports.

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City Sales Tax Collections (In Millions) (1)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-14	$15.123	1-1-15	$15.260	1-1-16	$16.138	1-1-17	$17.697	1-1-18	$18.369	1-1-19	$18.697
2-1-14	19.112	2-1-15	21.092	2-1-16	21.884	2-1-17	21.866	2-1-18	22.174	2-1-19	23.474
3-1-14	13.782	3-1-15	14.677	3-1-16	15.667	3-1-17	16.597	3-1-18	17.895	3-1-19	19.197
4-1-14	13.803	4-1-15	14.345	4-1-16	15.528	4-1-17	17.370	4-1-18	16.939	4-1-19	18.499
5-1-14	17.750	5-1-15	19.404	5-1-16	19.258	5-1-17	18.790	5-1-18	21.249	5-1-19	21.771
6-1-14	15.581	6-1-15	15.958	6-1-16	17.070	6-1-17	16.838	6-1-18	18.371	6-1-19	20.966
7-1-14	14.723	7-1-15	16.180	7-1-16	16.836	7-1-17	18.059	7-1-18	19.552	7-1-19	20.275
8-1-14	16.970	8-1-15	19.483	8-1-16	21.467	8-1-17	19.930	8-1-18	20.338		
9-1-14	15.385	9-1-15	16.429	9-1-16	16.352	9-1-17	17.401	9-1-18	19.701		
10-1-14	15.309	10-1-15	16.514	10-1-16	17.106	10-1-17	17.828	10-1-18	19.502		
11-1-14	17.734	11-1-15	18.952	11-1-16	19.059	11-1-17	19.382	11-1-18	20.661		
12-1-14	15.735	12-1-15	16.269	12-1-16	17.033	12-1-17	17.567	12-1-18	20.482		
	$191.01		$204.56		$213.40		$219.33		$235.23		$142.88

(1) Sales taxes are not pledged to the payment of the Obligations.
Source: City of Austin, Budget Office

Utility Connections

	Utility Connections		
Year	Electric (1)	Water (1)	Gas (1)
2008	397,100	207,979	198,718
2009	407,926	209,976	208,232
2010	413,870	210,885	204,823
2011	417,865	212,752	213,365
2012	422,375	214,928	217,170
2013	430,582	217,070	216,688
2014	439,403	217,036	223,500
2015	450,479	223,164	228,700
2016	461,345	227,432	223,158
2017	472,701	231,014	226,749
2018	485,204	235,174	221,314

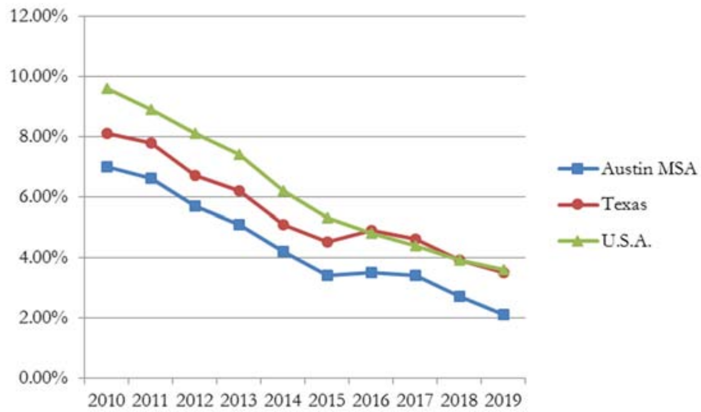
(1) Based on the City's fiscal year, which runs October 1 through September 30.
Source: Various including the City of Austin, Texas Gas Services, Atmos Energy and Centerpoint Energy.

Employment by Industry in the Austin Metropolitan Area (1)

	2014		2015		2016		2017		2018	
		% of total		% of total		% of total		% of total		% of total
Mining, Logging, and Construction	50,700	5.49%	55,300	5.74%	58,800	5.87%	62,100	6.00%	64,100	6.00%
Manufacturing	57,200	6.20%	55,600	5.77%	55,800	5.57%	57,300	5.54%	60,300	5.64%
Trade, Transportation, and Utilities	157,000	17.01%	163,100	16.93%	170,100	16.99%	174,800	16.89%	179,800	16.82%
Information	25,400	2.75%	27,700	2.88%	29,000	2.90%	30,700	2.97%	33,000	3.09%
Financial Activities	51,900	5.62%	54,100	5.62%	57,000	5.69%	60,200	5.82%	62,900	5.88%
Professional and Business Services	151,800	16.45%	162,600	16.88%	171,000	17.08%	177,600	17.16%	186,600	17.45%
Education and Health Services	106,400	11.53%	111,600	11.58%	115,600	11.55%	120,600	11.66%	125,000	11.69%
Leisure and Hospitality	107,100	11.60%	115,500	11.99%	122,000	12.19%	125,700	12.15%	129,600	12.12%
Other Services	42,300	4.58%	42,700	4.43%	43,800	4.37%	45,000	4.35%	45,600	4.27%
Government	173,200	18.76%	175,200	18.19%	178,100	17.79%	180,700	17.46%	182,200	17.04%
Total nonfarm employment	923,000	100%	963,400	100%	1,001,200	100%	1,034,700	100%	1,069,100	100%

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

Average Annual Unemployment Rate



	Austin MSA	Texas	U.S.A.
2010	7.0%	8.1%	9.6%
2011	6.6%	7.8%	8.9%
2012	5.7%	6.7%	8.1%
2013	5.1%	6.2%	7.4%
2014	4.2%	5.1%	6.2%
2015	3.4%	4.5%	5.3%
2016	3.5%	4.9%	4.8%
2017	3.4%	4.6%	4.4%
2018	2.9%	3.9%	3.9%
2019(1)	2.7%	3.6%	3.8%

Note: Information is updated periodically; data contained in this document is latest provided.
Source: Texas Labor Market Review, Texas Workforce Commission.
(1) As of June 2019.

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Housing Units

Rental rates in the City averaged $1.46 per square foot, with an occupancy rate of 93.1% as of January 1, 2019, per Capitol Market Research.

Residential Sales Data

Year	Number of Sales	Total Volume ($)	Average Price ($)
2010	19,547	4,819,525,215	246,600
2011	21,034	5,281,953,406	251,100
2012	25,198	6,706,091,541	266,100
2013	29,970	8,601,985,078	287,000
2014	30,150	9,269,541,100	307,400
2015	31,560	10,462,239,995	331,500
2016	32,955	11,450,827,153	347,500
2017	33,947	12,447,529,430	366,675
2018	34,673	13,214,215,997	381,110
2019 (1)	17,988	7,065,024,558	392,763

Source: Real Estate Center at Texas A&M University.

(1) As of June 2019.

City-Wide Austin Office Occupancy Rate

Year	Occupancy Rate
2010	80.0%
2011	82.7%
2012	86.8%
2013	89.2%
2014	90.9%
2015	90.9%
2016	91.8%
2017	89.5%
2018	89.4%
2019(1)	89.4%

(1) As of June 2019.
Source: Cushman & Wakefield.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

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CITY OF AUSTIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City"), as of and for the year ended September 30, 2018, 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 represents 99.9% of the assets, 97.8 % of net position, and 98.9% of revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 2018, 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.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the City adjusted its beginning net position as of October 1, 2017, to reflect the impact of the implementation of Governmental Accounting Standards Board Statements No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this change.

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 other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

February 28, 2019

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, 2018.

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. 82, No. 85 through No. 86, and No. 89.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The City's assets and deferred outflows exceeded its liabilities and deferred inflows in fiscal year 2018, resulting in $3.7 billion of net position. Net position associated with governmental activities is a deficit of approximately $253.2 million, while the net position associated with business-type activities is approximately $4.0 billion, or 106.8% 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 110.9% of total net position.

The City's unrestricted net position is a deficit of $1.3 billion. Unrestricted net position for governmental activities is a deficit of $2.1 billion, while unrestricted net position for business-type activities is approximately $789.2 million, or 19.9% of total business-type net position. The deficit in governmental unrestricted net position is largely due to the net pension liability of $1.1 billion and other postemployment benefits payable of $1.6 billion.

During fiscal year 2018, total net position for the City of Austin increased $102.5 million or 2.8%. Of this amount, governmental activities decreased $68.9 million, or 37.4% from the previous year and business-type activities increased $171.4 million, or 4.5%.

Total revenues for the City increased $144.2 million; revenues for governmental activities increased $102.8 million; revenues for business-type activities increased $41.4 million. Total expenses for the City increased $162.6 million; expenses for governmental activities increased $27.1 million; expenses for business-type activities increased $135.5 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 Urban Renewal Agency (URA), the Austin Industrial Development Corporation (AIDC), Mueller Local Government Corporation (MLGC), and Austin-Bergstrom International Airport (ABIA) Development Corporation. The operations of AHFC, URA, AIDC, MLGC, and ABIA 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 four discretely presented component units: Austin-Bergstrom Landhost Enterprises, Inc. (ABLE), Austin Convention Enterprises, Inc. (ACE), Waller Creek Local Government Corporation (WCLGC) and Austin/Travis County Sobriety Center Local Government Corporation (SCLGC). 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. There was no WCLGC activity in fiscal year 2018.

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:

Fund Types/Other	Government-wide	Fund Financials
General Fund	Governmental	Governmental - Major
Special revenue funds	Governmental	Governmental - Nonmajor
Debt service funds	Governmental	Governmental - Nonmajor
Capital projects funds	Governmental	Governmental - Nonmajor
Permanent funds	Governmental	Governmental - Nonmajor
Internal service funds	Governmental	Proprietary
Governmental capital assets, including infrastructure assets	Governmental	Excluded
Governmental liabilities not expected to be liquidated with available expendable financial resources	Governmental	Excluded
Austin Energy	Business-type	Proprietary - Major
Austin Water 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	Discretely Presented Component Units

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

c -- Notes to the financial statements

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

d -- Other information

The Required Supplementary Information (RSI) section immediately follows the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund plus 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, as restated:

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	$ 738,058	658,456	1,775,185	1,662,516	2,513,243	2,320,972
Capital assets	3,028,885	2,949,094	8,157,304	7,909,044	11,186,189	10,858,138
Other noncurrent assets	172,731	161,139	2,263,075	2,139,577	2,435,806	2,300,716
Total assets	3,939,674	3,768,689	12,195,564	11,711,137	16,135,238	15,479,826
Deferred outflows of resources	419,521	359,842	361,090	342,671	780,611	702,513
Current liabilities	419,484	361,031	512,245	532,870	931,729	893,901
Noncurrent liabilities	4,106,241	3,945,608	6,737,881	6,517,668	10,844,122	10,463,276
Total liabilities	4,525,725	4,306,639	7,250,126	7,050,538	11,775,851	11,357,177
Deferred inflows of resources	86,679	6,228	1,347,043	1,215,205	1,433,722	1,221,433
Net position:						
Net investment in capital assets	1,735,481	1,709,146	2,375,219	2,358,240	4,110,700	4,067,386
Restricted	146,496	140,299	795,049	702,749	941,545	843,048
Unrestricted (deficit)	(2,135,186)	(2,033,781)	789,217	727,076	(1,345,969)	(1,306,705)
Total net position	$ (253,209)	(184,336)	3,959,485	3,788,065	3,706,276	3,603,729

In the current fiscal year, total assets increased $655.4 million and deferred outflows of the City increased by $78.1 million. Total liabilities increased $418.7 million and deferred inflows increased by $212.3 million. Governmental-type total assets increased by $171.0 million and business-type increased by $484.4 million, while governmental-type liabilities increased by $219.1 million and business-type increased by $199.6 million.

The most significant increase in governmental total assets resulted from an increase in capital assets of $79.8 million as the City continues to build out projects from the 2012 and 2016 bond programs. Factors in the increase of governmental-type liabilities include increases in bonds payable of $20.9 million, related primarily to the 2012 and 2016 bond programs along with a decrease in the net pension liability of $136.0 million and an increase in other postemployment benefits payable of $278.6 million.

The most significant factor in the increase of business-type total assets is related to growth in capital assets of $248.3 million or 51.2% of the increase in business-type total assets, of which approximately $200.0 million is related to the Airport terminal expansion. The primary factor in the increase in business-type total liabilities of $199.6 million is due to an increase in other postemployment benefits of $190.6 million.

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3.7 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 110.9% 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, $941.0 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 $1.3 billion of unrestricted net position. Unrestricted net position decreased $39.3 million in the current fiscal year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for business-type activities. However, governmental activities as well as the government as a whole report a deficit of $2.1 billion and $1.3 billion for unrestricted net position, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net position

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

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Program revenues:						
Charges for services	$ 173,400	176,640	2,543,788	2,500,259	2,717,188	2,676,899
Operating grants and contributions	42,489	45,162	876	861	43,365	46,023
Capital grants and contributions	107,865	90,256	122,396	137,464	230,261	227,720
General revenues:						
Property tax	616,745	554,631	--	--	616,745	554,631
Sales tax	232,319	218,790	--	--	232,319	218,790
Franchise fees and gross receipts tax	159,754	151,670	--	--	159,754	151,670
Interest and other	34,333	26,950	27,730	14,801	62,063	41,751
Total revenues	1,366,905	1,264,099	2,694,790	2,653,385	4,061,695	3,917,484
Program expenses:						
General government	200,125	192,231	--	--	200,125	192,231
Public safety	704,566	719,032	--	--	704,566	719,032
Transportation, planning, and sustainability	72,240	72,517	--	--	72,240	72,517
Public health	117,578	119,278	--	--	117,578	119,278
Public recreation and culture	173,333	161,226	--	--	173,333	161,226
Urban growth management	176,453	156,180	--	--	176,453	156,180
Interest on debt	65,147	61,879	--	--	65,147	61,879
Electric	--	--	1,268,610	1,277,623	1,268,610	1,277,623
Water	--	--	312,276	281,787	312,276	281,787
Wastewater	--	--	286,736	219,609	286,736	219,609
Airport	--	--	184,084	158,863	184,084	158,863
Convention	--	--	80,990	75,377	80,990	75,377
Environmental and health services	--	--	111,184	108,658	111,184	108,658
Public recreation	--	--	9,009	8,736	9,009	8,736
Urban growth management	--	--	196,817	183,532	196,817	183,532
Total expenses	1,509,442	1,482,343	2,449,706	2,314,185	3,959,148	3,796,528
Excess (deficiency) before transfers	(142,537)	(218,244)	245,084	339,200	102,547	120,956
Transfers	73,664	40,693	(73,664)	(40,693)	--	--
Increase (decrease) in net position	(68,873)	(177,551)	171,420	298,507	102,547	120,956
Beginning net position, as previously reported	455,353	632,904	3,976,814	3,678,307	4,432,167	4,311,211
Restatement adjustment	(639,689)	--	(188,749)	--	(828,438)	--
Beginning net position, as restated (see Note 18)	(184,336)	632,904	3,788,065	3,678,307	3,603,729	4,311,211
Ending net position	$ (253,209)	455,353	3,959,485	3,976,814	3,706,276	4,432,167

Total net position of the City increased by $102.5 million in the current fiscal year. Governmental net position decreased by $68.9 million. The decrease is attributable to expenses exceeding revenues by $142.5 million before transfers from other funds of $73.7 million. Business-type net position increased by $171.4 million due to revenues exceeding expenses by $245.1 million before transfers to other funds of $73.7 million.

In addition, the City restated beginning net position for governmental and business-type activities as a result of the implementation of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits other than Pensions*". For more information, see Note 18.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

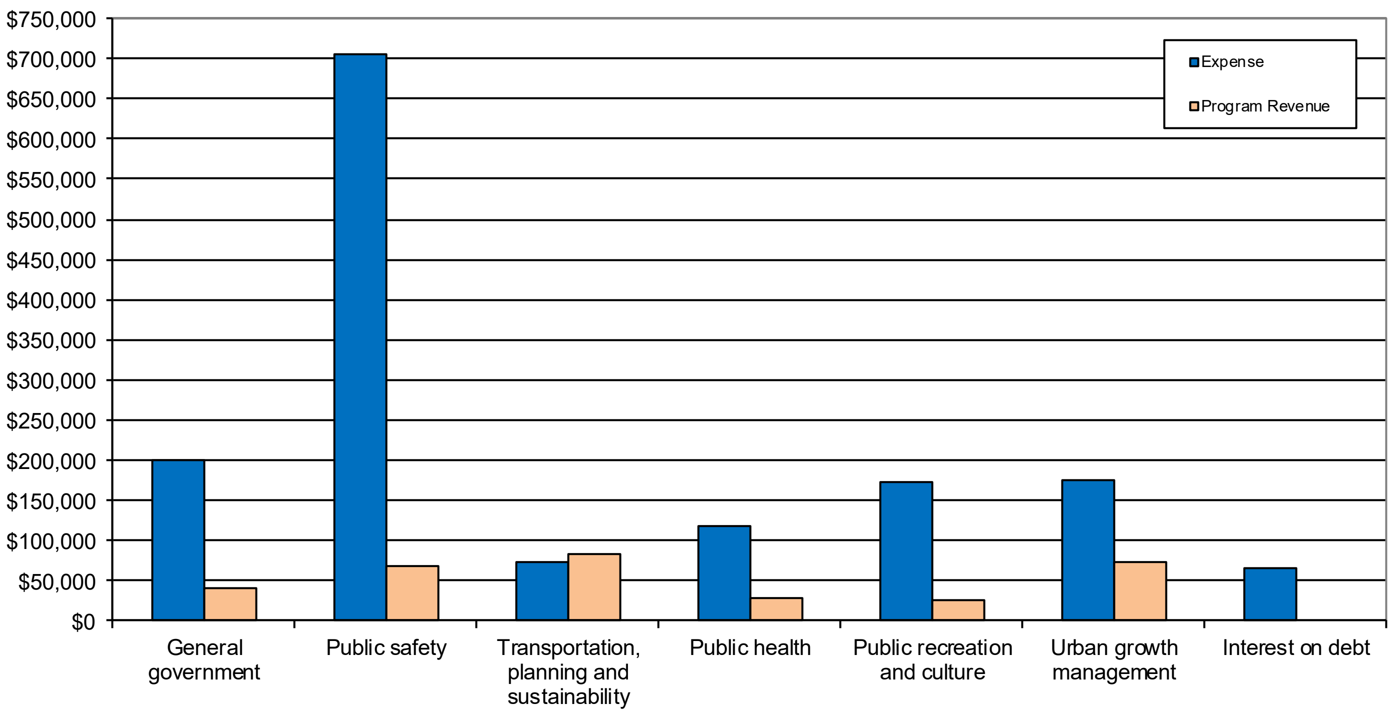
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City's net position by $68.9 million in fiscal year 2018, a 37.4% decrease of governmental net position from the previous year. Key factors for the change from fiscal year 2017 to 2018 are as follows:

- The City's property tax revenue increased by $62.1 million from the previous year due to an increase in assessed property values of $13.0 billion, while the property tax rate per $100 of valuation increased from 0.4418 to 0.4448.
- Sales tax collections and franchise fees for the year were $13.5 million and $8.1 million, respectively, more than the prior year as result of the continued improvement in the Austin economy.
- Public safety expenses decreased by $12.9 million due to the negotiated labor contract with police not being renewed during the fiscal year. This resulted in a significant number of employee retirements decreasing the compensated absence accrual by $5.4 million. In addition there was a related decrease in salaries and fringe benefits of $5.5 million.
- Public recreation and culture of expenses increased $12.1 million as the result of an increase in salaries and fringe benefits of $3.7 million, and an increase in overall expenses of $2.7 million related to the opening of the new library.
- Urban growth management expenses were $20.3 million greater than the prior year as the result of an increase in Neighborhood Housing & Conservation expenses for the implementation of the new Strategic Housing Blueprint of $16.8 million along with $5.0 million decrease in drainage utility reimbursements to development services.

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.

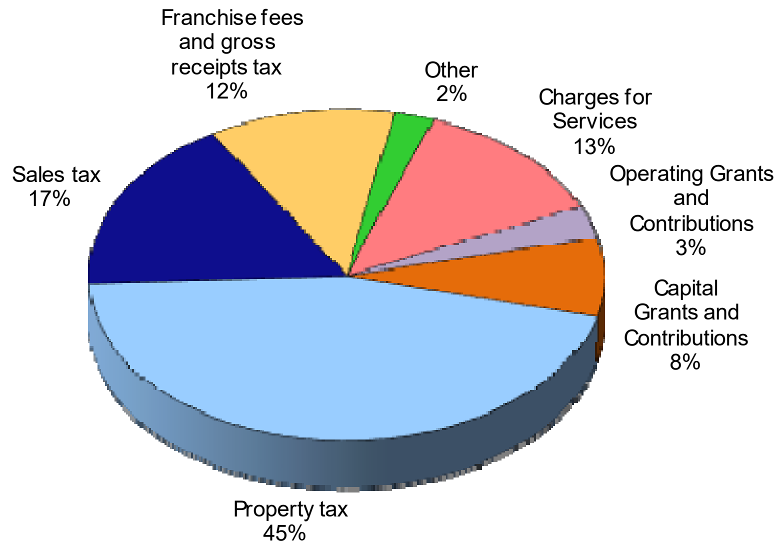
Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)



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



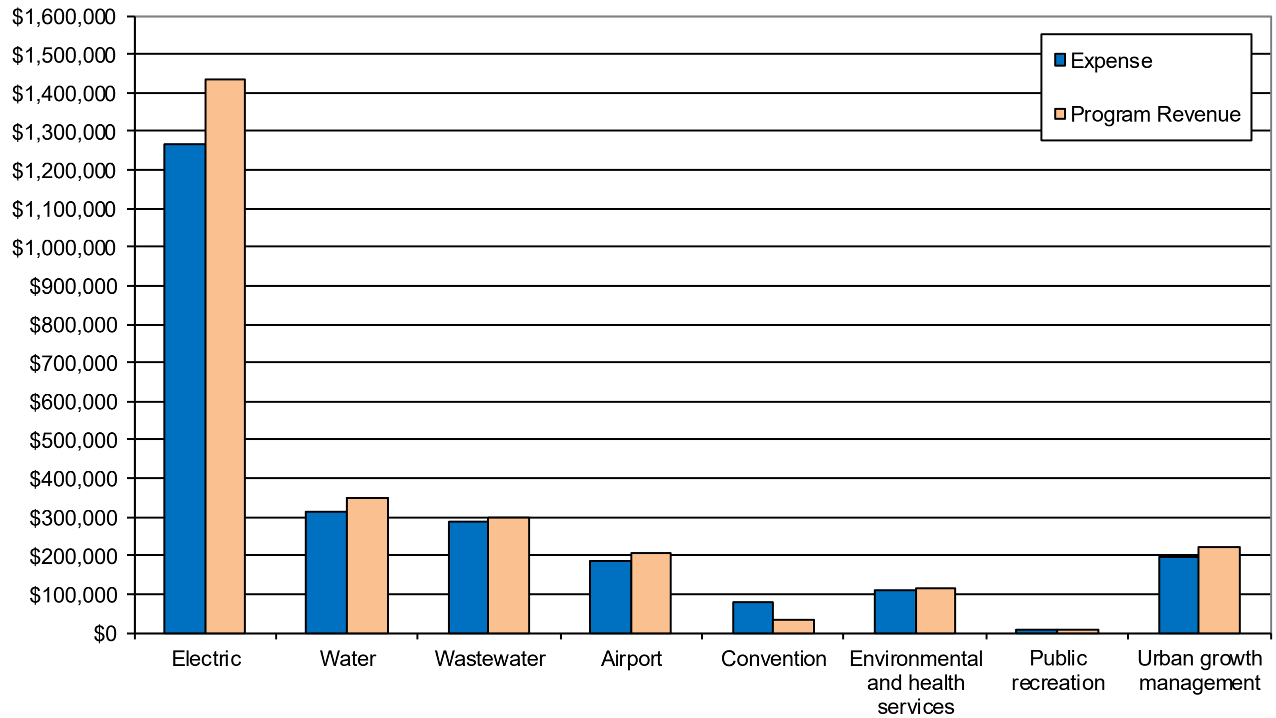
d -- Program revenues and expenses -- business-type activities
Business-type activities increased the City's net position by approximately $171.4 million, accounting for a 4.8% increase in the City's total net position. Key factors include:

- Austin Energy net position increased approximately $63.2 million. Operating revenues increased primarily due to increased base revenue, which was linked to customer growth. Operating expenses remained relatively stable.
- Austin Water Utility net position increased approximately $2.9 million. Revenues decreased 3.7% largely due to a mid-year rate reduction for fiscal year 2018. Expenses increased by 19.5% due to an increase in operating and maintenance costs, and an increase in debt defeasance payments.
- Airport net position increased approximately $28.1 million. Revenues increased 6.1% due to increases in passenger traffic, concessions and parking revenues, and updated Ground Transportation Operator fees and rates. Expenses increased 15.9% due to an increase in operating and maintenance costs and debt service payments.
- Convention Center net position increased approximately $30.5 million, however, this was an overall incremental decrease of $10.9 million compared to the 2017 fiscal year increase in net position. Revenues decreased 16.0% due to a decline in food concessions revenue, which was primarily driven by a one-time special event held in the previous year that generated $4.3 million in revenue. The absence of a similar event in fiscal year 2018 resulted in a 24.0% decrease in food concessions revenue. Expenses increased 7.4% as a result of Council authorizing the Convention Center to pay a portion of the Visit Austin contract to market, sell and service convention activities.
- Environmental and health services activities is comprised of the Austin Resource Recovery nonmajor enterprise fund. Net position increased approximately $4.0 million. Revenues increased by 5.7% due mainly to an increase in the Clean Community Fee and base fee for residential and commercial customer accounts. Expenses increased by 2.3% 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 $43.3 million. Drainage revenues and transfers decreased 15.6% primarily due to a decrease in transfers in for home buyouts from $50.0 million in the prior year to $22.0 million in the current year. Drainage expenses remained relatively flat. Transportation revenues increased approximately 5.4% primarily as a result of increases in right-of-way (ROW) and utility-cut fees collected for downtown construction and new development review fees established to recover departmental costs. Transportation expenses increased 10.7% due to new investments in engineering contracts as well as an increase in staff of 27 new positions.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

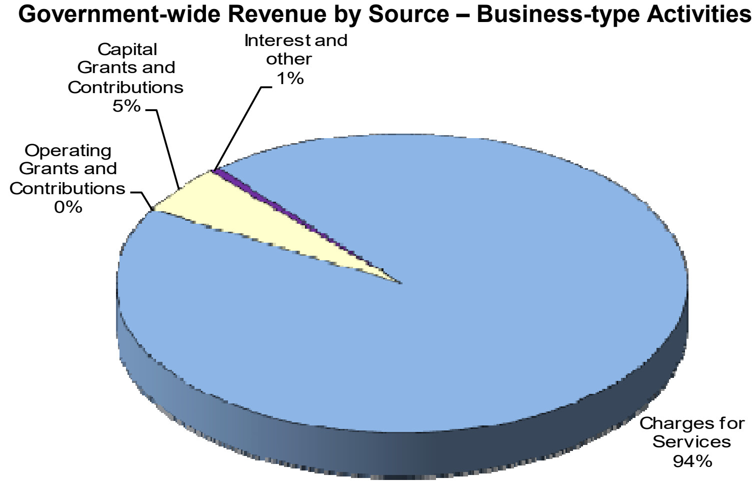
As shown in the following chart, Austin Energy (electric), with expenses of $1.3 billion is the City's largest business-type activity, followed by water with $312.3 million, wastewater with $286.7 million, urban growth management with $196.8 million, airport with $184.1 million, environmental and health services with $111.2 million, convention with $81.0 million, and public recreation with $9.0 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 (94.40%), followed by capital grants and contributions (4.54%), interest and other revenues (1.03%), 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 $579.5 million, an increase of $67.0 million from the previous year. Approximately $3.1 million is nonspendable, $223.1 million is restricted, $45.2 million is committed, $145.9 million is assigned, and $162.2 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of $2.1 million, assigned fund balance of $37.6 million, and unassigned fund balance of $173.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.2% of total General Fund expenditures of $1.0 billion, and total fund balance represents 21.2% of expenditures. The City's financial policies provide that surplus fund balance be identified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance identified for budget stabilization was $72.1 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 $41.1 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased $41.2 million due to an increase in assessed property values.
- Sales tax revenues increased by $13.5 million and interest and other increased by $5.6 million.

General Fund expenditures increased $30.7 million, due primarily to increases in the following areas: urban growth management ($11.8 million), general government ($8.5 million), public recreation and culture ($7.4 million), and public health ($3.9 million). These increases are primarily due to a 2.5% general wage increase for non-sworn employees. the addition of 29 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 $155.6 million before consolidation of the internal service funds activities.

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

OTHER INFORMATION

a -- General Fund budgetary highlights

During fiscal year 2018 an amendment to the General Fund Interest and other revenue budget increased it by $868,240 to reflect proceeds related to the Aspen Heights Density Bonus Program. This was the sole revenue budget amendment. The budget for Transfers in was increased by $150,000 related to a settlement with an apartment complex. Budgeted expenditures in Other urban growth management were increased by $868,240 to provide housing subsidies to the homeless and by $150,000 to fund relocation costs related to the apartment settlement. The expenditure budget related to Parks and Recreation was decreased by $280,630 and the budget for Transfers out was increased by the same amount. Upgrades to the Millennium Youth Entertainment Complex that were originally budgeted to be spent in 2018 were delayed resulting in this amendment which moved the funds from the operating to the capital budget.

OTHER INFORMATION, continued

During the year, actual budget basis revenues were $2.3 million more than budgeted. Property taxes were $4.9 million more than budgeted due to added properties and an increase in overall property values. Sales taxes were also $6.2 million more than budgeted due to continued improvement in the economy. These were offset partly by $6.4 million in lower than expected development permit revenue and $2.3 million in lower than expected traffic fines.

Actual budget-basis expenditures were $34.0 million less than budgeted. Two departments were over budget, Municipal Court by $169 thousand and Social Services by $74 thousand. All other departments were under budget. Police was under budget by $14.9 million due primarily to the negotiated labor contract not being approved by Council during the fiscal year as was originally anticipated. EMS was under budget by $3.4 million due primarily to salary savings from regular position vacancies. Fire was under budget by $3.0 million largely due to higher than expected expense reimbursements from natural disasters and overtime from inspections and permitting done outside of normal business hours. Development Services was $5.9 million under budget due primarily to salary savings from vacancies and lower contractual expenses as a result of the cancelation of CodeNEXT, the City's land development code rewrite project. The total budget-basis fund balance at year-end was $206.2 million.

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2018, total $11.2 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 $328 million, with an increase of 2.7% for governmental activities and an increase of 3.1% for business-type activities. Additional information on capital assets can be found in Note 5. Capital asset balances are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Building and improvements	$ 657	651	1,978	1,916	2,635	2,567
Plant and equipment	75	65	2,377	2,348	2,452	2,413
Vehicles	54	52	74	76	128	128
Electric plant	--	--	2,124	2,198	2,124	2,198
Non-electric plant	--	--	147	141	147	141
Nuclear fuel	--	--	48	43	48	43
Water rights	--	--	81	82	81	82
Infrastructure	1,739	1,658	--	--	1,739	1,658
Land and improvements	383	379	694	676	1,077	1,055
Construction in progress	92	116	607	402	699	518
Plant held for future use	--	--	23	23	23	23
Other assets not depreciated	29	28	4	4	33	32
Total net capital assets	$ 3,029	2,949	8,157	7,909	11,186	10,858

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

- Governmental capital assets increased $79.8 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 of the Waller Creek Tunnel Inlet Facility was completed during the fiscal year.

- Business-type activities purchased, constructed or received capital asset contributions of $248.3 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 along Onion Creek.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported $6.5 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

Outstanding Debt
General Obligation and Revenue Debt
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
General obligation bonds and other tax supported debt, net	$ 1,457	1,436	102	116	1,559	1,552
Commercial paper notes, net	--	--	254	146	254	146
Revenue bonds, net	--	--	4,702	4,881	4,702	4,881
Capital lease obligations	10	--	1	1	11	1
Total	$ 1,467	1,436	5,059	5,144	6,526	6,580

During fiscal year 2018, the City's total outstanding debt decreased by $53.6 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 $20.9 million. The resulting net increase is a combination of the issuance of $123.3 million in new debt to be used primarily for facility improvements, streets and mobility, watershed home buyouts, central library, parks and recreation, capital equipment, and affordable housing, offset by debt payments during the year.

- Outstanding debt for business-type functions decreased by $84.4 million. The City issued $45.2 million in Water and Wastewater System revenue bonds, which was offset by debt payments during the year and the cash defeasance of $61.2 million in Water and Wastewater separate lien revenue bonds.

OTHER INFORMATION, continued

During the year, the City's commercial paper notes, tax exempt and taxable, received favorable rating upgrades from Standard & Poor's and Fitch Ratings, Inc. from A-1 to A-1+ and F1 to F1+, respectively. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2018 and 2017 were as follows:

Debt	Moody's Investors Service, Inc.		Standard & Poor's		Fitch Ratings, Inc.	
	2018	2017	2018	2017	2018	2017
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	Aa3	AA	AA	AA-	AA-
Austin Water Utility	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	A1	A1	A	A	NUR (1)	NUR (1)
Convention Center revenue bonds	Aa3	Aa3	AA	AA	NUR (1)	NUR (1)
Convention Center revenue bonds - subordinate	A1	A1	A+	A+	NUR (1)	NUR (1)

(1) No underlying rating

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 8th fastest growing metro in the US for its size. Over the past 10 years, Austin's population has increased by approximately 25.1% 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 fourth 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 36,800 net new jobs in 2018. The unemployment rate for the Austin-Round Rock MSA maintained a low of 2.7%, while the state unemployment rate fell to 3.7% in 2018; the national unemployment rate was 3.9%.

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 Army Futures Command (AFC) in downtown. This reorganization of the Army, the biggest since 1973, and the first not located on a military base, is anticipated to innovate the service and make it more nimble and efficient, bringing along with it a sizeable annual budget and desire to engage with the growing local tech sector. 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 3.3% in 2018 over 2017, with housing in the downtown area growing in popularity. In 2018, sales tax revenue increased 6.2% over the previous year, compared to a 2.9% increase in 2017 and a 4.2% increase in 2016, an indicator that the local economy continues to exhibit steady growth. In 2019, the rate of growth in sales tax collections is expected to be 3.5%. Overall, the Austin economy is expected to continue to grow at a steady pace barring any events at the national or international level that would have an adverse impact.

OTHER INFORMATION, continued

The City's fiscal year 2019 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 2019 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 a ratings upgrade for commercial paper instruments in 2018. City management continues to monitor the economy and take corrective actions when necessary to help mitigate any unfavorable economic events.

The taxable property values within the City increased by 9.7% in 2018 for fiscal year 2019. The property tax rate for fiscal year 2019 is 44.03 cents per $100 valuation, down from 44.48 cents per $100 valuation in 2018. The tax rate consists of 33.08 cents for the General Fund and 10.95 cents for debt service. Each 1 cent of the 2018 (fiscal year 2019) property tax rate is equivalent to $15,177,490 of tax levy, as compared to $13,841,865 in the previous year. Austin Energy's 2018 base rates remain unchanged from the prior fiscal year. For the past several years, Austin Water Utility has been working to strengthen its financial position and reduce the need for annual rate increases; consequently, the utility submitted its fiscal year 2019 budget with a slight rate decrease.

e -- Requests for Information

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

BASIC FINANCIAL STATEMENTS

(In thousands)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
ASSETS				
Current assets:				
Cash	61	63	124	5,955
Pooled investments and cash	582,458	1,072,584	1,655,042	--
Pooled investments and cash - restricted	--	123,333	123,333	--
Total pooled investments and cash	582,458	1,195,917	1,778,375	--
Investments - restricted	28,533	136,317	164,850	--
Cash held by trustee	--	1,601	1,601	--
Cash held by trustee - restricted	9,152	1,144	10,296	--
Working capital advances	--	2,225	2,225	--
Property taxes receivable, net of allowance $5,711	12,017	--	12,017	--
Accounts receivable, net of allowance $328,639	107,502	224,532	332,034	3,392
Receivables from other governments	17,409	91	17,500	--
Receivables from other governments - restricted	--	8,421	8,421	--
Notes receivable, net of allowance of $17,669	26,666	--	26,666	--
Internal balances	(62,654)	62,654	--	--
Inventories, at cost	2,998	74,152	77,150	196
Real property held for resale	5,836	--	5,836	--
Regulatory assets, net of accumulated amortization	--	29,552	29,552	--
Prepaid expenses	4,213	24,004	28,217	860
Other receivables - restricted	--	4,370	4,370	--
Other assets	3,867	10,142	14,009	--
Total current assets	738,058	1,775,185	2,513,243	10,403
Noncurrent assets:				
Cash - restricted	--	4,920	4,920	2,090
Pooled investments and cash - restricted	167,701	638,690	806,391	--
Investments - restricted	--	341,645	341,645	56,298
Investments held by trustee - restricted	1,868	228,367	230,235	20,788
Cash held by trustee - restricted	1,853	--	1,853	--
Interest receivable - restricted	--	410	410	--
Depreciable capital assets, net	2,524,708	6,829,037	9,353,745	183,421
Nondepreciable capital assets	504,177	1,328,267	1,832,444	13,508
Derivative instruments - energy risk management	--	50	50	--
Regulatory assets, net of accumulated amortization	--	1,020,958	1,020,958	--
Other receivables - restricted	--	7,696	7,696	--
Other long-term assets	1,309	20,339	21,648	--
Total noncurrent assets	3,201,616	10,420,379	13,621,995	276,105
Total assets	3,939,674	12,195,564	16,135,238	286,508
DEFERRED OUTFLOWS OF RESOURCES	419,521	361,090	780,611	15,605

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

(Continued)

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

(In thousands) (Continued)

	Governmental Activities	Business-type Activities	Total (†)	Component Units
LIABILITIES				
Current liabilities:				
Accounts payable	44,343	95,774	140,117	5,525
Accounts and retainage payable from restricted assets	22,878	65,452	88,330	--
Accrued payroll	33,603	19,535	53,138	317
Accrued compensated absences	65,263	26,939	92,202	--
Claims payable	23,655	205	23,860	--
Due to other governments	13	3,469	3,482	--
Accrued interest payable from restricted assets	8	95,651	95,659	5,246
Interest payable on other debt	8,693	1,153	9,846	--
Bonds payable	61,130	13,733	74,863	3,450
Bonds payable from restricted assets	28,725	110,970	139,695	--
Other postemployment benefits liability	33,071	20,005	53,076	--
Capital lease obligations payable	2,115	56	2,171	--
Customer and escrow deposits payable from restricted assets	76,584	47,154	123,738	--
Accrued landfill closure and postclosure costs	--	2,591	2,591	--
Decommissioning liability payable from restricted assets	--	3,753	3,753	--
Other liabilities	19,403	4,900	24,303	5,847
Other liabilities payable from restricted assets	--	905	905	--
Total current liabilities	419,484	512,245	931,729	20,385
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	82,074	714	82,788	--
Claims payable	24,319	217	24,536	--
Capital appreciation bond interest payable	--	2,722	2,722	--
Commercial paper notes payable, net of discount	--	254,767	254,767	--
Bonds payable, net of discount and inclusive of premium	1,367,110	4,679,015	6,046,125	267,119
Net pension liability	1,067,452	585,052	1,652,504	--
Other postemployment benefits liability	1,540,192	931,629	2,471,821	--
Capital lease obligations payable	7,765	878	8,643	--
Accrued landfill closure and postclosure costs	--	9,899	9,899	--
Decommissioning liability payable from restricted assets	--	201,617	201,617	--
Derivative instruments - energy risk management	--	7,796	7,796	--
Derivative instruments - interest rate swaps	--	27,723	27,723	--
Other liabilities	17,329	33,041	50,370	--
Other liabilities payable from restricted assets	--	2,811	2,811	--
Total noncurrent liabilities	4,106,241	6,737,881	10,844,122	267,119
Total liabilities	4,525,725	7,250,126	11,775,851	287,504
DEFERRED INFLOWS OF RESOURCES	86,679	1,347,043	1,433,722	1,120
NET POSITION				
Net investment in capital assets	1,735,481	2,375,219	4,110,700	(11,273)
Restricted for:				
Bond reserve	--	39,469	39,469	--
Capital projects	40,454	275,910	316,364	741
Debt service	20,033	57,507	77,540	26,598
Housing activities	29,436	--	29,436	--
Operating reserve	--	66,020	66,020	--
Passenger facility charges	--	110,452	110,452	--
Perpetual care:				
Expendable	1	--	1	--
Nonexpendable	1,070	--	1,070	--
Renewal and replacement	--	53,339	53,339	--
Strategic reserve	--	192,352	192,352	--
Tourism	22,649	--	22,649	--
Other purposes	32,853	--	32,853	--
Unrestricted (deficit)	(2,135,186)	789,217	(1,345,969)	(2,577)
Total net position	(253,209)	3,959,485	3,706,276	13,489

(†) 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, 2018
(In thousands)

City of Austin, Texas
Exhibit A-2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Units**
Governmental activities								
General government	$ 200,125	27,276	1,595	15,655	(155,599)	--	(155,599)	--
Public safety	704,566	57,950	9,364	--	(637,252)	--	(637,252)	--
Transportation, planning, and sustainability	72,240	1,503	70	81,495	10,828	--	10,828	--
Public health	117,578	8,109	21,553	80	(87,836)	--	(87,836)	--
Public recreation and culture	173,333	12,401	1,804	10,635	(148,493)	--	(148,493)	--
Urban growth management	176,453	66,161	8,103	--	(102,189)	--	(102,189)	--
Interest on debt	65,147	--	--	--	(65,147)	--	(65,147)	--
Total governmental activities	1,509,442	173,400	42,489	107,865	(1,185,688)	--	(1,185,688)	--
Business-type activities								
Electric	1,268,610	1,400,523	104	34,986	--	167,003	167,003	--
Water	312,276	304,182	--	46,907	--	38,813	38,813	--
Wastewater	286,736	270,884	--	26,985	--	11,133	11,133	--
Airport	184,084	197,426	616	7,593	--	21,551	21,551	--
Convention	80,990	33,752	--	--	--	(47,238)	(47,238)	--
Environmental and health services	111,184	115,499	92	177	--	4,584	4,584	--
Public recreation	9,009	7,278	--	230	--	(1,501)	(1,501)	--
Urban growth management	196,817	214,244	64	5,518	--	23,009	23,009	--
Total business-type activities	2,449,706	2,543,788	876	122,396	--	217,354	217,354	--
Total primary government	$ 3,959,148	2,717,188	43,365	230,261	(1,185,688)	217,354	(968,334)	--
Component Units	92,066	97,298	--	1,124	--	--	--	6,356
General revenues:								
Property tax					616,745	--	616,745	--
Sales tax					232,319	--	232,319	--
Franchise fees and gross receipts tax					159,754	--	159,754	--
Interest and other					34,333	27,730	62,063	298
Transfers-internal activities					73,664	(73,664)	--	--
Total general revenues and transfers					1,116,815	(45,934)	1,070,881	298
Special item - gain on debt structure					--	--	--	32,729
Change in net position					(68,873)	171,420	102,547	39,383
Beginning net position, as restated (see Note 18)					(184,336)	3,788,065	3,603,729	(25,894)
Ending net position					$ (253,209)	3,959,485	3,706,276	13,489

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	$ 51	--	51
Pooled investments and cash	213,964	353,362	567,326
Investments	--	28,533	28,533
Cash held by trustee - restricted	--	8,826	8,826
Investments held by trustee - restricted	--	1,868	1,868
Property taxes receivable, net of allowance	8,207	3,810	12,017
Accounts receivable, net of allowance	62,401	33,064	95,465
Receivables from other governments	1,076	15,315	16,391
Notes receivable, net of allowance	162	26,504	26,666
Due from other funds	--	11,128	11,128
Advances to other funds	--	8,683	8,683
Inventories, at cost	45	--	45
Real property held for resale	--	5,836	5,836
Prepaid items	2,019	--	2,019
Other assets	59	3,808	3,867
Total assets	287,984	500,737	788,721
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	25,361	25,207	50,568
Accrued payroll	26,553	548	27,101
Accrued compensated absences	137	--	137
Due to other funds	231	11,112	11,343
Due to other governments	10	--	10
Unearned revenue	--	3,320	3,320
Advances from other funds	441	8,204	8,645
Deposits and other liabilities	6,689	78,929	85,618
Total liabilities	59,422	127,320	186,742
DEFERRED INFLOWS OF RESOURCES	15,628	6,896	22,524
FUND BALANCES			
Nonspendable:			
Inventories and prepaid items	2,064	--	2,064
Permanent funds	--	1,070	1,070
Restricted	--	223,062	223,062
Committed	--	45,169	45,169
Assigned	37,561	108,333	145,894
Unassigned	173,309	(11,113)	162,196
Total fund balances	212,934	366,521	579,455
Total liabilities, deferred inflows of resources, and fund balances	$ 287,984	500,737	788,721

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

(In thousands)

Total fund balances - Governmental funds		$ 579,455
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	4,817,505	
Less: accumulated depreciation	(1,860,540)	
		2,956,965
Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.		
Other assets	1,309	
		1,309
Deferred outflows represent the consumption of net position that are applicable to a future reporting period.		
Pensions	190,260	
Other postemployment benefits	210,083	
Loss on debt refundings	19,073	
		419,416
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Compensated absences	(137,776)	
Interest payable	(8,693)	
Bonds and other tax supported debt payable, net	(1,454,316)	
Net pension liability	(1,067,452)	
Other postemployment benefits	(1,573,263)	
Other liabilities	(21,604)	
		(4,263,104)
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.		
Unavailable revenue		
Property taxes and interest	12,097	
Accounts and other taxes receivable	10,427	
Pensions	(73,937)	
Other postemployment benefits	(11,713)	
Deferred gain on service concession agreement	(1,028)	
		(64,154)
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.		116,904
Total net position - Governmental activities		$ (253,209)

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

(In thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 457,789	158,635	616,424
Sales taxes	232,319	--	232,319
Franchise fees and other taxes	48,391	111,363	159,754
Fines, forfeitures and penalties	10,330	5,434	15,764
Licenses, permits and inspections	54,103	321	54,424
Charges for services/goods	61,705	22,610	84,315
Intergovernmental	--	65,632	65,632
Property owners' participation and contributions	--	16,355	16,355
Interest and other	21,389	12,865	34,254
Total revenues	886,026	393,215	1,279,241
EXPENDITURES			
Current:			
General government	135,161	2,850	138,011
Public safety	584,760	12,325	597,085
Transportation, planning, and sustainability	--	5,162	5,162
Public health	84,410	21,606	106,016
Public recreation and culture	120,120	14,455	134,575
Urban growth management	82,293	68,342	150,635
Debt service:			
Principal	--	99,572	99,572
Interest	--	64,674	64,674
Fees and commissions	--	27	27
Capital outlay-capital project funds	--	139,324	139,324
Total expenditures	1,006,744	428,337	1,435,081
Deficiency of revenues over expenditures	(120,718)	(35,122)	(155,840)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	118,216	118,216
Bond premiums	--	17,237	17,237
Transfers in	173,614	69,242	242,856
Transfers out	(11,776)	(143,679)	(155,455)
Total other financing sources (uses)	161,838	61,016	222,854
Net change in fund balances	41,120	25,894	67,014
Fund balances at beginning of year	171,814	340,627	512,441
Fund balances at end of year	$ 212,934	366,521	579,455

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

(In thousands)

Net change in fund balances - Governmental funds		$	67,014
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay-capital project funds	139,324		
Capital outlay-other funds	9,716		
Depreciation expense	(126,239)		
Loss on disposal of capital assets	(523)		
Other asset adjustments	(24,572)		
			(2,294)
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.			
Property taxes	321		
Charges for services	(408)		
Interest and other	(548)		
Capital asset contributions	75,993		
			75,358
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	(118,216)		
Principal repayment on long-term debt	99,572		
Bond premiums	(17,237)		
			(35,881)
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	(7,740)		
Pensions	(79,849)		
Other postemployment benefits	(130,911)		
Interest and other	24,951		
			(193,549)
A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities.			20,479
Change in net position - Governmental activities		$	(68,873)

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

Proprietary Funds
Statement of Net Position
September 30, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water Utility**	**Airport**
ASSETS			
Current assets:			
Cash	$ 22	5	3
Pooled investments and cash	454,016	190,509	12,038
Pooled investments and cash - restricted	31,035	59,975	17,341
Total pooled investments and cash	485,051	250,484	29,379
Investments - restricted	44,328	46,835	32,843
Cash held by trustee	--	1,601	--
Cash held by trustee - restricted	--	1,144	--
Working capital advances	2,225	--	--
Accounts receivable, net of allowance	137,033	62,229	3,982
Receivables from other governments	--	62	--
Receivables from other governments - restricted	5,765	--	1,976
Due from other funds	381	301	--
Inventories, at cost	66,838	2,214	1,931
Regulatory assets, net of accumulated amortization	3,323	26,229	--
Prepaid expenses	22,543	568	516
Other receivables - restricted	--	--	4,370
Other assets	9,058	--	1,084
Total current assets	776,567	391,672	76,084
Noncurrent assets:			
Cash - restricted	4,920	--	--
Pooled investments and cash - restricted	66,834	90,802	454,323
Advances to other funds	11,755	1,803	--
Advances to other funds - restricted	--	--	32
Investments - restricted	239,044	52,214	40,124
Investments held by trustee - restricted	220,578	7,789	--
Interest receivable - restricted	410	--	--
Depreciable capital assets, net	2,327,110	3,184,855	960,563
Nondepreciable capital assets	268,690	485,601	249,408
Derivative instruments - energy risk management	50	--	--
Regulatory assets, net of accumulated amortization	696,201	324,757	--
Other receivables - restricted	7,696	--	--
Other long-term assets	2,078	--	18,261
Total noncurrent assets	3,845,366	4,147,821	1,722,711
Total assets	4,621,933	4,539,493	1,798,795
DEFERRED OUTFLOWS OF RESOURCES	$ 109,392	115,262	41,918

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
ASSETS			
Current assets:			
Cash	33	63	10
Pooled investments and cash	416,021	1,072,584	177,405
Pooled investments and cash - restricted	14,982	123,333	--
Total pooled investments and cash	431,003	1,195,917	177,405
Investments - restricted	12,311	136,317	--
Cash held by trustee	--	1,601	--
Cash held by trustee - restricted	--	1,144	2,179
Working capital advances	--	2,225	--
Accounts receivable, net of allowance	21,288	224,532	12,037
Receivables from other governments	29	91	1,018
Receivables from other governments - restricted	680	8,421	--
Due from other funds	1,148	1,830	--
Inventories, at cost	3,169	74,152	2,953
Regulatory assets, net of accumulated amortization	--	29,552	--
Prepaid expenses	377	24,004	2,194
Other receivables - restricted	--	4,370	--
Other assets	--	10,142	--
Total current assets	470,038	1,714,361	197,796
Noncurrent assets:			
Cash - restricted	--	4,920	--
Pooled investments and cash - restricted	26,731	638,690	5,428
Advances to other funds	--	13,558	12
Advances to other funds - restricted	229	261	--
Investments - restricted	10,263	341,645	--
Investments held by trustee - restricted	--	228,367	--
Interest receivable - restricted	--	410	--
Depreciable capital assets, net	356,509	6,829,037	71,319
Nondepreciable capital assets	324,568	1,328,267	601
Derivative instruments - energy risk management	--	50	--
Regulatory assets, net of accumulated amortization	--	1,020,958	--
Other receivables - restricted	--	7,696	--
Other long-term assets	--	20,339	--
Total noncurrent assets	718,300	10,434,198	77,360
Total assets	1,188,338	12,148,559	275,156
DEFERRED OUTFLOWS OF RESOURCES	94,518	361,090	105

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

Proprietary Funds
Statement of Net Position
September 30, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water Utility**	**Airport**
LIABILITIES			
Current liabilities:			
Accounts payable	$ 81,327	3,775	2,837
Accounts and retainage payable from restricted assets	11,115	16,509	33,402
Accrued payroll	7,852	4,033	1,542
Accrued compensated absences	11,067	5,579	2,355
Claims payable	64	141	--
Due to other funds	--	--	166
Due to other governments	3,464	--	5
Accrued interest payable from restricted assets	20,614	62,682	11,559
Interest payable on other debt	527	137	--
Bonds payable	--	--	20
Bonds payable from restricted assets	37,116	36,165	24,249
Other postemployment benefits liability	6,619	4,485	1,852
Capital lease obligations payable	56	--	--
Customer and escrow deposits payable from restricted assets	27,283	12,239	1,116
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	3,753	--	--
Other liabilities	975	2,229	1,685
Other liabilities payable from restricted assets	487	--	--
Total current liabilities	212,319	147,974	80,788
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	--	--
Claims payable	5	212	--
Advances from other funds	--	556	341
Advances from other funds payable from restricted assets	--	10,821	--
Capital appreciation bond interest payable	--	2,722	--
Commercial paper notes payable, net of discount	212,597	42,170	--
Bonds payable, net of discount and inclusive of premium	1,216,890	2,433,401	829,245
Net pension liability	240,493	127,015	43,715
Other postemployment benefits liability	308,236	208,869	86,267
Capital lease obligations payable	878	--	--
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	201,617	--	--
Derivative instruments - energy risk management	7,796	--	--
Derivative instruments - interest rate swaps	--	9,653	12,349
Other liabilities	33,041	--	--
Other liabilities payable from restricted assets	2,811	--	--
Total noncurrent liabilities	2,224,364	2,835,419	971,917
Total liabilities	2,436,683	2,983,393	1,052,705
DEFERRED INFLOWS OF RESOURCES	$ 389,490	760,948	185,891

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable	7,835	95,774	16,653
Accounts and retainage payable from restricted assets	4,426	65,452	--
Accrued payroll	6,108	19,535	6,502
Accrued compensated absences	7,938	26,939	9,052
Claims payable	--	205	23,655
Due to other funds	1,449	1,615	--
Due to other governments	--	3,469	3
Accrued interest payable from restricted assets	796	95,651	8
Interest payable on other debt	489	1,153	--
Bonds payable	13,713	13,733	355
Bonds payable from restricted assets	13,440	110,970	--
Other postemployment benefits liability	7,049	20,005	--
Capital lease obligations payable	--	56	2,115
Customer and escrow deposits payable from restricted assets	6,516	47,154	174
Accrued landfill closure and postclosure costs	2,591	2,591	--
Decommissioning liability payable from restricted assets	--	3,753	--
Other liabilities	11	4,900	2,600
Other liabilities payable from restricted assets	418	905	--
Total current liabilities	72,779	513,860	61,117
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	714	714	372
Claims payable	--	217	24,319
Advances from other funds	2,151	3,048	--
Advances from other funds payable from restricted assets	--	10,821	--
Capital appreciation bond interest payable	--	2,722	--
Commercial paper notes payable, net of discount	--	254,767	--
Bonds payable, net of discount and inclusive of premium	199,479	4,679,015	2,294
Net pension liability	173,829	585,052	--
Other postemployment benefits liability	328,257	931,629	--
Capital lease obligations payable	--	878	7,765
Accrued landfill closure and postclosure costs	9,899	9,899	--
Decommissioning liability payable from restricted assets	--	201,617	--
Derivative instruments - energy risk management	--	7,796	--
Derivative instruments - interest rate swaps	5,721	27,723	--
Other liabilities	--	33,041	--
Other liabilities payable from restricted assets	--	2,811	--
Total noncurrent liabilities	720,050	6,751,750	34,750
Total liabilities	792,829	7,265,610	95,867
DEFERRED INFLOWS OF RESOURCES	10,714	1,347,043	1

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

Proprietary Funds
Statement of Net Position
September 30, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water Utility**	**Airport**
NET POSITION			
Net investment in capital assets	$ 927,258	638,134	335,667
Restricted for:			
Bond reserve	13,297	15,573	3,330
Capital projects	25,089	20,976	205,237
Debt service	23,714	--	21,317
Operating reserve	--	45,089	16,225
Passenger facility charges	--	--	110,452
Renewal and replacement	42,458	--	10,000
Strategic reserve	192,352	--	--
Unrestricted	680,984	190,642	(100,111)
Total net position	$ 1,905,152	910,414	602,117
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	25,706	14,825	5,316
Total net position - Business-type activities	$ 1,930,858	925,239	607,433

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
NET POSITION			
Net investment in capital assets	474,160	2,375,219	59,391
Restricted for:			
Bond reserve	7,269	39,469	--
Capital projects	24,608	275,910	5,428
Debt service	12,476	57,507	--
Operating reserve	4,706	66,020	--
Passenger facility charges	--	110,452	--
Renewal and replacement	881	53,339	--
Strategic reserve	--	192,352	--
Unrestricted	(44,787)	726,728	114,574
Total net position	479,313	3,896,996	179,393
Reconciliation to government-wide Statement of Net Position			
Adjustment to consolidate internal service activities	16,642	62,489	
Total net position - Business-type activities	495,955	3,959,485	

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, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
OPERATING REVENUES			
Utility services	$ 1,400,523	575,066	--
User fees and rentals	--	--	167,284
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,400,523	575,066	167,284
OPERATING EXPENSES			
Operating expenses before depreciation	1,122,290	273,522	118,126
Depreciation and amortization	165,645	124,678	33,723
Total operating expenses	1,287,935	398,200	151,849
Operating income (loss)	112,588	176,866	15,435
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	10,645	4,994	7,542
Interest on revenue bonds and other debt	(58,845)	(95,722)	(33,318)
Passenger facility charges	--	--	30,142
Loss on in-substance defeasance	--	(1,180)	--
Cost (recovered) to be recovered in future years	81,602	(109,039)	--
Other nonoperating revenue (expense)	(10,386)	1,588	(375)
Total nonoperating revenues (expenses)	23,016	(199,359)	3,991
Income (loss) before contributions and transfers	135,604	(22,493)	19,426
Capital contributions	34,986	73,892	7,593
Transfers in	2,879	65	--
Transfers out	(115,885)	(51,857)	(182)
Change in net position	57,584	(393)	26,837
Beginning net position, as restated (see Note 18)	1,847,568	910,807	575,280
Ending net position	$ 1,905,152	910,414	602,117
Reconciliation to government-wide Statement of Activities			
Change in net position	57,584	(393)	26,837
Adjustment to consolidate internal service activities	5,568	3,268	1,261
Change in net position - Business-type activities	$ 63,152	2,875	28,098

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES			
Utility services	--	1,975,589	--
User fees and rentals	370,773	538,057	--
Billings to departments	--	--	455,708
Employee contributions	--	--	44,372
Operating revenues from other governments	--	--	5,337
Other operating revenues	--	--	13,968
Total operating revenues	370,773	2,513,646	519,385
OPERATING EXPENSES			
Operating expenses before depreciation	366,234	1,880,172	465,623
Depreciation and amortization	29,137	353,183	9,888
Total operating expenses	395,371	2,233,355	475,511
Operating income (loss)	(24,598)	280,291	43,874
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	4,549	27,730	79
Interest on revenue bonds and other debt	(6,737)	(194,622)	(3)
Passenger facility charges	--	30,142	--
Loss on in-substance defeasance	--	(1,180)	--
Cost (recovered) to be recovered in future years	--	(27,437)	--
Other nonoperating revenue (expense)	(4,886)	(14,059)	(950)
Total nonoperating revenues (expenses)	(7,074)	(179,426)	(874)
Income (loss) before contributions and transfers	(31,672)	100,865	43,000
Capital contributions	5,925	122,396	13,039
Transfers in	103,887	106,831	2,407
Transfers out	(6,593)	(174,517)	(22,122)
Change in net position	71,547	155,575	36,324
Beginning net position, as restated (see Note 18)	407,766	3,741,421	143,069
Ending net position	479,313	3,896,996	179,393
Reconciliation to government-wide Statement of Activities			
Change in net position	71,547	155,575	
Adjustment to consolidate internal service activities	5,748	15,845	
Change in net position - Business-type activities	77,295	171,420	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 1,398,861	575,435	166,712
Cash received from other funds	30,050	8,663	--
Cash payments to suppliers for goods and services	(746,577)	(64,750)	(37,399)
Cash payments to other funds	(53,346)	(75,250)	(27,874)
Cash payments to employees for services	(209,794)	(112,203)	(42,352)
Cash payments to claimants/beneficiaries	(293)	(238)	(1)
Taxes collected and remitted to other governments	(42,659)	--	--
Net cash provided by operating activities	376,242	331,657	59,086
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	2,876	53	--
Transfers out	(115,873)	(51,847)	(182)
Collections from other sources	--	929	--
Loan repayments to other funds	--	(123)	(179)
Loan repayments from other funds	470	301	20
Collections from other governments	1,423	1,725	(453)
Net cash provided (used) by noncapital financing activities	(111,104)	(48,962)	(794)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	66,502	42,170	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	--	45,175	--
Principal paid on long-term debt	(35,787)	(60,962)	(23,765)
Proceeds from the sale of capital assets	1,362	--	--
Interest paid on revenue bonds and other debt	(61,161)	(153,419)	(36,702)
Passenger facility charges	--	--	29,494
Acquisition and construction of capital assets	(162,072)	(133,028)	(222,152)
Contributions from state and federal governments	--	128	7,593
Contributions in aid of construction	34,986	30,674	--
Bond issuance costs	(118)	(143)	--
Bond premiums	--	--	--
Cash paid for bond defeasance	--	(63,407)	--
Cash paid for nuclear fuel inventory	(24,084)	--	--
Net cash provided (used) by capital and related financing activities	$ (180,372)	(292,812)	(245,532)

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	365,762	2,506,770	62,903
Cash received from other funds	3,735	42,448	455,708
Cash payments to suppliers for goods and services	(86,144)	(934,870)	(102,535)
Cash payments to other funds	(66,196)	(222,666)	(24,757)
Cash payments to employees for services	(169,980)	(534,329)	(176,479)
Cash payments to claimants/beneficiaries	--	(532)	(167,890)
Taxes collected and remitted to other governments	--	(42,659)	--
Net cash provided by operating activities	47,177	814,162	46,950
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	103,624	106,553	2,370
Transfers out	(6,508)	(174,410)	(21,915)
Collections from other sources	--	929	--
Loan repayments to other funds	(1,279)	(1,581)	--
Loan repayments from other funds	635	1,426	--
Collections from other governments	671	3,366	--
Net cash provided (used) by noncapital financing activities	97,143	(63,717)	(19,545)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	108,672	--
Proceeds from the sale of general obligation bonds and other tax supported debt	5,075	5,075	--
Proceeds from the sale of revenue bonds	--	45,175	--
Principal paid on long-term debt	(27,917)	(148,431)	(374)
Proceeds from the sale of capital assets	--	1,362	--
Interest paid on revenue bonds and other debt	(8,597)	(259,879)	(129)
Passenger facility charges	--	29,494	--
Acquisition and construction of capital assets	(35,594)	(552,846)	(1,300)
Contributions from state and federal governments	177	7,898	--
Contributions in aid of construction	3,286	68,946	--
Bond issuance costs	(43)	(304)	--
Bond premiums	429	429	--
Cash paid for bond defeasance	--	(63,407)	--
Cash paid for nuclear fuel inventory	--	(24,084)	--
Net cash provided (used) by capital and related financing activities	(63,184)	(781,900)	(1,803)

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water Utility**	**Airport**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	$ (196,635)	(258,794)	(62,111)
Proceeds from sale and maturities of investment securities	161,868	273,752	61,840
Interest on investments	5,407	4,994	6,930
Net cash provided (used) by investing activities	(29,360)	19,952	6,659
Net increase (decrease) in cash and cash equivalents	55,406	9,835	(180,581)
Cash and cash equivalents, beginning	501,421	334,201	664,286
Cash and cash equivalents, ending	556,827	344,036	483,705
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	112,588	176,866	15,435
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	165,645	124,678	33,723
Change in assets and liabilities:			
Decrease in working capital advances	1,434	--	--
(Increase) decrease in accounts receivable	(12,896)	8,724	4,588
Increase (decrease) in allowance for doubtful accounts	1,468	(100)	61
Decrease in receivables from other governments	--	--	--
(Increase) decrease in inventory	9,923	(277)	(96)
(Increase) decrease in prepaid expenses and other assets	(900)	(526)	(430)
Increase in advances to other funds	--	--	--
Decrease in other long-term assets	17,630	--	1,140
(Increase) decrease in deferred outflows	(6,845)	(9,554)	(11,359)
Increase (decrease) in accounts payable	(1,335)	95	740
Increase in accrued payroll and compensated absences	1,026	168	342
Decrease in claims payable	(2,001)	(209)	--
Decrease in net pension liability	(32,959)	(19,075)	(2,527)
Increase in other postemployment benefits liability	63,630	42,238	21,325
Increase (decrease) in other liabilities	32,704	(1,468)	(137)
Decrease in customer deposits	(2,958)	(2,244)	(235)
Increase (decrease) in deferred inflows	30,088	12,341	(3,484)
Total adjustments	263,654	154,791	43,651
Net cash provided by operating activities	$ 376,242	331,657	59,086

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 INVESTING ACTIVITIES:			
Purchase of investment securities	(19,565)	(537,105)	--
Proceeds from sale and maturities of investment securities	21,459	518,919	--
Interest on investments	4,549	21,880	79
Net cash provided (used) by investing activities	6,443	3,694	79
Net increase (decrease) in cash and cash equivalents	87,579	(27,761)	25,681
Cash and cash equivalents, beginning	370,188	1,870,096	159,341
Cash and cash equivalents, ending	457,767	1,842,335	185,022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(24,598)	280,291	43,874
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	29,137	353,183	9,888
Change in assets and liabilities:			
Decrease in working capital advances	--	1,434	--
(Increase) decrease in accounts receivable	(1,525)	(1,109)	(1,837)
Increase (decrease) in allowance for doubtful accounts	292	1,721	--
Decrease in receivables from other governments	--	--	1,069
(Increase) decrease in inventory	(650)	8,900	(657)
(Increase) decrease in prepaid expenses and other assets	(210)	(2,066)	(1,739)
Increase in advances to other funds	--	--	(5)
Decrease in other long-term assets	--	18,770	--
(Increase) decrease in deferred outflows	(29,833)	(57,591)	2
Increase (decrease) in accounts payable	3,147	2,647	(1,555)
Increase in accrued payroll and compensated absences	1,237	2,773	686
Decrease in claims payable	--	(2,210)	(1,122)
Decrease in net pension liability	(16,953)	(71,514)	--
Increase in other postemployment benefits liability	77,428	204,621	--
Increase (decrease) in other liabilities	(758)	30,341	(70)
Decrease in customer deposits	(43)	(5,480)	(1,584)
Increase (decrease) in deferred inflows	10,506	49,451	--
Total adjustments	71,775	533,871	3,076
Net cash provided by operating activities	47,177	814,162	46,950

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2018
(In thousands)

	Business-Type Activities		
	Austin Energy	**Austin Water Utility**	**Airport**
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital appreciation bonds interest accreted	$ (30)	(4,665)	--
Capital assets contributed from other funds	--	79	--
Capital assets contributed to other funds	(1,491)	(352)	(814)
Capital assets acquired through service concession arrangements	--	--	213
Contributed facilities	--	43,011	--
Increase in the fair value of investments	(4,051)	--	--
Amortization of bond (discounts) premiums	7,092	20,320	4,140
Amortization of deferred gain (loss) on refundings	(4,582)	(5,908)	(875)
Gain (loss) on disposal of assets	(4,533)	(755)	(216)
Costs (recovered) to be recovered	81,605	(109,039)	--
Transfers from other funds	3	12	--
Transfers to other funds	(12)	(10)	--
Assets acquired through capital lease	--	--	--

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Capital appreciation bonds interest accreted	--	(4,695)	--
Capital assets contributed from other funds	2,462	2,541	8,661
Capital assets contributed to other funds	(5,271)	(7,928)	--
Capital assets acquired through service concession arrangements	--	213	--
Contributed facilities	--	43,011	--
Increase in the fair value of investments	--	(4,051)	--
Amortization of bond (discounts) premiums	2,304	33,856	123
Amortization of deferred gain (loss) on refundings	(602)	(11,967)	(13)
Gain (loss) on disposal of assets	(234)	(5,738)	(913)
Costs (recovered) to be recovered	--	(27,434)	--
Transfers from other funds	263	278	37
Transfers to other funds	(85)	(107)	(207)
Assets acquired through capital lease	--	--	9,880

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

(In thousands)

	Private-purpose Trust	Agency
ASSETS		
Pooled investments and cash	$ 2,213	1,556
Investments held by trustee	--	3,101
Other assets	121	--
Total assets	2,334	4,657
LIABILITIES		
Accounts payable	42	--
Due to other governments	--	961
Deposits and other liabilities	1,548	3,696
Total liabilities	1,590	4,657
NET POSITION		
Held in trust	744	
Total net position	$ 744	

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

	Private-Purpose Trust
ADDITIONS	
Contributions	$ 2,251
Interest and other	29
Total additions	2,280
DEDUCTIONS	
Benefit payments	2,352
Total deductions	2,352
Change in net position	(72)
Beginning net position	816
Ending net position	$ 744

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. 82, No. 85 through No. 86, and No. 89. In fiscal year 2018, the City implemented the following GASB Statements:

GASB Statement	Impact
75 – "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	GASB Statement No. 75 replaces GASB Statement No. 45 and requires governments offering postemployment benefits other than pensions to record as a liability in the current period for total future postemployment benefit obligations for existing employees and retirees in excess of plan assets. In addition, it identifies accepted actuarial methods and assumptions, allows deferral of certain pension expense items, expands financial statement note disclosures, and changes disclosure of required supplementary information. See Note 8. Implementation required restatement of beginning net position. See Note 18.
81 – "Irrevocable Split-Interest Agreements"	This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of a split interest agreement. The implementation of this standard had no impact on amounts reported in the financial statements.
85 – "Omnibus 2017"	This statement will improve consistency in the accounting and reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of this standard had no impact on the statements. The only portion applicable was fair value measurement and application, and the City was already following requirements listed in the standard.
86 – "Certain Debt Extinguishment Issues"	This statement establishes accounting and financial reporting guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt in the future. The standard requires a restatement of the beginning net position; however, prior amounts were determined to be immaterial and the City did not restate as a result of this implementation.
89 – "Accounting for Interest Cost Incurred before the End of a Construction Period"	This statement establishes the requirements for interest costs incurred before the end of construction period. As a result of the statement interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this standard are to be applied prospectively. No restatement was necessary.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

a -- Reporting Entity

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

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

Blended Component Units	*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*
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

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

Blended Component Units	*Brief Description of Activities, Relationship to City, and Key Inclusion Criteria*
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.

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

Discretely Presented Component Units	*Description of Activities, Relationship to City, and Key Inclusion Criteria*
Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) 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. 8th Street Austin, TX 78701	WCLGC is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of WCLGC is implementing the financing, design, construction, maintenance and operation of certain public improvements located within or around the Waller Creek Redevelopment Project district. The WCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City. There is no financial activity to report related to this component unit.
Austin/Travis County Sobriety Center Local Government Corporation (SCLGC) 700 Lavaca Street Austin, TX 78701	SCLGC is a non-profit local government corporation created by the City and Travis County under Subchapter D of Chapter 431 of the Texas Transportation Code. The purpose of SCLGC is to operate a sobriety center located within the City of Austin and Travis County. The City Council and the County each appoint five members of the SCLGC board. The operations of the Sobriety Center are primarily funded by the City. The SCLGC is fiscally dependent on the City and in a relationship of financial benefit/burden with the City.

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.

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

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

b -- Government-wide and Fund Financial Statements

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

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

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

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

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

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

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, vehicle rental taxes, municipal court fines, 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.

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

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

The City reports the following major governmental fund:

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

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.

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.

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

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.

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.

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, 2018 (in thousands):

Governmental activities	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Charges for Services	$ 305,438	428	12,037	317,903
Fines	17,857	--	--	17,857
Taxes	50,006	25,433	--	75,439
Other Governments	--	6,034	--	6,034
Other	171	2,708	--	2,879
Allowance for doubtful accounts	(311,071)	(1,539)	--	(312,610)
Total	$ 62,401	33,064	12,037	107,502

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

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

Business-type activities	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Total
Accounts Receivable	$ 146,964	64,567	5,841	23,189	240,561
Allowance for doubtful accounts	(9,931)	(2,338)	(1,859)	(1,901)	(16,029)
Total	$ 137,033	62,229	3,982	21,288	224,532

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

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

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

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

Fund	Inventory Valuation Method
General Fund	First-in, first-out
Austin Energy	
Fuel oil – Distillate #2	Last-in, first-out
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.

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

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	$ 37,277	94,613	328,552	26,731	487,173
Customer and escrow deposits	27,283	14,886	1,116	6,214	49,499
Debt service	44,328	46,834	42,564	13,272	146,998
Federal grants	11,089	--	1,976	680	13,745
Operating reserve account	--	45,089	16,225	6,868	68,182
Passenger facility charge account	--	--	110,452	--	110,452
Plant decommissioning	238,742	--	--	--	238,742
Renewal and replacement account	42,458	--	10,000	1,168	53,626
Revenue bond reserve	27,081	57,337	40,124	10,263	134,805
Strategic reserve	192,352	--	--	--	192,352
Total	$ 620,610	258,759	551,009	65,196	1,495,574

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

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

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):

		Business-type Activities			
Assets	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 $18.8 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.

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

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

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

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.	$ --	35,519	--	50
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.	19,178	92,835	1	212
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.	--	--	--	1,126,159
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.	--	--	1,028	183,249
Pensions	**Deferred outflows or inflows.** Differences between estimated and actual investment earnings, changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds), may be treated as either deferred outflows or inflows. Contributions made to the pension systems between the Plans' measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	190,260	93,953	73,937	37,373
Other postemployment benefits	**Deferred outflows or inflows.** Changes in actuarial assumptions, differences between projected and actual actuarial experience, and changes in proportionate share (between funds) may be treated as either deferred outflows or inflows. City benefit payments made between the measurement date (December 31) and the City's fiscal year end (September 30) are recognized as deferred outflows.	210,083	138,783	11,713	--
	Total	$ 419,521	361,090	86,679	1,347,043

The governmental funds' statements include amounts recognized as deferred inflows of resources as a result of property taxes, other taxes, and certain revenues ($22.5 million) that are not available to liquidate current liabilities in the funds. These amounts will be recognized in the period these amounts become available.

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

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

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

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

(1) Non-sworn employees are eligible for accumulated sick leave payout if hired before October 1, 1986.
(2) Sworn police employees maximums reflect Local Government Code Ch 143.
(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, 2018, the City's total OPEB liability for these retiree benefits was approximately $2.5 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.

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

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.

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):

	Bad Debt Expense
Austin Energy	$ 4,505
Austin Water Utility	1,091
Airport	60
Nonmajor Enterprise	1,132

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, 2018. The amount of unbilled revenue recorded, as of September 30, 2018, 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, 2018. The amount of unbilled revenue reported in accounts receivable as of September 30, 2018 was $13.2 million for water and $13.3 million for wastewater.

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

	Discounts
Airport	$ 1,181
Nonmajor Enterprise	2,575

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 $59,000 in fiscal year 2018 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average.

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

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

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

	General Fund	Nonmajor Governmental Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable						
Inventory	$ 45	--	--	--	--	45
Prepaid items	2,019	--	--	--	--	2,019
Permanent funds	--	--	--	--	1,070	1,070
Total Nonspendable	2,064	--	--	--	1,070	3,134
Restricted						
Municipal court services	--	1,768	--	--	--	1,768
Police special purpose	--	8,011	--	--	--	8,011
Fire special purpose	--	50	--	--	--	50
Transportation, planning, and sustainability	--	68	--	--	--	68
Public health services	--	188	--	--	--	188
Parks services	--	2,266	--	--	--	2,266
Library services	--	2,828	--	--	1	2,829
Tourism programs	--	28,960	--	--	--	28,960
Affordable housing programs	--	37,803	--	--	--	37,803
Urban growth programs	--	2,996	--	--	--	2,996
Capital construction	--	--	--	108,840	--	108,840
Debt service	--	--	29,283	--	--	29,283
Total Restricted	--	84,938	29,283	108,840	1	223,062
Committed						
Parks services	--	4,233	--	--	--	4,233
Tourism programs	--	63	--	--	--	63
Affordable housing programs	--	4,642	--	--	--	4,642
Urban growth programs	--	36,231	--	--	--	36,231
Total Committed	--	45,169	--	--	--	45,169
Assigned						
General government services	207	--	--	--	--	207
Municipal court services	1,068	--	--	--	--	1,068
Police special purpose	8,663	39	--	--	--	8,702
Fire special purpose	1,356	--	--	--	--	1,356
EMS special purpose	563	--	--	--	--	563
Transportation, planning, and sustainability	61	12	--	--	--	73
Public health services	3,914	36	--	--	--	3,950
Parks services	1,095	212	--	--	--	1,307
Library services	1,130	6	--	--	--	1,136
Tourism programs	--	2,680	--	--	--	2,680
Affordable housing programs	150	54	--	--	--	204
Urban growth programs	19,354	7,145	--	--	--	26,499
Capital construction	--	--	--	98,149	--	98,149
Total Assigned	37,561	10,184	--	98,149	--	145,894
Unassigned	173,309	(990)	--	(10,123)	--	162,196
Total Fund Balance	$212,934	139,301	29,283	196,866	1,071	579,455

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

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

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, 2018, the emergency reserve maintains a balance of six percent of total General Fund requirements, or $62 million, and the budget stabilization reserve reports a balance of $99.4 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other one-time costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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

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

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

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

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

f -- 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, 2018 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	$ 213,964	--
Nonmajor governmental funds	353,362	--
Austin Energy	454,016	97,869
Austin Water Utility	190,509	150,777
Airport	12,038	471,664
Nonmajor enterprise funds	416,021	41,713
Internal service funds	177,405	5,428
Fiduciary funds	3,769	--
Subtotal pooled investments and cash	1,821,084	767,451
Total pooled investments and cash	$ 2,588,535	

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.

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

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

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

The City did not participate in any reverse repurchase agreements or security lending arrangements during fiscal year 2018.

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

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

The City invests in LGIPs to provide its liquidity needs. The LGIPs were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. The LGIPs are structured like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are adjusted on a daily basis, and the funds seek to maintain a constant NAV of $1.00, although this cannot be fully guaranteed. The LGIPs are rated AAAm and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2018, TexPool, Texpool Prime, TexasDAILY, TexStar, and Texas CLASS had a weighted average maturity of 28 days, 37 days, 34 days, 43 days, and 52 days, respectively. The City's LGIP investments are not subject to limitations, penalties, or restrictions on withdrawals outside emergency conditions that make the sale of assets or determination of fund NAV not reasonably practical, and therefore, the City considers holdings in these funds to have an effective weighted average maturity of one day.

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

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

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

The City has the following recurring fair value measurements as of September 30, 2018:

- U.S. Treasury securities of $669.2 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 $1.6 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, 2018, the City presented Money Market Funds of $50.7 million, LGIPs of $925.7 million valued using amortized cost, and LGIP's of $137.6 million valued using NAV.

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2018 (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	$ 28,533	271,677	--	300,210
Money Market Funds	1,868	45,725	3,101	50,694
US Treasury Notes	--	64,075	--	64,075
US Agency Bonds	--	324,852	--	324,852
Total non-pooled investments	30,401	706,329	3,101	739,831
Pooled investments:				
Local Government Investment Pools	221,124	540,785	1,111	763,020
US Treasury Notes	175,375	428,901	881	605,157
US Agency Bonds	355,757	870,058	1,777	1,227,592
Total pooled investments	752,256	1,839,744	3,769	2,595,769
Total investments	$ 782,657	2,546,073	6,870	3,335,600

Concentration of Credit Risk

At September 30, 2018, 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 ($465.7 or 14%), Federal Home Loan Bank ($380.7 or 12%), Federal Home Loan Mortgage Corporation ($410 or 12%), and Federal National Mortgage Association ($296 or 9%).

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

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

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

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

As of September 30, 2018, 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	$ 221,124	540,785	1,111	763,020	1
US Treasury Notes	175,375	428,901	881	605,157	300
US Agency Bonds	355,757	870,058	1,777	1,227,592	460
Total Operating funds	752,256	1,839,744	3,769	2,595,769	
Debt service funds					
General Obligation Debt Service					
Local Government Investment Pools	28,533	--	--	28,533	1
Utility (1)					
Local Government Investment Pools	--	91,163	--	91,163	1
Airport					
Local Government Investment Pools	--	32,843	--	32,843	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	12,311	--	12,311	1
Total Debt service funds	28,533	136,317	--	164,850	
Debt service reserve funds					
Utility (1)					
Local Government Investment Pools	--	41,394	--	41,394	1
Money Market Funds	--	7,753	--	7,753	1
Airport					
Local Government Investment Pools	--	40,124	--	40,124	1
Nonmajor Enterprise-Convention Center					
Local Government Investment Pools	--	10,263	--	10,263	1
Total Debt service reserve funds	--	99,534	--	99,534	
Special projects/purpose funds					
Austin Energy Strategic Reserve					
Local Government Investment Pools	--	19,461	--	19,461	1
US Treasury Notes	--	4,926	--	4,926	334
US Agency Bonds	--	201,359	--	201,359	723
Total Austin Energy Strategic Reserve	--	225,746	--	225,746	
Austin Energy Nuclear Decommissioning Trust Funds (NDTF)					
Money Market Funds	--	37,936	--	37,936	1
US Treasury Notes	--	59,149	--	59,149	418
US Agency Bonds	--	123,493	--	123,493	403
Total Austin Energy NDTF	--	220,578	--	220,578	
Special Projects - Utility Reserve (1)					
Local Government Investment Pools	--	24,118	--	24,118	1
Special Purpose Funds - Investments Held by Trustee					
Money Market Funds	1,868	36	3,101	5,005	1
Total Special projects/purpose funds	1,868	470,478	3,101	475,447	
Total funds	**$ 782,657**	**2,546,073**	**6,870**	**3,335,600**	

(1) Includes combined pledge debt service

Credit Risk

At September 30, 2018, City funds held investments in LGIPs and Money Market Funds rated AAAm by Standard & Poor's, short-to-medium term U.S. Agency bonds rated AA+ by Standard & Poor's, and the remaining investments in Treasury securities, which are direct obligations of the U.S. government.

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

Concentration of Credit Risk

Operating Funds
At September 30, 2018, 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 ($446.1 or 17%), Federal Home Loan Bank ($287 or 11%), Federal Home Loan Mortgage Corporation ($287 or 11%), and Federal National Mortgage Association ($207.5 or 8%).

Special Projects or Special Purpose Funds
At September 30, 2018, 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 ($19.6 or 9%), Federal Home Loan Bank ($44.4 or 20%), Federal Home Loan Mortgage Corporation ($78.6 or 35%), and Federal National Mortgage Association ($58.8 or 26%).

At September 30, 2018, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank ($49.3 or 22%), Federal Home Loan Mortgage Corporation ($44.4 or 20%), Federal National Mortgage Association ($29.8 or 13%).

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, 2018, 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 289 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, 2018, 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 654 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, 2018, the dollar weighted average maturity was 338 days.

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

3 – INVESTMENTS AND DEPOSITS, continued
c -- Investment and Deposits

Investments and deposits portfolio balances at September 30, 2018, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	$ 41,467	714,057	3,101	758,625
Pooled investments and cash	753,338	1,842,389	3,769	2,599,496
Total investments and cash	794,805	2,556,446	6,870	3,358,121
Unrestricted cash	61	1,664	--	1,725
Restricted cash	11,005	6,064	--	17,069
Pooled investments and cash	753,338	1,842,389	3,769	2,599,496
Investments	30,401	706,329	3,101	739,831
Total	$ 794,805	2,556,446	6,870	3,358,121

The bank balance of the portfolio exceeds the book balance by approximately $11 million (net), which primarily consists of outstanding checks and deposits in transit. The outstanding checks decrease the book balance as compared to the bank, whereas the deposits in transit increases it. The difference eliminates once both the outstanding checks and deposits in transit clear the bank.

Deposits
The September 30, 2018 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	$ 61	63	124
Restricted	--	4,920	4,920
Cash held by trustee			
Unrestricted	--	1,601	1,601
Restricted	11,005	1,144	12,149
Pooled cash	1,082	2,645	3,727
Total deposits	$ 12,148	10,373	22,521

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, 2018.

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, 2017, upon which the 2018 levy was based, was $138,418,647,260.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2018, 99.47% of the current tax levy (October 1, 2017) 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, 2018, was $0.3393 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, 2018 was $0.1055 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $0.6607 per $100 assessed valuation, and could levy approximately $914,532,002 in additional taxes from the assessed valuation of $138,418,647,260 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, 2018, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,013,858	37,977	(529)	1,051,306
Plant and equipment	264,858	27,813	(25,390)	267,281
Vehicles	141,625	14,531	(4,182)	151,974
Infrastructure	2,848,198	158,071	(109)	3,006,160
Total depreciable capital assets	4,268,539	238,392	(30,210)	4,476,721
Less accumulated depreciation for				
Building and improvements	(362,580)	(32,066)	329	(394,317)
Plant and equipment	(200,023)	(16,896)	24,218	(192,701)
Vehicles	(89,966)	(12,838)	4,832	(97,972)
Infrastructure	(1,190,052)	(76,971)	--	(1,267,023)
Total accumulated depreciation	(1,842,621)	(138,771) (2)	29,379	(1,952,013)
Depreciable capital assets, net	2,425,918	99,621	(831)	2,524,708
Nondepreciable capital assets				
Land and improvements	379,161	5,701	(1,725)	383,137
Arts and treasures	10,202	400	--	10,602
Library collections	18,167	--	--	18,167
Construction in progress	115,646	114,840	(138,215)	92,271
Total nondepreciable assets	523,176	120,941	(139,940)	504,177
Total capital assets	$ 2,949,094	220,562	(140,771)	3,028,885

(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	$ 6,367
Public safety	15,829
Transportation, planning and sustainability	61,028
Public health	1,772
Public recreation and culture	19,836
Urban growth management	21,407
Internal service funds	9,887
Total governmental activities depreciation expense	136,126
Transferred accumulated depreciation	2,645
Total increases in accumulated depreciation/amortization	$ 138,771

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2018, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 2,700,263	128,466	(1,268)	2,827,461
Plant and equipment	3,917,466	138,716	(4,864)	4,051,318
Vehicles	220,857	15,839	(8,376)	228,320
Electric plant	4,919,371	85,387	(18,083)	4,986,675
Non-electric plant	221,233	15,467	--	236,700
Nuclear fuel	376,385	24,082	--	400,467
Water rights	100,000	--	--	100,000
Total depreciable capital assets	12,455,575	407,957	(32,591)	12,830,941
Less accumulated depreciation/amortization for				
Building and improvements	(784,818)	(64,706)	161	(849,363)
Plant and equipment	(1,569,973)	(107,985)	3,862	(1,674,096)
Vehicles	(145,039)	(16,975)	7,270	(154,744)
Electric plant	(2,721,313)	(154,248)	12,775	(2,862,786)
Non-electric plant	(80,128)	(9,823)	--	(89,951)
Nuclear fuel	(333,581)	(18,617)	--	(352,198)
Water rights	(17,778)	(988)	--	(18,766)
Total accumulated depreciation/amortization	(5,652,630)	(373,342) (2)	24,068	(6,001,904)
Depreciable capital assets, net	6,802,945	34,615	(8,523)	6,829,037
Nondepreciable capital assets				
Land and improvements	676,157	18,301	--	694,458
Arts and treasures	4,098	--	--	4,098
Construction in progress	402,729	560,801	(356,934)	606,596
Plant held for future use	23,115	--	--	23,115
Total nondepreciable assets	1,106,099	579,102	(356,934)	1,328,267
Total capital assets	$ 7,909,044	613,717	(365,457)	8,157,304

(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	$ 184,262
Water	60,031
Wastewater	64,647
Airport	33,723
Convention	9,026
Environmental and health services	8,863
Public recreation	716
Urban growth management	10,532
Total business-type activities depreciation expense	371,800
Transferred accumulated depreciation	1,542
Total increases in accumulated depreciation/amortization	$ 373,342

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2018, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Vehicles	$ 33,152	2,938	(2,364)	33,726
Electric plant	4,919,371	85,387	(18,083)	4,986,675
Non-electric plant	221,233	15,467	--	236,700
Nuclear fuel	376,385	24,082	--	400,467
Total depreciable capital assets	5,550,141	127,874	(20,447)	5,657,568
Less accumulated depreciation/amortization for				
Vehicles	(26,290)	(1,574)	2,341	(25,523)
Electric plant	(2,721,313)	(154,248)	12,775	(2,862,786)
Non-electric plant	(80,128)	(9,823)	--	(89,951)
Nuclear fuel	(333,581)	(18,617)	--	(352,198)
Total accumulated depreciation/amortization	(3,161,312)	(184,262) (1)	15,116	(3,330,458)
Depreciable capital assets, net	2,388,829	(56,388)	(5,331)	2,327,110
Nondepreciable capital assets				
Land and improvements	64,740	1,047	--	65,787
Plant held for future use	23,115	--	--	23,115
Construction in progress	124,130	160,929	(105,271)	179,788
Total nondepreciable assets	211,985	161,976	(105,271)	268,690
Total capital assets	$ 2,600,814	105,588	(110,602)	2,595,800

(1) Components of accumulated depreciation/amortization increases:	
Current year depreciation	$ 165,645
Current year amortization included in operating expense	18,617
Total increases in accumulated depreciation/amortization	$ 184,262

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water Utility

Capital asset activity for the year ended September 30, 2018, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,191,027	11,491	(346)	1,202,172
Plant and equipment	3,664,449	124,913	(1,758)	3,787,604
Vehicles	42,583	3,041	(1,413)	44,211
Water rights	100,000	--	--	100,000
Total depreciable capital assets	4,998,059	139,445	(3,517)	5,133,987
Less accumulated depreciation/amortization for				
Building and improvements	(305,067)	(25,713)	148	(330,632)
Plant and equipment	(1,469,828)	(97,259)	996	(1,566,091)
Vehicles	(32,791)	(2,260)	1,408	(33,643)
Water rights	(17,778)	(988)	--	(18,766)
Total accumulated depreciation/amortization	(1,825,464)	(126,220) (1)	2,552	(1,949,132)
Depreciable capital assets, net	3,172,595	13,225	(965)	3,184,855
Nondepreciable capital assets				
Land and improvements	231,360	403	--	231,763
Arts and treasures	111	--	--	111
Construction in progress	217,473	130,093	(93,839)	253,727
Total nondepreciable assets	448,944	130,496	(93,839)	485,601
Total capital assets	$ 3,621,539	143,721	(94,804)	3,670,456

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	
Water	$ 59,043
Wastewater	64,647
Current year amortization	
Water	988
Total water activities depreciation expense	124,678
Transferred accumulated depreciation	1,542
Total increases in accumulated depreciation/amortization	$ 126,220

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport

Capital asset activity for the year ended September 30, 2018, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Depreciable capital assets				
Building and improvements	$ 1,166,557	114,868	--	1,281,425
Plant and equipment	36,337	2,375	(2,406)	36,306
Vehicles	15,421	2,291	(1,625)	16,087
Total depreciable capital assets	1,218,315	119,534	(4,031)	1,333,818
Less accumulated depreciation for				
Building and improvements	(316,493)	(30,166)	--	(346,659)
Plant and equipment	(17,487)	(2,010)	2,213	(17,284)
Vehicles	(8,515)	(1,547)	750	(9,312)
Total accumulated depreciation	(342,495)	(33,723) (1)	2,963	(373,255)
Depreciable capital assets, net	875,820	85,811	(1,068)	960,563
Nondepreciable capital assets				
Land and improvements	96,381	--	--	96,381
Arts and treasures	3,375	--	--	3,375
Construction in progress	33,140	235,751	(119,239)	149,652
Total nondepreciable assets	132,896	235,751	(119,239)	249,408
Total capital assets	$ 1,008,716	321,562	(120,307)	1,209,971

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation	$ 33,723

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2018, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Depreciable capital assets				
Building and improvements	$ 342,679	2,107	(922)	343,864
Plant and equipment	216,680	11,430	(702)	227,408
Vehicles	129,701	7,590	(2,995)	134,296
Total depreciable capital assets	689,060	21,127	(4,619)	705,568
Less accumulated depreciation for				
Building and improvements	(163,258)	(8,827)	13	(172,072)
Plant and equipment	(82,658)	(8,716)	653	(90,721)
Vehicles	(77,443)	(11,594)	2,771	(86,266)
Total accumulated depreciation	(323,359)	(29,137) (2)	3,437	(349,059)
Depreciable capital assets, net	365,701	(8,010)	(1,182)	356,509
Nondepreciable capital assets				
Land and improvements	283,676	16,851	--	300,527
Arts and treasures	612	--	--	612
Construction in progress	27,986	34,028	(38,585)	23,429
Total nondepreciable assets	312,274	50,879	(38,585)	324,568
Total capital assets	$ 677,975	42,869	(39,767)	681,077

(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	$ 9,026
Environmental and health services	8,863
Public recreation	716
Urban growth management	10,532
Total increases in accumulated depreciation/amortization	$ 29,137

Service Concession Arrangements

The City has recorded net capital assets of $168.5 million, other assets of $19.1 million and deferred inflows of $184.3 million derived from four service concession arrangements (SCA) described below. An SCA is an arrangement in which the City conveys use of a capital asset to an operator in exchange for significant consideration; where the operator is compensated from third parties; where the City may determine what services are provided, to whom and for what price; where the City retains a significant residual interest in the asset after the SCA terminates.

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

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, 2018, the unamortized balance was $10.6 million and is presented in other assets. The related deferred inflow balance is $11.7 million. The CONRAC was financed with $143 million in City issued Rental Car Special Facility Bonds, conduit debt secured by customer facilities charges (CFC). CFC funds are remitted by rental car concessionaires directly to the bond trustee. See Note 16 for conduit debt information. Construction costs totaled $152.5 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 30 year term of the master lease agreement.

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, 2018, the unamortized balance was $8.4 million and is presented in other assets. The related deferred inflow balance is $8.8 million. Construction costs totaled $26.8 million and the City has recorded the asset with a corresponding deferred inflow of resources to be amortized over the 40 year term of the master lease agreement.

As of September 30, 2018, the City reported the following SCA activities (in thousands):

Service Concession Arrangement	Beginning Asset Construction Cost	Current year Additions	Beginning Accumulated Depreciation	Current Year Depreciation	Ending Accumulated Depreciation	Net Book Value
Governmental Activities:						
Umlauf Sculpture Garden	$ 2,337	--	1,515	58	1,573	764
YMCA Northeast Recreation Center	1,333	--	159	32	194	1,139
Total Governmental Activities	3,670	--	1,674	90	1,767	1,903
Business-type Activities:						
CONRAC facility	152,496	--	7,624	3,745	11,369	141,127
Bark and Zoom facility	26,558	213	664	675	1,339	25,432
Total Business-type Activities	179,054	213	8,288	4,420	12,708	166,559

	Beginning Deferred Inflows	Current year Additions	Beginning Accumulated Amortization	Current Year Amortization	Ending Accumulated Amortization	Ending Deferred Inflows
Governmental Activities:						
Umlauf Sculpture Garden	319	--	2,018	79	2,097	240
YMCA Northeast Recreation Center	855	--	478	67	545	788
Total Governmental Activities	1,174	--	2,496	146	2,642	1,028
Business-type Activities:						
CONRAC facility	142,361	--	10,135	5,083	15,218	137,278
CONRAC base rent agreement	12,170	--	871	435	1,306	11,735
Bark and Zoom facility	25,673	213	885	453	1,338	25,433
Bark and Zoom base rent agreement	8,957	--	307	154	461	8,803
Total Business-type Activities	$ 189,161	213	12,198	6,125	18,323	183,249

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

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

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

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

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2018, were as follows (in thousands):

Description	October 1, 2017	Increases	Decreases	September 30, 2018	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	$ 1,109,766	99,852	(86,163)	1,123,455	65,913
Certificates of obligation, net	214,394	35,601	(10,549)	239,446	8,457
Contractual obligations, net	111,868	--	(17,804)	94,064	15,485
General obligation bonds and other tax supported debt total	1,436,028	135,453	(114,516)	1,456,965	89,855
Capital lease obligations	--	9,880	--	9,880	2,115
Debt service requirements total	1,436,028	145,333	(114,516)	1,466,845	91,970
Other long-term obligations					
Accrued compensated absences	139,665	7,997	(325)	147,337	65,263
Claims payable	49,096	166,768	(167,890)	47,974	23,655
Net pension liability	1,203,405	295,759	(431,712)	1,067,452	--
Other postemployment benefits (1)	1,294,634	371,444	(92,815)	1,573,263	33,071
Other liabilities	102,195	12,409	(1,288)	113,316	95,987
Governmental activities total	4,225,023	999,710	(808,546)	4,416,187	309,946
Total business-type activities					
General obligation bonds, net	20,303	--	(4,086)	16,217	3,171
Certificates of obligation, net	55,242	--	(2,965)	52,277	2,273
Contractual obligations, net	32,895	5,504	(11,881)	26,518	9,885
Other tax supported debt, net	7,116	860	(1,071)	6,905	790
General obligation bonds and other tax supported debt total	115,556	6,364	(20,003)	101,917	16,119
Commercial paper notes, net	146,097	108,670	--	254,767	--
Revenue bonds, net	4,881,202	45,175	(224,576)	4,701,801	108,584
Capital lease obligations	989	--	(55)	934	56
Debt service requirements total	5,143,844	160,209	(244,634)	5,059,419	124,759
Other long-term obligations					
Accrued compensated absences	26,347	2,122	(816)	27,653	26,939
Claims payable	2,633	29	(2,240)	422	205
Net pension liability	656,565	163,364	(234,877)	585,052	--
Other postemployment benefits (1)	760,993	240,007	(49,366)	951,634	20,005
Accrued landfill closure and postclosure costs	12,693	116	(319)	12,490	2,591
Decommissioning expense payable	165,946	42,333	(2,909)	205,370	3,753
Other liabilities	96,475	462	(8,126)	88,811	52,959
Business-type activities total	6,865,496	608,642	(543,287)	6,930,851	231,211
Total liabilities (2)	$ 11,090,519	1,608,352	(1,351,833)	11,347,038	541,157

(1) Beginning balances have been restated. See Note 18.
(2) This schedule excludes select short-term liabilities of $109,538 for governmental activities. For business-type activities, it excludes select short-term liablities of $281,034, capital appreciation bond interest payable of $2,722 and derivative instruments of $35,519.

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

Description	October 1, 2017	Increases	Decreases	September 30, 2018	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	$ 279	--	(116)	163	109
General obligation bonds and other tax supported debt total	279	--	(116)	163	109
Commercial paper notes, net	146,097	66,500	--	212,597	--
Revenue bonds, net	1,295,899	--	(42,056)	1,253,843	37,007
Capital lease obligations	989	--	(55)	934	56
Debt service requirements total	1,443,264	66,500	(42,227)	1,467,537	37,172
Other long-term obligations					
Accrued compensated absences	10,570	497	--	11,067	11,067
Claims payable	2,070	--	(2,001)	69	64
Net pension liability	273,451	62,600	(95,558)	240,493	--
Other postemployment benefits (1)	255,926	74,746	(15,817)	314,855	6,619
Decommissioning expense payable	165,946	42,333	(2,909)	205,370	3,753
Other liabilities	67,580	462	(3,445)	64,597	28,745
Electric activities total	2,218,807	247,138	(161,957)	2,303,988	87,420
Water and Wastewater activities					
General obligation bonds, net	1,973	--	(753)	1,220	239
Certificates of obligation bonds, net	1,693	--	(99)	1,594	91
Contractual obligations, net	5,502	--	(1,703)	3,799	1,352
Other tax supported debt, net	4,556	780	(826)	4,510	595
General obligation bonds and other tax supported debt total	13,724	780	(3,381)	11,123	2,277
Commercial paper notes, net	--	42,170	--	42,170	--
Revenue bonds, net	2,554,169	45,175	(140,901)	2,458,443	33,888
Debt service requirements total	2,567,893	88,125	(144,282)	2,511,736	36,165
Other long-term obligations					
Accrued compensated absences	5,634	5	(60)	5,579	5,579
Claims payable	562	29	(238)	353	141
Net pension liability	146,090	34,054	(53,129)	127,015	--
Other postemployment benefits (1)	174,317	49,771	(10,734)	213,354	4,485
Other liabilities	18,180	--	(3,712)	14,468	14,468
Water and Wastewater activities total	2,912,676	171,984	(212,155)	2,872,505	60,838
Airport activities					
General obligation bonds, net	56	--	(23)	33	20
General obligation bonds and other tax supported debt total	56	--	(23)	33	20
Revenue bonds, net	881,363	--	(27,882)	853,481	24,249
Debt service requirements total	881,419	--	(27,905)	853,514	24,269
Other long-term obligations					
Accrued compensated absences	2,194	161	--	2,355	2,355
Claims payable	1	--	(1)	--	--
Net pension liability	46,242	14,990	(17,517)	43,715	--
Other postemployment benefits (1)	68,041	24,917	(4,839)	88,119	1,852
Other liabilities	3,173	--	(372)	2,801	2,801
Airport activities total	1,001,070	40,068	(50,634)	990,504	31,277
Nonmajor activities					
General obligation bonds, net	17,995	--	(3,194)	14,801	2,803
Certificates of obligation, net	53,549	--	(2,866)	50,683	2,182
Contractual obligations	27,393	5,504	(10,178)	22,719	8,533
Other tax supported debt, net	2,560	80	(245)	2,395	195
General obligation bonds and other tax supported debt total	101,497	5,584	(16,483)	90,598	13,713
Revenue bonds, net	149,771	--	(13,737)	136,034	13,440
Debt service requirements total	251,268	5,584	(30,220)	226,632	27,153
Other long-term obligations					
Accrued compensated absences	7,949	1,459	(756)	8,652	7,938
Net pension liability	190,782	51,720	(68,673)	173,829	--
Other postemployment benefits (1)	262,709	90,573	(17,976)	335,306	7,049
Accrued landfill closure and postclosure costs	12,693	116	(319)	12,490	2,591
Other liabilities	7,542	--	(597)	6,945	6,945
Nonmajor activities total	$ 732,943	149,452	(118,541)	763,854	51,676

(1) Beginning balances have been restated. See Note 18.

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, 2018, 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	405	24	(1)(3)	4.25 - 4.30%	9/1/2019-2020
NW Austin MUD - 2006	2006	7,995	6,165	1,620	(1)(3)	4.10 - 4.25%	9/1/2019-2026
Mueller Contractual Obligation - 2006	2006	12,000	6,520	1,395	(1)(4)	4.00 - 5.00%	9/1/2019-2026
Public Improvement Refunding - 2008	2008	172,505	19,725	2,001	(1)	5.00%	9/1/2019-2021
Public Improvement - 2009B	2009	78,460	68,980	21,953	(1)	4.45 - 5.31%	9/1/2019-2029
Certificates of Obligation - 2009	2009	12,500	7,825	3,676	(1)	3.13 - 4.75%	9/1/2019-2039
Contractual Obligation - 2009	2009	13,800	895	28	(2)	3.00 - 3.25%	11/1/2018-2019
Mueller Contractual Obligation - 2009	2010	15,000	9,835	2,619	(1)(4)	4.00 - 4.25%	9/1/2019-2029
Public Improvement - 2010A	2011	79,528	65,930	18,792	(1)	2.38 - 4.00%	9/1/2019-2030
Public Improvement - 2010B	2011	26,400	24,470	7,816	(1)	3.45 - 4.65%	9/1/2019-2030
Certificates of Obligation - 2010	2011	22,300	15,855	3,656	(1)	2.25 - 3.50%	9/1/2019-2030
Public Improvement Refunding - 2010	2011	91,560	63,950	8,459	(1)	4.34 - 5.00%	9/1/2019-2023
Public Improvement - 2011A	2012	78,090	68,040	23,309	(1)	2.00 - 4.00%	9/1/2019-2031
Public Improvement - 2011B	2012	8,450	7,700	2,482	(1)	2.75 - 4.50%	9/1/2019-2031
Certificates of Obligation - 2011	2012	51,150	43,875	22,387	(1)	3.00 - 5.00%	9/1/2019-2041
Contractual Obligation - 2011	2012	26,725	2,160	22	(2)	2.00%	11/1/2018
Public Improvement Refunding - 2011A	2012	68,285	15,920	2,458	(1)	4.00 - 5.00%	9/1/2019-2023
Public Improvement - 2012A	2013	74,280	70,945	22,514	(1)	3.00 - 5.00%	9/1/2023-2032
Public Improvement - 2012B	2013	6,640	4,800	1,242	(1)	2.00 - 3.50%	9/1/2019-2032
Certificates of Obligation - 2012	2013	24,645	19,500	5,512	(1)	3.00 - 4.00%	9/1/2019-2037
Contractual Obligation - 2012	2013	27,135	6,320	231	(2)	3.00 - 4.00%	11/1/2018-2019
Mueller Contractual Obligation - 2012	2013	16,735	13,630	4,054	(1)(4)	2.00 - 3.38%	9/1/2019-2032
Public Improvement - 2013	2014	104,665	93,380	39,968	(1)	4.00 - 5.00%	9/1/2019-2033
Certificates of Obligation - 2013	2014	25,355	22,940	11,302	(1)	3.25 - 5.00%	9/1/2019-2038
Contractual Obligation - 2013	2014	50,150	17,865	575	(2)	2.00 - 3.00%	11/1/2018-2020
Public Improvement Refunding - 2013A	2014	43,250	23,825	4,511	(1)	5.00%	9/1/2019-2024
Public Improvement Refunding - 2013B	2014	71,455	21,340	707	(1)	2.42 - 2.72%	9/1/2019-2020
Public Improvement - 2014	2015	89,915	89,205	52,632	(1)	3.00 - 5.00%	9/1/2020-2034
Public Improvement - 2014	2015	10,000	9,700	4,362	(1)	2.16 - 4.02%	9/1/2019-2034
Certificates of Obligation - 2014	2015	35,490	30,565	14,174	(1)	2.00 - 5.00%	9/1/2019-2034
Certificates of Obligation - 2014	2015	9,600	8,155	2,835	(1)	2.11 - 3.92%	9/1/2019-2034
Contractual Obligation - 2014	2015	14,100	9,680	879	(2)	4.00 - 5.00%	11/1/2018-2021
Mueller Contractual Obligation - 2014	2015	15,845	15,010	5,369	(1)(4)	3.00 - 5.00%	9/1/2019-2029
Public Improvement and Refunding - 2015	2016	236,905	220,410	69,181	(1)	2.95 - 5.00%	9/1/2019-2035
Public Improvement - 2015	2016	10,000	9,220	3,549	(1)	2.89 - 4.27%	9/1/2019-2035
Certificates of Obligation - 2015	2016	43,710	39,255	19,622	(1)	3.25 - 5.00%	9/1/2019-2035
Contractual Obligation - 2015	2016	14,450	9,775	1,257	(2)	4.00 - 5.00%	11/1/2018-2022
Public Improvement and Refunding - 2016	2017	98,365	89,135	34,588	(1)	3.00 - 5.00%	9/1/2019-2036
Certificates of Obligation - 2016	2017	44,015	41,065	21,241	(1)	3.00 - 5.00%	9/1/2019-2036
Contractual Obligation - 2016	2017	22,555	17,985	2,301	(2)	2.00 - 5.00%	11/1/2018-2023
Public Improvement - 2016	2017	12,000	11,070	3,243	(1)	1.81 - 4.00%	9/1/2019-2036
Certificates of Obligation - 2016	2017	8,700	8,030	2,349	(1)	1.81 - 4.00%	9/1/2019-2036
Public Improvement - 2017	2018	63,580	50,145	26,069	(1)	5.00%	9/1/2019-2037
Certificates of Obligation - 2017	2018	29,635	28,585	16,262	(1)	5.00%	9/1/2019-2037
Contractual Obligation - 2017	2018	5,075	4,750	609	(2)	2.00 - 5.00%	11/1/2018-2024
Public Improvement - 2017	2018	25,000	24,350	9,122	(1)	2.35 - 5.00%	9/1/2019-2037
River Place MUD - 2009 (5)	2018	7,010	335	15	(1)(3)	4.50%	9/1/2019
			$ 1,439,220				

(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 $4,510 and interest of $1,066 and Drainage fund principal of $2,395 and interest of $593.
(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.
(5) The City assumed the River Place MUD debt during fiscal year 2018.

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

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. 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. 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.

General obligation bonds authorized and unissued amounted to $767,420,000 at September 30, 2018. Bond ratings at September 30, 2018 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, 2018, exclusive of discounts, premiums, and loss on refundings consists of $5,685,218 prior lien bonds and $100,538,544 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are $52,772,638 at September 30, 2018. Revenue bonds authorized and unissued amount to $1,492,642,660 at that date. Bond ratings at September 30, 2018, 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.

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.

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

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, 2018 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1994 Refunding	1995	$ 142,559	5,685	22,350 (2)	6.60%	5/15/2019
1998 Refunding	1999	139,965	96,035	22,542 (1)	5.25%	5/15/2019-2025
1998A Refunding	1999	105,350	4,504	7,881 (2)	4.25%	5/15/2019-2020
			$ 106,224			

(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, 2018, 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, 2018, Austin Energy had tax exempt commercial paper notes of $156,655,000 outstanding and Austin Water Utility had $42,170,000 of commercial paper notes outstanding with interest ranging from 1.57% to 2.75%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 12%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The associated letter of credit agreements have the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	JP Morgan Chase Bank NA	0.25%	Goldman Sachs	0.05%	$ 198,825	10/9/2020

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

Combined Utility Systems Debt -- Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes (the "taxable notes") in an aggregate principal amount not to exceed $75,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2018, 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.

6 – DEBT AND NON-DEBT LIABILITIES, continued

c -- Business-Type Activities Long-Term Liabilities, continued

At September 30, 2018, Austin Energy had outstanding taxable commercial paper notes of $55,942,000 with interest rates ranging from 2.05% to 3.36%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
Various	JP Morgan Chase Bank NA	0.25%	Goldman Sachs	0.05%	$ 55,942	10/9/2020

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

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

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of Austin Energy. Bond ratings at September 30, 2018, were Aa3 (Moody's Investors Service, Inc.), AA (Standard & Poor's), and AA- (Fitch).

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system refunding revenue bonds outstanding at September 30, 2018 (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	22,010	1,541	(1)	5.00%	11/15/2018-2020
2008 Refunding	2008	50,000	38,475	20,794	(1)	5.20 - 6.26%	11/15/2018-2032
2010A Refunding	2010	119,255	95,090	46,591	(1)	4.00 - 5.00%	11/15/2018-2040
2010B Refunding	2010	100,990	100,990	76,304	(1)	4.54 - 5.72%	11/15/2019-2040
2012A Refunding	2013	267,770	255,175	154,489	(1)	2.50 - 5.00%	11/15/2018-2040
2012B Refunding	2013	107,715	83,615	17,279	(1)	1.53 - 3.16%	11/15/2019-2027
2015A Refunding	2015	327,845	327,845	267,155	(1)	5.00%	11/15/2021-2045
2015B Refunding	2015	81,045	72,355	23,548	(1)	1.70 - 4.66%	11/15/2018-2037
2017 Refunding	2017	101,570	101,570	73,339	(1)	4.00 - 5.00%	11/15/2019-2038
			$ 1,097,125				

(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, 2018 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
$ 1,417,232	1,083,928	333,304	93,628	3.56

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

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

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, 2018, 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 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.

Water and Wastewater System Revenue Debt -- Revenue Bond In-Substance Defeasance - In May 2018, the City defeased $5,680,000 of separate lien revenue refunding bonds, series 2004A, $7,740,000 of separate lien revenue refunding bonds, series 2009, $2,480,000 of separate lien revenue refunding bonds, series 2009A, $5,450,000 of separate lien revenue refunding bonds, series 2010A, $26,570,000 of separate lien revenue refunding bonds, series 2011, $10,055,000 of separate lien revenue refunding bonds, series 2012, $1,060,000 of separate lien revenue refunding bonds, series 2015A, and $2,210,000 of separate lien revenue refunding bonds, taxable series 2015B, with a $63,406,607 cash payment. The funds were deposited in an irrevocable escrow account, that holds essentially risk-free U.S. Treasury Notes, to provide for the future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. Revenue bond debt service savings from the 2018 defeasance were $67.5 million over a seven-year period. These savings were an integral part of Austin Water's 2018 Water and Wastewater rate reduction. In addition, these savings, coupled with future planned debt defeasance transactions, will help achieve rate stability over the next few years. An accounting loss of $1,179,652 was recorded and recognized in the current period on the defeasance.

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2018 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding		Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt	
2008 Refunding	2008	$ 170,605	105,690	30,732	(2)	0.87 - 1.82%	11/15/2018-2031	(3)
2009 Refunding	2009	175,000	1,700	102	(1)	4.00%	11/15/2019	
2010	2010	31,815	25,445	--	(4)	0.00%	11/15/2018-2041	
2010A Refunding	2011	76,855	64,215	47,560	(1)	5.00 - 5.13%	11/15/2019-2040	
2010B Refunding	2011	100,970	93,145	71,735	(1)	3.90 - 6.02%	11/15/2018-2040	
2011 Refunding	2012	237,530	208,100	135,279	(1)	3.00 - 5.00%	11/15/2019-2041	
2012 Refunding	2012	336,820	255,590	153,387	(1)	2.50 - 5.00%	5/15/2019-2042	
2013A Refunding	2013	282,460	263,125	165,973	(1)	3.00 - 5.00%	11/15/2018-2043	
2014 Refunding	2014	282,205	279,785	194,385	(1)	5.00%	5/15/2019-2043	
2015A Refunding	2015	249,145	245,535	96,886	(1)	2.85 - 5.00%	11/15/2019-2036	
2015B Refunding	2015	40,000	32,625	1,269	(1)	1.52 - 2.54%	11/15/2018-2021	
2016 Refunding	2016	247,770	247,770	210,191	(1)	5.00%	11/15/2019-2045	
2016A	2017	20,430	19,510	3,309	(1)	0.55 - 2.12%	11/15/2018-2036	
2017 Refunding	2017	311,100	311,100	208,303	(1)	2.50 - 5.00%	11/15/2020-2046	
2017A	2018	45,175	45,175	8,809	(1)	0.58 - 2.29%	11/15/2018-2037	
			$ 2,198,510					

(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.

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

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%	$ 105,690	10/15/2018 (1)

(1) In October 2018, the City extended the letter of credit agreement with Barclays Bank PLC. The new agreement expires on October 28, 2022, 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, 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.

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, 2018 (in thousands):

Gross Revenue (1)	Operating Expense (2)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage (3)
$ 581,324	250,223	331,101	210,284	1.57

(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, 2018, the total airport system obligation for prior lien bonds is $789,189,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are $584,867,972 at September 30, 2018. Revenue bonds authorized and unissued amount to $735,795,000. Bond ratings at September 30, 2018, for the revenue bonds were A (Standard & Poor's) and A1 (Moody's Investors Service, Inc.).

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2018 (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	176,100	27,575 (2)	0.84 - 1.86%	11/15/2018-2025
2013 Revenue	2013	60,000	52,265	6,675 (3)	2.25%	11/15/2018-2028 (4)
2013A Refunding	2014	35,620	1,364	11 (3)	1.56%	11/15/2018
2014 Revenue	2015	244,495	244,495	231,573 (3)	5.00%	11/15/2026-2044
2017A Revenue	2017	185,300	185,300	187,695 (3)	5.00%	11/15/2026-2046
2017B Revenue	2017	129,665	129,665	131,339 (3)	5.00%	11/15/2026-2046
			$ 789,189			

(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 $176,100,000. 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%	$ 44,025	4/15/2019
2005-2	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	44,000	4/15/2019
2005-3	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	44,050	4/15/2019
2005-4	Sumitomo Mitsui Banking Corporation	0.62%	Morgan Stanley	0.10%	44,025	4/15/2019
					$ 176,100	

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, 2018. 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, 2018 (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
$ 176,235	5,469	108,045	73,659	21,875	3.37

(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, 2018, the total convention center obligation for prior and subordinate lien bonds is $135,055,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are $24,853,366 at September 30, 2018. Revenue bonds authorized and unissued amount to $760,000 at September 30, 2018.

Bond ratings at September 30, 2018, for the revenue bonds and subordinate lien bonds were, respectively, Aa3 and A1 (Moody's Investors Service, Inc.), and AA and A+ (Standard & Poor's).

The following table summarizes Convention Center refunding revenue bonds outstanding at September 30, 2018 (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	82,325	16,230 (2)	0.81 - 1.85%	11/15/2018-2029
2012 Refunding	2012	20,185	16,020	4,987 (1)	3.63 - 5.00%	11/15/2018-2029
2013 Refunding	2014	26,485	9,640	488 (1)	5.00%	11/15/2018-2019
2016 Refunding	2017	29,080	27,070	3,148 (1)	1.88%	11/15/2018-2029
			$ 135,055			

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

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

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008-A	Citibank	0.28%	Raymond James	0.06%	$ 41,160	10/9/2020
2008-B	Sumitomo Mitsui Banking Corporation	0.33%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.05%	41,165	10/9/2020
					$ 82,325	

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, 2018. 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

Governmental Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Obligation Principal	Certificates of Obligation Interest	Contractual Obligations Principal	Contractual Obligations Interest
2019	$ 65,913	45,351	8,457	9,329	15,485	3,428
2020	68,976	42,559	8,734	9,003	13,824	2,879
2021	73,507	39,362	9,107	8,660	11,455	2,387
2022	73,876	35,840	9,507	8,300	8,953	1,935
2023	74,385	32,338	9,929	7,913	7,228	1,555
2024-2028	365,655	113,317	56,698	32,925	21,335	4,564
2029-2033	258,765	43,687	65,197	19,611	10,395	802
2034-2038	55,680	4,209	42,726	6,105	--	--
2039-2043	--	--	6,395	552	--	--
	1,036,757	356,663	216,750	102,398	88,675	17,550
Less: Unamortized bond discounts	(1,025)	--	(605)	--	(207)	--
Add: Unamortized bond premiums	87,723	--	23,301	--	5,596	--
Net debt service requirements	1,123,455	356,663	239,446	102,398	94,064	17,550

Fiscal Year Ended September 30	Capital Lease Obligations Principal	Capital Lease Obligations Interest	Total Governmental Debt Service Requirements Principal	Total Governmental Debt Service Requirements Interest	Total Governmental Debt Service Requirements Total
2019	2,115	74	91,970	58,182	150,152
2020	2,043	146	93,577	54,587	148,164
2021	1,973	215	96,042	50,624	146,666
2022	1,907	282	94,243	46,357	140,600
2023	1,842	347	93,384	42,153	135,537
2024-2028	--	--	443,688	150,806	594,494
2029-2033	--	--	334,357	64,100	398,457
2034-2038	--	--	98,406	10,314	108,720
2039-2043	--	--	6,395	552	6,947
	9,880	1,064	1,352,062	477,675	1,829,737
Less: Unamortized bond discounts	--	--	(1,837)	--	(1,837)
Add: Unamortized bond premiums	--	--	116,620	--	116,620
Net debt service requirements	$ 9,880	1,064	1,466,845	477,675	1,944,520

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

Business-type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 3,171	714	2,273	2,090	9,885	753
2020	3,119	588	2,371	2,016	7,551	470
2021	3,254	443	2,488	1,935	4,000	276
2022	2,574	297	2,603	1,849	1,986	158
2023	1,650	168	2,730	1,753	1,158	81
2024-2028	1,715	85	15,788	6,991	1,170	51
2029-2033	--	--	14,953	3,382	--	--
2034-2038	--	--	5,314	584	--	--
2039-2043	--	--	380	18	--	--
2044-2048	--	--	--	--	--	--
	15,483	2,295	48,900	20,618	25,750	1,789
Less: Unamortized bond discounts	--	--	(88)	--	(3)	--
Add: Unamortized bond premiums	734	--	3,465	--	771	--
Net debt service requirements	16,217	2,295	52,277	20,618	26,518	1,789

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	790	590	254,767	516	108,584	223,798
2020	775	258	--	--	149,178	197,279
2021	820	226	--	--	171,500	187,060
2022	845	191	--	--	187,560	179,629
2023	885	156	--	--	188,516	170,888
2024-2028	2,790	238	--	--	1,051,284	719,539
2029-2033	--	--	--	--	802,854	500,721
2034-2038	--	--	--	--	744,646	323,137
2039-2043	--	--	--	--	634,370	146,591
2044-2048	--	--	--	--	287,611	22,812
	6,905	1,659	254,767	516	4,326,103	2,671,454
Less: Unamortized bond discounts	--	--	--	--	(1,906)	--
Add: Unamortized bond premiums	--	--	--	--	377,604	--
Net debt service requirements	$ 6,905	1,659	254,767	516	4,701,801	2,671,454

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

(2) A portion of these bonds are variable rate bonds with rates ranging from 0.81% to 1.86%.

(Continued)

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
2019	$ 56	75	379,526	228,536	608,062
2020	60	73	163,054	200,684	363,738
2021	63	69	182,125	190,009	372,134
2022	67	66	195,635	182,190	377,825
2023	70	64	195,009	173,110	368,119
2024-2028	407	257	1,073,154	727,161	1,800,315
2029-2033	211	78	818,018	504,181	1,322,199
2034-2038	--	--	749,960	323,721	1,073,681
2039-2043	--	--	634,750	146,609	781,359
2044-2048	--	--	287,611	22,812	310,423
	934	682	4,678,842	2,699,013	7,377,855
Less: Unamortized bond discounts	--	--	(1,997)	--	(1,997)
Add: Unamortized bond premiums	--	--	382,574	--	382,574
Net debt service requirements	$ 934	682	5,059,419	2,699,013	7,758,432

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
2019	$ 109	4	212,597	462	37,007	54,363
2020	50	2	--	--	46,993	52,724
2021	4	--	--	--	47,106	50,835
2022	--	--	--	--	54,593	48,794
2023	--	--	--	--	51,983	46,323
2024-2028	--	--	--	--	284,474	192,169
2029-2033	--	--	--	--	219,915	129,890
2034-2038	--	--	--	--	203,565	80,494
2039-2043	--	--	--	--	141,430	35,958
2044-2048	--	--	--	--	81,340	6,221
	163	6	212,597	462	1,168,406	697,771
Less: Unamortized bond discounts	--	--	--	--	(190)	--
Add: Unamortized bond premiums	--	--	--	--	85,627	--
Net debt service requirements	163	6	212,597	462	1,253,843	697,771

Fiscal Year Ended September 30	Capital Lease Obligations		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2019	56	75	249,769	54,904	304,673
2020	60	73	47,103	52,799	99,902
2021	63	69	47,173	50,904	98,077
2022	67	66	54,660	48,860	103,520
2023	70	64	52,053	46,387	98,440
2024-2028	407	257	284,881	192,426	477,307
2029-2033	211	78	220,126	129,968	350,094
2034-2038	--	--	203,565	80,494	284,059
2039-2043	--	--	141,430	35,958	177,388
2044-2048	--	--	81,340	6,221	87,561
	934	682	1,382,100	698,921	2,081,021
Less: Unamortized bond discounts	--	--	(190)	--	(190)
Add: Unamortized bond premiums	--	--	85,627	--	85,627
Net debt service requirements	$ 934	682	1,467,537	698,921	2,166,458

(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 Principal	General Obligation Bonds Interest	Certificates of Obligation Principal	Certificates of Obligation Interest	Contractual Obligations Principal	Contractual Obligations Interest	Other Tax Supported Debt Principal	Other Tax Supported Debt Interest
2019	$ 239	51	91	59	1,352	126	595	382
2020	207	43	92	56	1,052	83	496	165
2021	186	34	99	53	671	50	525	145
2022	187	27	102	50	419	24	541	122
2023	155	17	109	47	175	4	567	100
2024-2028	188	9	612	165	--	--	1,786	152
2029-2033	--	--	463	38	--	--	--	--
2034-2038	--	--	--	--	--	--	--	--
2039-2043	--	--	--	--	--	--	--	--
2044-2048	--	--	--	--	--	--	--	--
	1,162	181	1,568	468	3,669	287	4,510	1,066
Less: Unamortized bond discounts	--	--	(5)	--	--	--	--	--
Add: Unamortized bond premiums	58	--	31	--	130	--	--	--
Net debt service requirements	1,220	181	1,594	468	3,799	287	4,510	1,066

Fiscal Year Ended September 30	Commercial Paper Notes (1) Principal	Commercial Paper Notes (1) Interest	Revenue Bonds (2) Principal	Revenue Bonds (2) Interest	Total Austin Water Utility Debt Service Requirements Principal	Total Austin Water Utility Debt Service Requirements Interest	Total Austin Water Utility Debt Service Requirements Total
2019	42,170	54	33,888	129,662	78,335	130,334	208,669
2020	--	--	62,085	106,267	63,932	106,614	170,546
2021	--	--	88,934	99,331	90,415	99,613	190,028
2022	--	--	97,927	95,195	99,176	95,418	194,594
2023	--	--	100,233	90,214	101,239	90,382	191,621
2024-2028	--	--	576,520	375,755	579,106	376,081	955,187
2029-2033	--	--	456,054	251,320	456,517	251,358	707,875
2034-2038	--	--	410,266	152,738	410,266	152,738	563,004
2039-2043	--	--	326,005	57,769	326,005	57,769	383,774
2044-2048	--	--	81,541	5,711	81,541	5,711	87,252
	42,170	54	2,233,453	1,363,962	2,286,532	1,366,018	3,652,550
Less: Unamortized bond discounts	--	--	(1,443)	--	(1,448)	--	(1,448)
Add: Unamortized bond premiums	--	--	226,433	--	226,652	--	226,652
Net debt service requirements	$ 42,170	54	2,458,443	1,363,962	2,511,736	1,366,018	3,877,754

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

(2) Portions of these bonds are variable rate bonds with rates of 0.87% - 1.82%.

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

Business-type Activities: Airport
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds (1) Principal	Revenue Bonds (1) Interest
2019	$ 20	1	24,249	35,646
2020	10	1	26,135	34,682
2021	2	--	26,150	33,702
2022	1	--	25,430	32,748
2023	--	--	26,430	31,769
2024-2028	--	--	135,820	143,741
2029-2033	--	--	102,495	118,931
2034-2038	--	--	130,815	89,905
2039-2043	--	--	166,935	52,864
2044-2048	--	--	124,730	10,880
	33	2	789,189	584,868
Less: Unamortized bond discounts	--	--	(204)	--
Add: Unamortized bond premiums	--	--	64,496	--
Net debt service requirements	33	2	853,481	584,868

Fiscal Year Ended September 30	Total Airport Debt Service Requirements Principal	Interest	Total
2019	24,269	35,647	59,916
2020	26,145	34,683	60,828
2021	26,152	33,702	59,854
2022	25,431	32,748	58,179
2023	26,430	31,769	58,199
2024-2028	135,820	143,741	279,561
2029-2033	102,495	118,931	221,426
2034-2038	130,815	89,905	220,720
2039-2043	166,935	52,864	219,799
2044-2048	124,730	10,880	135,610
	789,222	584,870	1,374,092
Less: Unamortized bond discounts	(204)	--	(204)
Add: Unamortized bond premiums	64,496	--	64,496
Net debt service requirements	$ 853,514	584,870	1,438,384

(1) Portions of these bonds are variable rate bonds with rates ranging from 0.84% - 1.86%.

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 Principal	General Obligation Bonds Interest	Certificates of Obligation Principal	Certificates of Obligation Interest	Contractual Obligations Principal	Contractual Obligations Interest
2019	$ 2,803	658	2,182	2,031	8,533	627
2020	2,852	542	2,279	1,960	6,499	387
2021	3,062	409	2,389	1,882	3,329	226
2022	2,386	270	2,501	1,799	1,567	134
2023	1,495	151	2,621	1,706	983	77
2024-2028	1,527	76	15,176	6,826	1,170	51
2029-2033	--	--	14,490	3,344	--	--
2034-2038	--	--	5,314	584	--	--
2039-2043	--	--	380	18	--	--
	14,125	2,106	47,332	20,150	22,081	1,502
Less: Unamortized bond discounts	--	--	(83)	--	(3)	--
Add: Unamortized bond premiums	676	--	3,434	--	641	--
Net debt service requirements	14,801	2,106	50,683	20,150	22,719	1,502

Fiscal Year Ended September 30	Other Tax Supported Debt Principal	Other Tax Supported Debt Interest	Revenue Bonds (1) Principal	Revenue Bonds (1) Interest	Total Nonmajor Enterprise Debt Service Requirements Principal	Total Nonmajor Enterprise Debt Service Requirements Interest	Total Nonmajor Enterprise Debt Service Requirements Total
2019	195	208	13,440	4,127	27,153	7,651	34,804
2020	279	93	13,965	3,606	25,874	6,588	32,462
2021	295	81	9,310	3,192	18,385	5,790	24,175
2022	304	69	9,610	2,892	16,368	5,164	21,532
2023	318	56	9,870	2,582	15,287	4,572	19,859
2024-2028	1,004	86	54,470	7,874	73,347	14,913	88,260
2029-2033	--	--	24,390	580	38,880	3,924	42,804
2034-2038	--	--	--	--	5,314	584	5,898
2039-2043	--	--	--	--	380	18	398
	2,395	593	135,055	24,853	220,988	49,204	270,192
Less: Unamortized bond discounts	--	--	(69)	--	(155)	--	(155)
Add: Unamortized bond premiums	--	--	1,048	--	5,799	--	5,799
Net debt service requirements	$ 2,395	593	136,034	24,853	226,632	49,204	275,836

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.81% - 1.85%.

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, 2018, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity Dates	Balance (1)
Austin Energy		
Series 2008A	11/15/2018	$ 165,200
Austin Water Utility		
Series 2004A	11/15/2018 - 11/15/2019	14,010
Series 2009	11/15/2018 - 11/15/2019	126,100
Series 2009A	11/15/2018 - 11/15/2019	139,690
Series 2010A	11/15/2018 - 11/15/2020	5,450
Series 2011	11/15/2018 - 11/15/2021	26,570
Series 2012	11/15/2018 - 11/15/2020	10,055
Series 2014	5/15/2019	1,000
Series 2015A	11/15/2018	1,060
Series 2015B	11/15/2018	2,210
Combined Utility System Revenue		
Series 1994 Subordinate Lien	5/15/2019	3,700
		$ 495,045

(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, 2017. 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

	City Employees	Police Officers	Fire Fighters
Eligibility	Group A members qualify for retirement benefits at age 62; age 55 with 20 years creditable service; or any age with 23 years creditable service. No reduced benefits are available. Group B members qualify for normal retirement benefits at age 65 with 5 years creditable service or at age 62 with 30 years creditable service. Reduced benefits are available at age 55 with 10 years of creditable service.	Members are eligible for retirement benefits at any age with 23 years creditable service (excluding pre-membership military service), age 55 and 20 years creditable service (excluding pre-membership military service), or age 62 and any number of creditable service years.	Members are eligible for normal retirement benefits upon the earlier of age 50 with 10 years of service or 25 years of service regardless of age. Members are eligible for early retirement at 45 with 10 years of service or with 20 years of service regardless of age.
Calculation	Average of 36 highest months of base pay multiplied by years and months of creditable service multiplied by 3.0% for Group A and 2.5% for Group B.	Average of 36 highest months of base salary plus longevity pay multiplied by years and months of service multiplied by 3.2%.	Average of 36 highest months of base salary plus longevity pay multiplied by years of service multiplied by 3.3% with a $2,000 monthly minimum.
Death Benefits	Retiree or active member eligible for retirement, $10,000 lump sum and continuation of benefits to beneficiary if this option was selected. If not eligible for retirement, refund of accumulated deposits plus death benefit from COAERS equal to those deposits excluding purchases of time.	For retirees and members eligible for retirement, $10,000 lump sum and the member's accrued benefit as of the date of death based on annuity selected. Non-vested members receive the greater of $10,000 or twice the amount of the member's accumulated contributions.	Surviving spouse receives 75% of retiree benefits based on the greater of 20 years or years of service at time of death. If surviving spouse exists, each dependent receives 15% of the payment paid to the surviving spouse. If no surviving spouse exists, dependents split equally the amount that would have been paid to surviving spouse.
Disability Benefits	After approved for disability benefits, active members may choose from several different disability retirement options. Must have 5 years of service if disability is not job related.	After approved for disability benefits, if disability is the result of employment duties, benefit is based on the greater of 20 years or normal retirement calculation. Must have 10 years of service if disability is not job related.	For the first 30 months, eligible for retiree benefits based on the greater of service at time of disability or 20 years. After 30 months, continuance of annuity may be reevaluated.
Cost of Living Adjustments (COLA)	The plan does not require 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 2018.

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

Employees Covered by Benefit Terms: Membership in the plans as of December 31, 2017, is as follows:

	City Employees	Police Officers		Fire Fighters
Inactive employees or beneficiaries currently receiving benefits	6,225	867		786
Inactive employees entitled to but not yet receiving benefits	2,657	98	(1)	9
Active employees	9,612	1,866		1,045
Total	18,494	2,831		1,840

(1) Includes 45 terminated vested members and 53 nonvested terminated members due refunds

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

	City Employees	Police Officers	Fire Fighters
Employee contribution (percent of earnings)	8.00%	13.00%	18.70%
City contribution (percent of earnings)	18.00% (1)	21.313%	22.05%
City contributions year ended September 30, 2018 (in thousands)	$114,149	34,944	19,809

(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, 2017 for all three systems. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for the City Employees' and Police Officers' funds. For the Fire Fighters fund, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 using the final 2017 assumptions and then was rolled forward to the plan's year ending December 31, 2017.

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

	City Employees	Police Officers	Fire Fighters
Inflation rate	2.75%	3.00%	3.50%
Projected annual salary increases	4.00% to 6.25%	0.00% to 22.50% 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 inflation 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
City Employees:		
US equity	30.00%	5.30%
International equity	20.00%	6.38%
Emerging markets equities	10.00%	6.62%
Fixed income	24.50%	3.33%
Alternative investments	10.00%	3.95% to 6.34%
Real estate	5.50%	5.52%
Total	100.00%	
Police Officers:		
Domestic equity	42.50%	7.50%
International equity	15.00%	8.50%
Other equity	7.50%	7.50%
US and non-US fixed income	10.00%	3.00%
Other fixed income	5.00%	3.50%
Real estate	15.00%	4.50%
Timber	0.00%	2.50%
Multi asset class	5.00%	5.00%
Total	100.00%	
Fire Fighters:		
Public domestic equity	20.00%	5.30%
Public foreign equity	22.00%	6.90%
Private equity fund of funds	15.00%	5.60%
Investment grade bonds	13.00%	1.10%
Treasury inflation protected securities	5.00%	0.80%
High yield/bank loans	5.00%	3.80%
Emerging market debt	7.00%	3.60%
Core real estate	5.00%	3.40%
Non-core real estate	5.00%	5.00%
Natural resources	3.00%	5.90%
Total	100.00%	

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

Discount Rate. The following provides information on the discount rate used to measure the City's total pension liability. Based on the assumptions presented below, the fiduciary net position for 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.

	City Employees	Police Officers	Fire Fighters
Single discount rate	7.50%	7.70%	7.70%
Change since last measurement date	None	None	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 28 years and then will decrease to 8%.	Plan member contributions and City contributions will be made at current contribution rates and will remain a level percentage of payroll.	Plan member contributions will be made at current contribution rates. City contributions will be continued at the currently negotiated rate of 22.05%.

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

	1% Decrease		Current Discount Rate		1% Increase	
	Rate	Net Pension Liability	Rate	Net Pension Liability	Rate	Net Pension Liability (Asset)
City Employees	6.50%	$ 1,608,628	7.50%	$ 1,147,385	8.50%	$ 762,471
Police Officers	6.70%	553,553	7.70%	420,116	8.70%	307,089
Fire Fighters	6.70%	189,653	7.70%	85,003	8.70%	(3,088)

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, 2017 are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
Total pension liability at December 31, 2016 (a)	$ 3,591,376	1,106,189	977,723	5,675,288
Changes for the year:				
Service cost	107,767	35,322	23,830	166,919
Interest	266,257	84,472	75,812	426,541
Benefit changes	--	--	8,964	8,964
Differences between expected and actual experience	22,755	17,241	4,360	44,356
Contribution buy back	--	2,915	--	2,915
Benefit payments including refunds	(190,332)	(56,548)	(51,888)	(298,768)
Net change in total pension liability	206,447	83,402	61,078	350,927
Total pension liability at December 31, 2017 (b)	$ 3,797,823	1,189,591	1,038,801	6,026,215
Total plan fiduciary net position at December 31, 2016 (c)	$ 2,299,688	686,020	829,610	3,815,318
Changes for the year:				
Employer contributions	110,846	35,141	19,242	165,229
Employee contributions	56,194	21,437	16,319	93,950
Contribution buy back	--	2,915	--	2,915
Pension plan net investment income (loss)	376,820	82,072	141,915	600,807
Benefits payments and refunds	(190,332)	(56,548)	(51,888)	(298,768)
Pension plan administrative expense	(2,778)	(1,562)	(1,400)	(5,740)
Net change in total plan fiduciary net position	350,750	83,455	124,188	558,393
Total plan fiduciary net position at December 31, 2017 (d)	$ 2,650,438	769,475	953,798	4,373,711
Net pension liability at December 31, 2016 (a-c)	$ 1,291,688	420,169	148,113	1,859,970
Net pension liability at December 31, 2017 (b-d)	$ 1,147,385	420,116	85,003	1,652,504

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 also had no changes of assumptions or benefit terms that affected the total pension liability for the measurement period.

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, 2018 a cost-of-living adjustment increase of 2.20% went into effect.

c -- Pension Expense

Total pension expense recognized by the City for the fiscal year ended September 30, 2018, was comprised of the following (in thousands):

	Pension Expense
City Employees	$ 203,901
Police Officers	59,126
Fire Fighters	32,775
Total	$ 295,802

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

At September 30, 2018, 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	$ 84,001	25,478	14,558	124,037
Differences between expected and actual experience	43,447	21,257	14,903	79,607
Changes in assumptions	52,369	15,334	2,713	70,416
Net difference between projected and actual earnings on pension plan investments	--	8,140	--	8,140
Changes in proportionate share (between funds)	2,013	--	--	2,013
Total	181,830	70,209	32,174	284,213
Deferred Inflows of Resources				
Differences between expected and actual experience	--	4,423	--	4,423
Net difference between projected and actual earnings on pension plan investments	69,347	--	35,527	104,874
Changes in proportionate share (between funds)	2,013	--	--	2,013
Total	$ 71,360	4,423	35,527	111,310

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 as an increase (decrease) in pension expense is as follows (in thousands):

Fiscal Year Ended September 30	City Employees	Police Officers	Fire Fighters	Total
2019	$ 55,007	13,895	2,285	71,187
2020	34,929	11,549	(865)	45,613
2021	(30,005)	1,353	(11,675)	(40,327)
2022	(35,301)	(1,134)	(12,567)	(49,002)
2023	1,839	4,381	3,176	9,396
Thereafter	--	10,264	1,735	11,999
Total	$ 26,469	40,308	(17,911)	48,866

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

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

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

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

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

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

For the 2017 plan year, (January 1 to December 31), the percentage of the maximum subsidy paid by the City was as follows:

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

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

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

Employees Covered by Benefit Terms: Membership in the plan as of December 31, 2017, is as follows:

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

b – Total OPEB Liability

The City's total OPEB liability of $2,524,897 (in thousands) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date. Of the total liability, $53,076 (in thousands) is considered to be due within one year and the remaining $2,471,821 (in thousands) is considered to be a long-term liability.

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

Inflation rate	NA
Salary increases	Vary by retirement group, age, and years of service
Discount rate	3.44%
Healthcare cost trend rates:	
Medical (pre-65)	7.00% graded to 4.50% over 5 years
Medical (post-65)	6.00% graded to 4.50% over 3 years
Prescription drug	9.00% graded to 4.50% over 9 years
Administrative costs	2.50%
Experience studies	Experience for healthcare cost trend rates was based on activity from November 1, 2015 to October 31, 2017 for medical costs and December 1, 2015 to November 30, 2017 for prescriptions.

Sources for mortality rate assumptions include:

General (Actives)	RP-2014 Blue Collar Employee Mortality Tables projected generationally using scale BB from 2014
General (Healthy retirees)	RP-2014 Blue Collar Healthy Annuitant Mortality Tables projected generationally using scale BB from 2014
General (Disabled retirees)	RP-2014 Blue Collar Healthy Annuitant Mortality Tables, set forward 3 years, projected generationally using Scale BB from 2014, with a minimum 3% rate of mortality applicable at all ages
Police (All lives)	RP-2000 Combined Healthy Mortality Tables
Fire (Healthy lives)	RP-2000 Combined Healthy Mortality Tables, set back 2 years, projected generationally using Scale AA from 2000
Fire (Disabled lives)	RP-2000 Disabled Retiree Mortality Tables

Discount Rate. The discount rate for OPEB funded entirely on a pay-as-you-go basis is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For the OPEB measurement at December 31, 2017, the City's actuaries used the Bond Buyer US Weekly Yields 20 General Obligation Bond Index of 3.44%. The discount rate as of December 31, 2016 used in calculating the total OPEB liability as of September 30, 2017 for restating the financial statements was 3.78%. The discount rate decreased 0.34% between these two measurement dates.

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

b – Total OPEB Liability, continued

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

1% Decrease		Current Discount Rate		1% Increase	
Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
2.44%	$ 3,043,665	3.44%	$ 2,524,897	4.44%	$ 2,123,411

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

1% Decrease	Current Rate	1% Increase
Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
$ 2,087,263	$ 2,524,897	$ 3,101,315

Schedule of Changes in Total OPEB Liability. Changes in the total OPEB liability for measurement period ended December 31, 2017 is as follows (in thousands):

Total OPEB liability at December 31, 2016	$ 2,055,627
Changes for the year:	
Service cost	86,687
Interest	80,132
Differences between expected and actual experience	64,227
Assumption changes	283,099
Expected benefit payments	(44,875)
Net change in total OPEB liability	469,270
Total OPEB liability at December 31, 2017	$ 2,524,897

The OPEB plan had no changes in benefit terms during the period. Assumption changes included:

- Lowering the discount rate from 3.78% to 3.44% based on Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- Updating medical and prescription drug claim costs to reflect more recent experience,
- Modifying medical and prescriptions drug trend rates by splitting the single category from the previous valuation into three categories for the current valuation, grading these categories for different periods, and lowering the ultimate trend rate from 5.0% to 4.5%, and
- Updating third-party administrator and vendor administrative expenses to reflect more recent contracts and assumed trends on such costs.

c – Other Postemployment Benefits Expense

Total OPEB expenses recognized by the City for the fiscal year ended September 30, 2018 were $213,006 (in thousands).

8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows	Deferred Inflows
Benefit payments subsequent to the measurement date	$ 35,830	--
Differences between expected and actual experience	55,720	--
Changes in assumptions	245,603	--
Changes in proportionate share (between funds)	11,713	11,713
Total	$ 348,866	11,713

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

Fiscal Year Ended September 30	
2019	$ 46,004
2020	46,004
2021	46,004
2022	46,004
2023	46,004
Thereafter	71,303
Total	$ 301,323

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.

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

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, 2018, $96 thousand in premiums was deferred. As of September 30, 2018, the fair value of Austin Energy's futures, options, and swaps was an unrealized loss of $7.7 million, of which $7.8 million is reported as derivative instruments in liabilities and $50 thousand is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the statement of net position using deferred outflows and deferred inflows.

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

In fiscal year 2018, Austin Energy sold PCRRs and recorded a gain of $193 thousand; however, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2018, $344 thousand remained deferred.

On September 30, 2018, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction		Reference Index	Fair Value at September 30, 2018: Maturity Dates	Notional Volumes	Fair Value	Change in Fair Value	Premiums Deferred
Long	OTC Call Options	Henry Hub	Oct 2018 - Sept 2021	5,945,000 (1)	$ 50	(257)	1,246
			Derivative instruments (assets)		50	(257)	1,246
Short	OTC Put Options	Henry Hub	Oct 2018 - Sep 2021	(5,945,000) (1)	(2,743)	82	(1,150)
Long	OTC Basis Swaps	WAHA	Oct 2018	155,000 (1)	(189)	(187)	--
Long	OTC Swaps	Henry Hub	Oct 2018 - Sep 2020	4,645,000 (1)	(4,864)	(492)	--
			Derivative instruments (liabilities)		(7,796)	(597)	(1,150)
			Total		$ (7,746)	(854)	96

(1) Volume in MMBTUs

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

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

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

Risks

Credit Risk. Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative 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, 2018, the brokerages had credit ratings of A.

The over-the-counter agreements expose Austin Energy to credit risk; however, at September 30, 2018, 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, 2018, 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.

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 i.e. NYMEX (Henry Hub). As of September 30, 2018, the NYMEX price was $3.02 per MMBTU (one million British thermal unit, a measurement of heating value), the WAHA Hub price was $1.21 per MMBTU, Katy was $3.20 per MMBTU, and the HSC Hub price was $3.17 per MMBTU.

Risks

As of September 30, 2018, 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.

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

As of September 30, 2018, the City has three outstanding swap transactions with initial and outstanding notional amounts totaling $602.1 million and $364.1 million, respectively. The fair values of the interest rate derivative transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current amount, discounted using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows. Where applicable under the income approach an option pricing model is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions. Given the observability of inputs significant to the measurements, the fair values of the transactions are categorized as Level 2.

On September 30, 2018, 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	$ 105,690	(9,653)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Pay 4.051%, receive 71% of LIBOR	8/17/2005	11/15/2025	176,100	(12,349)
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	82,325	(5,721)
					$ 364,115	(27,723)

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

The fair value of the City's interest rate swap hedging derivative instruments is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreements as of September 30, 2018 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification: Amount	Fair Value and Classification: Classification	Change in fair value: Deferred Outflows	Change in fair value: Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW2	$ 105,690	(9,653)	Non-current liability	5,856	--
AIR1	176,100	(12,349)	Non-current liability	9,187	--
HOT1	82,325	(5,721)	Non-current liability	4,193	--
	$ 364,115	(27,723)		19,236	--

Due to the continued low interest rate levels during fiscal year 2018, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2018. 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.

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

Risks

Credit risk. As of September 30, 2018, 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, 2018, are included in the table below:

			Counterparty Ratings		
Item	**Related Variable Rate Bonds**	**Counterparty**	**Moody's Investors Service, Inc**	**Standard & Poor's**	**Fitch, Inc**
Business-Type Activities:					
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	A1	A+	A+
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	BBB+	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.

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, 2018, are included in the table below (in thousands):

		Counterparty Swap Interest				
Item	**Related Variable Rate Bonds**	**Pay**	**Receive**	**Net**	**Interest to Bondholders**	**Net Interest Payments**
Business-Type Activities:						
WW2	Water & Wastewater Revenue Refunding Bonds,	$ (3,830)	1,309	(2,521)	(1,326)	(3,847)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	(7,218)	2,122	(5,096)	(2,258)	(7,354)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(2,721)	960	(1,761)	(1,042)	(2,803)
		$ (13,769)	4,391	(9,378)	(4,626)	(14,004)

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

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, 2018, 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, 2018, the City did not have any investment derivative instruments related to interest rate swaps.

c -- Swap Payments and Associated Debt

As of September 30, 2018, debt service requirement of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Variable Rate Bonds (in thousands) Principal	Interest (1)	Interest Rate Swaps, Net	Total Interest
2019	$ 28,525	234	12,501	12,735
2020	31,935	197	11,338	11,535
2021	31,010	159	10,177	10,336
2022	27,710	121	9,123	9,244
2023	39,185	84	7,931	8,015
2024-2028	149,125	(31)	19,882	19,851
2029-2032	56,625	(42)	2,863	2,821
Total	$ 364,115	722	73,815	74,537

(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 9/30/2018.

10 – DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2018, the following funds reported deficits in fund balances/net position (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issues.

Nonmajor Governmental	Deficit
Special Revenue Funds:	
Auto Theft Interdiction	$ 27
Fiscal Surety - Land Development	947
Town Lake Beautification	16
Capital Projects Funds:	
2016 fund	
Mobility	1,260
Other funds	
General Government Projects	1,915
Build Austin	5
Public Works	711
City Hall, plaza, parking garage	6,232
Nonmajor Enterprise	
Austin Resource Recovery	86,927
Transportation	79,298

11 – INTERFUND BALANCES AND TRANSFERS

a -- Interfund receivables, payables, and advances

Interfund receivables, payables, and advances at September 30, 2018, are as follows (in thousands):

	Due From				
Due To	Nonmajor Governmental	Austin Energy	Austin Water Utility	Nonmajor Enterprise	Total
General Fund	$ 16	215	--	--	231
Nonmajor governmental	11,112	--	--	--	11,112
Airport	--	166	--	--	166
Nonmajor enterprise	--	--	301	1,148	1,449
Total	$ 11,128	381	301	1,148	12,958

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 ($11.9 million). Deficits in grant funds awaiting reimbursement from grantors ($10.7 million) was borrowed from the Fiscal Surety fund.

	Advance To						
Advance From	Nonmajor Governmental	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Internal Service	Total
General Fund	$ --	441	--	--	--	--	441
Nonmajor governmental	7,779	152	--	32	229	12	8,204
Austin Water Utility	556	10,821	--	--	--	--	11,377
Airport	--	341	--	--	--	--	341
Nonmajor enterprise	348	--	1,803	--	--	--	2,151
Total	$ 8,683	11,755	1,803	32	229	12	22,514

Advances to and advances from reflect borrowing that will not be liquidated within one year. 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, which replaced an insurance policy previously held for combined lien reserve, on behalf of both enterprise funds. Of the $7.8 million between nonmajor governmental funds, $6.3 million represents a long-term borrowing by the City Hall fund from the TPSD general improvements fund as a result of a deficit in pooled investments and cash.

11 – INTERFUND BALANCES AND TRANSFERS
b -- Transfers

Transfers at September 30, 2018, are as follows (in thousands):

	Transfers In						
Transfers Out	**General Fund**	**Nonmajor Governmental**	**Austin Energy**	**Austin Water Utility**	**Nonmajor Enterprise**	**Internal Service**	**Total**
General Fund	$ --	7,553	--	--	1,853	2,370	11,776
Nonmajor governmental	5,721	36,143	45	--	101,770	--	143,679
Austin Energy	115,873	--	--	12	--	--	115,885
Austin Water Utility	49,148	75	2,625	--	--	9	51,857
Airport	--	--	182	--	--	--	182
Nonmajor enterprise	635	5,794	27	53	84	--	6,593
Internal service	2,237	19,677	--	--	180	28	22,122
Total	$ 173,614	69,242	2,879	65	103,887	2,407	352,094

Interfund transfers are authorized through City council approval. Significant transfers include: Austin Energy and Austin Water Utility transfers to the General Fund ($165 million), which are comparable to a return on investment to owners. Tax collections from the Hotel-Motel Occupancy Tax ($69.5 million) and the Vehicle Rental Tax ($9.9 million), special revenue funds, are transferred to the Convention Center in support of convention operations and debt service. In addition, there was a transfer of ($22.1 million) from the Watershed Protection Annexed Areas fund to reimburse the Drainage fund for the buyouts of single family homes in flood-prone areas.

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 July 2, 2018, the PUC approved the City's most recent wholesale transmission rate of $1.187214/KW. Transmission revenues totaled approximately $79 million in fiscal year 2018. 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, 2018, the City has elected not to enter the retail market, as allowed by state law.

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

12 – SELECTED REVENUES, continued
a -- Major Enterprise Funds, continued

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 2018, the Airport fund revenues included minimum concession guarantees of $22,090,118.

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, 2018 (in thousands):

Fiscal Year Ended September 30	Airport Lease Receipts
2019	$ 28,359
2020	29,560
2021	29,507
2022	27,902
2023	27,728
2024-2028	105,933
2029-2033	11,441
2034-2038	8,331
2039-2043	3,568
Thereafter	1,780
Totals	$ 274,109

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
2019	$ 2,607
2020	2,425
2021	1,866
2022	1,731
2023	1,594
2024-2028	6,945
Totals	$ 17,168

13 – TAX ABATEMENTS

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

13 – TAX ABATEMENTS, continued
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 2018, the City had four agreements under this program which resulted in rebates that meet the definition of tax abatements of approximately $10.2 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.

Exemption Program

There were no active agreements under the Media Production Development Zone Program during fiscal year 2018.

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

14 – COMMITMENTS AND CONTINGENCIES
a -- Fayette Power Project

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

Austin Energy's investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in FPP was $17.8 million as of September 30, 2018. The decrease in the pro-rata interest from 2017 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, 2018, Austin Energy's investment in the STP was approximately $361.8 million, net of accumulated depreciation.

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

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

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

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

c -- South Texas Project Decommissioning

Austin Energy began collecting in rates and accumulating funds for decommissioning STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted investments held by trustee. The related liability is reported as 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. At September 30, 2018, the trust's assets were in excess of the estimated liability by $20.9 million which is reported as part of deferred inflows of resources (in thousands).

Decommissioning trust assets	$ 222,505
Pro rata decommissioning liability	(201,617)
	$ 20,888

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 $6.2 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 2043.

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, 2018, the financial statements includes a $3.8 million short-term decommissioning liability related to Holly and a $404 thousand short-term environmental liability related to Fayette and Decker, classified as other liabilities. The amount is based on 2018 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, 2018.

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 2018 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

14 – COMMITMENTS AND CONTINGENCIES, continued
h -- Capital Improvement Plan, continued

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

Project	Remaining Commitment (in thousands)
Governmental activities:	
General government	$ 154,178
Public safety	39,003
Transportation, planning, and sustainability	206,795
Public health	3,642
Public recreation and culture	54,570
Urban growth management	13,980
Business-type activities:	
Electric	124,808
Water	117,755
Wastewater	146,555
Airport	283,530
Convention	69,557
Environmental and health services	9,282
Public recreation and culture	123
Urban growth management	111,594
Total	$ 1,335,372

i -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2018, is as follows (in thousands):

	Encumbrances
General Fund	$ 25,033
Nonmajor governmental	
Special Revenue	23,865
Capital Projects	136,487
	$ 185,385

Significant encumbrances include reservations for the 2016 bond program ($38,165), 2012 bond program ($31,535), Communications and Technology Management ($26,717), and General government projects ($16,465).

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, 2018, is as follows (in thousands):

	Closure	Postclosure	Total
Total estimated costs	$ 23,706	9,899	33,605
% capacity used	100%	100%	100%
Cumulative liability accrued	23,706	9,899	33,605
Costs incurred	(21,115)	--	(21,115)
Closure and postclosure liability	$ 2,591	9,899	12,490

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

These amounts are based on the 2018 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:

Fund Name	Description
Employee Benefits	City employees and retirees may choose a self-insured PPO, HMO, or CDHP with HSA for health coverage. Approximately 17% of City employees and 24% of retirees use the HMO option; approximately 73% of City employees and 75% of retirees use the PPO option; and approximately 11% of City employees and 1% of retirees use the CDHP with HSA option. Costs are charged to City funds through a charge per employee per pay period.
Liability Reserve	This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability, and certain employment liability. Premiums are charged to other City funds each year based on historical costs. Third-party claims activities are also reported directly in the Austin Energy, Austin Water Utility, and Airport enterprise funds.
Workers' Compensation	Premium charges for this self-insured program are assessed to other funds each year based on the number of full-time equivalent (FTE) employees per fund.

The City purchases stop-loss insurance for the City's PPO, HMO, and CDHP plans. This stop-loss insurance covers individual claims that exceed $500,000 per calendar year, up to a maximum of $5 million. In fiscal year 2018, eleven claims exceeded the stop-loss limit of $500,000; during fiscal year 2017, four claims exceeded the stop-loss limit of $500,000, and during fiscal year 2016, ten claims exceeded the stop-loss limit of $500,000. City coverage is unlimited for lifetime benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

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

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes actuarial information and historical claim settlement trends to determine the claim liabilities for the Employee Benefits fund and Workers' Compensation fund. Claims liabilities for the Austin Energy, Austin Water 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 $48.4 to $53.5 million. In accordance with GAAP, $48.4 million is recognized as claims payable in the financial statements with $23.9 million recognized as a current liability and $24.5 million recognized as long term. For Employee Benefits and Workers Compensation, city funds contribute amounts to these internal service funds based on an estimate of anticipated costs for claims each year. Austin Energy, Austin Water utility, and Airport report their respective claims activities for third-party claims. All other funds contribute amounts to the Liability Reserve fund based on an estimate of anticipated costs for claims each year.

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

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

	Austin Energy		Austin Water Utility		Airport	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Liability balances, beginning of year	$ 2,070	--	562	--	1	--
Claims and changes in estimates	(1,708)	2,221	29	1,839	--	9
Claim payments	(293)	(151)	(238)	(1,277)	(1)	(8)
Liability balances, end of year	69	2,070	353	562	--	1

	Employee Benefits (1)		Liability Reserve		Workers' Compensation	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Liability balances, beginning of year	18,822	14,310	4,975	9,364	25,299	25,664
Claims and changes in estimates	158,704	18,568	2,963	3,984	5,101	3,524
Claim payments	(161,001)	(14,056)	(3,498)	(8,373)	(3,391)	(3,889)
Liability balances, end of year	$ 16,525	18,822	4,440	4,975	27,009	25,299

(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 $160,180 for the year ended September 30, 2017.

The Austin Water Utility fund claims liability balance at fiscal year-end included liabilities of $238 thousand discounted at 4.44% in 2018 and $216 thousand discounted at 3.75% in 2017. The Liability Reserve fund claims liability balance at fiscal year-end included liabilities of $2.8 million discounted at 4.44% in 2018 and $3.1 million discounted at 3.75% in 2017.

l -- Redevelopment of Robert Mueller Municipal Airport

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

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

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

The development contains over 2.1 million square feet of civic, institutional, hotel and Class A office space, including over 600,000 square feet of retail space that is either complete or under construction. Over 100 employers provide approximately 5,800 jobs at Mueller. From the start of home sales in 2007, the community has been well received. As of September 30, 2018, approximately 2,040 single-family homes and 2,110 multi-family units were either complete or under construction. Catellus has also recently completed the infrastructure for an additional 140 single-family homes, and commercial and multi-family sites in the Town Center.

14 – COMMITMENTS AND CONTINGENCIES, continued
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. $2,111,882 in total assessments were levied in the year ended September 30, 2018. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2018 are $13,705,000 and $4,827, 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. $366,873 in total assessments were levied in the year ended September 30, 2018. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2018 are $2,525,000 and $365, 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. $1,786,810 in total assessments were levied during the fiscal year ended September 30, 2018. The aggregate principal outstanding at September 30, 2018 is $10,615,000.

n -- Capital Leases

The City has entered into a lease agreement to finance equipment for both governmental and 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, 2018, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Austin Energy
Building and improvements	$ --	1,405
Equipment	14,257	--
Accumulated depreciation	--	(562)
Net capital assets	$ 14,257	843

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, 2018, was $24.3 million.

Fiscal Year Ended September 30	Future Lease Payments
2019	$ 23,285
2020	19,845
2021	18,872
2022	17,340
2023	17,319
2024-2028	17,316
Totals	$ 113,977

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, 2018. 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, 2018, $155.5 million in housing revenue bonds were outstanding with an original issue value of $163 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2018, $145 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	$ 189,334
Capital assets	207,327
Other noncurrent assets	21,876
Total assets	418,537
DEFERRED OUTFLOWS OF RESOURCES	26,521
LIABILITIES	
Other current liabilities	24,138
Other noncurrent liabilities	218,914
Total liabilities	243,052
DEFERRED INFLOWS OF RESOURCES	1,803
NET POSITION	
Net investment in capital assets	68,515
Restricted	36,716
Unrestricted	94,972
Total net position	$ 200,203

17 – SEGMENT INFORMATION – CONVENTION CENTER, continued

Condensed Statement of Revenues, Expenses, and Changes in Net Position	
OPERATING REVENUES	
User fees and rentals	$ 33,752
Total operating revenues	33,752
OPERATING EXPENSES	
Operating expenses before depreciation	67,889
Depreciation and amortization	9,026
Total operating expenses	76,915
Operating income (loss)	(43,163)
Nonoperating revenues (expenses)	(3,752)
Transfers	76,681
Change in net position	29,766
Beginning net position, as restated	170,437
Ending net position	$ 200,203

Condensed Statement of Cash Flows	
Net cash provided (used) by:	
Operating activities	$ (26,910)
Noncapital financing activities	76,698
Capital and related financing activities	(23,512)
Investing activities	3,909
Net increase (decrease) in cash and cash equivalents	30,185
Cash and cash equivalents, beginning	157,807
Cash and cash equivalents, ending	$ 187,992

18 – RESTATEMENT

During fiscal year 2018, the City implemented a new accounting standard, GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” This statement revised the standards for determination of the OPEB liability, for accounting and reporting for OPEB expenses and liabilities, and for deferral of certain OPEB expense elements. As a result of implementing this statement, net position was restated at October 1, 2017. The City’s other postemployment benefits payable was eliminated and replaced by a larger OPEB liability which was divided into short- and long-term components. In addition, net contributions made by the City for retiree healthcare benefits from January 1 to September 30, 2017, are recorded as deferred outflows of resources. The impact of these changes on the beginning balances reported in the financial statements is shown below (in thousands):

	Government-wide		Proprietary Funds		
September 30, 2017	**Governmental Activities**	**Business-Type Activities**	**Airport**	**Nonmajor Enterprise Funds**	**Business-Type Activities**
Net position, as previously reported	$ 455,353	3,976,814	615,880	555,915	3,930,170
Adjustments to properly record implementation of GASB Statement No. 75	(639,689)	(188,749)	(40,600)	(148,149)	(188,749)
Net position, as restated	$ (184,336)	3,788,065	575,280	407,766	3,741,421

The adjustments associated with the implementation of this standard were deferred in accordance with accounting for regulated operations for Austin Energy and Austin Water Utility. The amount deferred is $103 million and $75.1 million respectively; therefore, there was no restatement to net position in these funds.

19 – SUBSEQUENT EVENTS

a -- General Obligation Bond Issue

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

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

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

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

b -- Water and Wastewater – System Revenue Bond Issue

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

REQUIRED SUPPLEMENTARY INFORMATION

(In thousands)

General Fund	Actual	Adjustments (1) (2)	Actual-Budget Basis	Budget Original	Budget Final	Variance (3) Positive (Negative)
REVENUES						
Taxes	$ 702,761	100	702,861	691,467	691,467	11,394
Franchise fees	35,738	(76)	35,662	36,936	36,936	(1,274)
Fines, forfeitures and penalties	10,330	--	10,330	14,075	14,075	(3,745)
Licenses, permits and inspections	54,103	(7)	54,096	59,943	59,943	(5,847)
Charges for services/goods	61,705	2,565	64,270	65,457	65,457	(1,187)
Interest and other	21,389	(10,568)	10,821	6,982	7,850	2,971
Total revenues	886,026	(7,986)	878,040	874,860	875,728	2,312
EXPENDITURES						
General government						
Municipal Court	22,021	703	22,724	22,555	22,555	(169)
Public safety						
Police	338,547	49,056	387,603	402,536	402,536	14,933
Fire	172,356	20,356	192,712	195,713	195,713	3,001
Emergency Medical Services	73,857	9,016	82,873	86,320	86,320	3,447
Public health						
Public Health	38,673	(826)	37,847	39,123	39,123	1,276
Animal Services	10,915	1,653	12,568	13,266	13,266	698
Social Services	34,822	(783)	34,039	33,965	33,965	(74)
Public recreation and culture						
Parks and Recreation	75,509	9,334	84,843	86,026	85,745	902
Austin Public Library	44,611	5,380	49,991	50,446	50,446	455
Urban growth management						
Development Services	41,125	6,286	47,411	53,342	53,342	5,931
Planning and Zoning	6,148	1,636	7,784	8,722	8,722	938
Other urban growth management	35,020	3,422	38,442	39,846	40,864	2,422
General city responsibilities (4)	113,140	(105,665)	7,475	7,744	7,744	269
Total expenditures	1,006,744	(432)	1,006,312	1,039,604	1,040,341	34,029
Excess (deficiency) of revenues over expenditures	(120,718)	(7,554)	(128,272)	(164,744)	(164,613)	36,341
OTHER FINANCING SOURCES (USES)						
Transfers in	173,614	50,826	224,440	192,692	192,842	31,598
Transfers out	(11,776)	(57,817)	(69,593)	(37,714)	(37,995)	(31,598)
Total other financing sources (uses)	161,838	(6,991)	154,847	154,978	154,847	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	41,120	(14,545)	26,575	(9,766)	(9,766)	36,341
Fund balance at beginning of year	171,814	7,815	179,629	151,180	151,180	28,449
Fund balance at end of year	$ 212,934	(6,730)	206,204	141,414	141,414	64,790

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

BUDGET BASIS REPORTING

a -- General

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

The General Fund, as reported in the financial statements is comprised of fourteen separately budgeted funds: the Budgetary General Fund, as budgeted by the City, plus the Budget Stabilization Reserve, Barton Springs Conservation, Community Development Incentives, Economic Development, Economic Incentives Reserve, Emergency Reserve, Long Center Capital Improvements, Music Venue Assistance Program, Neighborhood Housing-Housing Trust, Parks and Recreation Special Events, Pay for Success, Property Tax Reserve, and Seaholm Parking Garage Revenue.

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes interdepartmental charges ($7,156,713).

b -- Budget Amendments

During fiscal year 2018 an amendment to the General Fund Interest and other revenue budget increased it by $868,240 to reflect proceeds related to the Aspen Heights Density Bonus Program. This was the sole revenue budget amendment. The budget for Transfers in was increased by $150,000 related to a settlement with an apartment complex. Budgeted expenditures in Other urban growth management were increased by $868,240 to provide housing subsidies to the homeless and by $150,000 to fund relocation costs related to the apartment settlement. The expenditure budget related to Parks and Recreation was decreased by $280,630 and the budget for Transfers out was increased by the same amount. Upgrades to the Millennium Youth Entertainment Complex that were originally budgeted to be spent in 2018 were delayed resulting in this amendment which moved the funds from the operating to the capital budget.

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	$ 41,120
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	3,011
Net compensated absences accrual	(325)
Outstanding encumbrances established in current year	(22,292)
Payments against prior year encumbrances	14,685
Other	(9,624)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	$ 26,575

RETIREMENT PLANS-TREND INFORMATION

Changes in net pension liability for each pension plan for the measurement periods ended December 31, 2014, 2015, 2016, and 2017 are presented in the next three schedules:

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

	2014	2015	2016	2017
Beginning total pension liability (a)	$ 2,909,918	3,094,056	3,391,796	3,591,376
Changes for the year:				
Service cost	89,235	93,506	107,111	107,767
Interest	222,710	236,844	251,684	266,257
Differences between expected and actual experience	33,911	13,414	19,914	22,755
Assumption changes	--	123,493	--	--
Benefit payments including refunds	(161,718)	(169,517)	(179,129)	(190,332)
Net change in total pension liability	184,138	297,740	199,580	206,447
Ending total pension liability (b)	3,094,056	3,391,796	3,591,376	3,797,823
Beginning total plan fiduciary net position (c)	2,130,624	2,209,800	2,144,804	2,299,688
Changes for the year:				
Employer contributions	93,331	100,485	104,273	110,846
Employee contributions	50,490	54,066	60,801	56,194
Pension plan net investment income (loss)	99,704	(47,608)	171,640	376,820
Benefits payments and refunds	(161,718)	(169,517)	(179,129)	(190,332)
Pension plan administrative expense	(2,631)	(2,422)	(2,701)	(2,778)
Net change in plan fiduciary net position	79,176	(64,996)	154,884	350,750
Ending total plan fiduciary net position (d)	2,209,800	2,144,804	2,299,688	2,650,438
Beginning net pension liability (a-c)	779,294	884,256	1,246,992	1,291,688
Ending net pension liability (b-d)	$ 884,256	1,246,992	1,291,688	1,147,385
Plan fiduciary net position as a percentage of the total pension liability (d/b)	71.42%	63.24%	64.03%	69.79%
Covered payroll	$ 514,787	546,058	573,308	609,553
City's net pension liability as a percentage of covered payroll	171.77%	228.36%	225.30%	188.23%

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, 2017, 2016 or 2014; however, significant changes to assumptions were made as the result of an experience study of the five years ended December 31, 2015, including:

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

RETIREMENT PLANS-TREND INFORMATION, continued

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

	2014	2015	2016	2017
Beginning total pension liability (a)	$ 909,000	971,623	1,028,909	1,106,189
Changes for the year:				
Service cost	30,254	32,138	32,990	35,322
Interest	72,443	76,999	80,846	84,472
Benefit changes	(11,015)	(4,080)	--	--
Differences between expected and actual experience	--	(6,318)	7,455	17,241
Assumption changes	14,137	3,904	5,148	--
Contribution buy back	2,207	4,648	1,668	2,915
Benefit payments including refunds	(45,403)	(50,005)	(50,827)	(56,548)
Net change in total pension liability	62,623	57,286	77,280	83,402
Ending total pension liability (b)	971,623	1,028,909	1,106,189	1,189,591
Beginning total plan fiduciary net position (c)	595,110	638,019	644,174	686,020
Changes for the year:				
Employer contributions	32,400	33,239	33,814	35,141
Employee contributions	19,458	20,061	20,623	21,437
Contribution buy back	2,207	4,648	1,668	2,915
Pension plan net investment income (loss)	35,574	(322)	37,965	82,072
Benefits payments and refunds	(45,403)	(50,005)	(50,827)	(56,548)
Pension plan administrative expense	(1,327)	(1,466)	(1,397)	(1,562)
Net change in plan fiduciary net position	42,909	6,155	41,846	83,455
Ending total plan fiduciary net position (d)	638,019	644,174	686,020	769,475
Beginning net pension liability (a-c)	313,890	333,604	384,735	420,169
Ending net pension liability (b-d)	$ 333,604	384,735	420,169	420,116
Plan fiduciary net position as a percentage of of the total pension liability (d/b)	65.67%	62.61%	62.02%	64.68%
Covered payroll	$ 149,686	152,696	157,303	163,995
City's net pension liability as a percentage of covered payroll	222.87%	251.96%	267.11%	256.18%

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

The Police Officers' fund had no significant changes of benefit terms, and no other significant factors that affected measurement of the total pension liability during the years ended December 31, 2017, 2015 or 2014. For the 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	2017
Beginning total pension liability (a)	$ 806,282	861,468	913,618	977,723
Changes for the year:				
Service cost	25,319	23,309	24,323	23,830
Interest	62,977	66,405	70,893	75,812
Benefit Changes	--	--	5,491	8,964
Differences between expected and actual experience	--	7,193	8,893	4,360
Assumption changes	4,883	--	--	--
Benefit payments including refunds	(37,993)	(44,757)	(45,495)	(51,888)
Net change in total pension liability	55,186	52,150	64,105	61,078
Ending total pension liability (b)	861,468	913,618	977,723	1,038,801
Beginning total plan fiduciary net position (c)	752,622	789,433	785,211	829,610
Changes for the year:				
Employer contributions	18,670	19,222	19,104	19,242
Employee contributions	14,660	15,547	15,884	16,319
Pension plan net investment income	42,005	6,328	55,569	141,915
Benefits payments and refunds	(37,993)	(44,757)	(45,496)	(51,888)
Pension plan administrative expense	(531)	(562)	(662)	(1,400)
Net change in plan fiduciary net position	36,811	(4,222)	44,399	124,188
Ending total plan fiduciary net position (d)	789,433	785,211	829,610	953,798
Beginning net pension liability (a-c)	53,660	72,035	128,407	148,113
Ending net pension liability (b-d)	$ 72,035	128,407	148,113	85,003
Plan fiduciary net position as a percentage of the total pension liability (d/b)	91.64%	85.95%	84.85%	91.82%
Covered payroll	$ 84,589	83,979	86,632	87,266
City's net pension liability as a percentage of covered payroll	85.16%	152.90%	170.97%	97.41%

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, 2017, 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, 2018, is shown in the following two tables (in thousands). An actuarially determined contribution was calculated for the City Employees' fund but was not calculated for the other two funds.

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

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

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 forward - Expected actuarial value plus 20% recognition of prior years' differences between expected and actual investment income 2016 and 2015 - 20% of market plus 80% of expected actuarial value
Inflation	2.75% for 2016 forward, 3.25% for 2015
Salary Increases	4.00% to 6.25% for 2016 forward, 4.50% to 6.00% for 2015
Investment Rate of Return	7.50% for 2016 forward, 7.75% for 2015
Retirement Age	2016 forward - 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	2016 forward - RP-2014 Mortality Table with Blue Collar adjustment. Generational mortality improvements in accordance with Scale BB are projected from the year 2014. For 2015 RP-2000 Mortality Table with White Collar adjustment and multipliers of 110% for males and 120% for females. Generational mortality improvements in accordance with Scale AA are projected from the year 2000.
Other Information:	There were no benefit changes during the periods displayed.

RETIREMENT PLANS-TREND INFORMATION, continued

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

Fiscal Year Ended September 30	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll (1)
	$	$	$	$	
Police Officers					
2015	32,942	32,942	--	152,229	21.64%
2016	33,141	33,141	--	155,476	21.32%
2017	34,717	34,717	--	162,891	21.31%
2018	34,944	34,944		163,956	21.31%
Fire Fighters					
2015	18,327	18,327	--	83,118	22.05%
2016	19,145	19,145	--	86,826	22.05%
2017	19,104	19,104	--	86,642	22.05%
2018	19,809	19,809		89,834	22.05%

(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

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

	2017
Beginning total OPEB liability	$ 2,055,627
Changes for the year:	
Service cost	86,687
Interest	80,132
Differences between expected and actual experience	64,227
Assumption changes	283,099
Expected benefit payments	(44,875)
Net change in total OPEB liability	469,270
Ending total OPEB liability	$ 2,524,897
Covered-employee payroll	$ 968,403
City's total OPEB liability as a percentage of covered-employee payroll	260.73%

The OPEB plan had no changes in benefit terms during the period. Assumption changes included:

- Lowering the discount rate from 3.78% to 3.44% based on Bond Buyer US Weekly Yields 20 General Obligation Bond Index as of the measurement date,
- Updating medical and prescription drug claim costs to reflect more recent experience,
- Modifying medical and prescriptions drug trend rates by splitting the single category from the previous valuation into three categories for the current valuation, grading these categories for different periods, and lowering the ultimate trend rate from 5.0% to 4.5%, and
- Updating third-party administrator and vendor administrative expenses to reflect more recent contracts and assumed trends on such costs.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT AND REFUNDING BONDS,
SERIES 2019

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $146,090,000. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. R-1); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. In addition, we have relied upon the report of Robert Thomas CPA, LLC, independent certified public accountants, with respect to certain arithmetical and mathematical computations relating to the Bonds and the obligations refunded with the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION,
SERIES 2019

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the obligations described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which Certificates are issued in the aggregate principal amount of $5,055,000. The Certificates bear interest from the date and mature on the dates specified on the face of the Certificates, and are subject to redemption prior to maturity on the dates and in the manner specified on the face of the Certificates, all in accordance with the ordinance of the City authorizing the issuance of the Certificates (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate No. R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Certificates constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Certificates, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City and that the principal of and interest on the Certificates are additionally secured by and payable from the surplus revenues received by the City from the operation of the City's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Contractual Obligations, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE
CONTRACTUAL OBLIGATIONS,
SERIES 2019

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the public property finance contractual obligations described above (the "Contractual Obligations"), we have examined into the legality and validity of the Contractual Obligations, which Contractual Obligations are issued in the aggregate principal amount of $25,780,000. The Contractual Obligations bear interest from the date and mature on the dates specified on the face of the Contractual Obligations, all in accordance with the ordinance of the City authorizing the issuance of the Contractual Obligations (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Contractual Obligations, including one of the executed Contractual Obligations (Contractual Obligation No. R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Contractual Obligations have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Contractual Obligations constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Contractual Obligations, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Contractual Obligations is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Contractual Obligations are not "specified private activity bonds" and that, accordingly, interest on the Contractual Obligations will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Contractual Obligations and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Contractual Obligations may become includable in gross income retroactively to the date of issuance of the Contractual Obligations.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Contractual Obligations.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Contractual Obligations, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Contractual Obligations is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Contractual Obligations under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Contractual Obligations for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Contractual Obligations, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Contractual Obligations and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Contractual Obligations has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Contractual Obligations. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Contractual Obligations as includable in gross income for federal income tax purposes.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT BONDS,
TAXABLE SERIES 2019

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $40,535,000. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. R-1); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986.

WE EXPRESS no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Respectfully,

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION,
TAXABLE SERIES 2019

AS BOND COUNSEL for the City of Austin, Texas (the "City"), the issuer of the obligations described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which Certificates are issued in the aggregate principal amount of $14,935,000. The Certificates bear interest from the date and mature on the dates specified on the face of the Certificates, and are subject to redemption prior to maturity on the dates and in the manner specified in the Certificates, all in accordance with the ordinance of the City authorizing the issuance of the Certificates (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate No. R-1); however, we express no opinion with respect to any statement of insurance printed on the Certificates.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Certificates constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Certificates, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City, and that the principal of and interest on the Certificates are additionally secured by and payable from the surplus revenues received by the City from the operation of the City's solid waste disposal system; provided, that the amount of such pledge of surplus revenues shall not exceed $1,000.00. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

THE CERTIFICATES ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986.

WE EXPRESS no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Certificates.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Respectfully,

APPENDIX D

SUMMARY OF REFUNDED OBLIGATIONS[1]

Certificates of Obligation, Series 2009

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP[2]
9/1/2020	3.375%	$ 340,000	11/01/2019	100% of par	052396VL9
9/1/2021	3.500%	355,000	11/01/2019	100% of par	052396VM7
9/1/2022	3.625%	380,000	11/01/2019	100% of par	052396VN5
9/1/2023	3.750%	400,000	11/01/2019	100% of par	052396VP0
9/1/2024	3.875%	420,000	11/01/2019	100% of par	052396VQ8
9/1/2025	4.000%	440,000	11/01/2019	100% of par	052396VR6
9/1/2026	4.000%	465,000	11/01/2019	100% of par	052396VS4
9/1/2027	4.125%	485,000	11/01/2019	100% of par	052396VT2
9/1/2028	4.200%	515,000	11/01/2019	100% of par	052396VU9
9/1/2029	4.250%	540,000	11/01/2019	100% of par	052396VV7
** 9/1/2034	4.700%	1,335,000	11/01/2019	100% of par	052396VW5
** 9/1/2039	4.750%	1,730,000	11/01/2019	100% of par	052396VX3

Public Improvement Refunding Bonds, Series 2008

Maturity	Interest Rate	Par Amount Refunded	Call Date	Call Price	CUSIP[2]
9/1/2020	5.000%	$ 8,140,000	11/01/2019	100% of par	052396RV2
9/1/2021	5.000%	6,080,000	11/01/2019	100% of par	052396RW0

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(1) The refunding of any of the Refunded Obligations is contingent upon the delivery of the Bonds. See "OBLIGATION INFORMATION – Authority and Purpose for Issuance" and "– Refunded Obligations."

(2) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Service, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. CUSIP numbers are provided for convenience of reference only. The City and the Financial Advisor take no responsibility for the accuracy of the CUSIP numbers.

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CITY OF AUSTIN, TEXAS • VARIOUS ISSUES (PIBs, COs, PPFCOs), SERIES 2019

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