

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | 80,819 | 89,315 | 99,780 | 124,735 | 97,675 | 118,074 | 131,993 | 177,302 | 192,231 | 200,125 |
| Public safety | 442,690 | 455,760 | 485,611 | 536,132 | 580,074 | 576,118 | 601,112 | 657,846 | 719,032 | 704,566 |
| Transportation, planning, and sustainability | 79,840 | 65,565 | 74,835 | 64,247 | 78,594 | 83,971 | 77,349 | 66,739 | 72,517 | 72,240 |
| Public health | 81,773 | 63,215 | 61,865 | 75,799 | 73,186 | 80,796 | 85,326 | 100,195 | 119,278 | 117,578 |
| Public recreation and culture | 90,307 | 91,732 | 106,488 | 104,026 | 104,951 | 117,441 | 134,567 | 147,191 | 161,226 | 173,333 |
| Urban growth management | 121,237 | 143,884 | 129,258 | 93,593 | 137,478 | 136,110 | 135,386 | 179,081 | 156,180 | 176,453 |
| Interest on debt | 42,435 | 44,889 | 45,154 | 46,417 | 48,400 | 49,617 | 55,855 | 61,500 | 61,879 | 65,147 |
| Total governmental expenses | 939,101 | 954,360 | 1,002,991 | 1,044,949 | 1,120,358 | 1,162,127 | 1,221,588 | 1,389,854 | 1,482,343 | 1,509,442 |
| Business-type activities: | | | | | | | | | | |
| Electric | 1,089,632 | 1,086,470 | 1,136,850 | 1,133,951 | 1,132,476 | 1,251,599 | 1,203,729 | 1,226,585 | 1,277,623 | 1,268,610 |
| Water | 200,162 | 169,708 | 178,712 | 223,228 | 231,774 | 232,778 | 294,624 | 244,907 | 281,787 | 312,276 |
| Wastewater | 160,962 | 166,979 | 170,514 | 194,650 | 214,580 | 221,216 | 219,320 | 237,450 | 219,609 | 286,736 |
| Airport | 98,403 | 92,780 | 102,774 | 101,991 | 107,389 | 108,291 | 120,015 | 135,860 | 158,863 | 184,084 |
| Convention | 52,219 | 51,818 | 54,231 | 56,142 | 62,884 | 58,763 | 65,657 | 63,796 | 75,377 | 80,990 |
| Environmental and health services | 67,097 | 66,380 | 91,151 | 87,450 | 81,544 | 92,997 | 97,690 | 102,994 | 108,658 | 111,184 |
| Public recreation | 10,274 | 9,715 | 5,209 | 5,624 | 7,185 | 6,765 | 8,824 | 8,266 | 8,736 | 9,009 |
| Urban growth management | 89,306 | 106,618 | 110,996 | 114,270 | 129,583 | 125,983 | 135,360 | 173,360 | 183,532 | 196,817 |
| Total business-type expenses | 1,768,055 | 1,750,468 | 1,850,437 | 1,917,306 | 1,967,415 | 2,098,392 | 2,145,219 | 2,193,218 | 2,314,185 | 2,449,706 |
| Total primary government expenses | 2,707,156 | 2,704,828 | 2,853,428 | 2,962,255 | 3,087,773 | 3,260,519 | 3,366,807 | 3,583,072 | 3,796,528 | 3,959,148 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 11,319 | 7,902 | 8,126 | 17,285 | 15,223 | 17,890 | 15,434 | 15,915 | 21,345 | 27,276 |
| Public safety | 51,710 | 47,530 | 52,998 | 51,009 | 53,826 | 62,832 | 65,221 | 65,087 | 57,728 | 57,950 |
| Transportation, planning, and sustainability | 3,960 | 3,792 | 3,823 | 4,158 | 4,431 | 5,214 | 5,006 | 4,572 | 1,698 | 1,503 |
| Public health | 25,181 | 7,561 | 7,592 | 5,106 | 9,510 | 9,720 | 10,351 | 9,160 | 12,374 | 8,109 |
| Public recreation and culture | 3,819 | 3,456 | 7,891 | 7,576 | 8,753 | 8,205 | 8,330 | 8,781 | 11,251 | 12,401 |
| Urban growth management | 45,000 | 38,895 | 21,305 | 28,613 | 32,917 | 37,848 | 56,366 | 78,530 | 72,244 | 66,161 |
| Operating grants and contributions | 54,022 | 66,831 | 66,348 | 57,818 | 48,567 | 50,333 | 45,470 | 47,430 | 45,162 | 42,489 |
| Capital grants and contributions | 85,085 | 50,546 | 51,182 | 35,880 | 64,781 | 66,856 | 70,484 | 95,486 | 90,256 | 107,865 |
| Total governmental program revenues | 280,096 | 226,513 | 219,265 | 207,445 | 238,008 | 258,898 | 276,662 | 324,961 | 312,058 | 323,754 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Electric | 1,162,286 | 1,147,676 | 1,249,139 | 1,179,872 | 1,288,259 | 1,367,155 | 1,351,436 | 1,370,228 | 1,362,132 | 1,400,523 |
| Water | 195,480 | 171,457 | 243,382 | 229,454 | 240,081 | 240,526 | 277,180 | 301,860 | 324,562 | 304,182 |
| Wastewater | 196,416 | 189,192 | 204,666 | 213,253 | 236,700 | 232,067 | 239,811 | 259,974 | 274,518 | 270,884 |

(Continued)

Changes in Net Position
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2
(Continued)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Airport | 96,618 | 100,223 | 106,978 | 114,318 | 123,021 | 128,766 | 142,353 | 159,866 | 178,433 | 197,426 |
| Convention | 16,258 | 14,784 | 18,486 | 19,200 | 22,783 | 25,087 | 28,657 | 33,221 | 40,196 | 33,752 |
| Environmental and health services | 65,940 | 74,399 | 75,981 | 75,499 | 81,833 | 84,655 | 96,622 | 103,420 | 109,274 | 115,499 |
| Public recreation | 10,119 | 8,864 | 5,260 | 5,239 | 6,069 | 5,849 | 5,736 | 6,480 | 6,705 | 7,278 |
| Urban growth management | 90,739 | 108,312 | 115,850 | 123,477 | 131,561 | 141,755 | 154,337 | 176,163 | 204,439 | 214,244 |
| Operating grants and contributions | -- | -- | -- | 10,950 | 3,749 | 1,489 | 1,039 | 739 | 861 | 876 |
| Capital grants and contributions | 71,819 | 31,703 | 47,850 | 50,064 | 64,124 | 65,550 | 110,580 | 144,139 | 137,464 | 122,396 |
| Total business-type revenues | 1,905,675 | 1,846,610 | 2,067,592 | 2,021,326 | 2,198,180 | 2,292,899 | 2,407,751 | 2,556,090 | 2,638,584 | 2,667,060 |
| Total primary government revenues | 2,185,771 | 2,073,123 | 2,286,857 | 2,228,771 | 2,436,188 | 2,551,797 | 2,684,413 | 2,881,051 | 2,950,642 | 2,990,814 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (659,005) | (727,847) | (783,726) | (837,504) | (882,350) | (903,229) | (944,926) | (1,064,893) | (1,170,285) | (1,185,688) |
| Business-type activities | 137,620 | 96,142 | 217,155 | 104,020 | 230,765 | 194,507 | 262,532 | 362,872 | 324,399 | 217,354 |
| Total primary government net expense | (521,385) | (631,705) | (566,571) | (733,484) | (651,585) | (708,722) | (682,394) | (702,021) | (845,886) | (968,334) |
| General Revenues and Other Changes | | | | | | | | | | |
| in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | 309,888 | 341,812 | 355,185 | 381,582 | 420,000 | 448,083 | 476,439 | 507,485 | 554,631 | 616,745 |
| Sales tax | 139,795 | 144,710 | 151,125 | 164,193 | 176,198 | 189,464 | 204,029 | 212,634 | 218,790 | 232,319 |
| Franchise fees and gross receipts tax | 85,183 | 87,996 | 95,029 | 99,011 | 114,147 | 128,032 | 141,368 | 147,773 | 151,670 | 159,754 |
| Interest and other | 20,827 | 31,960 | 19,364 | 15,884 | 23,888 | 21,275 | 21,951 | 41,708 | 26,950 | 34,333 |
| Special items | -- | -- | -- | -- | -- | 15,830 | 11,983 | 4,309 | -- | -- |
| Transfers | 82,686 | 96,031 | 97,100 | 101,527 | 87,761 | 62,215 | 70,865 | 121,838 | 40,693 | 73,664 |
| Total general revenues and transfers | 638,379 | 702,509 | 717,803 | 762,197 | 821,994 | 864,899 | 926,635 | 1,035,747 | 992,734 | 1,116,815 |
| Business-type activities: | | | | | | | | | | |
| Interest and other | 27,938 | 13,935 | 11,274 | 11,529 | 2,269 | 5,717 | 10,498 | 10,936 | 14,801 | 27,730 |
| Transfers | (82,686) | (96,031) | (97,100) | (101,527) | (87,761) | (62,215) | (70,865) | (121,838) | (40,693) | (73,664) |
| Total business-type activities | (54,748) | (82,096) | (85,826) | (89,998) | (85,492) | (56,498) | (60,367) | (110,902) | (25,892) | (45,934) |
| Total primary government | 583,631 | 620,413 | 631,977 | 672,199 | 736,502 | 808,401 | 866,268 | 924,845 | 966,842 | 1,070,881 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | (20,626) | (25,338) | (65,923) | (75,307) | (60,356) | (38,330) | (18,291) | (29,146) | (177,551) | (68,873) |
| Business-type activities | 82,872 | 14,046 | 131,329 | 14,022 | 145,273 | 138,009 | 202,165 | 251,970 | 298,507 | 171,420 |
| Total primary government | 62,246 | (11,292) | 65,406 | (61,285) | 84,917 | 99,679 | 183,874 | 222,824 | 120,956 | 102,547 |

Program Revenues by Function/Program
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 3

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Function/Program | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | 15,524 | 11,831 | 17,491 | 31,179 | 29,603 | 29,150 | 24,715 | 29,665 | 29,022 | 44,526 |
| Public safety | 64,997 | 57,135 | 63,617 | 59,997 | 60,221 | 74,805 | 71,035 | 71,626 | 64,937 | 67,314 |
| Transportation, planning, and sustainability | 57,178 | 17,928 | 42,282 | 24,942 | 51,095 | 55,324 | 61,405 | 80,375 | 75,165 | 83,068 |
| Public health | 42,750 | 34,369 | 31,185 | 28,122 | 30,307 | 29,390 | 29,524 | 28,822 | 33,034 | 29,742 |
| Public recreation and culture | 7,846 | 9,536 | 11,544 | 13,145 | 14,343 | 17,233 | 15,390 | 17,685 | 23,050 | 24,840 |
| Urban growth management | 91,801 | 95,714 | 53,146 | 50,060 | 52,439 | 52,996 | 74,593 | 96,788 | 86,850 | 74,264 |
| Subtotal governmental activities | 280,096 | 226,513 | 219,265 | 207,445 | 238,008 | 258,898 | 276,662 | 324,961 | 312,058 | 323,754 |
| Business-type activities: | | | | | | | | | | |
| Electric | 1,168,242 | 1,152,532 | 1,259,400 | 1,201,722 | 1,303,299 | 1,381,040 | 1,374,895 | 1,411,135 | 1,406,147 | 1,435,613 |
| Water | 225,881 | 180,918 | 257,346 | 241,205 | 262,212 | 264,265 | 312,102 | 349,195 | 369,506 | 351,089 |
| Wastewater | 211,080 | 190,625 | 213,339 | 221,561 | 249,564 | 246,569 | 261,680 | 290,717 | 304,260 | 297,869 |
| Airport | 112,804 | 108,022 | 112,457 | 124,042 | 128,301 | 134,208 | 151,368 | 163,432 | 193,769 | 205,635 |
| Convention | 16,258 | 14,784 | 18,499 | 19,234 | 23,149 | 25,138 | 28,657 | 33,221 | 40,196 | 33,752 |
| Environmental and health services | 66,592 | 75,033 | 77,008 | 78,694 | 83,080 | 84,807 | 96,674 | 103,538 | 109,546 | 115,768 |
| Public recreation | 11,268 | 12,809 | 5,410 | 5,404 | 6,776 | 6,626 | 6,206 | 6,701 | 6,995 | 7,508 |
| Urban growth management | 93,550 | 111,887 | 124,133 | 129,464 | 141,799 | 150,246 | 176,169 | 198,151 | 208,165 | 219,826 |
| Subtotal business-type activities | 1,905,675 | 1,846,610 | 2,067,592 | 2,021,326 | 2,198,180 | 2,292,899 | 2,407,751 | 2,556,090 | 2,638,584 | 2,667,060 |
| Total primary government | 2,185,771 | 2,073,123 | 2,286,857 | 2,228,771 | 2,436,188 | 2,551,797 | 2,684,413 | 2,881,051 | 2,950,642 | 2,990,814 |

Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 4

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| General Fund | | | | | | | | | | |
| Reserved | 4,510 | 4,135 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Unreserved | 87,651 | 104,575 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Nonspendable | N/A | N/A | 1,109 | 862 | 774 | 950 | 949 | 546 | 727 | 2,064 |
| Assigned | N/A | N/A | 14,109 | 16,255 | 18,459 | 25,887 | 26,123 | 28,700 | 29,618 | 37,561 |
| Unassigned | N/A | N/A | 119,035 | 113,046 | 127,859 | 156,659 | 150,091 | 131,743 | 141,469 | 173,309 |
| Total general fund | <u>92,161</u> | <u>108,710</u> | <u>134,253</u> | <u>130,163</u> | <u>147,092</u> | <u>183,496</u> | <u>177,163</u> | <u>160,989</u> | <u>171,814</u> | <u>212,934</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 134,194 | 174,820 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 56,385 | 57,694 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Capital projects funds | 168,328 | 28,447 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Permanent funds | 819 | 764 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Nonspendable | N/A | N/A | 1,040 | 1,040 | 1,040 | 1,052 | 1,070 | 1,070 | 1,070 | 1,070 |
| Restricted | N/A | N/A | 175,522 | 174,773 | 160,483 | 162,000 | 175,977 | 186,395 | 214,582 | 223,062 |
| Committed | N/A | N/A | 18,139 | 19,716 | 22,921 | 27,486 | 40,196 | 42,508 | 40,652 | 45,169 |
| Assigned | N/A | N/A | 76,956 | 82,511 | 80,219 | 64,142 | 75,821 | 107,833 | 109,692 | 108,333 |
| Unassigned | N/A | N/A | (36,582) | (38,012) | (47,512) | (70,581) | (51,622) | (14,876) | (25,369) | (11,113) |
| Total all other governmental funds | <u>359,726</u> | <u>261,725</u> | <u>235,075</u> | <u>240,028</u> | <u>217,151</u> | <u>184,099</u> | <u>241,442</u> | <u>322,930</u> | <u>340,627</u> | <u>366,521</u> |

Note: The City implemented GASB Statement No. 54 in fiscal year 2011, which changes the reporting requirements for fund balances.

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 5

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | | | |
| Property taxes | 308,292 | 340,804 | 355,262 | 381,611 | 419,965 | 446,876 | 474,704 | 509,104 | 554,411 | 616,424 |
| Sales taxes | 139,795 | 144,710 | 151,125 | 164,193 | 176,198 | 189,464 | 204,029 | 212,634 | 218,790 | 232,319 |
| Franchise fees and other taxes | 85,183 | 88,321 | 94,920 | 98,903 | 114,039 | 128,032 | 141,368 | 147,773 | 151,670 | 159,754 |
| Fine, forfeitures, and penalties | 25,380 | 24,571 | 24,077 | 20,251 | 21,128 | 22,520 | 22,884 | 20,079 | 17,628 | 15,764 |
| Licenses, permits, and inspections | 20,531 | 15,716 | 18,653 | 22,664 | 28,669 | 33,719 | 39,805 | 50,186 | 61,450 | 54,424 |
| Charges for services/goods | 84,905 | 64,594 | 55,170 | 56,397 | 63,568 | 72,924 | 86,576 | 98,911 | 81,368 | 84,315 |
| Intergovernmental | 62,802 | 86,557 | 78,250 | 76,233 | 76,085 | 79,407 | 62,622 | 56,746 | 59,572 | 65,632 |
| Property owners' participation and contributions | 12,161 | 6,937 | 6,624 | 6,624 | 10,167 | 12,718 | 12,763 | 14,554 | 14,659 | 16,355 |
| Interest and other | 31,187 | 35,563 | 19,270 | 15,932 | 24,345 | 21,393 | 21,517 | 38,334 | 27,050 | 34,254 |
| Total revenues | 770,236 | 807,773 | 803,351 | 842,808 | 934,164 | 1,007,053 | 1,066,268 | 1,148,321 | 1,186,598 | 1,279,241 |
| Expenditures | | | | | | | | | | |
| General government | 53,000 | 66,287 | 69,024 | 74,846 | 84,504 | 91,668 | 102,222 | 118,773 | 128,708 | 138,011 |
| Public safety | 409,579 | 421,958 | 449,355 | 483,458 | 497,371 | 528,670 | 565,070 | 576,461 | 593,406 | 597,085 |
| Transportation, planning, and sustainability | 7,675 | 10,634 | 9,983 | 7,556 | 16,007 | 14,053 | 7,032 | 7,039 | 5,125 | 5,162 |
| Public health | 70,762 | 53,229 | 55,508 | 65,861 | 69,418 | 74,310 | 80,630 | 92,076 | 101,025 | 106,016 |
| Public recreation and culture | 74,477 | 74,089 | 86,595 | 80,818 | 92,282 | 99,780 | 110,745 | 116,531 | 126,599 | 134,575 |
| Urban growth management | 106,149 | 100,218 | 75,865 | 80,021 | 97,840 | 106,715 | 116,912 | 155,459 | 127,982 | 150,635 |
| Debt service: | | | | | | | | | | |
| Principal | 69,809 | 70,424 | 78,568 | 71,906 | 69,625 | 69,768 | 71,532 | 80,859 | 87,367 | 99,572 |
| Interest | 42,170 | 44,590 | 44,892 | 46,188 | 48,199 | 49,367 | 55,794 | 61,388 | 61,862 | 64,674 |
| Fees and commissions | 8 | 17 | 13 | 16 | 17 | 6 | 9 | 13 | 13 | 27 |
| Capital outlay | 96,342 | 166,491 | 160,682 | 178,380 | 214,294 | 257,420 | 186,870 | 142,822 | 130,783 | 139,324 |
| Total expenditures | 929,971 | 1,007,937 | 1,030,485 | 1,089,050 | 1,189,557 | 1,291,757 | 1,296,816 | 1,351,421 | 1,362,870 | 1,435,081 |
| Excess (deficiency) of revenues over expenditures | (159,735) | (200,164) | (227,134) | (246,242) | (255,393) | (284,704) | (230,548) | (203,100) | (176,272) | (155,840) |
| Other financing sources (uses) | | | | | | | | | | |
| Issuance of tax supported debt | 191,310 | 15,000 | 118,778 | 145,175 | 131,499 | 154,444 | 159,939 | 142,775 | 130,665 | 118,216 |
| Issuance of refunding bonds | -- | -- | 79,342 | 58,347 | -- | 107,923 | -- | 139,690 | 54,970 | -- |
| Bond premiums | 1,897 | -- | 14,929 | 8,207 | 8,452 | 16,212 | 20,093 | 33,305 | 35,430 | 17,237 |
| Payment to escrow agent | -- | -- | (94,271) | (66,554) | -- | (113,836) | -- | (159,589) | (68,744) | -- |
| Transfers in | 175,250 | 197,669 | 179,476 | 178,768 | 209,161 | 221,868 | 239,666 | 248,331 | 222,540 | 242,856 |
| Transfers out | (86,245) | (93,957) | (70,146) | (76,838) | (99,667) | (114,385) | (150,123) | (140,407) | (170,067) | (155,455) |
| Total other financing sources (uses) | 282,212 | 118,712 | 228,108 | 247,105 | 249,445 | 272,226 | 269,575 | 264,105 | 204,794 | 222,854 |
| Special item | -- | -- | -- | -- | -- | 15,830 | 11,983 | 4,309 | -- | -- |
| Net change in fund balances | 122,477 | (81,452) | 974 | 863 | (5,948) | 3,352 | 51,010 | 65,314 | 28,522 | 67,014 |
| Debt service as a percentage of noncapital expenditures | 13.6% | 13.8% | 13.6% | 12.9% | 11.5% | 11.2% | 11.3% | 11.5% | 11.9% | 12.5% |

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 6

| Fiscal Year Ended Sept. 30 | Property Tax | Sales Tax | Franchise Fees and Other Taxes | | | | Total |
|-------------------------------------|-----------------|-----------|--------------------------------|---------------------------------|--------------------|--------------------------|-----------|
| | | | Franchise Fees | Hotel-Motel Occupancy Tax | Mixed Drink Tax | Vehicle Rental Tax | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2009 | 308,292 | 139,795 | 34,102 | 39,691 | 5,651 | 5,739 | 533,270 |
| 2010 | 340,804 | 144,710 | 35,672 | 40,600 | 6,049 | 6,000 | 573,835 |
| 2011 | 355,262 | 151,125 | 33,689 | 47,962 | 6,367 | 6,902 | 601,307 |
| 2012 | 381,611 | 164,193 | 34,348 | 51,434 | 5,964 | 7,157 | 644,707 |
| 2013 | 419,965 | 176,198 | 37,001 | 61,753 | 6,941 | 8,344 | 710,202 |
| 2014 | 446,876 | 189,464 | 39,366 | 70,683 | 9,355 | 8,628 | 764,372 |
| 2015 | 474,704 | 204,029 | 39,984 | 82,361 | 10,352 | 8,671 | 820,101 |
| 2016 | 509,104 | 212,634 | 38,858 | 88,661 | 11,177 | 9,077 | 869,511 |
| 2017 | 554,411 | 218,790 | 38,177 | 92,545 | 11,588 | 9,360 | 924,871 |
| 2018 | 616,424 | 232,319 | 37,888 | 99,218 | 12,653 | 9,995 | 1,008,497 |
| Change 2009-2018 | 99.95% | 66.19% | 11.10% | 149.98% | 123.91% | 74.16% | |

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Property Appraised Value, Taxable Value, Tax Rates,
Tax Levies, and Tax Collections
Last Ten Fiscal Years

City of Austin, Texas
Table 7

| Fiscal Year Ended Sept. 30 | Valuation Date (January 1) | Ratio of Taxable Value to Appraised Value % | Total Appraised Value at January 1 \$ | Less Exemptions (October 1) \$ | Total Taxable Value (October 1) \$ | Percent of Growth In Taxable Value % | Tax Rate (per \$100 Valuation) | | | |
|-------------------------------------|----------------------------------|---|---|---|---|--|--------------------------------|-----------------|--------|--|
| | | | | | | | Debt | | Total | Percentage Change in Tax Rate % |
| | | | | | | | General Fund | Service Fund | | |
| 2009 | 2008 | 86.54 | 88,688,319,460 | 11,936,311,723 | 76,752,007,737 | 11.66 | 0.2749 | 0.1263 | 0.4012 | (0.55) |
| 2010 | 2009 | 87.63 | 92,388,003,449 | 11,427,462,473 | 80,960,540,976 | 5.48 | 0.2950 | 0.1259 | 0.4209 | 4.91 |
| 2011 | 2010 | 88.15 | 88,051,834,377 | 10,432,484,993 | 77,619,349,384 | (4.13) | 0.3262 | 0.1309 | 0.4571 | 8.60 |
| 2012 | 2011 | 87.04 | 91,015,898,946 | 11,796,118,067 | 79,219,780,879 | 2.06 | 0.3551 | 0.1260 | 0.4811 | 5.25 |
| 2013 | 2012 | 87.30 | 95,412,581,152 | 12,118,044,659 | 83,294,536,493 | 5.14 | 0.3821 | 0.1208 | 0.5029 | 4.53 |
| 2014 | 2013 | 86.94 | 102,102,789,438 | 13,336,691,278 | 88,766,098,160 | 6.57 | 0.3856 | 0.1171 | 0.5027 | (0.04) |
| 2015 | 2014 | 84.70 | 116,469,347,283 | 17,817,167,853 | 98,652,179,430 | 11.14 | 0.3691 | 0.1118 | 0.4809 | (4.34) |
| 2016 | 2015 | 81.06 | 136,703,100,149 | 26,177,073,750 | 110,526,026,399 | 12.04 | 0.3527 | 0.1062 | 0.4589 | (4.57) |
| 2017 | 2016 | 79.97 | 156,764,185,067 | 31,392,530,411 | 125,371,654,656 | 13.43 | 0.3399 | 0.1019 | 0.4418 | (3.73) |
| 2018 | 2017 | 80.44 | 172,067,755,668 | 33,649,108,408 | 138,418,647,260 | 10.41 | 0.3393 | 0.1055 | 0.4448 | 0.68 |
| 2019 | 2018 | (1) 80.63 | 188,226,378,612 | 36,451,477,796 | 151,774,900,816 | 9.65 | 0.3308 | 0.1095 | 0.4403 | (1.01) |

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| Fiscal Year Ended Sept. 30 | Valuation Date (January 1) | Total Tax Levy (October 1) | Collected within the Fiscal Year of the Levy | | Net Collections in Subsequent Years | Total Collections to Date | | Total Outstanding Delinquencies (2) | |
|-------------------------------------|----------------------------------|-------------------------------|---|-----------------------|---|------------------------------|-----------------------|---|-----------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy | Amount | Percentage of Levy |
| | | | | | | | | | |
| | | \$ | \$ | % | \$ | \$ | % | \$ | % |
| 2009 | 2008 | 307,929,055 | 304,956,471 | 99.03 | 1,699,195 | 306,726,563 | 99.61 | 9,626,876 | 3.13 |
| 2010 | 2009 | 340,762,916 | 337,268,213 | 98.97 | 1,859,993 | 338,346,496 | 99.29 | 10,591,712 | 3.11 |
| 2011 | 2010 | 354,798,046 | 351,707,776 | 99.13 | 1,248,328 | 353,091,464 | 99.52 | 11,589,297 | 3.27 |
| 2012 | 2011 | 381,126,366 | 378,351,758 | 99.27 | 1,627,632 | 379,214,593 | 99.50 | 12,177,159 | 3.20 |
| 2013 | 2012 | 418,888,224 | 416,202,468 | 99.36 | 1,078,999 | 416,866,326 | 99.52 | 12,662,032 | 3.02 |
| 2014 | 2013 | 446,227,175 | 442,872,352 | 99.25 | 1,146,328 | 442,872,352 | 99.25 | 13,037,334 | 2.92 |
| 2015 | 2014 | 474,418,331 | 470,959,014 | 99.27 | 477,052 | 470,959,014 | 99.27 | 14,469,523 | 3.05 |
| 2016 | 2015 | 507,203,935 | 504,891,858 | 99.54 | (1,253,102) | 503,937,920 | 99.36 | 13,711,114 | 2.70 |
| 2017 | 2016 | 553,891,970 | 551,107,380 | 99.50 | (719,718) | 550,387,662 | 99.37 | 13,903,694 | 2.51 |
| 2018 | 2017 | 615,686,143 | 612,423,673 | 99.47 | -- | 612,423,673 | 99.47 | 14,403,647 | 2.34 |
| 2019 | 2018 | (1) 668,264,888 | ** | ** | ** | ** | ** | ** | ** |

** Information not yet available for fiscal year 2019.

Note: Appraisal district appraises property at market value.

(1) Appraised value at January 1, 2018, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

(2) The total amount of outstanding delinquencies for all prior years as of fiscal year end.

**Assessed Taxable Property Value by Class
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 8**

| Fiscal Year Sept. 30 | Single Family Property | Multi- Family Property | Land | Commercial Property | Personal Property | Total Assessed Taxable Value | Tax Rates (per \$100 Assessed Value) |
|-------------------------------------|---------------------------------------|---------------------------------------|-------------|--------------------------------|------------------------------|---|---|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2009 | 37,453,292 | 9,896,356 | 1,389,608 | 19,800,799 | 7,915,406 | 76,455,461 | 0.4012 |
| 2010 | 40,713,121 | 10,145,319 | 1,419,091 | 19,957,214 | 7,942,287 | 80,177,032 | 0.4209 |
| 2011 | 40,652,702 | 9,611,968 | 1,367,974 | 18,531,700 | 6,932,805 | 77,097,149 | 0.4571 |
| 2012 | 40,599,766 | 9,910,886 | 1,646,815 | 18,880,729 | 9,051,096 | 80,089,292 | 0.4811 |
| 2013 | 41,050,945 | 11,115,108 | 1,599,889 | 20,237,454 | 9,575,131 | 83,578,527 | 0.5029 |
| 2014 | 43,262,362 | 12,628,999 | 1,543,314 | 21,774,725 | 9,280,001 | 88,489,401 | 0.5027 |
| 2015 | 47,675,285 | 15,190,842 | 1,600,848 | 24,521,122 | 9,744,775 | 98,732,872 | 0.4809 |
| 2016 | 50,576,097 | 18,362,372 | 1,736,615 | 29,885,285 | 10,183,100 | 110,743,469 | 0.4589 |
| 2017 | 56,088,650 | 21,991,357 | 2,005,473 | 35,465,401 | 10,227,269 | 125,778,150 | 0.4418 |
| 2018 | 61,853,216 | 24,882,015 | 2,220,397 | 39,794,515 | 10,139,354 | 138,889,497 | 0.4448 |

Source: July certified tax rolls received from Travis, Williamson, and Hays Central Appraisal Districts. Excludes exemptions and appeal adjustments made between January 1 appraisal date and July certified roll date.

Note: Does not reflect appeal adjustments between July and October 1 assessment date. See Table 7 for additional property tax information.

**Property Taxes and Tax Levies for Direct and Overlapping
Governments with Applicable Percentages Over 10%
Last Ten Fiscal Years**

**City of Austin, Texas
Table 9**

| Government | Tax Rates (per \$100 Assessed Value) for Fiscal Year Ended September 30 | | | | | | | | | |
|--|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| City of Austin | 0.4012 | 0.4209 | 0.4571 | 0.4811 | 0.5029 | 0.5027 | 0.4809 | 0.4589 | 0.4418 | 0.4448 |
| Austin Community College | 0.0954 | 0.0946 | 0.0951 | 0.0948 | 0.0951 | 0.0949 | 0.0942 | 0.1005 | 0.1020 | 0.1048 |
| Austin Independent School District | 1.2020 | 1.2020 | 1.2270 | 1.2420 | 1.2420 | 1.2420 | 1.2220 | 1.2020 | 1.1920 | 1.1920 |
| Del Valle Independent School District | 1.4800 | 1.4800 | 1.5300 | 1.5300 | 1.5300 | 1.4700 | 1.4700 | 1.5300 | 1.5200 | 1.3900 |
| Eanes Independent School District | 1.2025 | 1.2025 | 1.2025 | 1.2125 | 1.2125 | 1.2125 | 1.2125 | 1.2125 | 1.2125 | 1.2000 |
| Leander Independent School District | 1.3792 | 1.4223 | 1.4548 | 1.4998 | 1.5119 | 1.5119 | 1.5119 | 1.5119 | 1.5119 | 1.5119 |
| Manor Independent School District | 1.5350 | 1.5150 | 1.5150 | 1.5150 | 1.5150 | 1.5150 | 1.5150 | 1.5150 | 1.5150 | 1.5150 |
| North Austin MUD #1 | 0.4050 | 0.3801 | 0.3819 | 0.3719 | 0.3450 | 0.3450 | 0.3399 | 0.3170 | 0.2890 | 0.2830 |
| Northwest Austin MUD #1 (1) | 0.2525 | 0.2427 | -- | -- | -- | -- | -- | -- | -- | -- |
| Northwest Travis County RD #3 (2) | 0.1100 | 0.1250 | 0.1450 | 0.1550 | 0.1300 | 0.1223 | -- | -- | -- | -- |
| Pflugerville Independent School District | 1.4600 | 1.4600 | 1.4600 | 1.4800 | 1.5400 | 1.5400 | 1.5400 | 1.5400 | 1.5400 | 1.5200 |
| Round Rock Independent School District | 1.3324 | 1.3800 | 1.3800 | 1.3350 | 1.3800 | 1.3674 | 1.3375 | 1.3325 | 1.3325 | 1.3325 |
| Travis County (3) | 0.4122 | 0.4215 | 0.4658 | 0.4855 | 0.5001 | 0.4946 | 0.4563 | 0.4169 | 0.3838 | 0.3542 |
| Travis County Healthcare District | 0.0679 | 0.0674 | 0.0719 | 0.0789 | 0.0789 | 0.1290 | 0.1264 | 0.1178 | 0.1105 | 0.1052 |

| Government | Tax Levies (in 000's) for Fiscal Year Ended September 30 | | | | | | | | | |
|--|--|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| City of Austin | 307,929 | 340,763 | 354,798 | 381,126 | 418,888 | 446,227 | 474,418 | 507,204 | 553,892 | 615,686 |
| Austin Community College | 79,189 | 82,756 | 79,524 | 80,596 | 84,766 | 90,079 | 99,308 | 121,203 | 140,069 | 176,161 |
| Austin Independent School District | 704,839 | 735,582 | 730,909 | 746,896 | 775,231 | 834,029 | 918,306 | 1,030,642 | 1,174,333 | 1,448,359 |
| Del Valle Independent School District | 47,600 | 46,563 | 43,736 | 44,867 | 46,004 | 51,559 | 53,414 | 60,093 | 67,076 | 86,276 |
| Eanes Independent School District | 111,930 | 115,036 | 110,042 | 111,792 | 116,443 | 123,749 | 135,138 | 148,545 | 164,250 | 184,415 |
| Leander Independent School District | 173,078 | 185,502 | 185,883 | 195,248 | 204,896 | 219,988 | 248,089 | 273,849 | 305,591 | 336,487 |
| Manor Independent School District | 37,916 | 43,116 | 38,829 | 40,609 | 48,860 | 47,605 | 63,098 | 58,687 | 70,423 | 81,305 |
| North Austin MUD #1 | 2,859 | 2,859 | 2,750 | 2,713 | 2,660 | 2,661 | 2,968 | 3,131 | 293 | 329 |
| Northwest Austin MUD #1 (1) | 1,216 | 1,173 | -- | -- | -- | -- | -- | -- | -- | -- |
| Northwest Travis County RD #3 (2) | 546 | 582 | 576 | 607 | 565 | 568 | -- | -- | -- | -- |
| Pflugerville Independent School District | 104,552 | 108,097 | 104,112 | 105,197 | 111,719 | 118,412 | 133,432 | 147,355 | 166,578 | 215,566 |
| Round Rock Independent School District | 272,758 | 284,082 | 273,120 | 268,675 | 287,687 | 288,217 | 332,436 | 360,251 | 360,251 | 401,198 |
| Travis County (3) | 391,696 | 417,426 | 441,859 | 466,691 | 503,068 | 529,149 | 543,863 | 568,520 | 592,824 | 671,334 |
| Travis County Healthcare District | 64,629 | 66,842 | 68,303 | 75,928 | 79,480 | 138,132 | 150,765 | 160,701 | 170,812 | 199,366 |

Source: Travis Central Appraisal District, Williamson Central Appraisal District, Hays Central Appraisal District, and taxing entities.

Note:

- (1) Northwest Austin MUD #1 discontinued in 2010.
- (2) Northwest Travis County RD #3 was dissolved in 2014.
- (3) Includes taxes and levies for Travis County and Farm to Market Road.

Principal Property Taxpayers
Current Year and Nine Years Ago

City of Austin, Texas
Table 10

| | | Fiscal Year Ended September 30 | | | | | |
|------------------------------------|------------------|--------------------------------|------|--|-----------------------------|------|--|
| | | 2018 | | | 2009 | | |
| Taxpayer | Type of Property | January 1, 2017 Assessed | Rank | Percent of Total Assessed Valuation of | January 1, 2008 Assessed | Rank | Percent of Total Assessed Valuation of |
| | | Valuation | | 138,418,647,260 | Valuation | | 76,752,007,737 |
| | | \$ | | % | \$ | | % |
| Samsung Austin Semiconductor LLC | Manufacturing | 1,667,794,283 | 1 | 1.20 | 1,389,941,494 | 1 | 1.81 |
| Columbia/St. Davids Health Care | Hospital/Medical | 545,682,695 | 2 | 0.39 | 228,928,926 | 7 | 0.30 |
| Apple | Manufacturing | 418,759,426 | 3 | 0.30 | | | |
| Finley Company | Commercial | 410,400,014 | 4 | 0.30 | | | |
| CSHV-401 Congress LLC | Commercial | 359,707,203 | 5 | 0.26 | | | |
| Domain Retail Property Owner LP | Commercial | 343,763,509 | 6 | 0.25 | | | |
| Riata Holdings LP | Commercial | 325,076,136 | 7 | 0.23 | 198,567,361 | 10 | 0.26 |
| HEB Grocery Company LP | Retail | 310,105,250 | 8 | 0.22 | | | |
| GW Block 23 Office LLC | Commercial | 307,578,287 | 9 | 0.22 | | | |
| Brandywine Acquisition Partners LP | Commercial | 305,000,000 | 10 | 0.22 | 202,117,918 | 9 | 0.26 |
| TPG-300 West 6th Street LLC | Commercial | | | | 530,752,756 | 2 | 0.69 |
| Freescale Semiconductor, Inc. | Manufacturing | | | | 341,325,166 | 3 | 0.44 |
| Spansion LLC | Manufacturing | | | | 237,133,802 | 6 | 0.31 |
| IBM Corporation | Manufacturing | | | | 253,136,376 | 5 | 0.33 |
| Advanced Micro Devices, Inc. | Manufacturing | | | | 281,357,924 | 4 | 0.37 |
| Shopping Center at Gateway LP | Commercial | | | | 211,160,347 | 8 | 0.28 |
| Total assessed valuation | | 4,993,866,803 | | 3.61 | 3,874,422,070 | | 5.05 |

Source: Travis, Williamson and Hays Central Appraisal Districts

**Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

**City of Austin, Texas
Table 11**

| Fiscal Year Ended Sept. 30 | City Direct Rate (1) | Capital Metro Rate (2) | State of Texas Rate (3) |
|---|-------------------------------------|---------------------------------------|--|
| | % | % | % |
| 2009 | 1.00 | 1.00 | 6.25 |
| 2010 | 1.00 | 1.00 | 6.25 |
| 2011 | 1.00 | 1.00 | 6.25 |
| 2012 | 1.00 | 1.00 | 6.25 |
| 2013 | 1.00 | 1.00 | 6.25 |
| 2014 | 1.00 | 1.00 | 6.25 |
| 2015 | 1.00 | 1.00 | 6.25 |
| 2016 | 1.00 | 1.00 | 6.25 |
| 2017 | 1.00 | 1.00 | 6.25 |
| 2018 | 1.00 | 1.00 | 6.25 |

Sources: Capital Metro, Comptroller of Public Accounts, and City of Austin

(1) City of Austin 1% sales tax levy effective January 1, 1968

(2) Capital Metro 1% sales tax levy effective October 1, 1995

(3) State of Texas 6.25% sales tax levy effective July 1, 1990

Taxable Sales by Category
Last Ten Fiscal Years (In thousands)

City of Austin, Texas
Table 12

| | Fiscal Year Ended September 30 | | | | | | | | | |
|---|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Agriculture, forestry, fishing, hunting | 6,929 | 5,914 | 4,680 | 4,212 | 4,804 | 5,510 | 7,214 | 4,915 | 4,242 | 3,636 (1) |
| Mining | 4,034 | 2,854 | 2,264 | 6,549 | 15,455 | 52,267 | 30,534 | 2,988 | 3,512 | 135,107 |
| Construction | 352,053 | 368,296 | 389,154 | 471,658 | 551,199 | 628,533 | 685,990 | 749,637 | 849,007 | 930,670 |
| Manufacturing | 936,799 | 1,041,686 | 1,433,983 | 1,644,016 | 1,755,428 | 1,747,367 | 1,931,586 | 2,061,629 | 2,473,108 | 2,954,874 |
| Transportation, warehousing, utilities | 447,710 | 345,173 | 328,250 | 512,542 | 565,999 | 439,136 | 414,567 | 400,019 | 422,652 | 478,478 |
| Wholesale trade | 787,300 | 827,894 | 845,952 | 804,224 | 854,964 | 993,560 | 1,047,647 | 1,104,659 | 1,143,260 | 1,184,020 |
| Retail trade | 5,592,033 | 5,557,165 | 5,804,678 | 6,225,353 | 6,413,528 | 6,632,916 | 7,015,660 | 7,247,199 | 7,179,902 | 7,431,893 |
| Finance, insurance, real estate | 223,759 | 204,472 | 190,633 | 237,753 | 260,982 | 273,513 | 305,481 | 439,690 | 411,078 | 411,579 |
| Services | 1,233,310 | 1,189,812 | 1,257,576 | 1,395,058 | 1,510,025 | 1,555,087 | 1,657,323 | 1,821,462 | 2,014,309 | 2,083,221 |
| Public administration | 442,422 | 443,604 | 446,197 | 472,311 | 504,887 | 519,273 | 544,881 | 542,879 | 514,568 | 511,197 |
| Other | 2,128,184 | 2,150,840 | 2,361,381 | 2,659,739 | 2,987,068 | 3,299,444 | 3,608,679 | 3,855,509 | 4,051,993 | 4,351,069 |
| Total taxable sales by category | 12,154,533 | 12,137,710 | 13,064,748 | 14,433,415 | 15,424,339 | 16,146,606 | 17,249,562 | 18,230,586 | 19,067,631 | 20,475,744 (2) |

Source: State of Texas Comptroller of Public Accounts

Note: Data subject to change as more precise numbers become available.

(1) For Agriculture, forestry, fishing, data not available for fourth quarter of fiscal year 2017 and first and second quarter of fiscal year 2018. Figures are estimates.

(2) Data not available for third quarter of fiscal year 2018.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (In thousands except per capita)

City of Austin, Texas
Table 13

| Governmental Activities | | | | | | | | | | | |
|----------------------------|--------------------------|----------------------------|-------------------------|---------------------------|-------------------------------|--|--|--|--|--|--|
| Fiscal Year Ended Sept. 30 | General Obligation Bonds | Certificates of Obligation | Contractual Obligations | Capital Lease Obligations | Total Governmental Activities | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | | | | | | |
| 2009 | 845,741 | 78,525 | 28,456 | 468 | 953,190 | | | | | | |
| 2010 | 789,619 | 71,586 | 38,295 | 716 | 900,216 | | | | | | |
| 2011 | 842,708 | 62,426 | 32,994 | 433 | 938,561 | | | | | | |
| 2012 | 877,811 | 95,426 | 44,570 | 159 | 1,017,966 | | | | | | |
| 2013 | 902,750 | 114,798 | 67,788 | -- | 1,085,336 | | | | | | |
| 2014 | 974,855 | 135,829 | 85,036 | -- | 1,195,720 | | | | | | |
| 2015 | 1,030,680 | 165,350 | 102,396 | -- | 1,298,426 | | | | | | |
| 2016 | 1,108,558 | 166,201 | 101,012 | -- | 1,375,771 | | | | | | |
| 2017 | 1,109,766 | 214,394 | 111,868 | -- | 1,436,028 | | | | | | |
| 2018 | 1,123,455 | 239,446 | 94,064 | -- | 1,456,965 | | | | | | |

| Business-type Activities | | | | | | | | | | |
|----------------------------|--------------------------|----------------------------|-------------------------|--------------------------|------------------------|---------------|---------------|------------------------|---------------------------|--------------------------------|
| Fiscal Year Ended Sept. 30 | General Obligation Bonds | Certificates of Obligation | Contractual Obligations | Other Tax Supported Debt | Commercial Paper Notes | Revenue Notes | Revenue Bonds | Contract Revenue Bonds | Capital Lease Obligations | Total Business-type Activities |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2009 | 21,510 | 42,877 | 60,195 | 6,650 | 339,999 | 28,000 | 3,442,342 | 914 | 1,981 | 3,944,468 |
| 2010 | 16,233 | 40,169 | 50,064 | 18,178 | 299,797 | 28,000 | 3,643,111 | -- | 1,628 | 4,097,180 |
| 2011 | 25,398 | 40,903 | 54,854 | 11,274 | 359,792 | 28,000 | 3,694,277 | -- | 1,258 | 4,215,756 |
| 2012 | 34,661 | 34,456 | 52,298 | 10,605 | 305,026 | -- | 3,944,795 | -- | 1,218 | 4,383,059 |
| 2013 | 31,381 | 33,658 | 55,508 | 9,915 | 193,991 | -- | 4,204,201 | -- | 1,176 | 4,529,830 |
| 2014 | 33,701 | 27,232 | 65,854 | 9,195 | 241,456 | -- | 4,298,643 | -- | 1,135 | 4,677,216 |
| 2015 | 28,852 | 40,695 | 54,686 | 8,450 | 200,581 | -- | 4,600,817 | -- | 1,089 | 4,935,170 |
| 2016 | 24,073 | 58,814 | 45,537 | 7,655 | 129,916 | -- | 4,578,492 | -- | 1,040 | 4,845,527 |
| 2017 | 20,303 | 55,242 | 32,895 | 7,116 | 146,097 | -- | 4,881,202 | -- | 989 | 5,143,844 |
| 2018 | 16,217 | 52,277 | 26,518 | 6,905 | 254,767 | -- | 4,701,801 | -- | 934 | 5,059,419 |

| Fiscal Year Ended Sept. 30 | Total Primary Government | Percentage of Personal Income (1) | Debt Per Capita (1) |
|----------------------------|--------------------------|-----------------------------------|---------------------|
| | \$ | % | \$ |
| 2009 | 4,897,658 | 0.13 | 6,358 |
| 2010 | 4,997,396 | 0.14 | 6,419 |
| 2011 | 5,154,317 | 0.13 | 6,398 |
| 2012 | 5,401,025 | 0.14 | 6,578 |
| 2013 | 5,615,166 | 0.12 | 6,672 |
| 2014 | 5,872,936 | 0.12 | 6,689 |
| 2015 | 6,233,596 | 0.13 | 6,933 |
| 2016 | 6,221,298 | 0.11 | 6,722 |
| 2017 | 6,579,872 | 0.12 | 6,955 |
| 2018 | 6,516,384 | 0.11 | 6,761 |

Note Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) Population and personal income statistics can be found in Table 18.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (In thousands except per capita)**

**City of Austin, Texas
Table 14**

| Fiscal Year Ended Sept. 30 | General Bonded Debt Outstanding | | | | Percentage of Actual Taxable Value of Property (1) | Net General Bonded Debt Per Capita (2) |
|-------------------------------------|---------------------------------|--------------------------------|-----------|--|--|---|
| | General Obligation Bonds | Other Tax Supported Debt | Total | Resources Restricted for Repayment of Outstanding Debt Principal | | |
| | \$ | \$ | \$ | \$ | % | \$ |
| 2009 | 867,251 | 216,703 | 1,083,954 | 18,389 | 1.39 | 1,383.32 |
| 2010 | 805,852 | 218,292 | 1,024,144 | 21,958 | 1.24 | 1,287.23 |
| 2011 | 868,106 | 202,451 | 1,070,557 | 20,806 | 1.35 | 1,302.97 |
| 2012 | 912,472 | 237,356 | 1,149,828 | 17,627 | 1.43 | 1,379.03 |
| 2013 | 934,131 | 281,667 | 1,215,798 | 17,068 | 1.44 | 1,424.26 |
| 2014 | 1,008,556 | 323,146 | 1,331,702 | 18,368 | 1.48 | 1,495.82 |
| 2015 | 1,059,532 | 371,577 | 1,431,109 | 21,725 | 1.43 | 1,567.52 |
| 2016 | 1,132,631 | 379,219 | 1,511,850 | 21,629 | 1.35 | 1,610.20 |
| 2017 | 1,130,069 | 421,515 | 1,551,584 | 24,587 | 1.22 | 1,614.03 |
| 2018 | 1,139,672 | 419,210 | 1,558,882 | 29,283 | 1.11 | 1,587.06 |

Note. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for property value data.

(2) Population data can be found in Table 18.

Direct and Overlapping Governmental Activities Debt
As of September 30, 2018

City of Austin, Texas
Table 15

| Name of Governmental Unit | Net Debt Outstanding as of September 30, 2018 (in 000's) | Percent Applicable to City of Austin % | Amount Applicable to City of Austin (in 000's) |
|--|---|---|---|
| | \$ | | \$ |
| Direct debt: Governmental activities debt | | | |
| General obligation bonds | 1,123,455 | | |
| Certificates of obligation | 239,446 | | |
| Contractual obligations | 94,064 | | |
| Total direct debt | 1,456,965 (1) | 100.00 | 1,456,965 |
| Overlapping debt | | | |
| Greater than 10%: | | | |
| Austin Community College | 418,335 | 70.35 | 294,299 |
| Austin Independent School District | 916,012 | 95.53 | 875,066 |
| Avery Ranch Road District #1 | 6,740 | 99.39 | 6,699 |
| Del Valle Independent School District | 197,290 | 73.19 | 144,397 |
| Eanes Independent School District | 110,400 | 36.95 | 40,793 |
| Leander Independent School District | 1,001,402 | 12.07 | 120,869 |
| Manor Independent School District | 303,788 | 69.10 | 209,918 |
| Northtown MUD | 19,350 | 17.52 | 3,390 |
| Northwoods Road District | 8,205 | 100.00 | 8,205 |
| Pearson Place Road District | 5,245 | 100.00 | 5,245 |
| Pflugerville Independent School District | 417,770 | 35.00 | 146,220 |
| Round Rock Independent School District | 683,391 | 35.26 | 240,964 |
| Travis County | 685,851 | 73.68 | 505,335 |
| Travis County Healthcare | 9,380 | 73.68 | 6,911 |
| Williamson County | 812,550 | 12.28 | 99,781 |
| Subtotal greater than 10% | 5,595,709 | | 2,708,092 |
| Less than 10%: | | | |
| Hays County | 420,887 | 0.31 | 1,305 |
| Travis County Mud #8 | 7,317 | 1.07 | 78 |
| Travis County WC & ID #10 | 44,585 | 4.01 | 1,788 |
| Subtotal less than 10% | 472,789 | | 3,171 |
| Total overlapping debt | 6,068,498 | | 2,711,263 |
| Total direct and overlapping debt | 7,525,463 | | 4,168,228 |
| Ratio of total direct and overlapping debt to assessed valuation (2) | | 3.01 % | |
| Per capita of total direct and overlapping debt (3) | | \$ 4,324.80 | |

Source: Taxing jurisdictions, Travis, Williamson, and Hays Central Appraisal Districts and Municipal Advisory Council of Texas

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

(1) Excludes general obligation debt reported in business-type activities. See Note 6.

(2) Based on assessed valuation of \$138,418,647,260 provided by the Travis, Williamson, and Hays Central Appraisal Districts.

(3) Based on 2018 population of 963,797.

Legal Debt Margin Information
Last Ten Fiscal Years (In thousands)

City of Austin, Texas
Table 16

Legal Debt Margin Calculation for Fiscal Year 2018

| | |
|---|----------------------|
| Assessed taxable value (1) | \$ 137,034,461 |
| Debt limit (2) | 20,181,369 |
| Debt applicable to limit: | |
| General obligation debt | 1,432,315 |
| Less: Amount set aside for repayment of general obligation debt | (29,283) |
| Total net debt applicable to limit | 1,403,032 |
| Legal debt margin | <u>\$ 18,778,337</u> |

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| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Debt limit | 11,190,400 | 11,804,005 | 11,316,858 | 11,550,204 | 12,144,302 | 12,942,046 | 14,383,428 | 16,114,633 | 18,279,122 | 20,181,369 |
| Total net debt applicable to limit | 1,043,671 | 971,250 | 1,020,759 | 1,102,536 | 1,163,822 | 1,253,012 | 1,332,360 | 1,387,051 | 1,401,193 | 1,403,032 |
| Legal debt margin | 10,146,729 | 10,832,755 | 10,296,099 | 10,447,668 | 10,980,480 | 11,689,034 | 13,051,068 | 14,727,582 | 16,877,929 | 18,778,337 |
| Total net debt applicable to the limit as a percentage of debt limit | 9.33% | 8.23% | 9.02% | 9.55% | 9.58% | 9.68% | 9.26% | 8.61% | 7.67% | 6.95% |

Note: Ad valorem tax limitations: The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 per assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of addressed valuation is established by referring to the State Statute and City Charter limitations.

(1) Assessed value 100% of estimated market value as of January 1, 2017, of \$138,418,647,260 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2017, for collections on \$137,034,461 results in tax revenues of \$2,055,517. This revenue could service the debt on \$20,181,369 issued as 8% 20-year serial bonds with level debt service payments.

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

City of Austin, Texas
Table 17

| Fiscal Year Ended Sept. 30 | Electric Revenue Bonds | | | | | | Water and Wastewater Revenue Bonds | | | | | |
|-------------------------------------|-----------------------------------|------------------------------------|-----------------------------|------------------|----------|-----------------|------------------------------------|------------------------------------|-----------------------------|------------------|----------|-----------------|
| | Utility Service Charges (1) | Less: Operating Expenses (2) | Net Available Revenue | Debt Service (3) | | Coverage (4) | Utility Service Charges (1) | Less: Operating Expenses (2) | Net Available Revenue | Debt Service (3) | | Coverage (4) |
| | | | | Principal | Interest | | | | | Principal | Interest | |
| | | | | | | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | | |
| 2009 | 1,179,688 | 851,756 | 327,932 | 78,773 | 93,170 | 1.91 | 393,771 | 181,440 | 212,331 | 59,018 | 88,089 | 1.45 |
| 2010 | 1,159,295 | 866,914 | 292,381 | 65,823 | 99,786 | 1.77 | 361,342 | 166,907 | 194,435 | 54,413 | 101,265 | 1.25 |
| 2011 | 1,258,871 | 912,651 | 346,220 | 75,084 | 97,547 | 2.01 | 448,467 | 171,833 | 276,634 | 50,660 | 105,221 | 1.77 |
| 2012 | 1,190,798 | 875,675 | 315,123 | 75,772 | 92,959 | 1.87 | 443,028 | 178,891 | 264,137 | 67,295 | 110,872 | 1.48 |
| 2013 | 1,295,116 | 927,294 | 367,822 | 105,091 | 71,052 | 2.09 | 477,013 | 209,890 | 267,123 | 75,186 | 113,826 | 1.41 |
| 2014 | 1,375,294 | 1,028,794 | 346,500 | 83,151 | 60,101 | 2.42 | 472,717 | 218,071 | 254,646 | 98,245 | 105,901 | 1.25 |
| 2015 | 1,359,097 | 978,283 | 380,814 | 47,904 | 59,017 | 3.56 | 517,253 | 208,307 | 308,946 | 97,176 | 124,134 | 1.40 |
| 2016 | 1,378,749 | 989,768 | 388,981 | 65,132 | 62,599 | 3.05 | 563,066 | 217,457 | 345,609 | 79,564 | 105,186 | 1.87 |
| 2017 | 1,373,020 | 1,018,604 | 354,416 | 44,278 | 60,692 | 3.38 | 601,928 | 233,592 | 368,336 | 85,927 | 141,455 | 1.62 |
| 2018 | 1,417,232 | 1,083,928 | 333,304 | 34,971 | 58,657 | 3.56 | 581,324 | 250,223 | 331,101 | 57,712 | 152,572 | 1.57 |

| Fiscal Year Ended Sept. 30 | Airport Revenue Bonds | | | | | | Convention Center Revenue Bonds | | | | | | |
|-------------------------------------|------------------------|---------------------------------|------------------------------------|-----------------------------|------------------|----------|---------------------------------|---|------------------------------------|-----------------------------|------------------|----------|-----------------|
| | Service Charges (1) | Other Available Funds (5) | Less: Operating Expenses (2) | Net Available Revenue | Debt Service (3) | | Coverage (4) | User Fees and Revenue Transfers (1) | Less: Operating Expenses (2) | Net Available Revenue | Debt Service (3) | | Coverage (4) |
| | | | | | Principal | Interest | | | | | Principal | Interest | |
| | | | | | | | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | | \$ | \$ | \$ | \$ | | |
| 2009 | 85,070 | 4,924 | 54,453 | 35,541 | 6,843 | 12,851 | 1.80 | 54,491 | 30,058 | 24,433 | 4,720 | 11,330 | 1.52 |
| 2010 | 85,156 | 3,673 | 57,773 | 31,056 | 7,168 | 7,522 | 2.11 | 51,226 | 30,520 | 20,706 | 8,215 | 9,238 | 1.19 |
| 2011 | 90,259 | 3,739 | 64,371 | 29,627 | 7,544 | 7,410 | 1.98 | 59,351 | 32,464 | 26,887 | 8,545 | 9,356 | 1.50 |
| 2012 | 96,344 | 3,594 | 65,689 | 34,249 | 7,473 | 6,902 | 2.38 | 63,345 | 35,640 | 27,705 | 9,450 | 8,423 | 1.55 |
| 2013 | 103,705 | 3,805 | 69,338 | 38,172 | 8,438 | 6,783 | 2.51 | 73,977 | 44,684 | 29,293 | 10,205 | 7,991 | 1.61 |
| 2014 | 109,263 | 3,620 | 73,822 | 39,061 | 8,520 | 5,960 | 2.70 | 82,971 | 41,142 | 41,829 | 10,750 | 7,278 | 2.32 |
| 2015 | 120,780 | 3,551 | 76,995 | 47,336 | 9,264 | 4,941 | 3.33 | 94,847 | 47,746 | 47,101 | 10,930 | 6,691 | 2.67 |
| 2016 | 137,826 | 3,700 | 82,330 | 59,196 | 9,616 | 5,184 | 4.00 | 106,037 | 45,306 | 60,731 | 11,740 | 6,352 | 3.36 |
| 2017 | 154,570 | 4,830 | 94,139 | 65,261 | 13,003 | 6,316 | 3.38 | 118,013 | 54,533 | 63,480 | 12,150 | 5,653 | 3.57 |
| 2018 | 176,235 | 5,469 | 108,045 | 73,659 | 15,906 | 5,969 | 3.37 | 115,934 | 60,807 | 55,127 | 12,955 | 4,713 | 3.12 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Operating revenue, rental tax revenue, hotel tax revenue, and interest income.
- (2) Operating expenses other than interest on debt, depreciation, amortization, and year-end unfunded other postemployment benefit and pension expenses.
- (3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements. Airport excludes debt service amounts paid with passenger facility charge revenue and restricted bond proceeds applied to current interest payments.
- (4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only. For Austin Water Utility, this methodology does not follow exactly the coverage calculation required by the master ordinance.
- (5) Pursuant to bond ordinance, Airport is authorized to use "other available funds" in the calculation of revenue bond coverage to not exceed 25% of the debt service requirements.

Demographic and Economic Statistics
Last Ten Fiscal Years

City of Austin, Texas
Table 18

| Fiscal Year Ended Sept. 30 | City of Austin Population (1) | Area of Incorporation (Sq. Miles) (1) | Population MSA (2) | Income (MSA) (thousands of dollars) (2) | Median Household Income MSA (3) | Per Capita Personal Income MSA (2) | Unemployment Rate (MSA) (4) |
|----------------------------|-------------------------------|---------------------------------------|--------------------|---|---------------------------------|------------------------------------|-----------------------------|
| | | | | \$ | \$ | \$ | % |
| 2009 | 770,296 | 302 | 1,682,338 | 64,290,898 | 47,520 | 38,215 | 6.9 |
| 2010 | 778,560 | 306 | 1,727,743 | 69,124,528 | 48,460 | 40,009 | 7.0 |
| 2011 | 805,662 | 308 | 1,781,409 | 76,507,673 | 46,689 | 42,948 | 6.6 |
| 2012 | 821,012 | 319 | 1,834,319 | 84,319,550 | 46,818 | 45,968 | 5.7 |
| 2013 | 841,649 | 321 | 1,883,528 | 89,014,800 | 46,436 | 47,260 | 5.2 |
| 2014 | 878,002 | 321 | 1,942,255 | 97,444,500 | 49,227 | 50,171 | 4.2 |
| 2015 | 899,119 | 323 | 2,000,784 | 103,473,800 | 52,519 | 51,717 | 3.4 |
| 2016 | 925,491 | 326 | 2,060,558 | 109,057,100 | 56,163 | 52,926 | 3.3 |
| 2017 | 946,080 | 325 | 2,115,827 | 115,982,300 | 56,849 | 54,817 | 3.1 |
| 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% | 7.98% | 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, 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 first quarter 2019.

(3) Source: Claritas, a Nielsen company.

(4) Source: Bureau of Labor Statistics, United States Dept. of Labor as of September 30.

(5) Data not available for 2018. Figures are estimated.

(6) Source: Nielsen SiteReports.

Principal Employers
Current Year and Nine Years Ago

City of Austin, Texas
Table 19

| | | Fiscal Year Ended September 30 | | | | | |
|------------------------------------|---------------|--------------------------------|------------|-------------------|------|-----------|-------------------|
| | | 2018 | | | 2009 | | |
| 10 Largest Employers | Industry | Rank | Employees | Percent of MSA | Rank | Employees | Percent of MSA |
| | | | | Total (1) | | | Total |
| | | | | % | | | % |
| State Government | Government | 1 | 37,890 (2) | 3.52 | 1 | 37,754 | 4.87 |
| The University of Texas at Austin | Education | 2 | 23,925 (4) | 2.22 | 2 | 25,313 | 3.27 |
| City of Austin | Government | 3 | 14,038 (5) | 1.30 | 4 | 12,406 | 1.60 |
| HEB | Retail | 4 | 13,756 (4) | 1.28 | 7 | 10,904 | 1.41 |
| Dell Computer Corporation | Computers | 5 | 13,000 (4) | 1.21 | 3 | 16,000 | 2.07 |
| Federal Government | Government | 6 | 13,000 (6) | 1.21 | 5 | 11,991 | 1.55 |
| Austin Independent School District | Education | 7 | 11,379 (3) | 1.06 | 6 | 11,322 | 1.46 |
| St. David's Healthcare Partnership | Healthcare | 8 | 10,309 (4) | 0.96 | 10 | 6,043 | 0.78 |
| Seton Healthcare Network | Healthcare | 9 | 9,947 (4) | 0.92 | 8 | 9,793 | 1.26 |
| Samsung Austin Semiconductor | Semiconductor | 10 | 8,935 (4) | 0.83 | | | |
| IBM Corporation | Computers | | | | 9 | 6,200 (7) | 0.80 |
| | | | 156,179 | 14.51 | | 147,726 | 19.07 |

Notes:

- (1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 1,076,900 for 2018 and 770,800 for 2009.
- (2) Texas State Auditor's Office: Regular and Part Time State Employees for 2018 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.
- (3) Texas Education Agency 2017-2018 Texas Academic Performance Report for AISD Page 23.
- (4) Austin Chamber of Commerce - Top Employers for Austin MSA - Fall 2018.
- (5) 2018-19 City of Austin Approved Budget, page 483 (Personnel Summary: 2017-18 Amended column).
- (6) Bureau of Labor Statistics Federal Government employees in Austin MSA in September 2018.
- (7) 2009 and 2000 Principal Employers - Current Year and Nine Years Ago, IBM Corporation Rank 9 in 2009.

Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

City of Austin, Texas
Table 20

| Function/Program | Fiscal Year Ended September 30 | | | | | | | | | |
|--|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | | | | | | | |
| General government | 169 | 169 | 169 | 173 | 177 | 232 | 235 | 238 | 239 | 240 |
| Public safety | 3,938 | 3,938 | 4,046 | 4,117 | 4,219 | 4,281 | 4,401 | 4,523 | 4,664 | 4,676 |
| Transportation, planning, and sustainability | 5 | 4 | 4 | 4 | 7 | 9 | 14 | 14 | 14 | 14 |
| Public health | 484 | 517 | 517 | 520 | 513 | 513 | 532 | 575 | 592 | 598 |
| Public recreation and culture | 865 | 846 | 890 | 887 | 917 | 985 | 1,009 | 1075 | 1088 | 1096 |
| Urban growth management | 373 | 378 | 387 | 378 | 386 | 411 | 417 | 449 | 472 | 474 |
| Total governmental employees | 5,834 | 5,852 | 6,013 | 6,079 | 6,219 | 6,431 | 6,608 | 6,874 | 7,069 | 7,098 |
| Business-type activities | | | | | | | | | | |
| Electric | 1,719 | 1,738 | 1,737 | 1,722 | 1,719 | 1,682 | 1,676 | 1,674 | 1,718 | 1,749 |
| Water | 521 | 530 | 535 | 535 | 553 | 592 | 587 | 590 | 604 | 611 |
| Wastewater | 536 | 540 | 535 | 534 | 541 | 566 | 560 | 558 | 566 | 574 |
| Airport | 352 | 345 | 345 | 347 | 351 | 362 | 379 | 415 | 456 | 489 |
| Convention | 241 | 244 | 239 | 239 | 239 | 251 | 250 | 266 | 277 | 296 |
| Environmental and health services | 463 | 461 | 461 | 467 | 499 | 523 | 522 | 546 | 573 | 608 |
| Public recreation | 88 | 88 | 41 | 33 | 33 | 38 | 41 | 41 | 41 | 41 |
| Urban growth management | 659 | 632 | 649 | 681 | 693 | 767 | 775 | 809 | 881 | 923 |
| Total business-type employees | 4,579 | 4,578 | 4,542 | 4,558 | 4,628 | 4,781 | 4,790 | 4,899 | 5,116 | 5,291 |
| Internal Services (1) | 1,502 | 1,450 | 1,482 | 1,487 | 1,524 | 1,570 | 1,579 | 1,598 | 1,640 | 1,649 |
| Total full-time equivalent employees | 11,915 | 11,880 | 12,037 | 12,124 | 12,371 | 12,782 | 12,977 | 13,371 | 13,825 | 14,038 |

Source: Budget Office

Notes:

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.

Operating Indicators by Function/Program
Last Ten Fiscal Years

City of Austin, Texas
Table 21

| | Fiscal Year Ended September 30 | | | | | | | | | |
|---|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | | | | | | | |
| General government | | | | | | | | | | |
| Municipal court cases filed | 446,777 | 369,053 | 341,036 | 323,513 | 364,930 | 369,906 | 351,757 | 323,504 | 306,689 | 239,367 |
| Central booking cases magistrates/arrested | 101,649 | 114,334 | 106,974 | 96,898 | 89,162 | 88,887 | 84,868 | 83,270 | 84,277 | 78,557 |
| Number of cases docketed (excluding jail) | 159,038 | 158,597 | 140,820 | 115,939 | 115,545 | 116,025 | 109,628 | 97,116 | 85,436 | 76,945 |
| Number of warrants prepared | 140,668 | 138,379 | 134,038 | 89,969 | 88,401 | 88,400 | 82,311 | 71,159 | 66,391 | 51,271 |
| Jail cases prepared | 125,406 | 134,018 | 122,279 | 103,126 | 93,949 | 96,744 | 92,765 | 92,946 | 95,145 | 85,949 |
| Public safety | | | | | | | | | | |
| Number of incidents responded to by patrol officers | N/A | N/A | N/A | 638,006 | 623,768 | 595,292 | 572,623 | 572,303 | 570,707 | 600,053 |
| Number of arrests made | N/A | N/A | N/A | 62,841 | 56,628 | 52,870 | 50,072 | 47,078 | 47,617 | 46,820 |
| Number of citation violations issued by APD officers | N/A | N/A | N/A | 152,971 | 187,033 | 184,254 | 156,088 | 143,173 | 128,925 | 89,149 |
| Fire emergency responses | 74,211 | 75,676 | 81,982 | 84,473 | 86,641 | 89,538 | 89,563 | 81,973 | 86,665 | 87,934 |
| Fire responses | 2,816 | 2,172 | 3,208 | 2,086 | 2,404 | 2,129 | 2,066 | 2,120 | 2,508 | 2,510 |
| Fire inspections | 25,523 | 25,622 | 25,368 | 23,837 | 29,602 | 32,619 | 35,154 | 36,259 | 36,393 | 31,660 |
| EMS response units dispatched (1) | 113,410 | 115,637 | 122,701 | 128,334 | 133,160 | 138,881 | 157,827 | 159,992 | 145,489 | 131,207 |
| EMS 911 calls received | 106,477 | 110,703 | 114,625 | 117,310 | 127,772 | 126,638 | 140,212 | 143,804 | 146,448 | 143,353 |
| EMS ground patient transports | 56,127 | 61,267 | 71,577 | 75,510 | 75,123 | 76,791 | 82,987 | 78,725 | 78,164 | 74,924 |
| Transportation, planning, and sustainability | | | | | | | | | | |
| Number of school zone signals that rec'd preventive maintenance | N/A | N/A | N/A | 218 | 723 | 61 | 316 | 238 | 219 | 283 |
| Number of children receiving safety training | 44,480 | 44,582 | 44,468 | 46,790 | 52,862 | 49,627 | 50,165 | 49,531 | 48,483 | 48,430 |
| Injuries to children in school zones | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Public health | | | | | | | | | | |
| Number of animals sheltered | 22,150 | 24,026 | 19,752 | 19,392 | 19,760 | 19,137 | 18,630 | 17,431 | 17,284 | 16,406 |
| Birth and death certificates | 96,421 | 84,017 | 63,979 | 57,841 | 61,918 | 69,678 | 71,293 | 74,946 | 75,565 | 71,054 |
| STD patient clinic visits | 13,248 | 13,869 | 14,187 | 13,033 | 12,927 | 12,956 | 13,722 | 13,860 | 12,740 | 9,236 |
| Number of Shots for Tots Clinics vaccine visits (ages 0-18) | 12,380 | 17,084 | 9,934 | 7,960 | 6,994 | 7,583 | 7,541 | 8,156 | 8,373 | 7,322 |
| Number of food benefits to WIC participants (2) | 433,675 | 458,032 | 439,316 | 421,637 | 406,774 | 389,071 | 365,230 | 344,296 | 287,562 | 276,748 |
| Participants receiving basic needs services | 7,592 | 7,635 | 9,016 | 7,531 | 10,320 | 11,037 | 10,536 | 18,545 | 18,747 | 22,357 |
| Food establishment permits issued | 5,783 | 5,909 | 9,452 | 10,137 | 13,968 | 12,445 | 12,779 | 13,227 | 14,485 | 13,561 |
| Number of HIV/STD tests provided in outreach settings (3) | N/A | N/A | 4,428 | 3,396 | 2,221 | 2,374 | 2,151 | 2,558 | 1,613 | 2,430 |
| Public recreation and culture | | | | | | | | | | |
| Volumes in library collection | 1,455,793 | 1,465,765 | 1,454,103 | 1,480,479 | 1,464,512 | 1,425,914 | 1,725,535 | 1,869,385 | 1,919,511 | 2,031,770 |
| Library volumes borrowed | 4,197,963 | 4,316,785 | 4,663,483 | 4,845,067 | 5,129,759 | 5,392,446 | 5,572,268 | 5,921,193 | 5,762,874 | 6,562,604 |
| Registered library borrowers | 561,112 | 483,099 | 519,788 | 494,015 | 497,527 | 508,397 | 542,358 | 570,446 | 597,545 | 640,104 |
| Meals served to senior citizens | 64,821 | 64,032 | 63,299 | 65,965 | 62,053 | 63,718 | 78,147 | 79,183 | 81,452 | 90,185 |
| Visits to educational and cultural facilities | N/A | N/A | N/A | 388,650 | 302,778 | 329,734 | 256,526 | 307,136 | 356,389 | 395,917 |
| Pool visits | N/A | N/A | N/A | 1,098,545 | 1,312,941 | 1,202,587 | 1,253,624 | 1,115,800 | 1,403,260 | 1,603,818 |

(Continued)

Operating Indicators by Function/Program
Last Ten Fiscal Years, continued

City of Austin, Texas
Table 21

| | Fiscal Year Ended September 30 | | | | | | | | | |
|--|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Urban growth management | | | | | | | | | | |
| One-stop shop customers served by development assistance | 26,531 | 26,597 | 28,983 | 32,362 | 31,477 | 33,116 | 32,273 | 36,036 | 35,237 | 31,969 |
| Number of neighborhood plan amendments submitted per year | N/A | N/A | N/A | N/A | N/A | | 26 | 22 | 22 | 23 |
| Zoning applications processed | 101 | 145 | 137 | 129 | 140 | 149 | 169 | 139 | 144 | 149 |
| Building inspections performed-development and regulation | 177,854 | 150,228 | 161,519 | 186,737 | 220,881 | 228,576 | 240,632 | 277,246 | 312,830 | 331,393 |
| One-stop shop building permits issued | 92,396 | 91,996 | 96,205 | 108,494 | 109,492 | 101,012 | 70,432 | 74,902 | 67,504 | 68,778 |
| Repair services provided to homeowners | N/A | N/A | N/A | 708 | 533 | 692 | 622 | 708 | 603 | 421 |
| Housing related services provided | N/A | N/A | N/A | 1,411 | 861 | 931 | 934 | 1,185 | 1,011 | 956 |
| Svcs provided through housing/community development activities | N/A | N/A | N/A | 3,337 | 2,438 | 2,613 | 2,590 | 2,896 | 2,740 | 2,408 |
| Business-type activities | | | | | | | | | | |
| Electric | | | | | | | | | | |
| Electric sales (in millions of KWH) | 12,103 | 11,976 | 12,779 | 12,534 | 12,305 | 12,572 | 12,674 | 12,874 | 12,983 | 13,410 |
| Number of metered customers | 407,926 | 413,870 | 417,865 | 422,375 | 430,582 | 439,403 | 450,479 | 461,345 | 472,701 | 485,204 |
| Water | | | | | | | | | | |
| Actual water pumpage (millions of gallons) | 53,331 | 43,827 | 52,824 | 47,094 | 45,902 | 43,239 | 43,481 | 44,687 | 47,312 | 48,521 |
| Average daily consumption (thousands of gallons) | 129,600 | 108,600 | 135,576 | 117,182 | 115,555 | 105,994 | 103,261 | 108,887 | 112,791 | 113,545 |
| Average daily consumption per capita | 167 | 135 | 162 | 142 | 136 | 125 | 122 | 122 | 126 | 124 |
| Peak daily capacity (thousands of gallons) | 286,000 | 286,000 | 286,000 | 285,000 | 285,000 | 285,000 | 285,000 | 335,000 | 335,000 | 335,000 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (millions of gallons) | 82 | 99 | 84 | 104 | 95 | 102 | 105 | 109 | 104 | 99 |
| Combined daily capacity (thousands of gallons) | 135,000 | 135,000 | 135,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Airport | | | | | | | | | | |
| Enplanements | 4,150,710 | 4,257,715 | 4,524,641 | 4,662,738 | 4,928,979 | 5,275,464 | 5,792,387 | 6,180,464 | 6,729,108 | 7,739,811 |
| Deplanements | 4,111,620 | 4,240,086 | 4,510,247 | 4,654,823 | 4,928,279 | 5,244,569 | 5,769,778 | 6,161,240 | 6,676,658 | 7,711,086 |
| Cargo (in millions of pounds) | 161 | 156 | 152 | 155 | 157 | 156 | 158 | 168 | 189 | 183 |
| Convention | | | | | | | | | | |
| Convention contracts executed | 281 | 251 | 307 | 303 | 306 | 353 | 292 | 279 | 240 | 260 |
| Vehicles parked | 539,098 | 429,993 | 467,908 | 509,313 | 548,221 | 648,970 | 726,759 | 730,279 | 761,756 | 708,815 |
| Environmental and health services | | | | | | | | | | |
| Tons of trash collected | 128,519 | 130,851 | 126,497 | 129,653 | 124,183 | 127,924 | 130,784 | 129,266 | 131,815 | 128,829 |
| Tons of recyclables collected | 49,811 | 52,479 | 52,236 | 54,009 | 53,702 | 55,494 | 57,324 | 58,879 | 58,705 | 58,723 |
| Tons of brush collected | 7,683 | 7,350 | 6,853 | 7,720 | 7,359 | 6,692 | 7,776 | 8,460 | 7,367 | 6,292 |
| Tons of bulk items collected | 8,219 | 7,710 | 7,503 | 7,844 | 8,681 | 9,068 | 9,672 | 12,144 | 11,334 | 10,262 |
| Tons of yard trimmings collected | 19,497 | 22,456 | 24,777 | 21,712 | 25,898 | 27,357 | 28,680 | 32,605 | 34,316 | 32,244 |
| Public recreation | | | | | | | | | | |
| Golf rounds played | 230,852 | 200,446 | 216,789 | 195,000 | 201,086 | 190,244 | 181,285 | 196,972 | 208,118 | 202,600 |
| Youth sports participants | N/A | N/A | N/A | N/A | 18,475 | 23,769 | 26,165 | 22,196 | 14,581 | 18,690 |

(Continued)

Operating Indicators by Function/Program
Last Ten Fiscal Years, continued

City of Austin, Texas
Table 21

| | Fiscal Year Ended September 30 | | | | | | | | | |
|--|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Urban growth management | | | | | | | | | | |
| Storm water discharge permits issued to businesses | 1,183 | 1,087 | 1,083 | 1,086 | 1,068 | 1,032 | 1,008 | 998 | 997 | 960 |
| Litter and debris collection on Lady Bird Lake (in tons) | 270 | 374 | 230 | 234 | 144 | 121 | 148 | 33 | 32 | 17 |
| Feet of pipeline cleaned | 74,164 | 51,627 | 70,235 | 61,099 | 72,669 | 69,380 | 83,716 | 79,606 | 78,106 | 82,819 |
| Lane miles of preventative street maintenance completed | 690 | 954 | 706 | 701 | 857 | 803 | 607 | 659 | 637 | 721 |
| Signs installed/maintained | N/A | N/A | N/A | 17,012 | 11,484 | 11,404 | 11,807 | 16,942 | 23,093 | 22,810 |
| Traffic sign installations | 23,144 | 31,754 | 1,812 | 3,834 | 4,308 | 2,037 | 2,025 | 3,673 | 3,143 | 2,250 |
| Traffic counts performed | N/A | N/A | N/A | 223 | 704 | 535 | 605 | 1,227 | 662 | 1,405 |
| Internal services activities (4) | | | | | | | | | | |
| Internal services | | | | | | | | | | |
| Units auctioned off | 306 | 473 | 247 | 340 | 319 | 379 | 491 | 361 | 307 | 335 |
| Fleet work orders completed | N/A | N/A | N/A | N/A | N/A | N/A | 48,968 | 49,878 | 51,087 | 50,310 |
| Payment transactions processed | 216,340 | 218,778 | 200,605 | 158,413 | 170,450 | 185,463 | 187,938 | 174,116 | 180,556 | 172,735 |
| Payroll payments | 435,034 | 425,679 | 444,255 | 432,216 | 438,945 | 453,686 | 466,928 | 474,170 | 487,292 | 492,045 |
| Units of mail processed | 1,939,554 | 1,849,811 | 1,838,809 | 1,840,326 | 1,891,966 | 1,965,527 | 2,027,927 | 2,957,604 | 2,765,905 | 1,818,040 |
| Employees enrolled in medical benefit plans | 7,693 | 10,770 | 10,916 | 11,049 | 11,219 | 11,551 | 11,873 | 11,991 | 12,365 | 12,580 |
| Requests for council action processed | 2,025 | 2,024 | 2,133 | 2,284 | 2,476 | 2,284 | 2,135 | 2,533 | 2,278 | 2,166 |
| Active construction projects managed in-house | 312 | 366 | 418 | 380 | 387 | 357 | 336 | 336 | 355 | 348 |
| Land parcels acquired | 218 | 244 | 169 | 104 | 135 | 160 | 264 | 250 | 122 | 112 |

Source: Various City departments; budget documents and performance reports

N/A: Information not available

(1) 2018 data based on the new Computer Aided Dispatch (CAD) system methodology.

(2) Name changed from previous year. Prior year wording was "Women and children service encounters".

(3) Newly implemented performance measure.

(4) Internal service activities are allocated to other programs and functions on a government-wide basis.

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

City of Austin, Texas
Table 22

| Function/Program | Fiscal Year Ended September 30 | | | | | | | | | |
|--------------------------------------|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Governmental activities | | | | | | | | | | |
| Public safety | | | | | | | | | | |
| Police stations | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Police zones | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Patrol units | 355 | 359 | 349 | 349 | 345 | 372 | 360 | 365 | 360 | 364 |
| Fire stations | 44 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| EMS stations | 33 | 35 | 35 | 35 | 37 | 37 | 37 | 37 | 37 | 42 |
| Public health | | | | | | | | | | |
| Health facilities (sq. ft.) | 331,726 | 400,426 | 404,059 | 381,806 | 383,306 | 383,306 | 383,306 | 389,221 | 389,221 | 389,221 |
| Program vehicles | 76 | 76 | 76 | 82 | 83 | 90 | 85 | 109 | 111 | 116 |
| Public recreation and culture | | | | | | | | | | |
| Libraries | 22 | 23 | 23 | 23 | 23 | 22 | 22 | 22 | 22 | 22 |
| District parks | 13 | 13 | 13 | 14 | 15 | 15 | 15 | 15 | 14 | 14 |
| Metropolitan parks | 12 | 11 | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Natural preserves | 13 | 15 | 15 | 15 | 15 | 15 | 15 | 14 | 14 | 15 |
| Greenbelts | 29 | 40 | 40 | 39 | 39 | 40 | 43 | 44 | 48 | 50 |
| Neighborhood parks | 96 | 96 | 79 | 79 | 82 | 84 | 85 | 86 | 90 | 91 |
| Special parks (museums, etc.) | 28 | 39 | 39 | 38 | 40 | 40 | 42 | 41 | 37 | 35 |
| Youth entertainment complexes | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation centers | 20 | 20 | 20 | 20 | 20 | 22 | 23 | 23 | 23 | 23 |
| Open fields | 89 | 93 | 103 | 105 | 100 | 101 | 101 | 101 | 78 | 78 |
| Senior activity centers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Veloway (miles) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Hike and bike trails (miles) | 117 | 193 | 199 | 199 | 185 | 203 | 208 | 227 | 234 | 230 |
| Tennis courts | 114 | 110 | 110 | 115 | 116 | 124 | 124 | 124 | 124 | 122 |
| Swimming pools | 50 | 51 | 52 | 52 | 52 | 51 | 51 | 51 | 51 | 51 |
| Business-type activities | | | | | | | | | | |
| Electric | | | | | | | | | | |
| Overhead distribution (miles) | 5,493 | 5,475 | 5,450 | 5,403 | 5,361 | 5,263 | 5,104 | 5,017 | 4,961 | 4,916 |
| Underground distribution (miles) | 5,786 | 5,844 | 5,912 | 5,995 | 6,068 | 6,167 | 6,338 | 6,500 | 6,630 | 6,735 |
| Water | | | | | | | | | | |
| Treatment plants | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Water mains (miles) | 3,626 | 3,634 | 3,657 | 3,682 | 3,711 | 3,713 | 3,807 | 3,845 | 3,884 | 3,929 |
| Booster pumps | 45 | 46 | 45 | 41 | 41 | 39 | 40 | 44 | 44 | 47 |
| Fire hydrants | 32,232 | 32,576 | 33,533 | 33,839 | 34,041 | 36,217 | 37,518 | 38,265 | 39,445 | 40,154 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 2,634 | 2,650 | 2,650 | 2,664 | 2,692 | 2,692 | 2,776 | 2,806 | 2,848 | 2,890 |
| Connections | 196,842 | 198,116 | 199,005 | 202,444 | 202,690 | 204,378 | 212,760 | 214,373 | 215,879 | 216,699 |

(Continued)

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years, continued

City of Austin, Texas
Table 22

| Function/Program | Fiscal Year Ended September 30 | | | | | | | | | |
|--|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Business-type activities, continued | | | | | | | | | | |
| Airport | | | | | | | | | | |
| Buildings maintained (sq. ft.) | 2,306,130 | 2,306,130 | 2,306,130 | 2,306,130 | 2,306,130 | 2,306,130 | 2,361,831 | 2,361,831 | 2,361,831 | 2,361,831 |
| Facility (terminal) maintained (sq. ft.) | 1,016,000 | 1,016,000 | 1,016,000 | 687,940 | 687,940 | 687,940 | 743,641 | 743,641 | 743,641 | 743,641 |
| Acres - air side | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| Convention | | | | | | | | | | |
| Convention facilities (sq. ft.) | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 | 2,080,222 |
| Environment and health services | | | | | | | | | | |
| Refuse collection trucks | 62 | 89 | 67 | 69 | 66 | 64 | 66 | 67 | 67 | 69 |
| Recycle collection trucks | 31 | 38 | 36 | 36 | 38 | 41 | 43 | 45 | 46 | 46 |
| Public recreation | | | | | | | | | | |
| Golf courses | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 5 | 6 | 6 |
| Athletic fields | 185 | 174 | 174 | 176 | 169 | 172 | 172 | 172 | 172 | 172 |
| Softball fields | 35 | 37 | 32 | 32 | 34 | 35 | 35 | 35 | 35 | 35 |
| Urban growth management | | | | | | | | | | |
| Residential ponds | 710 | 803 | 820 | 840 | 860 | 865 | 873 | 894 | 994 | 1,040 |
| Street (miles) | 7,626 | 7,348 | 7,550 | 7,435 | 7,498 | 7,618 | 7,582 | 7,663 | 7,825 | 7,851 |
| Bridges | 424 | 427 | 438 | 438 | 438 | 447 | 450 | 450 | 436 | 449 |
| Traffic signals | 865 | 902 | 925 | 954 | 975 | 1,000 | 1,016 | 1,029 | 1,057 | 1,080 |
| Metered parking spaces | 4,017 | 5,026 | 5,076 | 5508 | 6015 | 6,072 | 7,300 | 7,600 | 8,217 | 8,394 |
| Internal Services (1) | | | | | | | | | | |
| Fleet facilities (sq. ft.) | 123,117 | 127,916 | 127,916 | 127,916 | 127,916 | 127,916 | 127,916 | 127,916 | 127,916 | 127,916 |
| City facilities insured | 1,129 | 1,193 | 1,040 | 1,052 | 1,060 | 1,134 | 1,134 | 1,253 | 1,241 | 1,283 |
| Facilities maintained (sq. ft.) | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 | 1,539,244 |

Source: Various City departments; budget documents and performance reports

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.

(2) For Fiscal Year 2009, amended budget estimate is used where final statistic is unavailable.

Austin's new Central Library

In 1999, the Austin Libraries for the Future Taskforce was formed by Mayor Kirk Watson, who asked its members to research the long-term development needs of a new Central Library for the City of Austin. The taskforce created a vision for a new Central Library that would be seen as an iconic building for our city. That vision was 18 years in the making. After much planning, voter approval of \$90 million in 2006 and \$35 million in subsequent funding authorized by the Austin City Council, that vision came to fruition on October 28, 2017 with the grand opening of Austin's new Central Library. Designed as the Library of the Future, it truly is an iconic building for Austin.

The Central Library is 200,000 square feet of dynamic space that provides community gathering areas to support the free flow of resources, ideas, and culture. Shared learning rooms, a special events center, a rooftop garden, an art gallery, and a demonstration kitchen are just a few of the common areas enjoyed by guests. For those customers seeking information and resources, over 500,000 physical items and 140 public use computers can be found throughout the building.

Austin Public Library's award-winning Central Library honors our city's commitment to knowledge, community, and the movement of information. In its first year as the jewel of downtown Austin, the library circulated over 900,000 items, presented over 400 programs, and hosted over 1 million visitors.

Austinites aren't the only people taking notice of our unique library. The building has received numerous awards and recognition. In July 2018, Austin's Central Library was awarded LEED® Platinum status by the U.S. Green Building Council, USGBC. The LEED® rating system, developed by the USGBC, is the foremost program for buildings, homes, and communities that are designed, constructed, maintained, and operated for improved environmental and human health performance. The Platinum designation is the highest level of recognition awarded. The Central Library achieved LEED® Platinum certification for implementing practical and measurable strategies and solutions aimed at achieving high performance in sustainable site development, water efficiency, energy efficiency, materials and resources use, indoor environmental quality, and innovation in design.

Announced in August 2018, the Austin Central Library was selected as one of TIME Magazine's 2018 World's Greatest Places! Culled from over 1,200 nominations from around the world, the list highlights 100 destinations that are breaking new ground, leading industry trends, and offering visitors an extraordinary experience. Evaluation was based on key factors including quality, originality, innovation, sustainability, and influence. Austin Central Library is the only library listed from the United States and one of only three featured in the world.

The Austin Central Library was one of six recipients of the 2018 AIA/ALA Library Building Awards in architectural design, co-sponsored by the American Institute of Architects and the American Library Association. This prestigious award was developed to encourage and recognize excellence in the architectural design of libraries, while reflecting the evolving role of the library as a community space. Of note, was the Central Library's dominant civic presence and its evolution into a prominent community gathering space.

In October of 2018, the Austin Central Library received the 2018 Excellence in Structural Engineering Award by the National Council of Structural Engineers Associations. This program highlights some of the best examples of structural engineering ingenuity throughout the world. Projects are judged on innovative design, engineering achievement, and creativity.

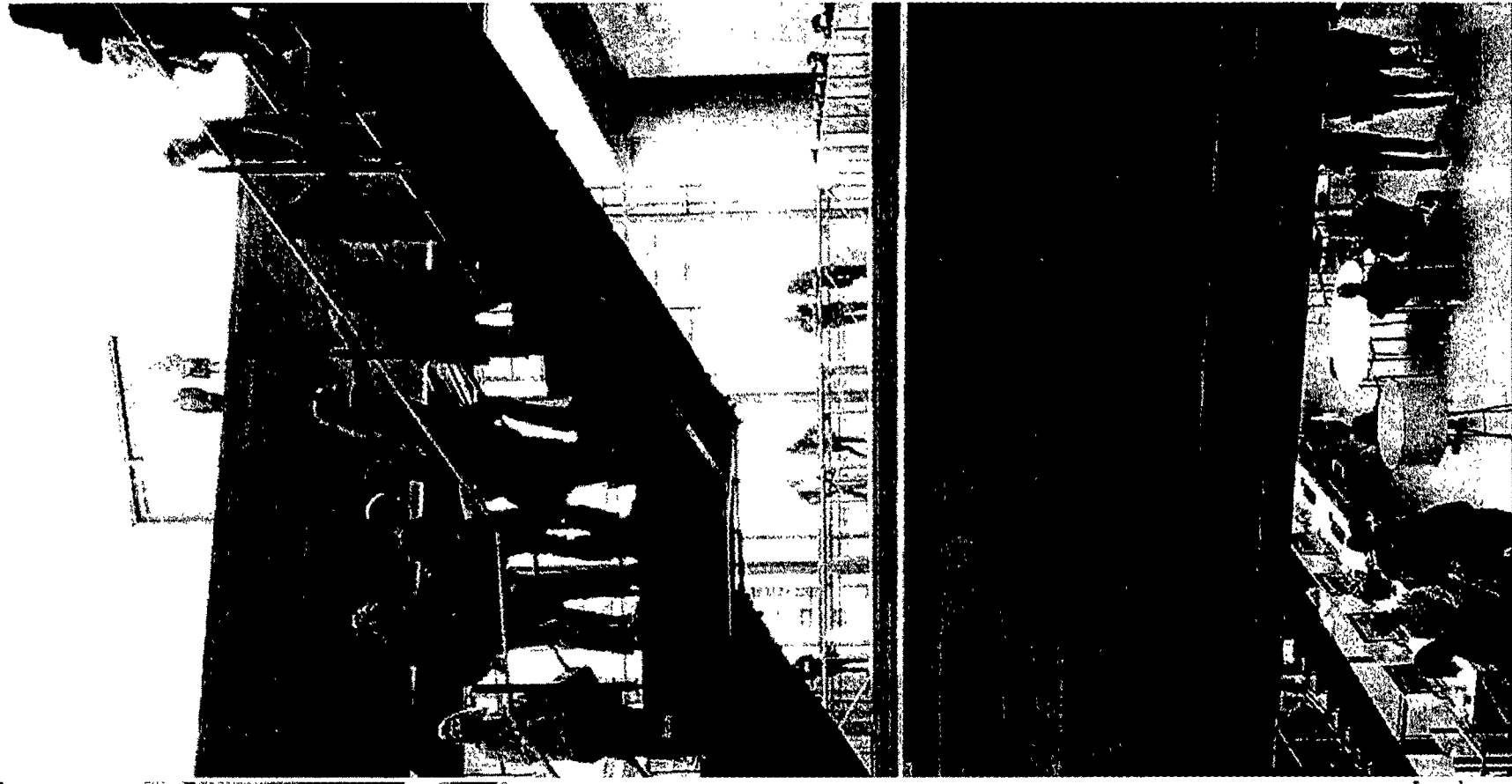
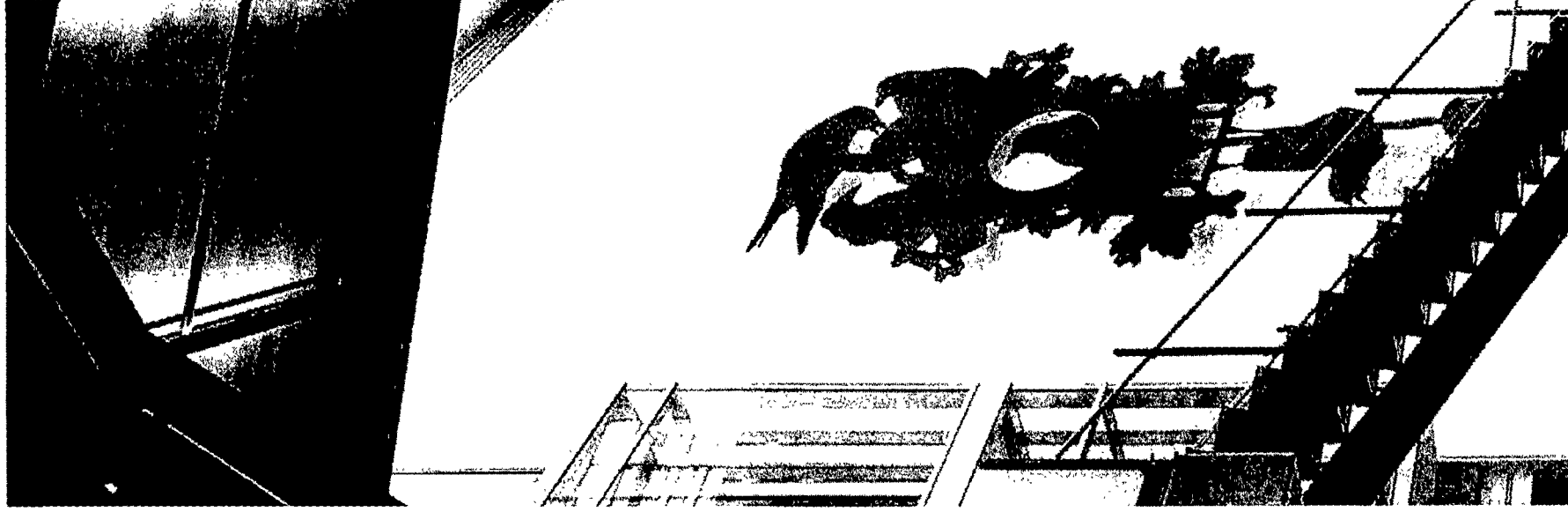
The Austin Central Library also received the 2018 Austin Green Awards Project of the Year. The Austin Green Awards is Austin's first recognition program to specifically highlight outstanding accomplishments in the broad arena of sustainable design and innovation, recognizing forward facing design strategies that respond to rapidly evolving environmental, social and health imperatives.

In recognition of the opening of the new Central Library in fiscal year 2018, the covers of this year's CAFR are dedicated to our beautiful new resource!



Located at 710 W. Cesar Chavez Street, Austin's Central Library is open 7 days a week. For information, visit online at <http://library.austintexas.gov/central-library>

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Above photograph provided by NEED ATTRIBUTION



CITY OF AUSTIN

CONTROLLER'S OFFICE

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The City of Austin is in compliance with the Americans with Disabilities Act.
Reasonable modifications and equal access to communications will be provided upon request.

City of Austin, Texas

Financial Statements as of and for the
Year Ended September 30, 2017,
Single Audit Report for the
Year Ended September 30, 2017, and
Independent Auditors' Reports

CITY OF AUSTIN, TEXAS

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Report on Statement of Expenditure of Federal Awards and Statement of Expenditures of State Awards

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Deloitte & Touche LLP

March 1, 2018, except for our report on the SEFA and SESA for which the date is April 24, 2018

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

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

FINANCIAL HIGHLIGHTS

Government-wide financial statements

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

a -- Government-wide financial statements

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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

b -- Fund financial statements

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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

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

| 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 | Excluded |

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

c -- Notes to the financial statements

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

d -- Other information

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net position

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net position

| Condensed Statement of Changes in Net Position September 30 (in thousands) | | | | | | |
|--|----------------------------|-----------|-----------------------------|-----------|-----------|-----------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Program revenues: | | | | | | |
| Charges for services | \$ 176,640 | 182,045 | 2,500,259 | 2,411,212 | 2,676,899 | 2,593,257 |
| Operating grants and contributions | 45,162 | 47,430 | 861 | 739 | 46,023 | 48,169 |
| Capital grants and contributions | 90,256 | 95,486 | 137,464 | 144,139 | 227,720 | 239,625 |
| General revenues: | | | | | | |
| Property tax | 554,631 | 507,485 | -- | -- | 554,631 | 507,485 |
| Sales tax | 218,790 | 212,634 | -- | -- | 218,790 | 212,634 |
| Franchise fees and gross receipts tax | 151,670 | 147,773 | -- | -- | 151,670 | 147,773 |
| Interest and other | 26,950 | 41,708 | 14,801 | 10,936 | 41,751 | 52,644 |
| Special item - land sale | -- | 4,309 | -- | -- | -- | 4,309 |
| Total revenues | 1,264,099 | 1,238,870 | 2,653,385 | 2,567,026 | 3,917,484 | 3,805,896 |
| Program expenses: | | | | | | |
| General government | 192,231 | 177,302 | -- | -- | 192,231 | 177,302 |
| Public safety | 719,032 | 657,846 | -- | -- | 719,032 | 657,846 |
| Transportation, planning, and sustainability | 72,517 | 66,739 | -- | -- | 72,517 | 66,739 |
| Public health | 119,278 | 100,195 | -- | -- | 119,278 | 100,195 |
| Public recreation and culture | 161,226 | 147,191 | -- | -- | 161,226 | 147,191 |
| Urban growth management | 156,180 | 179,081 | -- | -- | 156,180 | 179,081 |
| Interest on debt | 61,879 | 61,500 | -- | -- | 61,879 | 61,500 |
| Electric | -- | -- | 1,277,623 | 1,226,585 | 1,277,623 | 1,226,585 |
| Water | -- | -- | 281,787 | 244,907 | 281,787 | 244,907 |
| Wastewater | -- | -- | 219,609 | 237,450 | 219,609 | 237,450 |
| Airport | -- | -- | 158,863 | 135,860 | 158,863 | 135,860 |
| Convention | -- | -- | 75,377 | 63,796 | 75,377 | 63,796 |
| Environmental and health services | -- | -- | 108,658 | 102,994 | 108,658 | 102,994 |
| Public recreation | -- | -- | 8,736 | 8,266 | 8,736 | 8,266 |
| Urban growth management | -- | -- | 183,532 | 173,360 | 183,532 | 173,360 |
| Total expenses | 1,482,343 | 1,389,854 | 2,314,185 | 2,193,218 | 3,796,528 | 3,583,072 |
| Excess (deficiency) before transfers | (218,244) | (150,984) | 339,200 | 373,808 | 120,956 | 222,824 |
| Transfers | 40,693 | 121,838 | (40,693) | (121,838) | -- | -- |
| Increase (decrease) in net position | (177,551) | (29,146) | 298,507 | 251,970 | 120,956 | 222,824 |
| Beginning net position, as previously reported | 632,904 | 662,050 | 3,678,307 | 3,426,337 | 4,311,211 | 4,088,387 |
| Ending net position | \$ 455,353 | 632,904 | 3,976,814 | 3,678,307 | 4,432,167 | 4,311,211 |

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

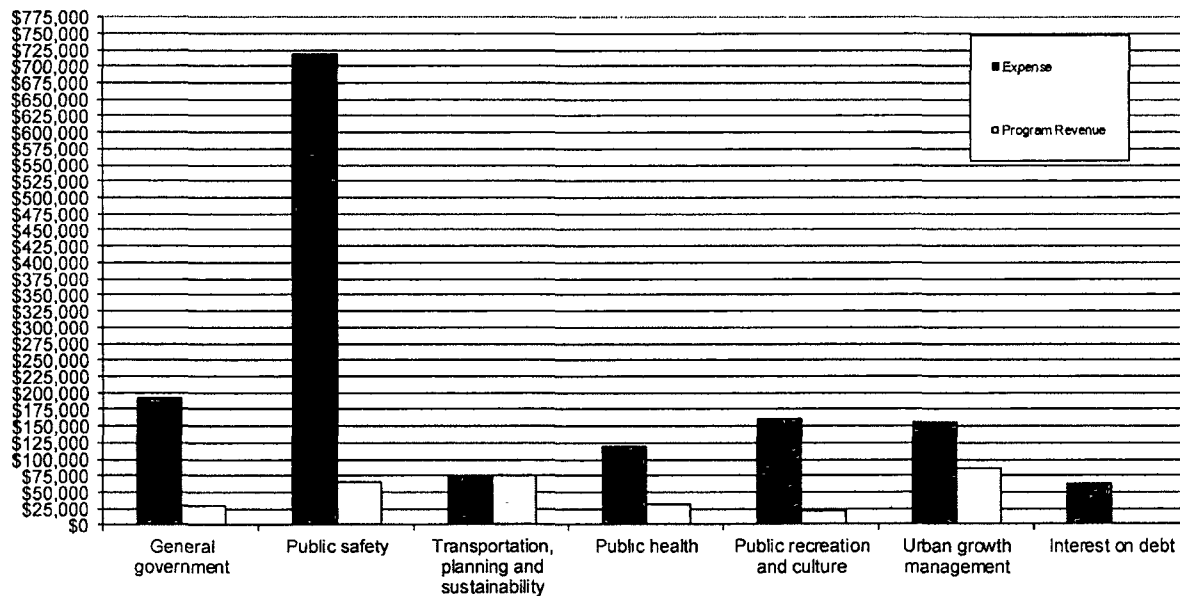
c -- Program revenues and expenses -- governmental activities

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

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

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

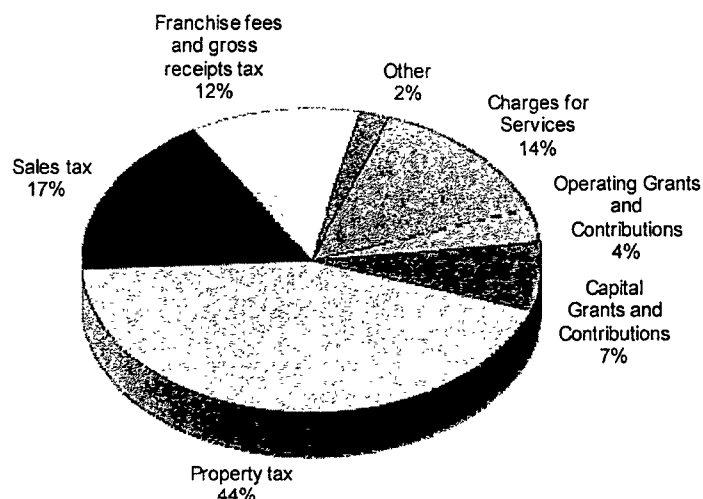
Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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

Government-wide Revenues by Source -- Governmental Activities



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

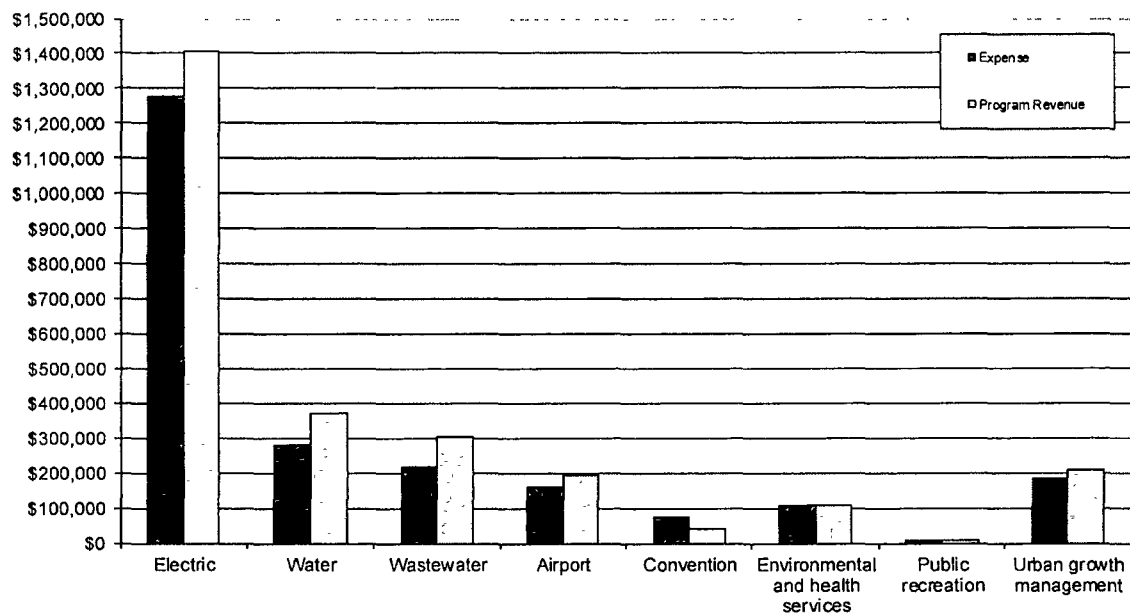
Business-type activities increased the City's net position by approximately \$298.5 million, accounting for a 6.9% increase in the City's total net position. Key factors include:

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

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

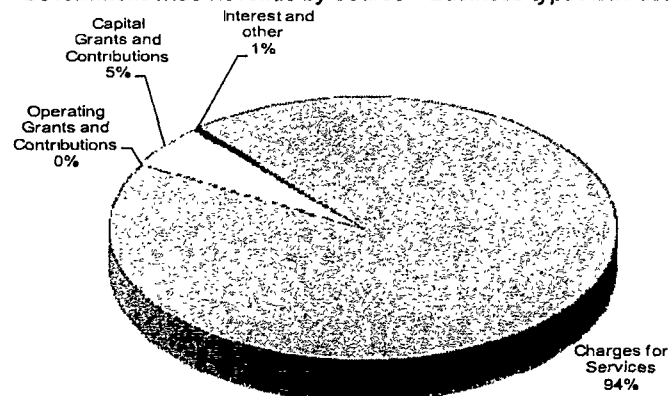
As shown in the following chart, Austin Energy (electric), with expenses of \$1.3 billion is the City's largest business-type activity, followed by water with \$281.8 million, wastewater with \$219.6 million, urban growth management with \$183.5 million, airport with \$158.9 million, environmental and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

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



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

Government-wide Revenue by Source -- Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

a -- Governmental funds

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

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

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

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

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

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

b -- Proprietary funds

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

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

OTHER INFORMATION

a -- General Fund budgetary highlights

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

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

OTHER INFORMATION, continued

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

b -- Capital assets

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

| Capital Assets, Net of Accumulated Depreciation and Amortization (in millions) | | | | | | |
|--|----------------------------|--------------|-----------------------------|--------------|---------------|---------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Building and improvements | \$ 651 | 551 | 1,916 | 1,776 | 2,567 | 2,327 |
| Plant and equipment | 65 | 74 | 2,348 | 2,321 | 2,413 | 2,395 |
| Vehicles | 52 | 50 | 76 | 81 | 128 | 131 |
| Electric plant | -- | -- | 2,198 | 2,222 | 2,198 | 2,222 |
| Non-electric plant | -- | -- | 141 | 144 | 141 | 144 |
| Nuclear fuel | -- | -- | 43 | 47 | 43 | 47 |
| Water rights | -- | -- | 82 | 83 | 82 | 83 |
| Infrastructure | 1,658 | 1,581 | -- | -- | 1,658 | 1,581 |
| Land and improvements | 379 | 374 | 676 | 651 | 1,055 | 1,025 |
| Construction in progress | 116 | 241 | 402 | 341 | 518 | 582 |
| Plant held for future use | -- | -- | 23 | 23 | 23 | 23 |
| Other assets not depreciated | 28 | 27 | 4 | 4 | 32 | 31 |
| Total net capital assets | <u>\$ 2,949</u> | <u>2,898</u> | <u>7,909</u> | <u>7,693</u> | <u>10,858</u> | <u>10,591</u> |

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

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

OTHER INFORMATION, continued

c -- Debt administration

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

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

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

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

OTHER INFORMATION, continued

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

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

(1) No underlying rating

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

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

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

OTHER INFORMATION, continued

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

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

e -- Requests for Information

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



BASIC FINANCIAL STATEMENTS

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

City of Austin, Texas
Exhibit A-1

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

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

(Continued)

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

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

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

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

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

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

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

City of Austin, Texas
Exhibit A-2

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

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

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

City of Austin, Texas
Exhibit B-1

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

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

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

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds \$ 512,441

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

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

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

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

| | | |
|--------------|--------------|-------|
| Other assets | <u>1,369</u> | 1,369 |
|--------------|--------------|-------|

Deferred outflows represent the consumption of net position that are applicable to a future reporting period.

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

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

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

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

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

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

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

96,425

Total net position - Governmental activities \$ 455,353

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

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

City of Austin, Texas
Exhibit B-2

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

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

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

City of Austin, Texas
Exhibit B-2.1

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

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

| | | |
|------------------------------------|-----------|----------|
| Capital outlay | 108,801 | |
| Depreciation expense | (124,393) | |
| Loss on disposal of capital assets | (3,104) | |
| | | (18,696) |

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

| | | |
|-----------------------------|---------|--------|
| Property taxes | 220 | |
| Charges for services | (1,524) | |
| Interest and other | 179 | |
| Capital asset contributions | 66,755 | |
| | | 65,630 |

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

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

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

| | | |
|-------------------------------|-----------|-----------|
| Compensated absences | (2,708) | |
| Pensions | (111,858) | |
| Other postemployment benefits | (93,336) | |
| Interest and other | 12,820 | |
| | | (195,082) |

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

7,029

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

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

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

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

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

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

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

(Continued)

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

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

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

(Continued)

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

The accompanying notes are an integral part of the financial statements

(Continued)

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

| | Business-Type Activities | | Governmental Activities- |
|---|----------------------------------|------------------|---------------------------------|
| | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | 356,747 | 2,479,074 | 58,265 |
| Cash received from other funds | 3,646 | 42,958 | 435,349 |
| Cash payments to suppliers for goods and services | (76,545) | (946,498) | (75,708) |
| Cash payments to other funds | (86,086) | (214,177) | (24,052) |
| Cash payments to employees for services | (159,349) | (511,640) | (171,679) |
| Cash payments to claimants/beneficiaries | -- | (427) | (171,635) |
| Taxes collected and remitted to other governments | -- | (41,880) | -- |
| Net cash provided by operating activities | 58,413 | 807,410 | 50,540 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Transfers in | 128,310 | 129,346 | 2,370 |
| Transfers out | (3,298) | (165,698) | (18,670) |
| Collections from other sources | -- | 668 | -- |
| Loans to other funds | (3) | (463) | -- |
| Loans from other funds | 118 | 118 | -- |
| Loan repayments to other funds | (333) | (808) | -- |
| Loan repayments from other funds | 94 | 734 | -- |
| Collections from other governments | 810 | 6,303 | -- |
| Net cash provided (used) by noncapital financing activities | 125,698 | (29,800) | (16,300) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Proceeds from the sale of commercial paper notes | -- | 141,181 | -- |
| Proceeds from the sale of general obligation bonds and other tax supported debt | (119) | (119) | -- |
| Proceeds from the sale of revenue bonds | -- | 335,395 | -- |
| Principal paid on long-term debt | (26,871) | (196,759) | (485) |
| Proceeds from the sale of capital assets | -- | 1,527 | -- |
| Interest paid on revenue bonds and other debt | (9,856) | (238,015) | (154) |
| Passenger facility charges | -- | 25,378 | -- |
| Acquisition and construction of capital assets | (55,540) | (479,984) | (8,425) |
| Contributions from state and federal governments | 30 | 14,496 | -- |
| Contributions in aid of construction | 3,094 | 77,424 | -- |
| Bond issuance costs | (130) | (5,904) | -- |
| Bond premiums | -- | 119,173 | -- |
| Cash paid for bond defeasance | -- | (21,317) | -- |
| Bonds issued for advanced refundings of debt | 29,080 | 441,750 | -- |
| Cash paid for bond refunding escrow | (28,924) | (392,566) | -- |
| Cash paid to payoff commercial paper | -- | (125,000) | -- |
| Cash paid for nuclear fuel inventory | -- | (13,671) | -- |
| Net cash provided (used) by capital and related financing activities | (89,236) | (317,011) | (9,064) |

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

(Continued)

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

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

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

(Continued)

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

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

(Continued)

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

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

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

(Continued)

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

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

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

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

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

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

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

City of Austin, Texas
Exhibit D-2

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

a -- Reporting Entity

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

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

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

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

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

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

| <u>Discretely Presented Component Units</u> | <u>Description of Activities, Relationship to City, and Key Inclusion Criteria</u> |
|--|---|
| Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) 2716 Spirit of Texas Drive Austin, TX 78719 | ABLE is a legally separate entity that issues revenue bonds for the purpose of financing the cost of acquiring, improving, and equipping a full-service hotel on airport property. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ABLE does not constitute a debt or pledge of the faith and credit of the City. |
| Austin Convention Enterprises, Inc. (ACE) 500 East 4th Street Austin, TX 78701 | ACE is a legally separate entity that owns, operates, and finances the Austin Convention Center Hotel. City Council appoints this entity's Board and maintains a contractual ability to remove board members at will. Debt issued by ACE does not constitute a debt or pledge of the faith and credit of the City. |
| Waller Creek Local Government Corporation (WCLGC) 124 W. 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. City Council appoints a voting majority of the board of directors of the WCLGC and maintains a contractual ability to remove board members at will. |

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

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

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

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

b -- Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Convention: Accounts for convention center and public events activities.

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

Public recreation: Accounts for golf activities.

Urban growth management: Accounts for drainage and transportation activities.

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

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

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

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

d -- Budget

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Includes internal service funds

(2) Nuclear fuel is amortized over units of production

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| | General Fund | Nonmajor Governmental | | | | Total |
|--|-------------------|-----------------------|---------------|------------------|--------------|----------------|
| | | Special Revenue | Debt Service | Capital Projects | Permanent | |
| Nonspendable | | | | | | |
| Inventory | \$ 28 | -- | -- | -- | -- | 28 |
| Prepaid items | 699 | -- | -- | -- | -- | 699 |
| Permanent funds | -- | -- | -- | -- | 1,070 | 1,070 |
| Total Nonspendable | 727 | -- | -- | -- | 1,070 | 1,797 |
| Restricted | | | | | | |
| Municipal court services | -- | 2,173 | -- | -- | -- | 2,173 |
| Police special purpose | -- | 7,714 | -- | -- | -- | 7,714 |
| Fire special purpose | -- | 49 | -- | -- | -- | 49 |
| Transportation, planning, and sustainability | -- | 218 | -- | -- | -- | 218 |
| Public health services | -- | 241 | -- | -- | -- | 241 |
| Parks services | -- | 2,111 | -- | -- | -- | 2,111 |
| Library services | -- | 1,930 | -- | -- | 1 | 1,931 |
| Tourism programs | -- | 19,676 | -- | -- | -- | 19,676 |
| Affordable housing programs | -- | 32,321 | -- | -- | -- | 32,321 |
| Urban growth programs | -- | 9,251 | -- | -- | -- | 9,251 |
| Capital construction | -- | -- | -- | 114,310 | -- | 114,310 |
| Debt service | -- | -- | 24,587 | -- | -- | 24,587 |
| Total Restricted | -- | 75,684 | 24,587 | 114,310 | 1 | 214,582 |
| Committed | | | | | | |
| Parks services | -- | 5,673 | -- | -- | -- | 5,673 |
| Affordable housing programs | -- | 738 | -- | -- | -- | 738 |
| Urban growth programs | -- | 34,241 | -- | -- | -- | 34,241 |
| Total Committed | -- | 40,652 | -- | -- | -- | 40,652 |
| Assigned | | | | | | |
| General government services | 177 | -- | -- | -- | -- | 177 |
| Municipal court services | 391 | -- | -- | -- | -- | 391 |
| Police special purpose | 5,627 | 39 | -- | -- | -- | 5,666 |
| Fire special purpose | 619 | -- | -- | -- | -- | 619 |
| EMS special purpose | 2,172 | -- | -- | -- | -- | 2,172 |
| Transportation, planning, and sustainability | 61 | 10 | -- | -- | -- | 71 |
| Public health services | 5,699 | 32 | -- | -- | -- | 5,731 |
| Parks services | 543 | 156 | -- | -- | -- | 699 |
| Library services | 698 | 6 | -- | -- | -- | 704 |
| Tourism programs | -- | 98 | -- | -- | -- | 98 |
| Affordable housing programs | 205 | 4,344 | -- | -- | -- | 4,549 |
| Urban growth programs | 13,426 | 6,241 | -- | -- | -- | 19,667 |
| Capital construction | -- | -- | -- | 98,766 | -- | 98,766 |
| Total Assigned | 29,618 | 10,926 | -- | 98,766 | -- | 139,310 |
| Unassigned | 141,469 | (2,542) | -- | (22,827) | -- | 116,100 |
| Total Fund Balance | \$ 171,814 | 124,720 | 24,587 | 190,249 | 1,071 | 512,441 |

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

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

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

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

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

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

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

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

f -- Comparative Data

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

g -- Use of Estimates

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

2 – POOLED INVESTMENTS AND CASH

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

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

3 – INVESTMENTS AND DEPOSITS
a – Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Concentration of Credit Risk

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

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

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

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

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

b -- Investment Categories

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

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

(1) Includes combined pledge debt service

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

Credit Risk

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

Concentration of Credit Risk

Operating Funds

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

Special Projects or Special Purpose Funds

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

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

Interest Rate Risk

Operating Funds

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

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

Debt Service Funds

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

Debt Service Reserve Funds

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

Special Projects or Special Purpose Funds

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

Special Purpose Funds - Austin Energy Strategic Reserve Fund

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

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

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

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

Special Purpose Funds - Investments Held by Trustee

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

c -- Investment and Deposits

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

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

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

Deposits

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

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

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

4 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2016, upon which the 2017 levy was based, was \$125,371,654.656.

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

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

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

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

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

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

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE

Governmental Activities

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

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

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

(2) Components of accumulated depreciation/amortization increases:

Governmental Activities:

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

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

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

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

(2) Components of accumulated depreciation/amortization increases:

Business-type Activities:

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

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

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

(1) Components of accumulated depreciation/amortization increases:

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water Utility

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

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

(1) Components of accumulated depreciation/amortization increases:

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

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport

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

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

(1) Components of accumulated depreciation/amortization increases:

Current year depreciation \$ 26,667