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This online document has been formatted for two-sided printing.

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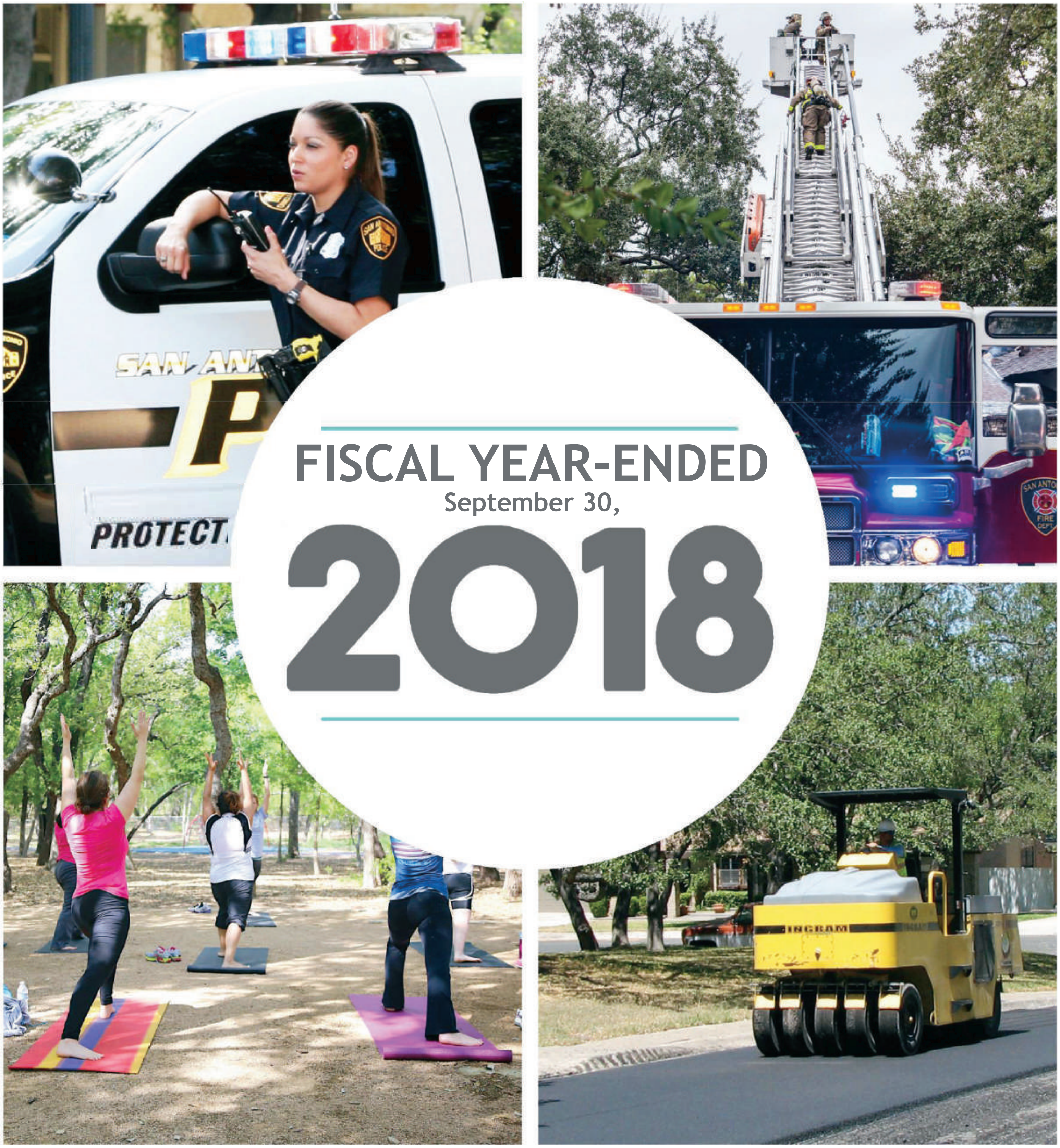

FISCAL YEAR-ENDED
September 30,
2018

CITY OF SAN ANTONIO, TEXAS

CITY OF SAN ANTONIO, TEXAS

Comprehensive Annual Financial Report & Other Reports

Year-Ended September 30, 2018

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

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Year-Ended September 30, 2018

Letter of Transmittal

February 22, 2019

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

It is my pleasure to present the City of San Antonio's (City) Comprehensive Annual Financial Report (CAFR) and Other Reports for the fiscal year-ended September 30, 2018. These financial statements were prepared by the City's Finance Department and audited by the public accounting firm of Grant Thornton LLP. As reflected in the Independent Auditor's Report, the City's financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP) in the United States. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

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

CITY PROFILE

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

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

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

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CITY PROFILE (Continued)

The City Charter was amended on November 15, 2018 limiting the term the City Manager may serve to no longer than eight years and limits the compensation to no more than ten times the annual salary furnished to the lowest paid full-time city employee. See Note 20 Subsequent Events in the financial statements for more information.

The City is located in South Central Texas, approximately 75 miles south of the state capital of Austin, and serves as the county seat for Bexar County. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, mild weather, and superb recreation choices, including: championship golf courses, 65 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. As of September 30, 2018, the City's geographic area was approximately 514.7 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with 1,517,866 citizens and is additionally ranked as the seventh most populated city in the country. Since 2010, the City's metropolitan area grew 15.0% and is projected to grow by an additional 1.0 million people through the year 2040.

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

2018 was a monumental year that marked the 300th anniversary of the founding of San Antonio, a milestone matched by few cities in the United States. The San Antonio Tricentennial Celebration Commission was created to honor 300 years of history and position the City for continued cultural and economic growth. The commemorative year kicked off with Celebrate 300, a New Year's Eve celebration in Hemisfair Park. Throughout the year, the Commission hosted special events dedicated to the history and education, arts and culture, and community service initiatives that reflect the City's storied past, celebrate the City's current achievements, and prepare the community for the next 300 years. More information can be found by visiting www.sanantonio300.org.

ECONOMIC CONDITIONS AND OUTLOOK

As a community, San Antonio has positioned itself for long-term growth and prosperity by implementing a strategy to diversify its economy and improve quality of life for all citizens. The economic strategy bolstered by the City's innovative growth and development plan, the SA Tomorrow Comprehensive Plan, serves as the City's roadmap towards smart, substantial growth. The City maintains growth in traditional industry sectors and specifically targets job growth in the following sectors: biosciences and healthcare, information technology and cybersecurity, aerospace, advanced manufacturing and the new energy economy. The City's SA Tomorrow goals leverage San Antonio's unique assets, including its historical and cultural heritage, formidable local institutions (e.g. military bases, universities, and medical center), unique partnerships, and natural resources.

San Antonio's housing market remained strong in 2018. According to the Multiple Listing Service Report from the San Antonio Board of REALTORS® (SABOR), the average price of a single-family residential home in October 2018 rose to $257,855 (7.0%), while the median increased to $223,800 (8.0%), from October 2017.

ECONOMIC CONDITIONS AND OUTLOOK (Continued)

San Antonio's average unemployment rate for fiscal year 2018 was 3.4%, lower than the national rate of 3.9%. Several targeted industry projects fueled the City's resilient economy in fiscal year 2018. The City utilized a combination of tax abatements, grant agreements, impact fee waivers, and nominations for Texas Enterprise Zone designations that successfully attracted businesses to move to or remain in San Antonio. In fiscal year 2018, the City, in partnership with the San Antonio Economic Development Foundation (SAEDF), worked with 21 companies to create and/or retain 5,032 jobs in San Antonio and Bexar County. The City is constantly looking for efforts to support economic development opportunities. In fiscal year 2018, $2.3 million was appropriated in economic development incentive funds to retain, expand, and attract job-creating businesses.

The San Antonio International Airport experienced a record year in 2018 exceeding 10 million passengers, an increase of 14.0% since the prior year. The Airport offers nonstop service to 54 domestic and international destinations on 11 airlines, an increase of 11 new destinations over the past fiscal year. In 2018, Frontier Airlines announced service to Jacksonville, Omaha, Charlotte, Tulsa, Cleveland, Memphis, Oklahoma City, Albuquerque, Columbus and Salt Lake City. Additionally, Interjet Airlines announced new service to León, Mexico. The Airport continues to work with the business community to attract and grow air service.

MAJOR INITIATIVES – CAPITAL PROGRAMS

In May 2015, voters approved, for the fourth time, a 1/8-of-a-cent addition to the local sales tax to fund two initiatives. One initiative acquires property and develops linear greenway trails in flood zones along City-owned creeks. Currently, there are 65 miles of linear greenway trails available for public enjoyment with another 37 miles in design or construction. The other initiative provides funds to purchase sensitive properties located over the Edwards Aquifer, which is the City's largest source of drinking water. Over 152 thousand acres have been protected. The program also authorizes funding for water quality demonstration projects, which will be utilized to develop new water quality strategies in urbanized areas of Bexar County. The first projects have been approved, and results from the research will be forthcoming in the next couple of years.

Phase 1 of the $175.0 million San Pedro Creek Improvements Project (Culture Park) was completed in spring 2018, and officially debuted to the public on May 5, 2018 as part of the Tricentennial celebration. This portion of the Culture Park begins with the Tunnel Inlet where you'll find the Plaza de Fundación and its "Rain from the Heavens" public art installment. Custom tile work adorns the surrounding 12 generational benches, as well as various features throughout Culture Park. Also found in Phase 1 are commissioned murals and other art pieces that represent the history and culture of this historic creek. The partnership between Bexar County and the San Antonio River Authority, in coordination with the City, aims to transform the creek into a cultural park steeped in the area's cultural history, improve flood control, and create a natural habitat for native plant and wildlife. Its downtown location is expected to have a substantial economic impact, including over 2,100 new housing units, the restoration of the Alameda Theater, and other potential development activities in the area.

Additionally, the area is set to be transformed with the University of Texas at San Antonio's (UTSA) plan to expand its downtown campus onto more than five acres of land previously owned by the City and County. In partnership with the City, Bexar County, and other developers, UTSA plans to triple enrollment over the next decade by adding a new School of Data Science, a new National Security Collaboration Center, a new home for UTSA's College of Business, and constructing additional academic and residential buildings, downtown. The expansion of UTSA will aid with the continuous revitalization of the City's downtown area.

MAJOR INITIATIVES – CAPITAL PROGRAMS (Continued)

In the summer of 2018 City Council approved $38.0 million for the renovation of City Hall. The facility was built in 1889 and has not undergone renovations since 1927 when the fourth floor addition was constructed. An assessment of the building confirmed the need for mechanical, electrical, plumbing, and elevator system repairs and replacements. Renovations to the 44,500 square foot facility include improved office spaces, new meeting rooms and restrooms, new elevators, and a new ADA accessible ramp on the east side entrance. The renovation is expected to be complete by February 2020. Upon completion, the City Manager, Mayor, and City Council will return to City Hall, while the City Attorney and City Clerk will move into the newly renovated City Administration building.

MAJOR INITIATIVES – COMMUNITY PARTNERSHIPS

In 2018 the City's Mayor Ron Nirenberg joined Texas Land Commissioner George P. Bush in supporting a plan to redesign the City's Alamo Plaza. The major elements of the design include two street closures within Alamo Plaza, repair and relocation of the Cenotaph monument, and the construction of a new museum and visitor's center. The Alamo Plaza will triple in size and be a world-class site that pays proper respect to the fallen, tells the story of the Battle of the Alamo, and remains a public space for all those who come from around the world to visit. The $450.0 million renovation will be funded by a $38.0 million contribution from the City, $106.5 million contribution from the State of Texas, and the Alamo Endowment is committed to raising private funds for the remainder. The renovations are set to begin in fiscal year 2020 and are expected to be complete by fiscal year 2024.

Construction of the $142.0 million Frost Tower kicked off in March 2017 and continued throughout the duration of fiscal year 2018. The tower's largest tenant, Frost Bank, will occupy 15 floors and move in by the summer of 2019, while additional tenants will occupy the remaining eight floors. Along the ground floor of the tower, restaurants and other businesses will keep the space active from morning into the evening. Additionally across the street, Weston Urban is adding a park that will bring a much needed additional green space downtown. The 460,000 square foot building will forever change downtown San Antonio's skyline with the construction of the first new office tower downtown since 1989.

San Antonio Zoo officials are working toward a bold plan to expand the 104-year-old zoo beyond its quarry walls, build more naturalistic habitats, and create a safari-like experience for visitors and the animals. The $200.0 million master plan will serve as a roadmap for the Zoo's next 20 years. New habitats, exhibits, and events in recent years have drawn more visitors than ever to the Zoo. Last year, more than 1.1 million people visited the zoo, generating an economic impact of $108.6 million to the City. To assist with the ever increasing visitors to the Zoo, the City approved a new $10.8 million parking garage for the San Antonio Zoo and Brackenridge Park that will be complete in 2019.

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MAJOR INITIATIVES – CONVENTION AND TOURISM

Fiscal year 2018 was an exceptional year for the Henry B. Gonzalez Convention Center and the Alamodome. The expanded Convention Center continues to see unprecedented occupancy levels, hosting more than 832,000 attendees throughout nearly 320 events, and surpassing projected revenue by 15.0%.

The Convention Center and Alamodome continues to attract major bookings, including the NCAA Women's Final Four 2021 (20,000 attendees), NCAA Men's Final Four 2025 (65,000 attendees), Ellucian Live 2024 and 2028 (9,000 attendees), American Wind Energy Association 2022 (10,000 attendees), School Nutrition Association 2025 (7,000 attendees) and American College of Obstetricians 2025 (6,000 attendees). In June, the Alliance of American Football (AAF) league announced San Antonio and the Alamodome as home to their eighth and final team, the San Antonio Commanders. Their inaugural season will begin at the Alamodome in February 2019. San Antonio was also selected to host the AAF league-wide training camp at the Alamodome in January 2019, which is expected to bring an estimated economic impact of $8.8 million to the city.

In fiscal year 2018, the Alamodome hosted more than 950,000 patrons throughout 121 event days. The biggest undertaking of fiscal year 2018 for both the Convention Center and Alamodome was hosting the 2018 NCAA Men's Final Four Tournament in April. This event had a total economic impact of over $346.0 million. Host to the Final Four Fan Fest, the Convention Center shined for the 52,000 attendees. The Alamodome hosted over 68,000 attendees for the National Semifinal Game and over 67,000 attendees for the National Championship Game. A record-breaking 2,206 credentialed media were present. The Hemisfair Civic Park experienced 145,000 fans at the three-day March Madness Music Festival. The $60.7 million renovation project that was completed at the Alamodome last year has been a huge success and had a positive impact on the attendee experience during this year's Final Four. The success of the 2018 Final Four tournament played a large part in San Antonio once again securing the Final Four in 2025. In preparation for 2025, the Alamodome will undertake additional capital improvements over the next few years to include Americans with Disabilities Act (ADA) enhancements, replacement of all elevators and escalators, an addition of 18 suites, and upgrades to the finishes on the upper level.

MAJOR INITIATIVES – EDUCATION

Pre-K 4 SA began in the 2013-14 school year and has directly served over 22,000 children and their families in its first six years. Pre-K 4 SA has also provided over 30,000 hours of professional learning to early childhood educators across San Antonio. Pre-K 4 SA is a comprehensive initiative to change San Antonio's education and workforce trajectory in one generation through high-quality early education. Pre-K 4 SA achieves its mission through four key program components: 1) four model Education Centers; 2) best-in-class professional learning; 3) family outreach and engagement; and 4) competitive grants.

Pre·K 4·SA

During the 2017-2018 school year, the Department of Human Services' (DHS) Head Start Program partnered with Pre-K 4 SA to provide a four part professional development (PD) series for over 200 Head Start teachers and instructional assistants with San Antonio and Edgewood Independent School Districts. The PD series included face-to-face sessions, online e-learning assignments, and classroom observations. The focus of the PD series included topics such as Fostering Children's Thinking Skills, Focusing Children on Learning Goals, Scaffolding Children's Learning, Making Learning Meaningful, and Using the Scientific Method.

MAJOR INITIATIVES – EDUCATION (Continued)

The San Antonio Public Library (Library) has a robust collection of eBooks, eAudiobooks and eMagazines that can be checked out without visiting a library location. This fiscal year, digital checkouts were approximately 1.5 million, an increase of approximately 19.0% from the previous year. The Library's five millionth check out landed the Library in the list of only 52 out of 38,000 libraries worldwide to achieve the goal. The Mayor's Summer Reading Club 2018: Adventures in Library Land was launched in May 2018 and encouraged families to read for fun during the summer. Children earned a free book for reading or listening to eight books, while teens and adults earned chances to win great prizes for reading a book or attending a Library program. The Summer Reading Club was a great success this fiscal year with over 35,000 participants, up 5.0% from the previous year.

MAJOR INITIATIVES – INNOVATION

In November 2017, the City's Office of Innovation and Geekdom, a local company focused on the startup ecosystem, announced the creation of CivTechSA, a unique civic innovation program designed to connect local government with the tech and entrepreneur community of San Antonio. CivTechSA will serve as a tool in the development and retention of our existing and future workforce by engaging with students and the tech community in a wide variety of programs, events, and hands-on opportunities that promote careers in the San Antonio civic and tech sectors. With a mission of collaboratively solving various city challenges and facilitating the growth of our local startup ecosystem, the CivTechSA program will capitalize upon tech talent in four developmental stages: Junior High and High School (6th-12th grade students), College & University, Entrepreneurs, and Startups. The anticipated benefits of CivTechSA include attracting workforce, creating entrepreneurial solutions, cultivating local talent, combatting brain drain, growing the startup ecosystem, and creating an opportunity for expanded services from the tech community to the City.

In fiscal year 2017, the City's Office of Innovation launched a Smart City program called SmartSA. The vision for this program is to build a connected, inclusive, and resilient city supporting a high quality of life. Current smart city initiatives are focused on reducing traffic congestion, improving pedestrian safety, providing access to Wi-Fi, increasing LED street lighting in city neighborhoods, improving emergency response with the use of drones in fire operations, and enhancing customer service through the use of mobile apps and community kiosks. Over the past year, the City initiated and implemented numerous SmartSA projects and was one of the ten cities selected to participate in the Envision America program. The City will continue to develop its Smart City roadmap and leverage existing innovation and technology relationships between the City, CPS Energy, San Antonio Water System, VIA, and the San Antonio River Authority.

MAJOR INITIATIVES – PLANNING AND COMMUNITY DEVELOPMENT

By 2040, San Antonio's population is expected to increase by approximately 1.0 million people. SA Tomorrow aims to ensure key aspects of growth and development, such as transportation and connectivity, housing, complete neighborhoods, public facilities, community safety, historic preservation, military affairs, natural resources, energy, water supply, jobs, economic competitiveness, education, and more, are addressed in a strategic manner.

MAJOR INITIATIVES – PLANNING AND COMMUNITY DEVELOPMENT (Continued)

SA Tomorrow is an innovative, three-pronged planning effort to guide the City toward smart, sustainable growth.

- Comprehensive Plan recommends that the City capitalize on the unique economic geography, further economic diversification, workforce development, and business attraction and retention.
- Sustainability Plan focuses on enhancing a community's quality of life and overall resilience while balancing the impact of our expected growth with existing economic, environmental, and social resources.
- Multimodal Transportation Plan takes into account all modes of transportation including auto, transit, biking and walking. It serves as a tool to analyze the transportation priorities to best meet community goals.

Consistent with the multimodal transportation plan the City allocated $14.3 million to VIA Metropolitan Transit to provide frequency improvements along nine bus routes as well as travel time and capacity improvements along nine major corridors. This contribution affirms the City's commitment to the implementation of the SA Tomorrow Multimodal Transportation Plan published in 2015.

The Airport System Development Committee (Development Committee), formed in January 2018, launched a Strategic Development Plan (SDP) in August 2018. The SPD focused initially on the future of the next 20 years at the airport, and then will examine the possibility for growth and expansion in the following 50 years. The SDP is comprised of two phases. For Phase I, the City hired an engineering, professional services and planning firm to assist in communicating airport development options to the public. The Development Committee hosted numerous meetings throughout San Antonio in August and September to gather input from citizens and travelers. Based upon community input and with the completion of a feasibility study, the Development Committee presented to City Council in October 2018 that expanding the current airport would serve the continuing needs of the City and surrounding regions for another 50 years. In order to accomplish this goal, the airport would need to add new runways and other infrastructure by 2023 to keep up with growing traffic at the airport. In 2023, the airport is expected to reach 80.0% capacity. To keep up with projected growth patterns, the airport would need to add 11 more gates by 2038 and 63 more gates by 2068; currently, the airport has 24 gates.

With the completion of Phase I of the study, the Development Committee has received direction to proceed with Phase II, which will produce an airport development and implementation plan, a financial feasibility study, and identification and evaluation of potential airport expansion alternatives. The Development Committee is evaluating next steps to advance the Development Committee's strategy.

In August 2017, the Mayor created a Mayor's Housing Policy Task Force (Task Force) to create a model on how to proactively address housing affordability. The Task Force relied heavily on community input by working with more than 550 community members to develop a housing policy to increase housing opportunities for San Antonians. Five key actions were identified in relation to implementing the Housing Policy. Those five actions are to develop a coordinated housing system; increase City investment in housing with a ten year funding plan; increase affordable housing production, rehabilitation, and preservation; protect and promote neighborhoods; and ensure accountability to the public. In fiscal year 2019 the adopted budget allocated $17 million from the General Fund, Housing and Urban Development Grants and the Housing Trust. With existing funding, a total of $25 million in funding aligns with the recommendations of the Task Force that support Affordable Housing.

MAJOR INITIATIVES – WELLNESS

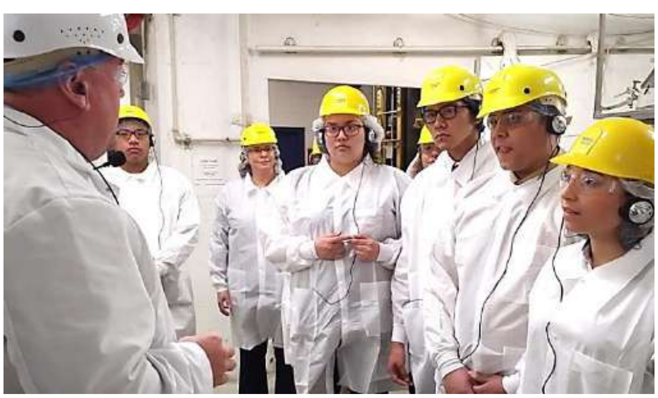
San Antonio vigorously promotes an active lifestyle for its citizens. Mobile Fit San Antonio is a citywide health and wellness program offered by the Parks and Recreation Department. The program consists of a mobile vehicle, which provides free basic health screenings and free fitness opportunities to citizens in San Antonio, as it travels to parks, schools, churches, and various community events. Since 2014, the program has participated in over 700 community events, provided over 12,500 free health screenings, and seen over 28,600 fitness activity participants, including citizens of all ages.

The Fit Pass program has been nationally recognized for its effort to integrate wellness in the park system through free and low cost fitness, wellness, and nutritional opportunities. It encourages all participants, over 5,800 in fiscal year 2018, to challenge themselves to live healthier, stay fit, and get to know the City by participating in a summer-long interactive wellness scavenger hunt. Prizes are awarded to the top overall point earners in the program.

Throughout fiscal year 2018, San Antonio has seen various additions and improvements to multiple parks and recreational facilities throughout the City. In March, the Parks and Recreation Department, in partnership with Transportation and Capital Improvement (TCI) and Bexar County, opened Menger Creek Linear Park. The park is a unique, climbing-intensive, and hands-on interactive space that includes a covered basketball court, walking paths, and fitness stations. In June, the City also saw the addition of the Lincoln Park Splash Pad, whose funding included a $1.0 million personal donation from Charles E. Butt. The splash pad provides a free interactive water play feature for area residents and children and was a great addition to one of San Antonio’s oldest parks.

MAJOR INITIATIVES – WORKFORCE DEVELOPMENT

Striving to be an “employer of choice” in the community, the City provides competitive compensation and benefits. Beginning January 2019, the City will increase its minimum entry wage to $15 per hour and will continue to offer robust health benefits. Complementing the City’s existing Tuition Reimbursement Program, a new Student Loan Repayment Program for eligible full-time employees will be implemented in fiscal year 2019. A bridging policy was introduced last year to encourage former employees to return to the City. If an employee leaves service, and returns within five years of leaving, the employee will receive the same health insurance premium rates that others with their original date of hire are currently paying. This benefit has been useful to employees who have pursued a degree or served in the Peace Corps.



The City additionally invests in SA Works, an industry-led advisory council based on national best practices, to lead the City’s workforce development efforts. SA Works is tasked with identifying in-demand middle-skills jobs in targeted industries such as advanced manufacturing, cyber/information technology, and healthcare.

MAJOR INITIATIVES – WORKFORCE DEVELOPMENT (Continued)

To date, SA Works has successfully worked with its private-sector council to develop a blueprint for engaging a number of key partners such as industry leaders, institutions of higher education, and community-based organizations to secure private sector partnerships in filling those jobs through preferred providers.

SA Works also continues to carry out its legacy work in providing internships, job shadowing opportunities, and other work-based learning opportunities for high school, college students, and educators. SA Works was integrated into the SAEDF as part of their overall economic development mission.

The Human Resources Department works with other City departments and partner agencies, including SA Works, local high schools, colleges, and universities, to provide experiential learning opportunities for all levels of students in the San Antonio community. These opportunities involve on-the-job training that enables students to link theory with practice and develop specialized skills that cannot be taught in the classroom. The City benefits from such programs because they help to develop a pipeline of loyal candidates who have skills and interest in future employment with the City. City employees also gain valuable leadership skills and experience by serving as mentors to youth.

During fiscal year 2018, 65 local high school students were hired into 23 departments as part of the City's eight week Summer Youth Employment Program. An additional 337 high school students participated in on-site job shadowing with 15 departments as part of the SA Works Job Shadow Day in February. Over 80 college students were offered paid and unpaid internship opportunities in 22 departments throughout the year and 172 local college students participated in the Department of Human Services' summer Student Ambassador Program. The HR Department also hosted 25 HR students and faculty from Texas A&M San Antonio for two days during spring break as part of the university's "Inscape" job shadow program.

FINANCIAL INFORMATION

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

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established at the department level within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year-end and are generally appropriated as part of the following year's budget.

FINANCIAL INFORMATION (Continued)

Another budgetary control is the monthly revenue and expenditure report summarizing by department budget and actual balances with variances that are generated and reviewed by the Office of Management and Budget (OMB), Finance, and the City Manager's Office.

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

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

As part of the budget process, the City prepares a five-year financial forecast (Forecast) prior to the proposal of the annual operating budget. The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City services. The Forecast includes the identification of service delivery policy issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services.

The Forecast also examines the local and national economic conditions that have an impact on the City's economy and, ultimately, its budget. The Forecast serves as a foundation for development of the proposed budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast provides the Council and staff the opportunity to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging strategic issues.

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

A budget goal-setting session was held on June 28, 2017. The Mayor and City Council provided the policy direction of developing the fiscal year 2018 budget through an equity lens. The City's fiscal year 2018 budget was the first in the City's history to incorporate the policy of budgeting through an equity lens to ensure new resources are allocated effectively to improve the quality of life for all San Antonio residents.

FINANCIAL INFORMATION (Continued)

Equality and equity are two strategies that can be used in budgeting. Equality allocates resources equally throughout the community regardless of the needs of an area within the community. Equity aims to understand the needs of the community and distribute resources based on those identified needs. In the context of this budget, new resources are allocated through an equity approach emphasizing needs-based funding in some of the City's most underserved areas. Budgeting through an equity lens has allowed the City to address historical disparities in funding and allocate taxpayer dollars towards areas of greatest need. New spending aligned with the City Council policy direction of budgeting through an equity lens includes street maintenance, additional police officers and firefighters, animal care services, neighborhood revitalization and funding to VIA Metropolitan Transit.

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

After the budget was proposed, the City Council held ten sessions to review the proposed service program details and discuss potential City Council budget amendments, including the first ever Spanish Feria de la Ciudad (City Fair). The budget work sessions provided a forum for public discourse on significant policy issues as well as an opportunity to review departmental service plans, service enhancement, and revenue changes.

On September 14, 2017, City Council adopted the fiscal year 2018 Operating and Capital Budget. City Council must adopt a final budget each year no later than September 27th. The appropriated budget is prepared by fund (e.g., General Fund) and department (e.g., Finance Department). The legal level of budgetary control is approved by City Council at the individual fund and departmental level. Expenditures by department and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document.

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

As a means of managing the City's financial standing, the City established and maintains a budgeted financial reserve within the General Fund. The financial reserve provides budgetary flexibility for unexpected events, financial emergencies, and the unusual fluctuation in revenue-expenditure patterns. With the adoption of the 2018 Budget the City continues to follow established Financial Policies. These Financial Policies include a reserve policy to maintain a minimum General Fund ending balance of 15.0%, comprised of budgeted financial reserve of 10.0%, and a targeted 5.0% for a two year budget plan for the General Fund. Other requirements include an additional $1.0 million contingency reserve in the General Fund and a $3.0 million contingency reserve for the capital budget; maintain Public Safety below 66.0% of the General Fund; manage structural balance in the General Fund, and address Internal Service fund deficits within three to five years.

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

FINANCIAL INFORMATION (Continued)

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

Throughout fiscal year 2018 the City maintained a strong financial position with the three major rating agencies - Fitch, Moody's, and Standard & Poors, re-affirming, for the ninth year in a row, a 'AAA', 'Aaa', and 'AAA' general obligation bond rating, respectively. Refer to Note 20 Subsequent Events, for information regarding the City's current bond rating.

GRANT FUNDS

The City also actively seeks and applies for Federal and State grants that are in line with the City's core operations or initiatives as an additional tool in providing services to the citizens of San Antonio. In 2018, the City was awarded $128.7 million in Federal assistance and $20.5 million in State assistance for a total of $149.2 million. The City would have been unable to construct specific public improvements and operate grant programs without the support of these funds.

AWARDS

OMB received the Annual Distinguished Budget Award from the Government Finance Officers Association of the United States and Canada (GFOA). This award recognizes outstanding achievement in preparation of the 2018 Operating and Capital Budget for the 35th consecutive year.

OMB additionally received the Performance Measurement Certificate of Excellence Award for the 7th year in a row from the International City/County Management Association (ICMA). San Antonio is one of 29 jurisdictions receiving this highest level of recognition this year. According to the ICMA, "Jurisdictions meeting the qualifications have demonstrated leadership in continuous improvement and community engagement, and they serve as examples for other governments to follow."

The Finance Department received the Achievement of Excellence in Procurement (AEP) award for the 21st consecutive year in recognition of organizational excellence in public procurement.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year-ended September 30, 2017. This was the 42nd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

INDEPENDENT AUDITS

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

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

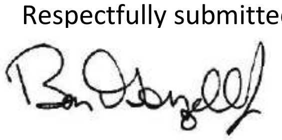
The reports are comprised of the Schedules of Expenditures of Federal and State Awards, respectively, the Schedule of Revenues and Expenditures of Passenger Facility Charges, Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Report of Independent Certified Public Accountants on Compliance for each Major Federal Program and on Internal Control Over Compliance as Required by the Uniform Guidance, Report of Independent Certified Public Accountants on Compliance for each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular, Report of Independent Certified Public Accountants on Compliance, Internal Control Over Compliance, and Schedule of Expenditures of Passenger Facility Charges Required by the *Passenger Facility Charge Audit Guide for Public Agencies,* the Schedule of Findings and Questioned Costs, Corrective Action Plans, and the Summary Status of Prior Year Findings for both the Federal and State Single Audits and the Passenger Facility Charges Report.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,



Ben Gorzell Jr., CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio

Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

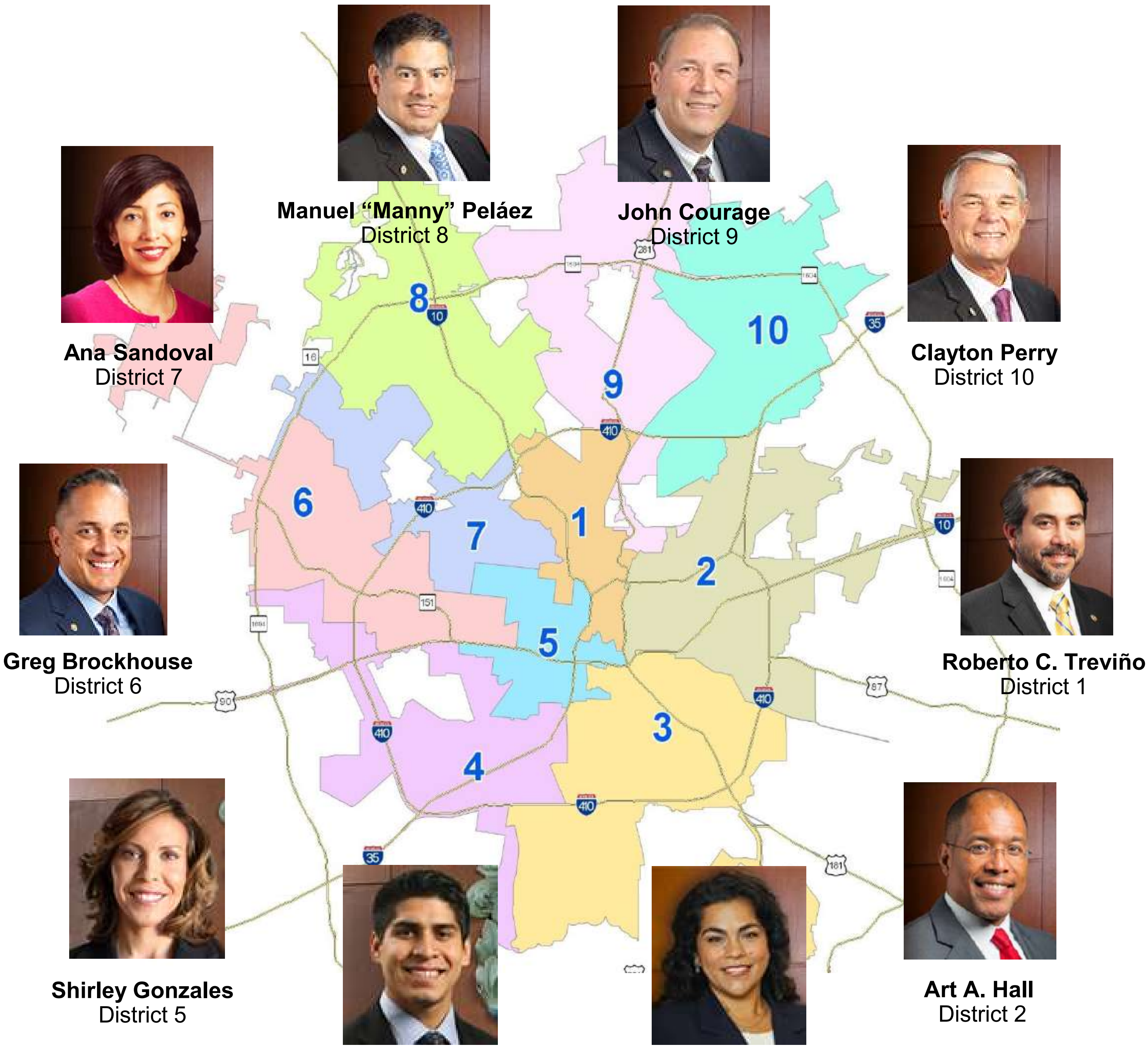
September 30, 2017

Christopher P. Morrill

Executive Director/CEO

City of San Antonio Mayor and City Council

Ron Nirenberg
Mayor



Manuel "Manny" Peláez
District 8

John Courage
District 9

Ana Sandoval
District 7

Clayton Perry
District 10

Greg Brockhouse
District 6

Roberto C. Treviño
District 1

Shirley Gonzales
District 5

Art A. Hall
District 2

Rey Saldaña
District 4

Rebecca Viagran
District 3

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CITY OF SAN ANTONIO
Organizational Chart

- **Residents of San Antonio**
  - **Mayor and City Council**
    - **Boards and Commissions**
    - **Municipal Court Judge** – John Bull
    - **City Manager** – Sheryl Sculley
      - **City Attorney** – Andy Segovia
      - **Assistant to the City Manager** – John Peterek
      - **Office of City Council** – Chris Callanen
      - **Deputy City Manager** – Peter Zanoni
        - **Transportation and Capital Improvements** – Razi Hosseini (interim)
          - **2017-2022 Bond Program**
        - **Planning** – Bridgett White
        - **Neighborhood and Housing Services** – Veronica R. Soto
        - **Pre-K 4 SA** – Sarah Baray
      - **Assistant City Manager** – María Villagómez
        - **Office of Management and Budget** – Justina Tate
        - **Office of Innovation and Smart Cities** – **Brian Dillard (interim)**
        - **Parks and Recreation** – Xavier Urrutia
        - **Animal Care Services** – Heber Lefgren
        - **Human Services** – Melody Woosley
        - **Office of Equity** – Alex Lopez (interim)
      - **Assistant City Manager** – Carlos Contreras
        - **Convention and Sports Facilities** – Patricia Muzquiz Cantor
        - **Aviation** – Russell Handy
        - **Government and Public Affairs** – Jeff Coyle
        - **Economic Development** – Rene Dominguez
        - **Tricentennial Office**
      - **Chief Financial Officer** – Ben Gorzell
        - **Information Technology Services** – Craig Hopkins
        - **Human Resources** – Lori Steward
        - **Risk Management** – Debra Ojo
        - **Finance** – Troy Elliott
          - **Public Utilities** (CPS and SAWS)
      - **Assistant City Manager** – Roderick Sanchez
        - **Development Services** – Michael Shannon
        - **Building and Equipment Services** – Jorge Perez
        - **Office of Sustainability** – Douglas Melnick
        - **Solid Waste Management** – David McCary
        - **Office of Historic Preservation** – Shanon Miller
      - **Assistant City Manager** – Lori Houston
        - **Center City Development and Operations** – John Jacks
        - **Library** – Ramiro Salazar
        - **World Heritage Office** – Colleen Swain
        - **Alamo Master Plan**
        - **Arts and Culture** – Debbie Racca-Sittre
      - **Deputy City Manager** – Erik Walsh
        - **Fire** – Charles N. Hood
        - **Police** – William McManus
        - **Metro Health** – Dr. Colleen Bridger
        - **311 Customer Service**
    - **City Clerk** – Leticia Vacek
    - **City Auditor** – Kevin Barthold

Effective December 14, 2018

FINANCIAL SECTION

Report of Independent Certified Public Accountants

GRANT THORNTON LLP
700 Milam Street
Suite 300
Houston, Texas 77002

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, Westside Development Corporation, and Visit San Antonio, blended and fiduciary component units, which represent 74%, 82% and 34%, respectively, of the assets, net position/fund balances and revenues/additions, of the aggregate remaining fund information. We also did not audit CPS Energy, San Antonio Water System, Brooks, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units, which represent 100% of the assets, net position and revenues of the aggregate discretely presented component units. We also did not audit the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based

solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, Westside Development Corporation and Visit San Antonio were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit 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 San Antonio, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the City adopted new accounting guidance in 2018 related to the accounting for other post-employment benefits. Our opinion is not modified with respect to this matter.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Pre-K 4 SA, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of Contributions - Pensions, Schedules of Changes in Net OPEB (Asset) Liability and Related Ratios, Schedules of Contributions - OPEB, and Schedules of Funding Progress - SAWS be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental

Grant Thornton

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Other information

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

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Other reporting required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report, dated February 22, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Grant Thornton LLP

Houston, Texas
February 22, 2019

Management's Discussion and Analysis

(Required Supplementary Information)

(Unaudited)

Management's Discussion and Analysis (Unaudited)

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year-ended September 30, 2018. This discussion and analysis is intended to assist readers in focusing on significant financial issues and changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $2,252,852 which is an increase of $145,287 from prior year's net position. A deficit ending balance of $1,126,917 in unrestricted net position is primarily due to the City's net pension and OPEB liability of $771,704 and $901,903 less $129,192 and $56,000 related to net unamortized deferred inflows and outflows of resources, respectively.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,293,868, an increase of $284,058 compared to the fiscal year 2017 fund balance. Of this amount, $15,244 is nonspendable, $842,658 is restricted in use, $196,109 has been committed, $3,375 is assigned and $236,482 is unassigned.
- The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. At the end of the current fiscal year, unassigned fund balance for the General Fund was $243,828 which is 22.2% of the total General Fund expenditures. The unassigned fund balance represents $118,226 in financial reserves. City Council approved financial policies which require the City to maintain a 10.0% budgeted financial reserve. In addition, at the end of fiscal year 2018, $100,807, or 5.4% of revenues, was reserved for a two-year balanced budget. The General Fund available ending balance is $14,938 better than anticipated when compared to re-estimated fiscal year 2018 budget.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Government-Wide Financial Statement Analysis

The following tables, graphs, and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year-ended September 30, 2018.

Net Position
Year-Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (Restated)*	2018	2017 (Restated)*	2018	2017 (Restated)*
Current and Other Assets	$ 1,934,672	$ 1,621,066	$ 266,736	$ 254,988	$ 2,201,408	$ 1,876,054
Capital Assets	4,930,288	4,911,234	819,766	805,574	5,750,054	5,716,808
Total Assets	6,864,960	6,532,300	1,086,502	1,060,562	7,951,462	7,592,862
Total Deferred Outflows of Resources	222,333	398,974	11,964	23,300	234,297	422,274
Current and Other Liabilities	591,379	574,829	67,948	81,137	659,327	655,966
Long-term Liabilities	4,326,801	3,926,522	659,243	625,297	4,986,044	4,551,819
Total Liabilities	4,918,180	4,501,351	727,191	706,434	5,645,371	5,207,785
Total Deferred Inflows of Resources	272,264	116,936	15,272	1,723	287,536	118,659
Net Position:						
Net Investment in Capital Assets	2,852,015	2,815,626	338,367	365,001	3,190,382	3,180,627
Restricted	52,819	56,343	136,568	97,709	189,387	154,052
Unrestricted (Deficit)	(1,007,985)	(1,125,479)	(118,932)	(101,635)	(1,126,917)	(1,227,114)
Total Net Position	$ 1,896,849	$ 1,746,490	$ 356,003	$ 361,075	$ 2,252,852	$ 2,107,565

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

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For the year-ended September 30, 2018, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,252,852. Investment in capital assets representing the largest portion of the City's net position, $3,190,382, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Capital assets are used to provide services to the citizens of San Antonio and are not available for further spending. Although the City's investment in capital assets is reported net of related debt and any related deferred outflows of resources, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate liabilities. The restricted portion of the total net position totaling $189,387 represents resources that are subject to external restrictions on how they may be used.

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

Changes in Net Position
Year-Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017 (Restated)*	2018	2017 (Restated)*	2018	2017 (Restated)*
Revenues:						
Program Revenues:						
Charges for Services	$ 238,872	$ 231,828	$ 261,919	$ 235,967	$ 500,791	$ 467,795
Operating Grants and Contributions	186,005	187,424			186,005	187,424
Capital Grants and Contributions	49,653	76,870	54,198	53,872	103,851	130,742
General Revenues:						
Property Taxes	577,870	550,204			577,870	550,204
Other Taxes	515,493	489,792			515,493	489,792
Revenues from Utilities	389,319	363,612			389,319	363,612
Investment Earnings	19,031	8,109	3,808	1,969	22,839	10,078
Miscellaneous	96,643	82,132	4,568	5,396	101,211	87,528
Total Revenues	2,072,886	1,989,971	324,493	297,204	2,397,379	2,287,175
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	134,370	101,673			134,370	101,673
Public Safety	721,695	828,839			721,695	828,839
Public Works	349,150	244,437			349,150	244,437
Sanitation	5,748	9,574			5,748	9,574
Health Services	80,505	67,038			80,505	67,038
Culture and Recreation	214,302	161,408			214,302	161,408
Convention and Tourism	60,426	66,634			60,426	66,634
Urban Redevelopment and Housing	38,521	30,867			38,521	30,867
Welfare	157,828	143,370			157,828	143,370
Education	74,314	81,563			74,314	81,563
Economic Development and Opportunity	27,463	27,994			27,463	27,994
Environmental	209				209	
Bond Issuance Costs	1,832	1,951			1,832	1,951
Interest on Long-Term Debt	91,718	89,469			91,718	89,469
Business-Type Activities:						
Airport System			134,352	127,419	134,352	127,419
Development Services			30,490	29,643	30,490	29,643
Market Square			2,488	2,643	2,488	2,643
Parking System			12,321	9,671	12,321	9,671
Solid Waste Management			113,513	114,308	113,513	114,308
Total Expenses	1,958,081	1,854,817	293,164	283,684	2,251,245	2,138,501
Change in Net Position Before Transfers and Special Items	114,805	135,154	31,329	13,520	146,134	148,674
Transfers	35,554	6,006	(36,401)	(4,619)	(847)	1,387
Net Change in Net Position	150,359	141,160	(5,072)	8,901	145,287	150,061
Beginning, Net Position (Previously Reported)	1,746,490	2,171,827	361,075	366,804	2,107,565	2,538,631
Adoption of GASB 75 and Other Restatement		(566,497)		(14,630)		(581,127)
Beginning Net Position, Restated	1,746,490	1,605,330	361,075	352,174	2,107,565	1,957,504
Ending, Net Position	$ 1,896,849	$ 1,746,490	$ 356,003	$ 361,075	$ 2,252,852	$ 2,107,565

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

The City's total revenues were $2,397,379 for fiscal year-ended September 30, 2018. Revenues from Governmental Activities totaled $2,072,886 (86.5%) and revenues from Business-Type Activities totaled $324,493 (13.5%). Expenses for the City totaled $2,251,245. Of total expenses, Governmental Activity expenses totaled $1,958,081 (87.0%) and Business-Type Activity expenses totaled $293,164 (13.0%).

Governmental Activities

Program revenues for the City's Governmental Activities totaled $474,530, which is $21,592 less than the previous fiscal year's balance of $496,122. General revenues for the City's Governmental Activities totaled $1,598,356 compared to $1,493,849 in the prior year. Expenses for Governmental Activities were $1,958,081 compared to prior year's expenses of $1,854,817.

The City's net position in governmental activities increased by $150,359. The following analysis highlights changes of $10,000 or more in either direction:

- Capital Grant and Contribution revenues decreased by $27,217. Factors contributing to this decease include the following: $11,716 reduction of grant funds in the Residential Acoustical Program and the Runway 13R Rehabilitation projects at the San Antonio International Airport due to a decrease in expenses in these projects; $7,810 awarded in fiscal year 2017 from the Advanced Funding Agreement between the City and the Texas Department of Transportation for highway improvements; $5,300 reduction in SAWS funding related to street projects such as the Theo Avenue and Malone Corridor project; and a reduction of $4,894 from the U.S. General Services Administration for the Public Safety Headquarters project.
- Property Tax Revenues increased by $27,666 due to new improvements and higher property valuation. The City's property tax rate remained at 55.827 cents per $100 of valuation in fiscal year 2018.
- Other Taxes Revenues increased by $25,701. In Spring 2018, the City hosted the 2018 NCAA Men's Final Four which attributed to a $4,390 increase in Hotel Occupancy Taxes because room rates and demand were so high. General Sales and Use Taxes increased by $20,291 due to growth in business spending and significant increases from restaurant and retail trade sales year over year. The City is reporting a 5.7% increase in sales tax over fiscal year 2017.
- Revenues from Utilities increased by $25,707. CPS Energy increased by $24,152 due to increased off-system sales caused by higher market prices in 2018 and a 3.3% increase in electric sales caused by warmer than normal weather. Additionally, revenue from SAWS increased by $1,555 due to the 5.8% rate increase that became effective January 1, 2018.
- Investment Earnings reflected an increase of $10,922 due to average portfolio rate of 1.8% in fiscal year 2018 versus 0.8% in fiscal year 2017.
- Miscellaneous Revenues increased by $14,511. Factors contributing to this increase include the following: $5,400 received for a downtown area land sale; $3,385 increase in prescription rebates due to change in the City's providers; and $3,372 reimbursement from San Antonio Local Organizing Committee for expenses related to the 2018 NCAA Men's Final Four.
- The increase of $32,697 in General Government expenses is mainly attributed to increased project activity for the Pedestrian Safety Improvements, Brooks City Base Infrastructure, Carver Community Cultural Center and Collins Garden Library.
- The increase of $104,713 in Public Works expenses is primarily due to the reconciliation of City assets completed in fiscal year 2018.
- Expenses in Culture and Recreation increased by $52,894. This is attributed to increased personnel and other commodities expenses in relation to the City hosting the 2018 NCAA Men's Final Four.
- The implementation of GASB 75 resulted in notable changes in fiscal year 2018 expenditures for Public Safety, Health Services, and Welfare.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $316,117, which is $26,278 higher than the previous fiscal year's balance of $289,839. Expenses for Business-Type Activities were $293,164 compared to prior year's expenses of $283,684.

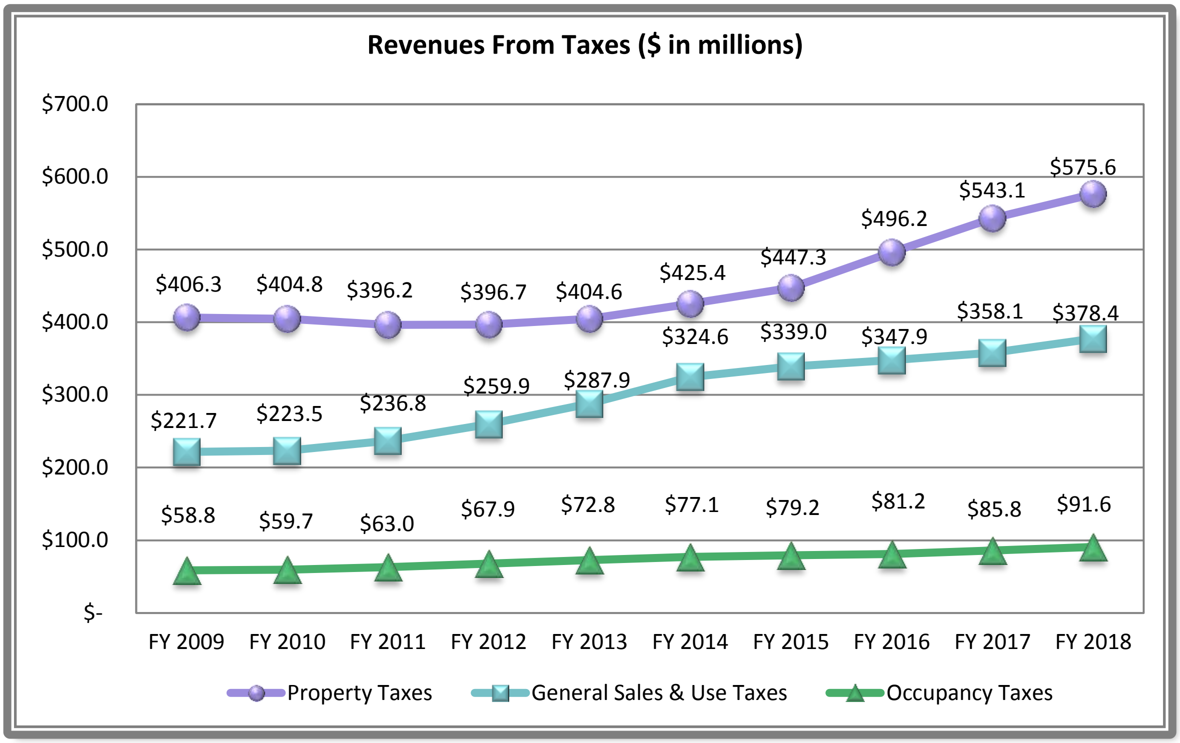
Business-Type Activities decreased the City's net position by $5,072 primarily because of the following:

- Charges for Services for business-type activities increased by $25,952. The Airport recognized $15,203 more in revenue in fiscal year 2018 due to the addition of new routes from airlines such as Frontier, Volaris, and United. This resulted in an increase of 902 or 10.2% in domestic and international passengers arriving and departing from the San Antonio International Airport. An increase of $10,654 from the processing fee, recycling fee, environmental fee, and out of cycle service fee was reflected in Solid Waste Management. This was attributed to a 1.6% customer base growth in utilization of trash bins and a 2.8% growth for recycling.
- Transfers increased in 2018 in order to fund the design, land acquisition, and construction of service centers for the Leslie Road Service Center and Southeast Service Center.

Financial Analysis of Governmental Funds

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

Revenues from taxes increased by $58,574, which is primarily attributable to: (1) a $32,534 increase in property tax revenues, (2) a $20,291 increase in general sales and use tax revenues, and (3) a $5,749 increase in occupancy taxes. The increase in general sales and use taxes and occupancy taxes are a result of a continued consumer confidence in the San Antonio area and increased activity associated with tourism and convention, most notably the City's hosting of the Men's 2018 Final Four. The increase in property taxes is due to higher property valuations and new improvements increasing the levy.



The total fund balance of the General Fund at year-end was $350,140, an increase of $65,991 from the total fund balance of $284,149 in fiscal year 2017. The fund balance is categorized as follows; $6,887 in nonspendable, $2,283 in restricted, $97,134 in committed, $8 in assigned, and $243,828 in unassigned fund balances. The unassigned fund balance represents $118,226 in budgeted financial reserves held by the City as well as amounts available for additional appropriations at the end of the fiscal year inclusive of a $100,807 reserve for Two-Year Budget Plan. The $65,991 increase in fund balance is the result of higher revenue collections of property taxes, utilities, and general and sales use tax.

The total fund balance of the Debt Service Fund at year-end was $38,146, a decrease of $3,334 from the total fund balance of $41,480 in fiscal year 2017. The entire fund balance is restricted for payment of debt service. The decrease in fund balance is attributed to an increase in principal and interest payments.

Pre-K 4 SA, a blended component unit, had an ending fund balance of $8,740, a decrease of $5,032 from ending fund balance of $13,772 in fiscal year 2017. Pre-K 4 SA's fund balance is restricted for education. The decrease in fund balance is attributed to increased facility costs, additional grant awards, and other inflationary costs.

Convention Center Hotel Finance Corporation had an ending fund balance of $6,271 for fiscal year 2018, an increase of $121 from the total fund balance of $6,150 in fiscal year 2017. The fund balance is restricted for debt service expenditures related to the Grand Hyatt San Antonio.

The total fund balance of the 2017 General Obligation Bonds at year-end was $226,016, an increase of $137,394 from the total fund balance of $88,622 in fiscal year 2017. The increase is from the 2nd round of sales of obligation bonds issued to support capital expenditures associated with the $850,000 bond program approved by voters in fiscal year 2017.

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General Fund Budgetary Highlights

Variances in Budget Appropriations (Budgetary Basis) General Fund	Original Budget	Final Budget	Actual Results	Variances Budget	Variances Final to Actual
Resources (Inflows):					
Taxes	$ 671,450	$ 667,238	$ 669,961	$ (4,212)	$ 2,723
Licenses and Permits	9,199	9,389	9,157	190	(232)
Intergovernmental	6,916	6,869	8,113	(47)	1,244
Revenues from Utilities	368,857	370,041	389,319	1,184	19,278
Charges for Services	65,358	71,009	69,753	5,651	(1,256)
Fines and Forfeits	11,950	11,414	11,885	(536)	471
Miscellaneous	10,311	11,878	20,323	1,567	8,445
Investment Earnings	1,656	3,615	4,421	1,959	806
Contributions			81	-	81
Transfers from Other Funds	21,877	21,798	22,157	(79)	359
Total	$ 1,167,574	$ 1,173,251	$ 1,205,170	$ 5,677	$ 31,919
Charges to Appropriations (Outflows):					
General Government	83,484	$ 86,166	$ 82,358	$ 2,682	$ 3,808
Public Safety	755,540	756,451	750,394	911	6,057
Public Works	63,658	67,036	66,466	3,378	570
Health Services	28,234	28,523	28,592	289	(69)
Welfare	38,308	38,914	38,640	606	274
Culture and Recreation	117,900	124,083	123,454	6,183	629
Economic Development and Opportunity	10,307	20,494	23,487	10,187	(2,993)
Urban Redevelopment and Housing	17,931	18,026	17,565	95	461
Debt Service:					
Principal Retirement	3,140	3,140	3,140		
Interest	189	189	189		
Transfers to Other Funds	67,283	98,520	98,113	31,237	407
Total	$ 1,185,974	$ 1,241,542	$ 1,232,398	$ 55,568	$ 9,144

Changes in original revenue appropriations to the final amended budget resulted in a net increase of $5,677. This increase can be summarized by the following:

- Decrease in Taxes is primarily composed of a $2,601 decrease in delinquent property taxes due to a high volume of assessed property value appeals being processed and a $1,435 decrease in Business and Franchise Tax for cable receipts, with more customers moving to internet or satellite based products.
- Revenues from utilities increased due to a SAWS rate increase approved by City Council after the budget was adopted which became effective in January 2018.
- Charges for Services increased to account for the additional $4,618 the City received from the state's Ambulance Supplemental Payment Program.
- Miscellaneous budget was increased to account for an agreement with Haliburton Energy Services and a recapture on a terminated tax abatement agreement.
- Budgeted interest rates increased from the original budget of 1.6% to the final budget of 1.7%.

Final budgeted revenue appropriations for the General Fund were $1,173,251 while actual revenues on a budgetary basis were $1,205,170, creating a favorable variance of $31,919. Variance explanations are listed below:

- Sales tax revenues are higher than the final budgeted amount due to the continued consumer confidence in the San Antonio area.

- Revenues from utilities are higher than the final budgeted amount as a result of increased off-system sales caused by higher market prices in 2018 and a 3.3% increase in electric sales due to warmer than normal weather.
- Miscellaneous revenues are higher than the final budget amount from the sales of City-owned land near the San Antonio Marriott Rivercenter Hotel.

Changes in original expenditure budget appropriations to the final amended budget appropriations resulted in a net $55,568 increase in appropriations. This increase can be summarized by the following:

- Public Works increased by $3,378 to capture prior year carryforwards primarily for the NAMP projects.
- Culture and Recreation increased by $6,183 to capture prior year carryforwards of $4,260 for the Inner City Incentive program, and the remainder for other park contracts.
- Economic Development and Opportunity increased by $10,187 to capture prior year carryforwards for multi-year incentive agreements with numerous entities.
- Transfers increased by $31,237 to capture prior year carryforwards and closing ordinance adjustments primarily for the 2017 Street Maintenance projects.

Final budgeted expenditure appropriations for the General Fund were $1,241,542 while actual expenditures on a budgetary basis were $1,232,398, creating a favorable variance of $9,144. Variance explanations are listed below:

- General Government reflected savings of $3,808 primarily due to vacancy savings in personal services in the amount of $2,442 and $1,000 in savings relating to the General Fund contingency that was not utilized in fiscal year 2018.
- Public Safety recognized savings of $6,057 due to a refund of $4,102 in the Fire and Police employee benefit's assessment as a result of better in-network and vendor discounts realized through the City's Third Party Administrator. Additionally, Fire reported savings in contractual services for the ambulance service fee contractor billing service due to fees being less than budgeted.
- Economic development and Opportunity reflected an overage of $2,993 due to Council approved future commitments of the fund's entire available fund balance. There is sufficient fund balance to cover the excess.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to $5,750,054 (net of accumulated depreciation). This investment in capital assets includes land, other non-depreciable assets, construction in progress, non-depreciable intangible assets, depreciable intangible assets, buildings, improvements, infrastructure, and machinery and equipment. The net increase in the City's investment in capital assets for the current fiscal year was $33,246, which is comprised of an increase of $19,054 in governmental activities and a $14,192 increase in business-type activities.

Capital Assets
Year-Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 1,427,003	$ 1,465,578	$ 15,796	$ 15,796	$ 1,442,799	$ 1,481,374
Other Non-Depreciable Assets	347	2,166			347	2,166
Construction in Progress	251,310	660,428	27,214	209,553	278,524	869,981
Non-Depreciable Intangible Assets	176,579	160,181			176,579	160,181
Depreciable Intangible Assets	334		323		657	
Buildings	902,486	853,319	396,368	239,051	1,298,854	1,092,370
Improvements	660,332	598,763	354,640	316,906	1,014,972	915,669
Infrastructure	1,278,573	951,354			1,278,573	951,354
Machinery and Equipment	233,324	219,445	25,425	24,268	258,749	243,713
Total	$ 4,930,288	$ 4,911,234	$ 819,766	$ 805,574	$ 5,750,054	$ 5,716,808

During fiscal year 2018, the City transferred $839,581 of construction in progress to non-depreciable and depreciable asset classes for completed capital projects, mainly comprised of city wide streets and drainage projects, parks improvements, and municipal facilities, as well as the Consolidated Rental Car Facility at the San Antonio International Airport.

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

Change in Capital Assets
Year-Ended September 30, 2018

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$ 4,911,234	$ 805,574	$ 5,716,808
Additions	344,583	61,587	406,170
Deletions	(158,254)	(6,709)	(164,963)
Accumulated Depreciation	(167,275)	(40,686)	(207,961)
Total	$ 4,930,288	$ 819,766	$ 5,750,054

Additional information on the City's capital assets can be found in Note 5 Capital Assets.

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Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $3,194,070 in bonds, certificates, contractual obligations, and notes outstanding. Additional information on the City's long-term debt, including descriptions of the new issues, can be found in Note 7 Long-Term Debt.

Outstanding Debt
Year-Ended September 30, 2018
(With Comparative Totals for September 30, 2017)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Bonds Payable:						
Tax-Exempt General Obligation Bonds	$ 1,112,315	$ 1,057,795	$ 2,135	$ 2,310	$ 1,114,450	$ 1,060,105
Taxable General Obligation Bonds	191,550	191,550	8,015	9,095	199,565	200,645
Tax-Exempt Certificates of Obligation	359,540	282,635	33,620	11,660	393,160	294,295
Taxable Certificates of Obligation	118,325	112,145			118,325	112,145
Tax Notes	53,655	43,360	36,000		89,655	43,360
Revenue Bonds	827,924	841,054	434,225	453,285	1,262,149	1,294,339
Revenue Notes	6,575	9,715			6,575	9,715
Capital Appreciation Bonds (CAB)	10,191	8,238			10,191	8,238
Total	$ 2,680,075	$ 2,546,492	$ 513,995	$ 476,350	$ 3,194,070	$ 3,022,842

Governmental Activities

On August 30, 2018, the City issued $154,850 in General Improvement Bonds, Series 2018; $131,610 in Combination Tax and Revenue Certificates of Obligation, Series 2018; $28,070 in Tax Notes, Series 2018; and $8,600 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2018.

The General Improvement Bonds, Series 2018 were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation and open spaces; library and cultural facilities; public safety facilities; and neighborhood initiatives.

The Combination Tax and Revenue Certificates of Obligation, Series 2018 allocated $22,375 from proceeds to Solid Waste Management, $5,265 to Other Internal Service Funds, and the remaining $103,970 were issued to finance improvements to municipal facilities and infrastructure; parks and recreation improvements; public safety facility; radio and system replacement; service centers; street maintenance; library improvements; and drainage facility.

The Tax Notes, Series 2018 were issued to finance improvements to information technology systems and street maintenance.

The Combination Tax and Revenue Certificates of Obligation, Taxable Series 2018 were issued to finance improvements to the Alameda Theater Building.

Business-Type Activities

On November 14, 2017, the City issued $36,000 in Tax Notes, Taxable Series 2017 and were issued to finance improvements at the San Antonio International Airport.

On August 30, 2018, $22,375 of the $131,610 issued in Combination Tax and Revenue Certificates of Obligation, Series 2018 was allocated to Solid Waste Management to finance infrastructure improvements.

Standard & Poor's, Moody's, and Fitch's underlying ratings for City obligations during fiscal year 2018 were as follows:

Bond Ratings
Year-Ended September 30, 2018

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

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

Currently Known Facts

After nine consecutive years of 'AAA' bond ratings from the three major ratings agencies, one of those agencies, Fitch, downgraded its bond rating of the City on December 19, 2018. Fitch downgraded the City from 'AAA' to a 'AA+.' The downgrade is a direct result of the passage of Propositions B and C, which were submitted by the fire union and amended the City's Charter during the most recent November election.

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

Requests for Information

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

Basic Financial Statements

Statement of Net Position

As of September 30, 2018

(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 64,151	$ 6,468	$ 70,619	$ 268,620
Investments	471,121	67,963	539,084	540,503
Receivables, Net	155,702	15,470	171,172	405,574
Materials and Supplies, at Cost	8,485	942	9,427	208,234
Internal Balances	1,851	(3,372)	(1,521)	
Due From Other Governmental Agencies, Net	4,129	73	4,202	980
Deposits	366		366	
Prepaid Expenses	1,195	50	1,245	78,465
Other Assets				936
Restricted Assets:				
Cash and Cash Equivalents	188,844	62,987	251,831	287,796
Investments	747,270	111,196	858,466	1,571,169
Receivables, Net	84,979	4,145	89,124	7,863
Materials and Supplies, at Cost	2,022		2,022	
Deferred Charges				64,864
Prepaid Expenses	837	777	1,614	
Due From Other Governmental Agencies, Net	26,386	37	26,423	
Total Current Assets	1,757,338	266,736	2,024,074	3,435,004
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	1,855,239	43,010	1,898,249	1,550,655
Depreciable, Net	3,075,049	776,756	3,851,805	12,082,525
Investments	310		310	
Receivables, Net	177,024		177,024	5,607
Prepaid Expenses				189,777
Net OPEB Asset				245,135
Other Noncurrent Assets				284,193
Total Noncurrent Assets	5,107,622	819,766	5,927,388	14,357,892
Total Assets	6,864,960	1,086,502	7,951,462	17,792,896
Total Deferred Outflows of Resources	222,333	11,964	234,297	278,367
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	122,579	17,799	140,378	457,013
Accrued Interest		50	50	
Unearned Revenue	1,682	936	2,618	2,848
Current Portion of Long-term Obligations	108,324	14,005	122,329	54,440
Due To Other Governmental Agencies	97		97	
Liabilities Payable From Restricted Assets:				
Accounts Payable and Current Liabilities	92,147	9,511	101,658	43,265
Accrued Interest on Bonds and Certificates	17,680	6,017	23,697	23,867
Unearned Revenue	48,995		48,995	
Due To Other Governmental Agencies	160		160	
Current Portion of Long-term Obligations	199,715	19,630	219,345	316,835
Total Current Liabilities	591,379	67,948	659,327	898,268
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	4,326,801	659,243	4,986,044	10,528,449
Total Noncurrent Liabilities	4,326,801	659,243	4,986,044	10,528,449
Total Liabilities	4,918,180	727,191	5,645,371	11,426,717
Total Deferred Inflows of Resources	272,264	15,272	287,536	58,924
Net Position:				
Net Investment in Capital Assets	2,852,015	338,367	3,190,382	4,576,825
Restricted for:				
Debt Service	32,188	35,339	67,527	129,054
Capital Projects	2,936	101,229	104,165	874,716
Operating and Other Reserves	563		563	58,349
Perpetual Care:				
Expendable	12,381		12,381	
Nonexpendable	4,751		4,751	
Unrestricted (Deficit)	(1,007,985)	(118,932)	(1,126,917)	946,678
Total Net Position	$ 1,896,849	$ 356,003	$ 2,252,852	$ 6,585,622

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

Statement of Activities

Year-Ended September 30, 2018

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
Primary Government:								
Governmental Activities:								
General Government	$ 134,370	$ 29,185	$ 6,054	$ 2,010	$ (97,121)	$ -	$ (97,121)	
Public Safety	721,695	49,748	13,137		(658,810)		(658,810)	
Public Works	349,150	61,532	3,483	37,928	(246,207)		(246,207)	
Sanitation	5,748	7,078	3,152		4,482		4,482	
Health Services	80,505	19,756	18,434		(42,315)		(42,315)	
Culture and Recreation	214,302	70,083	7,452	424	(136,343)		(136,343)	
Convention and Tourism	60,426		4,352	9,291	(46,783)		(46,783)	
Urban Redevelopment and Housing	38,521	688	18,917		(18,916)		(18,916)	
Welfare	157,828		103,386		(54,442)		(54,442)	
Education	74,314	697	5,535		(68,082)		(68,082)	
Economic Development and Opportunity	27,463		742		(26,721)		(26,721)	
Environmental	209	105	1,361		1,257		1,257	
Bond Issuance Costs	1,832				(1,832)		(1,832)	
Interest on Long-Term Debt	91,718				(91,718)		(91,718)	
Total Governmental Activities	1,958,081	238,872	186,005	49,653	(1,483,551)		(1,483,551)	
Business-Type Activities:								
Airport System	134,352	100,976		48,198		14,822	14,822	
Development Services	30,490	31,345		6,000		6,855	6,855	
Market Square	2,488	3,019				531	531	
Parking System	12,321	9,269				(3,052)	(3,052)	
Solid Waste Management	113,513	117,310				3,797	3,797	
Total Business-Type Activities	293,164	261,919		54,198		22,953	22,953	
Total Primary Government	$ 2,251,245	$ 500,791	$ 186,005	$ 103,851	(1,483,551)	22,953	(1,460,598)	
Discretely Presented Component Units:								
CPS Energy	$ 2,609,184	$ 2,620,269	$ -	$ 43,868				$ 54,953
SAWS	578,595	666,752		141,414				229,571
Brooks	39,119	22,367	242	549				(15,961)
Port Authority of San Antonio	33,678	35,403		2,821				4,546
SABC Soccer Public Facility Corporation	1,166	285						(881)
SA Energy Acquisition Public Facility Corporation	49,774	46,979						(2,795)
San Antonio Housing Trust Finance Corp.	1,204	996						(208)
San Antonio Housing Trust Foundation, Inc.	533	1,370						837
San Antonio Housing Trust Public Facility Corp.	1,200	1,771						571
SA Tricentennial Celebration Commission	11,811	111	11,456					(244)
Total Component Units	$ 3,326,264	$ 3,396,303	$ 11,698	$ 188,652				270,389
General Revenues:								
Taxes:								
Property					577,870		577,870	
General Sales and Use					378,367		378,367	
Selective Sales and Use					9,554		9,554	
Gross Receipts Business					32,086		32,086	
Occupancy					91,563		91,563	
Penalties and Interest on Delinquent Taxes					3,923		3,923	
Revenues from Utilities					389,319		389,319	
Investment Earnings					19,031	3,808	22,839	78,203
Miscellaneous					96,643	4,568	101,211	19,330
Adjustment for STP Pension Cost								(10,610)
Transfers, net					35,554	(36,401)	(847)	
Total General Revenues and Transfers					1,633,910	(28,025)	1,605,885	86,923
Change in Net Position					150,359	(5,072)	145,287	357,312
Net Position - Beginning of Fiscal Year (restated)					1,746,490	361,075	2,107,565	6,228,310
Net Position - End of Fiscal Year					$ 1,896,849	$ 356,003	$ 2,252,852	$ 6,585,622

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

Balance Sheet
Governmental Funds
As of September 30, 2018
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2017 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:							
Cash and Cash Equivalents	$ 27,439	$ -	$ -	$ -	$ -	$ 15,498	$ 42,937
Investments	225,757					70,752	296,509
Receivables, Net	150,286					4,841	155,127
Materials and Supplies, at Cost	6,070					304	6,374
Prepaid Expenditures	817					377	1,194
Due From Other Funds	30,834					2	30,836
Due From Other Governmental Agencies, Net	1,611					1,956	3,567
Restricted Assets:							
Cash and Cash Equivalents	385	15,512	7,075	19,275	22,687	123,330	188,264
Investments	2,032	21,910			207,356	511,185	742,483
Receivables, Net	1,480	8,657	1,421	175,423	254	74,768	262,003
Materials and Supplies, at Cost						2,022	2,022
Prepaid Expenditures						837	837
Due From Other Funds		459	3,437		588	33,214	37,698
Due From Other Governmental Agencies, Net						26,386	26,386
Total Assets	$ 446,711	$ 46,538	$ 11,933	$ 194,698	$ 230,885	$ 865,472	$ 1,796,237
Liabilities, Deferred Inflows of Resources, and Fund Balances:							
Liabilities:							
Vouchers Payable	$ 14,177	$ -	$ -	$ -	$ -	$ 2,215	$ 16,392
Accounts Payable - Other	10,173					2,664	12,837
Accrued Payroll	19,062					171	19,233
Accrued Leave Payable	8,292						8,292
Unearned Revenue	1,470						1,470
Due To Other Funds	3,527					58	3,585
Due To Other Governmental Agencies, Net	97						97
Liabilities Payable From Restricted Assets:							
Vouchers Payable			914			41,721	42,635
Accounts Payable - Other			2,279			30,606	32,885
Accrued Payroll						3,606	3,606
Accrued Leave Payable						44	44
Unearned Revenue						49,140	49,140
Amounts Held in Trust				13,021			13,021
Due To Other Funds					4,869	62,554	67,423
Due To Other Governmental Agencies						160	160
Total Liabilities	56,798		3,193	13,021	4,869	192,939	270,820
Deferred Inflows of Resources	39,773	8,392		175,406		7,978	231,549
Fund Balances:							
Nonspendable	6,887					8,357	15,244
Restricted	2,283	38,146	8,740	6,271	226,016	561,202	842,658
Committed	97,134					98,975	196,109
Assigned	8					3,367	3,375
Unassigned	243,828					(7,346)	236,482
Total Fund Balances	350,140	38,146	8,740	6,271	226,016	664,555	1,293,868
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 446,711	$ 46,538	$ 11,933	$ 194,698	$ 230,885	$ 865,472	$ 1,796,237

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

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of September 30, 2018

(In Thousands)

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

Fund Balances - Total Governmental Funds		$ 1,293,868
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets:		
Land	1,427,003	
Other Non-Depreciable Assets	347	
Construction In Progress	251,310	
Non-Depreciable Intangible Assets	176,579	
Depreciable Intangible Assets	4,058	
Buildings	1,340,968	
Improvements	1,023,377	
Infrastructure	3,366,519	
Machinery and Equipment	365,959	
Less: Accumulated Depreciation	(3,146,881)	
Total Governmental Capital Assets		4,809,239
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues. but as deferred inflows of resources-unavailable revenue		
Revenues previously recorded as unavailable revenue in the fund financial statements		231,694
Long-term investments are not financial resources and therefore are not reported in the governmental funds		310
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.		139,384
Deferred outflows of resources related to pension, OPEB and loss on bond refunding		216,954
Deferred inflows of resources related to pension and OPEB		(262,435)
Long-term liabilities are not due and payable in the current year, therefore are not reported in the governmental funds.		
Governmental Bonds Payable	(2,674,810)	
Unamortized Discount/(Premium) on Bonds, Net	(144,545)	
Capital Lease Liability	(22,889)	
Notes Payable	(32,053)	
Net OPEB and Pension Liability	(1,429,450)	
Accrued Interest Payable	(17,680)	
Pollution Remediation Payable	(196)	
Accrued Leave Payable	(210,531)	
Other Payable	(11)	
		(4,532,165)
Net Position of Governmental Activities		$ 1,896,849

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2018
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2017 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Taxes:							
Property	$ 339,887	$ 207,684	$ -	$ -	$ -	$ 28,074	$ 575,645
General Sales and Use	288,962					89,405	378,367
Selective Sales and Use	9,554						9,554
Gross Receipts Business	29,292					2,794	32,086
Occupancy						91,563	91,563
Penalties and Interest on Delinquent Taxes	2,266	1,382				275	3,923
Licenses and Permits	9,157					3	9,160
Intergovernmental	8,113		6,232			202,022	216,367
Revenues from Utilities	389,319						389,319
Charges for Services	69,753					126,193	195,946
Fines and Forfeits	11,885					368	12,253
Miscellaneous	20,323	3,889	26			54,296	78,534
Investment Earnings	4,421	1,305	111	100	1,439	8,885	16,261
Contributions	81			13,225		34,273	47,579
Total Revenues	1,183,013	214,260	6,369	13,325	1,439	638,151	2,056,557
Expenditures:							
Current:							
General Government	76,687	491				12,606	89,784
Public Safety	747,731					26,832	774,563
Public Works	61,513					65,664	127,177
Health Services	28,172					33,492	61,664
Sanitation						6,957	6,957
Welfare	37,979					106,142	144,121
Culture and Recreation	115,681					56,726	172,407
Convention and Tourism						51,829	51,829
Urban Redevelopment and Housing	17,265					15,818	33,083
Education			47,096			26,968	74,064
Economic Development and Opportunity	8,730					18,653	27,383
Environmental						1,247	1,247
Capital Outlay						298,671	298,671
Debt Service:							
Principal Retirement	3,140	155,865		3,860		9,925	172,790
Interest	189	79,080		9,344		25,089	113,702
Issuance Costs					931	901	1,832
Total Expenditures	1,097,087	235,436	47,096	13,204	931	757,520	2,151,274
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,926	(21,176)	(40,727)	121	508	(119,369)	(94,717)
Other Financing Sources (Uses):							
Issuance of Long-Term Debt					154,850	155,707	310,557
Premium on Long-Term Debt					15,445	16,624	32,069
Transfers In	22,157	17,866	35,697			378,110	453,830
Transfers Out	(42,092)	(24)	(2)		(33,409)	(342,154)	(417,681)
Total Other Financing Sources (Uses), Net	(19,935)	17,842	35,695		136,886	208,287	378,775
Net Change in Fund Balances	65,991	(3,334)	(5,032)	121	137,394	88,918	284,058
Fund Balances October 1	284,149	41,480	13,772	6,150	88,622	575,637	1,009,810
Fund Balances September 30	$ 350,140	$ 38,146	$ 8,740	$ 6,271	$ 226,016	$ 664,555	$ 1,293,868

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

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

Year-Ended September 30, 2018

(In Thousands)

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

Net change in Fund Balances - Total Governmental Funds		$ 284,058
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current year.		
Expenditures for Capital Assets	297,186	
Pollution Remediation Capitalization	(90)	
Donated Capital Assets	9,893	
Less: Current Year Depreciation	(176,698)	
Less: Current Year Deletions	(120,146)	
		10,145
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.		(2,284)
Long-term Investments are not financial resources and therefore are not shown on the fund - based statements		310
The issuance of long-term debt (e.g. bonds, notes and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond, Note and Loan Amounts Issued	(310,557)	
(Premium)/Discount on Long-term Debt	(32,069)	
Amortization of Bond Premiums/Discounts and Deferred Charges, Net	24,856	
Principal Payments	171,378	
		(146,392)
The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Interest Expense	(2,767)	
Accrued Leave Payable	(6,780)	
Net OPEB and Pension Liability	(23,941)	
Pollution Remediation	92	
Principal Amounts on Leases	3,720	
Other Expenses	(29)	
Debt Transfer to Enterprise Funds	779	
		(28,926)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The change in net position remaining after allocation of business-type activities of the Internal Service Funds is reported with governmental activities.		33,448
Change in Net Position of Governmental Activities		$ 150,359

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

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 3,005	$ 2	$ 3,461	$ 6,468	$ 21,214
Investments	25,876	13,465	28,622	67,963	174,612
Receivables, Net	5,791	9,305	374	15,470	575
Materials and Supplies, at Cost	854	24	64	942	2,111
Deposits					366
Prepaid Expenses			50	50	1
Due From Other Funds					1,149
Due From Other Governmental Agencies, Net	73			73	562
Total Unrestricted Assets	35,599	22,796	32,571	90,966	200,590
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	24,372	298	204	24,874	580
Investments	13,963	427	564	14,954	4,787
Receivables, Net			1	1	
Construction Accounts:					
Cash and Cash Equivalents	10,630	2,307	1	12,938	
Investments	16,570	1,890		18,460	
Prepaid Expenses	777			777	
Receivables, Net	72	16		88	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	24,905	9	188	25,102	
Investments	76,152	77	1,553	77,782	
Receivables, Net	3,012	1	4	3,017	
Other Restricted Assets:					
Cash and Cash Equivalents	73			73	
Receivables, Net	1,039			1,039	
Due From Other Governmental Agencies, Net	37			37	
Total Restricted Assets	171,602	5,025	2,515	179,142	5,367
Total Current Assets	207,201	27,821	35,086	270,108	205,957
Noncurrent Assets:					
Capital Assets:					
Land	5,323	1,107	9,366	15,796	
Buildings	523,526	11,283	26,187	560,996	178
Improvements	570,721	9,529	14,276	594,526	244
Machinery and Equipment	25,927	32,912	5,208	64,047	251,152
Depreciable Intangible	352			352	250
Construction in Progress	18,044	63	9,107	27,214	
Total Capital Assets	1,143,893	54,894	64,144	1,262,931	251,824
Less: Accumulated Depreciation	391,120	26,956	25,089	443,165	130,775
Net Capital Assets	752,773	27,938	39,055	819,766	121,049
Total Noncurrent Assets	752,773	27,938	39,055	819,766	121,049
Total Assets	959,974	55,759	74,141	1,089,874	327,006
Total Deferred Outflows of Resources	7,358	2,439	2,167	11,964	5,379

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

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

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 4,688	$ 2,210	$ 445	$ 7,343	$ 9,284
Accounts Payable-Other	1,275	1,415	4,435	7,125	1,848
Claims Payable					23,641
Accrued Payroll	1,160	1,349	822	3,331	2,434
Accrued Interest	10	40		50	
Current Portion of Accrued Leave Payable	2,110	1,624	1,104	4,838	3,648
Unearned Revenue	913		23	936	212
Current Portion of Capital Lease Liability	183	8,589		8,772	
Current Portion of Landfill Postclosure Costs		176		176	
Current Portion of Pollution Remediation	219			219	
Total Payable from Current Unrestricted Assets	10,558	15,403	6,829	32,790	41,067
Payable from Current Restricted Assets:					
Vouchers Payable	5,277		1	5,278	
Accrued Interest	5,751	183	83	6,017	
Current Portion of Bonds and Certificates (net of premium/discount)	16,610	1,878	1,142	19,630	174
Due To Other Funds		196		196	
Other Payables	4,233			4,233	
Total Payable from Current Restricted Assets	31,871	2,257	1,226	35,354	174
Total Current Liabilities	42,429	17,660	8,055	68,144	41,241
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & discount/premium)	459,862	38,723	6,862	505,447	5,203
Claims Payable (net of current portion)					36,910
Accrued Leave Payable (net of current portion)	802	661	19	1,482	984
Capital Lease Liability (net of current portion)	1,531	6,636		8,167	
Net OPEB and Pension Liabilities	49,753	57,356	35,038	142,147	102,010
Pollution Remediation (net of current portion)	1,055			1,055	
Landfill Postclosure Costs (net of current portion)		945		945	
Total Noncurrent Liabilities	513,003	104,321	41,919	659,243	145,107
Total Liabilities	555,432	121,981	49,974	727,387	186,348
Total Deferred Inflows of Resources	5,948	5,832	3,492	15,272	9,829
Net Position:					
Net Investment in Capital Assets	307,004		31,363	338,367	121,049
Restricted:					
Debt Service	34,113	541	685	35,339	5,367
Capital Projects	101,029	12	188	101,229	
Unrestricted (Deficit)	(36,194)	(70,168)	(9,394)	(115,756)	9,792
Total Net Position	$ 405,952	$ (69,615)	$ 22,842	$ 359,179	$ 136,208
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(3,176)	
Net Position of Business-Type Activities				$ 356,003	

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year-Ended September 30, 2018
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Charges for Services	$ 100,976	$ 117,310	$ 43,633	$ 261,919	$ 345,449
Total Operating Revenues	100,976	117,310	43,633	261,919	345,449
Operating Expenses:					
Personal Services	36,397	45,145	26,633	108,175	83,974
Contractual Services	17,233	31,194	5,170	53,597	39,543
Commodities	2,661	6,554	713	9,928	2,615
Materials					24,994
Claims					124,571
Other	9,342	24,081	7,386	40,809	24,933
Depreciation	36,008	3,711	2,014	41,733	27,456
Total Operating Expenses	101,641	110,685	41,916	254,242	328,086
Operating Income (Loss)	(665)	6,625	1,717	7,677	17,363
Nonoperating Revenues (Expenses):					
Investment Earnings	2,974	337	497	3,808	2,770
Other Nonoperating Revenue	2,494	1,150	924	4,568	11,461
Gain (Loss) on Sale of Capital Assets	(65)			(65)	4,513
Interest and Debt Expense	(23,149)	(445)	(665)	(24,259)	(17)
Other Nonoperating Expense	(9,777)	(3,875)	(2,993)	(16,645)	
Total Nonoperating Revenues (Expenses)	(27,523)	(2,833)	(2,237)	(32,593)	18,727
Change in Net Position Before Capital Contributions and Transfers	(28,188)	3,792	(520)	(24,916)	36,090
Capital Contributions	48,198		6,000	54,198	
Transfers In (Out):					
Transfers In		1,386	4,769	6,155	429
Transfers Out	(236)	(37,990)	(4,330)	(42,556)	(1,024)
Total Transfers In (Out), Net	(236)	(36,604)	439	(36,401)	(595)
Change In Net Position	19,774	(32,812)	5,919	(7,119)	35,495
Net Position - October 1 (restated)	386,178	(36,803)	16,923		100,713
Net Position - September 30	$ 405,952	$ (69,615)	$ 22,842		$ 136,208
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				2,047	
Change in Net Position of Business-Type Activities				$ (5,072)	

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

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2018
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 100,327	$ 116,640	$ 43,862	$ 260,829	$ 345,955
Cash Payments to Suppliers for Goods and Services	(27,576)	(60,882)	(13,872)	(102,330)	(218,226)
Cash Payments to Employees for Service	(34,863)	(41,936)	(25,443)	(102,242)	(79,396)
Cash Received from Other Cash Receipts	2,494	1,150	924	4,568	11,461
Net Cash Provided by Operating Activities	40,382	14,972	5,471	60,825	59,794
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds		1,386	4,769	6,155	429
Transfers Out to Other Funds	(236)	(37,990)	(4,330)	(42,556)	(1,024)
Due to Other Funds		(70)		(70)	(27)
Due from Other Funds		1,412	2,276	3,688	908
Net Cash Provided by (Used for) Noncapital Financing Activities	(236)	(35,262)	2,715	(32,783)	286
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets	(64,315)	(3,274)	(11,583)	(79,172)	(37,606)
Contributed Capital	48,198		6,000	54,198	
Interest and Fees Paid on Long-Term Debt	(23,197)	(280)	(676)	(24,153)	(3)
Principal Payments on Long-Term Debt	(19,060)	(590)	(1,080)	(20,730)	
Principal Payments on Notes and Leases	(176)	(9,873)		(10,049)	
Proceeds from Issuance of Long-Term Debt	36,000	22,375		58,375	5,377
Proceeds from Issuance of Notes and Leases		3,563		3,563	
Proceeds from Sale of Assets	35			35	5,740
Net Cash Provided by (Used for) Capital and Related Financing Activities	(22,515)	11,921	(7,339)	(17,933)	(26,492)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(186,095)	(19,189)	(35,726)	(241,010)	(205,128)
Maturity of Investment Securities	152,062	22,700	33,692	208,454	166,588
Investments Earnings	2,776	320	441	3,537	2,457
Net Cash Provided by (Used for) Investing Activities	(31,257)	3,831	(1,593)	(29,019)	(36,083)
Net (Decrease) in Cash and Cash Equivalents	(13,626)	(4,538)	(746)	(18,910)	(2,495)
Cash and Cash Equivalents, October 1	76,611	7,154	4,600	88,365	24,289
Cash and Cash Equivalents, September 30	$ 62,985	$ 2,616	$ 3,854	$ 69,455	$ 21,794
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (665)	$ 6,625	$ 1,717	$ 7,677	$ 17,363
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	36,008	3,711	2,014	41,733	27,456
Other Nonoperating Revenues	2,494	1,150	924	4,568	11,461
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	(79)	(670)	270	(479)	437
(Increase) Decrease in Due from Other Governmental Agencies	23			23	(7)
(Increase) Decrease in Materials and Supplies	(55)	8		(47)	(168)
(Increase) in Prepaid Expenses			(50)	(50)	
(Increase) in Deposits					(50)
Increase (Decrease) in Vouchers Payable	1,643	748	(243)	2,148	1,234
(Decrease) in Claims Payable					(1,304)
Increase (Decrease) in Accounts Payable - Other	72	798	(310)	560	(1,332)
Increase (Decrease) in Accrued Payroll	62	(51)	14	25	109
Increase in Accrued Leave Payable	40	121	54	215	327
(Decrease) in Landfill Postclosure Liability		(607)		(607)	
(Decrease) in Net OPEB Obligation and Pension Liability	(7,185)	(6,808)	(4,732)	(18,725)	(12,967)
Decrease in Deferred Outflows of Resources	3,835	4,447	2,587	10,869	8,021
Increase In Deferred Inflows of Resources	4,782	5,500	3,267	13,549	9,088
Increase (Decrease) in Unearned Revenue	(593)		(41)	(634)	126
Net Cash Provided by Operating Activities	$ 40,382	$ 14,972	$ 5,471	$ 60,825	$ 59,794
Noncash Investing, Capital and Financing Activities					
Acquisitions and Construction of Capital Assets from Leases	$ -	$ 3,564	$ -	$ 3,564	$ -

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

Statement of Fiduciary Net Position/Balance Sheet
Fiduciary Funds
As of September 30, 2018
(In Thousands)

	PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM	AGENCY FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 63,951	$ -	$ 4,244
Security Lending Collateral	64,037		
Investments:			
Common Stock	1,413,314		
U.S. Government Securities	67,981		4,343
Corporate Bonds	327,968		
Foreign Bonds	258,894		
Mutual Funds	145,161		
Hedge Funds	401,302		
Real Estate	278,936		
Alternative	620,114		
Receivables:			
Accounts	7,646		13
Accrued Interest	6,096		12
Accrued Revenue	9,939		
Prepaid Expenses	15		
Total Current Assets	3,665,354		8,612
Capital Assets:			
Machinery and Equipment	630		
Buildings	1,606		
Total Capital Assets	2,236		
Less: Accumulated Depreciation	827		
Net Capital Assets	1,409		
Total Assets	$ 3,666,763	$ -	$ 8,612
Liabilities:			
Vouchers Payable	$ 6,408	$ -	$ 1,461
Accounts Payable - Other	19,613		7,151
Claims Payable	3,527		
Accrued Payroll	275		
Due to Other Funds	297		
Securities Lending Obligation	64,037		
Total Liabilities	94,157		$ 8,612
Net Position:			
Restricted for Pension	3,196,529		
Restricted for Other Postemployment Benefits	376,077		
Total Net Position	$ 3,572,606	$ -	

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year-Ended September 30, 2018
(In Thousands)

	PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM
Additions:		
Contributions:		
Employer	$ 109,727	$ -
Employee	53,274	
Other Contributions	1,829	
Total Contributions	164,830	
Investment Earnings:		
Net Increase in Fair Value of Investments	386,354	
Real Estate Income, Net	9,055	
Interest and Dividends	52,300	
Securities Lending	1,182	
Other Income	334	
Total Investment Earnings	449,225	
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(15,827)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	(810)	
Net Investment Earnings	432,588	
Total Additions	597,418	
Deductions:		
Benefits	195,601	
Refunds of Contributions	1,017	
Administrative Expense	8,152	24
Total Deductions	204,770	24
Change in Net Position	392,648	(24)
Net Position - Beginning of Fiscal Year (restated)	3,179,958	24
Net Position - End of Fiscal Year	$ 3,572,606	$ -

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2018
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 205,418	$ 36,688	$ 26,514	$ 268,620
Investments	163,486	349,074	27,943	540,503
Receivables, Net	319,317	76,714	9,543	405,574
Materials and Supplies, at Cost	202,585	5,556	93	208,234
Due from Other Governmental Agencies			980	980
Prepaid Expenses	44,996	3,917	29,552	78,465
Other Assets			936	936
Total Unrestricted Assets	935,802	471,949	95,561	1,503,312
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	14,494	350	23,471	38,315
Investments		150,406	8,847	159,253
Receivables, Net			609	609
Capital Projects Accounts:				
Cash and Cash Equivalents	59,222	79,132		138,354
Investments		241,634		241,634
Ordinance Accounts:				
Cash and Cash Equivalents	69,463			69,463
Investments	547,205			547,205
Other Restricted Accounts:				
Cash and Cash Equivalents	23,490	13,531	4,643	41,664
Investments	568,934	54,143		623,077
Receivables, Net	7,144		110	7,254
Deferred Charges			64,864	64,864
Total Restricted Assets	1,289,952	539,196	102,544	1,931,692
Total Current Assets	2,225,754	1,011,145	198,105	3,435,004
Noncurrent Assets:				
Capital Assets:				
Land	97,125	106,995	61,141	265,261
Depreciable Intangible Assets	248,278	1,354		249,632
Infrastructure			102,862	102,862
Buildings			325,561	325,561
Utility Plant in Service	12,944,209	6,118,712		19,062,921
Machinery and Equipment		371,916	19,377	391,293
Construction in Progress	521,471	332,635	76,024	930,130
Water Rights and Other Non-Depreciable Intangible Assets	106,217	249,047		355,264
Nuclear Fuel	972,268			972,268
Total Capital Assets	14,889,568	7,180,659	584,965	22,655,192
Less: Accumulated Depreciation	6,699,212	2,128,882	193,918	9,022,012
Net Capital Assets	8,190,356	5,051,777	391,047	13,633,180
Other Noncurrent Assets:				
Receivables, Net		1,343	4,264	5,607
Prepaid Expenses			189,777	189,777
Pension Regulatory Asset	245,135			245,135
Other Noncurrent Assets	284,193			284,193
Total Other Noncurrent Assets	529,328	1,343	194,041	724,712
Total Noncurrent Assets	8,719,684	5,053,120	585,088	14,357,892
Total Assets	10,945,438	6,064,265	783,193	17,792,896
Deferred Outflows of Resources	182,853	93,340	2,174	278,367

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2018
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Accounts Payable and Other Current Liabilities	$ 381,560	$ 61,982	$ 13,471	$ 457,013
Unearned Revenues			2,848	2,848
Current Portion of Long-term Lease/Notes Payable			3,101	3,101
Current Portion of Other Payables	44,016	7,187	136	51,339
Total Payable from Current Unrestricted Assets	425,576	69,169	19,556	514,301
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		41,902	1,363	43,265
Accrued Bond and Certificate Interest		15,624	8,243	23,867
Current Portion of Bonds and Certificates	195,095	84,875	33,155	313,125
Current Portion of Commercial Paper		3,710		3,710
Total Payable from Restricted Assets	195,095	146,111	42,761	383,967
Total Current Liabilities	620,671	215,280	62,317	898,268
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	5,673,768	2,650,864	304,752	8,629,384
Commercial Paper (net of current portion)	160,000	274,350		434,350
Long-Term Lease/Notes Payable (net of current portion)			162,269	162,269
Net OPEB and Pension Liabilities	312,462	140,989		453,451
Other Payables (net of current portion)	806,505	19,516	22,974	848,995
Total Noncurrent Liabilities	6,952,735	3,085,719	489,995	10,528,449
Total Liabilities	7,573,406	3,300,999	552,312	11,426,717
Deferred Inflows of Resources	56,596	2,328		58,924
Net Position:				
Net Investment in Capital Assets	2,162,433	2,217,283	197,109	4,576,825
Restricted for:				
Debt Service	12,971	116,083		129,054
Capital Projects	686,065	188,227	424	874,716
Operating and Other Reserves		54,143	4,206	58,349
Unrestricted	636,820	278,542	31,316	946,678
Total Net Position	$ 3,498,289	$ 2,854,278	$ 233,055	$ 6,585,622

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

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2018
(In Thousands)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTALS
CPS Energy	$ 2,609,184	$ 2,620,269	$ -	$ 43,868	$ 54,953	$ -	$ -	$ 54,953
San Antonio Water System	578,595	666,752		141,414		229,571		229,571
Nonmajor Component Units	138,485	109,282	11,698	3,370			(14,135)	(14,135)
Total	$ 3,326,264	$ 3,396,303	$ 11,698	$ 188,652	54,953	229,571	(14,135)	270,389
General Revenues:								
Investment Earnings					65,703	10,407	2,093	78,203
Miscellaneous						951	18,379	19,330
Adjustment for STP Pension Cost					(10,610)			(10,610)
Total General Revenues and Special Items					55,093	11,358	20,472	86,923
Change in Net Position					110,046	240,929	6,337	357,312
Net Position - Beginning of Fiscal Year (restated)					3,388,243	2,613,349	226,718	6,228,310
Net Position - End of Fiscal Year					$ 3,498,289	$ 2,854,278	$ 233,055	$ 6,585,622

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

Comprehensive Annual Financial Report

Notes to Financial Statements

Year-Ended September 30, 2018

Note 1 Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The criteria outlined on the previous page were excerpted from GASB Statement No. 61. For a more detailed explanation of the criteria established by the Statements, refer to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2018, published by GASB, Section-2600. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, further clarifies that a "not for profit" may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Blended Component Units

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

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

Convention Center Hotel Finance Corporation
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Margaret U. Villegas
Telephone No. (210) 207-5734

The Convention Center Hotel Finance Corporation (CCHFC) was established in fiscal year 2005 in accordance with state laws for the purposes of, and to act on behalf of the City in, local economic development to stimulate business and commercial activity in the City. The CCHFC is governed by a board of directors, which is comprised of the City Council of San Antonio (City Council). CCHFC's governing board is substantially the same as the City's governing board, CCHFC met the financial benefit/burden criteria, and also meets the operational responsibility criteria.

Hemisfair Park Area Redevelopment Corporation
630 E. Nueva St.
San Antonio, TX 78205
Contact: Omar Gonzalez
Telephone No. (210) 560-5733

The Hemisfair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing and financing projects within Hemisfair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. The HPARC is governed by 11 members appointed by the City Council and it provides services entirely to the City. The City has the ability to impose its will.

Municipal Golf Association – San Antonio DBA Alamo City Golf Trail
2315 Avenue B
San Antonio, TX 78215
Contact: Joe Nunez
Telephone No. (210) 908-5921

Municipal Golf Association – San Antonio DBA Alamo City Golf Trail (MGA-SA) was established in fiscal year 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, operating and promoting the City's municipal golf facilities. MGA-SA is governed by a 15 member board of directors, which is comprised of seven members selected by MGA-SA according to the approved process contained in its by-laws; two ex-officio member positions from City staff who are appointed by the City Manager; and six members appointed by the City Council. MGA-SA provides services entirely to the City and met the fiscal dependency and financial benefit/burden criteria.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Early Childhood Education Municipal Development Corporation DBA Pre-K 4 SA
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Dr. Sarah Baray
Telephone No. (210) 206-2740

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

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

San Antonio Industrial Development Authority 100 W. Houston St., 19th Floor San Antonio, TX 78205 Contact: Rene Dominguez Telephone No. (210) 207-8080	The San Antonio Industrial Development Authority (IDA) was established by Resolution No. 79-48-100, dated October 11, 1979, in accordance with state laws for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of the City as, a corporation under the Development Corporation Act of 1979. The IDA is authorized to issue tax-exempt industrial revenue bonds, for which the City is not obligated in any manner, to finance qualified projects, which may further the promotion and development of commercial, industrial, and manufacturing enterprises to advance and encourage employment and public welfare. The IDA is governed by a board of directors, which is comprised of the City Council. IDA met the financial benefit/burden and operational responsibility criteria; and the City has the ability to impose its will.
San Antonio Texas Municipal Facilities Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret U. Villegas Telephone No. (210) 207-5734	The San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state laws for the purposes of, and to act on behalf of the City in, acquiring, constructing, equipping, financing, operating, and maintaining land and other municipal facilities for the City. The TMFC is governed by a board of directors, which is comprised of the City Council. The City can impose its will, and TMFC also meets the operational responsibility criteria.
Starbright Industrial Development Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret U. Villegas Telephone No. (210) 207-5734	The Starbright Industrial Development Corporation (SIDC) was established in fiscal year 2003 in accordance with state laws for the purposes of, and to act on behalf of the City in, the promotion and development of commercial, industrial, and manufacturing enterprises, to advance and encourage employment and public welfare, including but not limited to the acquisition of land. The SIDC is governed by a board of directors, which is comprised of the City Council. SIDC’s governing board is substantially the same as the City’s governing board, SIDC met the financial benefit/burden and the operational responsibility criteria. The City has the ability to impose its will.
Texas Public Facilities Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret U. Villegas Telephone No. (210) 207-5734	Texas Public Facilities Corporation (TPFC) was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City, in effectuating the buyout of the City’s existing Hotel Revenue Bonds and funding for the expansion of the City’s Convention Center through issuance of 2012 Lease Revenue Bonds. The TPFC is governed by a board of directors, which is comprised of the City Council. TPFC’s governing board is substantially the same as the City’s governing board, and TPFC meets the operational responsibility criteria. The City has the ability to impose its will.

Year-Ended September 30, 2018 - 30 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

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

Visit San Antonio (VSA)
203 S. St. Mary's Street, Ste. 200
San Antonio, TX 78205
Contact: Casandra Matej
Telephone No. (210) 207-6700

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

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

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

The blended component unit with a different fiscal year-end from the City is Pre-K 4 SA with a fiscal year-end of June 30th.

Note 1 Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units

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

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

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

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

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

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

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

The Pension Fund and Health Fund's fiscal year-end is December 31st; financial information disclosed in the City's CAFR for both entities is as of December 31, 2017.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

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

Brooks
3201 Sidney Brooks
San Antonio, TX 78235-5355
Contact: Eric Greer
Telephone No. (210) 678-3319

Brooks is a special district and political subdivision of the State of Texas. It was established on September 27, 2001 as a defense base development authority in accordance with state laws for the purposes of, and to act on behalf of the City in, improving mission effectiveness, reducing the cost of providing quality installation support through improved capital asset management, and promoting economic development for Brooks Air Force Base and in the surrounding community. An 11 member board of directors appointed by the City Council governs Brooks for two-year terms and oversees the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City's ability to impose its will on Brooks is through City Council having the power to remove board members.

CPS Energy
P.O. Box 1771
San Antonio, TX 78296-1771
Contact: Gary W. Gold
Telephone No. (210) 353-2523

CPS Energy, a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS Energy is governed by a board of trustees, which is comprised of four members appointed by City Council and has the City's Mayor as an ex-officio member. The City has the ability to impose its will on CPS Energy through the setting of user rates for services and charges and the issuance of bonds approved by the City Council.

Port Authority of San Antonio DBA Port San Antonio
907 Billy Mitchell Blvd,
San Antonio, TX 78226
Contact: Patrick Cruzen
Telephone No. (210) 314-9603

The Port Authority of San Antonio DBA Port San Antonio (the Port) is a special district and political subdivision of the State of Texas that was originally established in 1996 as a local development authority under the Development Corp Act of 1979 for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly). The Port was to conduct comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly, and submit and implement the plan to the appropriate agency or agencies of the federal government. The Port is authorized to issue bonds, for which the City is not obligated in any manner, to finance projects as permitted by state laws. The Port is governed by an 11 member board of directors, appointed at will by City Council.

SA Energy Acquisition Public Facility Corporation
P.O. Box 1771
San Antonio, TX 78296-1771
Contact: Gary W. Gold
Telephone No. (210) 353-2523

SA Energy Acquisition Public Facility Corporation (SAEAPFC) was established in 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City. SAEAPFC is governed by a seven-member board of directors appointed by City Council for two-year terms. Board members are subject to removal by City Council for cause or at will. The issuance of bonds is approved by City Council.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Bexar County Soccer Public Facility Corporation (SABC PFC)
100 Military Plaza
San Antonio, TX 78205
Contact: Carlos Contreras
Telephone No. (210) 207-8821

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

San Antonio Housing Trust Finance Corporation
2515 Blanco Rd
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

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

San Antonio Housing Trust Foundation, Inc.
2515 Blanco Rd.
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

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

San Antonio Housing Trust Public Facility Corporation
2515 Blanco Rd.
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

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

San Antonio Housing Trust Reinvestment Corporation
2515 Blanco Rd
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. As HTRC had no activity through September 30th, an audit is not deemed necessary in fiscal year 2018.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Tricentennial Celebration Commission
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Carlos Contreras
Telephone No. (210) 207-7080

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

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

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

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

SAWS' fiscal year-end is December 31, 2017; while CPS Energy's and SA Energy Acquisition Public Facility Corporation's fiscal year-end is January 31, 2018.

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

Related Organizations

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

Note 1 Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - GASB Statement No. 34

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

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

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

Fund Accounting

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds

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

The Private Purpose Trust Fund includes reporting on funds restricted for the City's literacy programs. The Fire and Police Pension Fund, Fire and Police Retiree Health Care Fund, Retiree Health Benefits Insurance Fund and the Private Purpose Trust Fund are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Measurement Focus and Basis of Accounting

Primary Government (City)

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

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

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

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

CPS Energy

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

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

CPS Energy’s electric fuel cost adjustment clause also permits recovery of regulatory assessments. CPS Energy recovers assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges and from the Texas Independent System Operator, also known as the Electric Reliability Council of Texas (ERCOT), for its operating costs and other charges applicable to CPS Energy as a wholesale provider of power to other utilities. Regulatory assessments for fiscal year 2018 were $84,083.

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

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

CPS Energy accounts for decommissioning by recognizing a liability and an expense for a prorated share of projected decommissioning costs as determined by the most recent finalized cost study. A new cost study is performed every five years, and in years subsequent to the latest study, estimated annual decommissioning expense and an increase in the liability is calculated by applying the effects of inflation and the ratio of years of plant usage to total plant life.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

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

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

Periodically, federal grants are made available to CPS Energy as a subrecipient for a portion of grant funds allocated to the State of Texas. Grant receipts are recorded as non-operating income and generally reimburse CPS Energy for costs, recorded as operating expenses, incurred in the administration of the program. This accounting treatment results in no impact to CPS Energy's net position. Revenues associated with the grant-related programs are exempt from payments of a percentage of gross revenues made to the City. Grant funding received by CPS Energy is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenses disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

San Antonio Water System (SAWS)

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

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

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Inflows and Outflows of Resources

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

Primary Government (City)

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

	Primary Government		
Deferred Outflows of Resources:	**Governmental Activities**	**Business-Type Activities**	**Total**
Deferred Outflows of Resources related to Pensions	$ 180,630	$ 8,952	$ 189,582
Deferred Outflows of Resources related to OPEB	21,631	170	21,801
Loss on bond refunding	20,072	2,842	22,914
Total Deferred Outflows of Resources	$ 222,333	$ 11,964	$ 234,297
Deferred Inflows of Resources:			
Deferred Inflows of Resources related to Pensions	$ 221,960	$ 9,576	$ 231,536
Deferred Inflows of Resources related to OPEB	50,304	5,696	56,000
Total Deferred Inflows of Resources	$ 272,264	$ 15,272	$ 287,536

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

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

Deferred Inflows of Resources:	**Governmental Funds**
Revenues associated with property taxes, grant revenues, sale of Red Berry Mansion, EMS collections, fines and collections	$ 56,143
CCHFC - unavailable receipts for a loan from the Grand Hyatt Hotel	175,406
Total Deferred Inflows of Resources in the Balance Sheet - Governmental Funds Statement	$ 231,549

Year-Ended September 30, 2018 - 43 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Inflows and Outflows of Resources (Continued)

CPS Energy

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

Deferred Outflows of Resources:		**CPS Energy**
Unrealized pension contributions	$	46,200
Losses relating to pension		43,137
Unrealized contributions to the OPEB Plan		1,300
Losses related to OPEB		4,630
Unrealized losses on fuel hedges		6,866
Unamortized debt reacquisition costs		80,720
Total Deferred Outflows of Resources	$	182,853
Deferred Inflows of Resources:		
Unrealized gains related to pension	$	50,512
Unrealized gains on fuel hedges		2,824
Sale of future revenues		3,260
Total Deferred Inflows of Resources	$	56,596

San Antonio Water System (SAWS)

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

Deferred Outflows of Resources:		**SAWS**
Deferred charges on bond refunding	$	48,055
Decrease of fair value of hedging derivatives		11,857
Unrealized pension contributions		12,149
Losses relating to pension		21,279
Total Deferred Outflows of Resources	$	93,340
Deferred Inflows of Resources:		
Differences between expected and actual experience and changes of assumptions related to pension	$	2,328
Total Deferred Inflows of Resources	$	2,328

Year-Ended September 30, 2018 - 44 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations

In fiscal year 2018, the City implemented the following GASB Statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, addresses the need to improve the usefulness of information about OPEB included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, *as amended*, Statement No. 43, and Statement No. 50, *Pension Disclosures*. Additional Information regarding the City's OPEB can be found in Note 10 Postemployment Retirement Benefits.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, has as its primary objective to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, *as amended*, Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, *for OPEB*. SAWS, a City discretely presented component unit, will implement GASB 75 in fiscal year 2019. Additional Information regarding the City's OPEB can be found in Note 10 Postemployment Retirement Benefits.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. It can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The government must also recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests and recognize revenue when the resources become applicable to the reporting period. The implementation of this GASB Statement did not impact the City.

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations (Continued)

GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City is reporting covered payroll in its required supplementary information, deviations are not used in the actuarial study, and the City does not contribute payments to satisfy employee contribution requirements.

GASB Statement No. 85**,** *Omnibus 2017* addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). Specifically, this Statement addresses the following topics: blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation; reporting amounts previously reported as goodwill and “negative” goodwill; classifying real estate held by insurance entities; measuring certain money market investments and participating interest-earning investment contracts at amortized cost; timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus; recognizing on-behalf payments for pensions or OPEB in employer financial statements; presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB; classifying employer-paid member contributions for OPEB; simplifying certain aspects of the alternative measurement method for OPEB; and accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans. Additional Information regarding the City’s OPEB can be found in Note 10 Postemployment Retirement Benefits. For guidance related to blending component units, goodwill, fair value measurement and application, the implementation of this GASB Statement did not impact the City.

GASB Statement No. 86**,** *Certain Debt Extinguishment Issues,* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of this GASB Statement did not impact the City.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations

GASB Statement No. 83, *Certain Asset Retirement Obligations,* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City will assess and implement this Statement where necessary in fiscal year 2019.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City will assess and implement this Statement where necessary in fiscal year 2019.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

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

Cash and Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks located within the State of Texas. A pooled cash and investment strategy is utilized, which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a prorated basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. Fair market value of the City's investments is determined by quoted market prices and valuations using interest rate curves and credit spreads applied to the terms of the debt instrument, while also considering the counterparty rating. The City's policy with respect to money market investments, which have a remaining maturity of one year or less at the time of purchase, is to report those investments at amortized cost, which approximates fair value. Amortization of premium or accretion of discount is recorded over the term of the investments. As of September 30, 2018, the City's investment portfolio did not contain any derivative or alternative investment products, nor was it leveraged in any way. Derivatives or alternative investment products are found only where noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 4 Cash and Cash Equivalents, Securities Lending and Investments.

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

Materials and Supplies and Prepaid Items

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

Primary Government (City)

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. With the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*, donated capital assets, works of art, historical treasures, or capital assets received in a service concession agreement are valued at acquisition value. Capital assets recorded under capital leases are recorded at the present value of future minimum lease payments. Depreciation on all exhaustible capital assets of the City is charged as an expense with accumulated depreciation being reported in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The City has established capitalization thresholds for automotive equipment, computer software, computer equipment, machinery and equipment, buildings, improvements, infrastructure, and depreciable intangible (e.g. right of ways, easements, internally generated software). Some intangible assets may have an indefinite life. For those assets, depreciation is not calculated.

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

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

CPS Energy

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

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

Year-Ended September 30, 2018 - 50 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

Proceeds from customers to partially fund construction expenses are reported as capital grants and contributions in the Statement of Activities as increases in net position in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The amount reported for capital grants and contributions was $43,868 for the period ending January 31, 2018, including donated assets of $2,559. The remaining portion of this balance, $41,309 for fiscal year 2018 represents contributions received from customers as payments for utility extensions and services, as well as funding for the Light Emitting Diode streetlight project and the Dry Cask Storage Project.

Except for nuclear fuel, which is amortized over units of production, CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property according to asset type. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was 3.2% for fiscal year 2018.

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

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

In fiscal year 2018, CPS Energy engaged an independent third-party consulting firm to conduct a depreciation study, which is performed every five years. The new depreciation rates resulting from the study were retroactively applied to the beginning of fiscal year 2018. As a result of the study, based on the plant in service as of January 31, 2017, total annual depreciation decreased by approximately 3.0% based on the updated estimated useful lives.

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Year-Ended September 30, 2018 - 51 - Amounts are expressed in thousands

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Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2018 are as follows:

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

San Antonio Water System (SAWS)

SAWS' capital assets in service are capitalized when the unit cost is greater than or equal to $5. Utility plant additions are recorded at cost, which includes materials, labor, direct internal costs, and interest capitalized during construction. Capital assets include intangible assets, which consist of purchased water rights and land capital easements, costs associated with acquiring additional Certificates of Convenience and Necessity related to new service areas, and development costs for internally generated computer software. Assets acquired through leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as those from developers, are recorded at estimated acquisition value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized. Capital assets are depreciated on the straight-line method. This method is applied to all individual assets except mains and intangible assets. Groups of mains are depreciated on the straight-line method over an estimated average useful life of 50 years. Mains are included in the distribution and transmission system asset category. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs.

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

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

Year-Ended September 30, 2018 - 52 - Amounts are expressed in thousands

Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Leave

Primary Government (City)

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

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

CPS Energy

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

San Antonio Water System (SAWS)

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

Insurance

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

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

The City also provides employee health insurance, which includes funding a prorated share of retiree health benefit costs, workers' compensation, and unemployment benefits under its self-insurance programs. In fiscal year 2018, the City purchased medical claims stop loss insurance from HM Life Insurance Company. The stop loss insurance covers civilian and uniformed active employees, non-Medicare eligible retirees, and eligible dependents for claims paid exceeding $1,000.

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

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

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

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 9 Pension and Retirement Plans for more information.

Fund Balance

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

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or imposed by law through enabling legislation.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council or City Manager, Executive Leadership Team, and Department Directors. Under the City Charter, the City Manager, Executive Leadership Team, and Department Directors are authorized to assign individual amounts up to $50 and City Council is authorized to assign amounts over $50.
- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds other than the General Fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative unassigned fund balance.

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

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

Allocation of Indirect Expenses

The City recovers indirect costs in the General Fund through the application of departmental indirect cost rates. These rates are developed and documented in the City's departmental indirect cost rate plan. In this plan, each department is classified by function. Indirect costs are budgeted by department and are used as a basis for the City's actual indirect cost allocation. Base rates are then applied to actual indirect costs recovered, and indirect costs are reclassified to reduce general government expenditures. For fiscal year 2018, general government expenditures were reduced by $17,874, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $11,423 and $6,451, respectively.

Long-Term Obligations

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity

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

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

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

The City has four Internal Service Funds: Other Internal Services, Information Services, Self-Insurance Funds, and CMS. Building maintenance, a service component of the Other Internal Services Fund, charges user fees based on the space occupied by departments. Information Services also charges a monthly amount based on the usage by each department. Through the tracking of these charges to the applicable departments, the net income or loss will be allocated back to the user department, based on actual charges incurred.

The Self-Insurance Funds and Purchasing, a component of the Other Internal Service Funds, generate their revenues through fixed assessments charged to the various funds each year. The Employee Benefits Fund additionally charges prorated user fees to employees and retirees. The net income or loss generated by the Self-Insurance Funds and Purchasing are allocated back based on the same allocation by which the revenues are received over time.

The CMS Fund generates revenues by charging a capital administrative fee for activity worked projects. The fund additionally generates revenue through reimbursements of costs incurred. The net income or loss generated is allocated back to the user funds based on actual charges incurred.

Use of Estimates

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Application of Restricted and Unrestricted Net Position

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

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Note 2 Property Taxes

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

The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to $2.50 per $100 of taxable valuation (amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2018, was $0.55827 per $100 taxable valuation, which means that the City has a tax margin of $1.94173 per $100 taxable valuation (tax rate amounts are not reflected in thousands). This could raise an additional $2,051,832 per year based on the net taxable valuation of $105,670,285 before the limit is reached. In fiscal year 2018, the City has forgone property tax revenues as a result of abatement agreements it has entered into. For more information see Note 3 Tax Abatements.

The City has adopted a Tax Increment Financing (TIF) Program Policy and Implementation Manual for the utilization of tax increment as a financing mechanism and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2018, there were 19 existing TIRZ with a total taxable captured value of $3,782,267 for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. For fiscal year 2018, this total taxable captured value produced $18,682 in tax increment revenues. The existing TIRZ have initial terms ranging from 19 years to 38 years which are anticipated to expire between fiscal year 2019 and fiscal year 2045. It is estimated that the City will contribute approximately $457,602 in tax increment revenues in aggregate over the life of these TIRZ projects.

TIRZ	Start Date	End Date	Taxable Captured Value
Rosedale	12/17/1998	9/30/2019	$ 7,189
Mission Del Lago	8/19/1999	9/30/2027	175,345
Houston Street	12/9/1999	9/30/2034	536,260
Stablewood Farm	12/14/2000	9/30/2025	49,633
Inner City	12/14/2000	9/30/2025	1,043,083
Plaza Fortuna	12/13/2001	9/30/2025	5,508
Lackland Hills	12/13/2001	9/30/2026	17,996
Northeast Crossing	6/13/2002	9/30/2028	137,240
Brooks City Base	12/9/2004	9/30/2029	473,620
Mission Creek	12/9/2004	9/30/2029	50,824
Hallie Heights	12/9/2004	9/30/2024	18,504
Heather Cove	12/16/2004	9/30/2024	19,337
Hunters Pond	6/1/2006	9/30/2031	33,020
Verano[1]	12/6/2007	9/30/2045	
Westside	12/11/2008	9/30/2032	270,305
Midtown	12/11/2008	9/30/2031	758,628
Mission Drive In	12/11/2008	9/30/2027	77,570
North East Corridor	12/4/2014	9/30/2034	108,205
Hemisfair[2]	2/2/2017	9/30/2037	
			$ 3,782,267

[1] Verano TIRZ was active during fiscal year 2018 but had a total taxable captured value of zero.

[2] Hemisfair TIRZ base year was 2017, the increase in taxable value will begin to be captured in fiscal year 2019.

Note 3 Tax Abatements

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

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

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

City Tax Abatement Program

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

Note 3 Tax Abatements (Continued)

Economic Development Incentive Fund (EDIF) Program

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

Tax Increment Financing Program – Center City Housing Incentive Policy

- ***Purpose of program*** – Provides financial incentives for multi-family housing projects and focuses on housing redevelopment within the Greater Downtown Area.
- ***Taxes being abated*** – This program offers a tax reimbursement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to 15 years.
- ***Authority for entering program*** – Chapter 311 of the Texas Tax Code, Chapter 380 of the Local Government Code.
- ***Eligibility criteria for recipients*** – All projects must create housing at a density of at least 8 units per acre for adaptive reuse or historic rehabilitation projects, or 16 housing units per acre for all other projects. Rental projects must maintain first year rental rate for 10.0% of units throughout agreement term. All projects must receive design approval prior to commencement.
- ***Mechanism used to abate taxes*** – Eligible projects will receive a tax reimbursement disbursed annually over the life of the agreement.
- ***How the dollar amount of the abatement was determined*** – The amount of the tax abatement offered is dependent on the location of the property and increase of the property value over the term of the agreement from the base year's value.

Note 3 Tax Abatements (Continued)

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

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

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

- ***Purpose of program*** – This program is to promote local economic development and to stimulate business and commercial activity.
- ***Taxes being abated*** – This program offers a tax reimbursement of up to 100.0% on real and/or personal property taxes on improvement values for a maximum term of up to 15 years.
- ***Authority for entering program*** – Chapter 311, 312 of the Texas Tax Code, Chapter 380 of the Local Government Code.
- ***Eligibility criteria for recipients*** – All projects must create housing at a density of at least 8 units per acre for adaptive reuse or historic rehabilitation projects, or 16 housing units per acre for all other projects. Rental projects must maintain first year rental rate for 10.0% of units throughout agreement term. All projects must receive design approval prior to commencement.
- ***Mechanism used to abate taxes*** – Eligible projects will receive a tax reimbursement disbursed annually over the life of the agreement.
- ***How the dollar amount of the abatement was determined*** – The amount of the tax abatement offered is dependent on the location of the property and increase of the property value over the term of the agreement from the base year's value.
- ***Recapture Provisions*** – Violations for employment of undocumented workers, failure to meet investment requirements, failure to meet and maintain the minimum number of employees, failure to pay property taxes if owed or for refunding agreements, failure to complete project in the agreed upon deadline, events of relocation or cessation of business activities within the term of the agreement, or failure to meet other specified terms of the agreement.
- ***Types of commitments made by recipients*** – Varies by agreement, including investment in real and personal property, creating a minimum number of full time jobs, and commitment to maintain business activities for a set amount of time.
- ***Other commitments to the recipient*** – Varies by agreement, may include SAWS fee waivers, (generally most significant up to $500), City fee waivers, low interest loans, low interest forgivable loans, and mixed-use forgivable loans.

Note 3 Tax Abatements (Continued)

Summary

A summary of these taxes forgone on the City's abatement programs for the year-ended September 30, 2018 follows:

Tax Abatement Program	Number of Agreements (Not in thousands)	Amount of Taxes Abated during the fiscal year
Tax Abatement Program	19	$ 4,665
Economic Development Program	6	1,039
Center City Housing Incentive Policy	22	1,346
Non-Center City Housing Incentive Policy	8	780
	55	$ 7,830

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Note 4 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

Totals from Statement of Net Position	City [1]	Fire and Police Pension Fund [2 4]	Fire and Police Retiree Health Care Fund [2 4]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 70,619	$ 56,287	$ 7,664	$ 205,418	$ 36,688
Security Lending Collateral		64,037			
Investments	539,084	3,144,676	368,994	163,486	349,074
Total Unrestricted	609,703	3,265,000	376,658	368,904	385,762
Restricted:					
Cash and Cash Equivalents	256,075			166,669	93,013
Investments	862,809			1,116,139	446,183
Total Restricted	1,118,884			1,282,808	539,196
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,728,587	$ 3,265,000	$ 376,658	$ 1,651,712	$ 924,958

[1] Private Purpose Trust and Agency Fund investments are included in the City's pooled cash and investments but are not available for City activities and are excluded from the primary government's Statement of Net Position. The Private Purpose Trust did not present any assets. The Agency assets are presented above as Restricted Cash and Cash Equivalents of $4,244 and Investments of $4,343.

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

[3] For the fiscal year-ended January 31, 2018.

[4] For the fiscal year-ended December 31, 2017.

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

Summary of Cash and Cash Equivalents	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
Deposits with Financial Institutions	$ 131,988	$ 320	$ 63	$ 16,440	$ 35,229
Investments with Original Maturities of Less than Ninety Days	138,615	55,967	7,601	355,594	94,443
Cash with Other Financial Agents	55,767				
Petty Cash Funds	98			53	
Cash on Hand	226				29
Total Cash and Cash Equivalents	$ 326,694	$ 56,287	$ 7,664	$ 372,087	$ 129,701

Year-Ended September 30, 2018 - 63 - Amounts are expressed in thousands

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

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

Summary of Investments

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
U.S. Treasuries, Government Agencies, Money Market Mutual Funds, and Governmental Investment Pool	$ 1,538,409	$ 123,948	$ 7,664	$ 1,269,436	$ 889,700
Repurchase Agreements	1,249				
Corporate Bonds		327,968		130,092	
Foreign Bonds		258,894		10,957	
Common Stock		823,048	10,443	169,137	
Mutual Funds			145,161		
Real Estate		238,993	39,943	54,855	
Preferred Stock	850			742	
Hedge Funds		395,861	5,441		
International Equities - Common Stock		579,823			
Alternative Investment		452,108	168,006		
Total Investments	1,540,508	3,200,643	376,658	1,635,219	889,700
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(138,615)	(55,967)	(7,664)	(355,594)	(94,443)
Total	$ 1,401,893	$ 3,144,676	$ 368,994	$ 1,279,625	$ 795,257

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

The City's investment portfolio is managed in accordance with the Texas Public Funds Investment Act, as amended, and its own Investment Policy. Authorized investments include demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, repurchase agreements, money market mutual funds and government investment pools. The City maintains in its investment portfolio U.S. Treasury securities and U.S. government agency securities with original maturities greater than 90 days. Each fund's pro rata share of these investments with original maturities greater than 90 days is combined with similar nonpooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities and U.S. government agency securities, and are reported as investments in the combined Statement of Net Position, as of September 30, 2018.

Year-Ended September 30, 2018 - 64 - Amounts are expressed in thousands

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

Primary Government (City)

With regard to money market investments that have a remaining maturity of one year or less at the time of purchase, the City's policy is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The decrease in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was $506 for the year-ended September 30, 2018.

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

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

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

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

Primary Government (City) (Continued)

City Investments					
	Carrying [1] Amount	Fair [1] Value	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 726,460	$ 726,362	47.1%	AA+/A-1+	.56 years
U.S. Treasuries	675,089	674,681	43.8%	N/A	.60 years
Money Market Mutual Funds	73,161	73,161	4.7%	AAAm	1 day
Government Investment Pool	64,205	64,205	4.2%	AAAm	1 day
Preferred Stock	850	850	0.1%	N/A	N/A
Repurchase Agreement	1,249	1,249	0.1%	N/A	1 day
Total City Investments	$ 1,541,014	$ 1,540,508	100.0%		

[1] The Carrying Amount and Fair Value include blended component units for SIDC, TMFC, CCHFC, and TPFC, which total $36,192.

[2] The allocation is based on fair value.

[3] Standard & Poor's Rating

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

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

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

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

Year-Ended September 30, 2018 - 66 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Credit Risk – The City's Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk. To limit the City's credit risk, investments in other debt securities will consist of securities rated 'A' or better by at least two nationally recognized rating agencies. As of September 30, 2018, the City's investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pools, consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank were rated 'AA+' (Long-term) and 'A-1+' (Short-term) by Standard & Poor's. The investments in the money market mutual fund and governmental investment pools were rated 'AAAm' by Standard & Poor's and the repurchase agreement were greater than 100.0% collateralized with U.S. government agency securities.

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2018, the U.S. government agency's 47.1% securities allocation was as follows: Federal National Mortgage Association 3.6%, Federal Home Loan Mortgage Corporation 7.0%, Federal Home Loan Bank 23.1%, Federal Agricultural Mortgage Corporation 8.0%, and Farm Federal Credit Bank 5.4%.

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

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

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

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

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

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

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

Primary Government (City) (Continued)

	9/30/2018	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Agency Securities	$ 726,362	$ -	$ 726,362	$ -
Treasuries	674,681		674,681	
Total Debt Securities	$ 1,401,043	$ -	$ 1,401,043	$ -
Private Equity				
Preferred Stock	$ 850	$ -	$ 850	$ -
Total Private Equity	$ 850	$ -	$ 850	$ -
Total Investments by Fair Value Level	$ 1,401,893	$ -	$ 1,401,893	$ -

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

Fire and Police Pension Fund

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

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

The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash, security lending, and investments is $3,265,000. A summary of the Pension Fund's cash, cash equivalents, security lending, and investments can be found at the beginning of Note 4.

Year-Ended September 30, 2018 - 68 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Policy – The Pension Fund's policy in regard to the allocation of invested assets is established and may be amended by the Pension Fund's Board of Trustees. The primary long-term objective will be to achieve a return of at least the actuarial return assumption. Preservation of capital and consistent capital appreciation are the key considerations in establishing acceptable levels of risk, however, since the Pension Fund enjoys a very long-term investment horizon, significant short-term fluctuations in value can be tolerated. Based on existing contribution rates and benefit payments, current income from investments should be addressed in the management of these assets. To pursue the foregoing objectives at an acceptable risk level, the following policy (i.e., long-term) allocation is considered appropriate as updated in July 2013 and compared to actual allocations at December 31, 2017.

Investment Type	Target Allocation	2017 Actual Allocation
Large Cap U.S. Equities	15.0%	16.1%
Small Cap U.S. Equities	3.0%	3.9%
Developed International Equities	15.0%	16.7%
Emerging International Equities	6.0%	7.1%
Hedge Funds	10.0%	9.3%
Private Equity	7.0%	4.6%
Sub Total Equity	56.0%	57.7%
Risk Parity	5.0%	3.1%
High Yield	5.0%	3.3%
Bank Loans	5.0%	6.4%
Global Fixed Income	0.0%	2.6%
Unconstrained Fixed Income	3.0%	2.7%
Emerging Market Debt	7.0%	5.0%
Private Debt	7.0%	5.0%
Real Estate	9.0%	7.5%
Real Assets	3.0%	4.9%
Cash	0.0%	1.8%
Sub Total Fixed Income	44.0%	42.3%
Total Investments	100.0%	100.0%

Rate of Return – The money weighted rate of return for the year-ended December 31, 2017 was 14.7%. The return is net of investment expenses and adjusted for the changing amounts actually invested.

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

Year-Ended September 30, 2018 - 69 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Pension Fund will not be able to recover the value of the investment or collateral in possession of the counterparty. The Pension Fund does not have an investment policy regarding custodial credit risk. The Pension Fund considers only demand deposits as cash. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to $250 at each financial institution. As of December 31, 2017, the Pension Fund had cash deposits held by investment managers in the amount of $852 that were uninsured and uncollateralized.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the Pension Fund's investment in a single issue. As of December 31, 2017, the Pension Fund did not have any single investment in any one organization which represented greater than 5.0% of plan net assets.

Credit Risk – Credit Risk is the risk that an issuer will not fulfill its obligations. Using Standard and Poor's rating system for fixed income securities as of December 31, 2017, 5.0% of the Pension Fund's bonds were rated 'AAA', 2.0% were rated 'AA', 6.0% were rated 'A', 13.0% were rated 'BBB', 22.0% were rated 'BB', 30.0% were rated 'B', 3.0% were rated 'CCC', and 16.0% were unrated or not rated. 3.0% of the securities were invested in U.S. Government and Agencies, which are not rated.

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

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

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities that are subject to interest rate risk as of December 31, 2017 are shown in the table below.

Investment Type	Fair Value	Weighted-Average Maturity (WAM) (Years)
Corporate Bonds	$ 51,733	6.1
Corporate Convertible Bonds	15,718	5.8
Government Agencies	2,977	1.3
Government Bonds	61,376	9.4
Municipal/Provincial bonds	3,193	7.9
Commercial Mortgage Backed	547	16.2
Non-government-backed C.M.O.s	1,623	32.9
Bank loans	205,121	5.2
Goldman Sachs Strategic Income[1]	84,846	5.9
Ashmore[2]	72,610	9.0
GoldenTree[3]	53,661	
Wellington emerging market debt[4]	101,439	
Total Interest Rate Sensitive Securities	$ 654,844	
Portfolio WAM (Weighted Average Maturity)		6.6

[1] Goldman Sachs Strategic Income, a commingled fund, invests opportunistically in any type of bond.

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

[3] GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio effective duration as 3.3 as of December 31, 2017.

[4] Wellington, a commingled fund, also invests in emerging market debt. Wellington also reports the effective duration of the portfolio in lieu of WAM. The effective duration for Wellington was 6.7 as of December 31, 2017.

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Year-Ended September 30, 2018 - 71 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension Fund's exposure to foreign currency risk in U.S. dollars as of December 31, 2017 is shown in the table below.

Country	Equities	Bonds	Cash	Total
Argentinian Peso	$ 1,036	$ 4,568	$ -	$ 5,604
Australian Dollar	24,074	5,797	105	29,976
Brazilian Real	24,101	11,740	1	35,842
British Pound	73,021	4,280	65	77,366
Canadian Dollar	18,192	(169)		18,023
Chilean Peso	3,215	423		3,638
Chinese Yuan	60,889	1,353		62,242
Colombian Peso	513	771		1,284
Czech Republic Krona		4,426		4,426
Danish Krone	5,053			5,053
Dominican Republic Peso		85		85
Egyptian Pound	171	3,230		3,401
European Union Euro	140,825	(7,713)	13	133,125
Hong Kong Dollar	19,627	(3,976)	88	15,739
Hungarian Forint	19	2,876		2,895
Indian Rupee	19,473	8,511		27,984
Indonesian Rupiah	5,846	10,977		16,823
Israeli New Shekel	2,552		9	2,561
Japanese Yen	116,217	(8,205)	333	108,345
Malaysian Ringgit	6,065	5,618		11,683
Mexican Peso	8,501	13,546		22,047
New Taiwan Dollar	29,477	(6,514)	67	23,030
New Zealand Dollar	936	3,299	22	4,257
Norwegian Krone	5,640	9,728	60	15,428
Pakistani Rupee	872			872
Peruvian Nuevo Sol	684	508		1,192
Philippine Peso	345	423		768
Polish Zloty	6,357	12,791		19,148
Qatar Riyal	342			342
Russian Ruble	10,650	7,808		18,458
Singapore Dollar	8,113	169	18	8,300
South African Rand	12,042	9,891		21,933
South Korean Won	59,504	677		60,181
Swedish Krona	9,618	12,435		22,053
Swiss Franc	23,932	(1,861)	69	22,140
Thai Baht	13,602	2,214	1	15,817
Turkish New Lira	12,554	605		13,159
UAE Dirham	758			758
Uruguay Peso		355		355
	$ 724,816	$ 110,666	$ 851	$ 836,333

Year-Ended September 30, 2018 - 72 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities Lending – State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodial bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodian bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities be maintained by the custodian bank. Collateral may be in the form of cash, U.S. government securities, and irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity to the interest reset date of 27 days at December 31, 2017.

As of December 31, 2017, the Pension Fund had lending arrangements outstanding with a total market value of $84,467 which were fully collateralized with cash and securities. Cash collateral of $64,037 is recorded in the accompanying Statement of Fiduciary Net Position. Net income for the year-ended December 31, 2017, under the securities lending arrangement was $372.

Cash Collateral Pool	
Repo Agreements	$ 18,411
Variable Rate Certificates of Deposit	14,857
Commercial Paper	9,420
Time Deposit	9,183
ABS Commercial Paper	6,256
Certificates of Deposit	4,572
Municipal Variable Rate Notes/Bonds	749
Sweep Vehicle	371
Treasury Notes/Bonds	218
Total	$ 64,037

Year-Ended September 30, 2018 - 73 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Derivatives and Structured Financial Instruments – The Pension Fund has only limited involvement with derivatives and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivatives and other structured financial instruments is to use derivatives to replicate exposures to equity or fixed income securities. The fair value of structured financial instruments held by the Pension Fund at December 31, 2017, was $2,171, in commercial mortgage obligations, and is included with investments in the Statement of Fiduciary Net Position. The Pension Fund also invests in hedge funds which may employ the use of derivatives to reduce volatility. The Pension Fund's total investment in hedge funds was $395,861 as of December 31, 2017.

As of December 31, 2017, the Pension Fund held foreign currency forward contracts as follows:

Currency	Unrealized Gain (Loss)	Market Value U.S. Dollars
Australian Dollar	$ -	$ (14)
British Pound	61	5,831
Canadian Dollar	75	2,707
Canadian Dollar	(70)	(2,707)
European Union Euro	1	103
European Union Euro	(132)	(4,062)
Indian Rupee	55	3,967
Japanese Yen	(30)	6,811
Japanese Yen		(20)
New Zealand Dollar	106	4,385
Norwegian Krone	(93)	6,791
Polish Zloty	55	1,825
South African Rand	(312)	(2,928)
Swedish Krona	56	7,296
Thai Baht		(20)
Turkey Lira	(90)	2,461
Total	$ (318)	$ 32,426

The market value of the currency forwards is included with the investments on the Statement of Fiduciary Net Position. The gain realized during the year-ended December 31, 2017 was $1,617. This gain is included with net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position.

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

Year-Ended September 30, 2018 - 74 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

		Fair Value Measurement Using		
	12/31/2017	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Bonds	$ 61,375	$ -	$ 61,375	$ -
Government Agencies	3,413		3,413	
Municipal/Provincial Bonds	3,193		3,193	
Corporate Bonds	67,451		67,451	
Bank Loans	205,121		205,121	
Commercial Mortgage Obligations	1,735		1,735	
Total Debt Securities	$ 342,288	$ -	$ 342,288	$ -
Equity Securities				
Domestic	$ 307,296	$ 307,296	$ -	$ -
International	183,014	182,008		1,006
Total Equity Securities	$ 490,310	$ 489,304	$ -	$ 1,006
Private Equity				
Venture	$ 26,433	$ -	$ -	$ 26,433
Buyout	58,654			58,654
Fund-of-funds - Diversified	55,392			55,392
Real Assets	143,096			143,096
Total Private Equity	$ 283,575	$ -	$ -	$ 283,575
Private Debt				
Fund-of-funds - Distressed	$ 7,260	$ -	$ -	$ 7,260
Mezzanine	33,768			33,768
Distressed	58,800			58,800
Senior Debt	68,705			68,705
Total Private Debt	$ 168,533	$ -	$ -	$ 168,533
Total Investments by Fair Value Level	$ 1,284,706	$ 489,304	$ 342,288	$ 453,114
Investments Measured at the Net Asset Value (NAV)				
Relative Value Hedge Funds	$ 52,530			
Event Driven Hedge Funds	69,682			
Macro/Directional Hedge Funds	32,304			
Re-Insurance Hedge Funds	9,713			
Long/Short	99,498			
Commodity Trading Advisor	23,921			
Hedge Fund of Funds	8,078			
Risk Parity	100,135			
Commingled Funds:				
Domestic Debt	53,661			
Global Debt	258,894			
Domestic Equity	332,738			
Global Equity	579,823			
Real Estate	238,993			
Total Investments Measured at the NAV	1,859,970			
Total Investments Measured at Fair Value	$ 3,144,676			

Year-Ended September 30, 2018 - 75 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

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

Private Equity – The Pension Fund is invested in 34 private equity funds that are diversified across four main types of strategies. There are five venture capital funds, eight buyout funds, 12 real assets funds, and 9 diversified fund of funds. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair market value of the underlying investments. The methods used to determine fair value include discounted cash flow, small public company comparison and appraisal. The partnerships have a ten year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from $10,000 to $20,000. It is expected that the investee funds will call between 70.0% and 80.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive returned capital either from sales of or operations from the underlying investments. As of December 31, 2017, it is estimated that the unfunded commitments were approximately $168,000 of which $126,000 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so, so these investments are considered illiquid.

Private Debt – The Pension Fund is invested in 19 private debt funds, which include four funds of funds focused on distressed debt opportunities, four funds focused on mezzanine lending to companies that have operations that have good growth potential, but limited access to bank loans or public debt or equity markets, eight funds focused on loans that are senior in the borrowers' capital structure, and three funds that concentrate on distressed debt where debt is purchased at a cost that is less than the value of the collateral. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair market value of the underlying investments. The methods used to determine fair value include discounted cash flows plus the value of any equity that investee funds receive as part of the lending arrangements. The partnerships have a ten year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from $10,000 to $20,000. It is expected that the investee funds will call between 70.0% and 80.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive repayment from the debt service of the underlying investments and in some cases extra capital from the sale of the equity received when underlying companies are sold or refinanced through public offerings.

As of December 31, 2017, it is estimated that unfunded commitments were approximately $70,800 of which $44,500 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so. As a result, these investments are considered illiquid.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

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

Hedge Funds – The Pension Fund's investments in hedge funds include relative value, event driven, macro/directional and diversified hedge fund-of-funds. These hedge funds all require notice between 30-90 days of the intent to redeem cash from them. They will only redeem cash at the end of calendar quarters. The Pension Fund is invested in three relative value hedge funds. Relative value investing seeks to exploit relationships that are out of normal equilibrium. These investee funds are not concerned with the price of an asset such as a stock or bond by itself, but how that asset's price relates to other assets that historically display some correlation to the asset. The Pension Fund is invested in eight hedge funds that invest using a macro/directional strategy. These strategies base their investments, such as long and short positions in various equity, fixed income, currency, commodities and futures markets, primarily on the overall economic and political views of various countries, or their macroeconomic principles. The Pension Fund is invested in four event driven hedge funds. Event driven hedge funds invest based on the expectation of a particular event such as a merger or acquisition and how that event is expected to affect the price of the underlying investment. One of the hedge funds that the Pension Fund invests in actually invests alongside a reinsurance company. The Pension Fund has an investment in a hedge fund-of-funds, which invests in a diversified group of underlying hedge funds. In this category there are seven hedge fund remnants that are subject to a gate. Six of these gates have been in place since 2008 when the Pension Fund gave notice of redemption. One was redeemed in 2016. Most of the investments have been returned, $2,970 is expected to be received in 2018, but there is no certainty when the remaining investment of $5,107 will be returned. The gates were put in place to prevent having to sell the assets under duress.

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

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

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Real Estate Fund – Real estate investments are diversified by type of real estate such as residential, commercial office, industrial and retail. They are also diversified by stage of development such as opportunistic, value added and core properties. Finally they are diversified geographically. Three of the investee managers representing $128,584 were open-ended funds that allow redemptions. Thirty-three of the investee managers were limited partnerships with durations of 10 to 15 years. These limited partnerships do not allow redemptions. They do distribute cash after the investment period, usually two to four years, from operations or sales of underlying properties. These investments are similar to the private equity partnerships and private debt partnerships in that funds are committed at the beginning of the investment and called by the partnerships as purchase opportunities present themselves. Commitments in this category are more likely to be called up. It is likely that 80.0% to 90.0% of the committed capital will ultimately be called. Unfunded commitments in this category were approximately $106,000, of which approximately $83,000 is expected to be called. Fair value for this asset class is determined by appraisals of the underlying properties. The Pension Fund's asset allocation requires that when capital is returned it is reinvested in new partnerships so that the percentage allotted to the asset class can be maintained. Like private equity and private debt limited partnerships, it is possible to sell partnership interests to other investors or secondary partnerships at a substantial cost to the Pension Fund. The Pension Fund has no intention of redeeming these investments prior to maturity. Consequently, these investments are considered illiquid.

Fire and Police Retiree Health Care Fund

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

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

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

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

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

The fair value of the Health Fund's cash and investments at December 31, 2017 is $376,658. A summary of the Health Fund's cash, cash equivalents, and investments can be found at the beginning of Note 4.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to two years at time of purchase. At December 31, 2017, the money market fund weighted average to maturity is 31 days. The Health Fund places no limit on maturities of Mutual Funds – Fixed Income.

Credit Risk – In accordance with the Health Fund's Investment Policy, investments in money market mutual fund must be rated at least 'A-2' by Standard and Poor's (S&P). At December 31, 2017, the money market mutual fund was rated 'AAAm' by S&P. The Health Fund's investments in Mutual Funds – Fixed Income are not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk (Investments) – The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to an investment transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2017, the Health Fund's common stock investments are held at Frost Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, in the event of failure of the bank, the investments held in trust would not be affected.

Concentration of Credit Risk – Concentration risk is the exposure to loss that can result from failing to diversify investments. Accordingly, a government should disclose investments that represent 5.0% or more of its total investments that are invested in a single issuer. Concentration risk does not arise in connection with U.S. government obligations and obligations explicitly guaranteed by the U.S. government; mutual funds; and, similar pooled investments which are designed, in part, to provide diversification. At December 31, 2017, the Health Fund's investments in Catalyst Fund Limited Partnership III, respectively, amount to $20,926 and represent 5.7% of the Health Fund's total investments.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2017, one of the Health Fund's investments (an amount of $5,043 or 1.4% of total investments) is exposed to foreign currency risk. The primary currency for this risk is the Euro.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

The Health Fund uses the net asset value (NAV) per share as the fair value measurement for its alternative investments since they cannot be traded and; therefore, market-based information regarding their value does not exist. As such, these alternative investments are not categorized according to the fair value hierarchy. At December 31, 2017, the Health Fund's fair value measurements for its investments were as follows:

		Fair Value Measurement Using		
	12/31/2017	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Equity Securities				
U.S. Equity - Common Stock	$ 10,443	$ 10,443	$ -	$ -
Mutual Fund - Fixed Income	88,671	88,671		
Mutual Fund - International Equity	36,469	36,469		
Mutual Fund - Common Stock	20,021	20,021		
Total Investments by Fair Value Level	$ 155,604	$ 155,604	$ -	$ -
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	$ 39,943			
Natural Resource Funds	30,953			
Hedge Funds - Open-Ended Funds	5,441			
Private Equity Funds	117,641			
Global & Domestic Equity Funds	19,412			
Total Investments Measured at the NAV	$ 213,390			
Total Investments	$ 368,994			

Investments Measured at the NAV	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Real Estate Funds	$ 39,943	$ 15,685	Annually	120 Days
Natural Resource Funds	30,953	312		
Hedge Funds - Open-Ended Funds	5,441		Annually	90-120 Days
Private Equity Funds	117,641	33,702		
Global & Domestic Equity Funds	19,412		Monthly	15-30 Days
	$ 213,390	$ 49,699		

Year-Ended September 30, 2018 - 80 - Amounts are expressed in thousands

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Real Estate Funds – The Health Fund is invested in ten real estate funds, which are generally diversified through fund-to-fund strategies. Portfolios include investments in assets and distressed debt for residential and commercial real estate (domestic and international). Fair values have been determined using NAV per share of investments. Real estate investment funds represent 11.0% of the Health Fund's portfolio. One investment fund (representing $8,779 or 22.0% of real estate funds) is redeemable on an annual basis with a 120 day formal notice. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated for the other nine funds. Management estimates that two funds (representing $637 or 1.6% of real estate funds) will be liquidated within three years; two funds (representing $6,257 or 15.7% of real estate funds) will liquidate within five years; and, five funds (representing $24,269 or 60.8% of real estate funds) will liquidate within nine years. The Health Fund made two new investments in real estate funds. The new investments and associated appreciation represent approximately 2.0% of the Health Fund's portfolio.

Natural Resources Funds – The Health Fund is invested in six natural resources funds. These funds are limited partnerships that use harvesting and fund-to-fund strategies. Portfolios for these funds include investments in domestic and international commodities; such as, oil, gas, iron, copper, minerals, metals, and energy sources. Fair values have been determined using NAV per share of investments. These natural resources investment funds represent 8.0% of the Health Fund's portfolio, and are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that one fund (representing $6,780 or 22.0% of the natural resources funds) will liquidate within three years; two funds (representing $10,018 or 32.0% of natural resources funds) will liquidate within five years; and, three funds (representing $14,136 or 46.0% of natural resources funds) will liquidate within nine years.

Hedge Funds - Open-Ended Funds – The Health Fund is invested in two hedge funds. Portfolios for these funds include investments in common stock, preferred stock, United States government obligations, convertible securities, debt instruments, real estate assets, options, futures, swaps, and collateralized debt/securities. Fair values have been determined using NAV per share of investments. These hedge funds represent 1.0% of the Health Fund's portfolio. One of the two hedge funds (representing $3,929 or 72.0% of hedge funds) is eligible for redemption on an annual basis with a 90-120 day formal notice. The second hedge fund is not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates the second hedge fund investment ($1,512 or 28.0% of hedge funds) will liquidate within three years.

Private Equity Funds – The Health Fund is invested in 16 private equity investment funds. Strategies for these funds include two buyout funds, seven diverse fund-to-fund funds, two private debt funds, two secondary funds, two venture capital funds, and one special situations fund. Portfolios for these funds include assets in multiple domestic and international industries. These private equity funds represent 31.0% of the Health Fund's portfolio, and are invested in publicly and privately held Canadian-related assets. Fair values have been determined using NAV per share of investments, and are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that two funds (representing $4,438 or 4.0% of private equity funds) will liquidate within three years; seven funds (representing $36,805 or 31.0% of private equity funds) will liquidate within five years; and, seven funds (representing $76,397 or 65.0% of private equity funds) will liquidate within nine years.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Global & Domestic Equity Funds – The Health Fund is invested in two commingled global and domestic equity funds which consist of investments in bonds, equity and debt instruments. Portfolios for these funds include investments in international emerging markets in various industries. Fair values have been determined using NAV per share of investments. These investment funds represent 5.0% of the Health Fund's portfolio, and are eligible for redemption on a monthly basis with a 15-30 day formal redemption notice.

Subscribed Capital Commitments – As of December 31, 2017, the Health Fund had non-binding commitments to invest capital in 28 investment companies under investment capital subscription agreements. These commitments are subject to periodic calls from the investment companies. The amount of this investment capital committed under the subscription agreements totaled to $49,699. As of December 31, 2017, $16,397 of this total had been called.

CPS Energy

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

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

CPS Energy's cash deposits at January 31, 2018 were either insured by federal depository insurance or collateralized by banks. For deposits that were collateralized, the collateral included letters of credit and securities. The securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York or other allowable banks in CPS Energy's name.

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

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

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

CPS Energy (Continued)

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

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

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

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

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

CPS Energy (Continued)

Permissible Investments

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

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

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

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

CPS Energy (Continued)

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

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

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

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

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

Investment Type	Carrying Value	Fair Value	Allocation	Weighted-Average Maturity (Years)
U.S. Treasuries	$ 27,472	$ 27,472	2.6%	2.5
U.S. Agencies:				
Federal Agriculture Mortgage Corp.	24,813	24,813	2.4%	1.4
Federal Farm Credit Bank	97,858	97,858	9.3%	3.5
Federal Home Loan Bank	98,372	98,372	9.3%	3.4
Federal Home Loan Mortgage Corp.	105,793	105,793	10.1%	4.1
Federal National Mortgage Assn.	118,673	118,673	11.3%	5.5
Small Business Administration	32,382	32,382	3.1%	6.3
Municipal Bonds	152,918	152,917	14.6%	2.2
Commercial Paper	59,768	59,768	5.7%	0.2
Investment Pools	267,797	267,797	25.5%	N/A
Money Market Mutual Funds	64,585	64,585	6.1%	N/A
Total Fixed-Income Investments	$ 1,050,431	$ 1,050,430	100.0%	2.3

Year-Ended September 30, 2018 - 85 - Amounts are expressed in thousands

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

CPS Energy (Continued)

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting long-term debt security investments to a credit rating of 'A-' or better. As of January 31, 2018, CPS Energy held no debt securities with a long-term credit rating below 'A-', or equivalent, or short-term credit rating below 'A-1/P-1/F-1.'

Credit Rating	Carrying Value	Fair Value	Allocation
U.S. Treasuries (AA+)	$ 27,472	$ 27,472	2.6%
AAA	353,211	353,211	33.6%
AA+	505,164	505,163	48.1%
AA	55,326	55,326	5.3%
AA-	20,038	20,038	1.9%
A+	2,618	2,618	0.3%
A	1,407	1,407	0.1%
A-			
Short-term:			
A-1 / P-1 / F-1	59,768	59,768	5.7%
Not rated[1]	25,427	25,427	2.4%
Total Fixed-Income Investments	$ 1,050,431	$ 1,050,430	100.0%

[1] Money market mutual funds and deposit accounts which still meet PFIA/CPS Energy Investment Policy requirements.

Decommissioning Trust Investments – As mentioned previously, the Decommissioning Trusts report their assets on a calendar-year basis; therefore, the tables in this section are as of December 31, 2017. These tables address interest rate risk exposure by investment type, credit risk, concentration of credit risk and foreign currency risk. All investments held by the Decommissioning Trusts are long-term in nature and are recorded at fair value.

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

To mitigate this interest rate risk, a limitation is placed on the weighted-average duration of the fixed-income portfolio. The overall portfolio duration is limited by the Investment Policy to a deviation of no more than +/- 1.5 years from the weighted-average duration of the Investment Committee's specified fixed-income index. The specified fixed-income index for the 28% Trust and the 12% Trust is Barclays Capital Aggregate, which was 5.9 for the period ending December 31, 2017.

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each federal agency to 30.0% and investments in any other single issuer of debt securities to 5.0% of the total fixed-income portfolio. Likewise, equity investments are limited to 5.0% of the total portfolio for any one issuer. At December 31, 2017, total other debt securities (corporate and foreign issuers) amounted to 39.4% of the fixed-income portfolio for the 28% Decommissioning Trust and 38.6% for the 12% Decommissioning Trust.

Year-Ended September 30, 2018 - 86 - Amounts are expressed in thousands

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

CPS Energy (Continued)

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

Investment Type	28% Interest Fair Value [1]	28% Interest Allocation	28% Interest Weighted-Average Duration (Years)	12% Interest Fair Value [1]	12% Interest Allocation	12% Interest Weighted-Average Duration (Years)
U.S. Treasuries	$ 47,860	18.0%	10.0	$ 15,563	16.6%	12.5
U.S. Agencies:						
Federal National Mortgage Assn.	32,435	12.2%	5.0	10,315	11.0%	4.8
Federal Home Loan Mortgage Corp.	44,956	16.9%	4.4	14,726	15.7%	3.4
Federal Farm Credit Bank	5,656	2.1%	1.0	4,388	4.7%	0.7
Small Business Administration	3,995	1.5%	5.5	1,587	1.7%	5.4
Governmental National Mortgage Assn.	2,699	1.0%	5.5	1,284	1.4%	5.5
Municipal Bonds - Texas	1,228	0.5%	8.3	502	0.5%	7.9
Municipal Bonds - Other States	6,599	2.5%	9.2	2,000	2.1%	9.6
Corporate Bonds	96,019	36.0%	6.1	34,073	36.4%	6.4
Foreign Bonds	8,905	3.3%	5.7	2,052	2.2%	4.8
Money Market Mutual Funds	16,040	6.0%	N/A	7,172	7.7%	N/A
Total Fixed-income Portfolio	$ 266,392	100.0%	6.3	$ 93,662	100.0%	6.5
Combined Decommissioning Trust Funds Total	$ 360,054					

[1] Market Value and carrying value are the same amount.

Credit Risk – In accordance with the Investment Policy, exposure to credit risk is managed by limiting all fixed-income investments to a credit rating of ‘BBB-‘, or equivalent, or better from at least two nationally recognized credit rating agencies. If a security’s rating falls below the minimum investment grade rating of ‘BBB-‘ after it has been purchased, the Investment Policy allows investment managers to continue to hold the security as long as the total fair value of securities rated below investment grade does not exceed 5.0% of the total fixed-income portfolio. As noted in the table on the following page, which lists fixed-income holdings by credit rating, securities with a credit rating below ‘BBB-‘ totaled 0.5% and below 0.1% of the fixed-income portfolio for the 28% Trust and the 12% Trust, respectively, at December 31, 2017.

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Year-Ended September 30, 2018 - 87 - Amounts are expressed in thousands

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

CPS Energy (Continued)

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

Credit Rating	28% Interest Fair Value [1]	28% Interest Allocation	12% Interest Fair Value [1]	12% Interest Allocation
U.S. Treasuries (AA+)	$ 47,860	18.0%	$ 15,563	16.6%
AAA	35,739	13.4%	16,727	17.9%
AA+	93,245	35.0%	34,106	36.4%
AA	3,735	1.4%	866	0.9%
AA-	5,725	2.1%	1,025	1.1%
A+	5,039	1.9%	2,120	2.3%
A	12,005	4.5%	4,632	5.0%
A-	12,664	4.8%	5,350	5.7%
BBB+	22,809	8.5%	6,822	7.3%
BBB	13,746	5.2%	3,679	3.9%
BBB-	11,700	4.4%	2,044	2.2%
BB+	871	0.3%		
BB	64	0.0%	27	0.0%
BB-	265	0.1%		
Not Rated [2]	925	0.4%	701	0.7%
Total Fixed-income Portfolio	$ 266,392	100.0%	$ 93,662	100.0%
Combined Decommissioning Trust Funds Total	$ 360,054			

[1] Market Value and carrying value are the same amount.

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

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are in U.S. dollars. This reduces the potential foreign currency risk exposure of the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $10,958 as of December 31, 2017. In accordance with the Investment Policy, investments in international equity securities are limited to international commingled funds, American Depository Receipts and exchange traded funds that are diversified across countries and industries. The international equity portfolio will be limited to 20.0% of the total portfolio. At December 31, 2017, total foreign equity securities amounted to 14.4% of the 28% Trust's total portfolio. At December 31, 2017, total foreign equity securities held by the 12% Trust amounted to 14.9% of the Trust's portfolio.

Year-Ended September 30, 2018 - 88 - Amounts are expressed in thousands

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

CPS Energy (Continued)

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

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

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

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

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

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

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

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

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

CPS Energy (Continued)

		Fair Value Measurement Using		
	1/31/2018	Level 1	Level 2	Level 3
Assets				
Fair Value Investments				
CPS Energy				
Debt Securities				
US Treasuries	$ 27,472	$ 27,472	$ -	$ -
US Agencies				
Federal Agricultural Mortgage Corp	24,813		24,813	
Federal Farm Credit Bank	97,858		97,858	
Federal Home Loan Bank	98,372		98,372	
Federal Home Loan Mortgage Corp	105,793		105,793	
Federal National Mortgage Assn	118,673		118,673	
Small Business Administration	32,382		32,382	
Municipal Bonds	151,728		151,728	
Total CPS Energy Fair Value of Investments	$ 657,091	$ 27,472	$ 629,619	$ -
Decomissioning Trust Investments				
28% Trust	**12/31/2017**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
US Treasuries	$ 47,860	$ 47,860	$ -	$ -
US Agencies				
Federal Farm Credit Bank	5,656		5,656	
Federal Home Loan Mortgage Corp	44,956		44,956	
Federal National Mortgage Assn	32,435		32,435	
Government National Mortgage Assn	2,699		2,699	
Small Business Administration	3,995		3,995	
Municipal Bonds - Texas	1,228		1,228	
Municipal Bonds - Other States	6,599		6,599	
Corporate Bonds	96,019		96,019	
Foreign Bonds	8,905		8,905	
Total 28% Trust Fair Value Fixed-Income Income Portfolio	$ 250,352	$ 47,860	$ 202,492	$ -
Equity Securities				
Common Stock	$ 120,803	$ 120,803	$ -	$ -
Real Estate Investment Trusts	40,416	40,416		
Preferred Stock	742		742	
Total 28% Trust Fair Value Investments	$ 412,313	$ 209,079	$ 203,234	$ -
12% Trust	**12/31/2017**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
US Treasuries	$ 15,563	$ 15,563	$ -	$ -
US Agencies				
Federal Farm Credit Bank	4,388		4,388	
Federal Home Loan Mortgage Corp	14,726		14,726	
Federal National Mortgage Assn	10,315		10,315	
Government National Mortgage Assn	1,284		1,284	
Small Business Administration	1,587		1,587	
Municipal Bonds - Texas	502		502	
Municipal Bonds - Other States	2,000		2,000	
Corporate Bonds	34,073		34,073	
Foreign Bonds	2,052		2,052	
Total 12% Trust Fair Value Fixed-Income Income Portfolio	$ 86,490	$ 15,563	$ 70,927	$ -
Equity Securities				
Common Stock	$ 48,334	$ 48,334	$ -	$ -
Real Estate Investment Trusts	14,439	14,439		
Total 12% Trust Fair Value Investments	$ 149,263	$ 78,336	$ 70,927	$ -
Total Trust Fair Value Investments	$ 561,576	$ 287,415	$ 274,161	$ -
Total Fair Value Investments	$ 1,218,667	$ 314,887	$ 903,780	$ -

Note: The difference of $60,958 between Total Fair Value Investments of $1,218,667 from investments of $1,279,625 on Summary of Investments table is due to the exclusion of investments accounted for using amortized cost.

Year-Ended September 30, 2018 - 90 - Amounts are expressed in thousands

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

San Antonio Water System (SAWS)

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

Custodial Credit Risk (Deposit) – As of December 31, 2017, SAWS' funds are deposited in demand and savings accounts at Frost Bank, SAWS' general depository bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2017, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. At December 31, 2017, the bank balance of SAWS' demand and savings accounts was $10,955 and the reported amount was $35,258 which included $29 of cash on hand. The primary reason for the difference between the bank balance and the reported balance relates to two investments totaling $23,021 that matured on December 31, 2017 but were not posted by the bank until January 2, 2018.

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

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investment maturities to no more than five years. At December 31, 2017, the longest remaining maturity for any investment was slightly over four years and 73.0% of the investment portfolio matures in less than one year.

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

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

San Antonio Water System (SAWS) (Continued)

Concentration of Credit Risk – SAWS' investment policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, the investment policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 30.0% of the total investment portfolio in any non-government issuer unless it is fully collateralized. As of December 31, 2017, the percentage of SAWS' investment portfolio for government-sponsored issuers was as follows: 32.0% in Federal Home Loan Bank, 15.0% in Federal National Mortgage Association, 11.0% in Federal Home Loan Mortgage Corporation, and 11.0% in Federal Farm Credit Bank.

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

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

		Fair Value Measurement Using		
	12/31/2017	Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury Securities	$ 178,523	$ -	$ 178,523	$ -
U.S. Agency Notes	616,574		616,574	
Total Investments measured at fair value	$ 795,097	$ -	$ 795,097	$ -
Investments measured at net asset value (NAV)				
Money Market Mutual Funds	29,162			
Texpool Prime Local Government Pool	65,280			
Total Investments at fair value and NAV	$ 889,539			

Restricted Cash and Investments – Cash and investments are restricted for a variety of purposes based on the requirement set forth in City Ordinance 75686, state law or SAWS policy. The following table summarizes both current and noncurrent restricted cash and investments by purpose at December 31, 2017.

	12/31/2017
Restricted for:	
Operations	$ 54,143
Debt Service	75,343
Debt Service Reserve	88,944
Construction - accrued liabilities	41,902
Construction - capital recovery fees	188,227
Construction - bond proceeds	90,637
Total Restricted Cash & Investments	$ 539,196

Year-Ended September 30, 2018 - 92 - Amounts are expressed in thousands

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

San Antonio Water System (SAWS) (Continued)

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

The following table summarizes the cash and investments restricted for Debt Service Reserve at December 31, 2017 based on the allocation of the funds between junior lien and senior lien bond requirements.

		December 31, 2017
Deposits with Financial Institutions	$	12,984
Restricted for Junior Lien Bonds		13,185
Restricted for Senior Lien Bonds		62,775
Total Cash & Investments - Debt Service Reserve	$	88,944

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

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Year-Ended September 30, 2018 - 93 - Amounts are expressed in thousands

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

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Fiduciary Funds

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

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

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

The following table summarizes fiduciary fund investments by plan and in total at December 31, 2017.

Investment Type	SAWSRP	DSPRP	OPEB TRUST	Total All Plans	Allocation Based on Fair Value
Collective, Pooled & Mutual Funds					
Domestic Equity	$ 126,660	$ 3,420	$ 26,778	$ 156,858	56.9%
International Equity	2	135	8,686	8,823	3.2%
Domestic Debt	81,597	386	21,314	103,297	37.5%
Balanced / Asset Allocation	3,133			3,133	1.1%
Commodities		69		69	0.0%
Money Market Mutual Funds			1,733	1,733	0.6%
Standard Insurance Company:					
Guaranteed Long-term Fund		1,696		1,696	0.7%
Total Investments	$ 211,392	$ 5,706	$ 58,511	$ 275,609	100.0%

All investments are reported at net asset value at December 31, 2017. Money market funds are reported as Cash and Cash Equivalents in the Statements of Fiduciary Net Position.

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

Credit Risk – The individual investments held by the Collective, Pooled and Mutual funds at December 31, 2017 were not rated. The Standard Insurance Company Guaranteed Long-term Fund had a rating of A- by Standard & Poor's at December 31, 2017.

Year-Ended September 30, 2018 - 94 - Amounts are expressed in thousands

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

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Fiduciary Funds (Continued)

Concentration of Credit Risk – Concentration of credit risk for investments is the risk of loss attributable to the magnitude of an investment in a single issuer. As of December 31, 2017, more than 99.0% of fiduciary fund investments were in collective, pooled and mutual funds. The following funds exceeded 5.0% of fiduciary net position at December 31, 2017: Principal LDI Intermediate Duration Separate Account – Z, Principal LDI Long Term Duration Separate Account – Z, Principal Extended Duration Separate Account – Z, and Principal LargeCap S&P 500 Index Fund.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of fixed income securities will adversely affect the fair value of an investment. The effective duration of the debt funds was 15.3 years at December 31, 2017. The Standard Insurance Company Guaranteed Long-term Fund had an effective duration of 5.0 years at December 31, 2017.

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Note 5 Capital Assets

Primary Government (City)

The City identified and reduced $1,716 of impairment losses in fiscal year 2018 for governmental activities. Capital asset activity for governmental activities, to include internal service funds, for the year-ended September 30, 2018 is as follows:

Capital Assets - Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,465,578	$ 7,630	$ (46,205)	$ -	$ 1,427,003
Other Non-Depreciable Assets	2,166		(1,819)		347
Construction in Progress	660,428	262,537	(64,065)	(607,590)	251,310
Non-Depreciable Intangible Assets	160,181	16,564	(166)		176,579
Total Non-Depreciable Assets	$ 2,288,353	$ 286,731	$ (112,255)	$ (607,590)	$ 1,855,239
Depreciable Assets:					
Intangible Assets	3,899			409	4,308
Buildings	1,271,489	177	(18,028)	87,508	1,341,146
Improvements	918,400	6,571	(1,889)	100,539	1,023,621
Infrastructure	2,962,927			403,592	3,366,519
Machinery and Equipment	576,547	51,104	(26,082)	15,542	617,111
Total Depreciable Assets	$ 5,733,262	$ 57,852	$ (45,999)	$ 607,590	$ 6,352,705
Accumulated Depreciation:					
Intangible Assets	(3,899)	(75)			(3,974)
Buildings	(418,170)	(34,628)	14,138		(438,660)
Improvements	(319,637)	(44,789)	1,137		(363,289)
Infrastructure	(2,011,573)	(76,373)			(2,087,946)
Machinery and Equipment	(357,102)	(48,289)	21,604		(383,787)
Total Accumulated Depreciation	$ (3,110,381)	$ (204,154)	$ 36,879	$ -	$ (3,277,656)
Total Depreciable Assets, net	$ 2,622,881	$ (146,302)	$ (9,120)	$ 607,590	$ 3,075,049
Total Capital Assets, net	$ 4,911,234	$ 140,429	$ (121,375)	$ -	$ 4,930,288

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 16,743
Public Safety	11,493
Public Works	110,643
Health Services	366
Sanitation	22
Welfare	1,218
Culture and Recreation	22,039
Convention and Tourism	12,739
Urban Redevelopment and Housing	148
Economic Development and Opportunity	275
Education	1,012
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	27,456
Total Depreciation Expense for Governmental Activities	$ 204,154

The capital assets of internal service funds are included in governmental activities. In fiscal year 2018, internal service funds capital assets increased by $37,594, and decreased by $16,490, of which $760 was for impairments, resulting in an ending balance of $251,824. Depreciation expense of $27,456, less the $15,261 in previously depreciated assets disposed of during the current year, resulted in an ending accumulated depreciation balance of $130,775. Net book value is $121,049.

Year-Ended September 30, 2018 - 96 - Amounts are expressed in thousands

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Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

The City identified and reduced $21 of impairment losses in fiscal year 2018 for the nonmajor enterprise funds. No impairments were identified for the Aviation System and Solid Waste Management.

Capital asset activity for business-type activities for the year-ended September 30, 2018, is as follows:

Capital Assets - Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	$ 5,323	$ -	$ -	$ -	$ 5,323
Solid Waste Management	1,107				1,107
Nonmajor Enterprise Funds	9,366				9,366
Total Land	$ 15,796	$ -	$ -	$ -	$ 15,796
Construction in Progress:					
Airport System	206,264	44,641	(2,005)	(230,856)	18,044
Solid Waste Management	1,112	86		(1,135)	63
Nonmajor Enterprise Funds	2,177	9,219	(2,289)		9,107
Total Construction in Progress	$ 209,553	$ 53,946	$ (4,294)	$ (231,991)	$ 27,214
Total Non-Depreciable Assets	$ 225,349	$ 53,946	$ (4,294)	$ (231,991)	$ 43,010
Depreciable Assets:					
Intangible Assets:					
Airport System				352	352
Total Intangible Assets	$ -	$ -	$ -	$ 352	$ 352
Buildings:					
Airport System	352,977			170,549	523,526
Solid Waste Management	10,467			816	11,283
Nonmajor Enterprise Funds	26,187				26,187
Total Buildings	$ 389,631	$ -	$ -	$ 171,365	$ 560,996
Improvements:					
Airport System	512,516		(112)	58,317	570,721
Solid Waste Management	9,210			319	9,529
Nonmajor Enterprise Funds	14,276				14,276
Total Improvements	$ 536,002	$ -	$ (112)	$ 58,636	$ 594,526
Machinery and Equipment:					
Airport System	22,327	2,144	(182)	1,638	25,927
Solid Waste Management	32,583	2,355	(2,026)		32,912
Nonmajor Enterprise Funds[1]	2,161	3,142	(95)		5,208
Total Machinery and Equipment	$ 57,071	$ 7,641	$ (2,303)	$ 1,638	$ 64,047
Total Depreciable Assets	$ 982,704	$ 7,641	$ (2,415)	$ 231,991	$ 1,219,921
Accumulated Depreciation:					
Intangible Assets:					
Airport System		(29)			(29)
Total Intangible Assets	$ -	$ (29)	$ -	$ -	$ (29)
Buildings:					
Airport System	(134,364)	(12,998)			(147,362)
Solid Waste Management	(1,516)	(395)			(1,911)
Nonmajor Enterprise Funds	(14,700)	(655)			(15,355)
Total Buildings	$ (150,580)	$ (14,048)	$ -	$ -	$ (164,628)
Improvements:					
Airport System	(209,649)	(19,786)	22		(229,413)
Solid Waste Management	(4,013)	(384)			(4,397)
Nonmajor Enterprise Funds	(5,434)	(642)			(6,076)
Total Improvements	$ (219,096)	$ (20,812)	$ 22	$ -	$ (239,886)
Machinery and Equipment:					
Airport System	(11,293)	(3,195)	172		(14,316)
Solid Waste Management	(19,742)	(2,932)	2,026		(20,648)
Nonmajor Enterprise Funds[1]	(1,768)	(1,984)	94		(3,658)
Total Machinery and Equipment	$ (32,803)	$ (8,111)	$ 2,292	$ -	$ (38,622)
Total Accumulated Depreciation	$ (402,479)	$ (43,000)	$ 2,314	$ -	$ (443,165)
Total Depreciable Assets, net	$ 580,225	$ (35,359)	$ (101)	$ 231,991	$ 776,756
Total Capital Assets, net	$ 805,574	$ 18,587	$ (4,395)	$ -	$ 819,766

[1] The capital assets for a new permitting system were transferred from governmental to business-type activites. Capital assets increased in nonmajor enterprise funds by $7,267, less depreciation of $1,267 resulting in a net book value of $6,000.

Year-Ended September 30, 2018 - 97 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

Primary Government (City) (Continued)

The City capitalizes interest incurred on construction projects, in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In fiscal year 2018, the City capitalized $822 construction interest for the Airport System. Interest expense for Solid Waste Management and nonmajor enterprise funds were $969 and $665, respectively. Solid Waste Management and nonmajor enterprise funds did not capitalize interest. See Note 7 Long-Term Debt regarding the City's interest.

CPS Energy

CPS Energy's plant-in-service includes four power stations (units not in thousands) that are solely owned and operated by CPS Energy. In total, there are 19 generating units at these four power stations—four are coal-fired and 15 are gas-fired. Excluding STP (nuclear units), the following is a list of power stations and relative generating units in service at January 31, 2018:

Power Station	Generating Units	Type
Calaveras	6	Coal (4)/Gas (2)
Braunig	8	Gas
Leon Creek	4	Gas
Rio Nogales	1	Gas

In fiscal year 2012, CPS Energy announced plans to mothball its J.T. Deely Units 1 and 2 coal-fired power plants in fiscal year 2019 instead of the originally projected dates of fiscal year 2032 and fiscal year 2033, respectively. Therefore, depreciation for these two units was accelerated beginning in fiscal year 2013. To continue operating the units past the announced mothball dates, CPS Energy would need to install an estimated $565,000 in flue gas desulfurization equipment (commonly referred to as scrubbers) to cut sulfur dioxide emissions in order to be compliant with more stringent environmental regulations that were expected to take effect in the future. The signing of the Energy Independence executive order in March 2017 dismantles much of the former Administration's environmental regulations; however, CPS Energy is still committed to shutting down its J.T. Deely Units 1 and 2 in fiscal year 2019.

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

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

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

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

Impairments – During fiscal year 2018, an impairment loss of $2,539 was recorded related to the Customer Relationship Management (CRM) Project due to permanent stoppage of the software development activities. The CRM Project would have enabled scalability within the call center with advancements to the Salesforce software currently being utilized by CPS Energy.

Communication Towers Sale – In fiscal year 2014, CPS Energy entered into an agreement for $41,000 to sell 69 existing communication towers to an independent third party, including provisions for CPS Energy's continued use of select space on those towers, the purchaser's use of space in CPS Energy's communication shelters located near the towers, and the assignment of existing license agreements with other third parties using space on the towers. Title to 62 of the towers was conveyed to the purchaser in January 2014. Because the towers are subject to group depreciation as permitted under guidance provided in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, no gain or loss was recognized on the sale transaction. Instead, proceeds allocated to the sale were credited to accumulated depreciation. The costs of the assets sold were retired from the capital asset accounts in which they had originally been recorded.

Of the total purchase price, $3,336 was allocated to the seven towers not initially transferred to the purchaser pending resolution of easement issues and was recorded as a current liability. Additionally, CPS Energy recorded as a current liability $2,000 of the total purchase price received out of escrow in fiscal year 2015. This balance was available for the mitigation of easement issues related to the final seven towers. Final resolution of easement issues related to the seven towers not initially transferred to the purchaser was completed in early fiscal year 2017, resulting in the conveyance of five of those towers. CPS Energy retained title to the remaining two towers and refunded the portion of the initial allocated purchase price to the purchaser. Upon completion of the fiscal year 2017 transactions, the balance of the non-refunded purchase price and unused escrow proceeds was reclassified from a current liability to accumulated depreciation.

Plant Purchase – In the first quarter of fiscal year 2013, taxable senior lien bonds were issued to purchase the Rio Nogales combined-cycle natural gas electric generating plant in Seguin, Texas. The 800-MW plant was being utilized to provide a portion of its power to a third party that had executed a multiyear agreement, which expired September 2015, for an option to call on power from the plant. Any remaining power was available for CPS Energy to sell into the ERCOT market or to utilize to meet its commitments. As of February 1, 2016, CPS Energy integrated the Rio Nogales plant into its rate base to provide generation capacity that will not otherwise be available once J.T. Deely Units 1 and 2 are mothballed in fiscal year 2019.

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

The purchase price of the Rio Nogales plant was allocated to major subsets of assets including land, transmission lines, water treatment facilities, combustion and steam turbines, and switchyard assets. Other than the plant assets, the tax exemption settlement and normal working capital settlements, CPS Energy incurred no other material acquisition costs, nor did CPS Energy assume any material liabilities with the purchase of the plant.

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

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

STP Capital Investment, Net	
	January 31, 2018
STP Capital Assets, net	
Land	$ 5,701
Construction in progress, STP Units 1&2	32,493
Electrical and general plant	856,523
Intangibles	9,856
Nuclear Fuel	121,903
Total STP Capital Assets, net	$ 1,026,476
Total CPS Energy Capital Assets, net	$ 8,190,356
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	12.5%

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Year-Ended September 30, 2018 - 100 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

CPS Energy (Continued)

The following table provides more detailed information on the activity of CPS Energy's net capital assets as presented on the Statement of Net Position, including capital asset activity for fiscal year 2018:

Capital Assets - CPS Energy	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 87,889	$ 24,508	$ (15,272)	$ -	$ 97,125
Land Easements	89,258		16,959		106,217
Construction in Progress	622,296	414,972	(515,797)		521,471
Total Non-Depreciable Assets	$ 799,443	$ 439,480	$ (514,110)	$ -	$ 724,813
Depreciable Assets:					
Utility Plant in Service:					
Electric Plant	10,880,247	82,184	339,220	(64,193)	11,237,458
Gas Plant	912,650	17,523	40,485	(512)	970,146
General Plant	694,989	6,286	64,546	(29,216)	736,605
Intangibles:					
Software	155,936		69,859	(16,065)	209,730
Other	28,704	9,844			38,548
Nuclear Fuel	934,865	37,403			972,268
Total Depreciable Assets	$ 13,607,391	$ 153,240	$ 514,110	$ (109,986)	$ 14,164,755
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant[1]	(4,906,904)	(329,531)		78,287	(5,158,148)
Gas Plant[1]	(356,088)	(21,030)		2,472	(374,646)
General Plant[1]	(230,002)	(54,554)		28,927	(255,629)
Intangibles:					
Software[1]	(51,013)	(19,125)		16,065	(54,073)
Other[1]	(5,331)	(1,020)			(6,351)
Nuclear Fuel	(804,192)	(46,173)			(850,365)
Total Accumulated Depreciation Depletion and Amortization	$ (6,353,530)	$ (471,433)	$ -	$ 125,751	$ (6,699,212)
Total Capital Assets, net	$ 8,053,304	$ 121,287	$ -	$ 15,765	$ 8,190,356

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

Cash flow information – Cash paid for additions and net removal costs totaled $559,844. This amount includes $545,473 in additions to land, construction-in-progress and electric, gas and general plant, plus net salvage and removal costs of $15,496, partially offset by $12,616 in AFUDC and $2,559 in donated assets.

Other – Depreciation and amortization expense for the period totaled $425,260, while amortization of nuclear fuel of $46,173 was included in fuel expense on CPS Energy's Statements of Revenues, Expenses and Changes in Net Position.

Year-Ended September 30, 2018 - 101 - Amounts are expressed in thousands

Note 5 Capital Assets (Continued)

San Antonio Water System (SAWS)

SAWS interest expense during the construction period is capitalized as part of the cost of capital assets. For the year-ended December 31, 2017, interest capitalized was $6,016. Capital asset activity for SAWS is as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 101,074	$ -	$ 5,959	$ (38)	$ 106,995
Intangible Assets:					
Water Rights	248,677				248,677
Other	370				370
Construction in Progress	228,595	309,263	(203,560)	(1,663)	332,635
Total Non-Depreciable Assets	$ 578,716	$ 309,263	$ (197,601)	$ (1,701)	$ 688,677
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	872,002	54	118,331	(153)	990,234
Pumping and Purification	336,421	515	(89,861)	(160)	246,915
Distribution and Transmission System	2,623,479	2	837		2,624,318
Treatment Facilities	2,186,893		70,379	(27)	2,257,245
Total Utility Plant in Service	$ 6,018,795	$ 571	$ 99,686	$ (340)	$ 6,118,712
Machinery and Equipment:					
Machinery and Equipment	185,956	7,814	104,348	(4,522)	293,596
Furniture and Fixtures	6,124		471		6,595
Computer Equipment	31,324	1,418	(7,713)	(491)	24,538
Software	52,915	529	809	(7,066)	47,187
Total Machinery and Equipment	$ 276,319	$ 9,761	$ 97,915	$ (12,079)	$ 371,916
Intangible Assets	1,354				1,354
Total Depreciable Assets	$ 6,296,468	$ 10,332	$ 197,601	$ (12,419)	$ 6,491,982
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(235,680)	(23,620)		153	(259,147)
Pumping and Purification	(62,288)	(7,998)		34	(70,252)
Distribution and Transmission System	(776,744)	(47,299)			(824,043)
Treatment Facilities	(746,566)	(47,640)		27	(794,179)
Machinery and Equipment:					
Machinery and Equipment	(113,455)	(18,631)		4,522	(127,564)
Furniture and Fixtures	(5,945)	(120)			(6,065)
Computer Equipment	(17,370)	(2,200)		491	(19,079)
Software	(30,603)	(4,495)		7,056	(28,042)
Intangible Assets	(442)	(69)			(511)
Total Accumulated Depreciation	$ (1,989,093)	$ (152,072)	$ -	$ 12,283	$ (2,128,882)
Total Depreciable Assets, net	$ 4,307,375	$ (141,740)	$ 197,601	$ (136)	$ 4,363,100
Total Capital Assets, net	$ 4,886,091	$ 167,523	$ -	$ (1,837)	$ 5,051,777

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and project costs written off totaled $1,663 in 2017.

Year-Ended September 30, 2018 - 102 - Amounts are expressed in thousands

Note 6 Receivables and Payables

Disaggregation of Receivables and Payables

Primary Government (City)

Net receivables at September 30, 2018 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 122,486	$ 22,850	$ 216,739	$ 3,010	$ 52,620	$ 417,705
Business-Type Activities	19,128			487		19,615
Total	$ 141,614	$ 22,850	$ 216,739	$ 3,497	$ 52,620	$ 437,320

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $65,238 against customer accounts, $4,864 against property and occupancy taxes, $39,486 against notes and loans, and $33,273 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $78 against customer accounts and $125 for other receivables.

Of the $216,739 recorded in note and loans, $216,256 is not expected to be collected within one year. Included in the $216,256 is a loan receivable for $175,406 associated with CCHFC that is expected to be paid off in 2039. The remaining $40,850 note and loans receivables not expected to be collected within one year are related to General Fund, ARRA, CDBG, and HOME funds, net of allowance for doubtful accounts of $39,473. The $39,473 allowance is comprised of forgivable non-interest bearing notes and loans and aged loans greater than 90 days that are collectible. The $40,850 notes and loans have a corresponding unearned revenue balance recorded within the respective funds.

Payables at September 30, 2018 are as follows:

	Accounts	Accrued Payroll	Claims Payable	Total Payables
Governmental Activities	$ 128,902	$ 25,273	$ 60,551	$ 214,726
Business-Type Activities	23,979	3,331		27,310
Total	$ 152,881	$ 28,604	$ 60,551	$ 242,036

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2018, included $47,699 for unbilled revenue receivables and $224,552 for billed utility services. Interest and other receivables included $10,127 for regulatory-related receivables; $4,955 for interest receivable; and $39,128 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2018, accounts payable and accrued liabilities included $223,218 related to standard operating supplier and vendor accounts payables, including fuels payable; $42,273 for employee-related payables; $53,301 for customer related payables; $55,966 for STP-related payables; and $50,818 for other miscellaneous payables and accrued liabilities.

Year-Ended September 30, 2018 - 103 - Amounts are expressed in thousands

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Note 6 Receivables and Payables (Continued)

Disaggregation of Receivables and Payables (Continued)

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2017, included $53,449 from customers, $27,274 in unbilled revenue, $2,336 in interest receivable, and $3,215 receivable from other governmental agencies, less an allowance of $8,217.

Disaggregation of Payables – At December 31, 2017, accounts payable and other current liabilities included $37,650 in accounts payable, $5,422 in vacation payable, $4,775 in accrued payroll and benefits, $41,902 in construction contracts, $14,135 in customer deposits, and $7,187 in claims payable.

Interfund Receivable and Payable Balances

Primary Government (City)

As of September 30, 2018, the interfund receivable and payable balances represent short-term loans resulting from timing differences between the dates that transactions are recorded in the accounting system and short-term borrowings at fiscal year-end. The General Fund reported $29,848 due from other funds as result of overdraws of pooled cash. All interfund balances are expected to be paid within one year.

Different fiscal year-ends exist between the City and Pre-K 4 SA component unit, (September 30th and June 30th, respectively) therefore interfund receivables and payables do not eliminate by $1,818. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2018. These transactions are in accordance with legislative and contractual requirements.

In fiscal year 2018, with the implementation of GASB No. 75, the City has reclassed the City Retiree Health Care Fund from an internal service fund to a fiduciary fund. Due to negative cash, the Retiree Health Care Fund had to borrow cash from the General Fund and Internal Service Funds in the total amount of $297. Interfund receivables and payables will not eliminate by this amount.

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Note 6 Receivables and Payables (Continued)

Interfund Receivable and Payable Balances (Continued)

Primary Government (City) (Continued)

The following is a summary of interfund receivables and payables for the City as of September 30, 2018:

	Due From Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 333
Nonmajor Governmental Funds	30,831	2,516
Internal Service Funds	3	678
Total General Fund	$ 30,834	$ 3,527
Debt Service Fund:		
General Fund	333	
Nonmajor Governmental Funds	126	
Total Debt Service Fund	$ 459	$ -
Pre-K 4 SA:		
Nonmajor Governmental Funds	3,437	
Total Pre-K 4 SA	$ 3,437	$ -
2017 General Obligation Bonds:		
Nonmajor Governmental Funds	588	4,869
Total 2017 General Obligation Bonds	$ 588	$ 4,869
Nonmajor Governmental Funds:		
General Fund	2,516	30,831
Debt Service		126
Pre-K 4 SA		5,255
2017 General Obligation Bonds	4,869	588
Nonmajor Governmental Funds	25,635	25,635
Solid Waste Management	196	
Internal Service Funds		177
Total Nonmajor Governmental Funds	$ 33,216	$ 62,612
Solid Waste Management:		
Nonmajor Governmental Funds		196
Total Solid Waste Management	$ -	$ 196
Internal Service Funds:		
General Fund	678	
Nonmajor Governmental Funds	177	
Internal Service Funds	294	
Total Internal Service Funds	$ 1,149	$ -
Total	$ 69,683	$ 71,204

Year-Ended September 30, 2018 - 105 - Amounts are expressed in thousands

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Note 7 Long-Term Debt

Primary Government (City)

Governmental Activity Long-Term Debt

Issuances

The City's debt management and on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2018.

On August 30, 2018, the City issued $154,850 in General Improvement Bonds, Series 2018; $131,610 in Combination Tax and Revenue Certificates of Obligation, Series 2018; $28,070 in Tax Notes, Series 2018; and $8,600 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2018.

The General Improvement Bonds, Series 2018 included a premium of $15,445, and were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation and open spaces; library and cultural facilities; public safety facilities; and neighborhood initiatives. The Bonds have maturities ranging from 2019 to 2038, with interest rates ranging from 3.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Series 2018 allocated $22,375 from proceeds to Solid Waste Management, $5,265 to Other Internal Service Funds, and the remaining $103,970 were issued to finance improvements to municipal facilities and infrastructure; parks and recreation improvements; public safety facilities; public safety radios and system replacement; service centers; street maintenance; library improvements; and drainage facility. The proceeds from the Certificates included a premium of $15,558 and have maturities ranging from 2019 to 2038, with interest rates ranging from 4.0% to 5.0%.

The Tax Notes, Series 2018 proceeds included a premium of $1,192, and were issued to finance improvements to information technology systems and street maintenance. The Tax Notes have maturities ranging from 2019 to 2020, with an interest rate ranging from 4.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Taxable Series 2018 proceeds were issued to finance improvements to the Alameda Theater Building. The Taxable Certificates have maturities ranging from 2019 to 2038, with interest rates ranging from 2.6% to 4.1%.

Pledges

The City's General Obligation Bonds, Certificates of Obligation, and Tax Notes are secured by ad valorem taxes levied upon all taxable property located within the City, within the limitations prescribed by law. The Certificates of Obligations are additionally secured by a lien on and pledge of certain revenues of the City's municipal parks system not to exceed $1 during the entire period the Certificates of Obligation or interest thereon remains outstanding in order to permit the Certificates of Obligation to be sold for cash. The total outstanding debt that is secured by an ad valorem tax pledge is $1,915,155.

The Municipal Drainage Utility System Revenue Bond is secured by a lien on Stormwater revenues. Texas Municipal Facility Corporation Lease Revenue Bonds are paid by annually appropriated lease payments made by the City which equal the annual debt service on the Bonds.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Convention Center Hotel Finance Corporation Contract Revenue Empowerment Zone Bonds are secured by net operating revenues to be received from the Convention Center Hotel operations. In the event the net operating revenues are insufficient to pay all debt service, City tax revenues will be pledged in the following order of priority: first, from the Convention Center Hotel State HOT revenues; second, from Convention Center Hotel State sales tax revenues; third, from Convention Center Hotel 7.0% local HOT revenues; and fourth, from available 2.0% Expansion HOT revenues.

The Starbright Industrial Development Corporation Contract Revenue Bonds are secured with a pledge of utility revenue received by the City from CPS Energy.

Texas Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds are paid by annually appropriated lease payments from any money that has not been encumbered to secure the payment of any indebtedness of the City and that may lawfully be used with respect to any payment obligated or permitted under the Lease Agreement, including but not limited to unencumbered and lawfully available revenues derived by the City from Hotel Occupancy Taxes levied by the City, annual ad valorem taxes levied for maintenance and operation purposes, the 1.0% general sales and use tax levied by the City, and transfers from City-owned utility systems. The finance plan is to utilize hotel occupancy taxes; no other sources are intended to be used.

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

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain General Obligation Bonds, Revenue Bonds, Certificates of Obligation and Tax Notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. As of September 30, 2018, there are no bonds outstanding which have been reported as defeased.

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2018 for governmental activity:

Governmental Activity Long-Term Debt

Issue	Original Amount (Time of Original Issuance)	Final Principal Payment (Time of Original Issuance)	Interest Rates (%) (Time of Original Issuance)	Balance Outstanding October 1, 2017	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2018
Tax-Exempt General Obligation Bonds:							
Series 2008	$ 75,060	2028	4.000-5.500	$ 3,730	$ -	$ (3,730)	$ -
Series 2010 Refunding	155,710	2023	2.000-5.000	97,775		(15,390)	82,385
Series 2010A	8,800	2020	5.000	8,800			8,800
Series 2011	59,485	2031	2.000-5.000	45,945		(2,465)	43,480
Series 2012 Refunding	33,410	2024	2.000-5.000	19,870		(1,785)	18,085
Series 2012	148,600	2032	2.000-5.000	115,100		(8,000)	107,100
Series 2013	114,435	2033	2.000-5.000	95,110		(3,980)	91,130
Series 2014	227,030	2034	2.000-5.000	195,295		(16,375)	178,920
Series 2014 Refunding	51,955	2025	0.500-5.000	26,650		(9,860)	16,790
Series 2015 Refunding	233,220	2035	4.000-5.000	173,850		(19,970)	153,880
Series 2016 Refunding	193,875	2036	3.000-5.000	187,600		(7,195)	180,405
Series 2017	88,070	2037	4.000-5.000	88,070		(11,580)	76,490
Series 2018	154,850	2038	3.000-5.000		154,850		154,850
Total Tax-Exempt General Obligation Bonds	$ 1,544,500			$ 1,057,795	$ 154,850	$ (100,330)	$ 1,112,315
Taxable General Obligation Bonds:							
Series 2010B BABs	$ 191,550	2040	4.314-6.038	$ 191,550	$ -	$ -	$ 191,550
Total Taxable General Obligation Bonds	$ 191,550			$ 191,550	$ -	$ -	$ 191,550
Tax-Exempt Certificates of Obligation:							
Series 2008	$ 85,005	2028	3.500-5.500	$ 3,925	$ -	$ (3,925)	$ -
Series 2010	38,375	2019	4.000-5.000	10,110		(7,940)	2,170
Series 2011	79,780	2031	2.000-5.000	62,905		(3,220)	59,685
Series 2012	19,340	2032	1.000-5.000	16,250		(825)	15,425
Series 2013	15,145	2028	2.000-5.000	11,875		(885)	10,990
Series 2015	36,360	2035	1.500-5.000	33,960		(1,195)	32,765
Series 2016	78,270	2036	2.000-5.000	75,540		(2,555)	72,985
Series 2017	67,295	2037	3.000-5.000	68,070		(11,785)	56,285
Series 2018	109,235	2038	4.000-5.000		109,235		109,235
Total Tax-Exempt Certificates of Obligation	$ 528,805			$ 282,635	$ 109,235	$ (32,330)	$ 359,540
Taxable Certificates of Obligation:							
Series 2015	$ 43,820	2035	0.880-4.162	$ 40,315	$ -	$ (1,735)	$ 38,580
Series 2016	24,830	2036	0.921-3.278	24,830		(685)	24,145
Series 2016	47,000	2046	2.640	47,000			47,000
Series 2018	8,600	2038	2.580-4.050		8,600		8,600
Total Taxable Certificates of Obligation	$ 124,250			$ 112,145	$ 8,600	$ (2,420)	$ 118,325
Tax Notes:							
Series 2014	$ 1,400	2021	1.800	$ 835	$ -	$ (200)	$ 635
Series 2014B	5,970	2021	2.000-3.000	3,525		(845)	2,680
Series 2015	4,780	2018	5.000	1,670		(1,670)	
Series 2016	27,410	2019	3.000-5.000	18,605		(9,070)	9,535
Series 2017	18,725	2020	5.000	18,725		(5,990)	12,735
Series 2018	28,070	2020	4.000-5.000		28,070		28,070
Total Tax Notes	$ 86,355			$ 43,360	$ 28,070	$ (17,775)	$ 53,655
Revenue Bonds:							
Series 2013 Municipal Drainage	$ 70,685	2030	3.000-5.000	$ 60,660	$ -	$ (3,785)	$ 56,875
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	3,160		(1,025)	2,135
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000	24,980		(630)	24,350
Series 2005A Convention	129,930	2039	4.750-5.000	129,930			129,930
Series 2005B Convention	78,215	2028	4.500-5.310	55,590		(3,860)	51,730
Series 2013 Starbright Industrial Dev Corp	20,890	2033	1.078-4.750	19,130		(950)	18,180
Series 2012 Public Facilities Corp[1]	550,374	2042	3.000-5.100	547,604		(2,880)	544,724
Total Revenue Bonds	$ 887,109			$ 841,054	$ -	$ (13,130)	$ 827,924
Revenue Notes:							
Series 2013A	$ 20,900	2020	2.320	$ 9,715	$ -	$ (3,140)	$ 6,575
Total Revenue Notes	$ 20,900			$ 9,715	$ -	$ (3,140)	$ 6,575
Total	$ 3,383,469			$ 2,538,254	$ 300,755	$ (169,125)	$ 2,669,884

[1] A portion of the Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accretes from date of delivery and will be payable only at maturity or redemption. The interest accreted has resulted in an increase of $1,953 in revenue bonds payable, resulting in an ending balance of $10,191. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

Year-Ended September 30, 2018 - 108 - Amounts are expressed in thousands

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Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirements to amortize all General Obligation Bonds, Certificates of Obligation, Tax Notes, Revenue Bonds, and Revenue Notes outstanding as of September 30, 2018 are as follows:

Principal and Interest Requirements

Year-Ending September 30,	General Obligation Bonds[1] Principal	Interest	Direct Subsidy[3]	Certificates of Obligation[2] Principal	Interest	Tax Notes Principal	Interest
2019	$ 108,960	$ 60,971	$ (3,588)	$ 19,900	$ 19,468	$ 30,625	$ 2,116
2020	91,970	56,340	(3,588)	20,170	19,133	21,890	1,086
2021	92,715	51,800	(3,530)	20,970	18,326	1,140	16
2022	84,085	47,465	(3,430)	21,855	17,434		
2023	79,605	43,448	(3,325)	22,850	16,466		
2024-2028	357,045	162,491	(14,712)	128,725	66,166		
2029-2033	300,150	85,074	(10,865)	135,085	36,419		
2034-2038	163,800	28,529	(5,939)	90,755	11,379		
2039-2043	25,535	2,328	(764)	10,530	1,637		
2044-2046				7,025	281		
Total	$ 1,303,865	$ 538,446	$ (49,741)	$ 477,865	$ 206,709	$ 53,655	$ 3,218

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

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

[3] The City issued Build America Bonds (BABs) in fiscal year 2010. These BABs are eligible for Direct Subsidies or rebates from the Federal Government for issuing the debt as taxable instruments. In fiscal year 2018, the City collected $3,573 in Direct Subsidies.

Principal and Interest Requirements

Year-Ending September 30,	Revenue Bonds Principal	Interest	Revenue Notes Principal	Interest
2019	$ 13,760	$ 34,612	$ 3,240	$ 115
2020	14,450	34,006	3,335	39
2021	14,090	33,329		
2022	16,970	32,640		
2023	19,125	31,803		
2024-2028	135,610	142,706		
2029-2033	188,775	108,540		
2034-2038	191,994	139,056		
2039-2042	233,150	23,459		
Total	$ 827,924	$ 580,151	$ 6,575	$ 154

Year-Ended September 30, 2018 - 109 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

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

Authorized but Unissued General Obligation Debt

Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued [1]	Bonds Authorized but Unissued
5/6/2017	Streets, Bridges, and Sidewalks	$ 445,263	$ 131,304	$ 313,959
5/6/2017	Drainage and Flood Control	138,988	47,545	91,443
5/6/2017	Parks, Recreation, and Open Space	187,313	62,224	125,089
5/6/2017	Library and Cultural Facilities	24,025	6,773	17,252
5/6/2017	Public Safety Facilities	34,411	9,614	24,797
5/6/2017	Neighborhood Improvements	20,000	12,000	8,000
Total		$ 850,000	$ 269,460	$ 580,540

[1] The amount issued of $269,460 includes the par value of the bonds in the amount of $242,920, the premium of the bonds in the amount of $28,383, and less the cost of issuance of $1,843.

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for the fiscal year 2018 was $124,335,990 which provides a debt ceiling of $12,433,599. The total outstanding debt that is secured by an ad valorem tax pledge is $1,915,155 including $79,770 that is reported in business-type activities.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed $2.50 for each $100 of assessed valuation of taxable property. There is no limitation within the $2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from $1.50 tax rate calculated at 90.0% collections. The Debt Service component is determined by the City's debt service requirements. The fiscal year 2018 Debt Service rate is 21.150 cents per $100 of taxable valuation. (Figures in this paragraph are not in thousands).

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Notes Payable

In September 2004, City Council authorized the submission of a $57,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. The loan amount outstanding as of September 30, 2018 is $25,692.

In June 2015, a three year, 3.3% interest loan was authorized in the amount of $6,100 to finance the costs related to the acquisition of the Frost Tower and Frost Parking Garage that will be used to consolidate City administration into a single facility. Proceeds of the loan have been utilized to fund the acquisition of the acquired property, as well as the payment for professional services related to the acquisition and ultimate utilization by the City. The loan amount outstanding as of September 30, 2018 is $6,100.

In 2016, Hemisfair Park Area Redevelopment Center (HPARC), a component unit of the City, entered into two five year, 4.5% interest, loan agreements totaling $511 to finance the construction of two parking lots. The loans allow for accelerated payments which they intend to make from the proceeds of parking lot revenues. As of September 30, 2018 the loan has an outstanding balance of $261.

Interfund Borrowings

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

The following is a summary of changes for the fiscal year-ended September 30, 2018:

	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2017	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2018
Series 2016	$ 18,275	2036	1.365-3.278	$ 18,275	$ -	$ -	$ 18,275

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Year-Ended September 30, 2018 - 111 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

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

The following is a summary of changes in the loans for the fiscal year-ended September 30, 2018:

	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2017	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2018
Series 2010	$ 1,185	2025	3.676	$ 710	$ -	$ (80)	$ 630
Series 2015	4,000	2025	1.500-5.000	3,310		(345)	2,965
Series 2016	3,275	2031	2.000-5.000	3,105		(160)	2,945
2017 Note	300	2020	0.000	300		(100)	200
Series 2018	1,315	2033	4.000-5.000		1,315		1,315
Total	$ 10,075			$ 7,425	$ 1,315	$ (685)	$ 8,055

Leases

The City leases property and equipment from others. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, is classified as operating leases. Both capital and operating lease payments are recorded as expenditures when matured in the governmental fund financial statements. Total expenditures for operating leases for the fiscal year-ended September 30, 2018 were approximately $14,276.

The City has entered into various lease purchase agreements for the acquisition of laptops and related components, energy/water saving conservation improvements, thermal-imaging cameras, various emergency services equipment, and helicopters. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council. The assets acquired through capital leases for governmental activities are as follows:

Machinery and Equipment	$ 32,368
Less: Accumulated Depreciation	(24,395)
Total	$ 7,973

Year-Ended September 30, 2018 - 112 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

As of September 30, 2018, the City had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year-Ending September 30,			
2019	$ 4,781	$ 12,336	$ 17,117
2020	4,738	10,645	15,383
2021	3,996	8,576	12,572
2022	3,695	2,743	6,438
2023	3,293	2,026	5,319
2024-2028	4,568	3,662	8,230
2029-2033		2,391	2,391
2034-2038		1,497	1,497
2039-2043		1,477	1,477
2044-After		3,466	3,466
Future Minimum Lease Payments	25,071	$ 48,819	$ 73,890
Less: Interest	(2,182)		
Present Value of Future Minimum Lease Payments	22,889		
Less: Current Portion	(4,158)		
Capital Lease, Net of Current Portion	$ 18,731		

Business-Type Activity Long-Term Debt

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

Issuances

On November 14, 2017, the City issued $36,000 in Tax Notes, Taxable Series 2017. Proceeds from this issuance were utilized to finance improvements to San Antonio International Airport. The Tax Notes have maturities ranging from 2021 to 2024, with an interest rate of 3.1%.

On August 30, 2018, $22,375 of the $131,610 in Combination Tax and Revenue Certificates of Obligation, Series 2018 was allocated to Solid Waste Management, and were issued to finance infrastructure improvements. The proceeds from the allocated portion of the Certificates included a premium of $3,950 and have maturities ranging from 2019 to 2038, with interest rates ranging from 4.0% to 5.0%.

In fiscal year 2018, a portion of the Combination Tax and Revenue Certificate, Series 2017 was transferred from governmental activity funds to Solid Waste Management. The amount of debt moved was $775. This transaction was executed in order to move self-supporting debt into its assigned proprietary funds. In addition to the bonds payable, a premium of $4 was also moved. The net dollar impact between the governmental activity funds and Solid Waste Management was $779.

Year-Ended September 30, 2018 - 113 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Pledges

The Airport System includes the City of San Antonio International Airport, Stinson Municipal Airport, and all land, buildings, structures, equipment, and facilities pertaining thereto. The Airport System's long-term debt consists of Airport System Revenue Improvement Bonds (GARB), Passenger Facility Charge and Subordinate Lien Bonds (PFC), and Customer Facility Charge Revenue Bonds (CFC). GARBs are payable from and secured solely by an irrevocable first lien on and pledge of the gross revenues of the Airport System. Gross revenues of the Airport System include all revenues of any nature derived from contracts or use agreements with airlines and other users of the Airport System and its facilities. PFCs are payable from and secured by an irrevocable first lien on and pledge of the PFC revenues and a first lien on and pledge of the subordinate net revenues. CFCs are payable from and secured by an irrevocable first lien on and pledge of the CFC revenues. The Tax Notes, Taxable Series 2017 are payable from Airport System Revenues and secured by an ad valorem tax pledge.

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

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

The total outstanding debt that is secured by an ad valorem tax pledge allocated to business-type activities is $79,770.

Capitalized Interest Costs – Interest costs incurred on revenue bonds and other borrowing totaled $23,895 for the Airport System. For fiscal year 2018, the amount of $822 was capitalized for the Airport System and included as an addition to construction in progress. Solid Waste Management and nonmajor enterprise funds did not have any capitalized interest in fiscal year 2018.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain revenue bonds. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amount scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. As of September 30, 2018, there are no bonds outstanding which have been reported as defeased.

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Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2018 for business-type activity debt:

Business-Type Long-Term Debt

Issue	Original Amount (Time of Original Issuance)	Final Principal Payment (Time of Original Issuance)	Interest Rates (%) (Time of Original Issuance)	Balance Outstanding October 1, 2017	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2018
Airport System:							
Revenue Bonds:							
Series 2005 PFC	$ 38,085	2030	3.375-5.250	$ 25,475	$ -	$ (1,425)	$ 24,050
Series 2007	82,400	2032	4.950-5.250	63,630		(2,905)	60,725
Series 2007 PFC	74,860	2032	5.000-5.250	54,940		(2,505)	52,435
Series 2010A Refunding	42,220	2040	2.000-5.250	38,900		(880)	38,020
Series 2010B Refunding	20,885	2018	3.197-4.861	4,750		(4,750)	
Series 2010 PFC Refunding	37,335	2040	2.000-5.375	31,855		(820)	31,035
Series 2012 Refunding	70,135	2027	2.000-5.000	51,770		(4,260)	47,510
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	19,260		(1,515)	17,745
Series 2015	38,805	2045	5.000	38,805			38,805
Series 2015 CFC	123,900	2045	2.910-5.871	123,900			123,900
Taxable Tax Notes:							
Series 2017	36,000	2024	3.080		36,000		36,000
Subtotal	$ 590,415			$ 453,285	$ 36,000	$ (19,060)	$ 470,225
Parking System:							
Taxable General Obligation Bonds:							
Series 2008 Refunding	10,120	2024	5.820-6.570	9,095		(1,080)	8,015
Subtotal	$ 10,120			$ 9,095	$ -	$ (1,080)	$ 8,015
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2010 Refunding	$ 545	2021	2.000-5.000	$ 545	$ -	$ (115)	$ 430
Series 2014 Refunding	245	2023	5.000	210		(35)	175
Series 2015 Refunding	1,290	2028	4.000-5.000	1,290			1,290
Series 2016 Refunding	300	2026	3.000-5.000	265		(25)	240
Tax-Exempt Certificates of Obligation:							
Series 2016	6,585	2036	2.000-5.000	6,370		(200)	6,170
Series 2017	6,065	2037	3.000-5.000	5,290	775	(990)	5,075
Series 2018	22,375	2038	4.000-5.000		22,375		22,375
Subtotal	$ 37,405			$ 13,970	$ 23,150	$ (1,365)	$ 35,755
Total	$ 637,940			$ 476,350	$ 59,150	$ (21,505)	$ 513,995

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to General Obligation Bonds, Certificates of Obligation, Tax Notes, and Revenue Bonds outstanding at September 30, 2018 are as follows:

Principal and Interest Requirements

Year-Ending September 30,	Airport System Principal	Airport System Interest	Airport System Total	Parking System Principal	Parking System Interest	Parking System Total	Solid Waste Management Principal	Solid Waste Management Interest	Solid Waste Management Total
2019	$ 15,665	$ 23,376	$ 39,041	$ 1,145	$ 502	$ 1,647	$ 1,270	$ 1,587	$ 2,857
2020	17,355	22,682	40,037	1,215	433	1,648	1,340	1,622	2,962
2021	27,340	21,879	49,219	1,290	358	1,648	1,405	1,558	2,963
2022	28,465	20,745	49,210	1,370	280	1,650	1,480	1,488	2,968
2023	29,635	19,555	49,190	1,450	195	1,645	1,545	1,413	2,958
2024-2028	123,815	78,698	202,513	1,545	102	1,647	8,760	5,833	14,593
2029-2033	90,075	51,507	141,582				9,715	3,673	13,388
2034-2038	57,845	32,134	89,979				10,240	1,336	11,576
2039-2043	57,075	15,648	72,723						
2044-2046	22,955	1,974	24,929						
Total	$ 470,225	$ 288,198	$ 758,423	$ 8,015	$ 1,870	$ 9,885	$ 35,755	$ 18,510	$ 54,265

Year-Ended September 30, 2018 - 115 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Leases

The City has entered into various lease purchase agreements for the acquisitions of refuse collections trucks, brush grappler trucks, brush tractor/trailer combinations, wheel loaders, roll off trucks, toter carts, and energy/water saving conservation improvements. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the date of inception. Payments on each of the lease purchases will be made from budgeted annual appropriations to be approved by the City Council. While the garbage containers met the criteria for capital lease recognition, these items were expensed in the initial period leased, as their individual costs were below the City's capitalization threshold.

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

Machinery and Equipment	$ 24,540
Less: Accumulated Depreciation	(14,114)
Total	$ 10,426

As of September 30, 2018, the City had future minimum payments under capital and operating leases with a remaining term in excess of one year for business-type activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year-Ending September 30,			
2019	$ 9,020	$ 629	$ 9,649
2020	3,276	495	3,771
2021	2,574	490	3,064
2022	961	411	1,372
2023	808	5	813
2024-2028	971		971
Future Minimum Lease Payments	$ 17,610	$ 2,030	$ 19,640
Less: Interest	(671)		
Present Value of Future Minimum Lease Payments	16,939		
Less: Current Portion	(8,772)		
Capital Leases, Net of Current Portion	$ 8,167		

Year-Ended September 30, 2018 - 116 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt

Long-term obligations and amounts due within one year:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,057,795	$ 154,850	$ (100,330)	$ 1,112,315	$ 108,960
Taxable General Obligation Bonds	191,550			191,550	
Tax-Exempt Certificates of Obligation	282,635	109,235	(32,330)	359,540	17,135
Taxable Certificates of Obligation	112,145	8,600	(2,420)	118,325	2,765
Tax Notes	43,360	28,070	(17,775)	53,655	30,625
Revenue Bonds	841,054		(13,130)	827,924	13,760
Revenue Notes	9,715		(3,140)	6,575	3,240
Gross Bonds Payable	$ 2,538,254	$ 300,755	$ (169,125)	$ 2,669,884	$ 176,485
Unamortized (Discount) / Premium	$ 140,711	$ 32,195	$ (28,249)	$ 144,657	$ 23,230
Net Bonds Payable	$ 2,678,965	$ 332,950	$ (197,374)	$ 2,814,541	$ 199,715
Other Payables:					
Capital Lease Liability	$ 11,540	$ 15,069	$ (3,720)	$ 22,889	$ 4,158
Accrued Leave Payable	216,422	87,913	(80,836)	223,499	95,217
Notes Payable	35,080		(3,027)	32,053	8,753
Pollution Remediation Liability [4]	288	64	(156)	196	196
Net Pension Liability [1]	977,725	207,972	(492,437)	693,260	
Net OPEB Liability [2]	854,249	28,940	(44,989)	838,200	
Other Payable	9	2		11	
Total Other Payables	$ 2,095,313	$ 339,960	$ (625,165)	$ 1,810,108	$ 108,324
Total Governmental Activities	$ 4,774,278	$ 672,910	$ (822,539)	$ 4,624,649	$ 308,039
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 2,310	$ -	$ (175)	$ 2,135	$ 185
Taxable General Obligation Bonds	9,095		(1,080)	8,015	1,145
Tax-Exempt Certificates of Obligation	11,660	23,150	(1,190)	33,620	1,085
Taxable Tax Notes		36,000		36,000	
Revenue Bonds	453,285		(19,060)	434,225	15,665
Gross Bonds Payable	$ 476,350	$ 59,150	$ (21,505)	$ 513,995	$ 18,080
Unamortized (Discount) / Premium	$ 8,863	$ 3,950	$ (1,731)	$ 11,082	$ 1,550
Net Bonds Payable	$ 485,213	$ 63,100	$ (23,236)	$ 525,077	$ 19,630
Other Payables:					
Capital Lease Liability	$ 23,425	$ 3,564	$ (10,050)	$ 16,939	$ 8,772
Accrued Leave Payable	6,105	3,383	(3,168)	6,320	4,838
Accrued Landfill Postclosure Costs [3]	1,728	103	(710)	1,121	176
Pollution Remediation Liability [4]	1,274			1,274	219
Net Pension Liability [1]	94,080	18,760	(34,396)	78,444	
Net OPEB Liability [2]	66,794	227	(3,318)	63,703	
Total Other Payables	$ 193,406	$ 26,037	$ (51,642)	$ 167,801	$ 14,005
Total Business-Type Activities	$ 678,619	$ 89,137	$ (74,878)	$ 692,878	$ 33,635

NOTE: Interest accreted increased by $1,953 due to the bond payment's maturity schedule, resulting in an ending balance of $10,191, which increases governmental activities' revenue bonds payable. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

1 See Note 9 Pension and Retirement Plans for a description of the pension program.

2 See Note 10 Post-employment Retirement Benefits for a description of the post-employment program.

3 See Note 12 Commitments and Contingencies for a description of the Landfill Postclosure Care Costs.

4 See Note 13 Pollution Remediation Obligation for a description of the Pollution Remediation Liability.

Year-Ended September 30, 2018 - 117 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

Accrued Leave

The following is a summary of accrued leave payable for the fiscal year-ended September 30, 2018:

	Governmental Activities				
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 8,336	$ 83,233	$ 91,569	$ 127,298	$ 218,867
Internal Service Funds		3,648	3,648	984	4,632
Total Governmental Activities	$ 8,336	$ 86,881	$ 95,217	$ 128,282	$ 223,499

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

	Business-Type Activities		
Fund	Short-Term	Long-Term	Total
Airport System	$ 2,110	$ 802	$ 2,912
Solid Waste Management	1,624	661	2,285
Nonmajor Enterprise Funds	1,104	19	1,123
Total Business-Type Activities	$ 4,838	$ 1,482	$ 6,320

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable IDA, EFC and the EZDC, component units of the City, to provide financial assistance to various entities for the acquisition, construction, or renovation of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the entity served by the bond issuance. As of September 30, 2018, the aggregate principal amounts payable are as follows: seven series of EFC Revenue Bonds in the amount of $175,734; two series of IDA Revenue Bonds in the amount of $6,400; and two series of EZDC Revenue Bonds in the amount of $39,900.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Airport Facilities Revenue Refunding Bonds, Series 1995. The bond is payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in lieu of lease payments to the City. These payments are sufficient to pay for the principal, premium, interest, and purchase price of the bond when they become due. The aggregate principal amount outstanding for the Special Airport Facilities Revenue Refunding Bonds, Series 1995 at September 30, 2018 was $1,400.

Year-Ended September 30, 2018 - 118 - Amounts are expressed in thousands

Note 7 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

The City has authorized the San Antonio Housing Trust Finance Corporation to issue single-family and multi-family mortgage revenue bonds used to provide affordable housing to the citizens of San Antonio. The bonds are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. As of September 30, 2018, the amount of conduit debt was $191,986.

The City also facilitates the issuance of tax-exempt revenue bonds for SA Energy Acquisition Public Facility Corporation (SAEAPFC) to enter into long-term prepaid purchases of natural gas. SAEAPFC, in turn, sells contracted volumes of the prepaid gas to CPS Energy on a monthly basis at a discounted rate, which is passed on to CPS Energy's gas customers through reduced utility costs. The bonds are secured by the gas supplier and are payable primarily from the contracted volume sales and associated gas swap payments. As of September 30, 2018, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $264,525.

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

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2018 these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

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

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

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

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

As of January 31, 2018, the bond ordinances for New Series Bonds contained, among others, the following provisions:

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

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

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

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

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

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

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

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

Revenue Bonds

On April 27, 2017, CPS Energy issued $308,005 of New Series 2017 Senior Lien Revenue and Refunding Bonds. Proceeds, including the $36,736 premium associated with the bonds, are primarily being used to fund construction projects and were partially used to advanced refund $32,800 and $17,290 par value of the New Series 2006B Revenue Refunding Bonds and New Series 2007 Revenue and Refunding Bonds, respectively. Consequently, the New Series 2006B Revenue Refunding Bonds and New Series 2007 Revenue and Refunding Bonds were considered defeased and were removed from the CPS Energy financial statements in fiscal year 2018. The refunding transaction resulted in a net present value debt service savings of $1,797, or 3.6% of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2018 through 2047, is 3.8%.

On August 30, 2017, CPS Energy issued $194,980 of New Series 2017 Senior Lien Revenue Refunding Bonds. Proceeds, including the $36,492 premium associated with the bonds, were used to advance refund $150,000 and $80,000 par value of the Commercial Paper Series A and Commercial Paper Series C, respectively. The true interest cost for this issue, which has maturities in 2026 through 2047, is 3.6%.

On September 14, 2017, CPS Energy remarketed $123,275 of Series 2015B Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of a $2,306 premium, in conjunction with the remarketing, resulted in a principal paydown for the remarketed bonds of approximately $1,725. The bonds have maturities in 2029 through 2033. The coupon rate for these bonds is 2.0%, with a current yield of 1.5% and true interest cost of 4.9%, which reflects stepped interest rate provisions applicable to the bonds.

Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

The Series 2012A Junior Lien Bonds were issued as variable-rate bonds that utilize an interest rate of 2.0% through their term rate period's expiration in fiscal year 2019. A stepped rate of 7.0% is assumed in the table on the following page for this series thereafter through applicable final maturity. The Series 2012B bonds were issued as variable-rate bonds that utilize an interest rate of 1.8% through their term rate period's expiration in fiscal year 2019. A stepped rate of 8.0% is assumed in CPS Energy's Principal and Interest Requirements table for this series thereafter through applicable final maturity. The Series 2012C Junior Lien Bonds were issued as variable-rate bonds that utilize an interest rate of 2.0% through their term rate period's expiration in fiscal year 2019. A stepped rate of 8.0% is assumed in CPS Energy's Principal and Interest Requirements table for this series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

The Series 2015A and Series 2015B Junior Lien Bonds were issued as multi-modal variable-rate bonds issued initially in a Securities Industry and Financial Markets Association (SIFMA) Index Mode. The Series 2015A Junior Lien Bonds were remarketed in fiscal year 2017 and issued as variable-rate bonds that utilize an interest rate of 2.3% through their term rate period's expiration in fiscal year 2020. A stepped rate of 8.0% is assumed in CPS Energy's Principal and Interest Requirements table for this series thereafter through applicable final maturity. The Series 2015B Junior Lien Bonds were remarketed in fiscal year 2018 and issued as variable-rate bonds that utilize an interest rate of 2.0% through their term rate period's expiration in fiscal year 2022. A stepped rate of 7.0% is assumed in CPS Energy's Principal and Interest Requirements table for this series thereafter through applicable final maturity.

The Series 2015C and Series 2015D Junior Lien Bonds were issued as multi-modal variable-rate bonds initially issued in a term rate mode as variable-rate bonds that utilize an interest rate of 3.0% through their term rate period's expiration in fiscal year 2020 and 2021, respectively. A stepped rate of 8.0% is assumed in CPS Energy's Principal and Interest Requirements table for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

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Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Long-Term Debt Activity

Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2017	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2018
Revenue and Refunding Bonds:							
2006B Tax Exempt New Series	$ 128,845	2021	3.974	$ 32,800	$ -	$ (32,800)	$ -
2007 Tax Exempt New Series	46,195	2018	4.159	16,630		(16,630)	
2007 Tax Exempt New Series	403,215	2032	4.575	660		(660)	
2008 Tax Exempt New Series	287,935	2032	4.582	20,470		(20,470)	
2009A Tax Exempt New Series	442,005	2034	4.863	31,500		(15,380)	16,120
2009C Taxable New Series [1]	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt New Series	207,940	2021	3.720	175,935		(28,485)	147,450
2010A Taxable New Series [1]	380,000	2041	3.834	380,000			380,000
2010A Taxable Junior Lien [1]	300,000	2041	3.806	300,000			300,000
2010B Taxable Junior Lien [1]	200,000	2037	4.101	200,000			200,000
2012 Taxable New Series	521,000	2042	4.382	521,000			521,000
2012 Tax Exempt New Series	655,370	2025	2.552	655,370			655,370
2012A Tax Exempt Junior Lien	48,170	2027	Variable	47,135			47,135
2012B Tax Exempt Junior Lien	47,815	2027	Variable	47,650			47,650
2012C Tax Exempt Junior Lien	47,660	2027	Variable	47,500			47,500
2013 Tax Exempt Junior Lien	375,000	2048	4.753	375,000			375,000
2014 Tax Exempt Junior Lien	200,000	2044	4.142	200,000			200,000
2014 Tax Exempt Junior Lien	262,530	2020	1.220	206,990		(48,445)	158,545
2015A Tax Exempt Junior Lien	125,000	2033	Variable	124,555			124,555
2015B Tax Exempt Junior Lien	125,000	2033	Variable	125,000	123,275	(125,000)	123,275
2015 Tax Exempt Senior Lien	320,530	2032	2.992	320,530		(14,450)	306,080
2015 Tax Exempt Senior Lien	235,000	2039	3.476	235,000			235,000
2015C Tax Exempt Junior Lien	100,000	2045	Variable	100,000			100,000
2015D Tax Exempt Junior Lien	100,000	2045	Variable	100,000			100,000
2016 Tax Exempt Senior Lien	544,260	2034	2.144	544,260			544,260
2017 Tax Exempt Senior Lien	40,685	2047	1.126		40,685	(21,950)	18,735
2017 Tax Exempt Senior Lien	267,320	2047	3.804		267,320		267,320
2017 Tax Exempt Senior Lien	194,980	2047	3.619		194,980		194,980
Bonds Outstanding				$ 5,182,985	$ 626,260	$ (324,270)	$ 5,484,975
Bond Current Maturities				(156,810)	(13,085)		(169,895)
Bond (Discount)/Premium				330,138	75,534	(46,984)	358,688
Revenue Bonds, Net				$ 5,356,313	$ 688,709	$ (371,254)	$ 5,673,768
Tax Exempt Commercial Paper (TECP)			Variable	360,000	30,000	(230,000)	160,000
Total Long-Term Debt, Net				$ 5,716,313	$ 718,709	$ (601,254)	$ 5,833,768

[1] Direct Subsidy Build America Bonds

In fiscal year 2018, CPS Energy received a total of $24,368 in BABs subsidy.

Year-Ended September 30, 2018 - 123 - Amounts are expressed in thousands

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Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2018, principal and interest amounts due for all revenue bonds outstanding for each of the next five years and thereafter to maturity are:

CPS Energy
Principal and Interest Requirements

Year	Principal	Interest	Direct Subsidy	Total
2019	$ 169,895	$ 260,707	$ (24,407)	$ 406,195
2020	180,085	261,817	(24,407)	417,495
2021	180,335	263,913	(24,407)	419,841
2022	198,860	261,070	(24,407)	435,523
2023	208,790	256,253	(24,407)	440,636
2024-2028	895,025	1,124,630	(126,347)	1,893,308
2029-2033	938,826	901,917	(130,659)	1,710,084
2034-2038	1,225,968	619,775	(96,381)	1,749,362
2039-2043	1,141,171	261,710	(18,645)	1,384,236
2044-2048	346,020	48,325		394,345
Totals	$ 5,484,975	$ 4,260,117	$ (494,067)	$ 9,251,025

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

Pursuant to guidance provided in GASB Statement No. 65, debt reacquisition costs meet neither the definition of an asset nor a liability and are therefore required to be classified as deferred outflows or inflows of resources on the Statements of Net Position. The debt refunding that occurred in fiscal year 2018 resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $521. Debt reacquisition costs reported as deferred outflows of resources totaled $80,720 at January 31, 2018. These amounts are amortized as components of interest expense using the effective interest method over the shorter of the remaining life of the refunding or the refunded debt.

CPS Energy, as a rate-regulated entity and in accordance with guidance found in GASB Statement No. 62, has established regulatory assets for debt issuance costs that would otherwise be required to be expensed in accordance with GASB Statement No. 65. This regulatory accounting treatment results in the amortization of these costs over the life of the related debt. Debt issuance costs, which are reported within other noncurrent assets on the Statements of Net Position, totaled $35,398 at January 31, 2018.

Year-Ended September 30, 2018 - 124 - Amounts are expressed in thousands

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Note 7 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note

In fiscal year 2010, the City Council adopted an ordinance authorizing the establishment of the Flexible Rate Revolving Note (FRRN) Private Placement Program, under which CPS Energy may issue taxable or tax-exempt notes, bearing interest at fixed or variable rates in an aggregate principal amount at any one time outstanding not to exceed the currently effective limit of $26,000 reduced in fiscal year 2016 from $100,000. This ordinance provides for funding to assist in the interim financing of eligible projects that include the acquisition or construction of improvements, additions, or extensions to CPS Energy, including capital assets and facilities incident and related to the operation, maintenance, and administration of fuel acquisition and development and facilities for the transportation thereof; capital improvements to CPS Energy; and refinancing or refunding of any outstanding obligations secured by the net revenues of CPS Energy; or with respect to the payment of any obligation of CPS Energy pursuant to any credit. Under the program, maturity dates cannot extend beyond November 1, 2028.

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to Nuclear Innovation North America, Inc. (NINA) in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The outstanding FRRN balance at January 31, 2018 was $25,200.

The FRRN has been classified as current in accordance with the financing terms under the taxable Note Purchase Agreement and is reported on the Statements of Net Position under current maturities of debt. At January 31, 2018, only the taxable facility was being utilized through the taxable Note Purchase Agreement. The taxable notes are being secured by a pledge of investment collateral and a limited, subordinate and inferior lien on and pledge of net revenues in the amount of $100. The current taxable Note Purchase Agreement will expire on December 31, 2018, but through an annual renewal process may be extended through November 1, 2028.

Prior Years' Defeased Debt

In current and prior years, CPS Energy defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in CPS Energy's financial statements. As of January 31, 2018, $16,120 of previously defeased bonds were outstanding.

Accrued Leave

Employees earn vacation benefits based upon their employment status and years of service. As of January 31, 2018, the accruals for employee vested benefits were $20,098. These accruals are reported under Accounts Payable and Other Current Liabilities.

Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS)

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

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

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

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

Revenue Bonds

On February 28, 2017, SAWS issued $90,915 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2017A (No Reserve Fund). The proceeds from the sale of bonds were used to (i) refund the remaining City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2007 (Series 2007), (ii) refund a portion of the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007A (Series 2007A), and (iii) pay the cost of issuance. The refunding of the Series 2007 and Series 2007A bonds reduced total future debt service payments by approximately $9,919 and resulted in an economic gain of $7,524. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 1, 2017, SAWS remarketed $99,590 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B Bonds (No Reserve Fund). The proceeds from the sale of the bonds were used to pay the principal of the maturity bonds and the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. There was no economic gain or loss on this transaction.

Senior lien water system revenue bonds, comprised of Series 2009, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of $742,025 at December 31, 2017, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates on senior lien bonds range from 3.0% to 6.2%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

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

The junior lien fixed rate bonds, comprised of Series 2007, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (No Reserve Fund), Series 2012, Series 2013A, Series 2013B (No Reserve Fund), Series 2013C, Series 2013D, Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2014C, Series 2014D, Series 2015A, Series 2015B (No Reserve Fund), Series 2016A (No Reserve Fund), Taxable Series 2016B, Series 2016C (No Reserve Fund), Series 2016D, Series 2016E, and Series 2017A (No Reserve Fund), are outstanding in the amount of $1,597,110 at December 31, 2017. Interest rates on the junior lien fixed rate bonds range from 0.0% to 5.0%.

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

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

Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2017:

	Beginning Balance January 1, 2017	Additions	Reductions	Ending Balance December 31, 2017	Due Within One Year
Bonds Payable	$ 2,630,350	$ 190,505	$ (283,335)	$ 2,537,520	$ 84,875
(Discounts)/Premiums	209,932	12,102	(23,815)	198,219	
Total Bonds Payable, Net	$ 2,840,282	$ 202,607	$ (307,150)	$ 2,735,739	$ 84,875

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

Annual Debt Service Requirements
Revenue and Refunding Bonds

	Fixed Rate				Variable Rate	
Year-Ended December 31,	Principal	Interest Expense	Direct Subsidy[1]	Net Interest	Principal	Interest Expense
2018	$ 84,875	$ 99,237	$ (3,547)	$ 95,690	$ -	$ 3,968
2019	85,930	96,451	(3,481)	92,970		3,968
2020	89,800	93,245	(3,412)	89,833		3,968
2021	94,425	89,461	(3,336)	86,125		3,968
2022	98,005	85,364	(3,255)	82,109		4,462
2023-2027	527,240	360,303	(14,819)	345,484		24,800
2028-2032	456,510	247,417	(11,816)	235,601	30,825	23,781
2033-2037	505,170	142,067	(5,865)	136,202	66,620	16,877
2038-2042	332,145	39,372	(685)	38,687	76,625	7,934
2043-2046	65,035	4,687		4,687	24,315	496
Total	$ 2,339,135	$ 1,257,604	$ (50,216)	$ 1,207,388	$ 198,385	$ 94,222

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

In fiscal year 2017, SAWS received a total of $3,596 in BABs subsidy.

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

Year-Ended September 30, 2018 - 128 - Amounts are expressed in thousands

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Note 7 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Prior Years' Defeased Debt

In current and prior years, SAWS defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. As of December 31, 2017, $78,592 of previously defeased bonds were outstanding.

Accrued Leave

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

Year-Ended	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2017	$ 8,853	$ 6,113	$ (5,422)	$ 9,544	$ 5,422

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Year-Ended September 30, 2018 - 129 - Amounts are expressed in thousands

Note 8 Commercial Paper Programs

Primary Government (City)

The City had no commercial paper debt during fiscal year 2018.

CPS Energy

As of January 31, 2018, the commercial paper ordinances contain, among others, the following provisions:

- Authorized capacity of $600,000;
- Allow flexibility to issue tax-exempt or taxable commercial paper;
- Allow the issuance of multiple series notes; and
- Final maturity on November 1, 2042.

Eligible projects include fuel acquisition, capital improvements to CPS Energy, and refinancing or refunding any outstanding obligations, which are secured by and payable from a lien and/or a pledge of net revenues of CPS Energy. Pledge of net revenues is subordinate and inferior to the pledge securing payment of existing senior lien and junior lien obligations.

To secure the payment of commercial paper principal and interest, a pledge is made of:

- Proceeds from:
  - The sale of bonds and additional notes issued for such purposes, and
  - The sale of Project Notes;
- Loans under and pursuant to a revolving credit agreement;
- Amounts held in funds used specifically for payment of commercial paper principal and interest balances and unspent proceeds from commercial paper; and
- The net revenues of CPS Energy, after payment on New Series Bond requirements and prior lien bond obligations.

On August 30, 2017, outstanding amounts of $150,000 for Series A and $80,000 for Series C were refunded. On January 24, 2018, $30,000 from Series C was issued. As of January 31, 2018, the outstanding commercial paper balance was $160,000, all of which was tax-exempt.

Commercial Paper Summary

	January 31, 2018
Commercial Paper Outstanding	$ 160,000
New Commercial Paper Issues	$ 30,000
Weighted Average Interest Rate of Outstanding	1.2%
Average Life Outstanding (Number of Days)	60

The commercial paper has been classified as long-term in accordance with the refinancing terms under three revolving credit agreements with a consortium of banks, which support the commercial paper program. Each revolving credit agreement relates to a particular series of notes and provides liquidity support therefore in the amount specified. The Series A agreement, which provides $150,000 in liquidity support for the Series A Notes, is effective through February 6, 2019. The Series B agreement, which provides $225,000 in liquidity support for the Series B Notes, is effective through June 21, 2019.

Year-Ended September 30, 2018 - 130 - Amounts are expressed in thousands

Note 8 Commercial Paper Programs (Continued)

CPS Energy (Continued)

The Series C agreement, which provides $225,000 in liquidity support for the Series C Notes, is effective through June 21, 2019. Under the terms of these revolving credit agreements, CPS Energy may borrow up to an aggregate amount not to exceed $600,000 for the purpose of paying principal due under the commercial paper program. At January 31, 2018, there was no amount outstanding under the revolving credit agreements. Further, there have been no borrowings under the agreements since inception of the program.

San Antonio Water System (SAWS)

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. The City Council has authorized the commercial paper program in an amount of $500,000. Notes payable under the program cannot exceed maturities of 270 days.

The City has covenanted in the ordinance authorizing the commercial paper program to maintain at all times credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement.

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit agreements is $450,000 with the Revolving Credit Agreement with Bank of Tokyo-Mitsubishi UFJ, Ltd in the amount of $350,000, supporting the Series A Notes expiring October 4, 2018; and the Revolving Credit Agreement with Wells Fargo Bank, N.A. in the amount of $100,000, supporting the Series B Notes expiring January 15, 2021.

The issuance of commercial paper is further supported by the following agreements and related participants:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities LLC., Ramirez & Co., Inc., and Mitsubishi UFJ Securities (USA), Inc.
- Issuing and Paying Agency Agreement with The Bank of New York Mellon Trust Company, N.A.

Commercial paper notes of $278,060 are outstanding as of December 31, 2017. Interest rates on the notes outstanding at December 31, 2017 range from 1.0% to 1.2% and maturities range from 32 to 180 days. The outstanding notes had an average rate of 1.1% and averaged 73 days to maturity.

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available $450,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement, SAWS intends to redeem $3,710 of commercial paper in 2018. Therefore, this portion of outstanding commercial paper is classified as a current liability.

The following table summarizes transactions of the program for the year-ended December 31, 2017.

	Beginning Balance January 1, 2017	Additions	Reductions	Ending Balance December 31, 2017	Due Within One Year
Tax Exempt Commercial Paper Notes	$ 241,610	$ 40,000	$ (3,550)	$ 278,060	$ 3,710

Year-Ended September 30, 2018 - 131 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans

Summary of Pension and Retirement Plans

	City - TMRS	Fire and Police Pension Plan	Total City - TMRS and Fire and Police Pension Plan	CPS Energy All Employee Plan	SAWS-TMRS	SAWS Retirement Plan	District Special Project Retirement Income Plan
Total Pension Liability	$ 1,914,057	$ 3,545,800	$ 5,459,857	$ 1,784,838	$ 198,069	$ 218,571	$ 6,694
Plan Fiduciary Net Position	1,491,624	3,196,529	4,688,153	1,472,376	170,589	175,279	5,410
Net Pension Liability	$ 422,433	$ 349,271	$ 771,704	$ 312,462	$ 27,480	$ 43,292	$ 1,284
Deferred Inflows of Resources	$ (42,749)	$ (188,787)	$ (231,536)	$ (50,512)	$ (1,495)	$ (494)	$ (339)
Deferred Outflows of Resources	$ 2,231	$ 100,113	$ 102,344	$ 43,137	$ 7,716	$ 13,026	$ 537
Contributions Post Measurement Date	$ 31,815	$ 55,423	$ 87,238	$ 46,200	$ 3,852	$ 7,982	$ 315
Pension Expenses	$ 64,304	$ 74,366	$ 138,670	$ 46,247	$ 6,005	$ 10,051	$ 203

Primary Government (City)

Texas Municipal Retirement System (TMRS)

Plan Description — The City participates as one of the 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

Benefits Provided — TMRS provides retirement, disability, and death benefits to all eligible employees, excluding firefighters and police officers. Members are eligible to retire upon attaining the retirement age of 60 and above with five or more years of service, or with 20 years of service regardless of age. A member is vested after five years, but must leave accumulated contributions in the TMRS plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3.00% annual interest, and including the matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit.

Year-Ended September 30, 2018 - 132 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current City deposit rate (6.00%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3.00% each year and increased by the City's match currently in effect (200.00% match). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity. Employees may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three survivor lifetime options; or one of the three guaranteed term options. Employees may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75.00% of the total employee's deposits and interest. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of the calendar year. The City may also adopt annuity increases at a rate equal to 30.00%, 50.00%, or 70.00% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the employee's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

The City, based on available financial resources, may approve an annual ad hoc cost of living adjustment for its retirees. City Council approves this recommendation as part of the annual adopted budget. TMRS provisions and contribution requirements are adopted by the City Council within the options available in the state statutes governing TMRS and within the actuarial constraints contained in the statutes. The ad hoc cost of living adjustments were deemed to be substantively automatic in TMRS' actuarial report. The default method for determining whether ad hoc benefit enhancements are substantively automatic is if the City had granted them in one of the last two years and two of the last five years. The City has met these requirements.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Membership as of the Valuation Date	December 31, 2017
Number of:	
Active members	6,939
Retirees and beneficiaries	4,671
Inactive members [1]	2,777
Total	14,387

[1] Inactive members are vested employees no longer employed by the City, but are eligible for a deferred retirement benefit.

Year-Ended September 30, 2018 - 133 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Contributions — Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary using the Entry Age Normal (EAN) actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate is the contribution rate which, if applied to an employee's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on the City's behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases. The City's contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage.

In the fiscal year 2018 budget, City Council adopted a one-time annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.00% of the percentage change in the Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. The provision for the one-time annuity contribution rate increased from 11.45% to 11.66%, effective January 1, 2018.

The contribution rate for the City's employees is 6.00% of their annual gross earnings during the fiscal year and the matching percent was 11.66% for calendar year 2018, both as adopted by the governing body of the City. The City's contribution to TMRS for fiscal year 2018 was $66,187, with $22,556 contributed by City employees, and $43,631 contributed by the City. These amounts were equal to required contributions.

Net Pension Liability — The City's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability are as follows:

Total Pension Liability	$ 1,914,057
Plan Fiduciary Net Position	1,491,624
Net Pension Liability	$ 422,433
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.93%

Year-Ended September 30, 2018 - 134 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions — The TPL calculated in the December 31, 2017 actuarial valuation was determined using the 10 year smoothed market, 15.00% soft corridor asset valuation method and the following actuarial assumptions:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%, including inflation, net of pension plan investment expense
Retirement Age	Experience-based table of rates specific to the City
Cost-of-living adjustments	Granted 70.00% ad hoc COLA
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB

Salary increases were based on a service-related table. The Retirement Age was last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014. Mortality rates for active members, retirees, and beneficiaries are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP-2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

The long-term expected rate of return on pension plan investments is 6.75%. A single discount rate of 6.75% was used to measure the TPL as of December 31, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and projections of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the 28 years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

Year-Ended September 30, 2018 - 135 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	$ 685,787	$ 422,433	$ 205,696

Pension Plan Fiduciary Net Position — Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at http://www.tmrs.com.

Year-Ended September 30, 2018 - 136 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table presents the changes in the Net Pension Liability as of year-ended September 30, 2018, based on the measurement date and actuarial valuation date of December 31, 2017.

Changes in the Net Pension Liability		
Total Pension Liability		
Service Cost	$	53,965
Interest		122,010
Difference between expected and actual experience		(1,637)
Benefit payments,		
including refunds of employee contributions		(81,702)
Net change in TPL	$	92,636
Total Pension Liability - Beginning		1,821,421
Total Pension Liability - Ending	$	1,914,057
Plan Fiduciary Net Position		
Contributions - Employer	$	41,828
Contributions - Employee		21,922
Net investment income		183,805
Benefit payments,		
including refunds of employee contributions		(81,702)
Administrative Expense		(953)
Other		(48)
Net change in Plan Fiduciary Net Position	$	164,852
Plan Fiduciary Net Position - Beginning		1,326,772
Plan Fiduciary Net Position - Ending	$	1,491,624
Net Pension Liability	$	422,433

Year-Ended September 30, 2018 - 137 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Pension Expense — For the year-ended September 30, 2018, based on the actuarial valuation of December 31, 2017, the City recognized pension expense of $64,304.

Schedule of Pension Expense		
Total Service Cost	$	53,965
Interest		122,010
Employee Contributions (Reduction of Expense)		(21,922)
Projected Earnings on Plan Investments (Reduction of Expense)		(89,557)
Administrative Expense		953
Other Changes in Fiduciary Net Position		48
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		(357)
Recognition of Current Year Outflow (Inflow) of Resources-Assets		(18,850)
Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities		(2,659)
Amortization of Prior Year Outflows (Inflows) of Resources-Assets		20,673
Total Pension Expense	$	64,304

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2018, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 684	$ (5,537)
Changes of assumptions	1,547	
Net difference in projected and actual earnings on pension plan investments		(37,212)
Total	$ 2,231	$ (42,749)

Year-Ended September 30, 2018 - 138 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Deferred outflows and deferred inflows of resources, by year, are to be recognized in future pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources	
2018	$	(531)
2019		(1,852)
2020		(19,079)
2021		(19,056)
2022		
Thereafter		
Total	$	(40,518)

Subsequent to the measurement date of December 31, 2017, and through fiscal year-end 2018, the City contributed $31,815 to TMRS. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year. As of September 30, 2018, the City reported a payable to TMRS in the amount of $3,415 for the outstanding amounts of contributions required.

City Deferred Compensation

The City has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary on a pre-taxed basis. The compensation deferred under this plan is not available to employees until termination, retirement, death, loan, or qualifying unforeseeable emergency. Participation in the plan is voluntary. In fiscal year 2012, the City implemented a matching contribution of up to 1.00% of base salary to eligible executives who participated in the plan. In fiscal year 2015, the City increased its matching contribution up to 2.00% of base salary. There has been no change to the matching contribution rate since 2015. In fiscal year 2018, executives in the third and fourth quartile of their salary ranges received 1.00% of their performance pay as a deferred compensation contribution. The City has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas, administered by the San Antonio Fire and Police Pension Fund. The governing document for the Pension Fund is found in Vernon's Texas Civil Statutes, Article 6243o. The pension law governing the Pension Fund was amended on October 1, 2009. The Pension Fund meets the criteria of a fiduciary fund of the City as established by *Governmental Accounting Financial and Reporting Standards,* and is therefore included in the City's financial statements as a pension trust fund. A more complete description of the Pension Fund is provided in the Pension Fund's separately issued financial statements.

Year-Ended September 30, 2018 - 139 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Membership of the Pension Fund as of December 31, 2017 consisted of:

Membership as of the Valuation Date	December 31, 2017
Number of:	
Active members	3,906
Retirees and beneficiaries	2,719
Inactive members[1]	26
Total	6,651

[1] Inactive participants are only entitled to a refund of their contributions, and are not eligible for benefits.

Currently, the Pension Fund provides retirement benefits to eligible uniformed employees of the fire and police departments of the City who have served for 20 years or more. Employees who terminate prior to accumulating 20 years of service may apply to receive a refund of their contributions. Upon application for a service retirement pension from the Pension Fund, retiring employees are entitled to a retirement annuity computed based on the average of the employee's total salary, excluding overtime pay, for the highest three years of the last five years. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.50% of the member's average total salary.

There is a provision for the Backwards Deferred Retirement Option Plan (BackDROP), which, as of October 1, 2009, permits retiring members who had actual service credit of at least 20 years and one month to elect to receive a lump-sum payment for a number of full months of service elected by the member that does not exceed the lesser of the number of months of service credit the member had in excess of 20 years or 60 months and a reduced annuity payment. For purposes of a BackDROP benefit calculation, the participant's salary beyond 34 years of service is used to determine the participant's average salary.

There is also a provision for a 13th and 14th pension check. At the end of each fiscal year, the Board may authorize the disbursement of a 13th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year fiscal period by at least 100 basis points (basis points not reported in thousands). In the same way, the Board may authorize a 14th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the end of the fiscal year and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year). Authorization for one year does not obligate the Board to authorize a 13th and 14th check for any other year. The Pension Fund did meet the criteria for the 13th check for the year-ended December 31, 2017. Based on the performance of the Pension Fund's investments, a 13th check was approved by the Board on April 12, 2018 at a Special Board Meeting and paid on April 20, 2018. The amount of the disbursement was $10,970. The Pension Fund has not met the criteria for the 14th check since the fiscal year 2007.

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund also provides benefits when service is terminated by reason of death or disability. The employee's beneficiary or the employee shall be entitled to one-half of the average of the employee’s total salary, excluding overtime pay, or vested benefit as is provided in the computation of normal retirement benefits, whichever is higher. If a member dies after retiring, spouses or beneficiaries who were married to or dependents of the member at the time of retirement receive the same annuity paid to the member as of the date of the member’s death up to the maximum benefit. The maximum benefit for surviving spouses and dependent children is equal to a 27 year service pension. As of October 1, 2009, the allocation of death benefits between a surviving spouse and the dependent children of a member is 75.00% to the spouse and 25.00% to the children. The spousal death benefit provided to a spouse who married a retiree after retirement and at least five years prior to the date of the retiree’s death is the same as a spouse who married a member prior to retirement. In the case of marriage after retirement, a spouse who is otherwise qualitied to receive a pension is subject to a 55-year-old minimum age to begin receiving annuity payments. As of October 1, 2009, the spousal death benefit for a spouse who married a retiree after retirement, and less than five years prior to the date of the retiree’s death, is $15 if there are no other beneficiaries.

The Pension Fund provides a disability annuity equal to 87.50% of average total salary, if the member suffers a catastrophic injury. A catastrophic injury is described as an irreparable physical bodily injury suffered during the performance of high-risk line of duty activities, when the injury results in the individual being unable to obtain any sort of employment sufficient to generate income above the poverty level.

The surviving spouse of an active member may elect to receive benefits in the form of a lump-sum payment and reduced annuity, similar to a BackDROP election made by a retiring member.

The estate of an active member who dies and does not leave a beneficiary will receive either 10 times the amount of an annuity computed according to the Annuity Computation, using the deceased member’s service credit and average total salary as of the date of death, or the deceased member’s contributions that were picked up by the City. The estate of a retired member who dies and does not leave a beneficiary will receive a lump-sum benefit equal to 10 times the amount of the annuity awarded by the Board effective on the retiree’s date of retirement, less any retirement or disability annuity and any lump-sum payments paid to the retiree. The Pension Fund also provides benefits when an eligible member is killed in the line of duty. The member’s surviving spouse and dependent children are entitled to a total pension equal to the member’s base salary at the time of death.

Another important provision of the Pension Fund is the Cost of Living Adjustment (COLA). The COLA is based on the Consumer Price Index for all Urban Consumers – U.S. City Average (CPI-U) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971, receive an increase equal to 100.00% of the increase in the CPI-U. Members whose retirement, disability, or death occurred after August 30, 1971, but before October 1, 1999, receive an increase equal to 100.00% of the increase in the CPI-U up to 8.00% and 75.00% of the increase in the CPI-U in excess of 8.00%. Members whose retirement, disability, or death occurred after October 1, 1999 receive an increase equal to 75.00% of the increase in the CPI-U.

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund is funded in accordance with Texas state statutes and is not actuarially determined. In fiscal year 2018, the City was required to contribute 24.64% of salary, or $76,033, excluding overtime pay, and the employee contribution rate was 12.32%, or $40,101. New firefighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible.

The Pension Fund has a provision that allows the fire chief and police chief to opt out of membership in the Pension Fund.

The components of the net pension liability (NPL) of the City, as of December 31, 2017, are as follows:

Total Pension Liability	$ 3,545,800
Plan Fiduciary Net Position	3,196,529
City's Net Pension Liability	$ 349,271
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	90.15%

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the entry age, level percent of payroll, and the following actuarial assumptions, applied to the period included in the measurement, with the results rolled forward to December 31, 2017:

Inflation	3.00%
Salary increases	3.00% plus merit scale of 0.75% - 11.25%
Investment rate of return	7.25% including inflation, net of pension plan investment expense
Cost-of-living adjustments	3.00% for retirements before October 1, 1999 2.25% for retirements on or after October 1, 1999
Retirement rates	Group-specific rates based on years of service ranging from 20 to 40 years, with 100.00% retirement age at 65 or 40 years of service

For the actuarial valuation as of January 1, 2017 with results rolled forward to December 31, 2017, healthy mortality rates were based on the sex-distinct RP-2014 Employee and Healthy Annuitant Tables, with rates loaded by 7.00% for females. Disabled mortality rates were based on sex-distinct RP-2014 Annuitant Tables, set forward by six years, again loading the female rates by 7.00%. The tables are projected generationally using 50.00% of the MP-2014 improvement scale to anticipate future mortality improvements. The actuarial assumptions used are based on the results of an experience study for the period October 1, 2009 to September 30, 2014.

Year-Ended September 30, 2018 - 142 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic equity	18.00%	6.40%
International Equity	21.00%	8.10%
Fixed Income	20.00%	2.40%
Alternative investments	29.00%	5.70%
Real estate	12.00%	5.10%
Total	100.00%	

The blended discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 12.32% of the compensation from plan members and 24.64% of the compensation from the City. Based on these assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Pension Fund's investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, for the year-ending December 31, 2017, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.25%, or one percentage point higher, 8.25%, than the current rate:

	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability/(Asset)	$ 852,393	$ 349,271	$ (62,609)

The City is responsible for funding the deficiency, if any, between the amount available to pay all retirement annuities and other benefits owed by the Pension Fund and the amount required to pay such benefits.

Year-Ended September 30, 2018 - 143 - Amounts are expressed in thousands

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Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table presents the changes in the Net Pension Liability through December 31, 2017, based on the measurement date and actuarial valuation date of January 1, 2017.

Changes in the Net Pension Liability	
Total Pension Liability (TPL)	
Service Cost	$ 71,161
Interest	246,848
Difference between expected and actual experience	(27,776)
Benefit payments, including refunds of employee contributions	(156,137)
Net change in TPL	$ 134,096
Total Pension Liability - Beginning	3,411,704
Total Pension Liability - Ending	$ 3,545,800
Plan Fiduciary Net Position	
Contributions - Employer	$ 75,916
Contributions - Employee	37,958
Net investment income	407,278
Benefit payments, including refunds of employee contributions	(156,137)
Administrative Expense	(3,034)
Net change in Plan Fiduciary Net Position	$ 361,981
Plan Fiduciary Net Position - Beginning	2,834,548
Plan Fiduciary Net Position - Ending	$ 3,196,529
Net Pension Liability	$ 349,271

Year-Ended September 30, 2018 - 144 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

For the fiscal year-ended September 30, 2018, based on December 31, 2017 measurement date, the City recognized pension expense as follows:

Service Cost	$ 71,161
Interest	246,848
Employee contributions	(37,958)
Administrative expenses	3,034
Expected return on assets	(203,863)
Expensed portion of current year period differences between expected and actual experience	(3,086)
Expensed portion of current year period differences between projected and actual earnings	(40,684)
Current year recognition of deferred inflows and outflows established in prior years	38,914
Total Expense	$ 74,366

At September 30, 2018, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ (75,737)
Changes of assumptions	100,113	
Net difference in projected and actual earnings on pension plan investments		(113,050)
Total	$ 100,113	$ (188,787)

Year-Ended September 30, 2018 - 145 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2019	$ (2,925)
2020	(9,488)
2021	(46,816)
2022	(36,305)
2023	4,379
Thereafter	2,481
Total	$ (88,674)

Subsequent to the measurement date of December 31, 2017, and through fiscal year-end 2018, the City contributed $55,423 to the Pension Fund. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year. As of September 30, 2018, the City reported a payable in the amount of $6,036 due to the Pension Fund for contribution from the City and active uniform employees.

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information, and detailed information about the Pension Fund's net pension liability. That report may be obtained by writing to the Fire and Police Pension Fund of San Antonio, 11603 W. Coker Loop, Suite 201, San Antonio, Texas 78216 or by calling (210) 534-3262.

CPS Energy

All Employee Plan

Plan Description — The CPS Energy Pension Plan (the Plan) is a self-administered, single-employer, defined-benefit contributory pension plan covering substantially all employees who have attained age 21 and completed one year of service. The Plan is sponsored by and may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (EBOC), which includes the President and CEO, the Chief Financial Officer and the Audit Committee Chair of CPS Energy's board of trustees. Plan assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee, whose members are appointed by the Oversight Committee. The Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained at www.cpsenergy.com or by contacting Benefit Trust Administration at CPS Energy. The Plan's financial statements include certain disclosures related to CPS Energy's net pension liability. However, because the financial reporting and pension measurement dates for the Plan and CPS Energy are not aligned, the Plan's disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

Year-Ended September 30, 2018 - 146 - Amounts are expressed in thousands

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Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

In addition to the defined-benefit Plan, CPS Energy has two Restoration Plans that were effective as of January 1, 1998, which supplement benefits paid from the Plan due to Internal Revenue Code restrictions on benefit and compensation limits. The benefits due under those Restoration Plans have been paid annually by CPS Energy.

Employees who retired prior to 1983 receive annuity payments from an insurance carrier, as well as some benefits directly from CPS Energy. The costs for the benefits directly received from CPS Energy were $20 for fiscal year 2018. These costs were recorded when paid.

Benefits Provided — Participants become fully vested in the benefits of the Plan upon attainment of age 40 or after completion of seven years of vesting service before age 40. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service, as well as to those employees who are age 55 or older with at least ten years of benefit service. Retirement benefits consist of a normal retirement annuity calculated based primarily are on length of service and compensation. Benefits are reduced for retirement before age 55 with 25 years or more of benefit service or before age 62 with less than 25 years of service. If early retirement occurs due to disability, the reductions in benefits normally associated with early retirement are modified.

Payments to retirees are adjusted each year by an amount equal to 50.00% of the change in the Consumer Price Index-U, limited to a maximum adjustment of 5.00% each year, with no reduction allowed below the retirees' initial benefit levels.

The following table presents information about Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate, as of the measurement date of January 31, 2017, the net pension liability for the fiscal year-ended January 31, 2018:

Membership as of the Valuation Date	January 31, 2017
Number of:	
Active members	2,860
Retirees and beneficiaries	2,360
Inactive members [1]	151
Total	5,371

[1] Inactive members are Plan participants that are entitled to deferred benefits.

Contributions — With recommendations from the Administrative Committee, composed of a cross-functional group of active and retired CPS Energy employees, CPS Energy establishes funding levels, considering annual actuarial valuations. Generally, participating employees contribute 5.00% of their total compensation, commencing with the effective date of participation and continuing until normal or early retirement, completion of 44 years of benefit service, or termination of employment. Participants who leave CPS Energy service before becoming eligible for retirement benefits receive a return of the total amount they contributed to the Plan, plus the vested portion of accumulated interest. Beginning January 1, 2015, the employee contribution interest crediting rate was 5.50%.

Year-Ended September 30, 2018 - 147 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The balance of Plan contributions is the responsibility of CPS Energy, giving consideration to actuarial information, budget controls, legal requirements, compliance, and industry and/or community norms. For fiscal year 2018, the amount to be funded was established using a general target near the 30-year funding contribution level as determined by the Plan's actuary using the entry-age normal cost method.

Schedule of Changes in Net Pension Liability and Related Ratios — The Net Pension Liability for fiscal year-end January 31, 2018, was measured as of January 31, 2017. The total pension liability used to calculate the net pension liability was determined by actuarial valuation as of January 1, 2016, rolled forward using generally accepted actuarial procedures to the January 31, 2017 measurement date.

Total Pension Liability	$ 1,784,838
Plan Fiduciary Net Position	1,472,376
Net Pension Liability	$ 312,462
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.49%

Actuarial Assumptions — The Total Pension Liability was determined using the Entry Age Normal actuarial cost method, and the Level dollar amortization method. Significant actuarial assumptions used in the January 31, 2016, valuation include a rate of return on the investment of present and future assets of 7.50%, a discount rate on Plan liabilities of 7.50%, annual projected salary increases averaging 4.66% per year, and annual post-retirement cost-of-living increases of 1.50%. The projected salary increases include an inflation rate of 3.00%. Mortality rates were based on the RP-2000 Combined Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using Scale BB. There have been no significant changes to the actuarial assumptions used in the January 1, 2016, valuation compared to the January 1, 2015 valuation.

The actuarial assumptions used in the January 1, 2016 valuation for amounts reported in fiscal year 2018 were based on the results of an actuarial experience study completed in 2014 covering experience for the period January 1, 2009, through December 31, 2013.

The long-term expected rate of return on Plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns net of Plan investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, and then reduced by a factor representing inflation to produce long-term expected real rates of return for each major asset class.

Year-Ended September 30, 2018 - 148 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The assumed allocation and expected real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Expected Real Rate of Return (Arithmetic)
Domestic equity	55.20%	5.49%
International equity	10.70%	5.40%
U.S. government and corporate bonds	19.60%	0.97%
Real estate	10.50%	3.80%
Cash equivalents	4.00%	
Total Investments	100.00%	

Discount Rate — The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that future employee contributions will be made at the current contribution rate and that future CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

An actuarial experience study was completed in 2017 covering the period covering January 1, 2012, through December 31, 2016. As a result of the study, the discount rate was lowered to 7.25% to more closely reflect actual experience. This change in assumption will be reflected in the January 1, 2017, actuarial valuation with a measurement date of January 31, 2018, to be recorded in the fiscal year-ending January 31, 2019.

The following table presents the sensitivity of net pension liability calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total pension liability.

	1.00% Decrease 6.50%	Current Discount 7.50%	1.00% Increase 8.50%
Net Pension Liability	$ 533,656	$ 312,462	$ 125,823

Plan Fiduciary Net Position — Detailed information about the Plan's fiduciary net position is available in separately issued Plan financial statements. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position for the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Investments are stated at fair market value. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the Plan.

Year-Ended September 30, 2018 - 149 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Net Pension Liability — CPS Energy's net pension liability at January 31, 2017 was measured as of January 31, 2017. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2016, and rolled forward using generally accepted actuarial procedures to the January 31, 2017 measurement date.

Changes in Net Pension Liability

Total Pension Liability		
Service Cost	$	31,547
Interest		128,991
Differences Between Expected and Actual Experience		(18,647)
Benefit Payments		(91,230)
Net Change in Total Pension Liability	$	50,661
Total Pension Liability - Beginning		1,734,177
Total Pension Liability - Ending	$	1,784,838
Plan Fiduciary Net Position		
Contributions - Employer	$	44,500
Contributions - Employee		12,144
Earnings on Plan Assets		207,196
Benefit Payments		(91,230)
Net Change in Plan Fiduciary Net Position	$	172,610
Plan Fiduciary Net Position - Beginning		1,299,766
Plan Fiduciary Net Position - Ending	$	1,472,376
Net Pension Liability - Ending	$	312,462

CPS Energy recorded $46,247 in pension expense for the year-ended January 31, 2018.

Year-Ended September 30, 2018 - 150 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – The following table presents information about the pension-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2018:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 21,253	$ (48,748)
Changes of assumptions	21,884	
Net difference in projected and actual earnings on pension plan investments		(1,764)
Total	$ 43,137	$ (50,512)

Subsequent to the measurement date of January 1, 2017, and through fiscal year-end 2018, the employer contributed $46,200 to the Plan.

The following table presents the future amortization of pension-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Plan in the current fiscal year and subsequent to the net pension liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year.

Year-Ended January 31,	Net Deferred Outflows (Inflows) of Resources
2019	$ (935)
2020	11,937
2021	5,863
2022	(21,725)
2023	149
Thereafter	(2,664)
Total	$ (7,375)

Year-Ended September 30, 2018 - 151 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS)

Texas Municipal Retirement System (TMRS)

Plan Description — SAWS' pension program includes benefits provided by TMRS, the San Antonio Water System Retirement Plan (SAWSRP), the District Special Project Retirement Income Plan (DSPRP), and the San Antonio Water System Deferred Compensation Plan.

SAWS provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide TMRS, an agent multiple employer public employee retirement system.

Benefits Provided — TMRS provides retirement benefits. Members are eligible to retire upon attaining the normal retirement age of 60 and above with five or more years of service, or with 20 years of service regardless of age. A member is vested after five years.

At retirement, the benefit is calculated as if the sum of the employee's contribution, with interest, and the SAWS financed monetary credits with interest were used to purchase an annuity. Members choose to receive their benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in the amount equal to 12, 24 or 36 monthly payments which cannot exceed 75.00% of the member's deposits and interest.

All eligible employees of the SAWS are required to participate in TMRS. Membership in TMRS as of the actuarial valuation date is as follows:

Membership as of the Valuation Date	December 31, 2016
Number of:	
Active members	1,648
Retirees and beneficiaries	1,175
Inactive members [1]	595
Total	3,418

[1] Inactive members are vested employees no longer employed by SAWS, but are eligible for a deferred retirement benefit.

Contributions — Under the state law governing TMRS, SAWS' contribution rate is annually determined by the actuary using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Eligible SAWS employees are required to contribute 3.00% of their annual gross earnings. The employer required contribution rate for SAWS was 3.67% in calendar year 2017. SAWS' contribution to TMRS totaled $7,001 for the year-ended December 31, 2017, with $3,149 contributed by SAWS' employees, and $3,852 contributed by SAWS. The total contribution equaled the required contributions.

Year-Ended September 30, 2018 - 152 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The components of the Net Pension Liability are as follows:

Total Pension Liability	$	198,069
Plan Fiduciary Net Position		170,589
Net Pension Liability	$	27,480
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		86.13%

Actuarial Assumptions — The Total Pension Liability calculated in the December 31, 2016 actuarial valuation was determined using the Entry Age Normal actuarial cost method, the Level percentage of payroll amortization method, and the following actuarial assumptions:

Investment rate of return	6.75%, including inflation, net of pension plan investment expense
Inflation	2.50%
Wage growth	3.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109.00% and female rates multiplied by 103.00% with a 3-year set-forward for both males and females. In addition, a 3.00% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3.00% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Year-Ended September 30, 2018 - 153 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the plan actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
Total	100.00%	

The discount rate of 6.75% was used to measure the Total Pension Liability in the December 31, 2016 actuarial valuation. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability - TMRS	$ 53,499	$ 27,480	$ 5,901

Year-Ended September 30, 2018 - 154 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The table presents the components used to calculate the NPL for fiscal year-ended December 31, 2017, based on the measurement date and actuarial valuation date of December 31, 2016.

Changes in the Net Pension Liability		
Total Pension Liability		
Service Cost	$	4,979
Interest		12,623
Difference between expected and actual experience		29
Benefit payments		(8,186)
Net change in TPL	$	9,445
Total Pension Liability - Beginning		188,624
Total Pension Liability - Ending	$	198,069
Plan Fiduciary Net Position		
Contributions - Employer	$	3,609
Contributions - Employee		2,935
Net investment income		10,909
Benefit payments		(8,186)
Administrative Expense		(123)
Other		(7)
Net change in Plan Fiduciary Net Position	$	9,137
Plan Fiduciary Net Position - Beginning		161,452
Plan Fiduciary Net Position - Ending	$	170,589
Net Pension Liability	$	27,480

San Antonio Water System Retirement Plan (SAWSRP)

Plan Description — The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan controlled by the provisions of Ordinance No. 75686, which serves as a supplement to TMRS and Social Security. The plan has both a defined benefit and a defined contribution component. SAWS delegated to Principal Financial Group the authority to manage plan assets and administer the payment of benefits under the plan. Eligible employees hired prior to June 1, 2014 participate in the defined benefit component of the plan. Eligible employees vest in this plan after completion of five years of service.

The financial information for SAWSRP is reported in the SAWS Fiduciary Funds financial statements. SAWSRP does not issue stand-alone financial statements.

Year-Ended September 30, 2018 - 155 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

SAWSRP membership in the defined benefit component consisted of:

Membership as of the Valuation Date	January 1, 2017
Number of:	
Active members	1,285
Retirees and beneficiaries	946
Inactive members [1]	522
Total	2,753

[1] Inactive members are vested employees no longer employed by SAWS, but are eligible for a deferred retirement benefit.

Benefits Provided — Covered employees are eligible to retire upon attaining the normal retirement age of 65. An employee may elect early retirement, with reduced benefits, upon attainment of:

- Twenty years of vesting service regardless of age, or
- Five years of vesting service and at least age 60.

An employee is automatically 100.00% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

The normal retirement benefit is based upon two factors: average compensation and years of vesting service. Average compensation is defined as the monthly average of total compensation received for the three consecutive years ending December 31, out of the last ten compensation years prior to normal retirement date, which gives the highest average.

The normal retirement benefit under SAWSRP is equal to the following:

- 1.20% of the average compensation, times years of credited service not in excess of 25 years, plus
- 0.75% of the average compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
- 0.38% of the average compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides disability benefits.

Year-Ended September 30, 2018 - 156 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Contributions — Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the plan. SAWS contributes 4.00% of participant's compensation into an individual retirement account. Participants are required to contribute 3.00% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

During the year-ended December 31, 2017, SAWS made contributions to participants' individual retirement accounts totaling $850, net of forfeitures of $35 and employees contributed $663.

Net Pension Liability — The Net Pension Liability (NPL) for the defined benefit component of the SAWSRP as of December 31, 2017 was measured as of January 1, 2017 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability, measured at January 1, 2017 are as follows:

Total Pension Liability	$ 218,571
Plan Fiduciary Net Position	175,279
Net Pension Liability	$ 43,292
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.19%

The Total Pension Liability presented above was calculated with the actuarial valuation performed at January 1, 2017.

Actuarial Assumptions — The Total Pension Liability calculated in the January 1, 2017 actuarial valuation was determined using the Entry Age Normal actuarial cost method and the following actuarial assumptions:

Investment rate of return	6.50%, including inflation, net of pension plan investment expense
Inflation	2.00%
Salary increases	Scale based on 2011-2013 SAWS experience

Year-Ended September 30, 2018 - 157 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Real wage growth is based on a service-related table based on SAWS' experience from 2011 to 2013. Mortality rates for the January 1, 2017 valuation were based on RP-2006 total dataset mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the Principal Mortality Improvement (PMI) Scale. RP-2006 is a baseline mortality rates table underlying the Society of Actuaries (SOA) RP-2014 experience study as of central year of the experience data for 2004-2008 years. The PMI scale is based on the SOA MI model PREC_2014_v2016 and Principal selected assumption set published November 2016. MI beyond 2007 was based on the RPEC_2014 model and assumes a convergence period of 10 years. Long-term MI is the sex-distinct and the age based assumption calibrated to the annual improvement averages, for the period 2010-2088 published by the SOA Trustees Report for 2014.

The expected long-term return on plan assets assumption was developed as a weighted average rate based on target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2014. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of pension obligations, the investment horizon for the CMA 2014 is 20 – 30 years. Primarily as a result of a change in the target allocation of assets, the long-term expected rate of return used in the January 1, 2017 valuation was reduced to 6.50% from the long-term expected rate of return used in the January 1, 2016 valuation of 6.75%.

The discount rate used to measure the Total Pension Liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on actuarial determined amounts. Based on that assumption, the SAWSRP defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine Total Pension Liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class including inflation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US Equity - Large Cap	65.00%	6.50%
Core Bond	6.60%	3.60%
Cash	0.10%	1.55%
Aggregate Credit Bond	7.30%	4.05%
Long Credit Bond	5.50%	4.75%
Long Gov't Bond	1.80%	2.65%
Ultra Long Gov't Bond	13.70%	1.85%
Total	100.0%	

Year-Ended September 30, 2018 - 158 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following presents the Net Pension Liability, calculated using the discount rate of 6.50%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.50%, or 1.00% higher, 7.50%, than the current rate:

	1.00% Decrease 5.50%	Current Discount 6.50%	1.00% Increase 7.50%
Net Pension Liability - SAWSRP	$ 72,690	$ 43,292	$ 18,862

Schedule of Changes in Net Pension Liability and Related Ratios — The following table summarizes changes in the SAWSRP Net Pension Liability for the fiscal year-ended December 31, 2017, based on the measurement date and actuarial valuation date of January 1, 2017.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 5,724
Interest	13,680
Difference between expected and actual experience	712
Changes of assumptions	5,532
Benefit payments	(7,283)
Net change in TPL	$ 18,365
Total Pension Liability - Beginning	200,206
Total Pension Liability - Ending	$ 218,571
Plan Fiduciary Net Position	
Contributions - Employer	$ 7,367
Contributions - Employee	2,533
Net investment income	6,971
Benefit payments	(7,283)
Administrative Expense	(195)
Net change in Plan Fiduciary Net Position	$ 9,393
Plan Fiduciary Net Position - Beginning	165,886
Plan Fiduciary Net Position - Ending	$ 175,279
Net Pension Liability	$ 43,292

Year-Ended September 30, 2018 - 159 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP)

Plan Description — The District Special Project Retirement Income Plan (DSPRP) is a single-employer defined benefit pension plan that covers all eligible employees. The plan was originally established by Bexar Metropolitan Water District (BexarMet) to provide pension benefits to its employees. In 2008, the BexarMet Board elected to freeze pension benefits and entry into the plan effective September 30, 2008. In 2012, upon dissolution of BexarMet and the transfer of all assets and liabilities to the San Antonio Water System District Special Project (DSP), the plan was renamed District Special Project Retirement Income Plan. DSPRP is governed by SAWS, which is authorized to establish and amend all plan provisions. SAWS has delegated to Standard Insurance Company the authority to manage plan assets and administer the payment of benefits under the plan.

The financial information for DSPRP is reported in the SAWS Fiduciary Funds financial statements. DSPRP does not issue stand-alone financial statements.

DSPRP membership consisted of:

Membership as of the Valuation Date	January 1, 2017
Number of:	
Active members	108
Retirees and beneficiaries	12
Inactive members [1]	29
Total	149

[1] Inactive members are vested employees no longer employed by DSP, but are entitled to a deferred retirement benefit.

Benefits Provided — Prior to freezing entry into the plan, employees were eligible to enter on May 1st or November 1st following the completion of 12 months of employment and attaining the age of 21. Eligible employees vest in this plan after the completion of five years of service. Employees are 100.00% vested in any benefits derived from employee contributions regardless of years of service. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on his/her normal retirement date.

The normal retirement benefit is a percentage of average monthly earnings. Effective March 1, 1996, the monthly benefit is 40.00% of average monthly earnings reduced proportionately for less than 20 years of service. Average monthly earnings are determined by the 10 consecutive and complete calendar years after December 31, 1990 which produce the highest average. Upon retirement, retirees may choose from three different types of annuities or receive a single lump sum distribution.

Contributions — The plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits as they come due. The contribution requirements of plan are established and may be amended by the Board. The unit credit method is used to calculate the actuarial determined contribution for 2017. Under this method, the actual or expected accrued benefit of each participant is allocated to the year in which it accrues. The normal cost is the present value of benefits expected to accrue in the current year.

Year-Ended September 30, 2018 - 160 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

Net Pension Liability — The following table summarized the changes in the DSPRP Net Pension Liability for the year-ended December 31, 2017 based on the measurement date of January 1, 2017.

Total Pension Liability	$ 6,694
Plan Fiduciary Net Position	5,410
Net Pension Liability	$ 1,284
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	80.82%

Actuarial Assumptions — The Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation using the Unit Credit method as of the January 1, 2017 measurement date and the actuarial assumptions described below:

Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Inflation	2.75%

Mortality rates are based on the SOA RP-2014 table projected on a fully generational basis using mortality improvement scale MP-2016. Due to the limited size of this plan and the frozen nature of benefits under the plan, an experience study has not been done.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Primarily as a result of a change in the target allocation of assets, the long-term expected rate of return used in the January 1, 2017 valuation was reduced to 6.50% from the long-term expected rate of return used in the January 1, 2016 valuation of 7.00%.

The discount rate used to measure the Total Pension Liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on that assumption, the defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Year-Ended September 30, 2018 - 161 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	56.00%	6.00%
International Equity	5.00%	6.00%
Fixed Income	39.00%	1.00%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate — The following table presents the Net Pension Liability, calculated at December 31, 2017 using the discount rate of 6.50%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.50%, or 1.00% higher, 7.50%, than the current rate. The discount rate was changed in 2017 to 6.50% from 7.00% in 2016.

	1.00% Decrease 5.50%	Current Discount 6.50%	1.00% Increase 7.50%
Net Pension Liability - DSPRP	$ 1,568	$ 1,284	$ 1,134

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Year-Ended September 30, 2018 - 162 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

District Special Project Retirement Income Plan (DSPRP) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios — The following table summarizes the changes in the DSPRP Net Pension Liability for the fiscal year-ended December 31, 2017 based on the measurement date of January 1, 2017.

Changes in the Net Pension Liability		
Total Pension Liability		
Service Cost	$	71
Interest		418
Difference between expected and actual experience		(381)
Changes in assumptions		224
Benefit payments		(324)
Net change in TPL	$	8
Total Pension Liability - Beginning		6,686
Total Pension Liability - Ending	$	6,694
Plan Fiduciary Net Position		
Contributions - Employer	$	280
Net investment income		306
Benefit payments, including refunds of employee contributions		(324)
Administrative Expense		(8)
Net change in Plan Fiduciary Net Position	$	254
Plan Fiduciary Net Position - Beginning		5,156
Plan Fiduciary Net Position - Ending	$	5,410
Net Pension Liability	$	1,284

Deferred Compensation Plans — SAWS is the plan sponsor for two deferred compensation plans: San Antonio Water System Deferred Compensation Plan and the District Special Project Employee's 457 Plan. Both plans were created in accordance with Internal Revenue Code Section 457 and allow employees to defer a portion of their salary until future years. The compensation deferred under these plans is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation is voluntary, and SAWS does not make any contributions to these plans. The District Special Project Employee's 457 Plan was closed to new contributions effective October 1, 2013. SAWS has no liability for losses under these plans but does have the usual fiduciary responsibilities of a plan sponsor.

Year-Ended September 30, 2018 - 163 - Amounts are expressed in thousands

Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Other Pension Disclosures

Pension Expense — For the year-ended December 31, 2017, SAWS recognized pension expense under the TMRS, SAWSRP, and DSPRP as follows:

Schedule of Pension Expense		
TMRS	$	6,005
SAWSRP - Defined Benefit		9,201
SAWSRP - Defined Contribution		850
DSPRP		203
Total Pension Expense	$	16,259

Amounts payable to the pension plans by SAWS for contributions totaled $200 at December 31, 2017.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At December 31, 2017, Deferred Outflows of Resources and Deferred Inflows of Resources associated with SAWS plans related to the following sources:

	SAWSRP		TMRS		DSPRP		ALL PLANS	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 890	$ (248)	$ 23	$ (1,495)	$ 121	$ (339)	$ 1,034	$ (2,082)
Changes of assumptions	5,407	(246)	257		199		5,863	(246)
Net difference in projected and actual earnings on pension plan investments	6,729		7,436		217		14,382	
Total	$ 13,026	$ (494)	$ 7,716	$ (1,495)	$ 537	$ (339)	$ 21,279	$ (2,328)

Contributions made after the measurement date of $12,149 will be recognized as a reduction of the Net Pension Liability for the year-ending December 31, 2018.

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Year-Ended September 30, 2018 - 164 - Amounts are expressed in thousands

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Note 9 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Other Pension Disclosures (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources			
Year-Ended December 31,	SAWSRP	TMRS	DSPRP	Combined
2018	$ 3,400	$ 2,105	$ 64	$ 5,569
2019	3,400	2,105	64	5,569
2020	4,181	2,007	79	6,267
2021	1,551	4	11	1,566
2022			(1)	(1)
Thereafter			(19)	(19)
Total	$ 12,532	$ 6,221	$ 198	$ 18,951

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Year-Ended September 30, 2018 - 165 - Amounts are expressed in thousands

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Note 10 Postemployment Retirement Benefits

Summary of Postemployment Retirement Benefits

	Retiree Health Care Fund	Fire and Police Retiree Health Care Fund (Health Fund)	Total Retiree Health Care Fund and Health Fund	CPS Energy: Health, Life, and Disability
Total OPEB Liability	$ 306,065	$ 972,646	$ 1,278,711	$ 288,392
Plan Fiduciary Net Position	-	376,808	376,808	314,580
Net OPEB Liability	$ 306,065	$ 595,838	$ 901,903	$ (26,188)
Total Deferred Inflows of Resources	$ (28,401)	$ (27,599)	$ (56,000)	$ -
Total Deferred Outflows of Resources	$ -	$ -	$ -	$ 4,630
Contributions Post Measurement Date	$ -	$ 21,801	$ 21,801	$ 1,300
Total OPEB Expense	$ 19,295	$ 52,247	$ 71,542	$ (10,396)

SAWS did not implement GASB 75 in the City's fiscal year-end 2018. SAWS will implement GASB 75 in the City's fiscal year-end 2019.

Primary Government (City)

Plan Description — In addition to the pension benefits discussed in Note 9 Pension and Retirement Plans, the City provides Medicare eligible civilian and pre-October 1, 1989 uniformed retirees with certain health benefits under two postemployment benefit programs. Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City is required to account for and disclose its other postemployment liability for these programs. The City continues to actively review and have actuarial valuations performed for these programs as required.

As of September 30, 2018, there were 393 retirees and surviving spouses participating in this program. These retirees are covered under a program comprised of two self-funded PPO health plans currently administered by Blue Cross Blue Shield of Texas. These plans may be amended at any time with approval from the City Council.

The other program is for Medicare eligible retirees and surviving spouses. These retirees and surviving spouses may participate in one of two Medicare Advantage PPO Plans or the Medicare Part D Drug Plan. All retirees and surviving spouses are required to apply for and maintain Medicare Parts A & B coverage once they reach age 65 or otherwise become eligible for Medicare in order to participate in this option. Of the current 1,143 participating Medicare retirees and surviving spouses, 147 participate in a fully insured Medicare Advantage PPO Plus plan, 993 participate in a Medicare Advantage PPO plan, and three participate in the Medicare Part D Drug Plan.

A dental and vision insurance benefit is made available to eligible retired employees on a fully contributory basis. Since retirees pay the full premium for dental and vision benefits, there is no liability associated with either benefit.

Employees must be a minimum of age 60 and have at least five years of service, or have at least 20 years of service at any age to be eligible for retiree health benefits.

Employees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. There is no minimum length of service or age required to be eligible.

Year-Ended September 30, 2018 - 166 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Contributions — The two postemployment benefit programs are funded on a pay-as-you-go basis with an aggregate sharing of premium costs based on the following targets: 67.00% by the City and 33.00% by the retiree for those retirees hired prior to October 2007. With the adoption of the fiscal year 2008 Budget, additional changes were made to this retirement health plan. For all non-uniformed employees beginning employment on or after October 1, 2007, a revised schedule for sharing of the costs on a pay-as-you-go basis is effective. The revised schedule is as follows: (1) Employees who separate from the City with less than five years of service are not eligible to participate in the program; (2) Employees who separate with at least five years of service but less than ten years of service are eligible to participate in the program but without City subsidy; and (3) Employees who separate from employment with ten years of service or more will pay for 50.00% of the pay-as-you-go contributions to the program and the City will contribute the remaining 50.00%. The ability to participate in the program remains based on meeting retirement criteria for the TMRS Pension Plan.

Retirees may waive coverage at retirement but must do so at the exact time of retirement. These retirees are allowed a one-time opportunity to re-enter the plan at a later date upon submitting proof of continuous health coverage. Retirees may only enroll dependents that were covered at the time coverage was waived. Dependents must return to the plan with the retiree, otherwise coverage for the dependent is forfeited.

A summary of the current active employee and retiree population for the City at September 30, 2018 is provided in the table below:

Active members	7,092
Inactive members currently receiving benefits	1,536
Inactive members entitled to but not yet receiving benefits	1,159
Total Membership	9,787

The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. No contributions were made in fiscal year 2018 to prefund benefits. Total contributions by the City and Retirees for fiscal year-ended September 30, 2018 were $7,439 and $1,691 respectively.

Net OPEB Liability — The net OPEB liability of $306,065 was determined by an actuarial valuation as of September 30, 2018.

Total OPEB liability	$ 306,065
Plan fiduciary net position	
Total OPEB Liability	$ 306,065

Year-Ended September 30, 2018 - 167 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Actuarial Methods and Assumptions — Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. This valuation's assumptions are as follows:

Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience/Assumptions gains and losses are amortized over a closed period of 7.5 years starting on October 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service)
Salary Increase Rate	3.50% per annum
Discount Rate	4.24% per annum (EOY)

Mortality Rates were based on the RP-2014 generational table scaled using MP-18 and applied on a gender-specific basis.

The City's retiree participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 60.00% of all employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. Additionally, current waived retirees that are eligible to return to the plan have a 10.00% participation rate for returning to a Medicare Advantage plan.

Annual retirement probabilities have been determined based on the TMRS Actuarial Valuation as of December 31, 2017. The annual retirement probability is dependent on an employee's gender, entry age group, and age. Additional criteria that adjust the probabilities include employee contribution rate, employer match, and if the City has a reoccurring COLA.

The rate of withdrawal for reasons other than death and retirement has been developed from the TMRS Actuarial Valuation as of December 31, 2017. The annual termination probability is dependent on an employee's age, gender, and years of service.

A retiree pre-65 plan cost is projected at health care cost trend and compared to the excise tax cost threshold beginning in 2022 and continuing thereafter. On December 18, 2015, a bill was signed delaying the excise tax for two years. On January 22, 2018, a bill was signed delaying the implementation for an additional two years. The threshold is assumed to increase at health C-CPI trend each year. The City will be liable for 40.00% of the difference between plan costs and the cost threshold, when the plan costs are greater than the cost threshold. Excise tax is not applied to Medicare retiree coverage. The 2018 annual threshold costs for excise tax are as follows and are trended by CPI to 2022: Pre-65 Retiree Single $12 and $31 for Pre-65 Retiree Family.

Year-Ended September 30, 2018 - 168 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate — The following shows the current total OPEB liability, calculated using the discount rate of 4.24% in comparison to what the total OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (3.24%) or 1.00% higher (5.24%) than the current rate:

	1.00% Decrease 3.24%	Current Discount 4.24%	1.00% Increase 5.24%
Total OPEB Liability	$ 362,627	$ 306,065	$ 261,920

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates — The following shows the current net OPEB liability, calculated using the assumed health benefit cost trend rates, in comparison to what the total OPEB liability would be if it were calculated using trend rates that are 1.00% lower (6.00% decreasing to 3.50%) or 1.00% higher (8.00% decreasing to 5.50%) than the assumed health benefit costs trend rates:

	1.00% Decrease (6.00% decreasing to 3.50%)	Assumed Rates (7.00% decreasing to 4.50%)	1.00% Increase (8.00% increasing to 5.50%)
Total OPEB Liability	$ 263,021	$ 306,065	$ 359,983

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Year-Ended September 30, 2018 - 169 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Changes in the Net OPEB Liability — The following table shows the changes in the Net OPEB Liability as of the fiscal year-ended September 30, 2018.

Changes in the Net OPEB Liability		
Total OPEB Liability		
Service Cost	$	11,665
Interest		11,999
Difference between expected and actual experience		
Assumption changes		(32,771)
Benefit payments		(7,439)
Net change in Total OPEB Liability	$	(16,546)
Total OPEB Liability - Beginning		322,611
Total OPEB Liability - Ending	$	306,065
Plan Fiduciary Net Position		
Contributions - Employer	$	7,439
Benefit payments		(7,439)
Net change in Plan Fiduciary Net Position	$	-
Plan Fiduciary Net Position - Beginning		-
Plan Fiduciary Net Position - Ending	$	-
Total OPEB Liability	$	306,065

OPEB Expense — For the year-ended September 30, 2018, the recognized OPEB expense was $19,295.

Schedule of OPEB Expense		
Service Cost	$	11,665
Interest		11,999
Current Recognized deferred outflows/(inflows):		
Changes in assumptions or other inputs		(4,369)
Total OPEB Expense	$	19,295

Year-Ended September 30, 2018 - 170 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — At September 30, 2018, the City reported OPEB related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Changes of assumptions	$ -	$ (28,401)
Total	$ -	$ (28,401)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2019	$ (4,370)
2020	(4,370)
2021	(4,370)
2022	(4,370)
2023	(4,370)
Thereafter	(6,551)
Total	$ (28,401)

Contact Information — For additional information regarding the separately issued actuarial valuation report contact the City of San Antonio Human Resource Department, Employee Benefit Division, at 111 Soledad, Suite 200, San Antonio, Texas, 78205. The City’s Retiree Health Care Fund’s financials are reported as a fiduciary fund in the City’s CAFR. The City’s CAFR is available for viewing at www.sanantonio.gov.

Year-Ended September 30, 2018 - 171 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund

Plan Description — The Fire and Police Retiree Health Care Fund, San Antonio (Health Fund) is a Texas statutory retirement health trust for firefighters and police officers of the City, established under Article 6243q, Vernon's Texas Civil Statutes. The trust holds assets and liabilities of the City's Fire and Police Retiree Health Care Plan (Plan). This Plan is a single-employer defined benefit postemployment health care plan that was created in October 1989 in accordance with provisions established by contract with the local fire and police unions to provide postemployment healthcare benefits to police officers and firefighters of the City retiring after September 30, 1989. Authority to establish and amend the Plan's postemployment health care benefits is based on regulations enacted by the Texas Legislature that control the operation of the Health Fund. The statutory trust is governed by a Board of Trustees that meets on a monthly basis. The Board consists of nine members: the Mayor or his representative; two members of the City Council; one retired and two active duty police officers; and one retired and two active duty firefighters. The City is the only participating employer in the Plan.

WEB-TPA Employer Services, LLC and WellDyncRx serve as the medical and prescription third party administrators for the Health Fund.

Benefits Provided — The Health Fund provides postretirement health benefits for uniform employees of the fire and police departments who become eligible retirees, and their spouses. Eligible retirees are those who retire after October 1, 1989. Eligible spouses are spouses at the time of retirement of the eligible retirees and either remain married to or survive the eligible retiree. In addition, eligible spouses include the surviving spouses of active members whose death was duty-related or who died while eligible for retirement. Retirement eligibility is according to the provisions of the Fire and Police Pension Fund, San Antonio, which requires 20 or more years of service after completing the retired training to be certified.

The health benefits are indemnity style coverage with a maximum annual deductible per individual ($654 in-network) and maximum out-of-pocket payments per individual ($2,482 in-network) (amounts not expressed in thousands). After age 65, the benefits are coordinated with Medicare. The maximum deductible and out-of-pocket payments are indexed according to the annual increase in the medical care category of the CPI-U.

Contributions — Since its inception, the Health Fund has been funded primarily by contributions from the City and active firefighters and police officers, as part of the compensation for services rendered by members, and by contributions made by retirees for their dependents. As of the January 1, 2018 valuation date, the contributions required by the City were 10.34% of average covered pay of the combined fire and police departments for the City's fiscal year 2017-2018. For the active fire and police employees, the contributions required were 5.17% of the average covered pay for the City's fiscal year 2017-2018. Based on the January 1, 2018 actuarial valuation, the rates will be 12.51% and 6.26% for the City's fiscal year 2019-2020 for the City and the employees, respectively.

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

The total statutorily determined contribution rates effective October 1, 2017 through October 1, 2021 are presented in the table below.

Contribution Rates

Effective Date	City	Member	Total
10/1/2017	10.34%	5.17%	15.51%
10/1/2018	11.37%	5.69%	17.06%
10/1/2019	12.51%	6.26%	18.77%
10/1/2020 [1]	13.21%	6.60%	19.81%
10/1/2021 [1]	13.39%	6.70%	20.09%

[1] The January 1, 2019 actuarial valuation will determine the actual increase beginning October 1, 2020.

Total contributions by the City and active members for fiscal year-ended September 30, 2018 were $29,775 and $14,885 respectively.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. The measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

Membership in the Plan consisted of the following at December 31, 2017 (not expressed in thousands):

Active members	3,901
Inactive members currently receiving benefits	3,716
Inactive members entitled to but not yet receiving benefits	-
Total Membership	7,617

Net OPEB Liability — The net OPEB liability of $595,838 was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2018.

Total OPEB liability	$ 972,646
Plan fiduciary net position	376,808
Net OPEB Liability	$ 595,838
Plan fiduciary net position as a percentage of the total OPEB liability	38.74%

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Actuarial Assumptions — The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	3.00%	
Salary increases	3.00%	plus merit and promotion increases that vary by age and service
Discount rate	7.25%	
Health benefit costs trend rates	7.00%	for 2019 decreasing 0.5% per year to an ultimate rate of 4.5% for 2024 and beyond

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA. The assumed retirement rates, termination rates, and rates of merit and promotion increases were based on an experience study of the Pension Fund over the five plan years ending in 2014. The discount rate was based on the expected long-term rate of return for the Fund and is the same as in the prior actuarial valuation.

The long-term expected rate of return on plan investments is reviewed for each actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by target asset allocation percentage (currently resulting in 4.54%) and by adding expected inflation (3.00%). In addition, the final 7.25% assumption was selected by rounding down.

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Year-Ended September 30, 2018 - 174 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Global	5.00%	5.36%
Domestic small cap	4.00%	6.05%
International developed	4.00%	6.72%
Emerging markets	7.00%	7.84%
Fixed Income		
Domestic core	12.00%	1.58%
Domestic TIPS	7.00%	2.33%
Bank loans	3.00%	2.53%
Emerging markets	3.00%	2.15%
Domestic high yield	2.00%	2.72%
Alternatives		
Private equity	22.00%	6.90%
Real estate	15.00%	4.15%
Hedge funds	2.00%	2.15%
Natural resources	13.00%	3.65%
Cash	1.00%	0.30%
Total	100.00%	
Weighted Average		4.54%

Discount Rate — The discount rate used to measure the total OPEB liability was 7.25%. No projection of cash flows was used to determine the discount rate because the January 1, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years beginning in 2020. Because the 30-year amortization period of the UAAL, the plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on plan investments of 7.25% was applied to all periods of projected benefit payments as the discount rate to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate — The following shows the current net OPEB liability, calculated using the discount rate of 7.25% in comparison to what the net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate:

	1.00% Decrease 6.25%	Current Discount 7.25%	1.00% Increase 8.25%
Net OPEB Liability	$ 739,594	$ 595,838	$ 477,848

Year-Ended September 30, 2018 - 175 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Trend Rates — The following shows the current net OPEB liability, calculated using the assumed health benefit cost trend rates, in comparison to what the net OPEB liability would be if it were calculated using trend rates that are 1.00% lower (6.00% decreasing to 3.50%) or 1.00% higher (8.00% decreasing to 5.50%) than the assumed health benefit costs trend rates:

	1.00% Decrease (6.00% decreasing to 3.50%)	Assumed Rates (7.00% decreasing to 4.50%)	1.00% Increase (8.00% decreasing to 5.50%)
Net OPEB Liability	$ 462,547	$ 595,838	$ 753,802

Changes in the Net OPEB Liability — The following table shows the changes in the Net OPEB Liability as of the fiscal year-ended September 30, 2018, based on the measurement date of December 31, 2017.

Changes in the Net OPEB Liability	
Total OPEB Liability	
Service Cost	$ 24,289
Interest	68,947
Difference between expected and actual experience	(5,165)
Assumption changes	(25,344)
Benefit payments	(33,560)
Net change in Total OPEB Liability	$ 29,167
Total OPEB Liability - Beginning	943,479
Total OPEB Liability - Ending	$ 972,646
Plan Fiduciary Net Position	
Contributions - Employer	$ 27,242
Contributions - Employee	13,616
Net investment income	25,294
Benefit payments	(33,560)
Administrative Expense	(2,660)
Other	1,829
Net change in Plan Fiduciary Net Position	$ 31,761
Plan Fiduciary Net Position - Beginning	345,047
Plan Fiduciary Net Position - Ending	$ 376,808
Net OPEB Liability	$ 595,838

Year-Ended September 30, 2018 - 176 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

OPEB Expense — For the year-ended September 30, 2018, based on the actuarial valuation of December 31, 2017, the recognized OPEB expense was $52,247. Amounts recognized in the fiscal year represent changes between current and prior measurement dates.

Schedule of OPEB Expense		
Service Cost	$	24,289
Interest		68,947
Employee Contributions		(13,616)
Projected Earnings on OPEB Plan Investments		(25,250)
Amortization of differences between projected and actual earnings on plan investments		(9)
Amortization of changes of assumptions		(2,446)
Amortization of differences between expected and actual experience		(499)
OPEB plan administrative expenses		2,660
Other contributions (retirees)		(1,829)
Total OPEB Expense	$	52,247

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — At September 30, 2018, the City reported OPEB related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net difference in projected and actual earnings on OPEB plan investments	$ -	$ (35)
Changes of assumptions		(22,898)
Difference in expected and actual experience		(4,666)
Total	$ -	$ (27,599)

Year-Ended September 30, 2018 - 177 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2019	$ (2,954)
2020	(2,954)
2021	(2,954)
2022	(2,954)
2023	(2,944)
Thereafter	(12,839)
Total	$ (27,599)

Subsequent to the measurement date of the net OPEB liability, December 31, 2017 through fiscal year-end September 30, 2018, the total contributions of $21,801 is a deferred outflow of resources that will be recognized as a reduction to the net OPEB liability in the fiscal year-ending September 30, 2019.

Contact Information — Additional information regarding the Health Fund separately issued stand-alone financial report, or the actuarial valuation report for OPEB, may be obtained at 11603 W. Coker Loop, Suite 130, San Antonio, Texas, 78216.

CPS Energy

CPS Energy provides certain health, life insurance and disability income benefits for active and retired employees. CPS Energy employees and their dependents may elect to participate in the plans and most CPS Energy employees continue eligibility upon retirement from CPS Energy. Disclosures in this footnote are limited to information related only to those benefits provided on a postemployment basis. Assets of the plans are held in three separate, single-employer contributory plans:

- CPS Energy Group Health Plan (Health Plan) – a defined-benefit contributory group health plan that provides health, dental and vision benefits.
- CPS Energy Group Life Insurance Plan (Life Plan) – a defined-benefit contributory plan that provides life insurance benefits.
- CPS Energy Long-Term Disability Income Plan (Disability Plan) – a defined-benefit contributory employer funded plan that provides disability income benefits.

The Employee Benefit Plans may be amended at any time by CPS Energy, acting by and through the Employee Benefits Oversight Committee (EBOC), which includes the President and CEO, the Chief Financial Officer, and the Audit Committee of the Board.

Year-Ended September 30, 2018 - 178 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the EBOC. The plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy. The Employee Benefit Plans' financial statements include certain disclosures related to CPS Energy's Net OPEB liabilities. However, because the financial reporting and OPEB measurement dates for the Employee Benefits Plans and CPS Energy are not aligned, the Employee Benefit Plans' disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

Benefits Provided — The Health Plan provides health, dental and vision benefits to eligible retirees and the spouse and dependent children of deceased employees. The Life Plan provides life insurance benefits and death benefits to eligible retired employees and enrolled dependents. The Disability Plan provides disability income benefits to employees as of an employee's date of hire; however, benefits under the Plan are reduced if the employee is receiving certain other disability, retirement or welfare benefits.

The following table presents information about the Employee Benefit Plans participants covered by the benefit terms. Participants providing the basis of the actuarial valuation used to calculate the net OPEB liability, as of the measurement date were:

Membership as of the Valuation Date	January 31, 2018		
	Health	Life	Disability
Number of:			
Active Participants	2,886	2,886	2,992
Participants currently receiving benefits		2,268	69
Retirees receiving medical and vision	1,926		
Retirees receiving dental	1,863		
Total	6,675	5,154	3,061

Contributions — The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning 13 months after the valuation date. The January 1, 2016 valuation was the basis for contributions in fiscal year 2018.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.25% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service. Based on the funded status of the Health Plan, CPS made no contributions in fiscal year 2018. The CPS Energy average contribution rate of the Health plan was 3.80% of covered payroll in fiscal year 2017.

Year-Ended September 30, 2018 - 179 - Amounts are expressed in thousands

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Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D entitled the Health Plan to receive retiree drug subsidy payments from the federal government to offset pharmacy claims paid by the Health Plan on behalf of certain plan participants. These payments totaled $933 for fiscal year 2018. In accordance with GASB Technical Bulletin 2006-01, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D,* future projected payments from the federal government have not been used to lessen total projected obligations under CPS Energy's Health Plan.

Active employees contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20. Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20 plus 2.25% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95. Those who retired on or after February 1, 1993, contribute $0.13 per $1 of insurance per month on amounts in excess of $20 plus a percentage of the CPS Energy contribution, based on number of years of service, if they retired with less than 35 years of service. Based on the funded status of the Life Plan, CPS made no contributions in fiscal year 2018.

Beginning February 1, 2014, the Disability Plan is funded by a combination of employee and employer contributions. Active employee contribution rates are determined by CPS Energy and may be adjusted on an annual basis. CPS Energy's contributions are determined on a discretionary basis and are generally based on the actuarial valuation calculations. Retired employees are not eligible to participate and therefore do not contribute to the Disability Plan. Prior to fiscal year 2015, the Disability Plan was funded completely by CPS Energy. CPS Energy's average contribution rate was 0.60% of covered payroll in fiscal year 2018.

CPS Energy's net OPEB (asset) liability at January 31, 2018 was measured as of January 31, 2017. The total OPEB liability used to calculate the new OPEB (asset) liability was determined by actuarial valuations as of January 1, 2017, rolled forward using generally accepted actuarial procedures to the January 31, 2017 measurement date. The components of CPS Energy's net OPEB (asset) liability at January 31, 2018, were as follows:

	Health	Life	Disability	Total
Total OPEB liability	$ 234,808	$ 47,289	$ 6,295	$ 288,392
Plan fiduciary net position	260,648	49,698	4,234	314,580
Net OPEB (asset) liability	$ (25,840)	$ (2,409)	$ 2,061	$ (26,188)
Plan fiduciary net position as a percentage of the total OPEB liability	111.00%	105.09%	67.26%	109.08%

Year-Ended September 30, 2018 - 180 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Actuarial Methods and Assumptions — Significant actuarial assumptions used in the calculations for the January 1, 2017, actuarial valuation for fiscal year 2018 included (a) a rate of return on the investment of present and future assets of 7.50% for the Health, Life and Disability Plans, (b) a Consumer Price Index increase of 3.00% per year for the Life and Disability Plan, (c) projected annual base salary increases for the Health Plan ranging from 4.00% to 9.50% depending on age and projected annual salary increases of 4.78% for the Life and Disability Plans, and (d) overall medical and prescription cost increases projected at 7.00% for 2017, decreasing annually to 5.00% in 2022 and thereafter. Mortality rates for retirees were based on the RP-2000 Combined Healthy, with No Collar Adjustment, Projected to 2020 using Scale BB, Male and Female tables. Mortality rates for disabled lives were based on the 1987 Commissioners Group Disabled Life Mortality Table. There were no significant changes to the January 1, 2017 valuation assumptions, compared to the January 1, 2015 valuation for the Life and Disability Plans. The January 1, 2017 valuation for the Health Plan includes updated claims costs to reflect plan changes and recent experience, as well as resetting of the medical and prescription costs trend.

The actuarial assumptions used in the January 1, 2017 valuation for amounts reported in fiscal year 2018 were based on the results of an actuarial experience study completed in 2014 covering experience for the period January 1, 2009 through December 31, 2013.

The long-term expected rate of return on OPEB plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns on Employee Benefit Plans investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, then reduced by a factor representing inflation to produce long-term expected real rates of return for each major asset class. The assumed allocation and expected real rates of return for each major asset class are summarized in the table below.

	Assumed Asset Allocation	Expected Real Rate of Return
Asset Class		
Domestic equity	55.20%	5.49%
International equity	10.70%	5.40%
U.S. government and corporate bonds	19.60%	0.97%
Real estate	10.50%	3.80%
Cash equivalents	4.00%	
Total Investments	100.00%	

Discount Rate and Healthcare Cost Trend Rates — The discount rate used to measure the total OPEB liability for fiscal year 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Year-Ended September 30, 2018 - 181 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

An actuarial experience study was completed in 2017 covering the period January 1, 2012 through December 31, 2016. As a result of the study, the discount rate was lowered to 7.25% to more closely reflect actual experience. This change in assumption will be reflected in the January 1, 2017 actuarial valuation with a measurement date of January 31, 2018 to be recorded in the fiscal year-ending January 31, 2019.

The following tables present the sensitivity of the net OPEB (asset) liability calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total OPEB Liability:

	1.00% Decrease 6.50%	Current Discount 7.50%	1.00% Increase 8.50%
Health	$ 2,203	$ (25,840)	$ (53,883)
Life	4,135	(2,409)	(8,639)
Disability	2,219	2,061	1,911
Total	$ 8,557	$ (26,188)	$ (60,611)

The following table presents the sensitivity of net Health Plan OPEB (asset) liability calculation to a 1.00% increase and a 1.00% decrease in the healthcare cost trend rates used to measure the total Health Plan OPEB liability:

	1.00% Decrease 6.50% to 4.00%	Current Discount 7.50% to 5.00%	1.00% Increase 8.50% to 6.00%
Health Plan OPEB (Asset)/Liability	$ (51,252)	$ (25,840)	$ 4,508

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Year-Ended September 30, 2018 - 182 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Net OPEB (Asset) Liability — CPS Energy's net OPEB (asset) liability at January 31, 2018 was measured as of January 31, 2017. The total OPEB liability used to calculate the net OPEB (asset) liability was determined by actuarial valuations as of January 1, 2017, rolled forward using generally accepted actuarial procedures to the January 31, 2017 measurement date.

Changes in Net OPEB (Asset) Liability

	Health	Life	Disability	Total
Total OPEB Liability				
Service cost	$ 3,435	$ 336	$ 527	$ 4,298
Interest cost	18,176	3,256	455	21,887
Changes in Plan Benefits	(19,185)			(19,185)
Differences between expected and actual experience	475	2,378	255	3,108
Benefit payments	(14,001)	(3,469)	(974)	(18,444)
Net Change in Total OPEB Liability	(11,100)	2,501	263	(8,336)
Total OPEB Liability - Beginning	245,908	44,788	6,032	296,728
Total OPEB Liability - Ending	$ 234,808	$ 47,289	$ 6,295	$ 288,392
Plan Fiduciary Net Position				
Contributions - employer	$ 8,500	$ -	$ 700	$ 9,200
Contributions - employee	6,802	972	260	8,034
Medicare Part D payment	933			933
Loss on Plan assets	38,949	6,936	501	46,386
Benefit payments	(20,804)	(3,469)	(974)	(25,247)
Administrative expense	(1,621)	(27)	(15)	(1,663)
Net Change in Plan Fiduciary Net Position	$ 32,759	$ 4,412	$ 472	$ 37,643
Plan Fiduciary Net Position - Beginning	227,889	45,286	3,762	276,937
Plan Fiduciary Net Position - Ending	$ 260,648	$ 49,698	$ 4,234	$ 314,580
Net OPEB (Asset) Liability	$ (25,840)	$ (2,409)	$ 2,061	$ (26,188)

CPS Energy recorded $(10,396) in OPEB expense for the year-ended January 31, 2018.

Plan Fiduciary Net Position — Detailed information about the OPEB plans' fiduciary net position is available in the separately issued Employee Benefit Plans financial statements. For purposes of measuring the net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position for the Employee Benefit Plans and additions to/deductions from the Employee Benefit Plans' fiduciary net position have been determined on the same basis as they are reported by the Employee Benefit Plans. Investments are stated at fair value. Benefit payments are recognized when due and payable in accordance with the terms of the Employee Benefit Plans.

Year-Ended September 30, 2018 - 183 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

CPS Energy (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB — The following table presents information about the OPEB-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2018:

	Health	Life	Disability	Total
Deferred Outflows of Resources				
Differences between projected and actual earnings on OPEB assets	$ 787	$ 1,019	$ 159	$ 1,965
Differences between expected and actual experience in the measurement of total OPEB liability	408	2,038	219	2,665
Total Deferred Outflows of Resources	$ 1,195	$ 3,057	$ 378	$ 4,630

Subsequent to the measurement date and through fiscal year-end 2018, CPS contributed $1,300 to the Plan.

The following table presents the future amortization of OPEB-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Employee Benefit Plans in the current fiscal year and subsequent to the net OPEB (asset) liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net OPEB (asset)/liability in the subsequent fiscal year.

	Health	Life	Disability	Total
Year-ended January 31,				
2019	$ 2,150	$ 1,001	$ 113	$ 3,264
2020	2,150	1,001	113	3,264
2021	1,166	762	87	2,015
2022	(4,407)	(387)	(7)	(4,801)
2023	68	340	36	444
Thereafter	68	340	36	444
Total	$ 1,195	$ 3,057	$ 378	$ 4,630

Year-Ended September 30, 2018 - 184 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS)

SAWS provides certain healthcare and life insurance benefits for eligible retirees, their spouses, and their dependents through San Antonio Water System Retiree Health Trust (SAWS OPEB Plan), a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the OPEB provisions is vested in the SAWS Board of Trustees.

By State law, any employee that retires under either the TMRS or SAWS retirement plans is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Retirees may also purchase coverage for their spouse and qualifying dependents at group rates partially subsidized by SAWS. Any plan participant eligible for Medicare is required to enroll in a Medicare Advantage Plan. No supplemental health benefits are provided to those participants enrolled in Medicare Advantage Plans. Employees hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS.

SAWS does not issue a separate financial report for its OPEB plan.

The following is the participant summary as of January 1, 2017, the most recent actuarial valuation date:

Active employees	1,501
Retired employees	833
Total	2,334

Funding Policy — The contribution requirements of plan participants are established and may be amended by the SAWS Board of Trustees. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Plan participants made contributions toward plan benefits totaling $1,103 for year-ended December 31, 2017.

SAWS contributions to the plan are also established by the Board. Prior to 2012, SAWS only funded the shortfall between annual benefit payments and retiree contributions ("current benefit payments"). In March 2012, SAWS established an OPEB Trust for the exclusive purpose of prefunding future benefit payment for eligible retirees and their dependents. In addition to making contributions to the trust, SAWS has continued to fund current benefit payments outside of the trust. SAWS intends to fund current benefit payments as well as make annual contributions to the trust in accordance with a plan that, at a minimum, fully funds the actuarially determined annual required contributions for these benefits thereby improving the funded status of the SAWS OPEB Plan over a period of time.

Annual OPEB Cost and Net OPEB Obligation — For the year-ended December 31, 2017, SAWS' annual OPEB cost is calculated based on the annual required contribution (ARC).

Actuarial Methods and Assumptions — Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Year-Ended September 30, 2018 - 185 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for SAWS' OPEB plan.

Assumptions	
Actuarial Valuation Date	1/1/2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	17 Years - Closed
Actuarial Assumptions:	
Investment Rate of Return	6.50%
Inflation Rate	2.50%

Health care cost trend rates are used to anticipate increases in medical benefit costs expected to be experienced by the retiree health plan in each future year. The trend rates are as follows:

	Annual Rate of Increase
Year Beginning January 1,	Medical Trend
2017	5.50%
2018	5.40%
2019	5.30%
2020	5.20%
2025	5.45%
2030	5.49%
2035	5.49%
2040	5.49%
2050	5.11%
2060	4.93%
2070	4.41%
Ultimate - 2074	4.14%

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Year-Ended September 30, 2018 - 186 - Amounts are expressed in thousands

Note 10 Postemployment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS' annual OPEB cost, employer contributions, percentage cost contributed to the plan, and net OPEB obligation for the three most recent fiscal years were as follows:

Three-Year Trend Information										
OPEB Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	Adjustment To ARC	Annual OPEB Cost	Contributions In Relation to ARC	Increase (Decrease) in Net OPEB	Net OPEB Obligation (Asset) at Beginning of Year	Net OPEB Obligation (Asset) at End of Year	Percentage of OPEB Cost Contributed
SAWS - OPEB[1]	2015	$ 12,978	$ 3,977	$ (6,578)	$ 10,377	$ (13,761)	$ (3,384)	$ 83,734	$ 80,350	132.61%
	2016	11,416	5,223	(7,704)	8,935	(15,746)	(6,811)	80,350	73,539	176.23%
	2017	12,412	4,780	(7,273)	9,919	(14,525)	(4,606)	73,539	68,933	146.44%

SAWS' funded status for the most recent year is as follows:

Funded Status and Funding Progress	
OPEB Plan	SAWS
Actuarial value of plan assets (a)	$ 44,028
Actuarial accrued liability (b)	144,960
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 100,932
Funded ratio (a) / (b)	30.37%
Covered payroll (c)	$ 79,417
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	127.09%

Year-Ended September 30, 2018 - 187 - Amounts are expressed in thousands

Note 11 CPS Energy South Texas Project (STP)

Joint Operations

Units 1 and 2 – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant with each unit having a nominal output of approximately 1,330 MW. The other participants in STP Units 1 and 2 are NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. (NRG), and the City of Austin. The units, along with their support facilities and administrative offices, are located on a 12,220-acre site in Matagorda County, Texas. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS Energy's 40.0% ownership in STP Units 1 and 2 represents approximately 1,064 MW of total plant capacity.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated. At that time, the South Texas Project Nuclear Operating Company (STPNOC), a Texas nonprofit, nonmember corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. STPNOC is financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs STPNOC, with each owner appointing one member to serve with STPNOC's chief executive officer.

On October 28, 2010, STP submitted license renewal applications to the Nuclear Regulatory Commission (NRC) to extend the operating licenses of STP Units 1 and 2 to 2047 and 2048, respectively. The NRC issued a letter on February 10, 2017 which provided an Updated Safety Review Schedule for the STP Units 1 and 2 license applications and indicated the scheduled date for issuance of the Safety Evaluation Report (SER) as June 2017, followed by a full Advisory Committee on Reactor Safeguards (ACRS) meeting on the SER in July 2017. The issuance of the SER and the full ACRS meeting were both completed as scheduled. In September 2017, the NRC approved STPNOC's license renewal applications for STP Units 1 and 2, which extends the operating licenses to 2047 and 2048, respectively.

Under the Nuclear Waste Policy Act (NWPA), the Department of Energy (DOE) has an obligation to provide for the permanent disposal of high-level radioactive waste, which includes used nuclear fuel at U.S. commercial nuclear power plants such as STP. To fund that obligation, all owners or operators of commercial nuclear power plants entered into a standard contract under which the owners paid a fee to the DOE based on the amount of electricity generated and sold from the power plant, along with additional assessments. In exchange for collecting this fee and the assessments, the DOE undertook the obligation to develop a high-level waste repository for safe, long-term storage of the fuel and, no later than January 31, 1998, to transport and dispose of the used fuel. To date, no high-level waste repository has been licensed to accept used fuel. The National Association of Regulatory Utility Commissioners (NARUC) challenged further collection of this fee; and on November 19, 2013, the Court ruled in favor of NARUC and ordered the DOE to submit to the U.S. Congress a proposal to reduce the fee to zero until certain conditions are met. While the reporting to the DOE of used nuclear fuel volumes will continue, effective May 16, 2014, the rate was reduced to zero.

Multiple cases have been filed in the U.S. Court of Federal Claims by the existing owners or operators of nuclear facilities against the DOE related to its failure to meet its obligations under the NWPA. The owners/operators were seeking damages related to ongoing used nuclear fuel storage costs incurred because the DOE did not meet its obligation. On August 31, 2000, in *Maine Yankee Atomic Power Company, et. al. v. United States*, the U.S. Court of Appeals for the Federal Circuit affirmed that the DOE had breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. Subsequent to that decision, the DOE settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository.

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Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

In February 2013, STPNOC, on behalf of the owners of STP, entered into a similar settlement with the DOE. Under the terms of the settlement, the DOE reimbursed STP for certain costs incurred in continuing onsite storage of all of its used nuclear fuel through December 2013. A settlement extension, executed on January 24, 2014, extended the term of the Spent Fuel Settlement Agreement with the DOE through December 31, 2016. In the most recent settlement agreement dated March 15, 2017, the DOE extended its commitment to reimburse STP for allowable spent fuel management expenditures through December 31, 2019. Pursuant to STPNOC's analysis of NRC guidance, STPNOC has started the process of planning, licensing, and building an on-site independent spent fuel storage installation (ISFSI; also known as the Dry Cask Storage Project) with an expectation that the ISFSI will be operational in 2019.

Ongoing costs for the spent fuel management project are being funded by the STP owners as expenditures are incurred. CPS Energy requests reimbursement periodically from its Decommissioning Trusts for CPS Energy's portion of allowable costs. Annually, STPNOC submits claims to the DOE for the reimbursement of allowable costs for spent fuel management. Allowable costs are returned by STP to the owners upon receipt of funds from the DOE. In turn, the settlement amount received from the DOE by CPS Energy is reimbursable to the Trusts. Qualifying spent fuel management costs not reimbursable by the DOE are funded by the Trusts. Any costs not reimbursable by the DOE or the Trusts are recorded as an STP operating and maintenance expense or capital costs.

On March 11, 2011, a region of Japan sustained significant loss of life and destruction as a result of a major earthquake and resulting tsunami. Included in the damaged areas were the Fukushima Daiichi nuclear units, which lost power to components of the backup and safety control systems and began emitting radiation into the surrounding environment. Following the incident, the NRC convened a Near-Term Task Force to conduct a review of the Commission's processes and regulations in light of the events at Fukushima. The Near-Term Task Force's 90-day report confirmed the safety of U.S. nuclear power plants and included 12 recommendations to the NRC to enhance readiness to safely manage severe events. The NRC Commissioners directed the staff to implement several of the recommendations that were identified as those that should be implemented without unnecessary delay. In addition, the Commissioners directed the staff to identify the schedule and resource needs associated with those Near-Term Task Force recommendations that were identified as long-term actions and/or that require additional staff study to inform potential regulatory changes. On March 12, 2012, the NRC issued three Orders and one Request for Information letter. These actions represented the first regulatory activity initiated as a result of the lessons learned from the events at Fukushima. The Orders outlined actions that must be taken and also provided a compliance deadline. License holders were to complete the actions within two refueling outages or by December 31, 2016, whichever came first. They requested an exemption from certain changes and had to complete additional documentation during this time. All necessary actions were performed and they received an exemption from other changes issued on July 11, 2017. To date, STPNOC has submitted the requested information and complied with the NRC Orders in a timely manner on all deadlines that have come due.

Unit 1 Project – On November 18, 2015, STP Unit 1 Shutdown Bank Control Rod D6 was determined to be inoperable following a scheduled refueling and maintenance outage. STP Unit 1 operated with 56 full-length control rods instead of 57 based on an Emergency License Amendment Request (LAR) that was approved by the NRC on December 11, 2015. In December 2016, STP received notification from the NRC that Unit 1 Control Rod D6 LAR had been approved. The approved LAR permanently changes the Unit 1 Technical Specifications to reflect future operations without Shutdown Bank Control Rod D6. The approved changes were implemented during the spring 2017 Unit 1 refueling outage.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

On February 9, 2017, STPNOC received a final significance determination notice from the NRC that concluded a previously identified security-related finding was Greater than Green and of low to moderate security significance. The finding was identified during an NRC inspection conducted from October 19 through December 1, 2016. STPNOC took prompt actions to address the finding. Beginning February 16, 2017, the NRC webpage reflected STP Units 1 and 2 in the Regulatory Response Column of the Reactor Oversight Process (ROP) Action Matrix. In August 2017, STP successfully completed an NRC Inspection (95001) and in September 2017, the NRC determined that the actions taken by STPNOC were effective in identifying and correcting the cause and returned STP to the Licensee Response column of the NRC ROP effective October 2017.

On June 24, 2017, STPNOC informed the Owners that they had received NRC notification regarding two proposed apparent violations related to an Office of Investigation (OI) review into its Fire Watch Program. The two proposed violations were both based on results of the OI investigation into apparent willful violations involving the Fire Marshall during the 2014 – 2015 timeframe. Both violations are related to the falsification of Fire Watch records, whereby the Fire Marshall failed to provide complete and accurate information. Following an internal STP investigation into the Fire Watch Program in 2015, the Fire Marshall was terminated.

The NRC assessed these issues under the Traditional Enforcement program and recommended Severity Level 3 for these apparent violations because they involved supervisory personnel. For reference, Severity Level 4 violations are the lowest level of significance, with Severity Level 1 infractions being the most severe.

On June 29, 2017, STPNOC received a letter from the NRC that includes options of response. In response, STP documented in its corrective action program the reasons for the violations and the actions taken to address the issue. The NRC has noted that STP has already taken significant actions to address the Fire Marshall issue.

In late August 2017, the NRC upheld their recommendation and assigned Severity Level 3 to the violations under the Traditional Enforcement program. The NRC noted to STPNOC that civil penalty could have been assessed for these violations but the NRC considered STP's significant actions to address the issues and terminate the employment of the Fire Marshall. The NRC assigned credit for these actions and the violations were closed with no further action.

On January 11, 2018, STPNOC received a draft notice of enforcement letter from the Texas Commission on Environmental Quality (TCEQ) for three violations, which all occurred in 2016. The violations were identified and reported by STPNOC to TCEQ and are related to STP's air quality permit. These deviations were included in STP's 2017 semi-annual report submitted to the TCEQ in February 2017.

On February 15, 2018, the TCEQ transmitted a proposed agreed order assessing a minimal administrative penalty regarding the Notice of Enforcement issued on January 11, 2018, for late reporting of the air quality permit deviation in 2016. The order acknowledges that STP submitted the report in February 2017 and did not require any additional corrective action. On June 26, 2018, the TCEQ issued a letter approving closure of the enforcement action received in January 2018 related to an air quality permit violation that occurred in 2016. The TCEQ acknowledged that corrective action was complete and the administrative penalty had been paid. No further action is required.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

Units 3 and 4 Project – In September 2007, NRG and CPS Energy signed the South Texas Project Supplemental Agreement under which CPS Energy elected to participate in the development of two new nuclear units at the STP site, STP Units 3 and 4, pursuant to the terms of the participation agreement among the STP owners and agreed to potentially own up to 50.0% of STP Units 3 and 4. Also in September 2007, STPNOC, on behalf of CPS Energy and NRG, filed with the NRC a combined construction and operating license application (COLA) to build and operate STP Units 3 and 4. This COLA was the first complete application for new commercial nuclear units to be filed with the NRC in nearly 30 years. On November 29, 2007, the NRC announced it had accepted the COLA for review.

On March 26, 2008, NRG announced the formation of Nuclear Innovation North America (NINA). Upon the formation of NINA, NRG had an 88.0% ownership interest in NINA, while Toshiba America Nuclear Energy Corporation (TANE) owned the remaining 12.0%. NRG contributed its 50.0% ownership of, and its development rights to, STP Units 3 and 4 to NINA. As a result, NINA became CPS Energy’s partner for the co-development of STP Units 3 and 4.

On September 24, 2008, STPNOC, on behalf of CPS Energy and NINA, filed with the NRC an updated COLA naming TANE as the provider of STP Units 3 and 4. Receipt of the NRC-approved combined operating license was a condition precedent to starting significant project construction.

In June 2009, CPS Energy management provided the Board its formal assessment and recommendations concerning these options compared to other possible new generation types including the first public estimate of the cost of the first possible project at $13,000,000, inclusive of financing costs. Reports of higher cost estimates, however, resulted in reconsideration of the advisability of participating in the STP Units 3 and STP 4 Project and, ultimately, in CPS Energy's decision to limit participation in further development of STP Units 3 and 4. In a settlement negotiated with NRG and the other participants in the development of STP Units 3 and 4, CPS Energy received a 7.6% ownership interest in STP Units 3 and 4. CPS Energy is not liable for any STP Units 3 and 4 project development costs incurred after January 31, 2010, however, once the new units reach commercial operation, CPS Energy will be responsible for its 7.6% share of ongoing costs to operate and to maintain the units. CPS Energy will also receive two $40,000 installment payments upon DOE issuance of a conditional loan guarantee to NINA. NINA agreed to and has completed, a contribution of $10,000 over a four-year period to the Residential Energy Assistance Partnership, which provides emergency bill payment assistance to low income customers in the City and Bexar County.

In August 2015, Toshiba Corporation (Toshiba) announced that it planned to write down its semiconductor, home appliance, and nuclear business units following an investigation into accounting issues that have resulted in the need for Toshiba to restate their past financial results. In its fiscal year ended March 31, 2017, Toshiba recorded a loss and wrote down the value of its Westinghouse nuclear power subsidiary, worth $6,300,000. Previously in 2011, NRG announced it had written off its investment in STP Units 3 and 4. On October 1, 2015, the NRC issued a press release indicating that NRC staff had completed its Final Safety Evaluation Report for the Combined Licenses (COL) for the proposed STP Units 3 and 4. The NRC staff provided the Final Safety Evaluation Report along with the Final Environmental Impact Statement on the application to the NRC for the mandatory hearing phase of the licensing process on November 19, 2015. On February 9, 2016, the NRC commissioners authorized issuance of the COL for STP Units 3 and 4 and the licenses were issued on February 12, 2016.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Joint Operations (Continued)

Despite the project having secured the NRC's authorization for the issuance of the COL, in January 2016 CPS Energy concluded that as a result of sustained changes in a number of environmental and economic factors directly affecting the projected economic feasibility of completing construction of STP Units 3 and 4, the project had experienced a permanent impairment. CPS Energy determined it was appropriate to write off the entire investment in STP Units 3 and 4. The impairment loss was reported as an extraordinary item on CPS Energy's Statements of Revenues, Expenses, and Changes in Net Position for the period ended January 31, 2016. This noncash transaction did not impact CPS Energy's debt service coverage ratio; however, there was a resulting increase from 61.1% to 63.7% in the debt to debt and net position ratio at January 31, 2016. CPS Energy continues to retain a legal interest in the STP Units 3 and 4.

See Note 5 Capital Assets for more information about CPS Energy's capital investment in STP.

Nuclear Insurance

STP maintains required insurance coverage pursuant to the Price-Anderson Act, providing limitations on liability and governmental indemnities with respect to nuclear incidents. Pursuant to the Price-Anderson Act, effective January 1, 2017, the maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is $127,318, taking into account a 5.0% adjustment for administrative fees and subject to adjustment for inflation every five years, for the number of operating nuclear units and for each licensed reactor, payable at $18,963 per year per reactor for each nuclear incident. CPS Energy and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests. For purposes of these assessments, STP currently has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC in accordance with the financial protection requirements of the Price-Anderson Act. A nuclear liability policy, with a maximum limit of $450,000 for the nuclear industry as a whole, provides protection from nuclear-related claims. A Master Worker Certificate policy, also with a maximum limit of $450,000 for the nuclear industry as a whole, provides protection from radiation tort claims of workers at nuclear facilities.

NRC regulations require licensees of nuclear power plants to obtain on-site property damage insurance in a minimum amount of approximately $1,100,000. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP Units 1 and 2 currently maintain nuclear property insurance at or above the legally required amount. The nuclear property insurance consists of primary property damage insurance and excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). A retrospective assessment could occur if property losses, as a result of an accident at any nuclear plant insured by NEIL, exceed the accumulated funds available to NEIL. CPS Energy also maintains accidental outage insurance through STP's NEIL membership, that provides weekly indemnity payments for an insured property loss subject to an applied deductible period.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning

In 1991, CPS Energy started accumulating funds for the decommissioning of its 28.0% ownership in STP Units 1 and 2 in an external trust in accordance with the NRC regulations. The 28% Decommissioning Trust’s assets and related liabilities are included in CPS Energy’s financial statements as a component unit. Excess or deficient funds related to the 28% Trust will be distributed to or received from CPS Energy’s ratepayers after decommissioning is complete.

In conjunction with the acquisition of the additional 12.0% interest in STP Units 1 and 2 in May 2005, CPS Energy also assumed control of a relative portion of the Decommissioning Trust previously established by the prior owner, American Electric Power (AEP). The 12% Decommissioning Trust’s assets and related liabilities are also included in CPS Energy’s financial statements as a component unit. Subject to Public Utility Commission of Texas (PUCT) approval as may be requested in the future, excess or deficient funds related to the 12% Trust will be distributed to or received from AEP’s ratepayers after decommissioning is complete.

CPS Energy, together with the other owners of STP Units 1 and 2, files a certificate of financial assurance with the NRC for the decommissioning of the nuclear power plant every two years or upon transfer of ownership. The certificate assures that CPS Energy and the other owners meet the minimum decommissioning funding requirements mandated by the NRC. The owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically.

The most recent cost study, which was finalized in May 2013, estimated decommissioning costs for the 28.0% ownership in STP Units 1 and 2 at $627,495 in 2012 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28% Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions will be required to be deposited into the Trust.

In fiscal year 2009, CPS Energy determined that some preshutdown decommissioning and spent fuel management activities would be required prior to shutdown of STP Units 1 and 2. As a result, separate trust accounts were created to pay for preshutdown decommissioning activities. Additionally, funds in the Trusts applicable to spent fuel management were transferred to separate spent fuel management accounts so that they were not commingled with funds allocable to preshutdown or postshutdown decommissioning costs. Based on projected costs, the spent fuel management accounts are currently fully funded; therefore, no contributions were made to these accounts in fiscal year 2018. In fiscal year 2018, no contributions were made to fund preshutdown decommissioning costs for CPS Energy’s 28.0% ownership in STP. No preshutdown decommissioning expenses were incurred for the 28.0% ownership in calendar year 2017. For the 12% Trust, preshutdown costs were funded by AEP’s ratepayers. The 12% Trust incurred no preshutdown decommissioning expenses in the calendar year 2017.

As of December 31, 2017, CPS Energy had accumulated $431,928 in the 28% Trust. Total funds are allocated to decommissioning costs, preshutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2016, the 28% Trust funds allocated to decommissioning costs totaled $248,987, which exceeded the calculated financial assurance amount of $152,465.

Note 11 CPS Energy South Texas Project (STP) (Continued)

Nuclear Decommissioning (Continued)

The May 2013 cost study estimated decommissioning costs for the 12.0% ownership in STP Units 1 and 2 at $268,927 in 2012 dollars. As of December 31, 2017 $157,542 had been accumulated in the 12% Trust. Total funds are allocated to decommissioning costs, preshutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2016, the 12% Trust funds allocated to decommissioning costs totaled $97,221, which exceeded the calculated financial assurance amount of $65,342.

CPS Energy accounts for decommissioning by recognizing a liability and expense for a pro rata share of projected decommissioning costs as determined by the most recent finalized cost study. A new cost study is performed every five years; and, in years subsequent to the latest study, estimated annual decommissioning expense and an increase in the liability is calculated by applying the effects of inflation and the ratio of years of plant usage to total plant life. Additionally, a zero net position approach is applied in accounting for the Decommissioning Trusts. The total decommissioning liability and related annual decommissioning expense is calculated assuming the longer total plant life due to the license extensions.

Both Decommissioning Trusts also have separate calendar-year financial statements, which are separately audited and can be obtained by contacting the Controller at CPS Energy.

STP Pension Plan and Other Post-retirement Benefits

STPNOC maintains several pension and other post-retirement benefit plans covering most employees, including a noncontributory defined-benefit pension plan, defined-benefit post-retirement plan, supplementary nonqualified unfunded pension plan, supplemental retirement plan, deferred compensation program, and a contributory savings plan. The owners of STPNOC, including CPS Energy, although not sponsors to the STP plans, share in all plan costs in the same proportion as their respective ownership percentages.

The noncontributory defined-benefit pension plan covers certain employees. Effective January 1, 2007, STPNOC approved a change to the pension plan to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date receive enhanced matching contributions under the STP Nuclear Operating Company Savings Plan.

STPNOC also maintains a defined-benefit post-retirement plan that provides post-retirement health and welfare benefits. As of May 1, 2014, certain STPNOC employees voted to transition STPNOC’s medical plan to a Taft-Hartley multi-employer health and welfare plan. STPNOC pays monthly premiums for the benefits, to be partially funded by participating employees.

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, $270 for 2017 are covered by a supplementary nonqualified, unfunded pension plan, which is provided for by charges to operations sufficient to meet the projected benefit obligations. The accruals for the costs of that plan are based on substantially the same actuarial methods and economics as the noncontributory defined-benefit pension plan.

An unfunded supplemental retirement plan and other unfunded deferred compensation programs are maintained by STPNOC for certain key individuals.

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Note 11 CPS Energy South Texas Project (STP) (Continued)

STP Pension Plan and Other Post-retirement Benefits (Continued)

The effect to CPS Energy of funding obligations related to the defined-benefit plans sponsored by STPNOC was $10,610 for fiscal year 2018 and was reflected as an adjustment for STP Pension Cost on the Statement of Activities.

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Note 12 Commitments and Contingencies

Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2018. Grant funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2018 was $44,334.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2019. The estimated cost of these improvements is $690,378; of this amount $207,250 will be funded from the 2017 General Obligation Bonds. The 2019 Capital Improvements Program consists of the following:

Function/Program	2019
General Government	
Information Technology	$ 68,951
Municipal Facilities	85,513
Total General Government	$ 154,464
Public Health & Safety	
Drainage	$ 78,075
Fire Protection	5,453
Law Enforcement	5,675
Total Public Health & Safety	$ 89,203
Recreation & Culture	
Libraries	$ 6,319
Parks	106,117
Total Recreation & Culture	$ 112,436
Transportation	
Air Transportation	$ 75,123
Street	253,152
Total Transportation	$ 328,275
Total Neighborhood Improvements	$ 6,000
Total Capital Plan	$ 690,378

These projects are scheduled to be funded with a combination of grants, contributions from others, bonds, certificates, notes and other designated City resources.

Year-Ended September 30, 2018 - 196 - Amounts are expressed in thousands

Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various claims and lawsuits alleging personal and property damages, wrongful death, breach of contract, environmental matters, civil rights violations, and employment matters. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund in the amount $16,880. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded as appropriations in the Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the basic financial statements cannot be determined.

Cheryl Jones, et al. v. City of San Antonio, et al. On February 28, 2014, Marquise Jones was shot by a SAPD police officer at a restaurant. Plaintiffs are asserting claims under 42 USC §1983 against the City and the officer for excessive force, racial profiling, and failure to train under the Texas Survivor Statute and Texas Wrongful Death Statute. Plaintiffs seek damages of at least $5,000 for loss of affection, consortium, financial assistance, pain and suffering of decedent prior to death, mental anguish, emotional distress, quality of life, exemplary and punitive damages, attorney fees, and costs of court. This case was tried beginning on March 27, 2017. A jury rendered a verdict in favor of the City and the officer on April 4, 2017. Plaintiffs filed a motion for a new trial, which was denied on August 30, 2017. Plaintiffs appealed this matter to the Fifth Circuit. Initial briefing has been concluded. This matter is set for oral argument on March 14, 2019.

Jimmy Maspero and Regina Maspero, et al. v. City of San Antonio, et al. Plaintiffs allege that on September 19, 2012, Plaintiffs' vehicle was involved in a collision with a vehicle being pursued by a SAPD patrol car causing the death of two of Plaintiffs' children and severe permanent injuries to the remaining Plaintiffs (two children, two adults). The Plaintiffs have asserted a "state-created danger" theory under 42 USC §1983 alleging a violation of Plaintiffs' 14th Amendment substantive due process. Plaintiffs are also asserting state law theories of negligence. Plaintiffs seek to recover damages for mental anguish, physical pain, impairment, medical expenses, and the wrongful death of two of their children. Plaintiffs are seeking monetary damages of at least $3,000. This case has been remanded back to state district court. On February 19, 2018, the trial court granted the City's plea to the jurisdiction, dismissing all claims. Plaintiffs motion for a new trial was denied. Plaintiffs have filed an appeal to the Fourth Court of Appeals. This matter is set for oral argument on April 12, 2019.

Estate of Norman Cooper, et al. v. City of San Antonio, et al. SAPD officers were called to a residence on a report of domestic violence. At the scene, decedent was tased on two separate occasions. Decedent later collapsed and died. Decedent's estate and family members have filed suit against the City and named officers alleging use of excessive force in violation of 42 USC §1983. Plaintiffs seek damages in excess of $250. Discovery closed on September 1, 2017. This matter is not yet set for trial. The Court granted the City's motion for Summary Judgment, but denied the officers' motions for Summary Judgment. The denial of the officers' motions for summary judgment on the issue of excessive force has been appealed to the Fifth Circuit. Trial on this matter has been stayed pending a ruling from the Fifth Circuit.

Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Elena Scott, Individually and as Representative of the Estate of Antronie Scott v. City of San Antonio, et al./Diane Peppar, et al. v. City of San Antonio. An SAPD officer was attempting to execute an arrest warrant when Plaintiff's decedent exited his vehicle with an object the officer believed was a weapon. The officer discharged his service weapon, fatally wounding decedent. Plaintiff has filed suit under 42 USC §1983 alleging use of excessive force. This case was consolidated with *Diane Peppar vs. City of San Antonio*. Diane Peppar is decedent Antronie Scott's mother. Discovery has been completed in this case. Summary Judgment motions are currently pending before the court. This case is not yet set for trial.

Rogelio Carlos lll, et al. v. Carlos Chavez, et al. SWAT officers were assisting High Intensity Drug Trafficking Areas (HIDTA) in searching for a fleeing suspect. Plaintiff was misidentified by the HIDTA officer as being the suspect. HIDTA officer engaged and attempted to physically apprehend Plaintiff and was assisted by SAPD SWAT officers. Plaintiff suffered minor injuries as a result of the arrest, although he later complained of neck and shoulder/arm pain. Several months after the incident, Plaintiff underwent surgery, during which procedure, Plaintiff was paralyzed. Plaintiff has filed suit against the City and various officers under 42 USC §1983. Discovery is ongoing. The Plaintiff has amended their suit to include physicians involved in the Plaintiff's surgical procedure. This case has not been set for trial.

Neka Scarborough Jenkins v. City of San Antonio. Plaintiff's decedent was driving northbound on Blanco Road and attempted to turn left onto Lockhill Selma at a controlled traffic signal. Plaintiff contends that the traffic signal for her lane of traffic was facing the wrong direction. While making the turn, decedent was struck by an oncoming vehicle and was killed. Plaintiff claims the City of San Antonio had prior notice but failed to correct the issue within a reasonable period of time. Plaintiff also claims the investigation revealed the light was placed too low and was not at the correct height for a traffic signal. Under the Texas Tort Claims Act, damages are capped at $250. Discovery is ongoing. This case is not yet set for trial.

Patricia Slack, et. al. v. The City of San Antonio, Texas and Steve Casanova. SAPD officers responded to persons complaining they had been assaulted in front of a nearby residence. The officers went to the wrong address provided by the victims and approached the front door, which was behind a security door made of metal bars. The officers knocked, and the door swung open to the living room. One individual stood and approached the door while reaching his hand into his waistband. Officer Casanova discharged his weapon. A bullet fired by Officer Casanova grazed one individual and fatally struck a second individual. Suit is brought on behalf of the estate of the deceased, the injured individual and another individual on the scene. Plaintiffs have filed suit under 42 U.S.C. §1983 alleging use of excessive, deadly force. This suit has only recently been filed; no scheduling order or trial date has been entered.

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Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Leases

The City leases City-owned property to others consisting of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. Total rental revenue from operating leases received for the fiscal year-ended September 30, 2018 was $20,211 for Governmental Activities and $52,011 for Business-Type Activities, which consisted of $50,709 for the Airport System, $115 for Solid Waste Management and $1,187 for Nonmajor Enterprise. The Airport System's revenue is net of Ground Abatement Credits and Building Improvement Credits allowed to lessees per signed contracts. As of September 30, 2018, the leases provide for the following future minimum rentals:

	Lease Revenue				
	Governmental Activities	Airport System	Solid Waste Management	Nonmajor Enterprise	Total
Fiscal year-ending September 30,					
2019	$ 18,999	$ 43,549	$ 100	$ 945	$ 63,593
2020	16,400	40,497	100	163	57,160
2021	16,004	38,797	100	155	55,056
2022	14,035	38,179	100	156	52,470
2023	14,421	37,247	100	158	51,926
2024-2028	48,293	182,504	500	146	231,443
2029-2033	10,382	171,227	125		181,734
2034-2038	1,998	169,460			171,458
2039-2043	793	168,622			169,415
2044-After	28	33,706			33,734
Future Minimum Lease Rentals	$ 141,353	$ 923,788	$ 1,125	$ 1,723	$ 1,067,989

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,825. The estimate was based on projected costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a 30-year period. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost*, the estimated postclosure cost for the Nelson Gardens Landfill is recorded as a liability and expensed in the Solid Waste Management Fund. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations. Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year-ended September 30, 2018 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,121. The City contracted with a third party in 2010 to capture and sell methane gas in exchange for a percentage of the revenue earned and postclosure maintenance costs assumed by the third party. The third party presented going concerns in the prior fiscal year, resulting in the City increasing its liability in preparation of the third party cancelling the contract. Going concerns were remedied in the current fiscal year with the contract still viable. This resulted in the City reducing its postclosure liability by $607 from the prior fiscal year.

Year-Ended September 30, 2018 - 199 - Amounts are expressed in thousands

Note 12 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Texas Commission on Environmental Quality (TCEQ) Financial Assurance

The City is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ) related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. In relation to new and modification permits for closed landfills from TCEQ, the City has an obligation to provide financial assurance of the postclosure cost estimates for landfills. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. Based on the number of underground petroleum storage tanks, the City is required to provide $1,000 of financial assurance related to the underground storage facilities. The City completes and submits its financial assurance to TCEQ annually.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties, including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and “arbitrage rebate” is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual, and in the governmental fund type when matured. As of September 30, 2018, the City has no arbitrage liability for its governmental or proprietary funds.

CPS Energy

Litigation

In the normal course of business, CPS Energy is involved in legal proceedings related to alleged personal and property damages, breach of contract, condemnation appeals, and discrimination cases. In addition, CPS Energy’s power generation activities and other utility operations are subject to extensive state and federal environmental regulation. In the opinion of CPS Energy’s management, the outcome of such proceedings will not have a material adverse effect on the financial position or results of operations of CPS Energy.

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Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases

Capital Leases – CPS Energy was not a contracted party to any capital leases during fiscal year 2018, either as a lessee or lessor.

Operating Leases – In fiscal year 2014, CPS Energy entered into an agreement to sell 69 of its communication towers to an independent third party. Title to 62 of the towers was conveyed to the purchaser in January 2014. (Towers count is not expressed in thousands). Resolution of easement issues related to the remaining sites was concluded in February 2017, resulting in the transfer of title to the purchaser for five additional towers for a total of 67 towers. CPS Energy retained title to the remaining two towers. Additionally, new licensing agreements were entered into between CPS Energy and the purchaser for CPS Energy's ongoing use of the towers and the purchaser's use of CPS Energy's communication buildings for a period of 40 years, with three five-year options by the purchaser to extend the agreement.

See Note 5 Capital Assets, Net for additional information related to the sale.

In accordance with lease guidance provided in GASB Statement No. 62, leases related to the communication towers sale, both with CPS Energy as lessor and as lessee, have been classified as operating leases. Future minimum lease payment information provided on the following pages includes lease revenue and lease expense to be recognized as a result of the following lease components of the communication towers sale.

- **Lease of Tower Space for CPS Energy Communication Equipment –** The parties to the sale transaction agreed that no cash would be paid by CPS Energy for the space it leased on the communication towers for the 40-year term of the lease agreement. As a result, the total sale transaction proceeds received from the purchaser were reduced by an amount representing an advance payment to the purchaser of the net present value of the estimated total lease obligation. This value represents a prepaid lease expense to CPS Energy, benefitting a period of time equal to the 40-year term of the leases. In accordance with GASB Statement No. 62, the value of this prepaid lease obligation for space on the 67 towers (not in thousands) was recorded at fair value and totaled $20,190, which is being amortized to lease expense over the 40-year term.

- **Lease of Communication Building Space –** The parties agreed that no cash would be paid by the purchaser for the space it leased in CPS Energy's communication buildings for the term of the lease agreement. As a result, the total sale transaction proceeds received from the purchaser included an additional amount representing an advance payment by the purchaser of the net present value of the estimated total lease obligation. This value represents unearned lease revenue to CPS Energy to be generated over a period of time equal to the 40-year term of the leases. In accordance with GASB Statement No. 62, the value of this unearned lease revenue for space in the 67 communication buildings (not in thousands) was recorded at fair value and totaled $6,831, which is being amortized to nonoperating income over the 40-year term.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

Additionally, the communication towers sale transaction included an assignment of existing operating lease agreements with tenants who had equipment located on the towers. At the time of sale, there were approximately 127 lease agreements outstanding (not in thousands), with CPS Energy as lessor for space on the towers and in CPS Energy's communication buildings, having remaining terms varying from fewer than two years to ten years. In fiscal year 2014, these leases provided approximately $2,845 in proceeds to CPS Energy, which was recognized as nonoperating income. With the sale of the towers, these leases were assigned to the purchaser, and the right to collect future cash flows from the leases was conveyed. The estimated net present value of these cash flows, including annual escalations based on estimate future Consumer Price Indices, total approximately $6,500 for the 62 towers conveyed in the initial closing plus an additional $463 for the five towers subsequently conveyed. Proceeds to CPS Energy from the tower sale transaction included a purchase price for these leases, which was recorded as a deferred inflow of resources totaling $6,500 in accordance with guidance provided in GASB Statement 65. As of January 31, 2018, the balance of unearned revenue reported as deferred inflow of resources was $3,260. Revenue from the sale of future revenues related to these leases will be recognized over the term of the original leases in accordance with guidance provided in GASB Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues.*

CPS Energy has entered into operating lease agreements to secure the usage of communication towers space, railroad cars, natural gas storage facilities, land, office space, parking lot space and engineering equipment. The lease for the parking lot space and several of the leases for office space, as well as the communication towers space, include an escalation in the monthly payment amount after the first year of each lease.

CPS Energy's projected future minimum lease payments for noncancelable operating leases with terms in excess of one year are as follows:

Year-Ended January 31,	Operating Lease Payments
2019	$ 7,132
2020	4,912
2021	3,062
2022	1,555
2023	1,519
Thereafter	72,809
Total future minimum lease payments	$ 90,989

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $10,149 in fiscal year 2018. Contingent lease payments amounted to $47 in fiscal year 2018.

CPS Energy has entered into operating lease agreements allowing cable and telecommunication companies to attach telephone, cable, and fiber-optic lines to CPS Energy's electric poles. Operating leases also exist between CPS Energy and telecommunication companies allowing the companies to attach communication equipment to CPS Energy's communication and transmission towers. As described previously, CPS Energy sold 67 of its communication towers to a third party in January 2014.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

CPS Energy has three operating leases for the use of land that it owns, and it has entered into multiple agricultural leases allowing the lessees to use CPS Energy's land for sheep and cattle grazing. The three land leases contain provisions for contingent lease receipts based on the Consumer Price Index. Additionally, the majority of the operating leases pertaining to the use of CPS Energy's transmission towers contain provisions for contingent lease receipts that will equal the lesser of a 15.0% increase in the prior five-year lease payment or the percentage increase in the Consumer Price Index over the same five-year period.

Projected future minimum lease receipts to CPS Energy for noncancelable operating leases with terms in excess of one year are as follows:

Year-Ended January 31,	Operating Lease Receipts	
2019	$	1,050
2020		849
2021		799
2022		817
2023		648
Thereafter		24,037
Total future minimum lease receipts	$	28,200

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $8,433 in fiscal year 2018. Contingent lease receipts amounted to $33 in fiscal year 2018. There were no sublease receipts in fiscal year 2018.

Other

Purchase and construction commitments approximated $6,869,952 at January 31, 2018. This amount includes construction commitments, provisions for coal purchases through December 2021, coal transportation through December 2018 and natural gas purchases through June 2027; the actual amount to be paid will depend on CPS Energy's actual requirements during the contract period and the price of gas. Also included are provisions for wind power through 2038, solar power through 2043, landfill power through 2029, and raw uranium associated with STP fabrication and conversion services needed for refueling through May 2026.

On January 20, 2009, the Board approved a policy statement affirming that CPS Energy's strategic direction centers on transforming from a company focused on providing low-cost power from traditional generation sources to a company providing competitively priced power from a variety of sources, including low and non-carbon emitting sources. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider.

Year-Ended September 30, 2018 - 203 - Amounts are expressed in thousands

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with SA Energy Acquisition Public Facility Corporation (SAEAPFC), a component unit of the City, to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between SAEAPFC and a third-party gas supplier, SAEAPFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years. On February 25, 2013, SAEAPFC executed certain amendments to the Prepaid Natural Gas Sales Agreement entered into with J. Aron in 2007 and other related documents with respect to the 2007 prepayment transaction with J. Aron. Under the resolution and the amendments, Goldman, Sachs & Co. surrendered for cancellation $111,060 of the SA Energy Acquisition Public Facility Corporation Gas Supply Revenue Bonds, Series 2007 owned by J. Aron; Goldman, Sachs & Co.; or affiliates. In exchange, SAEAPFC agreed to reduce future required natural gas delivery volumes from 104.6 MMBtu to 81.3 MMBtu and to adjust the notional amount of its commodities price hedge so that hedged revenue from gas sales will bear at least the same proportion to annual debt service requirements as before the transaction. In conjunction with the transaction, a portion of the savings related to the purchase of natural gas from SAEAPFC that would have been passed on to CPS Energy’s distribution gas customers over the 20-year life of the original agreement was accelerated. Distribution gas customers benefitted from the accelerated savings from March 1, 2013 through June 30, 2015. CPS Energy’s 20-year commitment under the Natural Gas Supply Agreement is included in the aforementioned purchase and construction commitments amount.

On June 30, 2016, as a result of a Novation Agreement by and among The Bank of New York Mellon Trust Company, N. A., as trustee (Trustee), the SAEAPFC, Depfa Bank plc (Transferor) and J. Aron & Company (Transferee), the Transferee assumed all of the Transferor's rights, title and interest in and to the Investment Agreement and all the duties, obligations and liabilities under the Investment Agreement (excluding any rights, obligations or liabilities of the Trustee or the Transferor prior to the Novation Effective Date). In addition, an Amended and Restated Investment Agreement was entered into to amend and restate the terms of the Investment Agreement. Consequently, a Second Supplemental Indenture to the Trust Indenture, by and between the SAEAPFC and the Trustee, was executed. The original Investment Agreement dated June 21, 2007, was replaced by the Amended and Restated Investment Agreement. The amendments contain provisions in the event of a downgrade in the credit rating on the guaranteed investment contract (GIC) provider. If the higher rating between J. Aron and its guarantor, Goldman, Sachs & Co., falls below ‘BB+’ by S&P, or ‘Ba1’ by Moody's, which results in a ratings event, J. Aron is required to provide collateral equal to 100% of the invested balance held by J. Aron plus any accrued interest.

In fiscal year 2003, CPS Energy entered into a 20-year agreement with Brooks to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and Brooks have each committed to invest $6,323 ($4,284 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to Brooks’ obligation were made from incremental revenues to the City for electric and gas sales to customers that reside on the Brooks-developed property. Annual reductions to Brooks’ obligation were also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy’s systems. To date, capital renewals and upgrades of $14,099 have surpassed the $12,646 commitment and Brooks has met its obligation, net of annual interest of $4,192.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In September 2010, CPS Energy and the University of Texas at San Antonio (UTSA) entered into an agreement (Strategic Alliance) whereby UTSA agreed to perform services for CPS Energy in support of its function as a provider of electric and gas utility services while supporting the progress of the City in renewable energy technologies and energy research. The Strategic Alliance calls for CPS Energy to invest up to but not exceeding $50,000 over ten years. The investment made through January 31, 2018 was approximately $8,742 from funds currently allocated to research and development. Future funding will be determined by the scope of the projects defined by the partnership and is subject to annual approval by the CPS Energy Board of Trustees. Projects will be designed to produce clear value to CPS Energy and its customers.

CPS Energy sells its excess power into the wholesale market with a balanced portfolio that includes a mix of short-term and mid-term transactions with market participants and long-term wholesale power agreements with other public power entities. In addition to long-standing wholesale power relationships with the cities of Castroville, Floresville, and Hondo, CPS Energy currently has agreements to provide either full or partial requirements to five additional public power entities. These agreements have varying terms expiring between 2018 and 2025. The volumes committed under these agreements represent approximately 5.0% to 7.0% of current capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

On June 20, 2011, CPS Energy announced its New Energy Economy initiative. The program is designed to focus on more clean energy sources rather than traditional energy sources and includes several major initiatives to which CPS Energy has committed (current commitments are included in the aforementioned $6,869,952):

- CPS Energy offers customers the opportunity to better manage their home's energy use through the My Thermostat Rewards program. The program gives customers access to a wide choice of programmable thermostat options. Customers benefit from better control of their home's air conditioning use and the visibility to program settings from their mobile devices. Customers in My Thermostat Rewards can choose to have a CPS Energy contractor install a free programmable thermostat in their place of residence. Alternatively, they can purchase and self-install their own thermostat from a list of qualifying devices and receive a rebate from CPS Energy. In exchange for the rebate, customers allow CPS Energy to periodically control and interrupt service to manage peak energy periods. The program is funded through STEP. As of January 31, 2018 there were 139,621 CPS Energy customers enrolled in My Thermostat Rewards.

- CPS Energy is in the process of replacing 25,000 San Antonio street lights with 250 Watt equivalent light-emitting diode (LED) street lights. The lights were purchased from GreenStar, a worldwide supplier of LED lighting. The street lights use 60.0% less energy than standard sodium lights and are designed to last 12 to 15 years, thereby reducing maintenance costs. Approximately $2,200 of the deployment costs were funded through STEP, with the remainder being funded by the City. Through January 31, 2018, approximately 23,500 LED street lights have been installed. The remaining lights required for replacement within the downtown area are expected to be replaced throughout fiscal year 2019 pending completion of the City's Downtown Master Lighting Plan. GreenStar LED lights are also being used to replace 30,000 San Antonio residential 100 Watt sodium street lights. The project began in Districts 2 and 5, in fiscal year 2017 where a total of 5,100 were replaced with LED lights. A total of 4,275 were installed in fiscal year 2018. LED street lights have become the standard for street light maintenance. As sodium lights fail, street lights are being replaced with GreenStar LED equivalents. (Street lights in this paragraph are not reported in thousands).

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- In November 2011, CPS Energy entered into a $77,025 prepaid agreement with SunEdison for purchased power equal to approximately 60.0% of the anticipated output from 30 MW of solar energy facilities in the San Antonio area. Subsequent to the execution of this agreement, SunEdison transferred 100.0% of its interests in these facilities to San Antonio Solar Holdings LLC. A subsidiary of SunEdison continued as operator of these facilities. The unamortized balance of the prepayment was $59,894 at January 31, 2018. The agreement expires in 2037, and the purchase of the balance of the output is on a pay-as-you-go basis. As part of the agreement, CPS Energy has the right to purchase the facilities six years after commencement of commercial operations, which occurred in May 2012. CPS Energy is currently considering its right to purchase the facilities, but no decision has been made.

- In July 2012, CPS Energy and OCI Solar Power (OCI) entered into an agreement for CPS Energy to purchase solar power produced by OCI. OCI created a consortium of partners to deliver approximately 400 MW of solar energy, produced at solar farms primarily in and around San Antonio, to CPS Energy throughout the life of the 25-year power purchase agreement. Also as part of the agreement, Mission Solar Energy, LLC, the anchor manufacturer in the consortium, has built a high-tech manufacturing facility to produce components for solar power generation and has relocated its headquarters to San Antonio, creating over 400 jobs (jobs not expressed in thousands). The table below represents the OCI solar farms included in the 25-year power purchase agreement:

Project	Capacity in MW	Achieved Commercial Operations
Alamo 1	40.7	December 2013
Alamo 2	4.4	March 2014
Alamo 3	5.2	January 2015
Alamo 4	39.6	August 2014
Alamo 5	95.0	December 2015
Alamo 6	110.2	March 2017
Alamo 7	106.4	September 2016

In October 2015, CPS Energy and OCI entered into an agreement for CPS Energy to purchase an additional 50 MW of solar power produced by OCI. The solar energy will be delivered to CPS Energy by the same consortium of partners throughout the life of the 25-year power purchase agreement. This facility, Pearl, achieved commercial operation in October 2017.

In March 2017, CPS Energy and OCI entered into an agreement for CPS Energy to purchase an additional 50 MW of solar power produced by OCI. This is a 25-year purchase power agreement and the facility will be located in West Texas and is expected to be operational in October 2018.

Note 12 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- In December 2013, CPS Energy, along with partners Silver Spring Networks and Landis+Gyr, began CPS Energy's Grid Optimization project, or more commonly known as Smart Grid. The project will provide a standards-based networking platform, advanced metering infrastructure and distribution automation solutions across CPS Energy's service territory. The completed system will also facilitate wireless two-way communication between CPS Energy and its customers and allow for increased energy efficiency and offer greater customer control and savings. The project is on schedule, to be completed in the August 2018. The estimated cost of this project is approximately $290,000 and has brought approximately 40 jobs (not expressed in thousands) to San Antonio.

- Simply Solar is the trademarked name for CPS Energy's pilot solar initiatives – Roofless Solar and SolarHostSA. Roofless Solar is being offered by CPS Energy in partnership with Clean Energy Collective (CEC). CEC built and maintains a 1 MW community solar farm in the CPS Energy service territory and sold 107.5 Watt panels in the array to customers who wanted to enjoy the benefits of solar power without having to install their own system. On June 18, 2015, CPS Energy entered into an agreement to purchase the output from the solar farm for 25 years. For the SolarHostSA program, CPS Energy partnered with PowerFin Partners to install up to 10 MW of rooftop systems on customer homes and businesses. CPS Energy opted to limit the size of this pilot program to a maximum of 5 MW. The program provides participating customers a monthly credit for hosting the systems on their rooftops. The program makes solar accessible to more customers by eliminating the significant upfront cost of traditional rooftop systems. On August 12, 2015, CPS Energy entered into an agreement to purchase the output from the rooftop systems for an initial term of 20 years.

In June 2018 CPS Energy awarded a construction contract to renovate the new corporate headquarters to Sundt Construction. The Board approved a guaranteed maximum price of $145,000. CPS Energy also made provisions for a $5,000 contingency fund which may be used to fund additional requirements related to the headquarters project. CPS Energy expects to start moving its employees into the renovated headquarters during 2020.

In fiscal year 2018, CPS Energy entered into a 50-year agreement with Joint Base San Antonio (JBSA) to operate and maintain the natural gas and electric utility systems as JBSA Randolph, Lackland and Lackland Training Annex. The Department of Defense (DOD) will transfer ownership of these systems to CPS Energy for a total of $42,026. The agreement includes a $4,577 cost reimbursable transition period that closes on December 31, 2018. CPS Energy will acquire the natural gas and electric assets through a bill of sale effective January 1, 2019. The DOD will reimburse CPS Energy for the costs to operate, maintain and upgrade these systems at a net present value of $243,867 throughout the contract term.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and potential litigation, which arise in the ordinary course of its operations. Management, in consultation with legal counsel, makes an estimate of potential costs that are expected to be paid in the future as a result of known claims and potential litigation and records this estimate as a contingent liability.

Postclosure Care Costs

In connection with a desalination injection well permits obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection wells once the wells are no longer in service. These wells became operational in 2016 and have an expected useful life of 50 years based on SAWS experience with other wells throughout the system. At December 31, 2017, SAWS has recorded a liability of $457 related to this post-closure obligation based on the current projected cost to plug wells of similar size, depth and diameter.

Other

In March 2007, SAWS was notified by Region 6 of the United States Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for enforcement action. SAWS engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. On June 4, 2013, the Board approved a Consent Decree between SAWS, the United States of America, and the State of Texas to resolve this enforcement action. During the 10 to 12 year term of the Consent Decree, SAWS estimates the cost to perform the operating and maintenance requirements of the Consent Decree will be approximately $250,000. SAWS initially estimated that capital investments of approximately $850,000 would be required over the Consent Decree term. During the last several years, through flow monitoring during significant rainfall events, physical inspection and televising, SAWS has accumulated additional information relative to the performance of its collection system. Based upon this additional information, as well as inflationary cost increases, SAWS currently estimates that the capital expenditures associated with the requirements of the Consent Decree could range from $1,200,000 to $1,300,000. As with any estimate, the actual amounts incurred could differ materially.

Through December 31, 2017, capital expenditures related to the Consent Decree total $303,529. Since entry into the Consent Decree, SAWS has performed its obligations under terms of the Consent Decree and management believes SAWS is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in sanitary sewer overflows, from 538 in 2010 to 193 in 2017 (figures in this sentence are not in thousands).

SAWS operates the Mitchell Lake Site Wastewater Treatment Facility pursuant to a Texas Pollutant Discharge Elimination Permit (Permit) issued by the TCEQ under a delegation of authority from the EPA. On August 18, 2016 SAWS received an Administrative Order from EPA that alleges that SAWS violated the Permit by failing to meet effluent limits as required by the Permit.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Mitchell Lake (Lake) is not a standard brick and mortar water treatment facility. Instead, the Lake is a unique and environmentally sensitive facility that has become a wildlife refuge and an active tourist destination within San Antonio. The Lake surface area covers approximately 600 acres and provides an essential habitat where migrating birds can rest and feed. Discharges from the Lake only occur after significant rainfall events. The intermittent nature of the discharges after rainfall makes traditional treatment options impractical.

Upon receiving the Administrative Order, SAWS began working with consulting experts and conducted preliminary feasibility evaluations of two potential solutions: a) reconstructing the existing dam and spillway and b) constructing extensive treatment wetlands below the Lake. SAWS has hired a nationally recognized wetlands firm to develop and conduct a three year pilot wetlands program. This program will evaluate the viability of the proposed wetlands as a solution and, if appropriate, guide the optimization of potential full scale wetlands. Concurrently, improvements to the dam and spillway structures are being evaluated and cost projections are being developed.

SAWS will also continue to explore other treatment and operational alternatives and work with the EPA and TCEQ to develop an appropriate plan that ensures compliance with the Permit. At this time, SAWS does not know what actions may ultimately be required or the costs associated with those actions.

On October 30, 2014 the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (the Agreement) between the City, acting by and through SAWS and Vista Ridge, LLC (VR), pursuant to which VR has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50,000 acre-feet of potable water (Project Water) per year for an initial period of 30 years plus a limited (ten year) extension period under certain circumstances, hereinafter referred to as the operational phase. To produce and deliver the Project Water, VR will develop well fields to withdraw water from the Carrizo and Simsboro Aquifers in Burleson County, Texas pursuant to currently-held long-term leases with landowners and construct (or cause to be constructed) a 142-mile pipeline from this well field to northern Bexar County (the well fields and the pipeline, together, the Project). The pipeline will be connected to the SAWS distribution system at this delivery point in northern Bexar County (the Connection Point). The execution of the Agreement represents a significant diversification of the City's water source, as SAWS projects that Project Water, if delivered at the maximum amount, will account for approximately 20.0% of the SAWS' current annual usage. (Figures in this paragraph are not in thousands).

The project achieved financial close in November 2016 and is now in the construction phase. During the construction phase of the Project, VR will complete the construction of the Project and SAWS must construct any improvements necessary to accept and integrate Project Water. The anticipated capital cost of SAWS improvements was initially estimated at approximately $145,000. As design of these improvements has not been completed, the potential cost of these improvements could materially differ from the initial estimate. This construction phase is scheduled to be completed in 2020 and will result in the commencement of the aforementioned 30-year operational phase, during which period SAWS is obligated to pay for water (up to 50,000 acre-feet annually) made available to it by VR at the Connection Point.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as maintenance and operating expense of the system for rate setting purposes, only for Project Water made available at the Connection Point (which payment will include the costs of operating and maintaining the Project). SAWS will have no obligation to pay for any debt issued by VR, and any such debt will be non-recourse to SAWS.

On May 17, 2016, SAWS exercised its contractual right to fix the Capital and Raw Groundwater Unit Price under the Agreement based on the methodology provided for therein. This action served to lock in the price of the Project Water component of SAWS annual payment requirement of $1,606 per acre-foot for the entire 30 year term (and any extension of that term) of the Agreement. (Figures in this sentence are not in thousands).

In addition to the Capital and Raw Groundwater unit Price, SAWS will pay operations and maintenance costs as a direct pass through under the Agreement and electricity cost (paid directly by SAWS to the utility providers). It is estimated that the water will initially cost approximately $2 per acre-foot, resulting in an estimated initial annual cost to SAWS of approximately $100,000 for 50,000 acre-feet (acreage not in thousands) of delivered water. Delivery of water from the Project is expected to begin in 2020. On November 19, 2015, the City Council approved a series of increases to the water supply fee through 2020 to support the acquisition of new water supplies, including water supplied from the Project.

SAWS has the right to terminate the Agreement at any time by purchasing the Project for the aggregate amount of the outstanding VR debt, contract breakage costs and return of and return on equity contributions by VR's principals. The termination payment as of December 31, 2017 was estimated to be approximately $540,000. The termination payment will continue to increase throughout the construction phase as additional funds are expended by the Project Company on the construction of the project. By the time the operational phase is reached in 2020 the termination payment could be as much as $1,000,000. At the end of the operational phase, ownership of the Project will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire the 50,000 acre-feet of untreated groundwater upon the termination of the Agreement and transfer of the Project to SAWS, and the cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer leases.

As of December 31, 2017, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. Some of the leases include price escalations and the annual cost per acre-foot ranges from $100 to $140. (Figures in this sentence are not in thousands). Under these various leases, SAWS paid $4,674 in 2017. The future commitments under these leases are as follows:

	2018	2019	2020	2021	2022	Thereafter
Lease obligations	$ 4,456	$ 3,232	$ 2,873	$ 2,674	$ 2,101	$ 564
Lease obligations (acre-feet)	28,121	21,498	20,588	19,108	15,008	4,026

SAWS also has commitments to purchase water supplies under various contracts. All water provided under these contracts is subject to availability.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Total payments under these water purchase agreements were $38,475 in 2017. A summary of all estimated future payments under all these commitments is provided in the following table. The estimated fixed water payments consist of the take or pay commitments under the agreements. The estimated variable water payments will be made only if water is made available to SAWS. These estimates assume price escalations but do not assume the extension of any water purchase agreement. As with any estimates, the actual amounts paid could differ materially.

	2018	2019	2020	2021	2022	Thereafter
Purchased water payments - fixed	$ 22,110	$ 22,290	$ 22,687	$ 22,822	$ 23,238	$ 600,395
Acre-feet purchased - fixed	43,031	44,031	44,031	42,531	42,531	1,047,390
Purchased water payments - variable	$ 14,928	$ 15,032	$ 15,144	$ 14,718	$ 14,834	$ 97,905
Acre-feet purchased - variable	15,962	15,786	15,614	14,944	14,779	90,157

Under a contract with Guadalupe Blanco River Authority (GBRA), SAWS will receive 4,000 acre-feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2018 is estimated to be 4,800 acre-feet and is projected to decline over the remaining term of the contract as the demand of GBRA's other customer's increases. The cost of the water escalates over time with projected prices ranging from $970 per acre-foot in 2018 to approximately $1,451 per acre-foot by 2037. SAWS has an option to extend this contract until 2077 under new payment terms. (Figures in this paragraph are not in thousands).

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from $621 to $764 per acre-foot. This agreement expires in 2025 and SAWS has a unilateral option to extend the contract for ten years. (Figures in this paragraph are not in thousands).

Under a contract with Sneckner Partners, Ltd., SAWS has a take or pay commitment to purchase 1,500 acre-feet of water annually from the Trinity Aquifer at a minimum annual cost of $225 per acre-foot through 2020. (Figures in this sentence are not in thousands). SAWS has a unilateral option to extend the contract through 2026. As part of this contract, SAWS agreed to make quarterly defined payments for any residential customers that are connected to the system within a defined geographical area that begin taking water service from SAWS. SAWS began making these payments during 2012 as the area has begun to experience some development. SAWS has made payments totaling $340 for new customer connections under the terms of this contract. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management's estimate of this potential contingent liability is less than $5,000.

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In 2012, SAWS entered into an agreement with Water Exploration Company, Ltd. (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between SAWS DSP and WECO were terminated. The 2012 agreement has a term of 15 years, with two optional five-year extensions. SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping by WECO may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The projected price to be paid per acre-foot of raw water ranges from $965 in 2018 to $1,153 by 2027. (Figures in this paragraph are not in thousands).

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (District) to produce 11,688 acre-feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with land owners to produce water under that permit. (Agreement count and acreage not in thousands). These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2018 and projects payments to landowners will be $1,134. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to treat the water produced by SAWS under its permit with the District at its treatment plant in Guadalupe County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas, and to purchase up to 5,000 acre-feet of wholesale water annually from SSLGC. As part of this agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to make monthly payment to SSLGC beginning in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water. (Figures in this paragraph are not in thousands).

The initial term of the agreement with SSLGC expires in 2050 and can be renewed for successive terms of five years unless SAWS chooses to cancel the contract upon the expiration of any term. The projected price paid to SSLGC to treat and transport water provided by SAWS is projected to be $499 per acre-foot in 2018 increasing to $636 per acre-foot by 2050. This projected price includes the debt service associated with the expansion of SSLGC's treatment plan. Payments for any wholesale water purchased from SSLGC is based on SSLGC's wholesale water rates. (Figures in this paragraph are not in thousands).

Under a contract with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA), SAWS has a take or pay commitment to purchase 19,974 acre-feet of untreated water annually from Medina Lake. If BMA is unable to deliver water to SAWS, BMA issues a credit for the undelivered water which can be used to offset payments due to BMA during the next calendar year. The price of the water is based on the rate charged by Guadalupe Blanco River Authority (GBRA) for raw water. GBRA's rate for raw water at December 31, 2017 was $145 per acre-foot. The agreement has been amended several times with the current agreement being effective in 2008 and ending in 2049. (Figures in this paragraph are not in thousands).

Note 12 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Under a contract with Canyon Regional Water Authority (CRWA), SAWS is required to make certain contractually required minimum payments each year to fund capital and operating expenses of CRWA. Additionally, SAWS makes payments based on the number of acre-feet of water SAWS commits to take in a given year. SAWS currently has access to 6,300 acre-feet through 2023 and 6,800 acre-feet annually from 2024 through 2042. For 2018, SAWS has committed to taking 5,300 acre-feet with a projected cost of $1,391 per acre-foot. (Figures in this paragraph are not in thousands).

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately $369,858 as of December 31, 2017. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2017, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

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Note 13 Pollution Remediation Obligation

Primary Government (City)

The City follows the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

The general nature of existing pollution that has been identified on City property is consistent with City operations of acquiring properties for infrastructure and improvement development. Under most circumstances, the triggering event relevant to the City is the voluntary commencement of activities to clean up the pollution. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by the City's respective departments which included previous knowledge of clean-up costs, existing contracts, etc. Depending on the length of time it takes the City to remediate the pollution, costs may be different from that estimated below as a result of market rate changes, price increases or reductions, improvements to technology, or changes in applicable laws or regulations.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Liabilities	$ 288	$ 64	$ (156)	$ 196
Construction in Progress	246	24	(114)	156
Business-Type Activities:				
Liabilities	$ 1,274			$ 1,274

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's Transportation and Capital Improvements Department for the construction of streets, drainage and parks. Any net change in the Governmental Activities pollution remediation liability that was not capitalized under Construction in Progress was expensed under the City's public works and public safety activities.

The City foresees receiving $85 in recoveries from third parties for the costs associated with cleaning up these pollution obligations.

The Business-Type Activities' liability was a result of cost estimates to clean existing pollution found on land acquired by the Airport System for the construction of airport structures. As the City acquired this property in the early 1940s, the liability did not meet the criteria to be capitalized, and as such was expensed in fiscal year 2009. The City had no additional pollution remediation costs in business-type activities in fiscal year 2018.

CPS Energy

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires that a liability be recognized for expected outlays for remediating existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Under Federal Energy Regulatory Commission guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the Statements of Net Position within other liabilities. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities.

Year-Ended September 30, 2018 - 214 - Amounts are expressed in thousands

Note 13 Pollution Remediation Obligation (Continued)

CPS Energy (Continued)

The pollution remediation liability was $2,616 as of January 31, 2018. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by CPS Energy's environmental staff and consultants.

San Antonio Water System (SAWS)

SAWS had no material pollution remediation liabilities at December 31, 2017.

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Note 14 Risk Financing

Primary Government (City)

Property and Casualty Liability

Factory Mutual Insurance Company provides coverage for the City's real property and contents. The City's deductible for property damage is $100 and the insurance will reimburse up to $2,000,000.

As of October 1, 2013, the City is completely self-insured for liability claims. Effective January 1, 2015, all auto and general liability claims were brought in-house to be administered internally.

Obligations for claims under these programs are accrued in the City's Self-Insurance Program's Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Workers' Compensation

As of May 1, 2013, the City is completely self-insured for workers' compensation claims. The City utilizes a third-party administrator to adjust its claims.

Obligations for claims under these programs are accrued in the City's Self-Insurance Program's Workers' Compensation Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision, and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts. The City's health program is self-insured and the City's vision plan is fully-insured. The City offers two dental plans: one is self-insured and one is fully-insured; effective January 1, 2018, both plans became fully insured. Obligations for benefits are accrued in the Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

In fiscal year 2018, the City purchased medical claims stop loss insurance from HM Life Insurance Company. The stop loss insurance covers civilian and uniformed active employees, non-Medicare eligible retirees, and eligible dependents for claims paid exceeding $1,000. The purchase of the stop loss insurance mitigates the risk to the City's Self Insurance Fund – Employee Benefits and Retiree Health Care Fund in the event a large catastrophic claim occurs.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self-insured and fully-insured plans to participating employees who are eligible to retire from the TMRS Pension Plan immediately following severance from the City. Self-Funded obligations for benefits are accrued in the City's Retiree Health Benefits Insurance Fund (a fiduciary fund of the City) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally determined and accrued OPEB liabilities based on an actuarial assessment of historical self-funded claims data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Note 14 Risk Financing (Continued)

Primary Government (City) (Continued)

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the Employee Benefits Insurance Fund.

Extended Sick Leave Program

The Extended Sick Leave Program is used to pay benefits associated with short-term disability, long-term disability and continued long-term disability. Benefits are administered by the City. Actual costs are incurred when extended leave is taken. Short-term and long-term disability is funded by the employee's department. Continued long-term disability is funded out of the Employee Benefits Insurance Fund and is reimbursed by the employee's department.

Employee Wellness Program

The Employee Wellness Program supports a culture of wellness and provides employees and their family members with the necessary tools to achieve and maintain a healthy lifestyle, while positively impacting medical claim trends. The City offers a variety of programs including personalized onsite and telephonic health coaching, smoking cessation, health education sessions, and an activity-based program that outfits employees with a free pedometer. Through this activity-based program, employees are able to track their activity over the course of 12 months, during which they can earn up to $0.5 in financial contributions. In fiscal year 2018, the City contributed $723 towards employees' Flexible Spending or Health Savings accounts. The Employee Wellness Program is managed out of the Employee Benefits Insurance Fund.

Claims Liability

The liability for the Employee Health Benefits Program is based on the estimated aggregate amount outstanding at the Statement of Net Position date for unpaid benefits. Liabilities for the Insurance Reserve and Workers' Compensation Programs are reported when it is probable that a loss has occurred as of the Statement of Net Position date, and the amount of the loss can be reasonably estimated. These liabilities include allocable loss adjustment expenses, specific incremental claim adjustment expenses such as the cost of outside legal counsel, and a provision for claims that have been incurred but not reported (IBNR). Unallocated claim adjustment expenses have not been included in the calculation of the outstanding claims liability, as management of the City feels it would not be practical or cost beneficial. In addition, based on the difficulty in determining a basis for estimating potential recoveries and the immateriality of prior amounts, no provision for subrogation or salvage has been included in the calculation of the claims liability. The claims liability reported in the accompanying financial statements for both the Insurance Reserve and Workers' Compensation Programs is based on a 2.0% discount rate due to the multi-year life cycle to close out these claims and the average historical as well as forecasted yield on the City's investments.

Note 14 Risk Financing (Continued)

Primary Government (City) (Continued)

Claims Liability (Continued)

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Health Benefits, and Workers' Compensation Programs Funds for the fiscal years as indicated:

Fund	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve:					
Fiscal Year 2017	$ 18,556	$ 2,778	$ 754	$ (5,037)	$ 17,051
Fiscal Year 2018	17,051	3,730	693	(4,594)	16,880
Employee Health Benefits[1]:					
Fiscal Year 2017	$ 13,844	$ 40,172	$ 74,470	$ (119,095)	$ 9,391
Fiscal Year 2018	9,391	33,807	77,799	(111,788)	9,209
Retiree Health Care:					
Fiscal Year 2017	$ 421	$ (4,163)	$ 4,241	$ (78)	421
Fiscal Year 2018	421	2,898	4,051	(6,921)	449
Workers' Compensation:					
Fiscal Year 2017	$ 35,316	$ (1,288)	$ 9,855	$ (8,470)	$ 35,413
Fiscal Year 2018	35,413	(78)	8,437	(9,310)	34,462

[1] Fiscal Year 2018 fund financial claims expense reflects an additional $165 paid for Unemployment Claims that are not included in the calculation of claims liability.

CPS Energy

Insurance and Reserves — CPS Energy is exposed to various risks of loss including, but not limited to, those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks. The property insurance program provides $3,500,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, and fire damage coverage for construction equipment, and valuable papers. The deductible for the property insurance policy is $1,000 for non-power plant/non-substation locations, $2,500 for substations, and $5,000 for power plant locations.

The liability insurance program includes:

- $100,000 of excess general liability coverage over a retention amount of $3,000;
- $25,000 of fiduciary liability coverage;
- $100,000 of employment practice liability coverage; and
- Other property and liability insurance coverage, which includes directors and officers, commercial crime, employee travel and event insurance.

CPS Energy also manages its own workers' compensation program. Additionally, to support this program, $35,000 of excess workers' compensation coverage over a retention amount of $3,000 is maintained. No claims settlements exceeded insurance coverage, and there were no decreases in the last three fiscal years.

Actuarial studies are performed periodically to assess and determine the adequacy of CPS Energy insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was performed in the fourth quarter of fiscal year 2018.

Year-Ended September 30, 2018 - 218 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

In the following table, the remaining balance under the property reserves column at January 31, 2018 relates to estimated obligations for the cleanup, closure, and post-closure care requirements of CPS Energy's landfills. CPS Energy has seven landfill sites, four of which are at full capacity. The estimates for landfills, surface impoundment, and ash ponds liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws or regulations.

Under CPS Energy's reserve program, all claims are recorded against the reserve.

Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2017	$ 6,150	$ 585	$ -	$ 6,735
Fiscal Year 2018	6,735	1,873		8,608
Employee and Public Liability Claims:				
Fiscal Year 2017	$ 18,477	$ 8,442	$ (4,822)	$ 22,097
Fiscal Year 2018	22,097	4,589	(5,869)	20,817

Counterparty Risk — CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, suppliers, and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly, and managed actively through its Enterprise Risk Management and Solution Division.

Fuel Hedging — The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas Public Funds Investment Act (PFIA) to allow municipal utilities the ability to purchase and sell energy-related derivative instruments in order to hedge or mitigate the effect of market price fluctuations of natural gas, fuel oil, and electric energy. In 2002, CPS Energy began hedging its exposure to changes in natural gas prices, with the goal of controlling fuel costs to native load customers and stabilizing the expected cash flows associated with wholesale power transactions.

CPS Energy reports its derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement, and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered into are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

On December 11, 2017, the Board reaffirmed the Energy Price Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The essential goal of the Energy Price Risk Management Policy is to provide a framework for the operation of a fuel and energy price hedging program to better manage CPS Energy's risk exposure in order to stabilize pricing and costs for the benefit of CPS Energy and its customers.

Year-Ended September 30, 2018 - 219 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the Statements of Net Position at fair value. The fair value of option contracts is determined using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. For fixed-price contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established.

All hedging derivative instruments were evaluated for effectiveness at January 31, 2018. The instruments were categorized into two broad groups for the purposes of this testing. In one category, hedges utilize natural gas forwards and options that are priced based on the underlying Henry Hub natural gas price, while the physical gas is typically purchased at prices based on either the Western Area Hub Association (WAHA) or the Houston Ship Channel (HSC). Therefore, effectiveness testing was based on the extent of correlation between the first of the month index prices of natural gas at each of these locations and the settlement price at Henry Hub. The correlation coefficient was established by GASB Statement No. 53 as the critical term to be evaluated, with 0.89 established as the minimum standard tolerated. The testing, based on two different location hubs (WAHA and HSC), demonstrated a substantial offset in the fair values, as evidenced by their calculated R values of 0.96 and 0.98 respectively, indicating that the changes in cash flows of the derivative instruments substantially offset the changes in cash flows of the hedgeable item. Additionally, the substantive characteristics of the hedge have been considered, and the evaluation of this effectiveness measure has been sufficiently completed and documented such that a different evaluator, using the same method and assumptions, would reach substantially similar results.

In the second category, hedges utilize both Henry Hub based natural gas forwards and locational basis swaps to the appropriate natural gas hub (WAHA or HSC) with volumes matching the underlying expected physical transaction. Considering the substantive characteristics of these hedge transactions, these instruments were determined to be effective utilizing the consistent critical terms method prescribed under GASB Statement No. 53.

In fiscal year 2018, as a result of revisions to the expected volumes of some underlying wholesale physical transactions, it was determined that a group of existing financial hedge positions in this category were no longer effective. Offsetting financial positions were executed, and the fair value of the ineffective hedges resulted in a loss totaling $79, which was recognized as a reduction in investment income. All other hedging derivative instruments in both effectiveness testing categories were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items at January 31, 2018.

As of January 31, 2018, the total fair value of outstanding hedge instruments was a net liability of ($1,943). Fuel hedging instruments with a fair value of $618 and ($403) are classified on the Statements of Net Position as a component of current assets and current accounts payable and accrued liabilities, respectively. Long-term fuel hedges with a fair value of ($1,565) and $3,736 are classified as a component of other noncurrent assets and other noncurrent liabilities, respectively.

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred (inflows) outflows of resources on the Statements of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense. The deferred outflows and deferred inflows of resources related to fuel hedges totaled $6,866 and $2,824 respectively at January 31, 2018.

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments, using the referenced index of Henry Hub:

Fuel Derivative Transactions as of January 31, 2018					
Type of Transaction		Duration	Volumes in MMBtu	Fair Value	Changes in Fair Value
Long	Natural Gas SWAP	Feb 2018 - Dec 2022	29,916,034	$ (218)	$ 5,234
Short	Natural Gas SWAP	Feb 2018 - Dec 2022	3,793,245	(178)	23
Long	Natural Gas Call Option	Feb 2018 - Jan 2021	26,375,251	2,599	(3,811)
Short	Natural Gas Call Option	Nov 2018 - Jan 2020	23,218	(2)	5
Long	Natural Gas Put Option	Nov 2018 - Jan 2020	23,218	1	(3)
Short	Natural Gas Put Option	Feb 2018 - Jan 2021	26,320,251	(2,151)	1,981
Long	HSC Basis Swap	Feb 2018 - Dec 2022	23,269,064	(1,906)	144
Short	HSC Basis Swap	Mar 2018 - Dec 2022	1,545,681	58	(212)
Long	HSC Gas Daily Swap	Feb 2018 - Sep 2018	3,252,000	(27)	(22)
Long	WAHA Basis Swap	Apr 2018 - May 2018	1,525,000	(101)	(101)
Long	WAHA Gas Daily Swap	Feb 2018 - Feb 2018	350,000	(18)	(13)
				$ (1,943)	$ 3,225

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received, and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

Futures contracts represent a firm obligation to buy or sell the underlying asset. If held to expiration, the contract holder must take delivery of, or deliver, the underlying asset at the established contract price. Basis swap contracts represent a financial obligation to buy or sell the underlying delivery point basis. If held to expiration, the financial difference determined by mark-to-market valuation must be settled on a cash basis. Only if expressly requested in advance may an exchange for physical assets take place.

Year-Ended September 30, 2018 - 221 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

Credit Risk — CPS Energy executes over-the-counter hedge transactions directly with approved counterparties. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that, should the counterparty's credit rating fall below investment grade, no unsecured credit would be granted, and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers, or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2018, the exposure to all hedge-related counterparties was such that no material counterparty credit risk existed.

Termination Risk — For CPS Energy's fuel hedges that are executed over-the-counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Basis Risk — CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a pricing point (HSC or WAHA) different than that at which the contracts are expected to settle (Henry Hub). For January 2018, the HSC price was $2.66 per MMBtu, the WAHA price was $2.33 per MMBtu and the Henry Hub price was $2.74 per MMBtu. (Figures in this paragraph are not in thousands).

Congestion Revenue Rights — In the normal course of business, CPS Energy acquires Preassigned Congestion Revenue Rights (PCRR) and Congestion Revenue Rights (CRR) as a hedge against unexpected congestion costs. The CRRs are purchased at market value, at semi-annual and monthly auction. Municipally owned utilities are granted the right to purchase PCRRs annually at a percentage of the cost of CRRs. While PCRRs exhibit the three characteristics of derivatives as defined in GASB Statement No. 53, they are generally used by CPS Energy as factors in the cost of transmission. Therefore, these PCRRs meet the normal purchases and sales scope exception and are reported on the Statements of Net Position at cost and classified as prepayments. From time to time, CPS Energy purchases PCRRs and sells them at the same auction at market price. In this case, the PCRRs are considered investments, and the proceeds are reported as either investment gains or losses. There were no gains or losses on the sale of PCRRs and CRRs for fiscal year 2018.

Note 14 Risk Financing (Continued)

CPS Energy (Continued)

Fair Value Measurement — CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. More information regarding GASB Statement No. 72 is disclosed in Note 4 Cash and Cash Equivalents, Security Lending and Investments. Below is the liability portion disclosure of GASB Statement No. 72:

	January 31, 2018			
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial Instruments				
Current fuel hedges	$ 2	$ -	$ -	$ 2
Noncurrent fuel hedges	2,376	(68)		2,308
Total financial instruments	$ 2,378	$ (68)	$ -	$ 2,310

San Antonio Water System (SAWS)

Risk Management — SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug, and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles, and other co-payments. SAWS was self-insured for the first $325 of medical claims per person during 2017.

SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self-administered and self-insured for the first $2,000 of each workers' compensation and general liability claim and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, drone liability, cyber liability and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of $250 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System
Schedule of Changes in Claims Liability

Year-Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2017	$ 7,273	$ 22,586	$ (22,672)	$ 7,187	$ 7,187
December 31, 2016	4,787	28,063	(25,577)	7,273	7,273

Year-Ended September 30, 2018 - 223 - Amounts are expressed in thousands

Note 14 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Pay-Fixed, Receive-Variable Interest Rate Swap — In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (Series 2003 Bonds) issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS' capital improvements program and to refund certain outstanding commercial paper notes.

The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate cost than a traditional long-term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem $110,615 of the $111,615 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining $1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2017, $84,705 of commercial paper notes are hedged by the interest rate swap agreement.

Terms — The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of $122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the swap being the Securities Industry and Financial Markets Association Municipal Swap Index.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JPMorgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co., and MBIA to provide for JPMorgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value — The swap had a negative fair value of approximately $15,394 at December 31, 2017. This value is based on Level 2 inputs in the fair value hierarchy using the zero-coupon valuation method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Note 14 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

The swap agreement meets the criteria of an effective hedge under GASB Statement No. 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was negative $6,200. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of $6,200. This loss is included in the deferred charge on bond refunding on the Statement of Net Position and is being amortized over the remaining life of the 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was $3,537 at December 31, 2017.

Credit Risk — As of December 31, 2017, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JPMorgan Chase Bank, N.A., was rated 'Aa3' by Moody's Investors Service, 'A+' by Standard & Poor's, and 'AA-' by Fitch Ratings as of December 31, 2017. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk — SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk — SAWS may terminate the swap at any time for any reason. JPMorgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment, and JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Market-access Risk — SAWS is subject to market-access risk as $84,705 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 32 days. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Swap Payments and Associated Debt — As of December 31, 2017, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper will be repaid in accordance with the amortization schedule of the swap.

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Note 14 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Pay-Fixed, Receive-Variable Interest Rate Swap
Estimated Debt Service Requirements of Variable-Rate
Debt Outstanding and Net Swap Payments

Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2018	$ 3,710	$ 896	$ 2,031	$ 6,637
2019	3,880	855	1,936	6,671
2020	4,055	811	1,838	6,704
2021	4,240	766	1,735	6,741
2022	4,435	718	1,627	6,780
2023-2027	25,405	2,795	6,334	34,534
2028-2032	31,740	1,233	2,793	35,766
2033	7,240	26	60	7,326
Total	$ 84,705	$ 8,100	$ 18,354	$ 111,159

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Note 15 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2018:

Interfund Transfers	Transfers In From Other Funds	Transfers Out To Other Funds
General Fund:		
Debt Service Fund	$ 24	$ 2,635
Nonmajor Governmental Funds	17,782	34,907
Airport System	236	
Solid Waste Management	1,376	180
Nonmajor Enterprise Funds	2,739	4,026
Internal Service Funds		344
Total General Fund	$ 22,157	$ 42,092
Debt Service Fund:		
General Fund	2,635	24
Nonmajor Governmental Funds	15,231	
Total Debt Service Fund	$ 17,866	$ 24
Pre-K 4 SA:		
Nonmajor Governmental Funds	35,697	2
Total Pre-K 4 SA	$ 35,697	$ 2
2017 General Obligation Bonds:		
Nonmajor Governmental Funds		33,409
Total 2017 General Obligation Bonds	$ -	$ 33,409
Nonmajor Governmental Funds:		
General Fund	34,907	17,782
Debt Service Fund		15,231
Pre-K 4 SA	2	36,544
2017 General Obligation Funds	33,409	
Nonmajor Governmental Funds	271,159	271,159
Solid Waste Management	36,614	906
Nonmajor Enterprise Funds	1,380	532
Internal Service Funds	639	
Total Nonmajor Governmental Funds	$ 378,110	$ 342,154
Airport System:		
General Fund		236
Total Airport System	$ -	$ 236
Solid Waste Management:		
General Fund	180	1,376
Nonmajor Governmental Funds	906	36,614
Internal Service Funds	300	
Total Solid Waste Management	$ 1,386	$ 37,990
Nonmajor Enterprise Funds:		
General Fund	4,026	2,739
Nonmajor Governmental Funds	532	1,380
Nonmajor Enterprise Funds	211	211
Total Nonmajor Enterprise Funds	$ 4,769	$ 4,330
Internal Service Funds:		
General Fund	344	
Nonmajor Governmental Funds		639
Solid Waste Management		300
Internal Service Funds	85	85
Total Internal Service Funds	$ 429	$ 1,024
Total	$ 460,414	$ 461,261

Year-Ended September 30, 2018 - 227 - Amounts are expressed in thousands

Note 15 Interfund Transfers (Continued)

Transfers are made to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds. These transfers are in the form of operating subsidies, grant matches, and funding for capital projects. In addition, transfers are routinely made from other funds to fund debt service payments and for other restricted purposes. Some examples include the 1/8 cent sales and use tax collected by the City and provided to Pre-K 4 SA for operations; 15% Hotel Occupancy Tax (HOT) collections used to fund Historic Preservation which operates in the General Fund; and Bond proceeds used to fund capital projects. All transfers are in accordance with budgetary authorizations.

Different fiscal year-ends exist between the City and Pre-K 4 SA (September 30th and June 30th, respectively); therefore, interfund transfers do not eliminate by $847. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30, 2018; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2018. These transfers are in accordance with legislative and contractual requirements.

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Note 16 Fund Balance Classifications

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table. Please see the definitions of the various fund balance classifications in Note 1 Summary of Significant Accounting Policies.

	General Fund	Debt Service Fund	Pre-K 4 SA	Convention Center Hotel Finance Corporation	2017 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
In nonspendable form:							
Materials and Supplies	$ 6,070	$ -	$ -	$ -	$ -	$ 2,326	$ 8,396
Prepaid, Deposits and Other	817					1,214	2,031
Legally or contractually intact:							
Permanent Fund Corpus						4,817	4,817
Total Nonspendable	$ 6,887	$ -	$ -	$ -	$ -	$ 8,357	$ 15,244
Restricted:							
Education			8,740			12,535	21,275
Environmental						39	39
Social Services						381	381
Parks & Recreation						83,416	83,416
Library						379	379
Health Services						20,917	20,917
Welfare						286	286
Convention and Tourism						3,239	3,239
Urban Redevelopment and Housing						1,659	1,659
Economic Development & Opportunity						40,956	40,956
Law Enforcement						8,271	8,271
Fire Protection						2,590	2,590
Debt Service	2,283	38,146		6,271		6,268	52,968
Other Purposes						936	936
Drainage - Capital Projects					37,431	74,994	112,425
Municipal Facilities - Capital Projects					13,265	77,046	90,311
Parks - Capital Projects					45,824	14,638	60,462
Streets - Capital Projects					117,426	133,342	250,768
Other Capital Projects					12,070	79,310	91,380
Total Restricted	$ 2,283	$ 38,146	$ 8,740	$ 6,271	$ 226,016	$ 561,202	$ 842,658
Committed:							
Education						125	125
Social Services						3,199	3,199
Parks & Recreation	4,777					6,380	11,157
Library	64						64
Health Services	420						420
Welfare	1,633						1,633
Convention and Tourism						67,865	67,865
Urban Redevelopment and Housing	299					11,953	12,252
Economic Development & Opportunity	22,090						22,090
Law Enforcement	3,351					742	4,093
Fire Protection	989						989
Other Purposes						4,444	4,444
Public Works	5,124						5,124
General Government	6,043						6,043
Municipal Facilities - Capital Projects						1,942	1,942
Parks - Captial Projects	1,038						1,038
Streets - Capital Projects	50,745					701	51,446
Other - Capital Projects	561					1,624	2,185
Total Committed	$ 97,134	$ -	$ -	$ -	$ -	$ 98,975	$ 196,109
Assigned:							
Education						193	193
Parks & Recreation						725	725
Health Services						7	7
Economic Development & Opportunity						2,442	2,442
Other Purposes	8						8
Total Assigned	$ 8	$ -	$ -	$ -	$ -	$ 3,367	$ 3,375
Unassigned	243,828					(7,346)	236,482
Total Fund Balance	$ 350,140	$ 38,146	$ 8,740	$ 6,271	$ 226,016	$ 664,555	$ 1,293,868

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Note 16 Fund Balance Classifications (Continued)

The City utilizes encumbrance accounting to ensure specified remaining unspent balances are adequately carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. The City further carries forward available unspent uncommitted funds identified through the Closing Ordinance into the next fiscal year as authorized by City Council. The encumbrance and carryforward amounts are reported in fund balance as follows:

General Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 93,219	$ 445,190	$ 538,409

The City further maintains a 10.0% of General Fund revenues Budgeted Financial Reserve which was adopted by City Council. This Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance. Additions to the balance are considered annually as part of the City's overall budget adoption process and are contingent upon the General Fund's overall estimated expenditures and related funding.

The Reserve may be utilized to meet one or more of the following events upon subsequent adoption by the City Council:

- Unforeseen operational or capital requirements which arise during the course of the fiscal year;
- Unforeseen or extraordinary occurrences such as a natural disaster, catastrophic change in the City's financial position, or the occurrence of a similar event; or
- To assist the City in managing fluctuations in available General Fund resources from year to year in stabilizing the budget.

The balance within the Budgeted Financial Reserve as of September 30, 2018 was $118,226. This Reserve balance is presented in the General Fund under the unassigned fund balance classification. The City does not have a minimum fund balance policy. In addition, at the end of fiscal year 2018, $100,807, or 5.4% of budgeted revenues, was reserved for a two-year balanced budget. The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management.

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Note 17 Deficits in Fund Balances / Net Position

Grants

As of September 30, 2018, a deficit fund balance is reported in the Categorical Grant-in Aid, Community Development Program, and HOME Program in the amounts of $7,289, $383, and $306, respectively. These deficits are due to costs not being reimbursed by the grantor within 60 days after year-end. The City anticipates receiving payment in fiscal year 2019 for these costs.

Capital Projects Funds

As of September 30, 2018, a deficit fund balance is reported in the General Obligation Projects Fund in the amount of $1,189 due to timing of funding. The City maintains a one year reimbursement resolution for projects included in the annually adopted capital budget; thereby covering these deficits in fiscal year 2019.

Enterprise Funds

As of September 30, 2018, deficit net positions are reported in Solid Waste Management and Development Services in the amounts of $69,615 and $5,098, respectively. The City does not currently prefund OPEB liability or the net pension liability; as a result, these funds will continue to exhibit an increasing deficit net position. The City will analyze the growing deficits and its funding policy at a future period.

Internal Service Funds

As of September 30, 2018, a deficit net position is reported for Information Services in the amount of $39,069. The deficit is due to the fund not including long-term liabilities in its rate assessments. The City does not prefund OPEB liability or the net pension liability; as a result, this fund will continue to exhibit an increasing deficit net position, which will be analyzed at a future period.

As of September 30, 2018, a deficit net position is reported in Capital Management Service Fund (CMS) in the amount of $21,713. The deficit in CMS is due to the fund not including long-term liabilities (OPEB, net pension liability, and accrued leave) in its rate assessments. Due to the fund's GASB Statement No. 54 reclassification, accrued leave not previously recorded in the fund has now been incorporated in future assessments and fees. However, since the City does not prefund OPEB liability, nor net pension liability, this fund will continue to exhibit an increasing deficit net position, which will be analyzed at a future period. The City will continue to pay for these obligations as they become due.

Fiduciary Funds

As of September 30, 2018, a deficit of net position is reported in the City Retiree Health Care Fund in the amount of $731. The deficit in the City Retiree Health Care Fund is due to claims and other expenses exceeding employer and employee contributions. The City plans to reduce the deficit through changes to benefit options, sharing of premiums and additional plan design changes to avoid unsustainable increases in health costs.

Note 18 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has five Permanent Funds: Carver Cultural Center Endowment, City Cemeteries, William C. Morris Endowment, Boza Becica Endowment and Southern Edwards Plateau Endowment. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increases and/or decreases in the market value of the endowed assets, if applicable. Market value fluctuations are included as an integral part of investment returns. The net position from these endowment funds are reported in the government-wide financial statements.

The Carver Cultural Center Endowment Fund generated $5 in investment earnings. These earnings can be used for the Carver Community Cultural Center's operating program or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Prudent Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The City Cemeteries Fund generated $52 in investment earnings to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery. The principal is required to be retained in perpetuity.

The William C. Morris Endowment Fund generated $5 in investment earnings. These earnings are used on an annual basis to enhance educational programming and services for children provided at the City libraries. The earnings of the funds will be expended in accordance with the spending policy of the Library's Board of Directors or Trustees.

The Boza Becica Endowment Fund generated $8 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal is required to be retained in perpetuity.

The Southern Edwards Plateau Endowment generated $3 in investment earnings. This fund is managed in accordance with the Endangered Species Act of 1973, which is codified as Section 83.005 in the Texas Parks and Wildlife Code Chapter 83. These earnings will be used to fund management and monitoring of the preserves in support of the Southern Edwards Plateau Habitat Conservation Plan. The principal amount of this fund is increased each year by outside donations and transfers from the Development Services Fund. The principal is required to be retained in perpetuity.

Note 18 Other Disclosures (Continued)

Primary Government (City) (Continued)

Service Concession Agreements

The City has a fixed term agreement with Mission Park in which Mission Park pays the City 40.0% of burial plot sales and 10.0% of revenue from services, merchandise and products for the life of the contract (ending December 2035 with an option to renew). All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Mission Park will provide. Mission Park collects all fees and pays the City its portion. The assets include 84 acres acquired at a value of $1,820. The City received an upfront payment of $130 in fiscal year 2011. In fiscal year 2018, the City received $381 in revenue from Mission Park.

The City has a Management Agreement with MGA-SA. In the agreement, MGA-SA manages the City's golf courses and in return retains all funding to cover operations and improvements. All permanent structures existing on the golf courses and those added during the term of the agreement are property of the City. The City determines and/or approves of the services provided to the public. The assets include eight golf courses valued at $42,793.

The City has a concession agreement with Go Rio San Antonio, LLC (Go Rio) in which Go Rio pays the City 51.0% of river barge services and 15.0% of revenue from merchandise, food and beverage, advertising and other ancillary services for the life of the contract (ending December 2027 with an option to renew). The assets include 44 barges and accompanying equipment acquired at a value of $9,137. All capital improvements to the barges become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Go Rio will provide. Go Rio collects all fees and pays the City its portion. In fiscal year 2018, the City received $8,754 in revenue from Go Rio.

The City has a concession agreement with Willie G's Post Oak for operation of the Tower of the Americas (ending June 2021 with an option to renew). The City will receive the greater of a minimum annual guaranteed payment of $984,375 or revenue based on 10.0% of restaurant services, 35.0% of revenue from admission fees, 30.0% of revenue from parking, 15.0% from retail at the ground level gift shop and observation deck, 5.0% from theater tickets and vending, and 50.0% from telescope and other revenues not otherwise listed. The assets include the Tower of the Americas building, telescopes, movie theatre equipment and renovations with a combined value of $1,042, net of depreciation. All capital improvements have to be approved and become property of the City. The City retains ownership of the property after the contract expires. The City approves the rates and services Landry's will provide. Landry's collects all fees and pays the City its portion. In fiscal year 2018, the City received $1,626 in revenue from Landry's.

The City has a concession agreement with San Antonio Botanical Garden Society, Inc., (SABGC) for operation of the San Antonio Botanical Garden (ending December 31, 2039 with an option to extend). The City will receive revenue based on restaurant, gift shop, plant sales and rentals. SABGC is also entitled to keep part of this revenue to reinvest in capital improvements in lieu of payments to the City. All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services SABGC will provide. SABGC collects all fees and pays the City its portion. The assets include the 37.8 acres, new welcome center, education and events center, classrooms, various new garden areas and expanding parking lot, with a combined value of $14,305, net of depreciation, and $5,450 made in improvements in fiscal year 2018. In fiscal year 2018, the City received $392 in revenue from SABGC.

Note 18 Other Disclosures (Continued)

Primary Government (City) (Continued)

Service Concession Agreements (Continued)

The City has a concession agreement with Alanis Wrecker Service for operation of the Growden Vehicle Storage Facility (ending September 30, 2023 with an option to extend). The City will receive a minimum annual guaranteed payment of $2,000 or a percentage amount calculated based on their total adjusted gross sales, whichever is greater. Alanis Wrecker Service is required to make minimum $500 in improvements per year for the first two years to the vehicle storage facility. All capital improvements become property of the City, and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The assets include the vehicle storage facility, administration building, supply shed, drop shed, golf cart shed, and property shed with a combined value of $953. In fiscal year 2018, the City received $3,000 in revenue from Alanis.

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Note 19 Prior Period Restatement

Primary Government (City)

GASB 75 Restatement

In fiscal year 2018, the City implemented GASB 75, which will improve accounting and financial reporting by state and local governments for Postemployment Benefits Other Than Pensions (OPEB). It also provides information provided by state and local governmental employers about financial support for OPEB that is provided. The implementation resulted in a restatement of the City's governmental and business-type activities beginning net positions.

Governmental Activities

The City's Statement of Net Position restatements for the Governmental Funds are as follows:

	Net Position
Fiscal Year 2018 Beginning Net Position, as previously reported	$ 2,312,987
GASB 75 Restatement - City Health Care Fund OPEB	68,239
GASB 75 Restatement - Fire and Police Health Fund OPEB	497,895
Net Position as Restated, October 1, 2017	1,746,853
City Retiree Health Care Restatement	363
Net Position as Restated, October 1, 2017	$ 1,746,490

Enterprise Funds and Business-Type Activities

The Enterprise Funds and Business-Type Activities' restatement per GASB 75 is as follows:

	Airport System	Solid Waste	Nonmajor Enterprise Funds	Total
Beginning Net Position, as previously reported	$ 393,770	$ (31,769)	$ 19,953	$ 381,954
GASB 75 Restatement - City Health Care Fund OPEB	(3,604)	(5,034)	(3,030)	(11,668)
GASB 75 Restatement - Fire and Police Health Fund OPEB	(3,988)			(3,988)
Restated Beginning Net Position, Enterprise Funds	$ 386,178	$ (36,803)	$ 16,923	$ 366,298

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Note 19 Prior Period Restatement (Continued)

Primary Government (City) (Continued)

Enterprise Funds and Business-Type Activities (Continued)

	Business-Type Activities
Beginning Net Position, as previously reported	$ 375,705
GASB 75 Restatement - City Health Care Fund OPEB	(11,668)
GASB 75 Restatement - Fire and Police Health Fund OPEB	(3,988)
GASB 75 Restatement - Internal Services Fund Allocation	1,026
Restated Beginning Net Position, Government-wide	$ 361,075

City of San Antonio Retiree Health Care Fund and Employee Health Benefits

With the adoption of GASB 75, the City reassessed the Employee Health Benefit Fund and determined the retiree component, should be treated as an “equivalent arrangements”. This retiree component is reported as a fiduciary fund titled City of San Antonio Retiree Health Care Fund in fiscal year 2018. The fiduciary fund’s beginning net position was restated to $363. The beginning net position for the Employee Health Benefits Fund was restated to $542, to account for the $363 adjustment to the City of San Antonio Health Care Fund.

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Note 19 Prior Period Restatement (Continued)

Discretely Presented Component Units

CPS Energy

CPS Energy adopted the requirements of GASB Statement No. 75 in fiscal year 2018. The impact for CPS Energy is as follows:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Noncurrent assets*			
Net OPEB obligation	$ 14,435	$ -	$ (14,435)
Net OPEB liability		(19,791)	(19,791)
Total noncurrent assets	14,435	(19,791)	(34,226)
Deferred outflows of resources			
Unamortized loss on OPEB resources		31,013	31,013
Employer OPEB contributions		9,200	9,200
Total deferred outflows of resources		40,213	40,213
Net Position	3,382,256	3,388,243	5,987
Statement of Revenues, Expenses and Changes in Net Position			
Operating expense			
Operation and maintenance	507,478	514,824	7,346
Annual OPEB and pension expense	91,271	86,048	(5,223)

*The Net OPEB obligation previously reported under GASB Statement No. 45 was an asset balance as of January 31, 2017. With the adoption of GASB Statement No. 75, CPS Energy restated the Net OPEB liability and recorded a liability.

San Antonio Bexar County Soccer Public Facility Corporation (SABC PFC)

In fiscal year 2018, SABC PFC reported a beginning Net Position of $22,349, which is being restated to $18,677. This restatement is due to the Stadium Facility value being separated from the Land value, and accounting for depreciation of $3,672 in fiscal year 2018.

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Note 20 Subsequent Events

Primary Government (City)

Charter Amendments

The San Antonio Professional Firefighters Association conducted a petition drive seeking three changes to the City Charter. The Propositions on the November 6, 2018 special election ballot permit qualified voters of the City to vote on the three following propositions to amend the City Charter of the City. The following are the propositions as stated on the Ballot and their respective results.

CITY OF SAN ANTONIO PROPOSITION A
Shall the City Charter be amended to expand the types of ordinances that may be subject to referendum including appropriation of money, levying a tax, granting a franchise, fixing public utility rates, zoning and rezoning of property; increase the number of days within which a petition may be filed seeking a referendum on an ordinance passed by council from forty to one hundred eighty days after passage of the ordinance; and to provide that no more than twenty thousand signatures of registered voters are required for a referendum petition instead of ten percent of those electors qualified to vote at the last regular municipal election? Voters elected to not pass this proposition.

CITY OF SAN ANTONIO PROPOSITION B
Shall the City Charter be amended to limit the term the City Manager may serve to no longer than eight years, limit the compensation of the City Manager to no more than ten times the annual salary furnished to the lowest paid full-time city employee, and to require a supermajority vote to appoint the City Manager? Voters elected to pass this proposition.

CITY OF SAN ANTONIO PROPOSITION C
Shall the City Charter be amended to provide the International Association of Fire Fighters Local 624 with unilateral authority to require the City to participate in binding arbitration of all issues in dispute with the Association within forty-five days of the City's receipt of the Association's written arbitration request? Voters elected to pass this proposition.

Bond Rating

After nine consecutive years of 'AAA' bond ratings from the three major ratings agencies, one of those agencies, Fitch, downgraded its bond rating of the City on December 19, 2018. Fitch downgraded the City one notch from a 'AAA' to a 'AA+' while Moody's and Standard & Poor's, reaffirmed the City's AAA bond rating on its ad valorem debt. The downgrade from Fitch is a direct result of the City's diminished expenditure flexibility triggered by a voter-approved city charter amendment that permits firefighters to call for binding arbitration during future collective bargaining agreement negotiations that result in an impasse.

Build America Bonds (BABs) Subsidy Sequestration

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the federal government will reduce the BABs subsidy by 6.2% for payments to be made during the period beginning October 1, 2018, through the end of the fiscal year (September 30, 2019). There is still uncertainty regarding whether or not the reduction will continue after that date. In February 2019 the City received $1,794 from the IRS for the BAB's payment. The subsidy reduction for fiscal year 2019 will result in an approximate $237 increase in the City's debt-related interest expense. The change does not have a material impact on the City's debt financing.

Note 20 Subsequent Events (Continued)

Primary Government (City) (Continued)

City Manager Position

On November 29, 2018, City Manager Sheryl Scully announced her retirement after serving the City for more than 13 years. An extensive search was conducted to find the City's next City Manager. On January 31, 2019, the Mayor and City Council appointed Erik Walsh as the new City Manager effective March 1, 2019. Erik Walsh has 24 years of municipal government experience with the City of San Antonio. He was appointed to Deputy City Manager in October 2011. Prior to his appointment, Mr. Walsh was promoted to Assistant City Manager in February 2006.

Collective Bargaining Agreement

The collective bargaining agreement between the City and the International Association of Fire Local 624 (IAFF) expired September 30, 2014, with the parties continuing to operate under the ten year evergreen clause included in the agreement. The City filed a lawsuit questioning the constitutionality of the evergreen clause and on August 23, 2017, the Texas Fourth Court of Appeals ruled that the City's collective bargaining agreement with IAFF does not violate the Texas Constitution. The Texas Supreme Court declined to hear the City's appeal on the issue in June 2018. On November 6, 2018, Proposition C, amended the City Charter to give the firefighters' union the ability to unilaterally take contract negotiations to binding arbitration, passed. The City requested the lawsuit be dismissed on November 29, 2018, in order to allow negotiations to resume. After more than 4 years of the IAFF refusing to negotiate, negotiations began on February 6, 2019.

Long-Term Debt

On January 22, 2019, the City issued $24,750 in General Improvement Refunding Bonds, Series 2019. The Bonds were issued to refund the HUD 108 Loan for debt service savings of $3,289 and to pay the costs of issuance. The bonds have maturities ranging from 2019 to 2025, with interest rates ranging from 2.0% to 5.0%.

San Antonio Tourism Public Improvement District (SATPID)

Visit San Antonio (VSA) and the San Antonio Hotel and Lodging Association (SAHLA), an association group representing the hospitality industry in San Antonio, worked to establish the San Antonio Tourism Public Improvement District (SATPID) by adding a 1.25% fee per night hotel stay that would be reinvested into VSA's marketing budget. In June 2018 City Council preliminary approved the SATPID. SAHLA and VSA then worked to obtain 60.0% of eligible hotel signatures within the district boundaries, as required by state law. After sufficient petition signatures were obtained from hotel owners within the district, a formal request to establish a TPID was presented to City Council in December 2018. On January 1, 2019, the SATPID became effective; creating as a new revenue source for VSA. The funds will be collected by the City but will be managed by VSA and used for funding the sales, marketing, and promotion of San Antonio to convention, group, business and leisure visitors. The eight-year agreement is expected to raise more than $10,000 annually.

Note 20 Subsequent Events (Continued)

CPS Energy

Long-Term Debt

On November 15, 2018, CPS Energy issued $218,285 of New Series 2018 Senior Lien Revenue Refunding Bonds. Bond proceeds, including the $25,257 premium associated with the bonds, were used to refund $99,130 par value of the New Series 2009D Revenue Refunding Bonds and convert the outstanding $142,285 Series 2012A, Series 2012B and Series 2012C Variable-Rate Junior Lien Bonds from variable rate debt to fixed rate debt. The refunding transaction, resulted in net present value debt service savings of $3,618, or 3.6% of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2020, 2021, 2027, and 2028, is 2.80%.

On December 20, 2018, CPS Energy issued $130,220 of New Series 2018A Senior Lien Revenue Refunding Bonds. Proceeds, including the $20,934 premium associated with the bonds, were used to refund $60,000 and $90,000 par value of the Commercial Paper Series A and Commercial Paper Series C, respectively. The true interest cost for this issue, which has maturities in 2026 through 2048, is 3.69%.

On December 20, 2018, CPS Energy issued $134,870 of Series 2018 Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the $1,157 premium associated with the bonds, were used to refund $135,000 par value of the Commercial Paper Series C. The true interest cost for this issue, which has maturities in 2043 through 2048, is 6.56%.

On January 22, 2019, the outstanding balance of $25,200 of the Flexible Rate Revolving Note was defeased with cash.

On January 24, 2019, $52,515 of New Series 2015 Senior Lien Revenue Refunding Bonds and $25,120 of New Series 2016 Senior Lien Revenue Refunding Bonds will be legally defeased with cash. Under this defeasance, the debt obligations were technically voided, as the cash was escrowed with a third party to service the debt.

Impairment NRG Energy, Inc.

In March 2018, NRG Energy, Inc. (NRG) filed its December 31, 2017, Form 10-K with the SEC in which the company recognized an impairment loss of $1,248,000 related to its subsidiary, NRG South Texas LP's, 44.0% interest in STP Units 1 and 2. The impairment was primarily due to the revised outlook of future commodity prices and NRG management's view of a decrease in future cash flows from STP operations as a result of accounting requirements under Financial Accounting Standards Board. CPS Energy does not expect to write-down its investment in STP Units 1 and 2 as a result of this news.

Deely1 and Deely2 were deactivated and removed from service on December 31, 2018. CPS Energy prepared for Deely's recent deactivation by expanding its efficiency programs and adding solar farms with 450 megawatts of capacity. With the deactivation of the Deely units and a projected remaining book value of $186,000 at January 31, 2019, CPS Energy is planning to recognize an impairment loss in its Fiscal Year 2019 financial statements. The impairment loss will be classified as a special item to be reported below net income on CPS Energy's Statement of Revenues, Expenses and Changes in Net Position.

Note 20 Subsequent Events (Continued)

San Antonio Water System (SAWS)

Rate Increase

On December 7, 2017, the City Council approved a two year rate adjustments that will increase SAWS water and sewer rates on average by 5.8% beginning January 1, 2018 and 4.7% beginning January 1, 2019. The additional revenue will enable SAWS to replace aging critical systems throughout the City, as well as support SAWS improvements being made in connection with street projects funded by the City's 2017 bond program.

Long-Term Debt

On May 23, 2018, SAWS issued $208,825 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2018A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2008 (Series 2008), (ii) refund the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2008A (Series 2008A), (iii) refund $125,655 in outstanding commercial paper notes, (iv) finance capital improvement projects, and (v) pay the cost of issuance. The refunding of the Series 2008 and Series 2008A bonds reduced total future debt service payments by approximately $7,910 and resulted in an economic gain of $2,893. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

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

On January 29, 2019, SAWS issued $166,480 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue Bonds, Series 2019A (No Reserve Fund) in a Fixed Rate Mode for a period of five years ending May 1, 2024. The proceeds were used to (i) finance capital improvement projects, and (ii) pay the cost of issuance. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

SAWS currently has authorization to issue an amount not to exceed $33,550 in additional debt that will be placed with the Texas Water Development Board under the Drinking Water State Revolving Fund for Water Delivery projects. The authorization for this bond issue expires December 13, 2019. SAWS will most likely issue the debt in the 3rd quarter 2019.

Note 20 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Commercial Paper

SAWS maintains a commercial paper program that is used to provide funds for the interim financing of a portion of its capital improvements. City Council has authorized the commercial paper program in an amount of $500,000. Notes payable under the program cannot exceed maturities of 270 days. The City has covenanted in the Ordinance authorizing the commercial paper program (Note Ordinance) the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series A (Series A Notes), the issuance of City of San Antonio, Texas Water System Commercial Paper Notes, Series B (Series B Notes), and the maintenance at all times of credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program.

The credit facility is maintained under the terms of a revolving credit agreement. The Ordinance also authorizes the ability to designate and issues subseries of notes. The Series A Notes are currently authorized as City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-1 (Subseries A-1 Notes) and City of San Antonio, Texas Water System Commercial Paper Notes, Subseries A-2 (Subseries A-2 Notes). The Subseries A-2 Notes are directly placed with JPMorgan Chase Bank, N.A. under a Note Purchase Agreement.

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit and note purchase agreements is $500,000 with the Revolving Credit Agreement with JPMorgan Chase Bank, N.A. in the amount of $400,000, supporting the Series A Notes expiring October 4, 2023; and the Revolving Credit Agreement with Wells Fargo Bank, N.A. in the amount of $100,000, supporting the Series B Notes expiring January 15, 2021.

Mitchell Lake

SAWS operates the Mitchell Lake Site Wastewater Treatment Facility pursuant to a Texas Pollutant Discharge Elimination Permit issued by the TCEQ under a delegation of authority from the EPA (the Permit). On August 18, 2016, SAWS received an Administrative Order from the EPA that alleges that SAWS violated the Permit by failing to meet effluent limits as required by the Permit. On December 7, 2017 the SAWS' Board of Trustees unanimously approved a resolution awarding a professional services contract to Alan Plummer Associates, Inc. in an amount not to exceed $1,321 for the period of October 16, 2017 to December 31, 2020 in connection with the Mitchell Lake Wetlands Water Quality Treatment Initiatives. The contract is to develop and conduct a three year pilot wetlands program. This program will evaluate the viability of the proposed wetlands as a solution and, if appropriate, guide the optimization of potential full scale wetland.

REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	$ 671,450	$ 667,238	$ 669,961	$ 2,723
Licenses and Permits	9,199	9,389	9,157	(232)
Intergovernmental	6,916	6,869	8,113	1,244
Revenues from Utilities	368,857	370,041	389,319	19,278
Charges for Services	65,358	71,009	69,753	(1,256)
Fines and Forfeits	11,950	11,414	11,885	471
Miscellaneous	10,311	11,878	20,323	8,445
Investment Earnings	1,656	3,615	4,421	806
Contributions			81	81
Transfers from Other Funds	21,877	21,798	22,157	359
Amounts Available for Appropriation	1,167,574	1,173,251	1,205,170	31,919
Charges to Appropriations (Outflows):				
General Government	83,484	86,166	82,358	3,808
Public Safety	755,540	756,451	750,394	6,057
Public Works	63,658	67,036	66,466	570
Health Services	28,234	28,523	28,592	(69)
Welfare	38,308	38,914	38,640	274
Culture and Recreation	117,900	124,083	123,454	629
Economic Development and Opportunity	10,307	20,494	23,487	(2,993)
Urban Redevelopment and Housing	17,931	18,026	17,565	461
Debt Service:				
Principal Retirement	3,140	3,140	3,140	
Interest	189	189	189	
Transfers to Other Funds	67,283	98,520	98,113	407
Total Charges to Appropriations:	1,185,974	1,241,542	1,232,398	9,144
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(18,400)	(68,291)	(27,228)	41,063
Fund Balance Allocation	18,400	68,291	27,228	(41,063)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 1,205,170
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(22,157)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,183,013
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,232,398
Differences - budget to GAAP:	
Encumbrances and Earmarks for supplies and equipment ordered but not received is reported in the year the orders are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(93,219)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(42,092)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,097,087

General Fund Budgetary Information

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City department and activity within individual funds cannot legally exceed the final budget approved by the City Council. Amendments to line items within a departmental budget may be initiated by Department Directors.

The City's prepares an annual budget for the General Fund on a modified accrual basis which is consistent with generally accepted accounting principles. The annual budgetary data reported for the General Fund represents the original appropriation ordinance and amendments thereto as adopted by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.

Budgetary Comparison Schedule
Pre-K 4 SA
Year-Ended June 30, 2018
(In Thousands)

	2018			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Sales & Use Tax [1]	$ 35,202	$ 35,034	$ 35,697	$ 663
State/Local Match [1]	4,464	4,177	4,159	(18)
USDA (Food) [1]	1,455	1,368	1,376	8
Charges for Services [1]	600	699	697	(2)
Interest/Miscellaneous	34	82	137	55
Amounts Available for Appropriation	41,755	41,360	42,066	706
Charges to Appropriations (Outflows):				
Education:				
Pre-K Education Centers	25,416	26,018	25,606	412
Transportation Services	870	884	864	20
Pre-K Facility Leases	9,500	9,388	9,402	(14)
Competitive Grants	4,955	4,864	4,466	398
Professional Development	2,250	2,118	2,091	27
Program Assessment	313	434	434	
Enrollment/Attendance Services	750	655	555	100
Public Relations/Marketing	953	777	731	46
Sales Tax Collection Fee	704	699	706	(7)
Administration	2,563	2,508	2,241	267
Transfers to Other Funds [2]	4,134	4,122	4,149	(27)
Total Charges to Appropriations:	52,408	52,467	51,245	1,222
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(10,653)	(11,107)	(9,179)	1,928
Fund Balance Allocation	10,653	11,107	9,179	(1,928)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 42,066
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(35,697)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 6,369
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 51,245
Differences - budget to GAAP:	
Encumbrances for supplies, equipment, and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies, equipment and services are received for financial reporting purposes	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(4,149)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 47,096

[1] For financial reporting presentation the revenue is reported as transfers in or intergovernmental; however, the above schedule reflects the fund schedule from the City's 2018 Adopted Budget.

[2] Transfers to funds within Pre-K 4 SA are shown as Education program expenditures for financial reporting purposes.

Pre-K 4 SA prepares an annual budget for their fund on a modified accrual basis which is consistent with generally accepted accounting principles. The annual budgetary data reported for the Pre-K 4 SA Fund represents the original appropriation ordinance as adopted by the Pre-K 4 SA board, and any amendments thereto as approved by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.

Pension and Postemployment Schedules

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	12/31/2017	**12/31/2016**	**12/31/2015**	**12/31/2014**
Total Pension Liability				
Service Cost	$ 53,965	$ 51,329	$ 47,521	$ 40,902
Interest	122,010	115,882	114,257	109,316
Differences Between Expected and Actual Experience	(1,637)	1,226	(8,192)	(9,979)
Changes of Assumptions			4,540	
Benefit Payments, including Refunds of Employee Contributions	(81,702)	(76,256)	(74,742)	(71,197)
Net Change in Total Pension Liability	$ 92,636	$ 92,181	$ 83,384	$ 69,042
Total Pension Liability - Beginning	1,821,421	1,729,240	1,645,856	1,576,814
Total Pension Liability - Ending (a)	$ 1,914,057	$ 1,821,421	$ 1,729,240	$ 1,645,856
Plan Fiduciary Net Position				
Contributions - Employer	$ 41,828	$ 36,327	$ 35,915	$ 33,125
Contributions - Employee	21,922	20,830	20,027	18,438
Net Investment Income	183,805	85,229	1,888	70,349
Benefit Payments, including Refunds of Employee Contributions	(81,702)	(76,256)	(74,742)	(71,197)
Administrative Expense	(953)	(963)	(1,150)	(735)
Other	(48)	(52)	(57)	(60)
Net Change in Plan Fiduciary Net Position	$ 164,852	$ 65,115	$ (18,119)	$ 49,920
Plan Fiduciary Net Position - Beginning	1,326,772	1,261,657	1,279,776	1,229,856
Plan Fiduciary Net Position - Ending (b)	$ 1,491,624	$ 1,326,772	$ 1,261,657	$ 1,279,776
City's Net Pension Liability - Ending (a) - (b)	$ 422,433	$ 494,649	$ 467,583	$ 366,080
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.93%	72.84%	72.96%	77.76%
Covered Payroll	$ 365,112	$ 346,584	$ 333,714	$ 307,138
City's Net Pension Liability as a Percentage of Covered Payroll	115.70%	142.72%	140.11%	119.19%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Fiscal year 2015 information, which used measurement period ending December 31, 2014, is the first year available under implementation for the City's Civilian TMRS Plan.

Notes to Schedule:

Changes of assumptions: In 2015 TMRS adopted a reduction in the investment return assumption from 7.00% to 6.75%, and a reduction in the inflation assumption from 3.00% to 2.50%, which is reflected in December 31, 2015.

Year-Ended September 30, 2018 - 245 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended			
	12/31/2017	12/31/2016	12/31/2015[1]	9/30/2014
Total Pension Liability				
Service Cost	$ 71,161	$ 74,771	$ 96,631	$ 75,600
Interest	246,848	233,943	277,002	207,003
Differences Between Expected and Actual Experience	(27,776)	(47,670)	(20,698)	
Changes of Assumptions			148,315	
Benefit Payments, including Refunds of Employee Contributions	(156,137)	(152,296)	(179,787)	(122,306)
Net Change in Total Pension Liability	$ 134,096	$ 108,748	$ 321,463	$ 160,297
Total Pension Liability - Beginning	3,411,704	3,302,956	2,981,493	2,821,196
Total Pension Liability - Ending (a)	$ 3,545,800	$ 3,411,704	$ 3,302,956	$ 2,981,493
Plan Fiduciary Net Position				
Contributions - Employer	$ 75,916	$ 75,958	$ 94,816	$ 76,146
Contributions - Employee	37,958	37,978	47,408	38,073
Net Investment Income	407,278	242,007	(1,919)	223,054
Benefit Payments, including Refunds of Employee Contributions	(156,137)	(152,296)	(179,787)	(122,306)
Administrative Expense	(3,034)	(2,795)	(3,677)	(2,790)
Net Change in Plan Fiduciary Net Position	$ 361,981	$ 200,852	$ (43,159)	$ 212,177
Plan Fiduciary Net Position - Beginning	2,834,548	2,633,696	2,676,855	2,464,678
Plan Fiduciary Net Position - Ending (b)	$ 3,196,529	$ 2,834,548	$ 2,633,696	$ 2,676,855
City's Net Pension Liability - Ending (a) - (b)	$ 349,271	$ 577,156	$ 669,260	$ 304,638
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.15%	83.08%	79.74%	89.78%
Covered Payroll	$ 308,101	$ 308,263	$ 384,807	$ 309,031
City's Net Pension Liability as a Percentage of Covered Payroll	113.36%	187.23%	173.92%	98.58%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Fiscal year 2014 information is the first year available under implementation for the Fire and Police Pension Plan.

[1]The Fire and Police Pension Fund changed their fiscal year-end to December 31 effective fiscal year 2015, and therefore the City was required to change its measurement date from September 30 to December 31. These amounts reflect 15 months of pension information.

Notes to Schedule:

Benefit Changes: There have been no changes in benefit provisions since GASB No. 67 implementation.

Change of Assumptions: The net investment return was lowered from 7.50% to 7.25% in fiscal year 2016. The inflation assumption was lowered from 3.50% to 3.00% in fiscal year 2016. Each salary scale rate was lowered by 0.50%.

Year-Ended September 30, 2018 - 246 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended					
	1/31/2017	1/31/2016	1/31/2015	1/31/2014	1/31/2013	1/31/2012
Total Pension Liability						
Service Cost	$ 31,547	$ 30,183	$ 32,591	$ 33,417	$ 33,470	$ 31,420
Interest	128,991	122,800	117,802	116,155	112,356	105,013
Changes in Assumptions			38,296			
Differences Between Expected and Actual Experience	(18,647)	19,691	(35,634)	(24,410)	25,158	(13,581)
Benefit Payments	(91,230)	(91,293)	(84,319)	(74,352)	(70,677)	(66,147)
Net Change in Total Pension Liability	$ 50,661	$ 81,381	$ 68,736	$ 50,810	$ 100,307	$ 56,705
Total Pension Liability - Beginning	1,734,177	1,652,796	1,584,060	1,533,250	1,432,943	1,376,238
Total Pension Liability - Ending (a)	$ 1,784,838	$ 1,734,177	$ 1,652,796	$ 1,584,060	$ 1,533,250	$ 1,432,943
Plan Fiduciary Net Position						
Contributions - Employer	$ 44,500	$ 46,000	$ 55,800	$ 44,400	$ 39,016	$ 37,687
Contributions - Employee	12,144	11,563	12,140	12,569	12,332	11,745
Net Investment Income	207,196	(52,945)	85,520	145,883	110,529	22,510
Benefit Payments	(91,230)	(91,293)	(84,319)	(74,352)	(70,677)	(66,147)
Net Change in Plan Fiduciary Net Position	$ 172,610	$ (86,675)	$ 69,141	$ 128,500	$ 91,200	$ 5,795
Plan Fiduciary Net Position - Beginning	1,299,766	1,386,441	1,317,300	1,188,800	1,097,600	1,091,805
Plan Fiduciary Net Position - Ending (b)	$ 1,472,376	$ 1,299,766	$ 1,386,441	$ 1,317,300	$ 1,188,800	$ 1,097,600
Net Pension Liability - Ending (a) - (b)	$ 312,462	$ 434,411	$ 266,355	$ 266,760	$ 344,450	$ 335,343
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.49%	74.95%	83.88%	83.16%	77.53%	76.60%
Covered Payroll	$ 235,360	$ 256,236	$ 261,085	$ 260,730	$ 251,136	$ 241,318
Net Pension Liability as a Percentage of Covered Payroll	132.76%	169.54%	102.02%	102.31%	137.16%	138.96%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended January 31, 2013 through January 31, 2018.

Notes to Schedule:

For fiscal year 2018 and fiscal year 2017 the annual investment rate of return underlying the calculation of total pension liability was assumed to be 7.50%. For the previous years presented, the rate used was 7.75%. Other actuarial assumptions were modified in fiscal year 2016 (January 31, 2015 measurement period) without significantly affecting trends in the amounts reported above. There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Year-Ended September 30, 2018 - 247 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended		
	12/31/2016	**12/31/2015**	**12/31/2014**
Total Pension Liability			
Service Cost	$ 4,979	$ 4,810	$ 4,379
Interest	12,623	12,480	11,960
Differences Between Expected and Actual Experience	29	(1,311)	(1,717)
Changes of Assumptions		433	
Benefit Payments	(8,186)	(7,337)	(7,461)
Net Change in Total Pension Liability	$ 9,445	$ 9,075	$ 7,161
Total Pension Liability - Beginning	188,624	179,549	172,388
Total Pension Liability - Ending (a)	$ 198,069	$ 188,624	$ 179,549
Plan Fiduciary Net Position			
Contributions - Employer	$ 3,609	$ 3,953	$ 3,721
Contributions - Employee	2,935	2,892	2,722
Net Investment Income	10,909	239	8,818
Benefit Payments, including Refunds of Employee Contributions	(8,186)	(7,337)	(7,461)
Administrative Expense	(123)	(146)	(92)
Other	(7)	(7)	(8)
Net Change in Plan Fiduciary Net Position	$ 9,137	$ (406)	$ 7,700
Plan Fiduciary Net Position - Beginning	161,452	161,858	154,158
Plan Fiduciary Net Position - Ending (b)	$ 170,589	$ 161,452	$ 161,858
Net Pension Liability - Ending (a) - (b)	$ 27,480	$ 27,172	$ 17,691
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.13%	85.59%	90.15%
Covered Payroll	$ 97,818	$ 96,389	$ 90,721
Net Pension Liability as a Percentage of Covered Payroll	28.09%	28.19%	19.50%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. December 31, 2014 information is the first year available under implementation for SAWS.

Notes to Schedule:

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7.00% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

Year-Ended September 30, 2018 - 248 - Amounts are expressed in thousands

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Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended		
	1/1/2017	**1/1/2016**	**1/1/2015**
Total Pension Liability			
Service Cost	$ 5,724	$ 5,004	$ 5,204
Interest	13,680	12,596	11,709
Change of Benefit Terms		4,339	
Differences Between Expected and Actual Experience	712	555	(622)
Changes of Assumptions	5,532	(405)	2,771
Benefit Payments	(7,283)	(6,318)	(5,796)
Net Change in Total Pension Liability	$ 18,365	$ 15,771	$ 13,266
Total Pension Liability - Beginning	200,206	184,435	171,169
Total Pension Liability - Ending (a)	$ 218,571	$ 200,206	$ 184,435
Plan Fiduciary Net Position			
Contributions - Employer	$ 7,367	$ 7,890	$ 10,339
Contributions - Employee	2,533	2,357	
Net Investment Income	6,971	1,215	15,695
Benefit Payments	(7,283)	(6,318)	(5,796)
Administrative Expense	(195)	(17)	
Net Change in Plan Fiduciary Net Position	$ 9,393	$ 5,127	$ 20,238
Plan Fiduciary Net Position - Beginning	165,886	160,759	140,521
Plan Fiduciary Net Position - Ending (b)	$ 175,279	$ 165,886	$ 160,759
Net Pension Liability - Ending (a) - (b)	$ 43,292	$ 34,320	$ 23,676
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.19%	82.86%	87.16%
Covered Payroll	$ 83,493	$ 85,299	$ 83,812
Net Pension Liability as a Percentage of Covered Payroll	51.85%	40.23%	28.25%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. December 31, 2015 information is the first year available under implementation for the SAWSRP.

Notes to Schedule:

Total pension liability at December 31, 2017 is based on a rollforward of the January 1, 2017 actuarial valuation.

Benefit Changes: Effective June 1, 2014, the defined benefit plan was frozen to new entrants. In 2015, the normal form of distribution changed and a mandatory employee contribution of 3.00% of payroll was instituted.

Changes of assumptions: In 2016, the long-term rate of returned was reduced to 6.5%. In the measurement period of January 1, 2015, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7.00% to 6.75%. In 2015, mortality rates were updated to reflect updated historical data.

Year-Ended September 30, 2018 - 249 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
District Special Project Retirement Income Plan (DSPRP)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended		
	1/1/2017	**1/1/2016**	**1/1/2015**
Total Pension Liability			
Service Cost	$ 71	$ 124	$ 123
Interest	418	446	424
Differences Between Expected and Actual Experience	(381)	18	153
Changes of Assumptions	224		
Benefit Payments	(324)	(261)	(230)
Net Change in Total Pension Liability	$ 8	$ 327	$ 470
Total Pension Liability - Beginning	6,686	6,359	5,889
Total Pension Liability - Ending (a)	$ 6,694	$ 6,686	$ 6,359
Plan Fiduciary Net Position			
Contributions - Employer	$ 280	$ 308	$ 414
Net Investment Income	306	18	394
Benefit Payments, including Refunds of Employee Contributions	(324)	(261)	(230)
Administrative Expense	(8)	(6)	(11)
Net Change in Plan Fiduciary Net Position	$ 254	$ 59	$ 567
Plan Fiduciary Net Position - Beginning	5,156	5,097	4,530
Plan Fiduciary Net Position - Ending (b)	$ 5,410	$ 5,156	$ 5,097
Net Pension Liability - Ending (a) - (b)	$ 1,284	$ 1,530	$ 1,262
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.82%	77.12%	80.15%
Covered Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. January 1, 2015 information is the first year available under implementation for the DSPRP.

Notes to Schedule:

The plan was frozen in 2008. Therefore, current and future wages have no impact on Net Pension Liability.

Total pension liability at December 31, 2017 is based on a rollforward of the January 1, 2017 actuarial valuation.

The interest rate of return was modified from 7.00% to 6.50% in 2017.

Year-Ended September 30, 2018 - 250 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2009	$ 33,510	$ 33,510	$ -	$ 259,224	12.93%
2010	32,338	32,338		258,932	12.49%
2011	33,883	33,883		270,708	12.52%
2012	29,981	28,171	1,810	276,095	10.20%
2013	30,416	30,416		288,246	10.55%
2014	32,585	32,585		303,141	10.75%
2015	34,176	34,176		317,518	10.76%
2016	35,942	35,942		340,660	10.55%
2017	40,374	40,374		361,009	11.18%
2018	43,631	43,631		375,931	11.61%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	28 years
Asset valuation method	10 Year smoothed market; 15.00% soft corridor

Actuarial assumptions:

Investment rate of return	6.75% including inflation, net of pension plan investment expense
Inflation rate	2.50%
Salary increases	3.50% to 10.50% including inflation
Retirement age	Experience-based table rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to experience study of the period 2010-2014.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB.

Other Information:

Notes	Granted 70.00% ad hoc COLA

Year-Ended September 30, 2018 - 251 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2009	$ 62,071	$ 62,071	$ -	$ 251,320	24.64%
2010	64,215	64,215		259,904	24.64%
2011	69,648	69,648		281,897	24.64%
2012	69,998	69,998		283,689	24.64%
2013	73,038	73,038		296,180	24.64%
2014	75,911	75,911		307,987	24.64%
2015	75,641	75,641		306,827	24.64%
2016	74,414	74,414		301,993	24.64%
2017	75,039	75,039		320,955	24.64%
2018	77,488	77,488		313,951	24.64%

[1] Payroll is estimated based on the actual member contributions received and a 12.32% contribution rate.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is calculated using a January valuation date as of the beginning of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll, using 3.50% annual increases
Remaining amortization period	13.07 years remaining as of January 1, 2017
Asset valuation method	Five-year smoothed market value based on expected return of 7.25%

Actuarial assumptions:

Investment rate of return	7.25% including inflation, net of pension plan investment expense
Inflation rate	3.00%
Salary increases	3.00% (plus merit scale of 0.75% - 11.25%)
Cost-of-living adjustments	3.00% for retirement before October 1, 1999; 2.25% for retirement on or after October 1, 1999
Retirement rates	Group-specific rates based on years of service ranging from 20 to 40 years, with 100.00% retirement at age 65 or 40 years of service

Mortality:

Healthy	RP-2014 Employee and Healthy Annuitant Tables, with rates loaded by 7.00% for females, projected generationally with 50.00% of Scale MP-2014
Disabled	RP-2014 Annuitant Tables, set forward six years, loaded by 7.00% for females, projected generationally with 50.00% of Scale MP-2014

Year-Ended September 30, 2018 - 252 - Amounts are expressed in thousands

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Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 39,016	$ 39,016	$ -	$ 251,136	15.54%
2014	44,362	44,400	(38)	260,730	17.03%
2015	48,696	55,800	(7,104)	261,085	21.37%
2016	46,001	46,000	1	256,236	17.95%
2017	44,532	44,500	32	235,360	18.91%
2018	46,234	46,200	34	242,477	19.05%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years-ended January 31, as indicated.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over 5 years, beginning with calendar year 2014; expected value adjusted market value for all prior periods

Actuarial assumptions:

Investment rate of return	7.50% per year, compounded annually for fiscal years 2018, 2017 and 2016, 7.75% for prior years
Inflation rate	3.00% per year, compounded annually
Salary increases	Average, including inflation: 4.66% for fiscal year 2018, 4.78% for fiscal year 2017, 5.01% for fiscal year 2016, 5.03% for fiscal year 2015, 5.07% for fiscal year 2014, and 5.18% for fiscal year 2013
Cost-of-living increases	1.50% per year
Mortality	Based on RP-2000 Combined Healthy Annuitant Mortality Table for Males or Females, projected using Scale BB for 2017 and 2016, and Scale AA for prior years.

Year-Ended September 30, 2018 - 253 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 3,721	$ 3,721	$ -	$ 90,721	4.10%
2015	3,672	3,953	(281)	96,389	4.10%
2016	3,609	3,609		97,817	3.69%
2017	3,852	3,852		104,960	3.67%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are for fiscal years-ended December 31, as indicated.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are calculated as of December 31 and become effective 12 months later on January 1.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	In 2015 the amortization period was adjusted to 30 years from 23 in 2014
Asset valuation method	10 year smoothed market value; 15.00% soft corridor

Actuarial assumptions:

Investment rate of return	6.75%, including inflation, net of pension plan investment expense
Inflation rate	2.50%
Salary increases	3.50% to 10.50%, including inflation
Retirement age	Experience-based table of rates that are specific to SAWS plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB

Year-Ended September 30, 2018 - 254 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 10,339	$ 10,339	$ -	$ 83,812	12.34%
2015	7,890	7,890		85,299	9.25%
2016	7,367	7,367		83,493	8.82%
2017	7,982	7,982		79,417	10.05%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. December 31, 2014 information is the first year available under implementation for SAWS.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Amortized equally over 15 years using straight line amortization
Remaining amortization period	2013 Unfunded Liability – 15 fixed year period Other gains/losses, plan amendments and changes in assumptions – 10 years
Asset valuation method	Four-year smoothed market value

Actuarial assumptions:

Investment rate of return	6.50% including inflation, net of pension plan investment expense
Inflation rate	2.00%
Salary increases	Scale based on 2011-2013 SAWS experience
Retirement age	In 2015, expected retirement ages were adjusted to reflect actual experience from 2011-2013.
Mortality	In 2017, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2016. In 2016, the mortality table was changed to use adjusted RP-2014 mortality with scale MP-2016 based on data published by the SOA in 2015. Previously the IRS Prescribed Generational Mortality table was used.

Year-Ended September 30, 2018 - 255 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
District Special Project Retirement Income Plan (DSPRP)
Schedule of Contributions – Pensions
Last Ten Fiscal Years

Year-Ended December 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 307	$ 414	$ (107)	N/A	N/A
2015	274	308	(34)	N/A	N/A
2016	279	280	(1)	N/A	N/A
2017	315	315		N/A	N/A

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. January 1, 2014 information the first year available under implementation for the DSPRP.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Unit Credit
Amortization method	Rolling level-amortization over a declining period
Remaining amortization period	2017: 10 years; 2016: 11 years; 2015: 12 years; 2014: 13 years
Asset valuation method	Fair value with smoothing

Actuarial assumptions:

Investment rate of return	6.50% including inflation, net of pension plan investment expense
Inflation rate	2.75%
Salary increases	Earned benefits frozen in 2008
Retirement age	Normal retirement age – the earlier of age 65, or the “rule of 90” where the participant’s age and years of service added together equal 90 or greater
Mortality	In 2017, the table was changed to the RP-2014 table using a mortality improvement scale MP-2016. Previously, 1994 GAR projected to 2002 was used.

Year-Ended September 30, 2018 - 256 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
City of San Antonio
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended 9/30/2018
Total OPEB Liability	
Service Cost	$ 11,665
Interest	11,999
Changes of Assumptions	(32,771)
Benefit Payments	(7,439)
Net Change in Total OPEB Liability	$ (16,546)
Total OPEB Liability - Beginning	322,611
Total OPEB Liability - Ending (a)	$ 306,065
Plan Fiduciary Net Position	
Contributions - Employer	$ (7,439)
Contributions - Employee	
Net Investment Income	
Benefit Payments, including Refunds of Employee Contributions	7,439
Administrative Expense	
Other	
Net Change in Plan Fiduciary Net Position	$ -
Plan Fiduciary Net Position - Beginning	
Plan Fiduciary Net Position - Ending (b)	$ -
City's Total OPEB Liability - Ending (a) - (b)	$ 306,065

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended September 30, as indicated.

Year-Ended September 30, 2018 - 257 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Retiree Health Care Fund
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended 12/31/2017
Total OPEB Liability	
Service Cost	$ 24,289
Interest	68,947
Differences Between Expected and Actual Experience	(5,165)
Changes of Assumptions	(25,344)
Benefit Payments	(33,560)
Net Change in Total OPEB Liability	$ 29,167
Total OPEB Liability - Beginning	943,479
Total OPEB Liability - Ending (a)	$ 972,646
Plan Fiduciary Net Position	
Contributions - Employer	$ 27,242
Contributions - Employee	13,616
Net Investment Income	25,294
Benefit Payments, including Refunds of Employee Contributions	(33,560)
Administrative Expense	(2,660)
Other Contributions - Retirees	1,829
Net Change in Plan Fiduciary Net Position	$ 31,761
Plan Fiduciary Net Position - Beginning	345,047
Plan Fiduciary Net Position - Ending (b)	$ 376,808
City's Net Pension Liability - Ending (a) - (b)	$ 595,838
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.74%
Covered Payroll	$ 308,101
City's Net OPEB Liability as a Percentage of Covered Payroll	193.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended December 31, as indicated.

Year-Ended September 30, 2018 - 258 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Health Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended 1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability			
Service Cost	$ 3,435	$ 3,319	$ 3,207
Interest Cost	18,176	17,601	17,050
Changes in Plan Benefits	(19,185)		
Changes in Assumptions			
Differences Between Expected and Actual Experience	475		
Benefit Payments	(14,001)	(12,756)	(13,275)
Net Change in Total OPEB Liability	$ (11,100)	$ 8,164	$ 6,982
Total OPEB Liability - Beginning	245,908	237,744	230,762
Total OPEB Liability - Ending (a)	$ 234,808	$ 245,908	$ 237,744
Plan Fiduciary Net Position			
Contributions - Employer	$ 8,500	$ 8,806	$ 3,200
Contributions - Employee	6,802	6,734	6,024
Medicare Part D Payment	933	976	933
Earnings (Loss) on Plan Assets	38,949	(9,765)	12,536
Benefit Payments	(20,804)	(19,490)	(19,299)
Administrative Expense	(1,621)	(1,456)	(1,137)
Net Change in Plan Fiduciary Net Position	$ 32,759	$ (14,195)	$ 2,257
Plan Fiduciary Net Position - Beginning	227,889	242,084	239,827
Plan Fiduciary Net Position - Ending (b)	$ 260,648	$ 227,889	$ 242,084
Net OPEB (Asset) Liability - Ending (a) - (b)	$ (25,840)	$ 18,019	$ (4,340)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	111.00%	92.67%	101.83%
Covered Employee Payroll	$ 223,523	$ 215,964	$ 242,652
Net OPEB (Asset) Liability as a Percentage of Covered Employee Payroll	-11.56%	8.34%	-1.79%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2018.

Notes to Schedule:

For fiscal year 2018, claim costs were updated to reflect plan changes and to reflect recent experience. Medical and prescription trend was reset in fiscal years 2018, 2017, and 2016.

Year-Ended September 30, 2018 - 259 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Life Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended		
	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability			
Service Cost	$ 336	$ 325	$ 313
Interest	3,256	3,244	3,228
Changes in Plan Benefits			
Differences Between Expected and Actual Experience	2,378		
Benefit Payments	(3,469)	(3,358)	(3,313)
Net Change in Total OPEB Liability	$ 2,501	$ 211	$ 228
Total OPEB Liability - Beginning	44,788	44,577	44,349
Total OPEB Liability - Ending (a)	$ 47,289	$ 44,788	$ 44,577
Plan Fiduciary Net Position			
Contributions - Employer			
Contributions - Employee	$ 972	$ 930	$ 911
Earnings (Loss) on Plan Assets	6,936	(2,102)	2,460
Benefit Payments	(3,469)	(3,358)	(3,313)
Administrative Expense	(27)	(21)	(16)
Net Change in Plan Fiduciary Net Position	$ 4,412	$ (4,551)	$ 42
Plan Fiduciary Net Position - Beginning	45,286	49,837	49,795
Plan Fiduciary Net Position - Ending (b)	$ 49,698	$ 45,286	$ 49,837
Net OPEB (Asset) - Ending (a) - (b)	$ (2,409)	$ (498)	$ (5,260)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	105.09%	101.11%	111.80%
Covered Employee Payroll	$ 198,704	$ 191,984	$ 218,939
Net OPEB (Asset) as a Percentage of Covered Employee Payroll	-1.21%	-0.26%	-2.40%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2018.

Notes to Schedule:

The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.50%. There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Year-Ended September 30, 2018 - 260 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy - Disability Plan
Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Period Ended		
	1/31/2017	1/31/2016	1/31/2015
Total OPEB Liability			
Service Cost	$ 527	$ 509	$ 492
Interest	455	448	426
Changes in Plan Benefits			
Differences Between Expected and Actual Experience	255		
Benefit Payments	(974)	(775)	(559)
Net Change in Total OPEB Liability	$ 263	$ 182	$ 359
Total OPEB Liability - Beginning	6,032	5,850	5,491
Total OPEB Liability - Ending (a)	$ 6,295	$ 6,032	$ 5,850
Plan Fiduciary Net Position			
Contributions - Employer	$ 700	$ 175	$ 175
Contributions - Employee	260	248	211
Earnings (Loss) on Plan Assets	501	(158)	177
Benefit Payments	(974)	(775)	(559)
Administrative Expense	(15)	(14)	(18)
Net Change in Plan Fiduciary Net Position	$ 472	$ (524)	$ (14)
Plan Fiduciary Net Position - Beginning	3,762	4,286	4,300
Plan Fiduciary Net Position - Ending (b)	$ 4,234	$ 3,762	$ 4,286
Net OPEB Liability - Ending (a) - (b)	$ 2,061	$ 2,270	$ 1,564
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	67.26%	62.37%	73.26%
Covered Employee Payroll	$ 212,904	$ 205,704	$ 218,939
Net OPEB Liability as a Percentage of Covered Employee Payroll	0.97%	1.10%	0.71%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2018.

Notes to Schedule:

The annual investment rate of return underlying the calculation of total OPEB liability was assumed to be 7.50%. There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Year-Ended September 30, 2018 - 261 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
City of San Antonio
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 7,439	$ 7,439	$ -	$ 375,931	1.98%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal year-ended September 30, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is determined by the adopted OPEB funding policy, through adoption of the City's annual budget. The OPEB programs are funded on a pay-as-you-go basis.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Experience/Assumptions gains and losses are amortized over a closed period of 7.5 years starting on October 1, 2017, equal to the average remaining service of active and inactive plan members.
Remaining amortization period	6.5 years
Asset valuation method	N/A

Actuarial assumptions:

Investment rate of return	4.24% per annum
Healthcare and Prescription cost trend rates	Pre-65 Select 7.00% and Ultimate 4.50%; Post-65 Select 6.00% and Ultimate 4.50%.
Salary increase rate	3.50% per annum
Mortality	RP-2014 generational table scaled using MP-18 and applied on a gender-specific basis

Year-Ended September 30, 2018 - 262 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
Fire and Police Retiree Health Care Fund
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended September 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	$ 29,776	$ 29,776	$ -	$ 313,951	9.48%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the December 31, 2017 measurement date of the net OPEB liability for fiscal year-ended September 30, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is using a January valuation date as of the beginning of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Asset valuation method	Adjusted market value gains/losses spread over a five-year period

Actuarial Assumptions:

Investment rate of return	7.25% per year
Inflation	3.00%
Healthcare cost trend rates	7.00% for 2019 decreasing 0.50% per year to an ultimate rate of 4.50% for 2024 and beyond
Salary increases	3.00% plus merit and promotion increases that vary by age and service
Mortality	Based on RP-2000 Combined Healthy Mortality Table for males and for females (sex distinct) projected to 2024 by scale AA.

Actuarially Determined Contribution Amounts:

Biweekly Contributions:

Active Members	$145.95
City per Active Member	$291.90

Year-Ended September 30, 2018 - 263 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Health Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ 8,806	$ (8,806)	$ 215,964	4.08%
2017		8,500	(8,500)	223,523	3.80%
2018				220,522	0.00%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over 5 years

Actuarial assumptions:

Investment rate of return	7.50% per year, compounded annually
Healthcare cost trend rates	7.00% initial, decreasing to an ultimate rate of 5.00% for fiscal year 2018, 7.50% initial, decreasing to an ultimate of 5.00% for fiscal years 2017 and 2016
Prescription cost trend rates	7.00% initial, decreasing to an ultimate rate of 5.00% for fiscal year 2018, 8.50% initial, decreasing to an ultimate of 5.00% for fiscal years 2017 and 2016
Salary increases	Projected average salary increases ranging from 4.00% to 9.50% depending on age
Mortality	Based on RP-2000 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale BB, Male and Female Tables for active and retirees, based on 1987 Commissioners Group Disabled Life Mortality Table for disabled lives

Other Information: For fiscal year 2018 claim costs were updated to reflect plan changes and to reflect recent experience. The medical and prescription trend was reset. No other actuarial assumptions were modified in fiscal year 2018. For fiscal years 2017 and 2016 claim costs were updated to reflect recent experience, and the medical and prescription trend was reset.

Year-Ended September 30, 2018 - 264 - Amounts are expressed in thousands

Required Supplementary Schedule – (Unaudited)
CPS Energy – Life Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 561	$ -	$ 561	$ 191,984	0.00%
2017	145		145	198,704	0.00%
2018	515		515	210,631	0.00%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over 5 years

Actuarial assumptions:

Investment rate of return	7.50% per year, compounded annually
Inflation	3.00% per year, compounded annually
Salary increases	4.78% average, including inflation
Mortality	Based on RP-2000 Combined Healthy, with No Collar Adjustment, projected to 2020 using Scale BB, Male and Female Tables for active and retirees: based on 1987 Commissioners Group Disabled Life Mortality Table for disabled lives

Other Information: There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, or other factors that significantly affected trends from year to year in the amounts reported above.

Year-Ended September 30, 2018 - 265 - Amounts are expressed in thousands

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Required Supplementary Schedule – (Unaudited)
CPS Energy – Disability Plan
Schedule of Contributions – OPEB
Last Ten Fiscal Years

Year-Ended January 31,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 793	$ 175	$ 618	$ 205,704	0.09%
2017	886	700	186	212,904	0.33%
2018	1,035	1,300	(265)	216,558	0.60%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available. Amounts presented are determined as of the measurement date of the net OPEB liability for fiscal years-ended January 31, 2016 through January 31, 2018.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over 5 years

Actuarial assumptions:

Investment rate of return	7.50% per year, compounded annually
Inflation	3.00% per year, compounded annually
Salary increases	4.78% average, including inflation
Mortality	Based on 1987 Commissioners Group Disabled Life Mortality table

Other Information: During fiscal year 2016, plan changes to provide employees with immediate coverage and an option to increase the benefit from 50.00% of pay to 70.00% of pay, less Social Security Disability Benefits and other offsets were reflected in the valuation.

Year-Ended September 30, 2018 - 266 - Amounts are expressed in thousands

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Required Supplementary Information - (Unaudited)

Postemployment Schedules

Schedules of Funding Progress

Last Three Fiscal Years

(In Thousands)

SAN ANTONIO WATER SYSTEM - OPEB PLAN

ACTUARIAL VALUATION DATE [1]	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-17	$ 44,028	$ 144,960	$ 100,932	30.37%	$ 79,417	127.09%
01-01-16	33,858	125,244	91,386	27.03%	83,493	109.45%
01-01-14	19,259	139,574	120,315	13.80%	88,895	135.35%

[1] SAWS will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability.
SAWS' OPEB plan is as of the last actuarial valuation performed as of January 1, 2017.

COMBINING FINANCIAL STATEMENTS

Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

AMERICAN RECOVERY AND REINVESTMENT ACT – to accept, receipt, and disburse federal funds designated as part of the American Recovery and Reinvestment Act.

CATEGORICAL GRANT-IN AID – to account for the receipt and disbursement of all federal and state grants (with non-cash in-kind contributions from external agencies for federal grants), except for Community Development Block Grants, HUD 108 loans, HOME Investment Partnership Grants, Confiscated Property, and the American Recovery and Reinvestment Act Grants.

COMMUNITY DEVELOPMENT PROGRAM – to accept, receipt, and disburse federal funds designated for Community Development Block Grants' Programs.

CONFISCATED PROPERTY – to account for receipts and disbursement of funds confiscated by law enforcement officers within the City.

HOME PROGRAM – to accept, receipt, and disburse federal funds designated for HOME Investment Partnership Programs.

HUD 108 LOAN PROGRAM – to accept, receipt, and disburse federal funds designed to finance various HUD eligible capital improvements within the City.

OTHER SPECIAL REVENUES

ADVANCED TRANSPORTATION DISTRICT – to account for a ⅛ cent sales tax that funds the administration and project delivery of the Advanced Transportation District Program (ATD).

COMMUNITY AND VISITOR FACILITIES – to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of the City's owned facilities to be used for conventions, community, and entertainment venues.

COMMUNITY SERVICES – to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.

HOTEL/MOTEL 2% REVENUE – to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.

PARKS DEVELOPMENT AND EXPANSION – to account for a ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek.

EARLY EDUCATION DEVELOPMENT – to account for revenues and expenditures relating to a ⅛ cent sales tax to fund the Pre-K 4 SA education initiative created to provide high quality pre-k for four year olds throughout the City.

RIGHT OF WAYS – to account for funds used in the maintenance and improvement of right of ways. Financing is provided by street resurfacing charges.

SAN ANTONIO HOUSING TRUST – to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from investment earnings that were designated from the sale of Roger's Cable System.

STORMWATER OPERATIONS – to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a storm water fee.

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

OTHER SPECIAL REVENUES (Continued)

TAX INCREMENT REINVESTMENT ZONE – to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF). Financing is provided by property taxes contributed from the City and other participating jurisdictions.

PARKS ENVIRONMENTAL & SANITATION – to account for the administrative and operational activities of the Parks Environmental Program. Financing is provided by a parks environmental fee.

BLENDED COMPONENT UNITS

SAN ANTONIO EDUCATION FACILITIES CORPORATION (EFC) – was established in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities.

SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION (HFDC) – was established in accordance with state laws for the purpose of acquiring, constructing, improving, providing, financing, and refinancing for any real, personal, or mixed property for health care, research, and education, and to assist in the maintenance of the public health.

SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) – was established in accordance with state laws for the purpose of furthering the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare.

MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO (MGA-SA) – was established for the purpose of, and to act on behalf of the City in, operating and promoting its municipal golf facilities.

SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORPORATION (TMFC) – was established to account for the financing for the acquisition and construction of a One Stop Development Services Center and a Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, for the City. Financing was derived from the sale of City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds.

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION (SIDC) – was established to account for the purchase of the project site for the Toyota plant and finance other costs of the project site including site preparation and a training facility as provided in the Project Starbright Agreement. Financing was derived from the prior sale of City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds.

SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION (EDC) – was established to promote, assist, and enhance economic development activities for the City.

TEXAS PUBLIC FACILITIES CORPORATION (TPFC) – was established in accordance with state laws for the purpose of, and to act on the behalf of the City, to effectuate the buyout of its existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City in August 2009 for the purpose of aiding and acting on behalf of the City to assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair Park and adjacent to or near Hemisfair Park.

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

BLENDED COMPONENT UNITS (Continued)

URBAN RENEWAL AGENCY (OUR SA) – OUR SA is responsible for implementing the City's Urban Renewal Program. Financing is provided from the City as well as the sale of redeveloped real estate.

VISIT SAN ANTONIO (VSA) – was established to attract leisure visitors to the City, and attract and secure meetings, events, and conventions to the City, including but not limited to, the Henry B. Gonzalez Convention Center and other City-owned facilities.

WESTSIDE DEVELOPMENT CORPORATION (WDC) – was established to promote economic development and redevelopment opportunities in the west side of San Antonio. WDC seeks to generate new capital investment, create higher paying jobs, and reduce the poverty level in the area. In addition, WDC functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality.

Capital Projects Funds

GENERAL OBLIGATION BONDS

GENERAL OBLIGATION BONDS – to account for financial resources to be used for the acquisition or construction of major capital facilities, such as drainage and library improvements, excluding those financed by proprietary-type funds and trust funds. Financing is derived by the sale of General Obligation Bonds.

PRE-2007 GENERAL OBLIGATION BONDS – consist of eight bond elections from 1980 to 2003 held on January 26, 1980, April 2, 1983, April 6, 1985, November 3, 1987, May 6, 1989, May 7, 1994, May 1, 1999, and November 4, 2003 respectively, for development and improvement projects. These eight bond elections covered projects within seven areas: libraries, fire protection, crime prevention and public safety, parks and recreation, San Antonio River flood control, drainage and flood control, and street, bridge, pedestrian and related improvements.

2007 GENERAL OBLIGATION BONDS – a bond election held on May 12, 2007 approved $550 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

2012 GENERAL OBLIGATION BONDS – a bond election held on May 13, 2012 approved $596 million in physical infrastructure development and improvement projects. These projects were within five areas; streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

GENERAL OBLIGATION PROJECTS FUND – to account for the acquisition of construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of General Obligation Bonds.

Nonmajor Governmental Funds

Capital Projects Funds (Continued)

CERTIFICATES OF OBLIGATION

CERTIFICATES OF OBLIGATION – to account for permanent public improvements and/or construction of municipal facilities, streets, drainage, and emergency fire protection projects. Financing is derived from the sale of Certificates of Obligation.

PRE-2013 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold between the years of 1986 to 2012 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2013 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2013 for construction of a new fire station facility, various street lighting improvements, and the equipment and management related to these projects.

2015 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2015 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2016 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2016 for construction and improvement of City facilities, streets and street lighting, parks and infrastructure; and acquisition and installation of upgrades in technology systems.

2017 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2017 for improvements to the City's Riverwalk Marina; parks and recreation; public safety facilities; service and community centers; sidewalks and other pedestrian mobility enhancement improvements; libraries; and drainage facilities.

2018 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2018 for acquisition, construction and improvement, of City facilities and infrastructure, streets, drainage, and sidewalks; and acquisition and installation of upgrades in technology systems.

CERTIFICATES OF OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of Certificates of Obligation.

OTHER CAPITAL PROJECTS

CONVENTION CENTER EXPANSION – to account for financial resources to be used in the Convention Center Expansion Project. Financing is primarily derived by contributions from the Texas Public Facility Corporation, a City blended component unit.

EDWARDS AQUIFER PROTECTION VENUE – to account for the acquisition and development of land in the Edwards Aquifer Recharge Zones. Financing is derived from a ⅛ cent sales tax approved by voters on May 7, 2007 and a portion from the sale of sales tax revenue commercial paper notes.

EQUIPMENT ACQUISITION – to account for the lease financing of large or bulk capital assets for the City to include a mainframe computer, fire trucks, police video equipment, various medical emergency services equipment, etc.

IMPROVEMENT PROJECTS – to account for special capital improvements designated by City Council. Financing is derived from contributions from other funds and notes payables issued.

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Nonmajor Governmental Funds

Capital Projects Funds (Continued)

OTHER CAPITAL PROJECTS (Continued)

MUNICIPAL DRAINAGE UTILITY SYSTEM – to account for financial resources to be used to finance the costs of drainage improvements, including the acquisition, construction, and repair of structures, equipment and facilities for the City's Municipal Drainage Utility System. Financing is derived from the prior sale of City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds.

PARKS DEVELOPMENT AND EXPANSION – to account for the acquisition and development of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. Financing is derived from a ⅛ cent sales tax approved by voters on May 6, 2000, and extended by voters on May 7, 2005, November 2, 2010, and May 9, 2015. Balance also includes a portion from the prior sale of sales tax revenue commercial paper notes.

RESIDUAL CAPITAL PROJECTS – to account for residual investment earnings generated from General Obligation Bonds (Pre-1999, 1999, 2003, and 2007) and Certificates of Obligation (Pre-2006, 2006, 2007, 2008, 2010, and 2011) project funding. These residual earnings were primarily used to fund specific municipal facilities and street projects.

TAX & REVENUE NOTES – to account for capital projects where funding is derived from the sale of short-term tax and revenue notes.

Permanent Funds

CARVER CULTURAL CENTER ENDOWMENT – to account for matching funds held by the City and grant funds previously awarded by the National Endowment for the Arts.

CITY CEMETERIES – to account for operation of the City's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

WILLIAM C. MORRIS ENDOWMENT – to account for funds donated to the City by the estate of William C. Morris for the purpose of developing and sustaining the San Antonio Public Library's programs for children.

BOZA BECICA ENDOWMENT – to account for funds donated to the City by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases. The principal portion is required to be retained in the Fund's Corpus.

SOUTHERN EDWARDS PLATEAU ENDOWMENT – to account for funds donated to the City by third parties for the purpose of developing and sustaining the Southern Edwards Plateau Habitat Conservation. Financing for operations is also provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2018
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 15,422	$ 76	$ -	$ 15,498
Investments	70,129	623		70,752
Receivables, Net	4,839	2		4,841
Materials and Supplies, at Cost	304			304
Prepaid Expenditures	377			377
Due From Other Funds	2			2
Due From Other Governmental Agencies, Net	1,956			1,956
Restricted Assets:				
Cash and Cash Equivalents	45,357	77,449	524	123,330
Investments	224,262	282,618	4,305	511,185
Receivables, Net	70,433	4,240	95	74,768
Materials and Supplies, at Cost	2,022			2,022
Prepaid Expenditures	837			837
Due From Other Funds	1,767	31,180	267	33,214
Due From Other Governmental Agencies, Net	25,213	1,173		26,386
Total Assets	$ 462,920	$ 397,361	$ 5,191	$ 865,472
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 2,215	$ -	$ -	$ 2,215
Accounts Payable - Other	2,664			2,664
Accrued Payroll	171			171
Accrued Leave Payable				
Unearned Revenue				
Due To Other Funds	58			58
Liabilities Payable From Restricted Assets:				
Vouchers Payable	9,325	32,387	9	41,721
Accounts Payable - Other	12,498	18,107	1	30,606
Accrued Payroll	3,601	3	2	3,606
Accrued Leave Payable	44			44
Unearned Revenue	44,528	4,612		49,140
Due To Other Funds	42,079	20,475		62,554
Due To Other Governmental Agencies	160			160
Total Liabilities	117,343	75,584	12	192,939
Deferred Inflows of Resources	7,978			7,978
Fund Balances:				
Nonspendable	3,540		4,817	8,357
Restricted	238,575	322,265	362	561,202
Committed	98,274	701		98,975
Assigned	3,367			3,367
Unassigned	(6,157)	(1,189)		(7,346)
Total Fund Balances	337,599	321,777	5,179	664,555
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 462,920	$ 397,361	$ 5,191	$ 865,472

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2018
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 28,074	$ -	$ -	$ 28,074
General Sales and Use	89,405			89,405
Gross Receipts Business	2,794			2,794
Occupancy	91,563			91,563
Penalties and Interest on Delinquent Taxes	275			275
Licenses and Permits	3			3
Intergovernmental	186,586	15,436		202,022
Charges for Services	125,777		416	126,193
Fines and Forfeits	368			368
Miscellaneous	52,790	1,506		54,296
Investment Earnings	4,808	4,004	73	8,885
Contributions	32,534	424	1,315	34,273
Total Revenues	614,977	21,370	1,804	638,151
Expenditures:				
Current:				
General Government	12,572	34		12,606
Public Safety	24,277	2,555		26,832
Public Works	65,664			65,664
Health Services	33,492			33,492
Sanitation	6,957			6,957
Welfare	106,142			106,142
Culture and Recreation	56,545		181	56,726
Convention and Tourism	51,829			51,829
Urban Redevelopment and Housing	15,818			15,818
Education	26,968			26,968
Economic Development and Opportunity	18,653			18,653
Environmental	98		1,149	1,247
Capital Outlay		298,671		298,671
Debt Service:				
Principal Retirement	9,925			9,925
Interest	25,089			25,089
Issuance Costs		901		901
Total Expenditures	454,029	302,161	1,330	757,520
Excess (Deficiency) of Revenue Over (Under) Expenditures	160,948	(280,791)	474	(119,369)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	3,223	152,484		155,707
Premium on Long-Term Debt		16,624		16,624
Transfers In	99,582	278,462	66	378,110
Transfers Out	(208,102)	(134,052)		(342,154)
Total Other Financing Sources (Uses), Net	(105,297)	313,518	66	208,287
Net Change in Fund Balances	55,651	32,727	540	88,918
Fund Balances, October 1	281,948	289,050	4,639	575,637
Fund Balances, September 30	$ 337,599	$ 321,777	$ 5,179	$ 664,555

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2018
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 8,729	$ 6,693	$ 15,422
Investments		70,129		70,129
Receivables, Net		3,920	919	4,839
Materials and Supplies, at Cost		51	253	304
Prepaid Expenditures			377	377
Due From Other Funds			2	2
Due From Other Governmental Agencies, Net		1,956		1,956
Restricted Assets:				
Cash and Cash Equivalents	4,968	21,130	19,259	45,357
Investments	6,293	217,119	850	224,262
Receivables, Net	39,912	30,063	458	70,433
Materials and Supplies, at Cost	953	311	758	2,022
Prepaid Expenditures		776	61	837
Due From Other Funds	211	1,556		1,767
Due From Other Governmental Agencies, Net	24,064	1,142	7	25,213
Total Assets	$ 76,401	$ 356,882	$ 29,637	$ 462,920
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 640	$ 1,575	$ 2,215
Accounts Payable - Other		2,151	513	2,664
Accrued Payroll		171		171
Accrued Leave Payable				
Unearned Revenue				
Due To Other Funds		13	45	58
Liabilities Payable From Restricted Assets:				
Vouchers Payable	4,475	4,730	120	9,325
Accounts Payable - Other	3,470	8,449	579	12,498
Accrued Payroll	1,024	2,541	36	3,601
Accrued Leave Payable		12	32	44
Unearned Revenue	44,334	49	145	44,528
Due To Other Funds	19,964	8,708	13,407	42,079
Due To Other Governmental Agencies	160			160
Total Liabilities	73,427	27,464	16,452	117,343
Deferred Inflows of Resources	7,978			7,978
Fund Balances:				
Nonspendable	953	1,138	1,449	3,540
Restricted	2,974	230,338	5,263	238,575
Committed		98,274		98,274
Assigned			3,367	3,367
Unassigned	(8,931)	(332)	3,106	(6,157)
Total Fund Balances	(5,004)	329,418	13,185	337,599
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 76,401	$ 356,882	$ 29,637	$ 462,920

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2018
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 28,074	$ -	$ 28,074
General Sales and Use		89,405		89,405
Gross Receipts Business		2,794		2,794
Occupancy		91,563		91,563
Penalties and Interest on Delinquent Taxes		275		275
Licenses and Permits		3		3
Intergovernmental	168,881	17,705		186,586
Charges for Services	109	113,407	12,261	125,777
Fines and Forfeits		368		368
Miscellaneous	1,700	47,197	3,893	52,790
Investment Earnings	87	4,396	325	4,808
Contributions	19,470	11,705	1,359	32,534
Total Revenues	190,247	406,892	17,838	614,977
Expenditures:				
Current:				
General Government	2,598	9,974		12,572
Public Safety	17,783	6,494		24,277
Public Works	17,244	48,420		65,664
Health Services	17,741	15,751		33,492
Sanitation	258	6,699		6,957
Welfare	106,005	137		106,142
Culture and Recreation	1,340	43,161	12,044	56,545
Convention and Tourism		28,289	23,540	51,829
Urban Redevelopment and Housing	11,900	2,764	1,154	15,818
Education		26,968		26,968
Economic Development and Opportunity	236	14,511	3,906	18,653
Environmental		98		98
Debt Service:				
Principal Retirement	2,925		7,000	9,925
Interest	1,601		23,488	25,089
Total Expenditures	179,631	203,266	71,132	454,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,616	203,626	(53,294)	160,948
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			3,223	3,223
Transfers In	11,180	34,203	54,199	99,582
Transfers Out	(19,470)	(185,573)	(3,059)	(208,102)
Total Other Financing Sources (Uses), Net	(8,290)	(151,370)	54,363	(105,297)
Net Change in Fund Balances	2,326	52,256	1,069	55,651
Fund Balances, October 1	(7,330)	277,162	12,116	281,948
Fund Balances, September 30	$ (5,004)	$ 329,418	$ 13,185	$ 337,599

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2018
(In Thousands)

	AMERICAN RECOVERY AND REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:							
Restricted Assets:							
Cash and Cash Equivalents	$ 69	$ 1,691	$ 39	$ 261	$ 2,905	$ 3	$ 4,968
Investments	571	71	1,521	2,154	1,976		6,293
Receivables, Net	1,068	51	8,025	64	30,704		39,912
Materials and Supplies, at Cost		953					953
Due From Other Funds		68		58	85		211
Due From Other Governmental Agencies, Net		21,071	2,993				24,064
Total Assets	$ 1,708	$ 23,905	$ 12,578	$ 2,537	$ 35,670	$ 3	$ 76,401
Liabilities and Fund Balances:							
Liabilities:							
Liabilities Payable From Restricted Assets:							
Vouchers Payable	$ 71	$ 3,252	$ 110	$ 36	$ 1,006	$ -	$ 4,475
Accounts Payable - Other		3,097	35	1	337		3,470
Accrued Payroll		930	80	3	11		1,024
Unearned Revenue	1,066	1,069	8,733		33,466		44,334
Due To Other Funds		15,436	3,620	58	850		19,964
Due To Other Governmental Agencies		121		36		3	160
Total Liabilities	1,137	23,905	12,578	134	35,670	3	73,427
Deferred Inflows of Resources		7,289	383		306		7,978
Fund Balances:							
Nonspendable		953					953
Restricted	571			2,403			2,974
Unassigned		(8,242)	(383)		(306)		(8,931)
Total Fund Balances	571	(7,289)	(383)	2,403	(306)		(5,004)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,708	$ 23,905	$ 12,578	$ 2,537	$ 35,670	$ 3	$ 76,401

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2018
(In Thousands)

	AMERICAN RECOVERY AND REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:							
Intergovernmental	$ -	$ 147,989	$ 12,341	$ 1,780	$ 6,771	$ -	$ 168,881
Charges for Services			109				109
Miscellaneous	630	90	678	38	264		1,700
Investment Earnings	8	1		32	46		87
Contributions		17,400			2,070		19,470
Total Revenues	638	165,480	13,128	1,850	9,151	-	190,247
Expenditures:							
Current:							
General Government		727	1,871				2,598
Public Safety		16,679	14	1,090			17,783
Public Works		17,172	72				17,244
Health Services		17,741					17,741
Sanitation		258					258
Welfare		106,005					106,005
Culture and Recreation		796	544				1,340
Urban Redevelopment and Housing	67	1,432	2,680		7,721		11,900
Economic Development and Opportunity			236				236
Debt Service:							
Principal Retirement						2,925	2,925
Interest						1,601	1,601
Total Expenditures	67	160,810	5,417	1,090	7,721	4,526	179,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	571	4,670	7,711	760	1,430	(4,526)	10,616
Other Financing Sources (Uses):							
Transfers In		5,276	1,320	58		4,526	11,180
Transfers Out		(8,373)	(9,414)	(363)	(1,320)		(19,470)
Total Other Financing Sources (Uses), Net		(3,097)	(8,094)	(305)	(1,320)	4,526	(8,290)
Net Change in Fund Balances	571	1,573	(383)	455	110		2,326
Fund Balances, October 1		(8,862)		1,948	(416)		(7,330)
Fund Balances, September 30	$ 571	$ (7,289)	$ (383)	$ 2,403	$ (306)	$ -	$ (5,004)

Combining Balance Sheet

Nonmajor Governmental Funds - Other Special Revenues

As of September 30, 2018

(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:												
Cash and Cash Equivalents	$ -	$ 8,534	$ -	$ -	$ -	$ -	$ -	$ 195	$ -	$ -	$ -	$ 8,729
Investments		58,371						11,758				70,129
Receivables, Net		3,906						14				3,920
Materials and Supplies, at Cost		51										51
Due From Other Governmental Agencies, Net		1,956										1,956
Restricted Assets:												
Cash and Cash Equivalents	1,073	2,339	1,449	118	8,333	87	309		2,927	4,421	74	21,130
Investments	8,857	18,601	55,049	792	68,781		2,553		25,795	36,081	610	217,119
Receivables, Net	2,887	6,648	1,440	1,768	6,288	6,108	404		3,839	115	566	30,063
Materials and Supplies, at Cost		131	84						96			311
Prepaid Expenditures		9	625			142						776
Due From Other Funds		506	321	326	345				58			1,556
Due From Other Governmental Agencies			526	5			433			178		1,142
Total Assets	$ 12,817	$ 101,052	$ 59,494	$ 3,009	$ 83,747	$ 6,337	$ 3,699	$ 11,967	$ 32,715	$ 40,795	$ 1,250	$ 356,882
Liabilities and Fund Balances:												
Liabilities:												
Vouchers Payable	$ -	$ 626	$ -	$ -	$ -	$ -	$ -	$ 14	$ -	$ -	$ -	$ 640
Accounts Payable - Other		2,151										2,151
Accrued Payroll		171										171
Due To Other Funds		13										13
Liabilities Payable From Restricted Assets:												
Vouchers Payable	49	1,222	2,332				5		460	442	220	4,730
Accounts Payable - Other	17	4,596	679			232	23		279	2,583	40	8,449
Accrued Payroll	60	581	253			843	84		562	19	139	2,541
Accrued Leave Payable		4				7			1			12
Unearned Revenue		49										49
Due To Other Funds	105	326	832	357	1,427	5,255			266	140		8,708
Total Liabilities	231	9,739	4,096	357	1,427	6,337	112	14	1,568	3,184	399	27,464
Fund Balances:												
Nonspendable		191	709			142			96			1,138
Restricted	12,586	21,315	38,365	2,652	82,320		3,587		31,051	37,611	851	230,338
Committed		69,807	16,514					11,953				98,274
Unassigned			(190)			(142)						(332)
Total Fund Balances	12,586	91,313	55,398	2,652	82,320		3,587	11,953	31,147	37,611	851	329,418
Total Liabilities and Fund Balances	$ 12,817	$ 101,052	$ 59,494	$ 3,009	$ 83,747	$ 6,337	$ 3,699	$ 11,967	$ 32,715	$ 40,795	$ 1,250	$ 356,882

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Special Revenues
Year-Ended September 30, 2018
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:												
Taxes:												
Property	$ -	$ -	$ 4,896	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,178	$ -	$ 28,074
General Sales and Use	17,165				36,120	36,120						89,405
Gross Receipts Business			2,794									2,794
Occupancy		71,216		20,347								91,563
Penalties and Interest on Delinquent Taxes		210		65								275
Licenses and Permits			3									3
Intergovernmental		4,352	13,353									17,705
Charges for Services		34,446	11,011				3,431		57,441		7,078	113,407
Fines and Forfeits			368									368
Miscellaneous		4,233	12,077		29	30,756			96	6		47,197
Investment Earnings	116	1,173	870	126	1,035		37	159	384	494	2	4,396
Contributions			11,705									11,705
Total Revenues	17,281	115,630	57,077	20,538	37,184	66,876	3,468	159	57,921	23,678	7,080	406,892
Expenditures:												
Current:												
General Government			9,974									9,974
Public Safety			6,494									6,494
Public Works	5,108		3,324				3,060		36,928			48,420
Health Services			15,751									15,751
Sanitation											6,699	6,699
Welfare			137									137
Culture and Recreation		33,131	9,313		717							43,161
Convention and Tourism		28,289										28,289
Urban Redevelopment and Housing			1,759					1,005				2,764
Education						26,968						26,968
Economic Development and Opportunity			4,905							9,606		14,511
Environmental			98									98
Total Expenditures	5,108	61,420	51,755		717	26,968	3,060	1,005	36,928	9,606	6,699	203,266
Excess of Revenues Over (Under) Expenditures	12,173	54,210	5,322	20,538	36,467	39,908	408	(846)	20,993	14,072	381	203,626
Other Financing Sources (Uses):												
Transfers In		11,197	8,162	14,844								34,203
Transfers Out	(6,036)	(56,538)	(4,366)	(35,117)	(24,005)	(39,908)			(17,286)	(2,317)		(185,573)
Total Other Financing Sources (Uses), Net	(6,036)	(45,341)	3,796	(20,273)	(24,005)	(39,908)			(17,286)	(2,317)		(151,370)
Net Change in Fund Balances	6,137	8,869	9,118	265	12,462		408	(846)	3,707	11,755	381	52,256
Fund Balances, October 1	6,449	82,444	46,280	2,387	69,858		3,179	12,799	27,440	25,856	470	277,162
Fund Balances, September 30	$ 12,586	$ 91,313	$ 55,398	$ 2,652	$ 82,320	$ -	$ 3,587	$ 11,953	$ 31,147	$ 37,611	$ 851	$ 329,418

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Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2018
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	VISIT SAN ANTONIO	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:													
Cash and Cash Equivalents	$ 193	$ 7	$ 29	$ -	$ -	$ -	$ -	$ -	$ 1,682	$ -	$ 4,679	$ 103	$ 6,693
Receivables, net									102	3	542	272	919
Materials and Supplies, at Cost										144	109		253
Prepaid Expenditures									5		365	7	377
Due From Other Funds												2	2
Restricted Assets:													
Cash and Cash Equivalents				1,155	602	284	213	16,031		974			19,259
Investments							850						850
Receivables, Net				191	1			34		232			458
Materials and Supplies, at Cost				246						512			758
Prepaid Expenditures				58		3							61
Due From Other Governmental Agencies					7								7
Total Assets	$ 193	$ 7	$ 29	$ 1,650	$ 610	$ 287	$ 1,063	$ 16,065	$ 1,789	$ 1,865	$ 5,695	$ 384	$ 29,637
Liabilities and Fund Balances:													
Liabilities:													
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,575	$ -	$ 1,575
Accounts Payable - Other										2	495	16	513
Due To Other Funds										45			45
Liabilities Payable From Restricted Assets:													
Vouchers Payable										120			120
Accounts Payable - Other				476					103				579
Accrued Payroll									36				36
Accrued Leave Payable									32				32
Unearned Revenue				145									145
Due To Other Funds								13,407					13,407
Total Liabilities				621				13,407	171	167	2,070	16	16,452
Fund Balances:													
Nonspendable				304		3			5	656	474	7	1,449
Restricted					610	284		2,658	263	1,087		361	5,263
Assigned	193	7	29	725			1,063		1,350				3,367
Unassigned										(45)	3,151		3,106
Total Fund Balances	193	7	29	1,029	610	287	1,063	2,658	1,618	1,698	3,625	368	13,185
Total Liabilities and Fund Balances	$ 193	$ 7	$ 29	$ 1,650	$ 610	$ 287	$ 1,063	$ 16,065	$ 1,789	$ 1,865	$ 5,695	$ 384	$ 29,637

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2018
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	VISIT SAN ANTONIO	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:													
Charges for Services	$ -	$ -	$ -	$ 11,488	$ -	$ -	$ -	$ -	$ 554	$ -	$ -	$ 219	$ 12,261
Miscellaneous				938						419	2,528	8	3,893
Investment Earnings	3				9	8		285	8	1		11	325
Contributions									998	361			1,359
Total Revenues	3			12,426	9	8		285	1,560	781	2,528	238	17,838
Expenditures:													
Current:													
Culture and Recreation	$ -	$ -	$ -	$ 12,044	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,044
Convention and Tourism											23,540		23,540
Urban Redevelopment and Housing										1,154			1,154
Economic Development and Opportunity						4	152		2,842			908	3,906
Debt Service:													
Principal Retirement				1,412	1,655	950		2,880	103				7,000
Interest				424	1,243	710		21,097	14				23,488
Total Expenditures				13,880	2,898	1,664	152	23,977	2,959	1,154	23,540	908	71,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	3			(1,454)	(2,889)	(1,656)	(152)	(23,692)	(1,399)	(373)	(21,012)	(670)	(53,294)
Other Financing Sources (Uses):													
Issuance of Long-Term Debt				3,223									3,223
Transfers In					2,905	1,661	200	23,970	1,687	75	23,340	361	54,199
Transfers Out				(992)				(2,067)					(3,059)
Total Other Financing Sources (Uses), Net				2,231	2,905	1,661	200	21,903	1,687	75	23,340	361	54,363
Net Change in Fund Balances	3			777	16	5	48	(1,789)	288	(298)	2,328	(309)	1,069
Fund Balances, October 1	190	7	29	252	594	282	1,015	4,447	1,330	1,996	1,297	677	12,116
Fund Balances, September 30	$ 193	$ 7	$ 29	$ 1,029	$ 610	$ 287	$ 1,063	$ 2,658	$ 1,618	$ 1,698	$ 3,625	$ 368	$ 13,185

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2018
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 76	$ 76
Investments			623	623
Receivables, Net			2	2
Restricted Assets:				
Cash and Cash Equivalents	22,741	28,577	26,131	77,449
Investments	95,598	147,257	39,763	282,618
Receivables, Net	3,254	889	97	4,240
Due From Other Funds	6,157	4,990	20,033	31,180
Due From Other Governmental Agencies, Net	1,014	28	131	1,173
Total Assets	$ 128,764	$ 181,741	$ 86,856	$ 397,361
Liabilities and Fund Balances:				
Liabilities:				
Liabilities Payable From Restricted Assets:				
Vouchers Payable	$ 8,926	$ 8,785	$ 14,676	$ 32,387
Accounts Payable - Other	9,480	2,706	5,921	18,107
Accrued Payroll	3			3
Unearned Revenue	3,156	505	951	4,612
Due To Other Funds	1,741	6,282	12,452	20,475
Total Liabilities	23,306	18,278	34,000	75,584
Fund Balances:				
Restricted	106,647	163,463	52,155	322,265
Committed			701	701
Unassigned	(1,189)			(1,189)
Total Fund Balances	105,458	163,463	52,856	321,777
Total Liabilities and Fund Balances	$ 128,764	$ 181,741	$ 86,856	$ 397,361

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2018
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	$ 9,325	$ 2,290	$ 3,821	$ 15,436
Miscellaneous	1,475	29	2	1,506
Investment Earnings	1,960	1,496	548	4,004
Contributions			424	424
Total Revenues	12,760	3,815	4,795	21,370
Expenditures:				
Current:				
General Government			34	34
Public Safety			2,555	2,555
Capital Outlay	81,367	81,247	136,057	298,671
Debt Service:				
Issuance Costs		761	140	901
Total Expenditures	81,367	82,008	138,786	302,161
(Deficiency) of Revenues (Under) Expenditures	(68,607)	(78,193)	(133,991)	(280,791)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		112,570	39,914	152,484
Premium on Long-Term Debt		15,432	1,192	16,624
Transfers In	69,353	78,941	130,168	278,462
Transfers Out	(48,885)	(73,644)	(11,523)	(134,052)
Total Other Financing Sources (Uses), Net	20,468	133,299	159,751	313,518
Net Change in Fund Balances	(48,139)	55,106	25,760	32,727
Fund Balances, October 1	153,597	108,357	27,096	289,050
Fund Balances, September 30	$ 105,458	$ 163,463	$ 52,856	$ 321,777

Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2018
(In Thousands)

	PRE 2007 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Assets:					
Restricted Assets:					
Cash and Cash Equivalents	$ 56	$ 2,770	$ 8,711	$ 11,204	$ 22,741
Investments	462	23,240	71,896		95,598
Receivables, Net	1	77	261	2,915	3,254
Due From Other Funds			264	5,893	6,157
Due From Other Governmental Agencies, Net				1,014	1,014
Total Assets	$ 519	$ 26,087	$ 81,132	$ 21,026	$ 128,764
Liabilities and Fund Balances:					
Liabilities:					
Liabilities Payable From Restricted Assets:					
Vouchers Payable	$ 6	$ -	$ -	$ 8,920	$ 8,926
Accounts Payable - Other				9,480	9,480
Accrued Payroll				3	3
Unearned Revenue				3,156	3,156
Due To Other Funds		16	1,069	656	1,741
Total Liabilities	6	16	1,069	22,215	23,306
Fund Balances:					
Restricted	513	26,071	80,063		106,647
Unassigned				(1,189)	(1,189)
Total Fund Balances	513	26,071	80,063	(1,189)	105,458
Total Liabilities and Fund Balances	$ 519	$ 26,087	$ 81,132	$ 21,026	$ 128,764

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2018
(In Thousands)

	PRE 2007 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Revenues:					
Intergovernmental	$ -	$ -	$ -	$ 9,325	$ 9,325
Miscellaneous				1,475	1,475
Investment Earnings	8	443	1,509		1,960
Total Revenues	8	443	1,509	10,800	12,760
Expenditures:					
Capital Outlay				81,367	81,367
Total Expenditures				81,367	81,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	8	443	1,509	(70,567)	(68,607)
Other Financing Sources (Uses):					
Transfers In				69,353	69,353
Transfers Out	(1)	(8,014)	(40,589)	(281)	(48,885)
Total Other Financing Sources (Uses), Net	(1)	(8,014)	(40,589)	69,072	20,468
Net Change in Fund Balances	7	(7,571)	(39,080)	(1,495)	(48,139)
Fund Balances, October 1	506	33,642	119,143	306	153,597
Fund Balances, September 30	$ 513	$ 26,071	$ 80,063	$ (1,189)	$ 105,458

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2018
(In Thousands)

	PRE-2013 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	2015 CERTIFICATES OF OBLIGATION	2016 CERTIFICATES OF OBLIGATION	2017 CERTIFICATES OF OBLIGATION	2018 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:								
Restricted Assets:								
Cash and Cash Equivalents	$ 715	$ 289	$ 1,225	$ 4,006	$ 1,867	$ 9,810	$ 10,665	$ 28,577
Investments	2,598	2,383	8,455	34,686	15,413	83,722		147,257
Receivables, Net	12	7	24	113	70	34	629	889
Due From Other Funds	224			1,731		75	2,960	4,990
Due From Other Governmental Agencies							28	28
Total Assets	$ 3,549	$ 2,679	$ 9,704	$ 40,536	$ 17,350	$ 93,641	$ 14,282	$ 181,741
Liabilities and Fund Balances:								
Liabilities Payable From Restricted Assets:								
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,785	$ 8,785
Accounts Payable - Other							2,706	2,706
Unearned Revenue							505	505
Due To Other Funds			132	497		3,367	2,286	6,282
Total Liabilities			132	497		3,367	14,282	18,278
Fund Balances:								
Restricted	3,549	2,679	9,572	40,039	17,350	90,274		163,463
Total Fund Balances	3,549	2,679	9,572	40,039	17,350	90,274		163,463
Total Liabilities and Fund Balances	$ 3,549	$ 2,679	$ 9,704	$ 40,536	$ 17,350	$ 93,641	$ 14,282	$ 181,741

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2018
(In Thousands)

	PRE-2013 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	2015 CERTIFICATES OF OBLIGATION	2016 CERTIFICATES OF OBLIGATION	2017 CERTIFICATES OF OBLIGATION	2018 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,290	$ 2,290
Miscellaneous							29	29
Investment Earnings	72	42	150	648	404	180		1,496
Total Revenues	72	42	150	648	404	180	2,319	3,815
Expenditures:								
Capital Outlay							81,247	81,247
Debt Service:								
Issuance Costs					8	753		761
Total Expenditures					8	753	81,247	82,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	72	42	150	648	396	(573)	(78,928)	(78,193)
Other Financing Sources (Uses):								
Issuance of Long-Term Debt						112,570		112,570
Premium on Long-Term Debt						15,432		15,432
Transfers In					5		78,936	78,941
Transfers Out	(3,390)	(300)	(1,072)	(9,505)	(22,222)	(37,155)		(73,644)
Total Other Financing Sources (Uses), Net	(3,390)	(300)	(1,072)	(9,505)	(22,217)	90,847	78,936	133,299
Net Change in Fund Balances	(3,318)	(258)	(922)	(8,857)	(21,821)	90,274	8	55,106
Fund Balances, October 1	6,867	2,937	10,494	48,896	39,171		(8)	108,357
Fund Balances, September 30	$ 3,549	$ 2,679	$ 9,572	$ 40,039	$ 17,350	$ 90,274	$ -	$ 163,463

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2018
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Assets:									
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 76	$ 76
Investments								623	623
Receivables, Net								2	2
Restricted Assets:									
Cash and Cash Equivalents	37	1	8,063	13,250	569	23		4,188	26,131
Investments		13			4,693	190		34,867	39,763
Receivables, Net	15		4	14	14	1		49	97
Due From Other Funds	13,420			6,613					20,033
Due From Other Governmental Agencies, Net	15			116					131
Total Assets	$ 13,487	$ 14	$ 8,067	$ 19,993	$ 5,276	$ 214	$ -	$ 39,805	$ 86,856
Liabilities and Fund Balances:									
Liabilities:									
Liabilities Payable From Restricted Assets:									
Vouchers Payable	$ 2,487	$ -	$ 285	$ 11,904	$ -	$ -	$ -	$ -	$ 14,676
Accounts Payable - Other				5,921					5,921
Unearned Revenue				951					951
Due To Other Funds	11,000		218	685				549	12,452
Total Liabilities	13,487		503	19,461				549	34,000
Fund Balances:									
Restricted		14	7,564	532	5,276	214		38,555	52,155
Committed								701	701
Total Fund Balances		14	7,564	532	5,276	214		39,256	52,856
Total Liabilities and Fund Balances	$ 13,487	$ 14	$ 8,067	$ 19,993	$ 5,276	$ 214	$ -	$ 39,805	$ 86,856

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2018

(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Revenues:									
Taxes:									
Intergovernmental	$ 30	$ -	$ -	$ 3,791	$ -	$ -	$ -	$ -	$ 3,821
Miscellaneous								2	2
Investment Earnings	1		174		79	4	1	289	548
Contributions				424					424
Total Revenues	31		174	4,215	79	4	1	291	4,795
Expenditures:									
Current:									
General Government			34						34
Public Safety			2,555						2,555
Capital Outlay	4,572			131,280	205				136,057
Debt Service:									
Issuance Costs								140	140
Total Expenditures	4,572		2,589	131,280	205			140	138,786
Excess (Deficiency) of Revenue Over (Under) Expenditures	(4,541)		(2,415)	(127,065)	(126)	4	1	151	(133,991)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt			11,844					28,070	39,914
Premium on Long-Term Debt								1,192	1,192
Transfers In	4,554			125,614					130,168
Transfers Out	(121)		(1,789)	(174)	(6)		(140)	(9,293)	(11,523)
Total Other Financing Sources (Uses), Net	4,433		10,055	125,440	(6)		(140)	19,969	159,751
Net Change in Fund Balances	(108)		7,640	(1,625)	(132)	4	(139)	20,120	25,760
Fund Balances, October 1	108	14	(76)	2,157	5,408	210	139	19,136	27,096
Fund Balances, September 30	$ -	$ 14	$ 7,564	$ 532	$ 5,276	$ 214	$ -	$ 39,256	$ 52,856

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2018
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	SOUTHERN EDWARDS PLATEAU ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 37	$ 394	$ 34	$ 56	$ 3	$ 524
Investments	308	3,250	283	464		4,305
Receivables, Net	1	92	1	1		95
Due From Other Funds					267	267
Total Assets	$ 346	$ 3,736	$ 318	$ 521	$ 270	$ 5,191
Liabilities and Fund Balances:						
Liabilities:						
Liabilities Payable From Restricted Assets:						
Vouchers Payable	$ -	$ 9	$ -	$ -	$ -	$ 9
Accounts Payable - Other		1				1
Accrued Payroll		2				2
Total Liabilities		12				12
Fund Balances:						
Nonspendable	334	3,425	313	514	231	4,817
Restricted	12	299	5	7	39	362
Total Fund Balances	346	3,724	318	521	270	5,179
Total Liabilities and Fund Balances	$ 346	$ 3,736	$ 318	$ 521	$ 270	$ 5,191

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2018
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	SOUTHERN EDWARDS PLATEAU ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:						
Taxes:						
Charges for Services	$ -	$ 381	$ -	$ -	$ 35	$ 416
Investment Earnings	5	52	5	8	3	73
Contributions					1,315	1,315
Total Revenues	5	433	5	8	1,353	1,804
Expenditures:						
Current:						
Culture and Recreation	17	158	2	4		181
Environmental					1,149	1,149
Total Expenditures	17	158	2	4	1,149	1,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12)	275	3	4	204	474
Other Financing Sources:						
Transfers In					66	66
Total Other Financing Sources					66	66
Net Change in Fund Balances	(12)	275	3	4	270	540
Fund Balances, October 1	358	3,449	315	517		4,639
Fund Balances, September 30	$ 346	$ 3,724	$ 318	$ 521	$ 270	$ 5,179

Supplementary Budget and Actual Schedules for Legally Adopted Funds

Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018 FINAL BUDGET	2018 ACTUAL	2018 VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	$ 667,238	$ 669,961	$ 2,723
Licenses and Permits	9,389	9,157	(232)
Intergovernmental	6,869	8,113	1,244
Revenues from Utilities	370,041	389,319	19,278
Charges for Services	71,009	69,753	(1,256)
Fines and Forfeits	11,414	11,885	471
Miscellaneous	11,878	20,323	8,445
Investment Earnings	3,615	4,421	806
Contributions		81	81
Total Revenues	$ 1,151,453	$ 1,183,013	$ 31,560
Expenditures:			
General Government	86,166	82,358	3,808
Public Safety	756,451	750,394	6,057
Public Works	67,036	66,466	570
Health Services	28,523	28,592	(69)
Welfare	38,914	38,640	274
Culture and Recreation	124,083	123,454	629
Economic Development and Opportunity	20,494	23,487	(2,993)
Urban Redevelopment and Housing	18,026	17,565	461
Debt Service:			
Principal Retirement	3,140	3,140	
Interest	189	189	
Total Expenditures	$ 1,143,022	$ 1,134,285	$ 8,737
Excess of Revenues Over Expenditures	$ 8,431	$ 48,728	$ 40,297
Other Financing Sources (Uses):			
Transfers In	21,798	22,157	359
Transfers Out	(98,520)	(98,113)	407
Total Other Financing Sources (Uses), Net	$ (76,722)	$ (75,956)	$ 766
Net Change in Fund Balance	(68,291)	(27,228)	$ 41,063
Fund Balances, October 1	284,149	284,149	
Add Encumbrances		93,219	
Fund Balances, September 30	$ 215,858	$ 350,140	

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018 FINAL BUDGET	2018 ACTUAL	2018 VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	$ 342,164	$ 340,730	$ (1,434)
Delinquent	1,697	(843)	(2,540)
General Sales and Use:			
City Sales	283,340	288,962	5,622
Alcoholic Beverages	9,134	9,554	420
Telecommunication Access Lines Fees	13,662	13,664	2
Cablevision Franchise	13,427	13,971	544
Bingo	1,103	1,035	(68)
Other	580	622	42
Penalties and Interest on Delinquent Taxes	2,131	2,266	135
Total Taxes	$ 667,238	$ 669,961	$ 2,723
Licenses and Permits:			
Alarm Licenses	1,845	1,712	(133)
Alcoholic Beverages Licenses	988	918	(70)
Amusement Licenses	67	68	1
Building Permits	172	146	(26)
Health Licenses	5,091	5,235	144
Professional and Occupational Licenses	608	589	(19)
Street Permits	618	489	(129)
Total Licenses and Permits	$ 9,389	$ 9,157	$ (232)
Intergovernmental:			
Bexar County - Child Support	43	42	(1)
Health Aid from Bexar County	191	191	
Library Aid from Bexar County	2,884	2,884	
Magistration and Detention - Bexar	1,528	2,677	1,149
Other	1,621	1,718	97
SAWS Reimbursement	258	258	
VIA Contributions	344	343	(1)
Total Intergovernmental	$ 6,869	$ 8,113	$ 1,244
Revenues from Utilities:			
CPS Energy	352,470	371,137	18,667
San Antonio Water System	17,571	18,182	611
Total Revenues from Utilities	$ 370,041	$ 389,319	$ 19,278

(Continued)

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	$ 4,059	$ 4,682	$ 623
Public Safety:			
Fire Department	38,633	35,548	(3,085)
Police Department	7,965	8,376	411
Sanitation:			
Demolition of Unsafe Structures	625	688	63
Health	3,055	2,983	(72)
Streets	33	26	(7)
Culture and Recreation:			
Attractions and Venues	13,155	13,115	(40)
Community Centers	385	380	(5)
Concessions & Rentals	683	1,409	726
Library	1,198	1,214	16
Miscellaneous Recreation Revenue	17	16	(1)
Recreation Fees	1,174	1,301	127
Swimming Pools	27	15	(12)
Total Charges for Services	$ 71,009	$ 69,753	$ (1,256)
Fines and Forfeits:			
Municipal Court Fines	$ 11,414	$ 11,885	$ 471
Miscellaneous:			
Interfund Charges	1,850	1,850	
Other	2,898	4,416	1,518
Recovery of Expenditures	2,817	4,447	1,630
Rents, Leases, and Concessions	559	417	(142)
Sales	3,754	9,193	5,439
Total Miscellaneous	$ 11,878	$ 20,323	$ 8,445
Investment Earnings:			
Interest	$ 3,615	$ 4,421	$ 806
Contributions:			
Contributions	$ -	$ 81	$ 81
Total Revenues	$ 1,151,453	$ 1,183,013	$ 31,560

(End of Schedule)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Executive:			
Personal Services	$ 41,054	$ 39,240	$ 1,814
Contractual Services	5,221	5,285	(64)
Commodities	509	440	69
Other Expenditures	8,248	7,226	1,022
Capital Outlay	1,470	246	1,224
Total Executive	$ 56,502	$ 52,437	$ 4,065
Judicial:			
Personal Services	10,889	10,354	535
Contractual Services	1,821	1,715	106
Commodities	147	137	10
Other Expenditures	2,120	2,121	(1)
Capital Outlay	203	223	(20)
Total Judicial	$ 15,180	$ 14,550	$ 630
Legislative:			
Personal Services	4,673	4,581	92
Contractual Services	2,103	2,680	(577)
Commodities	281	353	(72)
Other Expenditures	7,295	7,269	26
Capital Outlay	132	488	(356)
Total Legislative	$ 14,484	$ 15,371	$ (887)
Total General Government	$ 86,166	$ 82,358	$ 3,808
Public Safety:			
Fire:			
Personal Services	262,540	259,576	2,964
Contractual Services	12,779	12,055	724
Commodities	9,012	9,284	(272)
Other Expenditures	30,710	30,929	(219)
Capital Outlay	4,190	4,382	(192)
Total Fire	$ 319,231	$ 316,226	$ 3,005
Police:			
Personal Services	370,243	368,117	2,126
Contractual Services	18,754	18,365	389
Commodities	5,560	5,586	(26)
Other Expenditures	40,826	40,367	459
Capital Outlay	1,837	1,733	104
Total Police	$ 437,220	$ 434,168	$ 3,052
Total Public Safety	$ 756,451	$ 750,394	$ 6,057

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Public Works:			
Administration:			
Personal Services	$ 3,044	$ 2,495	$ 549
Contractual Services	4,504	4,610	(106)
Commodities	32	44	(12)
Other Expenditures	860	823	37
Capital Outlay	17	39	(22)
Total Administration	$ 8,457	$ 8,011	$ 446
Streets:			
Personal Services	13,888	13,355	533
Contractual Services	5,547	2,459	3,088
Commodities	5,997	6,116	(119)
Other Expenditures	20,066	19,815	251
Capital Outlay	25	160	(135)
Total Streets	$ 45,523	$ 41,905	$ 3,618
Traffic and Transportation:			
Personal Services	6,033	6,002	31
Contractual Services	4,080	7,669	(3,589)
Commodities	1,070	980	90
Other Expenditures	1,737	1,741	(4)
Capital Outlay	136	158	(22)
Total Traffic and Transportation	$ 13,056	$ 16,550	$ (3,494)
Total Public Works	$ 67,036	$ 66,466	$ 570
Health Services:			
Personal Services	17,373	16,690	683
Contractual Services	4,645	5,331	(686)
Commodities	1,842	1,615	227
Other Expenditures	4,047	4,216	(169)
Capital Outlay	616	740	(124)
Total Health Services	$ 28,523	$ 28,592	$ (69)
Welfare:			
Personal Services	7,374	7,167	207
Contractual Services	23,655	23,852	(197)
Commodities	188	171	17
Other Expenditures	7,347	7,039	308
Capital Outlay	350	411	(61)
Total Welfare	$ 38,914	$ 38,640	$ 274

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Culture and Recreation:			
Downtown Operations:			
Personal Services	$ 4,892	$ 4,800	$ 92
Contractual Services	9,527	10,298	(771)
Commodities	282	262	20
Other Expenditures	2,089	2,036	53
Capital Outlay	10	13	(3)
Total Downtown Operations	$ 16,800	$ 17,409	$ (609)
Libraries:			
Personal Services	25,198	24,071	1,127
Contractual Services	4,866	5,634	(768)
Commodities	5,148	5,276	(128)
Other Expenditures	4,340	4,345	(5)
Capital Outlay	922	908	14
Total Libraries	$ 40,474	$ 40,234	$ 240
Parks:			
Personal Services	42,401	40,902	1,499
Contractual Services	9,965	9,650	315
Commodities	3,576	3,682	(106)
Other Expenditures	9,988	10,712	(724)
Capital Outlay	879	865	14
Total Parks	$ 66,809	$ 65,811	$ 998
Total Culture and Recreation	$ 124,083	$ 123,454	$ 629
Economic Development and Opportunity:			
Personal Services	4,007	3,698	309
Contractual Services	15,903	19,211	(3,308)
Commodities	336	297	39
Other Expenditures	232	245	(13)
Capital Outlay	16	36	(20)
Total Economic Development and Opportunity	$ 20,494	$ 23,487	$ (2,993)
Urban Redevelopment and Housing			
Personal Services	10,420	10,071	349
Contractual Services	4,455	4,298	157
Commodities	284	307	(23)
Other Expenditures	2,752	2,758	(6)
Capital Outlay	115	131	(16)
Total Urban Redevelopment and Housing	$ 18,026	$ 17,565	$ 461
Debt Service:			
Principal Retirement	3,140	3,140	
Interest	189	189	
Total Debt Service	$ 3,329	$ 3,329	$ -
Total Expenditures	$ 1,143,022	$ 1,134,285	$ 8,737

(End of Schedule)

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	$ 207,354	$ 208,198	$ 844
Delinquent	92	(514)	(606)
Penalties and Interest on Delinquent Taxes	1,270	1,382	112
Miscellaneous	3,573	3,889	316
Investment Earnings	2,493	1,305	(1,188)
Total Revenues	$ 214,782	$ 214,260	$ (522)
Expenditures:			
General Government:			
Contractual Services	16	491	(475)
Debt Service:			
Principal Retirement	155,865	155,865	
Interest	79,080	79,080	
Total Expenditures	$ 234,961	$ 235,436	$ (475)
(Deficiency) of Revenues (Under) Expenditures	$ (20,179)	$ (21,176)	$ (997)
Other Financing Sources Sources (Uses):			
Transfers In	17,678	17,866	188
Transfers Out		(24)	(24)
Total Other Financing Sources Sources (Uses), Net	$ 17,678	$ 17,842	$ 164
Net Change in Fund Balance	(2,501)	(3,334)	$ (833)
Fund Balances, October 1	41,480	41,480	
Fund Balances, September 30	$ 38,979	$ 38,146	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Advanced Transportation District
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 17,153	$ 17,165	$ 12
Investment Earnings	63	116	53
Total Revenues	$ 17,216	$ 17,281	$ 65
Expenditures:			
Public Works:			
Personal Services	1,968	1,931	37
Contractual Services	656	632	24
Commodities	74	31	43
Other Expenditures	2,247	2,250	(3)
Capital Outlay	72	83	(11)
Total Expenditures	$ 5,017	$ 4,927	$ 90
Excess of Revenues Over Expenditures	$ 12,199	$ 12,354	$ 155
Other Financing (Uses):			
Transfers Out	(17,793)	(17,025)	768
Total Other Financing (Uses)	$ (17,793)	$ (17,025)	$ 768
Net Change in Fund Balance	(5,594)	(4,671)	$ 923
Fund Balances, October 1	6,449	6,449	
Add Encumbrances		10,808	
Fund Balances, September 30	$ 855	$ 12,586	

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community and Visitor Facilities
Year-Ended September 30, 2018

(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 69,404	$ 71,216	$ 1,812
Penalties and Interest on Delinquent Taxes		210	210
Intergovernmental	6,225	4,352	(1,873)
Charges for Services	32,726	34,446	1,720
Miscellaneous	554	4,233	3,679
Investment Earnings	47	1,173	1,126
Total Revenues	$ 108,956	$ 115,630	$ 6,674
Expenditures:			
Culture & Recreation:			
Arts & Cultural:			
Personal Services	1,668	1,651	17
Contractual Services	1,640	1,574	66
Commodities	48	46	2
Other Expenditures	385	456	(71)
Capital Outlay	7	6	1
Total Arts & Cultural	$ 3,748	$ 3,733	$ 15
Alamodome:			
Personal Services	4,926	5,045	(119)
Contractual Services	5,457	4,744	713
Commodities	421	416	5
Other Expenditures	4,402	4,249	153
Capital Outlay	300	342	(42)
Total Alamodome	$ 15,506	$ 14,796	$ 710
Nondepartmental:			
Personal Services	683	1,723	(1,040)
Contractual Services	5,666	7,224	(1,558)
Other Expenditures	104	2,032	(1,928)
Capital Outlay	100	285	(185)
Total Nondepartmental	$ 6,553	$ 11,264	$ (4,711)
Contributions to Other Agencies	6,330	6,140	190
Total Culture & Recreation	$ 32,137	$ 35,933	$ (3,796)
Convention and Tourism:			
Convention Center:			
Personal Services	14,669	14,810	(141)
Contractual Services	2,952	2,827	125
Commodities	687	826	(139)
Other Expenditures	8,021	7,786	235
Capital Outlay	178	324	(146)
Total Convention Center	$ 26,507	$ 26,573	$ (66)
Contributions to Other Agencies (VSA)	23,340	23,837	(497)
Total Convention and Tourism	$ 49,847	$ 50,410	$ (563)
Total Expenditures	$ 81,984	$ 86,343	$ (4,359)
Excess of Revenues Over Expenditures	$ 26,972	$ 29,287	$ 2,315
Other Financing Sources (Uses):			
Transfers In	6,454	11,197	4,743
Transfers Out	(16,139)	(34,652)	(18,513)
Total Other Financing Sources (Uses), Net	$ (9,685)	$ (23,455)	$ (13,770)
Net Change in Fund Balance	17,287	5,832	$ (11,455)
Fund Balances, October 1	82,444	82,444	
Add Encumbrances		3,037	
Fund Balances, September 30	$ 99,731	$ 91,313	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of the City through VSA and support for arts and cultural organizations in the Department of Arts and Culture.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 1,112	$ 1,780	$ 668
Miscellaneous	38	38	
Investment Earnings	24	32	8
Total Revenues	$ 1,174	$ 1,850	$ 676
Expenditures:			
Public Safety:			
Personal Services	182	209	(27)
Contractual Services	616	602	14
Commodities	531	460	71
Other Expenditures	94	84	10
Capital Outlay	43	38	5
Total Expenditures	$ 1,466	$ 1,393	$ 73
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (292)	$ 457	$ 749
Other Financing Sources (Uses):			
Transfers In		58	58
Transfers Out	(363)	(363)	
Total Other Financing Sources (Uses)	$ (363)	$ (305)	$ 58
Net Change in Fund Balance	(655)	152	$ 807
Fund Balances, October 1	1,948	1,948	
Add Encumbrances		303	
Fund Balances, September 30	$ 1,293	$ 2,403	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Hotel/Motel 2% Revenue
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 19,830	$ 20,347	$ 517
Penalties and Interest on Delinquent Taxes	70	65	(5)
Investment Earnings		126	126
Total Revenues	$ 19,900	$ 20,538	$ 638
Other Financing Sources (Uses):			
Transfer In	7,696	14,844	7,148
Transfers Out	(30,381)	(35,117)	(4,736)
Total Other Financing Sources (Uses), Net	$ (22,685)	$ (20,273)	$ 2,412
Net Change in Fund Balance	(2,785)	265	$ 3,050
Fund Balances, October 1	2,387	2,387	
Fund Balances, September 30	$ (398)	$ 2,652	

The City noted budget violations of excess transfers out over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2015, 2010, and 2005 Venue Projects
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use			
City Sales Tax	$ 35,809	$ 36,120	$ 311
Miscellaneous		29	29
Investment Earnings	892	1,035	143
Total Revenues	$ 36,701	$ 37,184	$ 483
Expenditures:			
Culture and Recreation:			
Contractual Services	710	717	(7)
Total Expenditures	$ 710	$ 717	$ (7)
Excess of Revenues Over Expenditures	$ 35,991	$ 36,467	$ 476
Other Financing (Uses):			
Transfers Out	(90,680)	(90,680)	
Total Other Financing (Uses)	$ (90,680)	$ (90,680)	$ -
Net Change in Fund Balance	(54,689)	(54,213)	$ 476
Fund Balances, October 1	69,858	69,858	
Add Encumbrances		66,675	
Fund Balances, September 30	$ 15,169	$ 82,320	

The City noted budget violations of excess expenditures, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Environmental & Sanitation
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 7,099	$ 7,078	$ (21)
Investment Earnings	1	2	1
Total Revenues	$ 7,100	$ 7,080	$ (20)
Expenditures:			
Sanitation:			
Personal Services	4,444	4,470	(26)
Contractual Services	2,127	1,638	489
Commodities	110	97	13
Other Expenditures	495	493	2
Capital Outlay	1	1	
Total Expenditures	$ 7,177	$ 6,699	$ 478
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (77)	$ 381	$ 458
Net Change in Fund Balance	(77)	381	$ 458
Fund Balances, October 1	470	470	
Fund Balances, September 30	$ 393	$ 851	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Right of Ways
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 3,130	$ 3,431	$ 301
Investment Earnings	22	37	15
Total Revenues	$ 3,152	$ 3,468	$ 316
Expenditures:			
Public Works:			
Personal Services	2,425	2,339	86
Contractual Services	440	119	321
Commodities	46	27	19
Other Expenditures	250	301	(51)
Capital Outlay	350	323	27
Total Expenditures	$ 3,511	$ 3,109	$ 402
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (359)	$ 359	$ 718
Other Financing (Uses):			
Transfers Out	(600)	(600)	
Total Other Financing (Uses), Net	$ (600)	$ (600)	$ -
Net Change in Fund Balance	(959)	(241)	$ 718
Fund Balances, October 1	3,179	3,179	
Add Encumbrances		649	
Fund Balances, September 30	$ 2,220	$ 3,587	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2018
(In Thousands)

	2018 FINAL BUDGET	2018 ACTUAL	2018 VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 54,751	$ 57,441	$ 2,690
Miscellaneous		96	96
Investment Earnings	297	384	87
Total Revenues	$ 55,048	$ 57,921	$ 2,873
Expenditures:			
Public Works:			
Administration:			
Personal Services	3,967	3,905	62
Contractual Services	5,823	6,057	(234)
Commodities	55	43	12
Other Expenditures	437	451	(14)
Capital Outlay	40	64	(24)
Total Administration	$ 10,322	$ 10,520	$ (198)
Vegetation Control:			
Personal Services	5,117	4,928	189
Contractual Services	857	708	149
Commodities	822	808	14
Other Expenditures	2,374	2,470	(96)
Capital Outlay	243	362	(119)
Total Vegetation Control	$ 9,413	$ 9,276	$ 137
River Maintenance:			
Personal Services	548	113	435
Contractual Services	1,514	740	774
Commodities	5	8	(3)
Other Expenditures	83	86	(3)
Capital Outlay	1	1	
Total River Maintenance	$ 2,151	$ 948	$ 1,203
Street Sweeping:			
Personal Services	2,320	2,265	55
Contractual Services	499	663	(164)
Commodities	271	284	(13)
Other Expenditures	1,042	1,088	(46)
Capital Outlay		4	(4)
Total Street Sweeping	$ 4,132	$ 4,304	$ (172)
Tunnel Maintenance:			
Personal Services	4,229	4,166	63
Contractual Services	2,077	1,735	342
Commodities	649	644	5
Other Expenditures	1,497	1,590	(93)
Capital Outlay	336	388	(52)
Total Tunnel Maintenance	$ 8,788	$ 8,523	$ 265
Design Engineering:			
Personal Services	1,526	1,503	23
Contractual Services	46	37	9
Commodities	11	9	2
Other Expenditures	108	169	(61)
Capital Outlay	9	9	
Total Design Engineering	$ 1,700	$ 1,727	$ (27)
Total Expenditures	$ 36,506	$ 35,298	$ 1,208
Excess of Revenues Over Expenditures	$ 18,542	$ 22,623	$ 4,081
Other Financing (Uses):			
Transfers Out	(42,081)	(40,282)	1,799
Total Other Financing (Uses)	$ (42,081)	$ (40,282)	$ 1,799
Net Change in Fund Balance	(23,539)	(17,659)	$ 5,880
Fund Balances, October 1	27,440	27,440	
Add Encumbrances		21,366	
Fund Balances, September 30	$ 3,901	$ 31,147	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Tax Increment Financing
Year-Ended September 30, 2018
(In Thousands)

	2018 FINAL BUDGET	2018 ACTUAL	2018 VARIANCE WITH FINAL BUDGET
Revenues:			
Administrative Fee [1]	$ 1,103	$ 960	$ (143)
Investment Earnings		11	11
Total Revenues	$ 1,103	$ 971	$ (132)
Expenditures:			
Economic Development and Opportunity:			
Personal Services	603	597	6
Contractual Services	63	79	(16)
Commodities	7	2	5
Other Expenditures	43	43	
Total Expenditures	$ 716	$ 721	$ (5)
Excess of Revenues Over Expenditures	$ 387	$ 250	$ (137)
Other Financing (Uses):			
Transfers Out	(33)	(33)	
Total Other Financing (Uses)	$ (33)	$ (33)	$ -
Net Change in Fund Balance	354	217	$ (137)
Fund Balances, October 1	621	621	
Fund Balances, September 30	$ 975	$ 838	

This fund is incorporated within the Tax Increment Reinvestment Zone reporting unit.

[1] For financial reporting presentation the revenue is reported as an intrafund transfer and therefore is not reflected in the financial statements; however, the above schedule reflects the fund schedule from the City's 2018 Adopted Budget.

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Child Safety
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 401	$ 368	$ (33)
Intergovernmental	1,871	1,889	18
Total Revenues	$ 2,272	$ 2,257	$ (15)
Expenditures:			
Public Safety:			
Personal Services	1,729	1,796	(67)
Contractual Services	11	11	
Commodities	16	3	13
Other Expenditures	585	585	
Total Expenditures	$ 2,341	$ 2,395	$ (54)
(Deficiency) of Revenues (Under) Expenditures	$ (69)	$ (138)	$ (69)
Other Financing Sources:			
Transfers In		69	69
Total Other Financing Sources	$ -	$ 69	$ 69
Net Change in Fund Balance	(69)	(69)	$ -
Fund Balances, October 1	69	69	
Fund Balances, September 30	$ -	$ -	

The City noted budget violations of excess expenditures over appropriations. This was addressed by supplementing the fund with funds from the General Fund to cover the deficit balance.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Energy Efficiency Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 90	$ 59	$ (31)
Investment Earnings	14	23	9
Total Revenues	$ 104	$ 82	$ (22)
Expenditures:			
General Government:			
Personal Services	370	369	1
Contractual Services	964	859	105
Commodities	1		1
Other Expenditures	23	11	12
Total Expenditures	$ 1,358	$ 1,239	$ 119
(Deficiency) of Revenues (Under) Expenditures	$ (1,254)	$ (1,157)	$ 97
Other Financing Sources (Uses):			
Transfers In	1,059	1,059	
Transfers Out	(906)	(906)	
Total Other Financing Sources (Uses), Net	$ 153	$ 153	$ -
Net Change in Fund Balance	(1,101)	(1,004)	$ 97
Fund Balances, October 1	1,811	1,811	
Add Encumbrances		818	
Fund Balances, September 30	$ 710	$ 1,625	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Golf Course Operating and Maintenance
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 1,093	$ 993	$ (100)
Total Revenues	$ 1,093	$ 993	$ (100)
Expenditures:			
Culture and Recreation:			
Contractual Services	171	153	18
Total Expenditures	$ 171	$ 153	$ 18
Excess of Revenues Over Expenditures	$ 922	$ 840	$ (82)
Other Financing (Uses):			
Transfers Out	(901)	(901)	
Total Other Financing (Uses)	$ (901)	$ (901)	$ -
Net Change in Fund Balance	21	(61)	$ (82)
Fund Balances, October 1	(129)	(129)	
Fund Balances, September 30	$ (108)	$ (190)	

[1] For financial reporting presentation the revenue is reported as transfers in; however, the above schedule reflects the fund schedule from the City's 2018 Adopted Budget.

Note: The deficit will be covered by MGA-SA over a three year period beginning in fiscal year 2018.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Juvenile Case Manager
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 930	$ 1,013	$ 83
Investment Earnings	10	7	(3)
Total Revenues	$ 940	$ 1,020	$ 80
Expenditures:			
General Government:			
Personal Services	927	924	3
Contractual Services	38	39	(1)
Commodities	5	3	2
Other Expenditures	118	116	2
Capital Outlay	12	12	
Total Expenditures	$ 1,100	$ 1,094	$ 6
(Deficiency) of Revenues (Under) Expenditures	$ (160)	$ (74)	$ 86
Net Change in Fund Balance	(160)	(74)	$ 86
Fund Balances, October 1	607	607	
Fund Balances, September 30	$ 447	$ 533	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Security
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 350	$ 365	$ 15
Total Revenues	$ 350	$ 365	$ 15
Expenditures:			
General Government:			
Personal Services	361	361	
Contractual Services	64	71	(7)
Commodities	3		3
Other Expenditures	50	50	
Capital Outlay	1	1	
Total Expenditures	$ 479	$ 483	$ (4)
(Deficiency) of Revenues (Under) Expenditures	$ (129)	$ (118)	$ 11
Other Financing Sources (Uses):			
Transfers In	180	180	
Transfers Out	(20)	(20)	
Total Other Financing Sources (Uses), Net	$ 160	$ 160	$ -
Net Change in Fund Balance	31	42	$ 11
Fund Balances, October 1	(30)	(30)	
Fund Balances, September 30	$ 1	$ 12	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Technology
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 459	$ 488	$ 29
Miscellaneous	7		(7)
Investment Earnings	4	6	2
Total Revenues	$ 470	$ 494	$ 24
Expenditures:			
General Government:			
Contractual Services	667	667	
Other Expenditures	2	2	
Total Expenditures	$ 669	$ 669	$ -
(Deficiency) of Revenues (Under) Expenditures	$ (199)	$ (175)	$ 24
Other Financing (Uses):			
Transfers Out	(14)	(14)	
Total Other Financing (Uses)	$ (14)	$ (14)	$ -
Net Change in Fund Balance	(213)	(189)	$ 24
Fund Balances, October 1	415	415	
Fund Balances, September 30	$ 202	$ 226	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Canopy Preservation and Mitigation Fund
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 2,068	$ 2,745	$ 677
Investment Earnings	77	73	(4)
Total Revenues	$ 2,145	$ 2,818	$ 673
Expenditures:			
Culture and Recreation:			
Personal Services	225	219	6
Contractual Services	4,444	4,465	(21)
Commodities	599	460	139
Other Expenditures	82	80	2
Capital Outlay	3	3	
Total Expenditures	$ 5,353	$ 5,227	$ 126
(Deficiency) of Revenues (Under) Expenditures	$ (3,208)	$ (2,409)	$ 799
Other Financing (Uses):			
Transfers Out	(962)	(962)	
Total Other Financing (Uses)	$ (962)	$ (962)	$ -
Net Change in Fund Balance	(4,170)	(3,371)	$ 799
Fund Balances, October 1	4,874	4,874	
Add Encumbrances		3,577	
Fund Balances, September 30	$ 704	$ 5,080	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemeteries
Year-Ended September 30, 2018
(In Thousands)

	2018		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 170	$ 253	$ 83
Investment Earnings	4	3	(1)
Total Revenues	$ 174	$ 256	$ 82
Expenditures:			
Culture and Recreation:			
Personal Services	67	67	
Contractual Services	120	70	50
Commodities	4		4
Other Expenditures	7	7	
Total Expenditures	$ 198	$ 144	$ 54
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (24)	$ 112	$ 136
Net Change in Fund Balance	(24)	112	$ 136
Fund Balances, October 1	187	187	
Fund Balances, September 30	$ 163	$ 299	

Note: This fund is incorporated within the City Cemeteries reporting unit.

Nonmajor Enterprise Funds

DEVELOPMENT SERVICES – accounts for all revenues and expenses associated with the operation and maintenance of the City's development and service activities.

MARKET SQUARE – accounts for all revenues and expenses associated with the management and operation of the Farmer's Market, El Mercado, the Market Square Parking Lot, and Centro de Artes.

PARKING SYSTEM – accounts for all revenues and expenses associated with the operation and maintenance of the City's structures and parking lots, required debt service for outstanding bonds, and construction and management of the Parking System's assets.

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2018
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 1,868	$ 208	$ 1,385	$ 3,461
Investments	15,427	1,721	11,474	28,622
Receivables, Net	49	38	287	374
Materials and Supplies, at Cost			64	64
Prepaid Expenses			50	50
Total Unrestricted Assets	17,344	1,967	13,260	32,571
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents			204	204
Investments			564	564
Receivables, Net			1	1
Construction Accounts:				
Cash and Cash Equivalents			1	1
Improvement and Contingency Accounts:				
Cash and Cash Equivalents			188	188
Investments			1,553	1,553
Receivables, Net			4	4
Total Restricted Assets			2,515	2,515
Total Current Assets	17,344	1,967	15,775	35,086
Noncurrent Assets:				
Capital Assets:				
Land	1,196	45	8,125	9,366
Buildings		1,357	24,830	26,187
Improvements	1,033	7,868	5,375	14,276
Machinery and Equipment	3,740		1,468	5,208
Construction in Progress	9,107			9,107
Total Capital Assets	15,076	9,270	39,798	64,144
Less: Accumulated Depreciation	2,384	4,421	18,284	25,089
Net Capital Assets	12,692	4,849	21,514	39,055
Total Noncurrent Assets	12,692	4,849	21,514	39,055
Total Assets	30,036	6,816	37,289	74,141
Total Deferred Outflows of Resources	1,221	19	927	2,167

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2018
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 150	$ 106	$ 189	$ 445
Accounts Payable-Other	4,377	5	53	4,435
Accrued Payroll	679	13	130	822
Current Portion of Accrued Leave Payable	913	20	171	1,104
Unearned Revenue			23	23
Total Payable from Current Unrestricted Assets	6,119	144	566	6,829
Payable from Restricted Assets:				
Vouchers Payable			1	1
Accrued Interest			83	83
Current Portion of Bonds and Certificates (net of premium/discount)			1,142	1,142
Total Payable from Restricted Assets			1,226	1,226
Total Current Liabilities	6,119	144	1,792	8,055
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & discount/premium)			6,862	6,862
Accrued Leave Payable (net of current portion)		19		19
Net OPEB and Pension Liabilities	27,449	597	6,992	35,038
Total Noncurrent Liabilities	27,449	616	13,854	41,919
Total Liabilities	33,568	760	15,646	49,974
Total Deferred Inflows of Resources	2,787	58	647	3,492
Net Position:				
Net Investment in Capital Assets	12,692	4,849	13,822	31,363
Restricted:				
Debt Service			685	685
Capital Projects			188	188
Unrestricted (Deficit)	(17,790)	1,168	7,228	(9,394)
Total Net Position	$ (5,098)	$ 6,017	$ 21,923	$ 22,842

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year-Ended September 30, 2018
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:				
Charges for Services	$ 31,345	$ 3,019	$ 9,269	$ 43,633
Total Operating Revenues	31,345	3,019	9,269	43,633
Operating Expenses:				
Personal Services	21,639	417	4,577	26,633
Contractual Services	1,928	1,242	2,000	5,170
Commodities	508	45	160	713
Other	5,723	441	1,222	7,386
Depreciation	715	348	951	2,014
Total Operating Expenses	30,513	2,493	8,910	41,916
Operating Income	832	526	359	1,717
Nonoperating Revenues (Expenses):				
Investment Earnings	265	24	208	497
Other Nonoperating Revenue	303	29	592	924
Interest and Debt Expense			(665)	(665)
Other Nonoperating Expense	(85)		(2,908)	(2,993)
Total Nonoperating Revenues (Expenses), Net	483	53	(2,773)	(2,237)
Change in Net Position Before Transfers	1,315	579	(2,414)	(520)
Capital Contributions	6,000			6,000
Transfers In (Out):				
Transfers In	3,402		1,367	4,769
Transfers Out	(3,459)	(391)	(480)	(4,330)
Total Transfers In (Out), Net	(57)	(391)	887	439
Change In Net Position	7,258	188	(1,527)	5,919
Net Position - October 1 (restated)	(12,356)	5,829	23,450	16,923
Net Position - September 30	$ (5,098)	$ 6,017	$ 21,923	$ 22,842

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year-Ended September 30, 2018
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 31,644	$ 3,003	$ 9,215	$ 43,862
Cash Payments to Suppliers for Goods and Services	(8,453)	(1,818)	(3,601)	(13,872)
Cash Payments to Employees for Service	(20,621)	(385)	(4,437)	(25,443)
Cash Received from Other Cash Receipts	303	29	592	924
Net Cash Provided by Operating Activities	2,873	829	1,769	5,471
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	3,402		1,367	4,769
Transfers Out to Other Funds	(3,459)	(391)	(480)	(4,330)
Due from Other Funds	14		2,262	2,276
Net Cash Provided by (Used for) Noncapital Financing Activities	(43)	(391)	3,149	2,715
Cash Flows from Capital and Related Financing Activities:				
Acquisitions and Construction of Capital Assets	(11,067)		(516)	(11,583)
Contributed Capital	6,000			6,000
Interest and Fees Paid on Long-Term Debt			(676)	(676)
Principal Payments on Long-Term Debt			(1,080)	(1,080)
Net Cash (Used for) Capital and Related Financing Activities	(5,067)		(2,272)	(7,339)
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(17,640)	(1,968)	(16,118)	(35,726)
Maturity of Investment Securities	19,132	1,514	13,046	33,692
Investment Earnings	237	21	183	441
Net Cash Provided by (Used for) Investing Activities	1,729	(433)	(2,889)	(1,593)
Net Increase (Decrease) in Cash and Cash Equivalents	(508)	5	(243)	(746)
Cash and Cash Equivalents, October 1	2,376	203	2,021	4,600
Cash and Cash Equivalents, September 30	$ 1,868	$ 208	$ 1,778	$ 3,854
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 832	$ 526	$ 359	$ 1,717
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	715	348	951	2,014
Other Nonoperating Revenues	303	29	592	924
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable	299	(16)	(13)	270
(Increase) in Prepaid Expenses			(50)	(50)
Increase (Decrease) in Vouchers Payable	(104)	15	(154)	(243)
(Decrease) in Accounts Payable - Other	(190)	(105)	(15)	(310)
Increase (Decrease) in Accrued Payroll	18	2	(6)	14
Increase in Accrued Leave Payable	35	15	4	54
(Decrease) in Net OPEB Obligation and Pension Liability	(3,860)	(78)	(794)	(4,732)
Decrease in Deferred Outflows of Resources	2,216	39	332	2,587
Increase in Deferred Inflows of Resources	2,609	54	604	3,267
(Decrease) in Unearned Revenue			(41)	(41)
Net Cash Provided by Operating Activities	$ 2,873	$ 829	$ 1,769	$ 5,471

Internal Service Funds

SELF-INSURANCE PROGRAMS – to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Employee Health Benefits Program, Insurance Reserve Program, and Workers' Compensation Program.

INFORMATION SERVICES – to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.

OTHER INTERNAL SERVICES – to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This includes funds covering the following services: Purchasing, Central Stores, Automotive Repair, and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

CAPITAL MANAGEMENT SERVICES (CMS) – to account for revenues and expenses associated with the administration and delivery of the City's capital improvement projects.

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Combining Statement of Net Position
Internal Service Funds
As of September 30, 2018
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Assets:							
Current Assets:							
Unrestricted Assets:							
Cash and Cash Equivalents	$ 3,710	$ 3,328	$ 6,500	$ 1,088	$ 6,379	$ 209	$ 21,214
Investments	29,121	27,470	53,647	8,998	53,544	1,832	174,612
Receivables, Net	99	84	154	81	155	2	575
Materials and Supplies, at Cost				19	2,092		2,111
Deposits	280		36			50	366
Prepaid Expenses				1			1
Due From Other Funds	311			128	709	1	1,149
Due From Other Governmental Agencies, Net				501	61		562
Total Unrestricted Assets	33,521	30,882	60,337	10,816	62,940	2,094	200,590
Restricted Assets:							
Debt Service Accounts:							
Cash and Cash Equivalents					580		580
Investments					4,787		4,787
Total Restricted Assets					5,367		5,367
Total Current Assets	33,521	30,882	60,337	10,816	68,307	2,094	205,957
Capital Assets:							
Buildings				20	158		178
Improvements					244		244
Machinery and Equipment	5	10		6,800	244,195	142	251,152
Depreciable Intangible						250	250
Total Capital Assets	5	10		6,820	244,597	392	251,824
Less: Accumulated Depreciation	4	2		6,034	124,422	313	130,775
Net Capital Assets	1	8		786	120,175	79	121,049
Total Assets	33,522	30,890	60,337	11,602	188,482	2,173	327,006
Total Deferred Outflows of Resources	145	148	104	2,459	1,328	1,195	5,379
Liabilities:							
Current Liabilities:							
Payable from Current Unrestricted Assets:							
Vouchers Payable	2,887	174	31	1,476	4,257	459	9,284
Accounts Payable-Other	146	151	15	1,066	324	146	1,848
Claims Payable	9,209	4,483	9,949				23,641
Accrued Payroll	74	61	49	1,072	675	503	2,434
Current Portion of Accrued Leave Payable	111	82	78	1,653	984	740	3,648
Unearned Revenue				70	142		212
Total Payable from Current Unrestricted Assets	12,427	4,951	10,122	5,337	6,382	1,848	41,067
Payable from Restricted Assets:							
Current Portion of Bonds and Certificates (net of premium/discount)					174		174
Total Payable from Restricted Assets					174		174
Total Current Liabilities	12,427	4,951	10,122	5,337	6,556	1,848	41,241
Noncurrent Liabilities:							
Bonds and Certificates (net of current portion & discount/premium)					5,203		5,203
Claims Payable (net of current portion)		12,397	24,513				36,910
Accrued Leave Payable (net of current portion)	24	13	20	650	191	86	984
Net OPEB and Pension Liabilities	2,941	2,636	2,274	43,010	29,943	21,206	102,010
Total Noncurrent Liabilities	2,965	15,046	26,807	43,660	35,337	21,292	145,107
Total Liabilities	15,392	19,997	36,929	48,997	41,893	23,140	186,348
Total Deferred Inflows of Resources	281	247	232	4,133	2,995	1,941	9,829
Net Position:							
Investment in Capital Assets	1	8		786	120,175	79	121,049
Restricted:							
Debt Service					5,367		5,367
Unrestricted (Deficit)	17,993	10,786	23,280	(39,855)	19,380	(21,792)	9,792
Total Net Position	$ 17,994	$ 10,794	$ 23,280	$ (39,069)	$ 144,922	$ (21,713)	$ 136,208

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year-Ended September 30, 2018
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Operating Revenues:							
Charges for Services	$ 142,949	$ 9,110	$ 14,553	$ 59,669	$ 99,260	$ 19,908	$ 345,449
Total Operating Revenues	142,949	9,110	14,553	59,669	99,260	19,908	345,449
Operating Expenses:							
Personal Services	8,776	1,946	1,947	33,700	21,983	15,622	83,974
Contractual Services	12,111	230	1,315	20,126	4,829	932	39,543
Commodities	30	44	46	876	1,428	191	2,615
Materials					24,994		24,994
Claims	111,788	4,424	8,359				124,571
Other	2,331	1,766	784	5,780	10,046	4,226	24,933
Depreciation	1	2		273	27,171	9	27,456
Total Operating Expenses	135,037	8,412	12,451	60,755	90,451	20,980	328,086
Operating Income (Loss)	7,912	698	2,102	(1,086)	8,809	(1,072)	17,363
Nonoperating Revenues (Expenses):							
Investment Earnings	458	448	882	125	857		2,770
Other Nonoperating Revenue	9,282		207	617	1,355		11,461
Gain (Loss) on Sale of Capital Assets					4,523	(10)	4,513
Interest and Debt Expense					(17)		(17)
Total Nonoperating Revenues	9,740	448	1,089	742	6,718	(10)	18,727
Change in Net Position Before Transfers	17,652	1,146	3,191	(344)	15,527	(1,082)	36,090
Transfers In (Out):							
Transfers In			85		344		429
Transfers Out		(85)	(200)	(7)	(627)	(105)	(1,024)
Total Transfers In (Out), Net		(85)	(115)	(7)	(283)	(105)	(595)
Change in Net Position	17,652	1,061	3,076	(351)	15,244	(1,187)	35,495
Net Position - October 1 (restated)	342	9,733	20,204	(38,718)	129,678	(20,526)	100,713
Net Position - September 30	$ 17,994	$ 10,794	$ 23,280	$ (39,069)	$ 144,922	$ (21,713)	$ 136,208

Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2018
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:							
Cash Received from Customers	$ 143,008	$ 9,104	$ 14,553	$ 60,036	$ 99,398	$ 19,856	$ 345,955
Cash Payments to Suppliers for Goods and Services	(127,071)	(6,580)	(11,515)	(26,841)	(41,257)	(4,962)	(218,226)
Cash Payments to Employees for Service	(8,642)	(1,852)	(1,732)	(31,997)	(20,873)	(14,300)	(79,396)
Cash Received from Other Cash Receipts	9,282		207	617	1,355		11,461
Net Cash Provided by Operating Activities	16,577	672	1,513	1,815	38,623	594	59,794
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			85		344		429
Transfers Out to Other Funds		(85)	(200)	(7)	(627)	(105)	(1,024)
Due To Other Funds					(27)		(27)
Due From Other Funds	(299)			(20)	1,227		908
Net Cash Provided by (Used for) Noncapital Financing Activities	(299)	(85)	(115)	(27)	917	(105)	286
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets				(421)	(37,124)	(61)	(37,606)
Interest and Fees Paid on Long-Term Debt					(3)		(3)
Proceeds from Issuance of Long-Term Debt					5,377		5,377
Proceeds from Sale of Assets					5,740		5,740
Net Cash (Used for) Capital and Related Financing Activities				(421)	(26,010)	(61)	(26,492)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(33,297)	(31,410)	(61,341)	(10,289)	(66,697)	(2,094)	(205,128)
Maturity of Investment Securities	16,942	29,502	57,395	8,643	52,458	1,648	166,588
Investment Earnings	382	405	794	112	764		2,457
Net Cash (Used for) Investing Activities	(15,973)	(1,503)	(3,152)	(1,534)	(13,475)	(446)	(36,083)
Net Increase (Decrease) in Cash and Cash Equivalents	305	(916)	(1,754)	(167)	55	(18)	(2,495)
Cash and Cash Equivalents, October 1	3,405	4,244	8,254	1,255	6,904	227	24,289
Cash and Cash Equivalents, September 30	$ 3,710	$ 3,328	$ 6,500	$ 1,088	$ 6,959	$ 209	$ 21,794
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Operating Income (Loss)	$ 7,912	$ 698	$ 2,102	$ (1,086)	$ 8,809	$ (1,072)	$ 17,363
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	1	2		273	27,171	9	27,456
Other Nonoperating Revenues	9,282		207	617	1,355		11,461
Changes in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources:							
(Increase) Decrease in Accounts Receivable	59	(6)		329	57	(2)	437
(Increase) Decrease in Due from Other Governmental Agencies				54	(61)		(7)
Decrease in Materials and Supplies				3	(171)		(168)
(Increase) in Deposits						(50)	(50)
Increase (Decrease) in Vouchers Payable	(203)	171	(59)	600	338	387	1,234
(Decrease) in Claims Payable	(182)	(171)	(951)				(1,304)
(Decrease) in Accounts Payable - Other	(426)	(116)	(1)	(662)	(127)		(1,332)
Increase (Decrease) in Accrued Payroll	5	3	(3)	34	4	66	109
Increase in Accrued Leave Payable	29	11	6	151	46	84	327
(Decrease) in Net OPEB Obligation and Pension Liability	(400)	(347)	(193)	(5,865)	(4,000)	(2,162)	(12,967)
Decrease in Deferred Outflows of Resources	241	201	188	3,585	2,242	1,564	8,021
Increase in Deferred Inflows of Resources	259	226	217	3,798	2,818	1,770	9,088
Increase (Decrease) in Unearned Revenue				(16)	142		126
Net Cash Provided by Operating Activities	$ 16,577	$ 672	$ 1,513	$ 1,815	$ 38,623	$ 594	$ 59,794

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Fiduciary Funds

PENSION AND HEALTH CARE FUNDS – to account for resources of the pension and health care funds established for the City's firefighters, police officers, and retired civilians:

SAN ANTONIO FIRE AND POLICE PENSION FUND – to account for collection and payment of funds for the pension fund established for the City's firefighters and police officers, as provided for under state law.

SAN ANTONIO FIRE AND POLICE RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

CITY OF SAN ANTONIO RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's civilian and pre-October 1, 1989 uniformed retirees.

AGENCY FUNDS – to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTIONS FUND – to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

CRIMINAL JUSTICE PLANNING FUND – to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

DEPOSIT FUND – to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

EVIDENTIARY CASH FUND – to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.

MUNICIPAL COURT CASH BOND FUND – to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

STATE SALES TAX FUND – to account for the collection and payment to the State of Texas for sales tax collected.

UNCLAIMED PROPERTY FUND – to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

Combining Statement of Fiduciary Net Position
Pension and Health Care Funds
As of September 30, 2018
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	CITY OF SAN ANTONIO RETIREE HEALTH CARE FUND	TOTAL PENSION AND HEALTH CARE FUNDS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 56,287	$ 7,664	$ -	$ 63,951
Security Lending Collateral	64,037			64,037
Investments:				
Common Stock	1,402,871	10,443		1,413,314
U.S. Government Securities	67,981			67,981
Corporate Bonds	327,968			327,968
Foreign Bonds	258,894			258,894
Mutual Funds		145,161		145,161
Hedge Funds	395,861	5,441		401,302
Real Estate	238,993	39,943		278,936
Alternative	452,108	168,006		620,114
Receivables:				
Accounts	5,240	2,386	20	7,646
Accrued Interest	6,081	15		6,096
Accrued Revenue	9,939			9,939
Prepaid Expenses		15		15
Total Current Assets	3,286,260	379,074	20	3,665,354
Capital Assets:				
Machinery and Equipment	413	217		630
Buildings	551	1,055		1,606
Total Capital Assets	964	1,272		2,236
Less: Accumulated Depreciation	429	398		827
Net Capital Assets	535	874		1,409
Total Assets	$ 3,286,795	$ 379,948	$ 20	$ 3,666,763
Liabilities:				
Vouchers Payable	$ 6,403	$ -	$ 5	$ 6,408
Accounts Payable - Other	19,573	40		19,613
Claims Payable		3,078	449	3,527
Accrued Payroll	253	22		275
Due To Other Funds			297	297
Securities Lending Obligation	64,037			64,037
Total Liabilities	90,266	3,140	751	94,157
Net Position:				
Restricted for Pension	3,196,529			3,196,529
Restricted for Other Postemployment Benefits		376,808	(731)	376,077
Total Net Position	$ 3,196,529	$ 376,808	$ (731)	$ 3,572,606

Combining Statement of Changes in Fiduciary Net Position
Pension and Health Care Funds
Year-Ended September 30, 2018
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	CITY OF SAN ANTONIO RETIREE HEALTH CARE FUND	TOTAL PENSION AND HEALTH CARE FUNDS
Additions:				
Contributions:				
Employer	$ 75,916	$ 27,242	$ 6,569	$ 109,727
Employee	37,958	13,616	1,700	53,274
Other Contributions		1,829		1,829
Total Contributions	113,874	42,687	8,269	164,830
Investment Earnings:				
Net Increase in Fair Value of Investments	363,837	22,517		386,354
Real Estate Income, Net	9,055			9,055
Interest and Dividends	49,125	3,161	14	52,300
Securities Lending	1,182			1,182
Other Income	307	25	2	334
Total Investment Earnings	423,506	25,703	16	449,225
Less: Investment Expenses				
Investment Management Fees and Custodian Fees	(15,418)	(409)		(15,827)
Less: Securities Lending Expenses				
Borrower Rebates and Lending Fees	(810)			(810)
Net Investment Earnings	407,278	25,294	16	432,588
Total Additions	521,152	67,981	8,285	597,418
Deductions:				
Benefits	155,120	33,560	6,921	195,601
Refunds of Contributions	1,017			1,017
Administrative Expenses	3,034	2,660	2,458	8,152
Total Deductions	159,171	36,220	9,379	204,770
Change in Net Position	361,981	31,761	(1,094)	392,648
Net Position - Beginning of Fiscal Year (restated)	2,834,548	345,047	363	3,179,958
Net Position - End of Fiscal Year	$ 3,196,529	$ 376,808	$ (731)	$ 3,572,606

Table of Contents

Combining Balance Sheet
Agency Funds
As of September 30, 2018
(In Thousands)

	ASSETS				
	CASH AND CASH EQUIVALENTS	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:					
Bexar County Hotel/Motel Tax Collections Fund	$ 214	$ 1,772	$ 13	$ 2	$ 2,001
Criminal Justice Planning Fund	2,983				2,983
Deposit Fund	486				486
Evidentiary Cash Fund	246	2,032		8	2,286
Municipal Court Cash Bond Fund	55				55
State Sales Tax Fund	195				195
Unclaimed Property Fund	65	539		2	606
Total	$ 4,244	$ 4,343	$ 13	$ 12	$ 8,612

		LIABILITIES	
	VOUCHERS PAYABLE	ACCOUNTS PAYABLE - OTHER	TOTAL LIABILITIES
Funds:			
Bexar County Hotel/Motel Tax Collections Fund	$ 1,461	$ 540	$ 2,001
Criminal Justice Planning Fund		2,983	2,983
Deposit Fund		486	486
Evidentiary Cash Fund		2,286	2,286
Municipal Court Cash Bond Fund		55	55
State Sales Tax Fund		195	195
Unclaimed Property Fund		606	606
Total	$ 1,461	$ 7,151	$ 8,612

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year-Ended September 30, 2018

(In Thousands)

	BALANCE 10-01-2017	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2018
Bexar County Hotel/Motel Tax Collections Fund				
Assets:				
Cash and Cash Equivalents	$ 244	$ 27,354	$ 27,384	$ 214
Investments	1,467	3,252	2,947	1,772
Receivables:				
Accounts	13	19,711	19,711	13
Accrued Interest	1	3	2	2
Total Assets	$ 1,725	$ 50,320	$ 50,044	$ 2,001
Liabilities:				
Vouchers Payable	$ -	$ 20,542	$ 19,081	$ 1,461
Accounts Payable - Other	1,725	23,755	24,940	540
Total Liabilities	$ 1,725	$ 44,297	$ 44,021	$ 2,001
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 2,789	$ 9,339	$ 9,145	$ 2,983
Total Assets	$ 2,789	$ 9,339	$ 9,145	$ 2,983
Liabilities:				
Vouchers Payable	$ -	$ 14	$ 14	$ -
Accounts Payable - Other	2,789	9,346	9,152	2,983
Total Liabilities	$ 2,789	$ 9,360	$ 9,166	$ 2,983
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ 491	$ 5,313	$ 5,318	$ 486
Receivables:				
Accounts		628	628	
Total Assets	$ 491	$ 5,941	$ 5,946	$ 486
Liabilities:				
Vouchers Payable	$ -	$ 70	$ 70	$ -
Accounts Payable - Other	491	218,556	218,561	486
Total Liabilities	$ 491	$ 218,626	$ 218,631	$ 486
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 432	$ 6,571	$ 6,757	$ 246
Investments	2,608	4,660	5,236	2,032
Receivables:				
Accrued Interest	4	11	7	8
Total Assets	$ 3,044	$ 11,242	$ 12,000	$ 2,286
Liabilities:				
Accounts Payable - Other	$ 3,044	$ 471	$ 1,229	$ 2,286
Total Liabilities	$ 3,044	$ 471	$ 1,229	$ 2,286

(continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year-Ended September 30, 2018

(In Thousands)

	BALANCE 10-01-2017	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2018
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 72	$ 34	$ 51	$ 55
Total Assets	$ 72	$ 34	$ 51	$ 55
Liabilities:				
Accounts Payable - Other	$ 72	$ 58	$ 75	$ 55
Total Liabilities	$ 72	$ 58	$ 75	$ 55
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 132	$ 15,164	$ 15,101	$ 195
Total Assets	$ 132	$ 15,164	$ 15,101	$ 195
Liabilities:				
Accounts Payable - Other	$ 132	$ 15,136	$ 15,073	$ 195
Total Liabilities	$ 132	$ 15,136	$ 15,073	$ 195
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 90	$ 1,353	$ 1,378	$ 65
Investments	541	1,085	1,087	539
Receivables:				
Accrued Interest	1	2	1	2
Total Assets	$ 632	$ 2,440	$ 2,466	$ 606
Liabilities:				
Vouchers Payable	$ -	$ 32	$ 32	$ -
Accounts Payable - Other	632	80	106	606
Total Liabilities	$ 632	$ 112	$ 138	$ 606
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 4,250	$ 65,128	$ 65,134	$ 4,244
Investments	4,616	8,997	9,270	4,343
Receivables:				
Accounts	13	20,339	20,339	13
Accrued Interest	6	16	10	12
Total Assets	$ 8,885	$ 94,480	$ 94,753	$ 8,612
Liabilities:				
Vouchers Payable	$ -	$ 20,658	$ 19,197	$ 1,461
Accounts Payable - Other	8,885	267,402	269,136	7,151
Total Liabilities	$ 8,885	$ 288,060	$ 288,333	$ 8,612

(end of statement)

Nonmajor Discretely Presented Component Units

BROOKS – was established to improve mission effectiveness, reduce the cost of providing quality installation support, and promote economic development on Brooks Air Force Base and in the surrounding community. Dedicated funds will provide basic municipal services at the base while continuing to develop it as a technology and business park.

SAN ANTONIO BEXAR COUNTY SOCCER PUBLIC FACILITY CORPORATION (SABC PFC) – was established as a nonprofit in fiscal year 2016 in accordance with state law for the purpose of, and to act on behalf of the City in, the renovation and operation of a facility and related property and infrastructure to be used for and to support professional soccer within the City. SABC PFC is governed by a four-member board of directors comprised of two appointees from the City and two from the County.

PORT AUTHORITY OF SAN ANTONIO (THE PORT) – was established for the purpose of monitoring the closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The Port is authorized to issue bonds to finance related projects. These bonds are not obligations of the City.

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION (SAEAPFC) – was established for the purpose of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City of San Antonio.

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION (HTFC) – was established in accordance with state laws for the purpose of acting on behalf of the City, to carry out the purposes of the Texas Housing Finance Corporations Act.

SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (HTF) – was established as a nonprofit corporation in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low- to middle-income families. In addition, SAHTF provides administrative and other support for the operations of the San Antonio Housing Trust Fund, a Special Revenue Fund of the City.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION (HTPFC) – was established to assist the City in financing, refinancing, or providing public facilities. The Corporation was to provide a tool to develop affordable housing.

SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION – was established for the purpose of aiding and acting on behalf of the City to provide a means of assisting with the planning, developing, identifying potential partners, fund raising, managing, and financing of projects involved with the City's 300th year anniversary celebration.

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
As of September 30, 2018
(In Thousands)

	BROOKS	SABC SOCCER PUBLIC FACILITY CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Assets:									
Current Assets:									
Unrestricted Assets:									
Cash and Cash Equivalents	$ 15,051	$ -	$ 4,761	$ 1,578	$ 1,276	$ -	$ 3,230	$ 618	$ 26,514
Investments			27,943						27,943
Receivables, Net	2,213		2,319	4,954			35	22	9,543
Materials and Supplies, at Cost	93								93
Due from Other Governmental Agencies			980						980
Prepaid Expenses	68			29,484					29,552
Other Assets			436		500				936
Total Unrestricted Assets	17,425		36,439	36,016	1,776		3,265	640	95,561
Restricted Assets:									
Debt Service Accounts:									
Cash and Cash Equivalents	8,332			14,232				907	23,471
Investments				8,847					8,847
Receivables, Net				85				524	609
Other Restricted Accounts:									
Cash and Cash Equivalents		475	1,107			3,061			4,643
Receivables, Net		34				76			110
Deferred Charges				64,864					64,864
Total Restricted Assets	8,332	509	1,107	88,028		3,137		1,431	102,544
Total Current Assets	25,757	509	37,546	124,044	1,776	3,137	3,265	2,071	198,105
Noncurrent Assets:									
Capital Assets:									
Land	4,480	3,980	35,583			30	17,068		61,141
Infrastructure	30,565	16,146	56,151						102,862
Buildings	137,060		188,354			147			325,561
Machinery and Equipment	10,711		8,604			62			19,377
Construction in Progress	26,910		49,114						76,024
Total Capital Assets	209,726	20,126	337,806			239	17,068		584,965
Less: Accumulated Depreciation	60,523	2,754	130,579			62			193,918
Assets Held for Resale									
Net Capital Assets	149,203	17,372	207,227			177	17,068		391,047
Other Noncurrent Assets:									
Cash and Cash Equivalents									
Receivables, Net			693			3,571			4,264
Prepaid Expenses			1,023	188,754					189,777
Total Other Noncurrent Assets			1,716	188,754		3,571			194,041
Total Noncurrent Assets	149,203	17,372	208,943	188,754		3,748	17,068		585,088
Total Assets	174,960	17,881	246,489	312,798	1,776	6,885	20,333	2,071	783,193
Deferred Outflows of Resources	969		1,205						2,174
Liabilities:									
Current Liabilities:									
Payable from Current Unrestricted Assets:									
Accounts Payable and Other Current Liabilities	4,139		8,380		194		758		13,471
Unearned Revenues			2,848						2,848
Current Portion of Long-term Lease/Notes Payable	2,153		948						3,101
Current Portion of Other Payables	136								136
Total Payable from Current Unrestricted Assets	6,428		12,176		194		758		19,556
Payable from Restricted Assets:									
Accounts Payable and Other Current Liabilities		85				1,120		158	1,363
Accrued Bond and Certificate Interest			105	8,138					8,243
Current Portion of Bonds and Certificates			1,620	31,535					33,155
Total Payable from Current Restricted Assets		85	1,725	39,673		1,120		158	42,761
Total Current Liabilities	6,428	85	13,901	39,673	194	1,120	758	158	62,317
Noncurrent Liabilities:									
Bonds and Certificates (net of current portion & premium/discount)			31,627	273,125					304,752
Long-term Lease/Notes Payable (net of current portion)	117,517		44,752						162,269
Other Payables (net of current portion)	5,681		1,202				16,091		22,974
Total Noncurrent Liabilities	123,198		77,581	273,125			16,091		489,995
Total Liabilities	129,626	85	91,482	312,798	194	1,120	16,849	158	552,312
Deferred Inflows of Resources									
Net Position:									
Net Investment in Capital Assets	37,941	17,372	124,551			177	17,068		197,109
Restricted for:									
Capital Projects		424							424
Operating and Other Reserves						2,933		1,273	4,206
Unrestricted	8,362		31,661		1,582	2,655	(13,584)	640	31,316
Total Net Position	$ 46,303	$ 17,796	$ 156,212	$ -	$ 1,582	$ 5,765	$ 3,484	$ 1,913	$ 233,055

Combining Statement of Activities

Nonmajor Discretely Presented Component Units

Year-Ended September 30, 2018

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: BROOKS	SABC SOCCER PUBLIC FACILITY CORPORATION	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION, INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Brooks													
Economic Development and Opportunity	$ 39,119	$ 22,367	$ 242	$ 549	$ (15,961)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (15,961)
SABC Soccer Public Facility Corporation													
Culture and Recreation	1,166	285				(881)							(881)
Port Authority of San Antonio													
Economic Development and Opportunity	33,678	35,403		2,821			4,546						4,546
SA Energy Acquisition Public Facility Corporation													
General Government	49,774	46,979						(2,795)					(2,795)
San Antonio Housing Trust Finance Corporation													
Urban Redevelopment and Housing	1,204	996							(208)				(208)
San Antonio Housing Trust Foundation, Inc.													
Urban Redevelopment and Housing	533	1,370								837			837
San Antonio Housing Trust Public Facility Corporation													
Urban Redevelopment and Housing	1,200	1,771									571		571
San Antonio Tricentennial Celebration Commission													
Culture and Recreation	11,811	111	11,456									(244)	(244)
Total	$ 138,485	$ 109,282	$ 11,698	$ 3,370	$ (15,961)	$ (881)	$ 4,546	$ (2,795)	$ (208)	$ 837	$ 571	$ (244)	$ (14,135)
General Revenues:													
Investment Earnings					246		829	991		27			2,093
Miscellaneous					16,575			1,804					18,379
Total General Revenues					16,821		829	2,795		27			20,472
Change in Net Position					860	(881)	5,375		(208)	864	571	(244)	6,337
Net Position - Beginning of Fiscal Year (restated)					45,443	18,677	150,837		1,790	4,901	2,913	2,157	226,718
Net Position - End of Fiscal Year					$ 46,303	$ 17,796	$ 156,212	$ -	$ 1,582	$ 5,765	$ 3,484	$ 1,913	$ 233,055

Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Source[1]

As of September 30, 2018

(In Thousands)

		2018
Governmental Funds Capital Assets:		
Land	$	1,427,003
Other Non-Depreciable Assets		347
Non-Depreciable Intangible Assets		176,579
Depreciable Intangible Assets		4,058
Buildings		1,340,968
Improvements		1,023,377
Infrastructure		3,366,519
Machinery and Equipment		365,959
Construction in Progress		251,310
Total Governmental Funds Capital Assets	$	7,956,120
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,807,895
General Obligation Bonds, Certificates of Obligation, Tax and Revenue Notes, and Revenue Bonds		4,479,406
Federal and State Grants		617,873
Special Assessments		1,008
Municipal Golf Association - SA		20,245
Westside Development Corp		20
Visit San Antonio, Inc.		436
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
Total Investment in Governmental Funds Capital Assets by Source	$	7,956,120

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Function and Activity[1]

As of September 30, 2018

(In Thousands)

	Land	Other Non-Depreciable Assets	Non-Depreciable Intangible Assets	Depreciable Intangible Assets	Buildings	Improvements	Infrastructure	Machinery and Equipment	Total
General Government:									
Legislative	$ 56	$ -	$ -	$ -	$ 2,592	$ 91	$ -	$ 345	$ 3,084
Judicial	196			1,004	19,091	248		636	21,175
Executive								27	27
Administration	3,104		12,556	2,176	164,753	44,606	24,015	190,951	442,161
Total General Government	3,356		12,556	3,180	186,436	44,945	24,015	191,959	466,447
Public Safety:									
Police	11,969				38,168	10,028		72,718	132,883
Fire	40,960				80,038	11,540	235	48,512	181,285
Building Inspection and Regulations	7,299				14,210			217	21,726
Total Public Safety	60,228				132,416	21,568	235	121,447	335,894
Public Works	1,242,742	347	22,130	250	364,582	591,130	3,297,993	15,104	5,534,278
Health Services	1,159			469	2,866	2,278		4,400	11,172
Convention and Tourism	5,422				455,280	95,695		7,883	564,280
Sanitation					45	15		564	624
Welfare	345				27,672	7,595		1,933	37,545
Culture and Recreation:									
Libraries	8,707				99,464	25,679	22,997	1,888	158,735
Parks	104,132		140,854	159	41,094	224,418	19,413	8,353	538,423
Culture & Arts					2,361	6,092		11,099	19,552
Total Culture and Recreation	112,839		140,854	159	142,919	256,189	42,410	21,340	716,710
Urban Redevelopment and Housing						699	1,866	548	3,113
Education	912				27,752			433	29,097
Economic Development and Opportunity					1,000	3,263		348	4,611
Environment			1,039						1,039
Total Capital Assets Allocated to Functions	$ 1,427,003	$ 347	$ 176,579	$ 4,058	$ 1,340,968	$ 1,023,377	$ 3,366,519	$ 365,959	$ 7,704,810
Construction in Progress									251,310
Total Governmental Funds Capital Assets									$ 7,956,120

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets by Function and Activity[1]

As of September 30, 2018

(In Thousands)

	Beginning Balance	Additions[2]	Deductions[3]	Ending Balance
Function and Activity:				
General Government:				
Legislative	$ 3,084	$ -	$ -	$ 3,084
Judicial	21,175			21,175
Executive	27			27
Administration	428,213	17,617	3,669	442,161
Total General Government	452,499	17,617	3,669	466,447
Public Safety:				
Police	132,743	6,615	6,475	132,883
Fire	171,229	17,410	7,354	181,285
Building Inspection and Regulations	21,720	6		21,726
Total Public Safety	325,692	24,031	13,829	335,894
Public Works	5,049,644	536,192	51,558	5,534,278
Health Services	12,724	1,299	2,851	11,172
Convention and Tourism	542,243	22,067	30	564,280
Sanitation	700		76	624
Welfare	39,724	63	2,242	37,545
Culture and Recreation:				
Libraries	158,464	271		158,735
Parks	512,039	29,532	3,148	538,423
Culture & Arts	735	18,848	31	19,552
Total Culture and Recreation	671,238	48,651	3,179	716,710
Urban Redevelopment and Housing	3,378		265	3,113
Education	29,097			29,097
Economic Development and Opportunity	3,528	1,083		4,611
Environment		1,039		1,039
Construction in Progress	660,428	262,537	671,655	251,310
Total Governmental Funds Capital Assets	$ 7,790,895	$ 914,579	$ 749,354	$ 7,956,120

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

[2] Additions include $607,590 transferred from construction in progress.
[3] Deductions from construction in progress include the $607,590 in assets transferred.

STATISTICAL SECTION

Statistical Section (Unaudited)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information as required by GASB Statement No. 54 began in that year.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales and use taxes.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Statistical Data
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year 2009	2010	2011	2012	2013	2014	2015 (Restated)	2016 (Restated)	2017 (Restated)	2018 (Restated)
Governmental Activities:										
Net Investment in Capital Assets	$ 2,200,616	$ 2,238,834	$ 2,364,212	$ 2,325,170	$ 2,304,579	$ 2,554,305	$ 2,615,833	$ 2,675,249	$ 2,815,626	$ 2,852,015
Restricted	128,727	124,300	126,142	104,158	72,643	100,264	61,946	62,622	56,706	52,819
Unrestricted	168,054	162,135	63,069	78,783	72,932	(516,002)	(471,052)	(566,044)	(1,125,842)	(1,007,985)
Total Governmental Activities, net position	$ 2,497,397	$ 2,525,269	$ 2,553,423	$ 2,508,111	$ 2,450,154	$ 2,138,567	$ 2,206,727	$ 2,171,827	$ 1,746,490	$ 1,896,849
Business-Type Activities:										
Net Investment in Capital Assets	$ 260,679	$ 273,344	$ 273,108	$ 270,500	$ 292,278	$ 300,791	$ 316,995	$ 348,896	$ 365,001	$ 338,367
Restricted	66,099	78,558	90,532	104,990	91,418	102,390	113,968	85,629	97,709	136,568
Unrestricted	2,976	556	15,320	9,851	18,024	(47,431)	(55,809)	(67,721)	(101,635)	(118,932)
Total Business-Type Activities, net position	$ 329,754	$ 352,458	$ 378,960	$ 385,341	$ 401,720	$ 355,750	$ 375,154	$ 366,804	$ 361,075	$ 356,003
Primary Government:										
Net Investment in Capital Assets	$ 2,461,295	$ 2,512,178	$ 2,637,320	$ 2,595,670	$ 2,596,857	$ 2,855,096	$ 2,932,828	$ 3,024,145	$ 3,180,627	$ 3,190,382
Restricted	194,826	202,858	216,674	209,148	164,061	202,654	175,914	148,251	154,415	189,387
Unrestricted	171,030	162,691	78,389	88,634	90,956	(563,433)	(526,861)	(633,765)	(1,227,477)	(1,126,917)
Total Primary Government, net position	$ 2,827,151	$ 2,877,727	$ 2,932,383	$ 2,893,452	$ 2,851,874	$ 2,494,317	$ 2,581,881	$ 2,538,631	$ 2,107,565	$ 2,252,852

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016 (Restated)	2017	2018
Expenses:										
Governmental Activities:										
General Government	$ 92,415	$ 114,591	$ 103,617	$ 140,761	$ 127,697	$ 112,845	$ 99,788	$ 131,273	$ 101,673	$ 134,370
Public Safety	497,274	545,359	607,532	613,975	684,547	721,930	717,447	888,100	828,839	721,695
Public Works	212,256	221,612	239,195	252,804	257,395	324,257	247,087	240,763	244,437	349,150
Sanitation	3,953	8,385	20,015	14,382	13,250	7,142	7,535	7,090	9,574	5,748
Health Services	92,351	104,667	101,995	101,293	38,250	55,014	55,020	54,953	67,038	80,505
Culture and Recreation	145,386	143,122	147,591	153,642	161,280	167,463	169,505	171,704	161,408	214,302
Convention and Tourism	42,512	26,437	28,735	31,892	29,674	31,579	57,277	73,932	66,634	60,426
Urban Redevelopment and Housing	45,533	26,486	13,570	13,252	9,111	25,949	27,839	27,025	30,867	38,521
Welfare	162,956	177,819	185,600	157,678	162,015	115,094	121,932	126,440	143,370	157,828
Education					6,381	8,530	64,917	62,579	81,563	74,314
Economic Development and Opportunity	23,260	104,964	90,258	115,253	117,362	25,909	34,634	22,974	27,994	27,463
Environmental										209
Bond Issuance Costs						1,862	2,544	2,192	1,951	1,832
Interest on Long-term Debt, Net	75,108	70,945	87,792	85,073	115,016	93,313	88,813	86,862	89,469	91,718
Total Governmental Activities Expenses	1,393,004	1,544,387	1,625,900	1,680,005	1,721,978	1,690,887	1,694,338	1,895,887	1,854,817	1,958,081
Business-Type Activities:										
Airport System	81,229	83,109	105,708	118,560	102,041	106,033	112,439	127,122	127,419	134,352
Development Services		19,570	20,195	23,327	24,437	22,273	26,042	27,033	29,643	30,490
Market Square		251	2,215	2,297	2,135	2,558	2,846	2,708	2,643	2,488
Parking System	8,984	9,135	8,703	8,117	8,214	12,165	10,038	14,157	9,671	12,321
Solid Waste Management	88,900	85,058	82,128	89,405	93,056	98,555	92,492	110,361	114,308	113,513
Total Business-Type Activities Expenses	179,113	197,123	218,949	241,706	229,883	241,584	243,857	281,381	283,684	293,164
Total Primary Government Expenses	$ 1,572,117	$ 1,741,510	$ 1,844,849	$ 1,921,711	$ 1,951,861	$ 1,932,471	$ 1,938,195	$ 2,177,268	$ 2,138,501	$ 2,251,245
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 29,323	$ 21,176	$ 27,853	$ 22,245	$ 27,951	$ 27,710	$ 33,662	$ 23,084	$ 24,489	$ 29,185
Public Safety	9,026	10,350	9,882	12,190	12,278	49,363	60,147	52,110	54,055	49,748
Public Works	50,266	53,723	43,267	43,164	44,706	47,342	49,111	51,862	58,198	61,532
Sanitation		397	407	509	365	7,491	7,366	6,846	6,961	7,078
Health Services	26,518	31,595	33,815	30,940	30,356	18,844	16,660	19,336	21,106	19,756
Culture and Recreation	34,483	33,791	33,037	34,483	46,707	53,698	50,047	56,416	63,892	70,083
Convention and Tourism	1,308	1,262								
Urban Redevelopment and Housing	22,949	388	400	634	584		148	487	976	688
Welfare	122	72	52	15	2			151	785	
Education						267	412	726	778	697
Economic Development and Opportunity	2,141	2,582	2,631	5,025	90	135	220	383	588	
Environmental										105
Operating Grants and Contributions	206,356	256,214	267,524	211,290	202,932	168,170	175,921	188,371	225,040	186,005
Capital Grants and Contributions	81,114	98,362	137,892	149,713	145,199	84,744	32,642	68,366	39,254	49,653
Total Governmental Activities Program Revenues	463,606	509,912	556,760	510,208	511,170	457,764	426,336	468,138	496,122	474,530
Business-Type Activities:										
Charges for Services:										
Airport System	61,764	63,524	82,901	84,395	80,635	84,410	83,193	84,792	85,773	100,976
Development Services		20,336	21,629	23,392	24,813	27,646	27,878	28,874	30,230	31,345
Market Square		138	2,211	2,316	2,477	2,598	2,654	2,891	2,925	3,019
Parking System	9,143	9,287	8,588	8,630	8,654	8,487	9,272	9,671	9,406	9,269
Solid Waste Management	81,263	87,888	90,067	93,333	92,871	96,321	100,334	101,954	107,633	117,310
Capital Grants and Contributions	31,115	40,156	40,237	34,765	39,580	44,206	45,886	45,837	53,872	54,198
Total Business-Type Activities Program Revenues	183,285	221,329	245,633	246,831	249,030	263,668	269,217	274,019	289,839	316,117
Total Primary Government Program Revenues	$ 646,891	$ 731,241	$ 802,393	$ 757,039	$ 760,200	$ 721,432	$ 695,553	$ 742,157	$ 785,961	$ 790,647

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016 (Restated)	2017	2018
Net (Expense) Revenue:										
Governmental Activities	$ (929,398)	$ (1,034,475)	$ (1,069,140)	$ (1,169,797)	$ (1,210,808)	$ (1,233,123)	$ (1,268,002)	$ (1,437,254)	$ (1,358,695)	$ (1,483,551)
Business-Type Activities	4,172	24,206	26,684	5,125	19,147	22,084	25,360	(7,362)	6,155	22,953
Total Primary Government Net (Expense)	$ (925,226)	$ (1,010,269)	$ (1,042,456)	$ (1,164,672)	$ (1,191,661)	$ (1,211,039)	$ (1,242,642)	$ (1,444,616)	$ (1,352,540)	$ (1,460,598)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	$ 407,183	$ 406,579	$ 396,847	$ 395,944	$ 402,619	$ 423,781	$ 446,705	$ 495,638	$ 550,204	$ 577,870
General Sales and Use	221,746	223,475	236,819	259,927	287,944	324,612	339,012	347,874	358,076	378,367
Selective Sales and Use	5,741	5,921	5,879	5,200	5,799	7,554	7,957	8,516	8,875	9,554
Gross Receipts Business	33,396	35,913	34,341	33,625	33,745	34,784	36,202	35,992	33,380	32,086
Occupancy	58,800	59,734	62,968	67,937	72,770	77,064	79,163	81,280	85,814	91,563
Penalties and Interest on Delinquent Taxes	3,784	3,885	3,797	3,554	3,302	3,557	3,303	3,480	3,647	3,923
Revenues from Utilities	275,993	293,091	308,838	299,693	307,687	355,515	348,997	345,666	363,612	389,319
Investment Earnings	17,500	6,954	6,184	5,005	5,192	3,997	3,164	4,811	8,109	19,031
Miscellaneous	24,017	24,039	40,217	53,990	35,500	50,868	62,021	84,841	82,132	96,643
Special Items										
Transfers, net	498	5,429	1,404	1,156	(2,871)	1,570	7,720	3,733	6,006	35,554
Total Governmental Activities	1,048,658	1,065,020	1,097,294	1,126,031	1,151,687	1,283,302	1,334,244	1,411,831	1,499,855	1,633,910
Business-Type Activities:										
Investment Earnings	4,769	823	772	827	1,026	764	562	1,152	1,969	3,808
Miscellaneous	464	1,547	450	1,585	621	4,861	13,440	1,684	5,396	4,568
Special Items	4,528									
Transfers, net	(498)	(5,429)	(1,404)	(1,156)	(4,351)	(4,552)	(7,364)	(3,824)	(4,619)	(36,401)
Total Business-Type Activities	9,263	(3,059)	(182)	1,256	(2,704)	1,073	6,638	(988)	2,746	(28,025)
Total Primary Government	$ 1,057,921	$ 1,061,961	$ 1,097,112	$ 1,127,287	$ 1,148,983	$ 1,284,375	$ 1,340,882	$ 1,410,843	$ 1,502,601	$ 1,605,885
Change in Net Position:										
Governmental Activities	$ 119,260	$ 30,545	$ 28,154	$ (43,766)	$ (59,121)	$ 50,179	$ 66,242	$ (25,423)	$ 141,160	$ 150,359
Business-Type Activities	13,435	21,147	26,502	6,381	16,443	23,157	31,998	(8,350)	8,901	(5,072)
Total Primary Government	$ 132,695	$ 51,692	$ 54,656	$ (37,385)	$ (42,678)	$ 73,336	$ 98,240	$ (33,773)	$ 150,061	$ 145,287

Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2009	2010	2011 [1]	2012	2013	2014	2015 (Restated)	2016	2017	2018
General Fund:										
Reserved	$ 16,100	$ 30,526								
Unreserved	190,407	199,110								
Total General Fund	$ 206,507	$ 229,636								
All Other Governmental Funds:										
Reserved	$ 377,536	$ 421,620								
Unreserved, reported in:										
Special Revenue	2,734	4,183								
Permanent	4,649	4,802								
Capital Project										
Unrestricted	354,906	298,480								
Total All Other Governmental Funds	$ 739,825	$ 729,085								
General Fund:										
Nonspendable			$ 4,939	$ 5,800	$ 6,238	$ 5,504	$ 7,026	$ 6,681	$ 6,087	$ 6,887
Restricted			1,107	1,003	718	1,032	537	470	528	2,283
Committed			48,540	47,035	39,603	46,882	52,686	49,333	64,594	97,134
Assigned			7,413	4,143	3,230	523	521	6,554	10	8
Unassigned			170,693	158,532	135,375	164,654	182,698	192,072	212,930	243,828
Total General Fund			$ 232,692	$ 216,513	$ 185,164	$ 218,595	$ 243,468	$ 255,110	$ 284,149	$ 350,140
All Other Governmental Funds:										
Nonspendable			$ 4,416	$ 5,235	$ 4,943	$ 4,716	$ 11,274	$ 11,635	$ 6,220	$ 8,357
Restricted			686,530	665,530	946,189	853,657	744,698	644,983	629,077	840,375
Committed			67,281	77,204	85,060	101,183	101,040	72,312	87,316	98,975
Assigned			13,237	12,330	19,866	24,495	19,384	32,407	10,665	3,367
Unassigned			(74,796)	(38,916)	(30,699)	(3,427)	(14,860)	(10,478)	(7,617)	(7,346)
Total All Other Governmental Funds			$ 696,668	$ 721,383	$ 1,025,359	$ 980,624	$ 861,536	$ 750,859	$ 725,661	$ 943,728

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

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Statistical Data
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2009	2010 [1]	2011	2012	2013 [2]	2014	2015	2016	2017	2018
Revenues:										
Taxes	$ 729,808	$ 733,694	$ 740,039	$ 766,903	$ 808,185	$ 872,987	$ 912,934	$ 973,357	$ 1,032,903	$ 1,091,138
Licenses and Permits	7,090	7,769	8,680	8,469	8,343	7,396	8,107	8,961	9,264	9,160
Intergovernmental	229,476	269,315	306,813	245,030	230,356	240,847	198,307	235,542	233,963	216,367
Revenues from Utilities	275,605	292,726	308,451	299,306	307,300	348,480	348,997	345,666	363,612	389,319
Charges for Services	143,526	144,293	117,607	122,229	131,220	153,995	169,492	169,896	187,071	195,946
Fines and Forfeits	13,111	11,506	14,124	14,807	13,925	13,597	12,589	11,215	12,317	12,253
Miscellaneous	30,631	34,393	40,626	43,989	35,308	50,955	57,546	69,440	70,978	78,534
Investment Earnings	15,696	6,383	5,515	4,354	4,232	3,505	2,761	4,158	7,006	16,261
Contributions	30,359	83,541	104,709	123,020	128,012	30,579	31,596	44,141	48,587	47,579
In-Kind Contributions [1]	13,273									
Total Revenues	1,488,575	1,583,620	1,646,564	1,628,107	1,666,881	1,722,341	1,742,329	1,862,376	1,965,701	2,056,557
Expenditures:										
General Government	85,651	92,054	93,797	105,291	94,973	74,902	79,295	85,007	88,856	89,784
Public Safety	501,560	522,982	553,324	571,221	659,949	688,987	711,201	731,816	751,133	774,563
Public Works	103,127	114,327	93,975	88,697	92,498	164,768	112,470	118,290	131,310	127,177
Health Services	90,615	96,342	102,723	100,061	36,625	52,499	56,133	58,533	63,729	61,664
Sanitation	3,764	8,596	20,020	14,590	13,190	7,050	6,963	7,174	9,891	6,957
Welfare	162,411	176,961	184,942	156,105	159,528	113,074	123,064	128,236	139,916	144,121
Culture and Recreation	127,830	123,202	132,801	132,596	146,270	142,537	155,098	161,757	158,688	172,407
Convention and Tourism	20,930	21,240	20,043	20,158	18,939	20,969	23,406	45,246	51,373	51,829
Urban Redevelopment and Housing	43,700	41,686	13,298	15,902	9,214	25,251	30,496	28,424	29,945	33,083
Education					3,500	34,750	57,172	63,032	76,157	74,064
Economic Development and Opportunity	20,307	106,645	23,951	114,927	116,838	25,524	34,762	23,282	28,458	27,383
Environmental										1,247
Capital Outlay	313,944	287,722	411,270	301,381	291,038	379,309	475,466	455,746	410,626	298,671
Debt Service:										
Principal Retirement	113,316	152,605	140,975	117,265	117,595	130,412	140,963	149,489	162,594	172,790
Interest	79,723	75,614	83,981	87,327	102,965	105,417	105,939	110,902	111,584	113,702
Issuance Costs	1,630	3,518	1,626	1,732	6,465	1,862	2,544	2,192	1,951	1,832
Total Expenditures	1,668,508	1,823,494	1,876,726	1,827,253	1,869,587	1,967,311	2,114,972	2,169,126	2,216,211	2,151,274
(Deficiency) of Revenues (Under) Expenditures	(179,933)	(239,874)	(230,162)	(199,146)	(202,706)	(244,970)	(372,643)	(306,750)	(250,510)	(94,717)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	205,485	413,180	176,635	218,985	793,671	223,555	237,765	180,114	221,934	310,557
Refunding Debt Issued						67,050	144,880	147,130		
Payments to Refunded Bond Escrow Agent		(185,508)		(37,892)	(356,969)	(76,531)	(159,593)	(176,308)		
Issuance of Notes and Loans	1,768		14,716					835		
Issuance of Commercial Paper	15,305									
Premium/(Discount) on Long-Term Debt	3,034	27,680	15,182	30,617	43,246	31,455	41,762	51,282	24,002	32,069
Transfers In	411,807	361,508	336,070	368,586	694,459	528,253	585,857	550,511	550,995	453,830
Transfers Out	(415,809)	(364,600)	(340,516)	(369,827)	(698,979)	(532,384)	(574,161)	(545,849)	(542,608)	(417,681)
Total Other Financing Sources (Uses)	221,590	252,260	202,087	210,469	475,428	241,398	276,510	207,715	254,323	378,775
Net Change in Fund Balances	$ 41,657	$ 12,386	$ (28,075)	$ 11,323	$ 272,722	$ (3,572)	$ (96,133)	$ (99,035)	$ 3,813	$ 284,058
Debt Service as a Percentage of Noncapital Expenditures	13.9%	14.5%	14.2%	13.1%	13.8%	14.9%	14.6%	14.8%	15.3%	15.5%

[1] In-Kind Contributions was combined under Contributions in fiscal year 2010

[2] EMS was reclassed from Health Services to Public Safety

Statistical Data
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property [1]	Sales and Use [2]	Alcoholic Beverage Tax [3]	Business Tax	Hotel/Motel Occupancy	Penalties and Interest and Judgments	Total
2009	406,341	221,746	5,741	33,396	58,800	3,784	729,808
2010	404,766	223,475	5,921	35,913	59,734	3,885	733,694
2011	396,235	236,819	5,879	34,341	62,968	3,797	740,039
2012	396,660	259,927	5,200	33,625	67,937	3,554	766,903
2013	404,625	287,944	5,799	33,745	72,770	3,302	808,185
2014	425,416	324,612	7,554	34,784	77,064	3,557	872,987
2015	447,297	339,012	7,957	36,202	79,163	3,303	912,934
2016	496,215	347,874	8,516	35,992	81,280	3,480	973,357
2017	543,111	358,076	8,875	33,380	85,814	3,647	1,032,903
2018	575,645	378,367	9,554	32,086	91,563	3,923	1,091,138
Change:							
2009-2018	41.7%	70.6%	66.4%	-3.9%	55.7%	3.7%	49.5%

[1] The City had maintained the property tax rate at a current tax rate from 2010 to 2015, and was able to reduce the property tax rate in 2016 because of growth in property tax values (see Assessed Value and Actual Value of Taxable Property).

[2] Sales and Use tax revenues increased in the past ten years due to a combination of rate increases (see Direct and Overlapping Sales and Use Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales and use tax base.

[3] Alcohol Beverage Tax increased in 2014 due to the restoration of administrative fee to the City, plus additional State legislative measures to broaden the Alcohol Beverage Tax base.

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Statistical Data
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property [1]	Estimated Actual Value	Total Direct Tax Rate
2009	$ 42,379,588	$ 30,763,686	$ 2,735,402	$ 7,973,642	$ 11,311,176	$ 72,541,142	0.57
2010	41,874,227	32,060,323	2,515,645	8,031,416	11,738,392	72,743,219	0.57
2011	41,545,063	30,853,443	2,363,174	7,974,502	11,728,635	71,007,547 [2]	0.57
2012	41,126,475	31,052,797	2,362,451	8,114,854	11,975,378	70,681,199 [2]	0.57
2013	40,716,193	32,283,498	2,455,552	8,039,080	12,095,367	71,398,956	0.57
2014	41,251,546	34,899,935	2,494,938	8,336,790	12,371,142	74,612,067	0.57
2015	43,908,306	37,346,495	2,438,664	8,778,393	13,241,605	79,230,253	0.57
2016	49,166,613	42,931,187	2,820,244	9,403,514	14,980,047	89,341,511	0.56
2017	53,399,742	47,829,963	3,110,813	10,105,288	16,255,650	98,190,156	0.56
2018	57,302,203	51,196,368	3,385,569	10,956,518	17,170,373	105,670,285	0.56

Source: Bexar Appraisal District

[1] Tax-exempt property deductions include deductions of residential homestead exemptions and exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include historic properties, tax phase-ins, freeport, absolute, prorated, low income housing, pollution control, community housing development organization, disabled person residence homestead, armed services surviving spouse, and personal property vehicle.

[2] Net Taxable Assessed Value decreased in 2011 and 2012 due to a reduction in base values.

Statistical Data
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)

		City Direct Rates			Overlapping Rates					
Fiscal Year	Tax Roll	General Fund	Debt Service Funds	Total Direct	Alamo Community College	Bexar County	University Health System	San Antonio River Authority	Alamo Heights ISD	East Central ISD
2009	2008	$ 0.355640	$ 0.211500	$ 0.567140	$ 0.135855	$ 0.326866	$ 0.266235	$ 0.015951	$ 1.162000	$ 1.319500
2010	2009	0.354190	0.211500	0.565690	0.135855	0.326866	0.276235	0.015951	1.168000	1.319500
2011	2010	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.016652	1.198000	1.296000
2012	2011	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.017370	1.218000	1.296000
2013	2012	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017370	1.218000	1.275000
2014	2013	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017500	1.205000	1.275000
2015	2014	0.354190	0.211500	0.565690	0.149150	0.314500	0.276235	0.017290	1.195000	1.265000
2016	2015	0.346770	0.211500	0.558270	0.149150	0.314500	0.276235	0.017290	1.195000	1.285000
2017	2016	0.346770	0.211500	0.558270	0.149150	0.308950	0.276235	0.017290	1.200000	1.335000
2018	2017	0.346770	0.211500	0.558270	0.149150	0.277429	0.276235	0.018580	1.255000	1.325000

		Overlapping Rates									
Fiscal Year	Tax Roll	Edgewood ISD	Harlandale ISD	Judson ISD	Northeast ISD	Northside ISD	San Antonio ISD	Somerset ISD	South San Antonio ISD	Southside ISD	Southwest ISD
2009	2008	$ 1.405000	$ 1.479000	$ 1.463000	$ 1.402900	$ 1.337500	$ 1.249700	$ 1.228000	$ 1.433800	$ 1.368990	$ 1.243200
2010	2009	1.420000	1.604800	1.463000	1.402900	1.365500	1.279700	1.289000	1.454900	1.368990	1.256100
2011	2010	1.407000	1.544400	1.430000	1.402900	1.375500	1.307600	1.278000	1.454900	1.368990	1.222600
2012	2011	1.398000	1.538500	1.425000	1.402900	1.375500	1.357600	1.278000	1.454900	1.368900	1.273000
2013	2012	1.398000	1.538500	1.425000	1.425000	1.375500	1.357600	1.278000	1.451500	1.368900	1.401622
2014	2013	1.382600	1.528800	1.425000	1.440600	1.375500	1.382600	1.278000	1.451500	1.368900	1.465000
2015	2014	1.362700	1.528800	1.420000	1.440600	1.375500	1.382600	1.278000	1.451500	1.368900	1.414900
2016	2015	1.355900	1.528800	1.470000	1.415000	1.375500	1.512600	1.278000	1.451500	1.368900	1.473000
2017	2016	1.385178	1.528800	1.425000	1.385000	1.375500	1.532600	1.450700	1.451500	1.607100	1.473000
2018	2017	1.377242	1.558800	1.440000	1.360000	1.375500	1.562600	1.442173	1.451500	1.575900	1.473000

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts

Statistical Data
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

Taxpayer	2018 Taxable Assessed Value	2018 Rank	2018 Percentage of Total City Taxable Assessed Value[1]	2009 Taxable Assessed Value	2009 Rank	2009 Percentage of Total City Taxable Assessed Value[1]
H.E.Butt Grocery Company	$ 1,332,999	1	1.24%	$ 796,159	1	1.10%
United Services Automobile Association	750,374	2	0.70%	349,182	7	0.48%
VHS San Antonio Partners LP	658,637	3	0.61%	408,944	3	0.56%
Wal-Mart Stores, Inc.	657,872	4	0.61%	342,434	8	0.47%
Methodist Healthcare System	608,208	5	0.57%	365,389	5	0.50%
General Growth Properties, Inc. [2]	562,688	6	0.52%	170,771	10	0.24%
Toyota Motor Manufacturing Texas	549,012	7	0.51%	551,360	2	0.76%
Microsoft International, Inc.	445,155	8	0.41%			
Frankel Family Trust	345,968	9	0.32%			
Hyatt Regency Hotels	298,590	10	0.28%	355,943	6	0.49%
Marriott International, Inc.				331,663	9	0.46%
AT&T				374,262	4	0.52%
Total	$ 6,209,503		5.77%	$ 4,046,107		5.58%

[1] Based on Bexar Appraisal District values as of Certification.
[2] Formerly named La Cantera Retail LTD Partnership.

Source: City of San Antonio

Statistical Data
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [2 3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 405,010	$ 398,119	98.30%	$ 3,900	$ 402,019	99.26%
2010	405,896	397,356	97.90%	3,886	401,242	98.85%
2011	396,621	389,419	98.18%	4,648	394,067	99.36%
2012	395,466	389,217	98.42%	4,652	393,869	99.60%
2013	400,055	394,756	98.68%	3,216	397,972	99.48%
2014	417,936	413,452	98.93%	1,444	414,896	99.27%
2015	442,164	437,746	99.00%	1,244	438,990	99.28%
2016	489,748	484,769	98.98%	2,135	486,904	99.42%
2017	535,505	529,916	98.96%	1,506	531,422	99.24%
2018	573,757	567,369	98.89%		567,369	98.89%

[1] Taxes levied, less the over-65 and disabled tax freeze amount.

[2] Penalty, judgments, and interest on judgments are excluded.

[3] Amounts represent the taxes levied during that fiscal year-end that were collected in subsequent fiscal years.

Statistical Data
Taxable Sales by Category
Last Ten Calendar Years
(In Thousands)

	Calendar Year [1]									
	2008	2009	2010	2011	2012	2013 [4]	2014	2015	2016	2017
Motor Vehicle and Parts Dealers	$ 407,697	$ 412,029	$ 443,562	$ 490,986	$ 541,129	$ 571,398	$ 608,744	$ 614,692	$ 615,592	$ 615,479
Furniture and Home Furnishings Stores	440,347	408,767	401,945	416,000	458,965	480,569	563,611	637,118	563,966	556,688
Electronics and Appliance Stores	580,391	543,728	526,011	643,608	618,470	660,797	545,778	522,708	516,082	524,175
Building Material and Garden Equipment and Supplies Dealers	913,203	845,675	931,836	1,018,861	1,171,782	1,270,827	1,430,979	1,528,088	1,547,838	1,612,541
Food and Beverage Stores [2]	941,084	972,101	993,209	1,028,454	1,090,222	1,214,149	1,242,065	1,267,148	1,301,232	1,307,578
Health and Personal Care Stores	220,280	217,338	223,256	256,765	271,402	284,652	292,477	287,982	296,910	286,245
Gasoline Stations	361,806	373,608	388,912	389,164	444,008	392,004	405,563	434,216	462,318	490,228
Clothing and Clothing Accessories Stores [3]	1,068,400	990,423	973,059	1,033,708	1,137,776	1,214,530	1,222,788	1,228,480	1,206,815	1,152,396
Sporting Goods, Hobby, Book and Music Stores	455,327	456,367	476,985	503,160	534,610	567,623	574,906	569,892	556,242	504,898
General Merchandise Stores	2,234,452	2,163,415	2,186,077	2,223,217	2,303,225	2,358,250	2,473,208	2,575,692	2,589,998	2,593,070
Miscellaneous Store Retailers	496,931	472,380	499,347	495,304	524,087	558,642	558,764	543,416	541,602	532,605
Nonstore Retailers	51,109	36,814	39,387	57,455	55,622	57,204	62,149	106,696	95,331	78,624
Food Services and Drinking Places	2,333,486	2,340,982	2,481,983	2,652,204	2,887,476	3,040,666	3,245,232	3,447,511	3,625,730	3,730,076
Total	$ 10,504,513	$ 10,233,627	$ 10,565,569	$ 11,208,886	$ 12,038,774	$ 12,671,311	$ 13,226,264	$ 13,763,639	$ 13,919,656	$ 13,984,603
City Direct Sales Tax Rate	1.125%	1.125%	1.125%	1.125%	1.125%	1.250%	1.250%	1.250%	1.250%	1.250%

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2018 information will not be available until May 2019.

[2] General grocery items are not taxable; the sales and use tax applies only to prepared food items and nonfood items.

[3] Clothing under $100 is exempt during the sales and use tax holiday in August.

[4] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

Statistical Data
Direct and Overlapping Sales and Use Tax Rates
Last Ten Fiscal Years

Fiscal Year	San Antonio Tax	Pre-K 4 SA Tax[3]	San Antonio ATD[1]	San Antonio MTA[2]	State of Texas	Total[4]
2009	1.125%		0.250%	0.500%	6.250%	8.125%
2010	1.125%		0.250%	0.500%	6.250%	8.125%
2011	1.125%		0.250%	0.500%	6.250%	8.125%
2012	1.125%		0.250%	0.500%	6.250%	8.125%
2013	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2014	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2015	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2016	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2017	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2018	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%

[1] San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other related transportation infrastructure.

[2] San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designated boundaries.

[3] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

[4] The City is currently at its Sales and Use Tax Rate maximum limit of 8.250%.

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Governmental Activities

Fiscal Year	Tax-Exempt General Obligation Bonds [2, 3]	Taxable General Obligation Bonds [2, 3]	Tax-Exempt Commercial Paper	Tax-Exempt Certificates of Obligation [2, 3]	Taxable Certificates of Obligation [2, 3]	Tax Notes [2, 3]	Contractual Obligations	Revenue Bonds [2, 3]	Revenue Notes	Capital Leases	Notes Payable
2009	$ 771,676	$ -	$ 25,805	$ 355,893	$ 155	$ 48,095	$ -	$ 570,941	$ -	$ 10,567	$ 53,355
2010	760,669	191,550	14,370	319,607	80	29,529		557,441		5,796	50,880
2011	768,769	191,550		372,509		28,439		575,047		17,045	48,816
2012	873,499	191,550		347,355		32,651		594,084		14,193	46,631
2013	934,975	191,550		340,515		19,844		905,902	18,460	15,285	43,671
2014	1,022,004	191,550		292,475		38,465	17,500	895,909	28,055	8,916	41,320
2015	1,147,841	191,550		262,478	43,825	27,013	8,835	885,660	15,725	13,498	44,910
2016	1,175,231	191,550		257,939	66,864	37,302		874,310	12,765	14,822	42,784
2017	1,151,889	191,550		309,005	112,149	44,838		859,819	9,715	11,540	35,080
2018	1,202,655	191,550		395,595	118,328	54,940		844,898	6,575	22,889	32,053

Business-Type Activities

Fiscal Year	Tax-Exempt General Obligation Bonds [2]	Taxable General Obligation Bonds [2]	Tax-Exempt Certificates of Obligation [2]	Tax Notes [2]	Revenue Bonds [2]	Capital Leases	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
2009	$ 905	$ 17,723	$ 2,827	$ -	$ 370,305	$ 24,664	$ 2,252,911	8.15%	$ 1,695
2010	1,435	16,992	2,225	34,500	353,395	25,615	2,364,084	8.22%	1,764
2011	1,401	16,163	2,125		413,814	21,140	2,456,818	8.69%	1,862
2012	1,337	14,969	2,007		395,483	21,312	2,535,071	8.92%	1,911
2013	1,286	13,658	1,894		374,045	16,105	2,877,190	9.91%	2,116
2014	1,329	12,093	1,670		350,636	16,471	2,918,393	9.49%	2,110
2015	2,542	11,098	331		498,477	15,580	3,169,363	10.04%	2,249
2016	2,579	10,102	7,604		479,959	33,598	3,207,409	9.78%	2,232
2017	2,472	9,080	13,074		460,587	23,425	3,234,223	9.27%	2,200
2018	2,265	8,004	38,336	36,000	440,472	16,939	3,411,499	9.40%	2,248

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

[2] Amounts are net of premiums/discounts.

[3] Restated premiums/discounts in FY 2014

Statistical Data
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental and Business-Type Activities [1]								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Contractual Obligations	Total [2]	Less Principal [3]	Net Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita [4]
2009	$ 790,304	$ 358,875	$ 48,095	$ -	$ 1,197,274	$ (81,680)	$ 1,115,594	1.54%	$ 839.43
2010	970,646	321,912	64,029		1,356,587	(96,675)	1,259,912	1.73%	939.85
2011	977,883	374,634	28,439		1,380,956	(63,068)	1,317,888	1.86%	998.78
2012	1,081,355	349,362	32,651		1,463,368	(81,348)	1,382,020	1.96%	1,041.82
2013	1,141,469	342,409	19,844		1,503,722	(57,730)	1,445,992	2.03%	1,063.44
2014	1,226,976	294,145	38,465	17,500	1,577,086	(69,915)	1,507,171	2.02%	1,089.63
2015	1,353,031	306,634	27,013	8,835	1,695,513	(104,680)	1,590,833	2.01%	1,129.04
2016	1,379,462	332,407	37,302		1,749,171	(132,940)	1,616,231	1.81%	1,124.96
2017	1,354,991	434,228	44,838		1,834,057	(184,962)	1,649,095	1.68%	1,121.97
2018	1,404,474	552,259	90,940		2,047,673	(254,237)	1,793,436	1.70%	1,181.55

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] Governmental and Business-Type amounts are net of premiums/discounts.

[2] Airport, Parking, and Solid Waste utilized part of this debt from FY 2008 to FY 2018; refer to Note 7 Long-Term Debt.

[3] Resources have been externally restricted for the repayment of the principal of debt.

[4] Population data can be found in Demographic and Economic Statistics.

Statistical Data
Direct and Overlapping Governmental Activities Debt
As of September 30, 2018
(In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 467,863	71.55%	$ 334,756
Bexar County Bonds	1,601,660	71.68%	1,148,070
San Antonio River Authority Bonds	23,116	70.07%	16,197
University Health System	891,565	71.50%	637,469
Alamo Heights Independent School District Bonds	198,021	50.76%	100,515
East Central Independent School District Bonds	123,169	49.39%	60,833
Edgewood Independent School District Bonds	69,667	100.00%	69,667
Harlandale Independent School District Bonds	216,957	12.53%	27,185
Judson Independent School District Bonds	607,411	36.61%	222,373
Northeast Independent School District Bonds	1,394,260	84.71%	1,181,078
Northside Independent School District Bonds	2,181,853	71.78%	1,566,134
San Antonio Independent School District Bonds	693,282	99.21%	687,805
Somerset Independent School District Bonds	35,098	4.36%	1,530
South San Antonio Independent School District Bonds	156,587	100.00%	156,587
Southside Independent School District Bonds	93,139	32.95%	30,689
Southwest Independent School District Bonds	388,568	65.50%	254,512
Total Overlapping Debt			$ 6,495,400
City Direct Debt			$ 2,718,465
Total Direct and Overlapping Debt			$ 9,213,865

Sources: Assessed value data used to estimate applicable percentages provided by the districts. Debt outstanding data provided by each overlapping government.

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

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Statistical Data
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value	$ 124,335,990
Debt Limit (10.0% of Assessed Value)	12,433,599
Debt Applicable to Limit:	
Total Bonded Debt	1,915,155
Less: Self-Supporting Debt:	(254,237)
Debt Supplemented by Other Sources	
Assets Available for Payment of Principal In:	
Debt Service Fund	(34,493)
Total Net Debt Applicable to Limit	1,626,425
Legal Debt Margin	$ 10,807,174

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	$ 8,385,232	$ 8,448,161	$ 8,273,618	$ 8,265,658	$ 8,349,432	$ 8,698,321	$ 9,247,186	$ 10,432,156	$ 11,444,581	$ 12,433,599
Total Net Debt Applicable to Limit	986,437	1,159,482	1,177,644	1,246,134	1,297,787	1,381,400	1,448,815	1,450,349	1,487,662	1,626,425
Legal Debt Margin	$ 7,398,795	$ 7,288,679	$ 7,095,974	$ 7,019,524	$ 7,051,645	$ 7,316,921	$ 7,798,371	$ 8,981,807	$ 9,956,919	$ 10,807,174
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.8%	13.7%	14.2%	15.1%	15.5%	15.9%	15.7%	13.9%	13.0%	13.1%

Note: City Charter and the Constitution of the State of Texas sets limits of bond indebtedness at 10.0% of assessed valuation.

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Hotel Occupancy Tax Revenue Bonds[1]: Hotel Occupancy Tax	Debt Service: Principal	Debt Service: Interest	Coverage	Texas Convention Center Hotel Finance[2]: Net Revenues of Hotel	Debt Service: Principal	Debt Service: Interest	Coverage
2009	$ 45,733	$ 4,255	$ 5,539	4.7	$ -	$ -	$ 10,442	-
2010	46,460	7,265	4,199	4.1		2,150	10,442	
2011	48,975	7,660	3,952	4.2		2,320	10,345	
2012	52,840	8,385	3,819	4.3		2,500	10,238	
2013						2,690	10,122	
2014						2,895	9,993	
2015						3,120	9,850	
2016						3,350	9,699	
2017						3,600	9,528	
2018						3,860	9,344	

Fiscal Year	Municipal Drainage Utility System: Municipal Drainage Utility System Revenue	Debt Service: Principal	Debt Service: Interest	Coverage	Starbright Industrial Development Corporation: Pledged Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2009	$ 36,306	$ 2,685	$ 4,617	5.0	$ 265,512	$ 550	$ 1,113	159.7
2010	36,972	2,795	4,507	5.1	283,502	565	1,097	170.6
2011	37,576	2,915	4,390	5.1	297,630	585	1,078	179.0
2012	38,187	3,055	4,253	5.2	288,096	605	1,057	173.3
2013	38,847	3,200	2,851	6.4	293,310		605	484.8
2014	39,279	3,245	3,312	6.0	331,717		733	452.5
2015	39,919	3,390	3,170	6.1	332,068		733	453.0
2016	42,955	3,515	3,045	6.6	331,847	825	733	213.0
2017	47,436	3,645	2,919	7.2	346,985	935	724	209.2
2018	50,167	3,785	2,770	7.7	371,136	950	710	223.6

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2013 the City's Public Facilities Corporation issued Lease Revenue Bonds to refund all Hotel Occupancy Tax Revenue Bonds and finance the Convention Center expansion project. The debt issued by the Public Facilities Corporation is paid by annually appropriated lease payments made by the City to the Public Facilities Corporation.

[2] The bonds are secured by a lien on and are payable from the following sources of revenue (in the order of priority given): first, the Pledged Hotel Operating Revenues which are the net revenues derived from the Hotel that remain after making necessary monthly escrow payments for property taxes; insurance premiums; and furniture, fixtures, and equipment replacements; second, the State Hotel Occupancy Tax collected at the Hotel; third, the State Sales Tax collected at the Hotel; fourth, the Hotel specific General Hotel Occupancy Tax (7.0% HOT); and fifth, the Expansion Hotel Occupancy Tax revenues collected Citywide (2.0% HOT).

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Airport System

Fiscal Year	Airport System Revenues	Debt Service Principal	Debt Service Interest	Coverage
2009	$ 61,672	$ 9,665	$ 12,456	2.8
2010	58,137	5,380	11,770	3.4
2011	63,761	13,325	11,661	2.6
2012	62,300	12,845	10,200	2.7
2013	61,404	13,190	10,750	2.6
2014	61,734	13,440	9,874	2.6
2015	62,782	11,250	9,316	3.1
2016	76,546	11,695	10,670	3.4
2017	73,758	12,220	10,296	3.3
2018	79,689	12,795	9,731	3.5

PFC Operations

Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009	$ 32,024	$ 16,116	$ 13,216	$ 34,924	$ 3,535	$ 7,222	3.2
2010	30,752	16,766	6,049	41,469	3,690	7,066	3.9
2011	32,498	16,197	7,926	40,769	4,845	7,783	3.2
2012	25,200	16,364	3,725	37,839	4,795	7,605	3.1
2013	21,542	16,064	715	36,891	4,925	7,904	2.9
2014	21,165	15,318	10	36,473	5,225	7,609	2.8
2015	20,230	16,582	340	36,472	5,460	7,380	2.8
2016	19,868	16,035	113	35,790	5,705	7,138	2.8
2017	19,228	17,994		37,222	5,975	6,869	2.9
2018	20,727	19,032		39,759	6,265	6,583	3.1

CFC Operations[1]

Fiscal Year	CFC Beginning Fund Balance	CFC Revenues	Less: CFC Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2015	$ -	$ 9,621	$ -	$ 9,621	$ -	$ -	
2016		10,694		10,694		6,293	1.7
2017		10,676		10,676		6,823	1.6
2018		12,024		12,024		6,823	1.8

(End of Schedule)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] CFC Operations started in fiscal year 2015.

Statistical Data
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	1,328,984	$ 27,653,499	$ 20,808	32.8	295,673	4.2%
2009	1,340,549	28,750,754	21,447	32.6	296,328	5.9%
2010	1,319,492	28,260,879	21,418	32.1	387,343	7.0%
2011	1,326,539	28,421,098	21,425	32.8	392,897	7.1%
2012	1,359,730	29,038,394	21,356	32.7	396,718	6.4%
2013	1,383,194	30,752,552	22,233	33.2	397,500	5.8%
2014	1,409,019	31,581,326	22,414	33.0	407,047	4.8%
2015	1,436,697	32,790,329	22,823	33.2	401,771	3.7%
2016	1,469,824	34,905,380	23,748	33.1	403,558	3.7%
2017	1,517,866	36,308,882	23,921	33.5	401,867	3.5%

Sources: Population, personal income, per capita income, median age and school enrollment information provided by the Planning & Community Development Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission.

Statistical Data
Principal Employers
Current Year and Nine Years Ago

	2018			2009		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment [1]**	**Employees**	**Rank**	**Percentage of Total City Employment [2]**
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph[3]	64,967	1	6.24%	71,561	1, 2, 7	8.55%
H.E.B. Food Stores	22,000	2	2.11%	14,588	3	1.74%
USAA	18,305	3	1.76%	14,000	4	1.67%
Northside Independent School District	13,977	4	1.34%	12,597	6	1.50%
City of San Antonio	11,923	5	1.15%	13,862	5	1.66%
Methodist Health Care System	9,620	6	0.92%	7,800	9	0.93%
North East Independent School District	8,789	7	0.84%	8,900	8	1.06%
San Antonio Independent School District	6,631	8	0.64%	7,616	10	0.91%
Baptist Health Systems	6,383	9	0.61%			
Wells Fargo	5,152	10	0.49%			
Total	167,747		16.10%	150,924		18.02%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2017, and Department of Defense personnel statistics.

1 Percent based on an Employment Estimate of 1,041,300 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2018. Figure provided by the Texas Workforce Commission.

2 Percent based on an Employment Estimate of 837,300 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2009. Figure provided by the Texas Workforce Commission.

3 In fiscal year 2012, Lackland, Fort Sam and Randolph military operations were consolidated into Joint Base San Antonio. In fiscal year 2009, the employee counts were 34,380, 25,391, and 11,790, respectively.

Statistical Data
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program:										
Mayor and Council	17	17	15	18	19	18	15	15	18	18
City Manager	17	17	17	15	18	18	15	20	18	18
Animal Care Services	104	108	103	117	116	109	112	116	121	123
Arts and Culture [14]	12	11	12	12	19	20	24	18	17	16
Aviation Civilian Employees	424	415	409	425	338	322	349	353	368	408
Aviation Uniformed - Fire and Rescue	27	30	31	33	52	49	31	28	30	30
Building & Equipment Services [11]	161	147	157	256	250	155	156	157	169	166
Capital Management Services (CMS) [10]	183	196	200	200	198					
Center City Development [2 9 14]			6	7	7	121	114	132	136	132
City Attorney	104	104	99	95	94	84	84	83	79	79
City Auditor	22	22	20	21	21	21	22	24	21	21
City Clerk	24	20	21	22	27	30	28	29	29	32
Code Enforcement Services						137	133	141	142	146
Communications and Public Affairs [8 13]	9	8	13	16	16	56	50			
Convention and Visitors Bureau [17]	90	86	84	132	127	80	81	76		
Convention, Sports and Entertainment Facilities	298	280	290	311	292	297	283	285	312	322
Customer Services/311 System [8]	62	56	59	52	42					
Development Services [1]	220	200	225	199	195	221	231	233	255	261
Downtown Operations [9]	174	160	140	143	123					
Eastpoint						15	15	3	4	2
Early Education Development					146	300	344	356	358	373
Economic Development [12]	35	33	24	27	21	24	23	29	35	34
Finance [3]	87	82	89	134	186	145	147	143	134	131
Firefighters and EMS	1,533	1,568	1,606	1,612	1,641	1,655	1,601	1,616	1,714	1,719
Fire Department Civilian Employees	133	159	144	124	107	112	153	158	264	119
Government and Public Affairs [13 18]								59	69	34
Grants Monitoring and Administration [5]	21	25	22	16						
Health	365	360	345	314	295	292	306	312	354	364
Housing and Neighborhood Services [7]	173	154	131	133	134					
Human Resources	85	73	69	84	80	105	102	105	112	167
Human Services	319	278	251	286	285	255	297	296	312	310
Information Technology Services	218	214	199	194	317	309	309	314	317	322
Intergovernmental Relations [12]	5	5	5	5	5	7	7			
International Affairs [4]	10	8	4	4						
Library	331	300	321	497	468	297	297	308	310	321
Municipal Court	166	174	182	188	171	175	168	160	114	124
Municipal Court Detention Center									41	38
Neighborhood and Housing Services [19]										51
Non Departmental [4]	24	36	36	30	53	35	36	28	40	29
Office of 311/Customer Service [18]										37
Office of Historic Preservation [6]						12	16	15	18	16
Office of Innovation [16]									8	5
Office of Management and Budget	18	17	23	22	21	26	24	24	18	16
Parks and Recreation	646	617	602	630	587	566	594	606	474	464
Parks Police									160	174
Planning and Community Development [1 5 19]				48	57	52	56	55	62	18
Police Officers	2,186	2,229	2,261	2,276	2,311	2,333	2,191	2,199	2,201	2,240
Police Department Civilian Employees	638	599	585	565	547	506	541	551	815	724
Public Works [10]	636	610	591	600	547					
Purchasing and Contract Services [3]	131	136	131	2						
Risk Management [15]									19	17
Solid Waste Management [11]	452	455	447	521	512	578	606	609	649	684
Transportation and Capital Improvements [10]						698	741	740	758	794
Total	10,160	10,009	9,969	10,386	10,445	10,235	10,302	10,396	11,075	11,099

Statistical Data
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Source: City of San Antonio, Texas. Figures account for actual employment positions filled.

[1] In fiscal year 2009, Planning and Community Development was combined with Development Services and then split back up in fiscal year 2012.

[2] In fiscal year 2011, Center City Development was separated from Economic and Employment Development.

[3] In fiscal year 2012, Purchasing and Contract Services was combined with Finance.

[4] In fiscal year 2013, International Affairs was combined with Non Departmental.

[5] In fiscal year 2013, Grants Monitoring and Administration was combined with Planning and Community Development.

[6] In fiscal year 2014, Office of Historic Preservation split from Development Services.

[7] In fiscal year 2014, Housing and Neighborhood services combined with Planning and Community Development.

[8] In fiscal year 2014, Customer Services/311 Systems combined with Communications and Public Affairs.

[9] In fiscal year 2014, Downtown Operations was combined with Center City Development.

[10] In fiscal year 2014, Public Works and CMS combined to form Transportation and Capital Improvements.

[11] In fiscal year 2015, some Fleet employees were reclassed from Building Equipment Services into Solid Waste Management.

[12] In fiscal year 2016, the International Relations Office was combined with the Economic Development Department.

[13] In fiscal year 2016, the Communications and Public Affairs Department was combined into the Government and Public Affairs Department.

[14] In fiscal year 2016, some employees were reclassed from Arts & Culture into Center City Development.

[15] In fiscal year 2017, Risk Management split from the Finance Department.

[16] In fiscal year 2017, Office of Innovation split from Office of Management and Budget (OMB).

[17] In fiscal year 2017, the Convention and Visitors Bureau transitioned to the independent, non-profit corporation, Visit San Antonio (VSA).

[18] In fiscal year 2018, Customer Services/311 Systems split from Government and Public Affairs Department.

[19] In fiscal year 2018, some employeees were reclassed from Planning and Community Development into Neighborhood and Planning Department.

Statistical Data
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program:										
Police:										
Physical Arrests [1]	123,038	186,181	161,604	165,319	164,310	180,667	188,212	116,382	103,443	103,318
Parking Violations	81,480	76,142	62,170	78,612	77,570	76,128	74,716	77,694	92,678	73,561
Traffic Violations	266,866	254,011	165,908	266,157	226,084	215,164	182,237	183,140	166,659	178,759
Fire:										
Fire Incidents	101,421	104,253	114,087	108,507	105,404	99,191	114,483	142,358	160,520	167,977
Fires Extinguished	4,839	2,390	3,121	2,218	2,420	2,371	2,046	2,512	3,155	2,881
Inspections	23,149	22,459	21,180	25,057	23,891	24,517	24,668	24,300	29,693	32,222
Solid Waste:										
Refuse Collected (tons per day)	1,698	1,376	1,137	1,123	1,138	1,084	1,219	1,225	1,305	1,247
Recyclables Collected (tons per day)	285	478	446	501	593	504	581	627	628	592
Other Public Works:										
Street Resurfacing (miles)	453.20	423.00	275.00	348.00	252.00	241.00	270.00	271.00	241.00	275.00
Potholes Repaired	12,120	42,240	15,137	11,431	10,465	12,955	29,401	57,679	75,127	85,443
Parks and Recreation:										
Athletic Field Permits Issued	1,939	1,945	3,939	4,273	4,746	5,043	4,116	3,919	3,634	4,166
Community Center Reservations	2,220	1,930	1,735	2,015	2,198	2,097	2,173	2,114	2,550	3,172
Library:										
Volumes in Collection	2,188,219	2,241,491	2,333,032	2,216,722	2,155,139	2,139,234	2,179,598	2,214,770	2,066,789	2,083,989
Volumes in Circulation	6,616,776	6,601,175	6,733,534	7,354,466	7,396,057	7,177,889	7,362,800	7,330,691	7,282,570	7,384,064
Water:										
Customers	348,834	352,059	356,546	360,281	365,099	367,408	373,920	378,365	488,705	496,543
Water Main Breaks	2,594	3,212	1,475	3,397	2,128	1,863	2,018	2,151	1,194	1,843
Average Daily Consumption (millions of gallons)	194.9	181.4	188.0	204.5	192.2	189.1	191.3	194.2	240.5	245.6
Maximum Daily Consumption (millions of gallons)	299.1	243.5	266.0	265.6	264.0	270.2	261.0	292.9	359.9	302.8
Wastewater:										
Amount Treated Peak Day (millions of gallons)	174.0	194.0	258.0	160.0	199.0	221.0	196.0	286.0	311.0	245.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

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Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	6	6	6	6	6	6	6	6	6	6
Marked Patrol Units [1]	668	680	716	716	716	716	716	719	769	768
Fire:										
Fire Stations	50	50	50	51	51	51	51	51	53	53
Solid Waste:										
Garbage Trucks	224	49	65							
Recycling Trucks [2]	23									
Dual Purpose Collection Vehicles [2]		120	160	323	333	349	360	377	377	377
Other Public Works:										
Streets (miles)	4,018	4,064	4,066	4,066	4,066	4,066	4,066	4,081	4,081	4,152
Highways (miles)	1,004	1,046	1,036	1,036	1,140	1,180	1,180	1,180	1,180	1,180
Streetlights	77,674	79,468	79,468	70,714	71,531	71,877	71,834	74,010	77,521	79,290
Traffic Signals	1,226	1,288	1,299	1,317	1,332	1,366	1,385	1,397	1,402	1,419
Parks and Recreation:										
Acreage	14,241	14,282	14,288	14,519	14,822	14,866	15,469	15,572	15,933	15,942
Playgrounds	151	148	154	166	177	178	196	197	200	221
Baseball/Softball Diamonds	129	129	129	129	129	130	129	129	129	129
Soccer/Football Fields	93	93	93	94	94	94	94	100	100	100
Golf Courses	7	7	7	7	7	7	8	8	8	8
Swimming Pools	25	27	26	26	26	26	26	26	25	25
Community Centers	31	30	30	30	30	30	30	30	30	30
Water:										
Water Mains (miles)	4,802	4,866	4,936	4,988	5,022	5,072	5,259	5,315	6,961	7,060
Fire Hydrants	25,955	26,599	27,115	27,566	27,914	28,323	28,753	29,530	39,998	40,872
Storage Capacity (millions of gallons)	165.0	166.2	180.8	184.1	183.7	197.4	220.6	221.0	269.2	277.2
Wastewater:										
Sewer Mains (miles)	5,001	5,085	5,118	5,163	5,200	5,238	5,247	5,322	5,375	5,482
Storm Sewers (miles)	498.0	498.0	581.0	581.0	581.0	700.0	700.0	700.0	574.0	646.0
Permitted Treatment Capacity (millions of gallons)	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

[1] The number of units reported in fiscal year 2011 includes all marked patrol vehicles, regardless of function.

[2] The recycle only vehicles have been removed from the fleet. The City has purchased dual purpose vehicles, which serve both as garbage and recycle collection

FEDERAL SECTION

Summary Schedule of Federal Awards by Type

Last Two Fiscal Years

Grant Type		Fiscal Year 2018		Fiscal Year 2017		Variance Increase (Decrease)
Federal Categorical Grants:						
Air Transportation	$	2,363,934	$	12,308,619	$	(9,944,685)
Criminal Justice		7,537,955		2,775,125		4,762,830
Emergency Management		1,506,972		4,373,456		(2,866,484)
Environmental Quality		453,456		440,853		12,603
Public Health		14,141,802		11,218,543		2,923,259
Public Works		1,801,300		9,611,384		(7,810,084)
Recreation and Culture		1,230,206		1,266,980		(36,774)
Social Services		81,410,794		71,312,646		10,098,148
Total Federal Categorical Grants	$	110,446,419	$	113,307,606	$	(2,861,187)
Federal Block Grants:						
Community Development Block Grant	$	12,741,544	$	11,457,418	$	1,284,126
HOME Program Block Grant		5,491,627		3,844,357		1,647,270
Total Federal Block Grants	$	18,233,171	$	15,301,775	$	2,931,396
Total Federal Grants	$	128,679,590	$	128,609,381	$	70,209

Air Transportation had a reduction of $6.1 million and $5.7 million in the Residential Acoustical Program funds and in the Runaway 13R Rehabilitation program, respectively. Awards received in fiscal year 2017 were for multi-year projects which are still ongoing.

Criminal Justice increased by $4.8 million primarily due to the award of a Community Oriented Policing Services grant for $3.0 million that will fund 25 police officer positions, and the Rifle-Resistant Body Armor Grant Program for $1.0 million received that will upgrade to rifle resistant armor for police officers.

Emergency Management decrease of $2.9 million is primarily due the receipt of awards for the Emergency Management Preparedness Grant, Homeland Security Grant Program, and Urban Area Security Initiative Grant 2019 for a total of $2.1 million being received in fiscal year 2019 versus fiscal year 2018.

Public Health increase of $2.9 million is due to the receipt of the TB Waiver Project grants for fiscal year 2018 and 2019 both being awarded in fiscal year 2018 for $1.8 million, and receipt of a REACH Healthy Neighborhood Project for $792 thousand to help prevent chronic diseases and reduce health disparities in the City.

Public Works decrease of $7.8 million is due to additional grant funding awarded in fiscal year 2017 of $9.6 million from the Advanced Funding Agreement (AFA) between the City and Texas Department of Transportation (TxDOT) that is a multi-year grant for ongoing projects. These reductions were mitigated by the City receiving $1.6 million from TxDOT for the Highway Safety Improvements Program.

Social Services increase of $10.1 million is primarily due to the Child Care Service Program receiving $12.2 million in additional Federal funding for direct care costs, additional enrollments, and rate increases to providers. This increase was mitigated by the City receiving the final award for a multi-year grant in fiscal year 2017 for the Bexar CARES grant for $1.9 million.

Schedule of Expenditures of Federal Awards by Grantor, Federal Program and Grant Number

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U. S. Department of Agriculture:					
Pass Through - Texas Department of State Health Services:					
Special Supplemental Nutrition Program for Women,					
Infants, and Children: *					
WIC 2014-2015	10.557	2015-047322-001	26-01636144	$ -	$ 484
WIC 2016-2017	10.557	2017-049832-001	22-01636011		6,523
WIC 2017-2018	10.557	2017-049832-001A	22-01636030		5,469,010
Total Special Supplemental Nutrition Program for Women, Infants, and Children				$ -	$ 5,476,017
Pass Through - Texas Health and Human Services Commission:					
Summer Food Service Program for Children:					
Summer Food Program 2018	10.559	CE ID 01566	22-02026003	$ -	$ 523,374
Total U.S. Department of Agriculture				$ -	$ 5,999,391
U.S. Department of Housing and Urban Development:					
Direct Programs					
Housing Counseling Assistance Program:					
Housing Counseling Program 2017	14.169	HC170821025	22-05438010	$ -	$ 24,487
Community Development Block Grants/Entitlement Grants: *					
Community Development Program - 29th Year	14.218	B03MC480508	28-029000	$ -	$ 870,038
Community Development Program - 30th Year	14.218	B04MC480508	28-030000		276,905
Community Development Program - 34th Year	14.218	B08MC480508	28-034000		(4,912)
Community Development Program - 37th Year	14.218	B11MC480508	28-037000	6,428	(514)
Community Development Program - 38th Year	14.218	B12MC480508	28-038000	20,171	(32,366)
Community Development Program - 39th Year	14.218	B13MC480508	28-039000	1,600	(3,251)
Community Development Program - 40th Year	14.218	B14MC480508	28-040000		506,639
Community Development Program - 41st Year	14.218	B15MC480508	28-041000		1,984,835
Community Development Program - 42nd Year	14.218	B16MX480508	28-242000	9,582	2,003,461
Community Development Program - 43rd Year	14.218	B17MX480508	28-243000	184,460	8,423,724
Neighborhood Stabilization Grant	14.218	B08MN480501	23-28000001	360,529	325,469
CDBG Investment Partnerships Program Outstanding Loans	14.218	Various	Various		1,778,600
Neighborhood Stabilization Grant Program Outstanding Loans	14.218	Various	Various		2,572,152
Total Community Development Block Grants/Entitlement Grants				$ 582,770	$ 18,700,780
Emergency Solutions Grant Program:					
ESG 2016-2018	14.231	E16MC480508	22-05438004	$ 14,263	$ 102,012
ESG 2017-2019	14.231	E17MC480508	22-05438009	699,263	963,396
Total Emergency Solutions Grant Program				$ 713,526	$ 1,065,408
HOME Investment Partnerships Program:					
HOME Program Grant - 12th Year	14.239	M03MC480508	25-012000	$ -	$ 233,021
HOME Program Grant - 13th Year	14.239	M04MC480508	25-013000		225,645
HOME Program Grant - 15th Year	14.239	M06MC480508	25-015000		156,953
HOME Program Grant - 16th Year	14.239	M07MC480508	25-016000		40,281
HOME Program Grant - 17th Year	14.239	M08MC480508	25-017000		38,256
HOME Program Grant - 18th Year	14.239	M09MC480508	25-018000		8,618
HOME Program Grant - 19th Year	14.239	M10MC480508	25-019000		47,643
HOME Program Grant - 20th Year	14.239	M11MC480508	25-020000		141,951
HOME Program Grant - 21st Year	14.239	M12MC480508	25-021000		482,244
HOME Program Grant - 22nd Year	14.239	M13MC480508	25-022000		497,357
HOME Program Grant - 23rd Year	14.239	M14MC480508	25-023000		362,254
HOME Program Grant - 24th Year	14.239	M15MC480508	25-024000		1,233,401
HOME Program Grant - 25th Year	14.239	M16MC480508	25-225000		384,999
HOME Program Grant - 26th Year	14.239	M17MC480508	25-226000		614,662
HOME Investment Partnerships Program Outstanding Loans	14.239	Various	Various		28,753,190
Total HOME Investment Partnerships Program				$ -	$ 33,220,475
Housing Opportunities for Persons with AIDS:					
HOPWA 2016-2019	14.241	TXH16F005	22-05438005	$ 119,529	$ 119,529
HOPWA 2017-2020	14.241	TXH17F005	22-05438006	1,298,968	1,365,439
Total Housing Opportunities for Persons with AIDS				$ 1,418,497	$ 1,484,968
Lead Hazard Reduction Demonstration Grant Program:					
Lead Hazard Reduction Demonstration 2016-2019	14.905	TXLHD0297-16	22-05450001	$ -	$ 1,204,602
Total U.S. Department of Housing and Urban Development				$ 2,714,793	$ 55,700,720
U.S. Department of the Interior:					
Pass Through - Texas Historical Commission					
Historic Preservation Fund Grants-In-Aid:					
Certified Local Government Grant 2017	15.904	TX-17-025	22-00641001	$ -	$ 10,000
Certified Local Government Grant 2018	15.904	TX-18-034	22-00641002		2,066
Total U.S. Department of the Interior				$ -	$ 12,066

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Justice:					
Direct Programs					
Services for Trafficking Victims:					
Enhanced Collaborative Model to Combat Human Trafficking	16.320	2016-VT-BX-K011	22-02817002	$ -	$ 97,025
Public Safety Partnership and Community Policing Grants:					
Cops CHRP Grant 2016-2018	16.710	2015ULWX0037	26-02817028	$ -	$ 20,124
Cops CHRP Grant 2018-2020	16.710	2017ULWX0018	22-02817007		808,309
				$ -	$ 828,433
Special Data Collections and Statistical Studies:					
SAPD Conversion to NIBRS	16.734	2016-FU-CX-K057	22-02817000	$ -	$ 3,629
Edward Byrne Memorial Justice Assistance Grant Program:					
SAPD NIBIN Implementation Program	16.738	2017-DG-BX-K009	22-02817005	$ -	$ 199,477
Pass-Through - Office of the Governor, Criminal Justice Division:					
Edward Byrne Memorial Justice Assistance Grant Program:					
JAG SWAT 2017	16.738	3063001	22-05517002	$ -	$ 7,809
Pass-Through - Bexar County:					
Edward Byrne Memorial Justice Assistance Grant Program:					
JAG 2014-2018	16.738	2014-DJ-BX-0900	26-02817026	$ -	$ (1,980)
JAG 2015-2019	16.738	2015-DJ-BX-0900	26-02817032		(47,903)
JAG 2016-2020	16.738	2016-DJ-BX-0205	22-02817004		132,026
JAG 2017-2021	16.738	2017-DJ-BX-0847	22-02817008		119,021
				$ -	$ 201,164
Total Edward Byrne Memorial Justice Assistance Grant Program				$ -	$ 408,450
Direct Programs					
Economic, High-Tech, and Cyber Crime Prevention:					
Intellectual Property Crimes 2016	16.752	2015-IP-BX-0012	26-02817029	$ -	$ 1,718
Equitable Sharing Program:					
Airport Federal Account	16.922	N/A	29-037000	$ -	$ 57,595
Federal Account	16.922	N/A	29-039000		397,911
HIDTA - Federal Account	16.922	N/A	29-046000		230,437
Total Equitable Sharing Program				$ -	$ 685,943
Total U.S. Department of Justice				$ -	$ 2,025,198
U.S. Department of Transportation:					
Direct Program					
Airport Improvement Program:	*				
Expand Apron 80-2014	20.106	3-48-0192-080-2014	26-05833068	$ -	$ 86,874
Master Plan Update, SAT	20.106	3-48-0192-091-2018	22-05833011		66,873
Perimeter Road Pk2 88-17	20.106	3-48-0192-088-2017	22-05833007		379,797
Rehabilitate Perimeter RD 87-2016	20.106	3-48-0192-087-2016	22-05833003		161,223
Rehabilitate Taxiway G 77-2014	20.106	3-48-0192-077-2014	26-05833065		19,235
Rehabilitate Taxiway N 78-2014	20.106	3-48-0192-078-2014	26-05833066		453,698
Residential Acoustical Program 82-2015	20.106	3-48-0192-082-2015	26-05833070		1,475,200
Residential Acoustical Program 85-2016	20.106	3-480192-085-2016	22-05833004		6,939,338
Residential Acoustical Program 90-2017	20.106	3-48-0192-090-2017	22-05833009		47,060
Runway 12R Lighting 86-2016	20.106	3-48-0192-086-2016	22-05833000		(4,579)
Stinson New Air Traffic Control Tower	20.106	15CTSTSON	22-05833005		737,759
Taxiway G Rehabilitate 83-2016	20.106	3-48-0192-083-2016	22-05833001		2,398,108
Taxiway J Rehabilitate 84-2016	20.106	3-48-0192-084-2016	22-05833002		53,757
Taxiway R Rehabilitation, Phase 1	20.106	3-48-0192-089-2017	22-05833008		1,101,595
Terminal Area Taxiways 81-2015	20.106	3-48-0192-081-2015	26-05833069		3,175,274
Total Airport Improvement Program				$ -	$ 17,091,212
Pass Through - Texas Department of Transportation:					
Highway Research and Development Program:					
Medical Center-Floyd Curl	20.205	CSJ 0915-12-558	26-05923012	$ -	$ 1,760,237
Public Safety Campaign	20.205	CSJ 0915-12-488	26-05955001		(9,406)
Safe Routes - Schools	20.205	CSJ 0915-12-557	26-05923015		457,330
TXDOT - B-Cycle Urban Core Transportation Enhancement	20.205	CSJ 0915-12-536	26-05955004		288,169
TXDOT - Contributions	20.205	Various	26-05940001		2,994,285
TxDOT - Hoefgen Ave Improvements	20.205	CSJ 0915-12-507	26-05923014		109,189
TxDOT - Low Impact Landscaping	20.205	CSJ 0915-12-534	26-05923004		48,840
TxDOT - UTSA BLVD	20.205	CSJ 0915-12-459	22-05923001		194,821
Total Highway Research and Development Program				$ -	$ 5,843,465
Pass Through - VIA:					
Enhanced Mobility of Seniors and Individuals with Disabilities:					
Federal Transit Administration 5310 Grant FY18	20.513	2AF4D723-A258-4D6E-A83D-69FFF4BE7866	22-05938001	$ -	$ 37,500
Subtotal U.S. Department of Transportation				$ -	$ 22,972,177

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Transportation (Continued):					
Pass Through - Texas Department of Transportation:					
Paul S. Sarbanes Transit in the Parks:					
Paul S. Sarbanes Transit in the Parks	20.520	D2011-ATPL-015	26-05955005	$ -	$ (3)
State and Community Highway Safety:					
Police Traffic Services Enforcement and Education Campaign to Reduce Intersection Crashes	20.600	2018-SATCID-G-1	22-05923004	$ -	$ 141,059
Alcohol Impaired Driving Countermeasures Incentive Grants I:					
Traffic Safety Grant 2015	20.601	15PD-D-1YG-0005	26-05917025	$ -	$ (49,995)
Traffic Safety Grant 2017	20.601	2017-SanAntPD-S-1YG-0025	22-05917000		5,633
Traffic Safety Grant 2018	20.601	2018-SanAntPD-S-1YG-0002	22-05917001		992,431
Total Alcohol Impaired Driving Countermeasures Incentive Grants I				$ -	$ 948,069
Total U.S. Department of Transportation				$ -	$ 24,061,302
National Endowment for the Arts:					
Direct Program					
Promotion of the Arts - Grants to Organizations and Individuals:					
NEA Our Town	45.024	15-4292-7120	26-00528012	$ -	$ 68,020
Total National Endowment for the Arts				$ -	$ 68,020
National Endowment for the Humanities:					
Pass Through - American Library Association					
Promotion of the Humanities - Public Programs					
Latino Americans 500 Years of History	45.164	LA105853	26-01804022	$ -	$ 49
Total National Endowment for the Humanities				$ -	$ 49
Institute of Museum and Library Services:					
Pass Through - Texas State Library and Archives Commission:					
Grants to States:					
Interlibrary Loan Grant 2017	45.310	LS-00-16-0044-16	22-01804003	$ -	$ 58,438
Total Institute of Museum and Library Services				$ -	$ 58,438
Environmental Protection Agency:					
Pass Through - Texas Commission on Environmental Quality					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:					
Air Monitoring in SA TCEQ PM 2.5 2017	66.034	582-16-60239	22-00836001	$ -	$ (903)
Air Monitoring in SA TCEQ PM 2.5 2018	66.034	582-16-60239	22-00836003		77,531
Total Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				$ -	$ 76,628
Direct Program					
Brownfields Assessment and Cleanup Cooperative Agreements:					
EPA Grant - Hazardous	66.818	BF-01F07701	26-01219003	$ -	$ 54,581
EPA Grant - Petroleum	66.818	BF-01F07201	26-01219004		91,549
Total Brownfield Assessment and Cleanup Cooperative Agreements				$ -	$ 146,130
Total Environmental Protection Agency				$ -	$ 222,758
U.S. Department of Health and Human Services:					
Pass Through - Alamo Area Council of Governments:					
Special Programs for the Aging, Title III, Part C, Nutrition Services:					
SNP 2016-2017	93.045	COSA 17 NS	22-01138000	$ -	$ 1,690
SNP 2017-2018	93.045	COSA 18 NS	22-01138001		1,547,860
Total Special Program for the Aging , Title III, Part C, Nutrition Services				$ -	$ 1,549,550
Nutrition Services Incentive Program:					
SNP 2017-2018	93.053	COSA 18 NS	22-01138001	$ -	$ 550,140
Pass Through-Texas Department of State Health Services:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements					
Bio-Terrorism Preparation 2016-2018	93.069	537-18-0179-000	22-01636019	$ -	$ 800,246
Bio-Terrorism Preparation 2017-2019	93.069	537-18-01790001	22-01636037		231,334
Cities Readiness Initiative 2018	93.069	537-18-0191-000	22-01636020		166,419
Cities Readiness Initiative 2019	93.069	537-18-01910001	22-01636038		45,665
Laboratory Response Network 2018	93.069	537-18-0148-000	22-01636018		181,249
Laboratory Response Network 2019	93.069	537-18-01480001	22-01636036		32,502
ZIKA Grant 2018	93.069	537-18-0356-000	22-01636016		92,885
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				$ -	$ 1,550,300
Subtotal U.S. Department of Health and Human Services				$ -	$ 3,649,990

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):						
Pass Through-Texas Department of State Health Services (Continued):						
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED):						
Substance Abuse and Mental Health Services Administration 2016		93.104	5U79SM061639-03	22-05438003	$ -	$ 559
Substance Abuse and Mental Health Services Administration 2017		93.104	5U79SM061639-04	22-05438008	984,810	1,075,755
Total Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)					$ 984,810	$ 1,076,314
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:						
Special T.B. Team Project 2015		93.116	2015-001409-001	26-01636140	$ -	$ (488)
Special T.B. Team Project 2017		93.116	2016-001439-001	22-01636014		79,835
Special T.B. Team Project 2018		93.116	HHS000036000008	22-01636033		213,651
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs					$ -	$ 292,998
Direct Programs						
Immunization Cooperative Agreements:						
Immunization Program 317 - 2017		93.268	NH23IP000718-05-00	22-02236003	$ -	$ 2,397,492
Immunization Program 317 - 2018		93.268	NH23IP000718-05-00	22-02236005		835,579
Total Immunization Cooperative Agreements					$ -	$ 3,233,071
Pass Through-Texas Department of State Health Services:						
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):						
ZIKA - Lab Response Network 2017		93.323	534-17-0389-000	22-01636017	$ -	$ 34,762
ZIKA Grant 2018		93.323	537-18-0356-000	22-01636016		220,099
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)					$ -	$ 254,861
Pass Through - Alamo Workforce Development, Inc.:						
Temporary Assistance for Needy Families:						
CCDS - 2016-2017		93.558	CCDS2013001-03	22-03938000	$ -	$ 8,368
CCDS - 2017-2018		93.558	CCDS2013001-04	22-03938006		19,385
Total Temporary Assistance for Needy Families					$ -	$ 27,753
Pass Through - Texas Department of Housing & Community Affairs:						
Community Services Block Grant:						
CSBG - 2017		93.569	61170002619	22-06038002	$ -	$ 660,728
CSBG - 2018		93.569	61180002844	22-06038003		1,538,100
Total Community Services Block Grant					$ -	$ 2,198,828
Pass Through - Alamo Workforce Development, Inc.:						
Child Care Cluster:						
Child Care and Development Block Grant:	*					
CCDS - 2016-2017		93.575	CCDS2013001-03	22-03938000	$ -	$ 699,558
CCDS - 2017-2018		93.575	CCDS2013001-04	22-03938006		23,828,395
Total Child Care and Development Block Grant					$ -	$ 24,527,953
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	*					
CCDS - 2016-2017		93.596	CCDS2013001-03	22-03938000	$ -	$ 1,621,467
CCDS - 2017-2018		93.596	CCDS2013001-04	22-03938006		16,273,664
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund					$ -	$ 17,895,131
Total Child Care Cluster					$ -	$ 42,423,084
Direct Programs						
Head Start:						
Early Head Start 2016-2017		93.600	06HP0019/02	22-02238001	$ -	$ 2,265
Early Head Start 2017-2018		93.600	06HP0019/03	22-02238003		2,798,807
Early Head Start 2018-2019		93.600	06HP0019/04	22-02238005		383,729
Head Start Program 2016-2017		93.600	06CH7074/04	26-02238018		242
Head Start Program 2017-2018		93.600	06CH7074/05	22-02238002		8,430,042
Head Start Program 2018-2019		93.600	06CH7074/06	22-02238004		14,729,772
Total Head Start					$ -	$ 26,344,857
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF):						
HPV Vaccine 2017		93.733	2016-003944-001	22-02236001	$ -	$ 197,300
Pass Through - Texas Department of State Health Services:						
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF):						
Federal Triple OOO FY 19		93.758	517-18-0450001	22-01636047	$ -	$ 8,008
Local Public Health(Triple O) 2018-19		93.758	517-18-0245-000	22-01636022		69,115
					$ -	$ 77,123
Medical Assistance Program:	*					
TB Medicaid Waiver 2014		93.778	2014-045668	26-01636128	$ -	$ 231,510
TB Medicaid Waiver 2018-2019		93.778	2014-045668-001E	22-01636034	89,068	652,732
					$ 89,068	$ 884,242
Subtotal U.S. Department of Health and Human Services					$ 1,073,878	$ 77,010,431

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):					
Direct Program					
Healthy Start Initiative:					
Healthy Start Initiative 2017-2018	93.926	5 H49MC00101-17-00	22-02236002	$ -	$ 887,433
Healthy Start Initiative 2018-2019	93.926	5 H49MC00101-18-00	22-02236004		774,191
Total Healthy Start Initiative				$ -	$ 1,661,624
Pass Through - Texas Department of State Health Services:					
Sexually Transmitted Diseases (STD) Prevention and Control Grants:					
STD-Staff Support Program 2016	93.977	2016-001341-001	26-01636164	$ -	$ (1,713)
STD-Staff Support Program 2017	93.977	2016-001341-001	22-01636013		346,111
STD-Staff Support Program 2018	93.977	2016-003944-002	22-01636031		999,567
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants Control Grants				$ -	$ 1,343,965
Maternal and Child Health Services Block Grant to the States:					
DSHS Healthy Texas Babies	93.994	HHS000066400001	22-01636035		$ 1,182
Title V CHS - Dental Services 2018	93.994	2016-003944-002	22-01636026		258,135
Title V CHS - Dental Services 2019	93.994	2016-003944-002	22-01636044		3,556
Total Maternal and Child Health Services Block Grant to the States				$ -	$ 262,873
Total U.S. Department of Health and Human Services				$ 1,073,878	$ 83,928,883
Executive Office of the President:					
Direct Program					
High Intensity Drug Trafficking Areas Program:					
Office of National Drug Control Policy:					
HIDTA Initiative San Antonio 2015	95.001	G15SS0009A	26-02817027	$ -	$ (1,730)
HIDTA Initiative San Antonio 2016	95.001	G16SS0009A	26-02817031		28,399
HIDTA Initiative San Antonio 2017	95.001	G17SS0009A	22-02817003		1,016,390
HIDTA Initiative San Antonio 2018	95.001	G18SS0009A	22-02817006		965,222
Total High Intensity Drug Trafficking Areas Program				$ -	$ 2,008,281
Total Executive Office of the President				$ -	$ 2,008,281
U.S. Department of Homeland Security:					
Pass Through - City of Houston					
Disaster Grants - Public Assistance (Presidentially Declared Disasters):					
Harvey Deployment	97.036	64000005-2018	22-05680003	$ -	$ 2,671,971
Direct Program					
Assistance to Firefighters Grant:					
2016 Assistance to Firefighters Grant	97.044	EMW-2016-FO3768	22-05620002	$ -	$ 54,115
Pass Through - Texas Department of Public Safety					
Emergency Management Performance Grants:					
EMPG 2016	97.042	16TX-EMPG-0632	26-06520028	$ -	$ (40,224)
EMPG 2017	97.042	17TX-EMPG-0632	22-06520001		(25,757)
EMPG 2018	97.042	18TX-EMPG-0632	22-06520003		253,040
Total Emergency Management Performance Grants				$ -	$ 187,059
Homeland Security Grant Program:					
HSGP 2017	97.067	EMW-2017-SS-00005	22-06520004	$ -	$ 694,124
Preventive Radiological and Nuclear Detection Grant	97.067	EMW-2015-SS-00080	22-06520006		38,798
SHSP 2014	97.067	EMW-2014-SS-00029	26-06520025		(7,909)
SHSP 2015	97.067	EMW-2015-SS-00080	26-06520027		142,817
SHSP 2016	97.067	EMW-2016-SS-00056	22-06520002		622,111
UASI 2017	97.067	EMW-2017-SS-00005	22-06520005		82,509
Total Homeland Security Grant Program				$ -	$ 1,572,450
Direct Program					
Homeland Security Biowatch Program:					
Air Monitoring Biowatch 2017	97.091	2015-0H-091-000	22-06536001	$ -	$ (138)
Air Monitoring Biowatch 2018	97.091	2015-OH-091-000032	22-06536003		272,927
Biowatch Lab Tech Sup 2018	97.091	HSHQDC-16-P-001	22-01636029		37,881
Biowatch Lab Tech Sup 2019	97.091	150HBO000270200	22-06536004		18,692
Total Direct Homeland Security Biowatch Program				$ -	$ 329,362
Total U.S. Department of Homeland Security				$ -	$ 4,814,957
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 3,788,671	$ 178,900,063

Notes to the Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2018

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

2. As of September 30, 2018, the City recorded net HOME Program Notes Receivable of $30,293,663, which inludes the estimated allowances for the doubtful accounts of $27,520,753. These are loans that are made for renovation or construction of apartment complexes that provide rental to low income people. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $28,753,190 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

3. As of September 30, 2018, the City recorded net CDBG Program Notes Receivable of $8,016,373, which includes the estimated allowances for the doubtful accounts of $8,710,737. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $1,778,600 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

4. As of September 30, 2018, the City recorded net NSP Program Notes Receivable of $1,066,303, which includes estimated allowances for doubtful accounts of $3,240,766. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $2,572,152 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

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

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 22, 2019.

Our report includes a reference to other auditors who audited the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, Westside Development Corporation, and Visit San Antonio, blended and fiduciary component units; CPS Energy, San Antonio Water System, Brooks, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units; and the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, Westside Development Corporation and Visit San Antonio were not audited in accordance with *Government Auditing Standards*.

Internal control over financial reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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

Grant Thornton LLP

Houston, Texas
February 22, 2019

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Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance as Required by the Uniform Guidance

GRANT THORNTON LLP
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on compliance for each major federal program

We have audited the compliance of the City of San Antonio, Texas (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget's OMB Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Our audit of, and opinion on, the City's compliance for each major federal program does not include the operations of the Port Authority of San Antonio dba Port San Antonio and San Antonio Water System, discretely presented component units, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, a blended component unit, and San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA, a major fund and blended component unit, which received federal awards for the year ended September 30, 2018 that are not included in the accompanying schedule of findings and questioned costs. Port San Antonio, San Antonio Water System and Pre-K 4 SA engaged other auditors to audit its compliance with the types of compliance requirements described in the OMB Compliance Supplement.

Management's responsibility

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

Auditor's responsibility

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

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

Opinion on each major federal program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

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

As described in our Report on Compliance for Each Major Federal Program above, this Report on Internal Control Over Compliance does not include the results of the other auditors' testing of internal control over compliance that is reported on separately by those auditors.

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

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

Grant Thornton

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

Grant Thornton LLP

Houston, Texas
February 22, 2019

Schedule of Findings and Questioned Costs

Federal

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified? _____ Yes __X__ No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes __X__ None Reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes __X__ No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes __X__ None Reported

Type of auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? _____ Yes __X__ No

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Children, and Infants
14.218	Community Development Block Grants/Entitlement Grants
20.106	Airport Improvement Program
93.575, 93.596	Child Care Cluster
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2018

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

There are no findings to be reported.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2018

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There are no findings to be reported.

Corrective Action Plan

Federal

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2018

None

Summary Status of Prior Year Findings

Federal

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2018

Finding: 2017-001
San Antonio Bexar County Soccer Public Facility Corporation – Correction of an Error Restatement – Material Weakness in Internal Control over Financial Reporting

Recommendation:
We recommend the City should strengthen its controls in place to ensure executed transactions are communicated timely and incorporate as part of its assessment of the proper reporting for newly created entities that all executed agreements be obtained before a final conclusion is determined to ensure timely and accurate reporting.

Status:
Corrected

The City's Deputy Chief Financial Officer requested all current and potential component units' executive and chairman of the board to submit Articles, By-laws, and GASB questionnaires to the City for review. The City has reviewed all entities to make a determination of the entity's potential component unit status and report such entities in the City's financial statements. Determination of the entity's potential component unit status will not be determined until all documents of the entity (Articles, By-laws, etc.) have been finalized.

Responsible Person
Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Finding: 2017-002
Lack of IT Controls within PARIS – Significant Deficiency

Recommendation:
We recommend that the responsibility of administering security within financially critical systems be transferred to IT system administrators, who do not perform financial reporting processes / controls, or a third party. All security administration rights within financially critical systems granted to personnel performing financial reporting processes and controls should be revoked. Additionally, periodic, formal reviews of the user accounts and permissions within all financially critical systems should be performed. These reviews should take place at a pre-defined, risk-based frequency, semi-annually at a minimum, and should create an audit trail such that a third-party could determine when the reviews were performed, who was the business owner performing the review, and what access changed as a result. The business owner performing the review should have the

appropriate competencies to attest to the ability granted by each role / permission / authority and the rationale for considering access appropriate for each user. These reviews should evaluate both the necessity of existing user ID's as well as the appropriateness of user-to-group assignments, with due consideration being given to adequate segregation of duties.

Status:

Corrected

Security administration for the PARIS system has been transferred to ITSD system administrators and is managed per a Service Level Agreement between ITSD and the Airport Parking Office. ITSD has implemented annual review of policies, procedures, and controls that apply to the City's financial systems including SAP and PARIS. These reviews will be led by the Office of the Chief Information Security Officer.

Responsible Person

Craig Hopkins, Chief Information Officer

Information Technology Services Department

Finding: 2017-003

Controls over the Preparation of the Schedule of Expenditures of Federal Award (SEFA) and Schedule of Expenditures of State Awards (SESA) - Significant deficiency

Recommendation:

We recommend City employees responsible for federal and state grants have adequate training of the SEFA and SESA reporting process and requirements. We also recommend the City establish and implement internal controls to ensure financial information received from departments that is used to prepare the SEFA and SESA is complete and accurate.

Status:

Corrected

Formal training was provided to the City's Departmental Fiscal Administrators, as well as the City's grant program staff on May 24 and June 5, 2018. The training addressed the new grant AD and the management letter findings.

Responsible Person

Troy Elliott, CPA, Deputy Chief Financial Officer

Finance Department

Finding: 2014-004
Procurement and Suspension and Debarment
CFDA #95.001 – High Intensity Drug Trafficking Area
Award Number – G14SS0009A
Award Year – 2014
Federal Agency – Executive Office of the President
Type of Finding – Non-compliance and Control deficiency
Questioned Costs - $0

Recommendation:
We recommend the City amend its Procurement Policy and Procedures to include controls and procedures over federally funded leases and lease renewals greater than $25,000 in order to ensure such expenditures are adequately documented and in compliance with procurement and suspension and debarment requirements.

Status:
In Progress

The Finance Department has coordinated with Center City Development Office (CCDO) in relation to following procurement, suspension and debarment rules. Additionally, all Department Fiscal Administrators and grant program staff were notified of procurement grant reviews per the trainings held on May 24th and June 5th of 2018. CCDO has created checklists that will ensure adherence with all federal procurement regulations and discloses what documentation the departments must retain, including sole source and suspension and debarment requirements.

GASB released its Statement on leases (GASB Statement No. 87) in June 2017. The City will review, analyze and incorporate the lease changes into an Administrative Directive it is currently putting together on leases. This Administrative Directive is anticipated to be completed by 2020. It will include specific identification of funding sources of the leases, whether grant or debt, to ensure specific adherence to governing regulations.

Implementation Date
September 2020

Responsible Persons:
John Jacks, Director
Center City Development and Operations

Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Finding: 2017-004
Program Income
CFDA #14.239 – HOME Investment Partnership Program (HOME)
Award Number – M07MC480508
Award Years – 10/1/02 – 9/30/17
Federal Agency – U.S. Department of Housing and Urban Development
Type of Finding –Significant deficiency and Non-compliance
Questioned Costs - $0

Recommendation:
We recommend that the Department follow the existing established policies and procedures that require a true up of actual time incurred for respective grant programs to be performed annually.

Status:
Corrected

The Neighborhood and Housing Services Department (NHSD) conducted staff training in September 2017, led by the Compliance Lead Analyst to review the revised timesheet template. Compliance staff conducted an annual review of timesheets on October 1, 2018. Standard Operating Procedures were created by the Department Fiscal Administrator on July 2018, and was reviewed and approved by the Director and Grants Administrator on November 30, 2018. Staff training was conducted in July 2018 to address new processes and responsibilities. The Fiscal Division will hold annual timekeeping training to all grant funded staff.

Responsible Person:
Veronica R. Soto, Director
Neighborhood and Housing Services Department

STATE SECTION

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Summary Schedule of State Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2018	Fiscal Year 2017	Variance Increase (Decrease)
State Categorical Grants:			
Air Transportation	$ 50,000	$ 50,000	$ -
Criminal Justice	4,094,669	3,934,618	160,051
Emergency Management	32,146	5,387,138	(5,354,992)
Environmental Quality	110,795	132,329	(21,534)
Public Health	1,526,003	1,821,692	(295,689)
Public Works	642,891	1,083,749	(440,858)
Recreation and Culture		1,750,000	(1,750,000)
Social Services	14,045,993	17,000,683	(2,954,690)
Total State Categorical Grants	$ 20,502,497	$ 31,160,209	$ (10,657,712)

Emergency Management's decrease of $5.3 million is due to City's efforts in support of the State's response during the Hurricane Harvey relief efforts in fiscal year 2017.

Public Health decrease of $295.6 thousand is primarily due to the Surveillance Epidemiology and Flu Surveillance grants received in fiscal year 2017 that are both multi-year grants.

Public Works decrease of $440.8 thousand is due to additional State funding in fiscal year 2017 for $500.0 thousand for the Advanced Funding Agreement between the City and TxDOT. This receipt was a multi-year grant for multi-year projects which are still ongoing.

Recreation and Culture decrease of $1.7 million is due to the State funding received in fiscal year 2017 for Woodlawn Lake and Monterrey Park improvements from Texas Parks & Wildlife Department. These awards were for multi-year projects which are still ongoing.

Social Services decrease of $2.9 million is due to Child Care Services Program no longer receiving State funding to cover direct care costs. This cost is now funded by Federal funding.

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Schedule of Expenditures of State Awards by Grantor, State Program and Grant Number

Schedule of Expenditures of State Awards
Year-Ended September 30, 2018

STATE GRANTOR/PASS THROUGH GRANTOR/ STATE PROGRAM	GRANT NUMBER	CITY NUMBER	STATE EXPENDITURES
Texas Attorney General's Office:			
Direct Program			
State Confiscated Property:			
HIDTA Task Force Seizures	N/A	29-043000	$ 39,301
New State Account	N/A	29-038000	705,514
Salvage Theft Reduction Program Seizures	N/A	29-042000	22,827
Vice Seizures	N/A	29-040000	(58,288)
Total State Confiscated Property			$ 709,354
Total Texas Attorney General's Office			$ 709,354
Texas Commission on Environmental Quality:			
Direct Programs			
Air Monitors:			
Air Monitors Lake Calaveras 2017-2018	582-16-60239	22-00836004	$ 85,981
Air Monitors Lake Calaveras 2018-2019	582-19-90040	22-00836005	196
Total Air Monitors			$ 86,177
Solid Waste Grant Projects:			
Community Outreach Program 2018	18-18-03	22-00855003	$ 71,358
Total Texas Commission on Environmental Quality			$ 157,535
Texas Department of Public Safety:			
Direct Program			
Hurricane Harvey and Harvey Deployments	N/A	Various	$ 233,989
Total Texas Department of Public Safety			$ 233,989
Texas Department of State Health Services:			
Direct Programs			
Emerging and Acute Infectious Disease Branch:			
Foodborne Illness 2017	2016-003781-01	22-01636005	$ (216)
IDCU/FLU - Lab 2018	537-18-0334-000	22-01636025	4,087
IDCU/Surveillance Epidemiology Ebola 2018	537-18-0328-0001	22-01636023	105,101
IDCU/Surveillance Epidemiology Ebola 2019	537-18-0328-0001	22-01636041	4,963
Total Emerging and Acute Infectious Disease Branch			$ 113,935
HIV Surveillance & Prevention Programs:			
HIV Prevention Program 2017	2016-001339-002	22-01636012	$ 61,249
HIV Prevention Program 2018	2016-001339-007	22-01636032	168,111
HIV Surveillance Program 2018	537-18-00070-001	22-01636028	145,059
HIV Surveillance Program 2019	537-18-00070-001	22-01636045	12,628
Total HIV Surveillance & Prevention Programs			$ 387,047
Immunization Grants:			
Inner-City School Immunization 2017	2016-001034-01	22-01636009	$ (243)
Inner-City School Immunization 2018	537-18-0092-000	22-01636021	590,976
Inner-City School Immunization 2019	HHS000119700021	22-01636040	39,097
Total Immunization Grants			$ 629,830
Milk Sample Lab Tests:			
Milk Group - 2017	53700-6-000149924	22-01636006	$ 28
Milk Group - 2018	537-18-0162-000	22-01636024	44,370
Milk Group - 2019	537-18-0162-0001	22-01636042	2,848
Total Milk Sample Lab Tests			$ 47,246
Preventive Health and Health Services Block Grant:			
RLSS - Local Public Health (Triple O) 2015-2016	2016-001066-001	26-01636152	$ (79)
RLSS - Local Public Health (Triple O) 2018-2019	517-18-0245-000	22-01636022	87,964
Fed Triple OOO FY19	517-18-0245-0001	22-01636047	10,192
Total Preventive Health and Health Services Block Grant			$ 98,077
Subtotal Texas Department of State Health Services			$ 1,276,135

See accompanying Notes to the Schedule of Expenditures of State Awards

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Schedule of Expenditures of State Awards
Year-Ended September 30, 2018

STATE GRANTOR/PASS THROUGH GRANTOR/ STATE PROGRAM		GRANT NUMBER	CITY NUMBER	STATE EXPENDITURES
Texas Department of State Health Services (Continued):				
Direct Programs (Continued):				
STRAC Grant Project:				
STRAC Grant Project FY 2018		N/A	22-01620001	$ 32,146
TB Prevention and Control:				
TB Prevention and Control 2016-2017		2016-001439-001	22-01636008	$ (58)
TB Prevention and Control 2017-2018		537-18-0042-00001	22-01636027	534,571
TB Prevention and Control 2018-2019		537-18-0042-00001	22-01636046	30,884
Total TB Prevention and Control				$ 565,397
Pass Through - Alamo Area Council of Governments:				
Special Programs for the Aging, Nutrition Services:				
SNP 2017-2018		539-11-0004-00001	22-01138001	$ 6,472
Total Texas Department of State Health Services				$ 1,880,150
Texas Department of Transportation:				
Pass Through - The Texas Automobile Burglary & Theft Prevention Authority:				
Regional Auto Crimes Team:	*			
Regional Auto Crimes Team 2014-2015		SAT041006314	26-03117006	$ (2,140)
Regional Auto Crimes Team 2015-2016		SAT041006314	26-03117007	(377)
Regional Auto Crimes Team 2016-2017		608-17-SPD0000	22-06536002	(104,229)
Regional Auto Crimes Team 2017-2018		608-18-SPD0000	22-03117001	754,812
Regional Auto Crimes Team 2018-2019		608-19-SPD0000	22-03117002	97,726
Total Texas Automobile Burglary & Theft Prevention Authority				$ 745,792
Direct Programs				
Airport Improvement Program:				
Stinson Ramp - 2018		M1715STSO	22-05833010	$ 50,000
Highway Planning and Construction:				
Medical Center Green St-Floyd Curl		CSJ 0915-12-558	26-05923017	$ 189,226
Safe Routes - Schools		CSJ 0915-12-557	26-05923015	49,164
TxDOT - UTSA BLVD		CSJ 0915-12-459	22-05923001	20,943
TxDOT - Contributions		Various	Various	361,772
Total Highway Planning and Construction				$ 621,105
Total Texas Department of Transportation				$ 1,416,897
Office of the Texas Governor:				
Direct Program				
Criminal Justice Division:				
Rifle-Resistant Body Armor	*	2018-BG-ST-0025	22-05517004	$ 1,029,990
Texas Anti-Gang Program 2016	*	2016-AG-ST-0019	22-05517001	1,483,111
Texas Anti-Gang Program 2018	*	2018-AG-ST-0019	22-05517003	655,683
Truancy Intervention & Prevention Program 2017	*	3291101	22-05303001	640,747
Truancy Intervention & Prevention Program 2018	*	3291102	22-05303002	110,654
Total Criminal Justice Division				$ 3,920,185
Total Office of the Texas Governor				$ 3,920,185
Texas Parks and Wildlife Commission:				
Direct Program				
Local Park Grant Program:				
Family Adventure		55-000022	26-05226007	$ 179,112
Rosedale Park Improvement		55-000031	22-05226001	223,040
Total Local Park Grant Program				$ 402,152
Total Texas Parks and Wildlife Commission				$ 402,152
Texas Workforce Commission:				
Pass Through - Alamo Workforce Development, Inc.:				
CCDS - 2016-2017	*	CCDS2013001-03	22-03938000	$ 325,555
CCDS - 2017-2018	*	CCDS2013001-03	22-03938006	13,864,984
Total Texas Workforce Commission				$ 14,190,539
TOTAL EXPENDITURES OF STATE AWARDS				$ 22,910,801

* Major Programs

See accompanying Notes to the Schedule of Expenditures of State Awards

Notes to the Schedule of Expenditures of State Awards

Year-Ended September 30, 2018

1. The accompanying schedule of expenditures of state awards includes the state grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* ("Audit Circular"). The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

2. In September 30, 2018, the City provided state awards to subrecipients in the amount of $179,112 for the Local Park Grant Program (Family Adventure).

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Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the “City”) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 22, 2019.

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Grant Thornton

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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

Grant Thornton LLP

Houston, Texas
February 22, 2019

Report of Independent Certified Public Accountants on Compliance for Each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Uniform Grant Management Standards

GRANT THORNTON LLP
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

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

Report on compliance for each major state program

We have audited the compliance of the City of San Antonio, Texas (the “City”) with the types of compliance requirements described in the Texas Comptroller of Public Accounts, State of Texas Uniform Grant Management Standards, which includes the State of Texas Single Audit Circular (*State of Texas Single Audit Circular*) that could have a direct and material effect on each of its major state programs for the year ended September 30, 2018. The City’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s responsibility

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

Auditor’s responsibility

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

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

Opinion on each major state program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2018.

Grant Thornton

Other matters
The results of our audit procedures disclosed an instance of noncompliance, described in the accompanying schedule of findings and questioned costs as Item 2018-001 that is required to be reported in accordance with the UGMS. Our opinion on each major state program is not modified with respect to this matter.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Items 2018-001 and 2018-002 that we consider to be significant deficiencies in the City's internal control over compliance.

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The City's response to the findings on internal control over compliance identified in our audit, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the City's response.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Houston, Texas
February 22, 2019

Schedule of Findings and Questioned Costs

State

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

State Awards

Internal control over State major programs:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes	_____	None Reported
Type of auditors' report issued on compliance for major programs: Any audit findings disclosed that are required to be reported in Accordance with the *State of Texas Single Audit Circular?*	X	Yes	_____	No

Identification of major State programs:

Grant Numbers	Name of State Program or Cluster
SAT041006314, 608-17-SPD0000, 608-18-SPD0000, 608-19-SPD0000	Regional Auto Crimes Team
2018-BG-ST-0025	Rifle-Resistant Body Armor
2016-AG-ST-0019, 2018-AG-ST-0019	Texas Anti-Gang Program
3291101, 3291102	Truancy Intervention & Prevention Program
CCDS2013001-03	Child Care Service

Dollar threshold used to distinguish between Type A and Type B programs: $687,324

Auditee qualified as low-risk auditee?	_____	Yes	X	No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2018

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

There are no findings to be reported.

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2018

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

Finding # 2018-001:
Program Title: Texas Anti-Gang Grant Program (TAG)
Contract Grant Number: 22-05517001
State Award Years: 04/01/2016-12/31/2017
State Agency: N/A – State Funds
Type of Finding: Significant deficiency and Non-compliance
Procurement

Criteria:
The Criminal Justice Division & Homeland Security Grants Division Grantee Conditions and Responsibilities Section 8.1 Procurement practices and policies states "when any contractual or equipment procurement is anticipated to be in excess of $150,000, grantees must submit a Procurement Questionnaire to the Office of the Governor (OOG) for approval prior to procurement."

Condition:
For one (1) of the three (3) procurements haphazardly selected for procurement testing, the City of San Antonio Police Department did not submit a Procurement Questionnaire to the OOG for approval prior to procurement.

Context:
The sample of three (3) procurements haphazardly selected for testing included (1) in excess of $150,000. The procurement totaled $256,843.

Cause:
The procurement was made at the beginning of a new grant for initial set up of the program facility. The purchase was handled by the City's IT Department rather than the fiscal staff in the Police Department. The IT department was not aware of the TAG requirement.

Effect:
Lack of controls over contracts and procurements could result in the City's noncompliance with grant requirements and/or could result in the City being denied future grant funding.

Questioned Costs:
$256,843

Repeat Finding:
No

Recommendation:
We recommend that the Department follow the grant specific requirements for procurement for all transactions.

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2018

Views of responsible officials:

The City agrees with the recommendation and San Antonio Police Department (SAPD) has strengthened procurement procedures to ensure all expenditures funded by the department have the appropriate Fiscal review to validate availability and allowance of costs in accordance with policies and appropriate regulations.

Finding # 2018-002:
Program Title: Truancy Intervention & Prevention (TIP)
Contract Grant Number: Grant2017 3291101 & Grant2018 3291102
State Award Years: 8/1/2017 – 8/31/2019
State Agency: Texas Governor's Office
Type of Finding: Significant Deficiency

Reporting

Criteria:
C--Auditees
sec.___.300 Auditee responsibilities.
The auditee shall:
(b) Maintain internal control over *state* programs that provides reasonable assurance that the auditee is managing *state* awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its *state* programs.

Condition:
The City of San Antonio Municipal Court is required to submit Financial Status Reports ("FSR") via the eGrants system to the Office of the Texas Governor ("OOG"), at minimum, on a quarterly basis. Payments are generated based on expenditures reported on the FSR's. During our testing, we noted a lack of segregation of duties over the preparation, approval and submission of the FSR's to the OOG.

Context:
Due to the lack of segregation of duties, we noted that all six reports submitted during the fiscal year were prepared, approved and submitted by the same individual.

Cause:
Insufficient resources caused by vacancies in the department resulted in the segregation of duties deficiency. The Accounting Manager was not able to hire and train an individual to prepare the FSRs in order for the Accounting Manager to independently perform a review.

Effect:
The lack of segregation of duties or independent reviews over the reports could result in inaccurate reporting and noncompliance with specific grant conditions required by the OOG, which could potentially lead to loss or return of funding.

Questioned Costs:
None reported.

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2018

Repeat Finding:
No

Recommendation:
We recommend that the City of San Antonio Municipal Court fill open positions and develop and implement a process for independently reviewing Financial Status Reports prior to the submission to the grantor agency in order to ensure there is appropriate evidence of review by a person other than the preparer of such reports.

Views of responsible officials:

The City agrees with the recommendation and has strengthened processes to ensure FSR reports are prepared and reviewed by separate individuals.

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Corrective Action Plan

State

Corrective Action Plan
State Grants
Year-Ended September 30, 2018

Finding #2018-001: Procurement
Type of Finding: Significant deficiency and Non-compliance

Responsible Person
Rick Riley, Assistant Police Director
San Antonio Police Department

Implementation Date
February 2019

Views of responsible officials and planned corrective actions
The City agrees with the recommendation and San Antonio Police Department (SAPD) has strengthened their approval process for all departmental buys to ensure purchases are reviewed and approved by the SAPD Fiscal Office prior to procurement. SAPD Fiscal Office will review grant guidelines to determine if any additional requirements need to be met before purchase for all grant funded expenditures.

Finding #2018-002: Segregation of Duties
Type of Finding: Significant deficiency

Responsible Person
Frederick Garcia Jr., Court Clerk
Municipal Court

Implementation Date
February 2019

Views of responsible officials and planned corrective actions
The City agrees there needs to be an independent review in the preparation and reporting of the financial status reports required by OOG. Municipal Court has filled its vacancy and is transitioning preparation duties to the new staff. In addition, the Accounting Manager has strengthened process and procedures to ensure an independent review of the financial status reports occurs prior to the submission to OOG.

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Summary Status of Prior Year Findings

State

CITY OF
SAN ANTONIO
EST. 1718

Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2018

Finding: 2017-001

San Antonio Bexar County Soccer Public Facility Corporation – Correction of an Error Restatement – Material Weakness in Internal Control over Financial Reporting

Recommendation:

We recommend the City should strengthen its controls in place to ensure executed transactions are communicated timely and incorporate as part of its assessment of the proper reporting for newly created entities that all executed agreements be obtained before a final conclusion is determined to ensure timely and accurate reporting.

Status:

Corrected

The City's Deputy Chief Financial Officer requested all current and potential component units' executive and chairman of the board to submit Articles, By-laws, and GASB questionnaires to the City for review. The City has reviewed all entities to make a determination of the entity's potential component unit status and report such entities in the City's financial statements. Determination of the entity's potential component unit status will not be determined until all documents of the entity (Articles, By-laws, etc.) have been finalized.

Responsible Person

Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Finding: 2017-002
Lack of IT Controls within PARIS – Significant Deficiency

Recommendation:
We recommend that the responsibility of administering security within financially critical systems be transferred to IT system administrators, who do not perform financial reporting processes / controls, or a third party. All security administration rights within financially critical systems granted to personnel performing financial reporting processes and controls should be revoked. Additionally, periodic, formal reviews of the user accounts and permissions within all financially critical systems should be performed. These reviews should take place at a pre-defined, risk-based frequency, semi-annually at a minimum, and should create an audit trail such that a third-party could determine when the reviews were performed, who was the business owner performing the review, and what access changed as a result. The business owner performing the review should have the appropriate competencies to attest to the ability granted by each role / permission / authority and the rationale for considering access appropriate for each user. These reviews should evaluate both the necessity of existing user ID's as well as the appropriateness of user-to-group assignments, with due consideration being given to adequate segregation of duties.

Status:
Corrected

Security administration for the PARIS system has been transferred to ITSD system administrators and is managed per a Service Level Agreement between ITSD and the Airport Parking Office. ITSD has implemented annual review of policies, procedures, and controls that apply to the City's financial systems including SAP and PARIS. These reviews will be led by the Office of the Chief Information Security Officer.

Responsible Person
Craig Hopkins, Chief Information Officer
Information Technology Services Department

Finding: 2017-003
Controls over the Preparation of the Schedule of Expenditures of Federal Award (SEFA) and Schedule of Expenditures of State Awards (SESA) - Significant deficiency

Recommendation:
We recommend City employees responsible for federal and state grants have adequate training of the SEFA and SESA reporting process and requirements. We also recommend the City establish and implement internal controls to ensure financial information received from departments that is used to prepare the SEFA and SESA is complete and accurate.

Status:
Corrected

Formal training was provided to the City's Departmental Fiscal Administrators, as well as the City's grant program staff on May 24 and June 5, 2018. The training addressed the new grant AD and the management letter findings.

Responsible Person
Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Finding: 2017-004
Subrecipient Monitoring Local Park Grant – Family Adventure – Material Weakness and Material Non-compliance

Recommendation:
We recommend that the City Parks and Recreation Department provide training and guidance to program managers to effectively identify subawards versus vendor relationships in accordance with the UGMS. Additionally, we recommend the City Parks and Recreation Department follow policies and procedures that set forth monitoring requirements for all subawards in accordance with the UGMS and related grants agreement.

Status:
Corrected

The Parks and Recreation Department has updated its internal policy and procedures to clarify how to distinguish between sub-awards and vendors. Staff also attended the City-wide grant training session held on May 24 and June 5, 2018. Five checklists were distributed and are being utilized at the Parks and Recreation Department to ensure proper classification for future grants.

Responsible Person
Xavier D. Urrutia, Director
Parks and Recreation Department

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PFC REPORT

Report of Independent Certified Public Accountants on Compliance with Applicable Requirements of the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH APPLICABLE REQUIREMENTS OF THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

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

Report on compliance for the Passenger Facility Charge Program

We have audited the compliance of the City of San Antonio, Texas (the "City") with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on the Passenger Facility Charge program (the "PFC program") for the year ended September 30, 2018.

Management's responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions applicable to the City's Passenger Facility Charge program.

Auditor's responsibility

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

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

Opinion on the PFC program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended September 30, 2018.

Grant Thornton

Report on internal control over compliance

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

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

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

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

Grant Thornton LLP

Houston, Texas
February 22, 2019

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 22, 2019.

Our report includes a reference to other auditors who audited the financial statements of San Antonio Fire and Police Pension Fund, San Antonio Fire and Police Retiree Health Care Fund, HemisFair Park Area Redevelopment Corporation, San Antonio Economic Development Corporation, Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio, Westside Development Corporation, and Visit San Antonio, blended and fiduciary component units; CPS Energy, San Antonio Water System, Brooks, Port Authority of San Antonio dba Port San Antonio, SA Energy Acquisition Public Facility Corporation, San Antonio Bexar County Soccer Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Foundation, Inc., San Antonio Housing Trust Public Facility Corporation, and San Antonio Tricentennial Celebration Commission, discretely presented component units; and the San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), a major fund and blended component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, San Antonio Economic Development Corporation, Westside Development Corporation and Visit San Antonio were not audited in accordance with *Government Auditing Standards*.

Internal control over financial reporting

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

Grant Thornton

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

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

Intended purpose

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

Grant Thornton LLP

Houston, Texas
February 22, 2019

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Schedule of Revenues and Expenditures of Passenger Facility Charges

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CITY OF SAN ANTONIO, TEXAS
SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES
Year Ended September 30, 2017 and Each Quarter During the year ended September 30, 2018 with Cumulative Totals as of September 30, 2017 and 2018

	SEPTEMBER 30, 2017 PROGRAM TOTAL	QUARTER 1 OCTOBER THROUGH DECEMBER	QUARTER 2 JANUARY THROUGH MARCH	QUARTER 3 APRIL THROUGH JUNE	QUARTER 4 JULY THROUGH SEPTEMBER	YEAR ENDED SEPTEMBER 30, 2018 TOTAL	SEPTEMBER 30, 2018 PROGRAM TOTAL
Revenue:							
Collections	$ 214,724,410	$ 4,422,450	$ 4,372,247	$ 4,807,078	$ 5,542,882	$ 19,144,657	$ 233,869,067
Interest	7,022,969	88,440	93,661	139,824	114,445	436,370	7,459,339
Total Revenue	$ 221,747,379	$ 4,510,890	$ 4,465,908	$ 4,946,902	$ 5,657,327	$ 19,581,027	$ 241,328,406
Disbursements:							
Application 01-01-C-00-SAT							
Project ID 1.8 Replace RON Apron	$ 1,722,176	$ -	$ -	$ -	$ -	$ -	$ 1,722,176
Project ID 1.9-Rehabilitate T-1 & T-2	16,949,546		217,974	95	938,649	1,156,718	18,106,264
Project ID 1.11-Reconstruct Per. Rd.	464,840						464,840
Application 03-02-U-00-SAT							
Project ID 1.10 Concourse B	94,942,541		2,320,954	577	6,312,218	8,633,749	103,576,290
Application 04-03-U-00-SAT							
Project ID 1.1 Residential Noise Attenuation	12,668,490		376,166	113	885,949	1,262,228	13,930,718
Application 05-04-C-00-SAT							
Project ID 4.1 Terminal Elevated Roadway	23,881,105		498,358	337	1,665,999	2,164,694	26,045,799
Project ID 4.2 Central Plant Upgrade	5,589,037		164,931	62	479,176	644,169	6,233,206
Project ID 4.3 Apron Replacement	2,389,495		27,190	7	91,073	118,270	2,507,765
Project ID 4.4 New Utilities -Terminal Expansion	7,299,611		155,157	134	481,899	637,190	7,936,801
Project ID 4.5 Replace Two ARFF Vehicles	303,970						303,970
Project ID 4.6 Conduct Environmental Impact Statement	549,241						549,241
Project ID 4.7 Reconstruct Terminal Area Roadway	225,000						225,000
Project ID 4.8 Noise Monitoring Equipment	245,153						245,153
Project ID 4.9 Terminal and Airfield Security	973,534						973,534
Project ID 4.10 Airfield Electrical Improvements	633,333						633,333
Project ID 4.11 PFC Development	150,000						150,000
Application 07-05-C-00-SAT							
Project ID 5.1 Terminal 1 Modifications	23,454,787		601,978	26	1,403,364	2,005,368	25,460,155
Project ID 5.2 Runway Safety Action Team (RSAT)	824,376						824,376
Project ID 5.3 Runway 21 Extension	5,737,978						5,737,978
Project ID 5.4 Taxiway R Extension	591,878				39,381	39,381	631,259
Total Disbursements	$ 199,596,091	$ -	$ 4,362,708	$ 1,350	$ 12,297,708	$ 16,661,767	$ 216,257,858
Net PFC Revenue	$ 22,151,288	$ 4,510,890	$ 103,200	$ 4,945,552	$ (6,640,381)	$ 2,919,260	$ 25,070,548
PFC Account Balance	$ 22,151,288	$ 26,662,178	$ 26,765,378	$ 31,710,930	$ 25,070,549	$ 25,070,548	$ 25,070,548

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges

Year-Ended September 30, 2018

General

The Aviation and Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of Passenger Facility Charges (PFC) and use of PFC revenue on Federal Aviation Administration (FAA) approved projects.

- On August 29, 2001, the FAA approved a $3.00 Passenger Facility Charge collection at San Antonio International Airport (SAT) effective November 1, 2001 per PFC Application 01-01-C-00-SAT. The total approved amount of PFC revenue plus interest SAT is allowed to collect under this application is $238,029,391 by January 1, 2013, as amended on February 15, 2005 and June 26, 2007. The second amendment additionally increased the approved collection rate for the application to $4.50, effective October 1, 2007.

- PFC Application 03-02-U-00-SAT, approved on July 23, 2003, and 04-03-U-00-SAT approved on December 1, 2004, authorized SAT to utilize funds collected at SAT in PFC Application 01-01-C-00-SAT. Approved PFC project funding was increased, as amended on February 15, 2005 and June 26, 2007.

- On February 22, 2005, per PFC Application 05-04-C-00-SAT, the FAA additionally approved a $3.00 PFC to be collected at SAT effective November 1, 2012 (upon the expiration date of the previous application, as amended). The total approved amount of PFC revenue plus interest SAT is allowed to collect under this application is $118,303,705 by March 1, 2018, as amended on June 26, 2007. Additionally, the second amendment increased the approved collection rate for this application to $4.50 and changed the charge effective date to January 1, 2013.

- On October 4, 2007, per PFC Application 07-05-C-00-SAT, the FAA approved a $4.50 PFC to be collected at SAT effective March 1, 2018 (upon the expiration date of the previous application, as amended). The total approved amount of PFC revenue plus interest SAT is allowed to collect under this application is $24,625,453.

- On May 28, 2010, the FAA approved an amendment to PFC Application 01-01-C-00-SAT. As a result, the impose authority is increased by $126,197,658 from $238,029,391 to $364,227,049. As a result of this amendment, the approved authority in Application 03-02-U-00-SAT, as amended, increased by $108,498,037 from $176,470,875 to $284,968,912. This amendment is referenced as 03-02-U-03-SAT. Also as a result of this amendment, the approved authority in Application 04-03-U-00-SAT is increased by $17,699,621 from $24,840,225 to $42,539,846. This amendment is referenced as 04-03-U-03-SAT.

- On May 28, 2010, the FAA approved an amendment to PFC Applications 07-05-C-00-SAT and 05-04-C-00-SAT. As a result, the approved applications impose and use authority is increased by $55,756,620 from $24,625,453 to $80,382,073 and $10,856,201 from $118,303,705 to $129,159,906 respectively. These applications are now referenced as 07-05-C-01-SAT and 05-04-C-02-SAT, respectively.

- On April 13, 2015, the FAA approved an amendment to PFC Applications 01-01-C-03-SAT, 05-04-C-02-SAT, and 07-05-C-01-SAT. The approved impose authority decreased in Application 01-01-C-04-SAT by $48,338,011 from $284,968,912 to $236,630,901. This amendment is referenced as 03-02-U-04-SAT. The approved imposed and use authority decreased in Application 01-01-C-04-SAT by $87,517 from $552,357 to $464,840. Also as a result of this amendment, the approved impose and use authority decreased in 05-04-C-03-SAT by $34,154,019 from $129,159,906 to $95,005,887 and 07-05-C-02-SAT by $27,479,278 from $80,382,073 to $52,902,795.

Notes to Schedule of Revenues and Expenditures of Passenger Facility Charges (Continued)

Year-Ended September 30, 2018

Schedule of Expenditures of Passenger Facility Charges

The accompanying schedule of expenditures of passenger facility charges presents the revenues received from Passenger Facility Charges and expenditures incurred on approved projects on the cash basis of accounting.

Revenues received and expenditures spent on approved projects in the accompanying schedule agree to the Passenger Facility Charge Quarterly Status Reports submitted by SAT to the FAA.

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Schedule of Findings and Questioned Costs

Passenger Facility Charges

Schedule of Findings and Questioned Costs
Passenger Facility Charge Program
Year-Ended September 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Passenger Facility Charge Program

Internal control over passenger facility charge program:

Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	None Reported
Type of auditors' report issued on compliance for passenger facility charge program:		Unmodified		
Any audit findings disclosed that are required to be reported?	_____	Yes	X	No

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO PASSENGER FACILITY CHARGE PROGRAM

None.

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Summary Status of Prior Year Findings

Passenger Facility Charges

Summary Status of Prior Year Findings
Passenger Facility Charge Program
Year-Ended September 30, 2018

Finding: 2017-001
San Antonio Bexar County Soccer Public Facility Corporation – Correction of an Error Restatement – Material Weakness in Internal Control over Financial Reporting

Recommendation:
We recommend the City should strengthen its controls in place to ensure executed transactions are communicated timely and incorporate as part of its assessment of the proper reporting for newly created entities that all executed agreements be obtained before a final conclusion is determined to ensure timely and accurate reporting.

Status:
Corrected

The City's Deputy Chief Financial Officer requested all current and potential component units' executive and chairman of the board to submit Articles, By-laws, and GASB questionnaires to the City for review. The City has reviewed all entities to make a determination of the entity's potential component unit status and report such entities in the City's financial statements. Determination of the entity's potential component unit status will not be determined until all documents of the entity (Articles, By-laws, etc.) have been finalized.

Responsible Person
Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Finding: 2017-002
Lack of IT Controls within PARIS – Significant Deficiency

Recommendation:
We recommend that the responsibility of administering security within financially critical systems be transferred to IT system administrators, who do not perform financial reporting processes / controls, or a third party. All security administration rights within financially critical systems granted to personnel performing financial reporting processes and controls should be revoked. Additionally, periodic, formal reviews of the user accounts and permissions within all financially critical systems should be performed. These reviews should take place at a pre-defined, risk-based frequency, semi-annually at a minimum, and should create an audit trail such that a third-party could determine when the reviews were performed, who was the business owner performing the review, and what access changed as a result. The business owner performing the review should have the appropriate competencies to attest to the ability granted by each role / permission / authority and the rationale for considering access appropriate for each user. These reviews should evaluate both the necessity of existing user ID's as well as the appropriateness of user-to-group assignments, with due consideration being given to adequate segregation of duties.

Summary Status of Prior Year Findings
Passenger Facility Charge Program
Year-Ended September 30, 2018

Status:
Corrected

Security administration for the PARIS system has been transferred to ITSD system administrators and is managed per a Service Level Agreement between ITSD and the Airport Parking Office. ITSD has implemented annual review of policies, procedures, and controls that apply to the City's financial systems including SAP and PARIS. These reviews will be led by the Office of the Chief Information Security Officer.

Responsible Person
Craig Hopkins, Chief Information Officer
Information Technology Services Department

Finding: 2017-003
Controls over the Preparation of the Schedule of Expenditures of Federal Award (SEFA) and Schedule of Expenditures of State Awards (SESA) - Significant deficiency

Recommendation:
We recommend City employees responsible for federal and state grants have adequate training of the SEFA and SESA reporting process and requirements. We also recommend the City establish and implement internal controls to ensure financial information received from departments that is used to prepare the SEFA and SESA is complete and accurate.

Status:
Corrected

Formal training was provided to the City's Departmental Fiscal Administrators, as well as the City's grant program staff on May 24 and June 5, 2018. The training addressed the new grant AD and the management letter findings.

Responsible Person
Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

CITY OF SAN ANTONIO, TEXAS