

Comprehensive Annual Financial Report



*City of Austin,
Texas*

*For the year ended
September 30, 2003*

*Prepared by:
Financial and Administrative Services Department*

*Vickie Schubert, CPA
Acting Director*

*Jeff Knodel, CPA
Controller*

*Members of the Government Finance Officers Association
of the United States and Canada*



City Council

Will Wynn

Mayor

Term expires June 16, 2006

Jackie Goodman

Mayor Pro Tem

Term expires June 15, 2005

Council Members

Raul Alvarez	June 16, 2006
Betty Dunkerley	June 15, 2005
Brewster McCracken	June 16, 2006
Daryl Slusher	June 15, 2005
Danny Thomas	June 16, 2006

Toby Hammett Futrell

City Manager

**CITY OF AUSTIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2003**

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INTRODUCTION



City of Austin

Municipal Building 124 West 8th St., P.O. Box 1088, Austin, Texas 78767

March 26, 2004

Honorable Mayor and Council Members
City of Austin, Texas

Ladies and Gentlemen:

We are pleased to submit to you the 2003 Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas. The report was prepared by the Financial and Administrative Services Department, Controller's Office. The combined financial statements and related notes have been jointly audited by the independent firms of Certified Public Accountants, KPMG LLP, and R. Mendoza & Company, P.C., whose reports are included herein. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. The Federal awards received by the City directly from Federal agencies or passed through by the State of Texas or other governmental entities during fiscal year 2003 are being audited under the provisions of the Single Audit Act of 1996, as amended, and State awards are being audited under the provisions of the *State of Texas Single Audit Circular*. The reports will be available in the City's separately issued Single Audit Report.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. Furthermore, we believe all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

GASB Statement No. 34, entitled "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of management discussion and analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

REPORTING ENTITY

This CAFR includes the financial activities of the primary government and its component units. The City provides a full range of services, including general government, public safety, transportation, planning and sustainability, public health, public recreation and culture, urban growth management, electric, water and wastewater, airport and other enterprise services. In addition, the City has blended with its financial statements those of the separate legal entities, the Austin Housing Finance Corporation, whose activities are reported in the Housing Assistance Fund, and the Austin Industrial Development Corporation, whose activities are included in the Austin Industrial Development Corporation Fund.

AUSTIN'S GOVERNMENT, ECONOMY AND OUTLOOK

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor and six Councilmembers. The Mayor and Councilmembers are elected at large for three-year staggered terms with a maximum of two consecutive terms. A petition signed by a minimum 5 percent of voters waives the term limit for a councilmember. The City Manager, appointed by the City Council, is responsible to them for the management of all City employees and the administration of all City affairs.

Austin, the capital of the state of Texas, is the fourth largest city in Texas (behind Houston, Dallas, and San Antonio), with a year 2000 population of 656,562. According to the 2000 Census, Austin's population grew since 1990 by 191,000 residents, which represents an increase of 41 percent. Geographically, Austin consists of approximately 275 square miles. Austin has a median household income of \$42,689 and a per capita income of \$24,163.

Austin is frequently recognized as a great place to live and/or work, with one of the most recent commendations in *Forbes*, which rated Austin as the number one city on its list of Best Places for Business and Careers. *Forbes* also recognized Austin as the best city for singles. Austin has long attracted a variety of people, and the reasons that draw people to the City are varied. The area has a natural beauty and a first-rate parks department that administers a number of public outdoor recreational facilities, including neighborhood parks, greenbelts, athletic fields, golf courses, tennis courts, a veloway for bicyclists and in-line skaters, miles of hike and bike trails and striped bike lanes, a youth entertainment complex and swimming pools.

Residents of Austin enjoy many outdoor events, including art, music, and food and wine festivals; races and bicycle rides; and the nightly flights of the world's largest urban bat colony. Indoor events vary from music to museums to ice hockey, art galleries, an opera facility and a wide variety of restaurants and clubs. Long recognized as the "live music capital of the world," Austin boasts more than 100 live music venues, and is home to the annual South by Southwest (SXSW) music, film and interactive festivals each spring as well as the Austin City Limits Festival each fall.

The educational opportunities in Austin have long drawn people to the city. Among U.S. cities with a population over 250,000, Austin is one of the most highly educated cities, with more than 30 percent of its adults having a college degree and over 88 percent of the workforce having some college education. With its seven institutions of higher learning and more than 94,000 students, education is a significant aspect of life in the Austin area. The University of Texas at Austin (UT), the largest public university in the nation, is known as a world-class center of education and research.

During the 1990s, over 280,000 jobs were created in Austin; unemployment dropped to less than 2 percent in 2000. Since then, Austin and the Central Texas area have been hit hard by the technology slump. Although the Austin area unemployment rate has improved slightly from the previous year, it remains significantly higher than prior to the economic downturn. The unemployment rate for September 2003 was 5.5 percent, which is a slight improvement from the September 2002 rate of 5.7 percent. Statewide, the unemployment rate stands at 6.6 percent, compared to 6.5 percent a year ago.

Layoffs and the nationwide slump in tourism have negatively impacted both sales tax and hotel tax revenues from levels experienced a few years ago. While, hotel tax revenues increased by 3 percent from the prior year, they are still below pre-9/11 levels. During 2003, sales tax revenue declined 4.5 percent. Early 2004 collections show an increase in sales tax and hotel bed taxes, which may indicate that the economic slump is beginning to improve. Property taxes for 2003 and subsequent years may be negatively impacted by lawsuits filed against the appraisal district; the suits challenge the appraisal district's property valuations for many businesses. If the challenges are successful, they could result in decreased tax revenue next year for the local taxing jurisdictions, including the City. These financial statements include the impact of estimated refunds for the pending lawsuits.

The City's airport continues to see a decline in travel as a result of the 9/11 tragedy and continued security concerns related to air travel. Total airline passengers declined slightly in 2003 from the previous year. Costs related to the operations of the airport increased significantly due to security costs. Parking revenues have also declined significantly due to the decline in travel and an increase in competition from other parking sites located near the airport. The City's Convention Center facilities, with the addition of the expanded Convention Center facility and the new Palmer Events Center, increased revenues significantly from the previous year. The increase in revenues was proportionately higher than the increase in expenses to operate the facilities, in part due to cost-cutting initiatives instituted beginning in 2002. Although water and wastewater revenues were higher than the previous year, they were less than anticipated due to mild weather conditions.

City management implemented cost savings efforts beginning in 2002 and throughout the 2003 budget. During the 2003 budget development, a structural budget process was instituted. As part of this process, an emphasis was placed on funding the City's expenditures with on-going revenue sources instead of relying on one-time revenue occurrences and excess ending balances in order to balance the budget. Aside from public safety related costs, significant cost reductions occurred across the City, primarily in the General and Support Services Funds. As part of the 2003 budget, over 300 vacant positions were

cut from the budget. Economic indicators show that the economy is beginning to improve in early 2004; however, the City continues to be extremely cautious regarding future economic projections.

For the future, Austin's strengths continue to be the ones that led to growth in the recent past: a highly capable workforce, innovation and entrepreneurship, clusters in knowledge industries, the presence of a world-class research university and several other institutions of higher learning, strong community assets and a superior quality of life. Austin has recently reorganized its economic development activity to focus on three major areas: traditional economic development (including primary employers), small business development, and cultural vitality.

MAJOR INITIATIVES AND ACHIEVEMENTS

The City has a number of significant initiatives underway or recently completed, as described below. These initiatives should have a positive effect on the City's economic health and services to residents and businesses.

Health and Safety Projects

Brackenridge Hospital is operated by the Daughters of Charity under a lease agreement with the City. In order to accommodate certain ethical religious directives, Seton and the City agreed to construct a separately licensed facility for reproductive services and to increase maternity capacity. In February 2004, construction of the Austin Women's Hospital was completed. The facility, which is located on the fifth floor of Brackenridge Hospital, will be operated by the University of Texas Medical Branch at Galveston. The new hospital will maintain access for anyone in need of reproductive health care services; maintain seamless delivery of services; and maintain the high quality of care available at Brackenridge Hospital. The facility is expected to open in March 2004.

The City, Travis County and local leaders are developing a plan for a health care district for Austin/Travis County. Such a district would allow for the creation of a dedicated funding source for the provision of indigent health care costs to all residents in Austin and Travis County. In order for the health care district to be created, an election within Travis County is required. It is anticipated that the election will occur in May 2004.

Construction of the Combined Transportation, Emergency and Communication Center was completed in October 2003. The facility supports existing and new operations of critical emergency communications and transportation management for the region. It is located at the former site of the Robert Mueller Airport.

Convention and Cultural Projects

The City operates the Austin Convention Center, in addition to the Palmer Events Center. In June 2002, construction was completed for the expansion of the Convention Center, which effectively doubled the size of the facility. On January 5, 2004, the new Convention Center Headquarters Hotel, which is adjacent to the Convention Center, opened for business. This hotel is owned by Austin Convention Enterprises, Inc., and operated by Hilton Hotels Corporation. The Palmer Events Center is located next to Town Lake and is utilized for arts and crafts shows, concerts, trade shows and small conventions.

The City continues with building a new City Hall and Public Plaza, which will be one of Austin's newest landmarks. The City Hall will overlook lovely Town Lake. December 2, 2003 marked the topping-out ceremony, which approximates the halfway point in construction of the building and plaza. Construction is expected to be completed in the Fall of 2004.

Economic Development and Transportation Projects

A vital, on-going project is the redevelopment of the former Robert Mueller Municipal Airport (RMMA) site. The 709-acre site is envisioned as a transit-oriented community, including a town square, a mixed-use district, an employment center, a variety of residential uses, and the site of a new children's hospital. The City selected Catellus Development Corporation as the developer for this long-term project and is currently negotiating the elements of the development agreement for the property.

The City is continuing work on transportation projects approved by the voters in 2000. Projects include improvements to State Highway (SH) 183, which will improve access to Austin-Bergstrom International Airport; extension of Loop 1 North; construction of an east-west highway SH 45N in the northern portion of Travis County; and SH 130, which will provide an alternative to IH 35 to the east of the City. Other projects include improved transportation options for pedestrians and bicyclists.

Utility Projects

Austin Energy, the City's electric utility, continues its efforts to remain competitive in the new deregulated environment. Deregulation allows Texas residents and businesses served by utilities participating in deregulation to choose the supplier from which they purchase their electricity. The local electric utility continues to deliver the electricity. Deregulation began in Texas on January 1, 2002 for all private electric utilities. These utilities, owned by stockholders, are called investor-owned utilities (IOUs). Electric cooperatives (Co-ops) and city-owned electric utilities (called municipally owned utilities or MOUs) such as Austin Energy can participate, or "opt-in," by a vote of their board or City Council. Once the City Council votes to

participate in deregulation, it cannot later withdraw. The City has not “opted-in”, but does continue to prepare for that possibility. A key step in remaining competitive was to begin moving from issuing combined utility debt (combined electric and water and wastewater) to issuing debt specific to the electric utility. To proceed towards that goal, Austin Energy issued \$182.1 million in Electric Utility revenue refunding bonds and refunded \$100.3 million of the Combined Utility System tax exempt commercial paper and \$87 million of the outstanding Combined Utility System taxable commercial paper during 2003. Austin Energy continues to increase participation in the GreenChoice Program, including participation from Concordia University, which is the first college in the nation to subscribe to 100 percent green power. Austin Energy’s GreenChoice Program ranks number one in the nation in green power sales according to the Department of Energy.

The Water and Wastewater Utility has launched the Austin Clean Water Program. The Program is the result of a mandate from the U.S. Environmental Protection Agency to eliminate overflows from its wastewater collection system by the end of 2007. The cost to complete this program is estimated to be \$150 million. The Utility reduced its debt liability by issuing refunding bonds during the year. Consent obtained from Utility bondholders to replace a debt service fund with a surety bond will result in releasing cash reserves that may be used to defease outstanding debt.

Status of City Services

The vision of the City of Austin is to be the most livable community in the country. To achieve this vision, the governing leaders of the City invite citizens to participate in the Citizen Satisfaction Survey. The City has conducted the survey since 1997.

Police, EMS, and Fire are the three highest rated services in the survey. The top issues of importance to Austin residents are:

- Downtown issues (parking, traffic, construction)
- Tax related issues (including utility rates, fees and charges)
- Road conditions/new roads
- Growth management
- Jobs

The City is committed to incorporating the public’s preferences into its strategic planning and use the public’s expression of satisfaction as a criterion of accountability.

OTHER

Internal Controls and Budgetary Control

City management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City employs a computerized financial accounting system that includes a system of internal accounting controls.

The Financial and Administrative Services Department is responsible for providing all centralized City financial services including financial accounting, reporting and budgeting, payroll and accounts payable disbursement functions, cash and investment management, debt management, and purchasing and contract administration. The Director of Financial Services, appointed by the City Manager, supervises the department’s operations.

The objective of budgetary controls is to ensure compliance with legal provisions in the annual appropriated budget approved by the City Council. The annual operating budget, or financial plan, is proposed by the City Manager and enacted by the City Council after public discussion. Subsequent intradepartmental budget transfers must be approved by the City Manager. Interdepartmental transfers and any increase or decrease in total appropriations must be approved by the City Council. Management control for the operating budget is maintained at the fund and department level.

Primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. As demonstrated by the statements and schedules included in the City’s 2003 Comprehensive Annual Financial Report, the City continues to meet its responsibility for sound financial management.

Cash Management

The City’s investment policy is to minimize credit and market risk while maintaining a competitive portfolio yield. Cash balances of all City funds are invested in consideration of five factors: safety, term, liquidity, market exposure and rate of return. Cash balances of most funds, except the debt service and revenue bond retirement reserve, are pooled for investment

purposes. These investments are made in accordance with the Texas Public Funds Investment Act and the City of Austin Investment Policy. During 2003, the City's cash resources were primarily invested in U.S. Treasury and Agency issues. The average yield on pooled investments during the year was 2.46 percent, and the weighted average maturity of the investments was 363 days.

Risk Management

The City maintains three internal service funds to account for its risk of loss associated with torts and employee and workers' compensation benefits. The City continues to be self-insured for liabilities for most health benefits, third-party claims, and workers' compensation. The City purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bonds and airport operations. In addition, the City purchases a broad range of insurance coverage for contractors working at selected capital improvement project sites. The City does not participate in a risk pool. Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities for the Employee Benefits Fund and the Workers' Compensation Fund are calculated based on outstanding claims and actuarial data; the Liability Reserve Fund is based on outstanding claims.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2002 Comprehensive Annual Financial Report (CAFR). This is the eleventh consecutive year that the City has achieved this prestigious award. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2003 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for its review.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. The City of Austin has such a staff in the Controller's Office of the Financial and Administrative Services Department. We would like to express our appreciation to all the staff of the Controller's Office who assisted in and contributed to the preparation of this report.

Other departments and offices of the City have also contributed directly or indirectly to the preparation of this report. In particular, the Budget Office of the Financial and Administrative Services Department and the Office of the City Auditor have been instrumental in ensuring that good financial management practices are maintained, and their cooperation and continued assistance is appreciated. We also acknowledge the efforts of the City departments in following good financial management practices and in providing information and assistance during the preparation of the report.

We acknowledge the thorough, professional and timely manner in which our independent auditors, KPMG LLP and R. Mendoza & Company, P.C., conducted the audit.

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



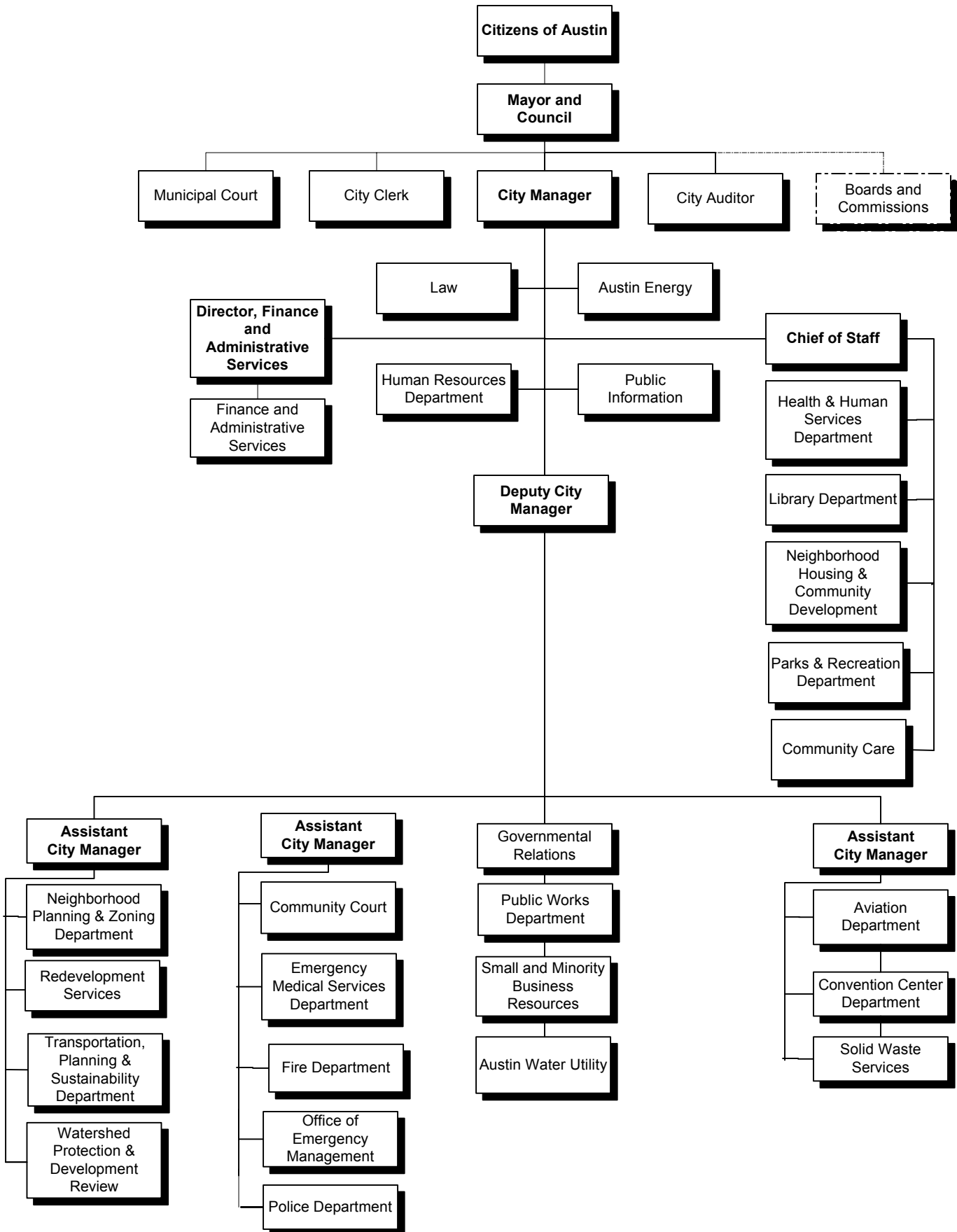
Toby Hammett Futrell
City Manager



Vickie Schubert, CPA
Acting Director, Financial and Administrative Services Department

City of Austin, Texas

ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austin,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2002.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2003 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



President

Executive Director





FINANCIAL SECTION



KPMG LLP
Suite 1100
111 Congress Avenue
Austin, TX 78701



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Austin, Texas ("City"), as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents under "Basic Financial Statements". These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 14 and the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budget Basis on pages 94 through 95 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introduction, combining and fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and fund financial statements and schedules, and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

R. Mendoza & Company, P.C.

Austin, Texas
February 6, 2004



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The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

The financial statements are presented in conformance with the Governmental Accounting Standards Board Statement No. 1 through Statement No. 39 and Statement 41. During the current fiscal year, the City implemented GASB Statement No. 39, "Determining if Certain Organizations are Component Units" and GASB Statement No. 41, "Budgetary Comparison Schedules – Perspective Differences – an amendment to GASB Statement No. 34". These statements did not alter the City's financial reporting presentation from previous years.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$3.6 billion (net assets). Of this amount, unrestricted net assets of \$618 million may be used to meet the City's ongoing obligations to citizens and creditors.

Total net assets for the City of Austin increased by \$241.4 million during the fiscal year.

As of September 30, 2003, the City's governmental activities reported combined net asset balances of \$1.3 billion. Approximately 3% of this total amount, or \$43 million, represents unrestricted net assets available for spending at the City's discretion.

At the close of the current fiscal year, unreserved fund balance for the General Fund was \$88 million or 20% of total General Fund expenditures of \$433 million.

The City's total noncurrent liabilities increased \$14 million during the current fiscal year. Governmental noncurrent liabilities increased \$22 million and business-type noncurrent liabilities decreased \$8 million; business-type obligations are self-supporting, and do not rely on tax revenues for repayment. The key factors in this increase included issuance of new debt, which was partially offset by principal payment or refunding of existing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also contains other supplementary information in addition to the basic financial statements, including information on individual funds.

a -- Government-wide Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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

b -- Fund Financial Statements

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds, which focus on how cash and other financial assets can readily be converted to available resources and on the available balances left at year-end. This information may be useful in determining what financial resources are available in the near future to finance the City's programs. Other funds are referred to as nonmajor funds and are presented as summary data.

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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

Fund Types / Other	Government-wide	Fund Financials
General Fund	Governmental	Governmental
Special revenue funds	Governmental	Governmental - Nonmajor
Debt service funds	Governmental	Governmental - Nonmajor
Capital project funds	Governmental	Governmental - Nonmajor
Permanent funds	Governmental	Governmental - Nonmajor
Internal service funds	Governmental	Proprietary
Assets previously reported in		
General Fixed Asset Group	Governmental	Excluded
Infrastructure assets	Governmental	Excluded
Liabilities previously reported in		
General Long-Term Debt Group	Governmental	Excluded
Electric	Business-type	Proprietary
Water and wastewater	Business-type	Proprietary
Airport	Business-type	Proprietary
Other enterprise funds	Business-type	Proprietary - Nonmajor
Fiduciary funds	Excluded	Fiduciary

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

c -- Notes to the Financial Statements

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

d -- Other Information

The section Required Supplementary Information (RSI) immediately follows the basic financial statements section of this report. The City adopts an annual appropriated budget for the General Fund. The RSI provides a comparison to budget and demonstrates budgetary compliance. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds and fiduciary funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net Assets

The following table reflects a summary of Net Assets compared to prior year (in thousands):

	Net Assets as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities (1)		Total	
	2003	2002	2003	2002	2003	2002
Current assets	\$ 529,203	575,751	1,073,730	1,131,889	1,602,933	1,707,640
Capital assets	1,868,710	1,688,064	4,965,869	4,774,427	6,834,579	6,462,491
Other noncurrent assets	3,138	877	701,942	664,730	705,080	665,607
Total assets	<u>2,401,051</u>	<u>2,264,692</u>	<u>6,741,541</u>	<u>6,571,046</u>	<u>9,142,592</u>	<u>8,835,738</u>
Current liabilities	198,161	185,118	384,841	346,764	583,002	531,882
Noncurrent liabilities	854,763	832,137	4,059,289	4,067,578	4,914,052	4,899,715
Total liabilities	<u>1,052,924</u>	<u>1,017,255</u>	<u>4,444,130</u>	<u>4,414,342</u>	<u>5,497,054</u>	<u>5,431,597</u>
Net assets:						
Invested in capital assets, net of related debt	1,204,877	1,111,491	1,505,479	1,406,119	2,710,356	2,517,610
Restricted	100,469	28,492	216,459	202,651	316,928	231,143
Unrestricted	42,781	107,454	575,473	547,934	618,254	655,388
Total net assets	<u>\$ 1,348,127</u>	<u>1,247,437</u>	<u>2,297,411</u>	<u>2,156,704</u>	<u>3,645,538</u>	<u>3,404,141</u>

(1) Certain prior year balances have been reclassified in order to provide more meaningful comparative data

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$3.6 billion at the close of the current fiscal year. However, the largest portion of the City's net assets are invested in capital assets (e.g. land, building, and equipment - 74%). The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the City's net assets, \$317 million (9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$618 million (17%), may be used to meet the government's future obligations.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for governmental and business-type activities separately.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in Net Assets

Total net assets of the City increased by \$241.4 million in the current year. Governmental net assets increased \$100.7 million, which is attributable to an increase in property tax revenue, an increase to unrestricted contributions, and a decrease to program expenses. The business-type net assets increased by \$140.7 million, mainly attributable to an increase in operating revenues.

	Changes in Net Assets September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Program revenues:						
Charges for services	\$ 75,469	84,349	1,368,616	1,174,755	1,444,085	1,259,104
Operating grants and contributions	55,122	53,374	--	--	55,122	53,374
Capital grants and contributions	3,956	1,203	48,325	43,537	52,281	44,740
General revenues:						
Property tax	233,130	224,396	--	--	233,130	224,396
Sales tax	110,454	115,441	--	--	110,454	115,441
Franchise fees and gross receipts tax	63,049	62,576	--	--	63,049	62,576
Grants and contributions not restricted to specific programs	94,210	19,137	--	--	94,210	19,137
Interest and other	24,975	23,746	30,430	58,180	55,405	81,926
Total revenues	660,365	584,222	1,447,371	1,276,472	2,107,736	1,860,694
Program expenses:						
General government	43,405	75,941	--	--	43,405	75,941
Public safety	292,411	279,533	--	--	292,411	279,533
Transportation, planning and sustainability	17,119	15,694	--	--	17,119	15,694
Public health	80,808	75,033	--	--	80,808	75,033
Public recreation and culture	58,199	71,863	--	--	58,199	71,863
Urban growth management	59,949	54,287	--	--	59,949	54,287
Unallocated depreciation expense - infrastructure	35,414	34,074	--	--	35,414	34,074
Interest on debt	39,296	35,771	--	--	39,296	35,771
Electric	--	--	754,393	610,374	754,393	610,374
Water	--	--	130,119	132,665	130,119	132,665
Wastewater	--	--	115,284	118,506	115,284	118,506
Airport	--	--	79,558	76,546	79,558	76,546
Convention	--	--	40,621	36,344	40,621	36,344
Other	--	--	119,763	115,518	119,763	115,518
Total expenses	626,601	642,196	1,239,738	1,089,953	1,866,339	1,732,149
Excess before special items and transfers	33,764	(57,974)	207,633	186,519	241,397	128,545
Special items - purchased land lease rights	--	(4,000)	--	--	--	(4,000)
Transfers	66,926	104,519	(66,926)	(104,519)	--	--
Increase in net assets	100,690	42,545	140,707	82,000	241,397	124,545
Beginning net assets	1,247,437	1,204,892	2,156,704	2,074,704	3,404,141	3,279,596
Ending net assets	\$ 1,348,127	1,247,437	2,297,411	2,156,704	3,645,538	3,404,141

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

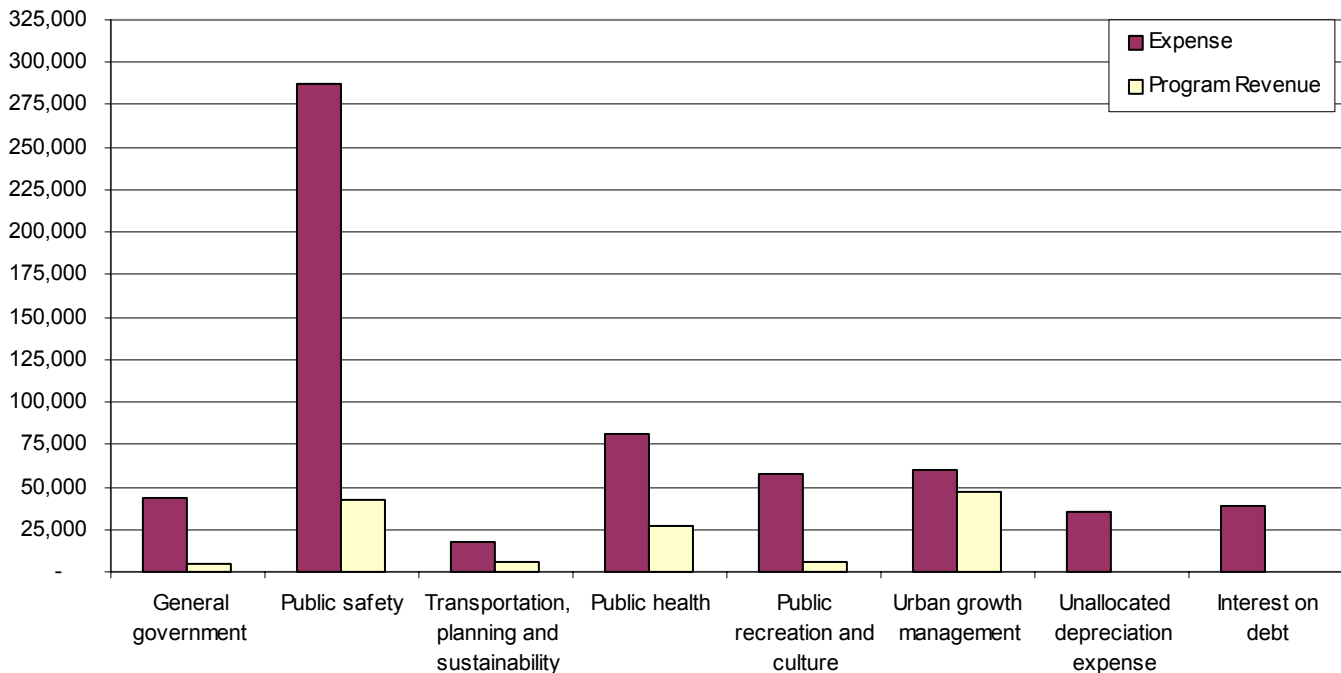
c -- Program Revenues and Expenses -- Governmental Activities

Governmental activities increased the City's net assets by \$100.7 million, thereby accounting for a 3 percent increase in the City's total net assets and 42% of the current year increase in net assets. Key factors of this increase are as follows:

- The City's property tax revenue increased by \$8.7 million, as a result of increasing assessed value; while the City's tax rate was unchanged at .4597 per \$100 valuation.
- Sales and other taxes decreased during the year, with sales tax decreasing more than 4 percent as a result of the economic downturn.
- Grants and contributions not restricted to specific programs increased by \$75.1 million during the year, primarily as a result of contributed infrastructure through annexations and developer contributions.
- Governmental expenses decreased \$15.6 million, primarily from general government, as a result of decreased right of way acquisition costs which were contributed to other governmental entities and public recreation and culture reductions.

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

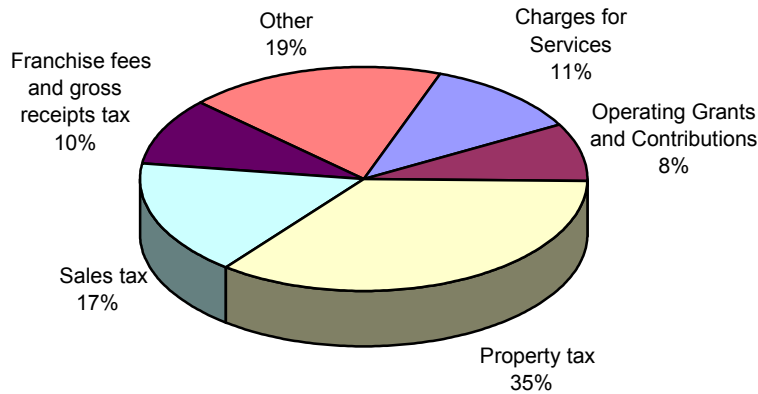
Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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

Government-wide Revenues by Source -- Governmental Activities



d -- Program Revenues and Expenses -- Business-type activities

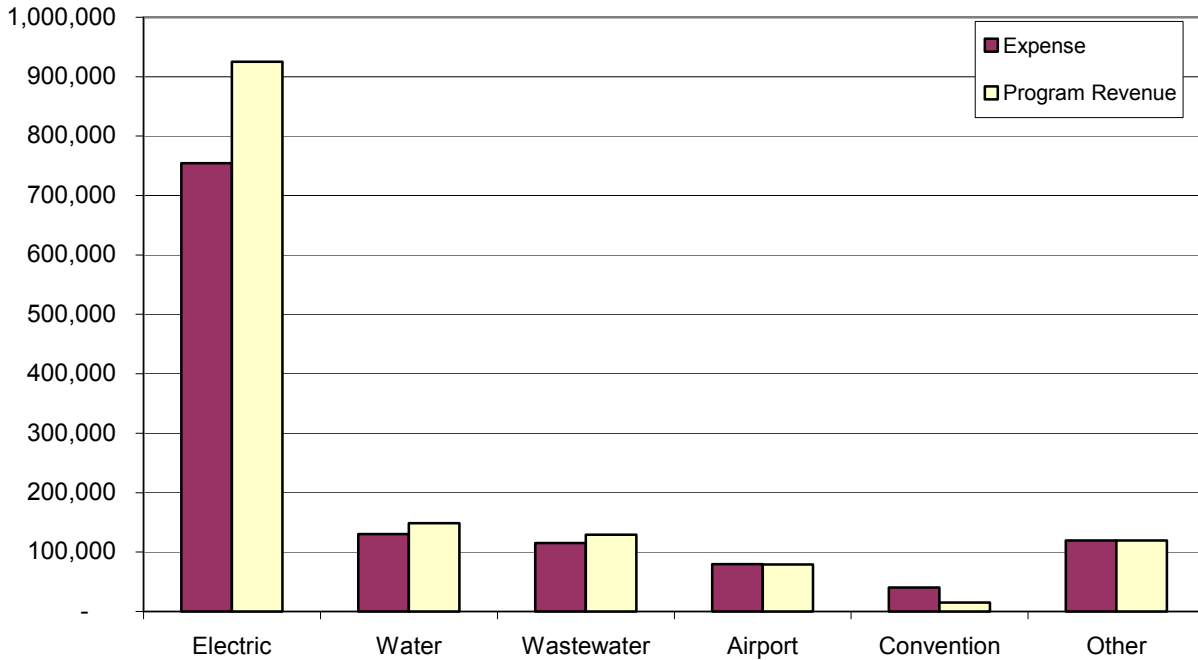
Business-type activities increased the City's net assets by \$140.7 million, accounting for a 4% increase in the City's total net assets and 58% of the current year increase in net assets. Net program expenses and revenues are, as follows:

- Electric net assets increased \$118 million, primarily from an increase in utility services revenue.
- Water and Wastewater net assets increased \$14 million, due to an increase in utility services revenue. Expenses decreased due to cost reduction measures.
- Airport net assets increased \$2 million. Although revenues decreased due to reduced air travel and expenses increased as a result of additional security costs, net assets showed positive growth.
- Convention net assets decreased \$1.9 million, due primarily to a reduction of interest income of \$2.4 million and an increase in transfers from other funds of approximately \$1 million.

As shown in the following chart, the Electric utility, with expenses of \$754 million, is the City's largest business-type activity, followed by Water (\$130 million), Wastewater (\$115 million), Airport (\$80 million) and Convention (\$41 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities, except Convention and other business-type activities. Within other business-type activities, Hospital and Primary Care operating expenses exceeded operating revenues.

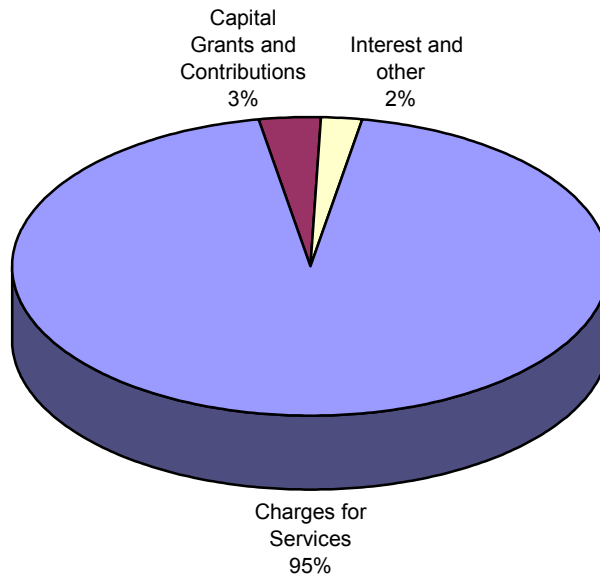
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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



For all business-type activities, charges for services provide the largest percentage of revenues (95%), followed by capital grants and contributions (3%) and interest and other revenues (2%).

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

a -- Governmental funds

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

At the end of the year, the City of Austin's governmental funds reported combined ending fund balances of \$345 million, a decrease of \$38 million from the previous year. Approximately \$218 million represents unreserved ending balance, which is available for future use. The remainder of fund balance is reserved and only available for commitments for the purchase of goods and services, in addition to certain debt payments. Reserved fund balance increased \$3 million in comparison to the prior year, primarily due to an increase in the reservation for notes receivable of \$2 million in the Housing Assistance Fund, a nonmajor special revenue fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$88 million, while total fund balance was \$93 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20% of total General Fund expenditures of \$433 million, and total fund balance represents 22% of expenditures. The unreserved and undesignated fund balance of the General Fund is \$35 million, which may be designated by City Council for specified uses for the future.

The General Fund fund balance decreased by \$412,000 during the fiscal year; undesignated fund balance decreased by \$882,000. Significant differences from the previous year include:

- \$15 million increase in revenues, primarily from property taxes and rental income.
- Increase of \$2 million in expenditures. Although public safety expenditures increased by \$13 million, other program expenditures decreased \$11 million.
- \$45 million decrease in transfers in, primarily from nonmajor enterprise funds.
- \$12 million increase in transfers out, primarily for nonmajor enterprise funds and Capital Project funds.

b -- Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Total Electric Fund net assets increased \$118 million. Operating revenue for 2003 was \$922 million, an increase of approximately 24% from the prior year. This increase was primarily due to increased fuel costs, which are recovered as a component of the electric rate. Operating expense before depreciation for 2003 was \$554 million, an increase of approximately 38% from the prior year. This increase was primarily due to increased fuel costs.
- Total Water and Wastewater Fund net assets increased approximately \$14 million or \$8.5 million for Water and \$5.5 million for Wastewater. Water operating revenue for 2003 was \$130 million, an increase of approximately 6.9% from the prior year. Wastewater operating revenue for 2003 was \$112 million, an increase of approximately 4.1% from the prior year. Sales were less than projected due to economic conditions and wetter than normal weather conditions during the summer months. Water operating expense before depreciation for 2003 was \$59 million, a decrease of approximately 2% compared to the prior year. Wastewater operating expense before depreciation for 2003 was \$50 million, a decrease of approximately 4% compared to the prior year. The decrease in expenses was due in part from the elimination of 35 full-time positions through attrition and less than anticipated utility transmission main breaks and the related operating expenses. The utility implemented cost containment strategies to reduce other operating costs during 2003.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS, continued

- The Airport Fund net assets increased over \$2 million in 2003. Operating revenues were \$63 million, a decrease of approximately \$1 million from the prior year. Operating expenses before depreciation increased approximately \$3.5 million as a result of increased security costs. Interest revenues were \$2.5 million, a decrease of approximately 38% from the previous year. Interest revenue decreased due to lower interest rates and a reduction of pooled investments and cash through 2003. Capital contributions resulted in the remaining increase in net assets.

OTHER INFORMATION

a -- General Fund budgetary highlights

The original budget of the General Fund was amended once during fiscal year 2003 by \$1.3 million for increased public safety costs.

During the year, revenues were \$8 million less than budgeted. A decline in sales tax collections was the primary cause of the difference.

Cost containment steps were put into place to reduce expenditures in order to offset the revenue shortfall. Expenditures were \$14 million less than budgeted. Significant activities whose expenditures were less than budgeted include public safety (\$5.4 million), public health (\$2.4 million), and general city responsibilities (\$2.3 million). Transfers out were also significantly less than budgeted (\$9.2 million). The budget was not formally amended to reflect the cost containment actions.

The total fund balance at end of year amounted to \$34 million, which was \$22 million higher than budgeted. The increase was attributed to an increase of \$15 million in the current year (excess of revenues and other sources over expenditures and other uses) and an increase of \$7 million from the budgeted amount for the end of the previous fiscal year (fund balance at beginning of year).

b -- Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2003, total \$6.8 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, assets not classified, construction work in progress, nuclear fuel and plant held for future use. The total increase in the City's capital assets for the current fiscal year was \$373 million (6 percent), with an increase of almost 11 percent for governmental activities and an increase of 4 percent for business-type activities. Additional information on capital assets can be found in Note 7. Capital asset balances are as follows:

Capital Assets, Net of Accumulated Depreciation
September 30
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land and improvements	\$ 195	151	270	267	465	418
Other assets not depreciated	18	17	1	1	19	18
Building and improvements	226	189	1,355	1,984	1,581	2,173
Equipment	26	17	2,270	1,571	2,296	1,588
Vehicles	36	34	36	36	72	70
Infrastructure	919	867	--	--	919	867
Completed assets not classified	95	190	320	555	415	745
Construction work in progress	354	223	661	311	1,015	534
Nuclear fuel, net of amortization	--	--	22	18	22	18
Plant held for future use	--	--	31	31	31	31
Total net assets	\$ 1,869	1,688	4,966	4,774	6,835	6,462

OTHER INFORMATION, continued

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

- Governmental capital assets increased \$181 million. Included in this increase were \$89 million in infrastructure additions, \$14 million in Parkland purchases and improvements, \$12 million representing the City's investment in the Combined Emergency Center and \$5 million in Fire and EMS emergency vehicles. Progress also continued on a new City Hall and numerous infrastructure improvement projects.
- Business-type activities purchased or completed construction on capital assets of \$191 million. The Electric Fund added \$83 million in plant and equipment expansions or improvements to existing facilities. The Water and Wastewater Fund increased capital assets by \$104 million, including approximately \$15 million of costs associated with the Austin Clean Water Program.

c -- Debt Administration

At the end of the current fiscal year, the City reported \$4.3 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 10.

Outstanding Debt
General Obligation and Revenue Debt
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds and other tax supported debt, net	\$ 830	795	79	82	909	877
Commercial paper notes, net	--	--	128	358	128	358
Revenue notes	--	--	28	28	28	28
Revenue bonds, net	--	--	3,218	2,989	3,218	2,989
Capital lease obligations	1	--	15	17	16	17
Total	\$ 831	795	3,468	3,474	4,299	4,269

During fiscal year 2003, the City's total outstanding debt increased by \$30 million. The City issued new debt and refinanced portions of existing debt to take advantage of lower borrowing costs. Debt issues include the following:

- Bond debt for governmental functions increased \$36 million, and will be used primarily for street improvements; right of way acquisition and utility relocation; park and recreation facilities; emergency centers; and a court settlement agreement.
- Bond debt for business-type functions decreased \$6 million due to the payment of existing debt. In 2003, new debt was issued primarily for communications technology upgrades; public safety equipment; creek restoration; and developer reimbursements. The City issued Electric refunding and Water and Wastewater refunding bonds to refund taxable and tax-exempt Commercial Paper.

The City continues to maintain excellent credit ratings on debt issues, with ratings remaining unchanged during the year. Ratings at September 30, 2003 of the City's obligations for various debt instruments are as follows:

Debt	Moody's		
	Investors Service, Inc	Standard and Poor's	Fitch, Inc.
General obligation bonds and other tax supported debt	Aa2	AA+	AA+
Commercial paper notes	P-1	A-1	F1+
Commercial paper notes - taxable	P-1	A-1+	F1+
Revenue bonds - prior lien	A2	A	A+
Revenue bonds - subordinate lien	A2	A-	A+
Revenue bonds - separate lien:			
Electric	A3	A-	A
Water and Wastewater	A2	A-	A+

OTHER INFORMATION, continued

d -- Economic Factors and Next Year's Budget and Rates

The City faces a significant challenge for next year's budget. The economic downturn has continued without any significant positive signs that a recovery will occur in the near future. Nationwide, major city and state governments are facing the same type of budget crisis that Austin has experienced.

Sales tax for fiscal year 2003 was projected to decrease by 5.5%, but ended the year at a decline of 4.5% instead. For fiscal year 2004, the City's approved budget reflects an annual growth rate of 2%. Overall, property values for 2004 will have negative growth for the first time in twelve years. Commercial and multi-family property values are expected to decline by approximately 13%. In addition, costs associated with public safety will continue to increase as a result of increased homeland security requirements.

The City instituted an aggressive response to the economic downturn beginning in 2002 and continuing throughout 2003. Significant reductions in General Fund costs (other than public safety) allowed the City to balance its budget without raising taxes, closing facilities, eliminating programs or laying off employees.

For 2004, the City will continue to focus on making structural changes in City operations that will result in long-term, as well as short-term cost savings. In order to achieve necessary cost reductions, approximately \$38 million will be cut from the General Fund. In addition, the property tax rate will increase to 49.28 cents per \$100 valuation, which is the effective tax rate based on the decline in property valuations. The increase from the previous year rate is approximately 3 cents or 7%. The budget will also include a rate increase in Water and Wastewater fees of 5.9%. The increase is necessary to fund the Austin Clean Water Program, a mandate imposed by the U.S. Environmental Protection Agency.

e -- Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department of the City of Austin, P.O. Box 1088, Austin, Texas 78767, or (512) 974-3344 or on the web at <http://www.ci.austin.tx.us/controller/>.



**BASIC FINANCIAL
STATEMENTS**



Statement of Net Assets
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	2003 Total (†)
ASSETS			
Current assets:			
Cash	\$ 112	51	163
Pooled investments and cash	311,549	69,146	380,695
Pooled investments and cash - designated	--	36,701	36,701
Pooled investments and cash - restricted	--	220,708	220,708
Total pooled investments and cash	311,549	326,555	638,104
Investments, at fair value - designated	14,685	155,611	170,296
Investments, at fair value - restricted	--	281,025	281,025
Cash held by trustee	10,279	--	10,279
Cash held by trustee - restricted	--	10,009	10,009
Working capital advances	--	2,880	2,880
Property taxes receivable	11,017	--	11,017
Less allowance for uncollectible taxes	(1,852)	--	(1,852)
Net property taxes receivable	9,165	--	9,165
Accounts and other taxes receivable	243,014	171,923	414,937
Less allowance for doubtful accounts	(88,564)	(7,402)	(95,966)
Net accounts receivable	154,450	164,521	318,971
Interest receivable - restricted	266	2,527	2,793
Receivables from other governments	12,586	326	12,912
Notes receivable, net of allowance	9,016	--	9,016
Internal balances	(3,006)	(310)	(3,316)
Internal balances - restricted	--	3,316	3,316
Inventories, at cost	2,504	47,070	49,574
Real property held for resale	5,984	--	5,984
Prepaid expenses	483	1,237	1,720
Other assets	1,130	71,385	72,515
Other receivables - restricted	--	7,527	7,527
Total current assets	529,203	1,073,730	1,602,933
Noncurrent assets:			
Investments, at fair value	--	65,000	65,000
Investments held by trustee - restricted	--	88,044	88,044
Interest receivable - restricted	--	878	878
Capital assets			
Land and other nondepreciable assets	212,939	271,327	484,266
Property, plant and equipment in service	1,851,742	6,123,925	7,975,667
Less accumulated depreciation	(549,922)	(2,143,724)	(2,693,646)
Net property, plant and equipment in service	1,301,820	3,980,201	5,282,021
Construction in progress	353,951	661,157	1,015,108
Nuclear fuel, net of amortization	--	21,805	21,805
Plant held for future use	--	31,379	31,379
Total capital assets	1,868,710	4,965,869	6,834,579
Intangible assets, net of amortization	--	90,102	90,102
Other long-term assets	--	1,913	1,913
Deferred costs and expenses, net of amortization	3,138	456,005	459,143
Total noncurrent assets	1,871,848	5,667,811	7,539,659
Total assets	\$ 2,401,051	6,741,541	9,142,592

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

(Continued)

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

Statement of Net Assets
September 30, 2003
(In thousands)

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>2003</u> <u>Total (†)</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 27,496	52,668	80,164
Accounts and retainage payable from restricted assets	--	41,773	41,773
Accrued payroll	10,978	6,638	17,616
Accrued compensated absences	28,125	13,115	41,240
Claims payable	20,121	--	20,121
Accrued interest payable from restricted assets	--	66,713	66,713
Interest payable on other debt	3,985	948	4,933
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	50,438	3,301	53,739
General obligation bonds payable and other tax supported debt payable from restricted assets, net of discount and inclusive of premium	--	5,096	5,096
Revenue bonds payable	--	2,455	2,455
Revenue bonds payable payable from restricted assets	--	134,116	134,116
Capital lease obligations payable	533	3,215	3,748
Customer and escrow deposits payable from restricted assets	--	10,700	10,700
Nuclear fuel expense payable from restricted assets	--	29,531	29,531
Deferred credits and other liabilities	56,485	14,572	71,057
Total current liabilities	<u>198,161</u>	<u>384,841</u>	<u>583,002</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	41,118	7,804	48,922
Claims payable	14,627	--	14,627
Capital appreciation bond interest payable	--	150,972	150,972
Commercial paper notes payable, net of discount	--	128,484	128,484
Revenue notes payable	--	28,000	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	779,320	70,490	849,810
Revenue bonds payable, net of discount and inclusive of premium	--	3,081,509	3,081,509
Capital lease obligations payable	260	11,950	12,210
Accrued landfill closure and postclosure costs	--	7,370	7,370
Decommissioning expense payable from restricted assets	--	90,687	90,687
Deferred credits and other liabilities	19,438	477,462	496,900
Other liabilities payable from restricted assets	--	4,561	4,561
Total noncurrent liabilities	<u>854,763</u>	<u>4,059,289</u>	<u>4,914,052</u>
Total liabilities	<u>1,052,924</u>	<u>4,444,130</u>	<u>5,497,054</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,204,877	1,505,479	2,710,356
Restricted for:			
Debt service	13,592	111,446	125,038
Bond reserve	--	18,688	18,688
Capital projects	74,397	65,712	140,109
Renewal and replacement	--	11,330	11,330
Passenger facility charges	--	7,326	7,326
Convention Center operating reserve	--	1,957	1,957
Perpetual Care:			
Expendable	313	--	313
Nonexpendable	1,040	--	1,040
Other purposes	11,127	--	11,127
Unrestricted	42,781	575,473	618,254
Total net assets	<u>\$ 1,348,127</u>	<u>2,297,411</u>	<u>3,645,538</u>

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

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

Statement of Activities
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2003 Total
Governmental activities							
General government	\$ 43,405	4,791	293	--	(38,321)	--	(38,321)
Public safety	292,411	36,579	6,324	--	(249,508)	--	(249,508)
Transportation, planning and sustainability	17,119	5,142	324	853	(10,800)	--	(10,800)
Public health	80,808	8,100	15,941	3,054	(53,713)	--	(53,713)
Public recreation and culture	58,199	2,551	3,625	49	(51,974)	--	(51,974)
Urban growth management	59,949	18,306	28,615	--	(13,028)	--	(13,028)
Unallocated depreciation expense	35,414	--	--	--	(35,414)	--	(35,414)
Interest on debt	39,296	--	--	--	(39,296)	--	(39,296)
Total governmental activities	626,601	75,469	55,122	3,956	(492,054)	--	(492,054)
Business-type activities							
Electric	754,393	921,649	--	3,437	--	170,693	170,693
Water	130,119	130,424	--	18,214	--	18,519	18,519
Wastewater	115,284	111,941	--	17,471	--	14,128	14,128
Airport	79,558	71,693	--	7,524	--	(341)	(341)
Convention	40,621	15,040	--	--	--	(25,581)	(25,581)
Other	119,763	117,869	--	1,679	--	(215)	(215)
Total business-type activities	1,239,738	1,368,616	--	48,325	--	177,203	177,203
Total	\$ 1,866,339	1,444,085	55,122	52,281	(492,054)	177,203	(314,851)
General revenues:							
Property tax					233,130	--	233,130
Sales tax					110,454	--	110,454
Franchise fees and gross receipts tax					63,049	--	63,049
Grants and contributions not restricted to specific programs					94,210	--	94,210
Interest and other					24,975	30,430	55,405
Transfers					66,926	(66,926)	--
Total general revenues and transfers					592,744	(36,496)	556,248
Change in net assets					100,690	140,707	241,397
Beginning net assets					1,247,437	2,156,704	3,404,141
Ending net assets					\$ 1,348,127	2,297,411	3,645,538

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



**Governmental Funds
Balance Sheet
September 30, 2003
(In thousands)**

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

	2003		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 89	5	94
Pooled investments and cash	84,451	167,045	251,496
Investments, at fair value	--	14,685	14,685
Cash held by trustee	--	9,791	9,791
Property taxes receivable	6,715	4,302	11,017
Less allowance for uncollectible taxes	(1,155)	(697)	(1,852)
Net property taxes receivable	5,560	3,605	9,165
Accounts and other taxes receivable	81,259	96,970	178,229
Less allowance for doubtful accounts	(52,166)	(386)	(52,552)
Net accounts receivable	29,093	96,584	125,677
Receivables from other governments	--	12,586	12,586
Notes receivable, net of allowance	--	9,016	9,016
Due from other funds	--	36,925	36,925
Advances to other funds	--	4,677	4,677
Inventories, at cost	775	--	775
Real property held for resale	--	5,984	5,984
Prepaid expenses	214	11	225
Other assets	--	1,130	1,130
Total assets	<u>120,182</u>	<u>362,044</u>	<u>482,226</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	3,446	17,824	21,270
Accrued payroll	8,687	49	8,736
Accrued compensated absences	605	6	611
Due to other funds	706	36,919	37,625
Deferred revenue	5,432	6,282	11,714
Advances from other funds	2,217	248	2,465
Deposits and other liabilities	5,883	48,467	54,350
Total liabilities	<u>26,976</u>	<u>109,795</u>	<u>136,771</u>
Fund balances			
Reserved:			
Encumbrances	4,123	88,755	92,878
Inventories and prepaid items	989	--	989
Notes receivable	--	9,016	9,016
Real property held for resale	--	5,984	5,984
Debt service	--	17,311	17,311
Permanent funds	--	1,040	1,040
Unreserved, designated:			
Emergencies	15,000	--	15,000
Contingencies	4,358	--	4,358
Future use	540	--	540
Budget stabilization	33,000	--	33,000
Special revenue	--	25,388	25,388
Unreserved, undesignated:			
General Fund	35,196	--	35,196
Capital projects	--	104,442	104,442
Permanent funds	--	313	313
Total fund balances	<u>93,206</u>	<u>252,249</u>	<u>345,455</u>
Total liabilities and fund balances	<u>\$ 120,182</u>	<u>362,044</u>	<u>482,226</u>

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

Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds	\$ 345,455
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,829,118
Other long-term assets are not available as current-period resources and are not reported in the funds.	18,617
Long-term liabilities are not payable in the current period and are not reported in the funds.	(886,719)
Internal service funds are used by management to charge the costs of capital project management, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	41,656
Total net assets - Governmental activities	<u>\$ 1,348,127</u>

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

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit B-2

	2003		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 150,378	82,195	232,573
Sales taxes	110,454	--	110,454
Franchise fees and other taxes	32,641	30,409	63,050
Fines, forfeitures and penalties	16,966	4,000	20,966
Licenses, permits and inspections	14,737	--	14,737
Charges for services/goods	15,403	24,463	39,866
Intergovernmental	--	74,392	74,392
Property owners' participation and contributions	--	10,937	10,937
Interest and other	19,815	9,930	29,745
Total revenues	<u>360,394</u>	<u>236,326</u>	<u>596,720</u>
EXPENDITURES			
Current:			
General government	43,276	1,019	44,295
Public safety	263,477	14,820	278,297
Transportation, planning and sustainability	10,337	3,776	14,113
Public health	56,606	23,864	80,470
Public recreation and culture	46,943	5,893	52,836
Urban growth management	12,240	47,321	59,561
Debt service:			
Principal	--	49,340	49,340
Interest	--	38,529	38,529
Fees and commissions	--	8	8
Capital outlay	--	155,517	155,517
Total expenditures	<u>432,879</u>	<u>340,087</u>	<u>772,966</u>
Excess (deficiency) of revenues over expenditures	(72,485)	(103,761)	(176,246)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	70,323	70,323
Issuance of refunding bonds	--	62,514	62,514
Payment to escrow agent	--	(62,514)	(62,514)
Capital leases	785	106	891
Transfers in	92,417	36,841	129,258
Transfers out	(21,129)	(41,047)	(62,176)
Total other financing sources (uses)	<u>72,073</u>	<u>66,223</u>	<u>138,296</u>
Net change in fund balances	(412)	(37,538)	(37,950)
Fund balances at beginning of year	93,618	289,787	383,405
Fund balances at end of year	<u>\$ 93,206</u>	<u>252,249</u>	<u>345,455</u>

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

Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit B-2.1

Net change in fund balances - Governmental funds	\$ (37,950)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	104,186
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.	71,835
Revenues in the governmental funds are recognized when measurable and available, but are deferred in the statement of activities until earned, regardless of when collected.	(14,957)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(20,983)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	(5,249)
The net revenue of certain activities of internal service funds is reported with governmental activities.	3,808
Change in net assets - Governmental activities	<u>\$ 100,690</u>

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

Proprietary Funds
Statement of Net Assets
September 30, 2003
(In thousands)

	Electric	Water and Wastewater	Airport
ASSETS			
Current assets:			
Cash	\$ 18	11	5
Pooled investments and cash	18,468	18,938	1,915
Pooled investments and cash - designated	16,877	199	--
Pooled investments and cash - restricted	52,065	27,769	81,721
Total pooled investments and cash	87,410	46,906	83,636
Investments, at fair value - designated	153,780	1,534	--
Investments, at fair value - restricted	150,899	89,010	27,105
Cash held by trustee	--	--	--
Cash held by trustee - restricted	4,427	5,582	--
Working capital advances	2,756	--	--
Accounts receivable	115,841	37,186	4,044
Less allowance for doubtful accounts	(2,314)	(1,066)	(150)
Net accounts receivable	113,527	36,120	3,894
Interest receivable - restricted	1,876	550	--
Receivables from other governments	--	--	--
Due from other funds - restricted	--	27	700
Inventories, at cost	45,389	1,134	--
Prepaid expenses	973	132	1
Other assets	71,384	1	--
Other receivables - restricted	1,501	365	1,861
Total current assets	633,940	181,372	117,202
Noncurrent assets:			
Advances to other funds	2,520	--	--
Advances to other funds - restricted	--	188	2,401
Investments, at fair value	65,000	--	--
Investments held by trustee - restricted	88,044	--	--
Interest receivable - restricted	878	--	--
Capital assets			
Land and other nondepreciable assets	34,942	136,173	59,149
Property, plant and equipment in service	2,951,409	2,121,656	615,235
Less accumulated depreciation	(1,288,675)	(658,184)	(86,583)
Net property, plant and equipment in service	1,662,734	1,463,472	528,652
Construction in progress	359,749	232,170	19,368
Nuclear fuel, net of amortization	21,805	--	--
Plant held for future use	31,379	--	--
Total capital assets	2,110,609	1,831,815	607,169
Intangible assets, net of amortization	--	90,102	--
Other long-term assets	1,911	2	--
Deferred costs and expenses, net of amortization	237,602	197,942	2,086
Total noncurrent assets	2,506,564	2,120,049	611,656
Total assets	\$ 3,140,504	2,301,421	728,858

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

	Nonmajor Enterprise Funds	2003 Total	Governmental Activities- Internal Service Funds
ASSETS			
Current assets:			
Cash	17	51	18
Pooled investments and cash	29,825	69,146	60,053
Pooled investments and cash - designated	19,625	36,701	--
Pooled investments and cash - restricted	59,153	220,708	--
Total pooled investments and cash	108,603	326,555	60,053
Investments, at fair value - designated	297	155,611	--
Investments, at fair value - restricted	14,011	281,025	--
Cash held by trustee	--	--	488
Cash held by trustee - restricted	--	10,009	--
Working capital advances	124	2,880	--
Accounts receivable	14,852	171,923	10,644
Less allowance for doubtful accounts	(3,872)	(7,402)	(222)
Net accounts receivable	10,980	164,521	10,422
Interest receivable - restricted	101	2,527	--
Receivables from other governments	326	326	--
Due from other funds - restricted	--	727	--
Inventories, at cost	547	47,070	1,729
Prepaid expenses	131	1,237	258
Other assets	--	71,385	--
Other receivables - restricted	3,800	7,527	--
Total current assets	138,937	1,071,451	72,968
Noncurrent assets:			
Advances to other funds	64	2,584	--
Advances to other funds - restricted	--	2,589	--
Investments, at fair value	--	65,000	--
Investments held by trustee - restricted	--	88,044	--
Interest receivable - restricted	--	878	--
Capital assets			
Land and other nondepreciable assets	41,063	271,327	486
Property, plant and equipment in service	435,625	6,123,925	57,492
Less accumulated depreciation	(110,282)	(2,143,724)	(22,877)
Net property, plant and equipment in service	325,343	3,980,201	34,615
Construction in progress	49,870	661,157	4,491
Nuclear fuel, net of amortization	--	21,805	--
Plant held for future use	--	31,379	--
Total capital assets	416,276	4,965,869	39,592
Intangible assets, net of amortization	--	90,102	--
Other long-term assets	--	1,913	--
Deferred costs and expenses, net of amortization	18,375	456,005	7
Total noncurrent assets	434,715	5,672,984	39,599
Total assets	573,652	6,744,435	112,567

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2003
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 44,810	1,118	1,332
Accounts and retainage payable from restricted assets	14,187	23,882	976
Accrued payroll	2,816	1,513	478
Accrued compensated absences	5,719	3,041	894
Claims payable	--	--	--
Due to other funds	--	--	--
Accrued interest payable from restricted assets	29,922	23,351	8,379
Interest payable on other debt	82	677	6
General obligation bonds payable and other tax supported debt	--	--	121
General obligation bonds payable and other tax supported debt payable from restricted assets	445	4,261	--
Revenue bonds payable	--	2,455	--
Revenue bonds payable from restricted assets	93,374	28,337	7,195
Capital lease obligations payable	2,035	1,036	11
Customer and escrow deposits payable from restricted assets	5,884	1,976	571
Nuclear fuel expense payable from restricted assets	29,531	--	--
Deferred credits and other liabilities	11,092	1,775	1,317
Total current liabilities	<u>239,897</u>	<u>93,422</u>	<u>21,280</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	4,047	1,822	468
Claims payable	--	--	--
Advances from other funds	--	3,293	--
Capital appreciation bond interest payable	75,889	75,083	--
Commercial paper notes payable, net of discount	54,672	73,812	--
Revenue notes payable	--	--	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	2,882	20,409	591
Revenue bonds payable, net of discount and inclusive of premium	1,317,591	1,185,015	350,067
Capital lease obligations payable	7,072	4,760	11
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning expense payable from restricted assets	90,687	--	--
Deferred credits and other liabilities	67,988	406,557	2,917
Other liabilities payable from restricted assets	1,649	581	2,331
Total noncurrent liabilities	<u>1,622,477</u>	<u>1,771,332</u>	<u>384,385</u>
Total liabilities	<u>1,862,374</u>	<u>1,864,754</u>	<u>405,665</u>
NET ASSETS			
Invested in capital assets, net of related debt	858,021	259,498	223,544
Restricted for:			
Debt service	60,463	21,808	21,921
Bond reserve	5,633	13,055	--
Capital projects	--	--	52,714
Renewal and replacement	--	--	10,000
Passenger facility charges	--	--	7,326
Convention Center operating reserve	--	--	--
Unrestricted	354,013	142,306	7,688
Total net assets	<u>\$ 1,278,130</u>	<u>436,667</u>	<u>323,193</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	1,666	1,169	460
Total net assets - Business-type activities	<u>\$ 1,279,796</u>	<u>437,836</u>	<u>323,653</u>

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

(Continued)

	<u>Nonmajor Enterprise Funds</u>	<u>2003 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,408	52,668	6,226
Accounts and retainage payable from restricted assets	2,728	41,773	--
Accrued payroll	1,831	6,638	2,242
Accrued compensated absences	3,461	13,115	4,207
Claims payable	--	--	20,121
Due to other funds	--	--	27
Accrued interest payable from restricted assets	5,061	66,713	--
Interest payable on other debt	183	948	142
General obligation bonds payable and other tax supported debt	3,180	3,301	2,114
General obligation bonds payable and other tax supported debt payable from restricted assets	390	5,096	--
Revenue bonds payable	--	2,455	--
Revenue bonds payable from restricted assets	5,210	134,116	--
Capital lease obligations payable	133	3,215	317
Customer and escrow deposits payable from restricted assets	2,269	10,700	--
Nuclear fuel expense payable from restricted assets	--	29,531	--
Deferred credits and other liabilities	388	14,572	889
Total current liabilities	<u>30,242</u>	<u>384,841</u>	<u>36,285</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,467	7,804	2,611
Claims payable	--	--	14,627
Advances from other funds	3,696	6,989	396
Capital appreciation bond interest payable	--	150,972	--
Commercial paper notes payable, net of discount	--	128,484	--
Revenue notes payable	--	28,000	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	46,608	70,490	12,777
Revenue bonds payable, net of discount and inclusive of premium	228,836	3,081,509	--
Capital lease obligations payable	107	11,950	120
Accrued landfill closure and postclosure costs	7,370	7,370	--
Decommissioning expense payable from restricted assets	--	90,687	--
Deferred credits and other liabilities	--	477,462	--
Other liabilities payable from restricted assets	--	4,561	--
Total noncurrent liabilities	<u>288,084</u>	<u>4,066,278</u>	<u>30,531</u>
Total liabilities	<u>318,326</u>	<u>4,451,119</u>	<u>66,816</u>
NET ASSETS			
Invested in capital assets, net of related debt	164,416	1,505,479	21,324
Restricted for:			
Debt service	7,254	111,446	--
Bond reserve	--	18,688	--
Capital projects	12,998	65,712	7,137
Renewal and replacement	1,330	11,330	--
Passenger facility charges	--	7,326	--
Convention Center operating reserve	1,957	1,957	--
Unrestricted	67,371	571,378	17,290
Total net assets	<u>255,326</u>	<u>2,293,316</u>	<u>45,751</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	800	4,095	
Total net assets - Business-type activities	<u>256,126</u>	<u>2,297,411</u>	

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

Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the year ended September 30, 2003
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
OPERATING REVENUES			
Utility services	\$ 921,649	242,365	--
User fees and rentals	--	--	63,479
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	<u>921,649</u>	<u>242,365</u>	<u>63,479</u>
OPERATING EXPENSES			
Operating expenses before depreciation	554,235	109,416	40,786
Depreciation and amortization	89,757	50,480	15,962
Total operating expenses	<u>643,992</u>	<u>159,896</u>	<u>56,748</u>
Operating income (loss)	<u>277,657</u>	<u>82,469</u>	<u>6,731</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	22,080	3,578	2,484
Interest on revenue bonds and other debt	(104,091)	(79,606)	(23,236)
Interest capitalized during construction	--	--	685
Passenger facility charges	--	--	8,214
Amortization of bond issue cost	(831)	(565)	(105)
Cost (recovered) to be recovered in future years	11,982	(5,066)	--
Other nonoperating revenue (expense)	(17,530)	22	(160)
Total nonoperating revenues (expenses)	<u>(88,390)</u>	<u>(81,637)</u>	<u>(12,118)</u>
Income (loss) before contributions and transfers	189,267	832	(5,387)
Capital contributions	3,437	35,685	7,524
Transfers in	--	--	--
Transfers out	(74,636)	(22,515)	(48)
Change in net assets	118,068	14,002	2,089
Total net assets - beginning	1,160,062	422,665	321,104
Total net assets - ending	<u>\$ 1,278,130</u>	<u>436,667</u>	<u>323,193</u>
Reconciliation to government-wide Statement of Activities			
Change in net assets	118,068	14,002	2,089
Adjustment to consolidate internal service activities	69	(292)	6
Change in net assets - Business-type activities	<u>\$ 118,137</u>	<u>13,710</u>	<u>2,095</u>

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

	Nonmajor Enterprise Funds	2003 Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,164,014	--
User fees and rentals	128,030	191,509	--
Billings to departments	--	--	190,461
Employee contributions	--	--	22,073
Operating revenues from other governments	2,269	2,269	--
Other operating revenues	2,610	2,610	11,765
Total operating revenues	132,909	1,360,402	224,299
OPERATING EXPENSES			
Operating expenses before depreciation	130,892	835,329	218,739
Depreciation and amortization	12,801	169,000	1,697
Total operating expenses	143,693	1,004,329	220,436
Operating income (loss)	(10,784)	356,073	3,863
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	2,288	30,430	435
Interest on revenue bonds and other debt	(16,312)	(223,245)	(610)
Interest capitalized during construction	1,814	2,499	--
Passenger facility charges	--	8,214	--
Amortization of bond issue cost	(173)	(1,674)	(4)
Cost (recovered) to be recovered in future years	--	6,916	--
Other nonoperating revenue (expense)	(1,822)	(19,490)	459
Total nonoperating revenues (expenses)	(14,205)	(196,350)	280
Income (loss) before contributions and transfers	(24,989)	159,723	4,143
Capital contributions	1,679	48,325	(594)
Transfers in	32,034	32,034	--
Transfers out	(1,761)	(98,960)	(156)
Change in net assets	6,963	141,122	3,393
Total net assets - beginning	248,363	2,152,194	42,358
Total net assets - ending	255,326	2,293,316	45,751
Reconciliation to government-wide Statement of Activities			
Change in net assets	6,963	141,122	
Adjustment to consolidate internal service activities	(198)	(415)	
Change in net assets - Business-type activities	6,765	140,707	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 837,121	228,007	62,081
Cash payments to suppliers for goods and services	(437,704)	(57,130)	(24,510)
Cash payments to employees for services	(88,006)	(53,548)	(18,271)
Cash payments to claimants/beneficiaries	--	--	--
Cash received from other governments	--	--	--
Taxes collected and remitted to other governments	(23,282)	--	--
Net cash provided (used) by operating activities	<u>288,129</u>	<u>117,329</u>	<u>19,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	--
Transfers out	(74,636)	(22,515)	(48)
Interest paid on revenue notes and other debt	(19)	(19)	--
Increase in deferred assets	(1,829)	--	--
Loans to other funds	(2,520)	--	(73)
Loans from other funds	--	1,559	700
Loan repayments to other funds	--	--	--
Loan repayments from other funds	--	27	--
Net cash provided (used) by noncapital financing activities	<u>(79,004)</u>	<u>(20,948)</u>	<u>579</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	41,052	40,170	--
Proceeds from long-term loans	2,059	--	--
Principal paid on long-term debt	(70,083)	(26,631)	(5,783)
Proceeds from the sale of capital assets	1,920	--	--
Purchased interest received	879	590	--
Interest paid on revenue bonds and other debt	(87,891)	(65,254)	(22,833)
Passenger facility charges	--	--	8,214
Acquisition and construction of capital assets	(193,207)	(122,035)	(13,107)
Contributions from municipality	--	--	--
Contributions from State and Federal governments	--	--	7,137
Contributions in aid of construction	3,413	15,176	83
Bond issuance costs	(1,606)	(1,045)	--
Bond discounts	(568)	(673)	--
Bond premiums	7,925	4,644	--
Bonds issued for advanced refundings of debt	182,100	127,577	--
Cash paid for bond refunding escrow	(187,325)	(134,790)	--
Cash paid for nuclear fuel inventory	(9,683)	--	--
Net cash provided (used) by capital and related financing activities	<u>\$ (311,015)</u>	<u>(162,271)</u>	<u>(26,289)</u>

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

	Nonmajor Enterprise Funds	2003 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	129,094	1,256,303	214,132
Cash payments to suppliers for goods and services	(61,449)	(580,793)	(64,073)
Cash payments to employees for services	(66,462)	(226,287)	(82,266)
Cash payments to claimants/beneficiaries	--	--	(69,552)
Cash received from other governments	2,686	2,686	--
Taxes collected and remitted to other governments	--	(23,282)	--
Net cash provided (used) by operating activities	3,869	428,627	(1,759)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	32,034	32,034	--
Transfers out	(1,761)	(98,960)	(156)
Interest paid on revenue notes and other debt	(2)	(40)	--
Increase in deferred assets	--	(1,829)	--
Loans to other funds	(40)	(2,633)	--
Loans from other funds	3,056	5,315	59
Loan repayments to other funds	(1,242)	(1,242)	(27)
Loan repayments from other funds	1,689	1,716	--
Net cash provided (used) by noncapital financing activities	33,734	(65,639)	(124)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	81,222	--
Proceeds from long-term loans	--	2,059	--
Principal paid on long-term debt	(6,796)	(109,293)	(2,053)
Proceeds from the sale of capital assets	--	1,920	--
Purchased interest received	18	1,487	--
Interest paid on revenue bonds and other debt	(15,834)	(191,812)	(563)
Passenger facility charges	--	8,214	--
Acquisition and construction of capital assets	(22,223)	(350,572)	(10,853)
Contributions from municipality	--	--	2,475
Contributions from State and Federal governments	--	7,137	--
Contributions in aid of construction	2,127	20,799	--
Bond issuance costs	(8)	(2,659)	--
Bond discounts	(15)	(1,256)	--
Bond premiums	445	13,014	--
Bonds issued for advanced refundings of debt	4,205	313,882	--
Cash paid for bond refunding escrow	(4,627)	(326,742)	--
Cash paid for nuclear fuel inventory	--	(9,683)	--
Net cash provided (used) by capital and related financing activities	(42,708)	(542,283)	(10,994)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (369,071)	(120,306)	(53,435)
Proceeds from sale and maturities of investment securities	339,770	118,579	52,039
Interest on investments	21,572	4,743	1,701
Net cash provided by investing activities	<u>(7,729)</u>	<u>3,016</u>	<u>305</u>
Net increase (decrease) in cash and cash equivalents	(109,619)	(62,874)	(6,105)
Cash and cash equivalents, October 1	201,474	115,373	89,746
Cash and cash equivalents, September 30	<u>91,855</u>	<u>52,499</u>	<u>83,641</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	277,657	82,469	6,731
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	89,757	47,980	15,962
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	953	--	--
(Increase) decrease in accounts receivable	(27,193)	(14,135)	(2,585)
Increase (decrease) in allowance for doubtful accounts	(903)	71	--
Decrease in receivable from other governments	--	--	--
(Increase) decrease in inventory	3,423	(301)	--
(Increase) decrease in prepaid expenses and other assets	(65,726)	(17)	--
Decrease in deferred costs and other expenses	7,638	--	--
Decrease in other long-term assets	2,050	--	--
Increase (decrease) in accounts payable	4,754	(1,133)	(3,749)
Increase in accrued payroll and compensated absences	437	191	201
Decrease in claims payable	--	--	--
Increase (decrease) in deferred credits and other liabilities	(6,710)	(960)	2,589
Increase in customer deposits	1,992	664	151
Total adjustments	<u>10,472</u>	<u>34,860</u>	<u>12,569</u>
Net cash provided (used) by operating activities	<u>\$ 288,129</u>	<u>117,329</u>	<u>19,300</u>

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

(Continued)

	Nonmajor Enterprise Funds	2003 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(36,031)	(578,843)	--
Proceeds from sale and maturities of investment securities	34,611	544,999	--
Interest on investments	2,444	30,460	435
Net cash provided by investing activities	1,024	(3,384)	435
Net increase (decrease) in cash and cash equivalents	(4,081)	(182,679)	(12,442)
Cash and cash equivalents, October 1	112,701	519,294	73,001
Cash and cash equivalents, September 30	108,620	336,615	60,559
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(10,784)	356,073	3,863
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	12,801	166,500	1,697
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	--	953	--
(Increase) decrease in accounts receivable	336	(43,577)	(9,902)
Increase (decrease) in allowance for doubtful accounts	127	(705)	--
Decrease in receivable from other governments	417	417	--
(Increase) decrease in inventory	(2)	3,120	372
(Increase) decrease in prepaid expenses and other assets	21	(65,722)	(20)
Decrease in deferred costs and other expenses	--	7,638	--
Decrease in other long-term assets	--	2,050	--
Increase (decrease) in accounts payable	294	166	727
Increase in accrued payroll and compensated absences	228	1,057	305
Decrease in claims payable	--	--	1,367
Increase (decrease) in deferred credits and other liabilities	33	(5,048)	(168)
Increase in customer deposits	398	3,205	--
Total adjustments	14,653	72,554	(5,622)
Net cash provided (used) by operating activities	3,869	428,627	(1,759)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Increase in advances from other funds	\$ --	--	--
Increase in deferred assets/expenses	11,869	7,099	--
Increase (decrease) in capital appreciation bond interest payable	(1,579)	14,276	--
Capital assets contributed from (to) other funds	--	--	19
Increase in contributed facilities	--	13,514	--
Net decrease in the fair value of investments	(3,333)	(1,178)	--
Amortization of bond issue costs	(831)	(565)	(105)
Amortization of bond discounts and premiums	(1,613)	(674)	465
Amortization of deferred loss on refundings	12,914	5,639	74
Gain (loss) on disposal of assets	(13,594)	22	(181)
Deferred gain and loss on bond refunding	(72)	(23)	--
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	162	142	--
Deferred costs (recovered) to be recovered	11,982	(5,066)	--
Loss on extinguishment of debt	--	--	--
Contributions from other funds	--	--	--
Increase in deferred credits and other liabilities	5,842	21,082	--
Capital lease obligations	1,044	171	40
General obligation bonds and other tax supported debt proceeds receivable	960	270	--
Debt paid by other governmental entities	--	(513)	--

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

(Continued)

	Nonmajor Enterprise Funds	2003 Total	Governmental Activities- Internal Service Funds
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Increase in advances from other funds	--	--	42
Increase in deferred assets/expenses	--	18,968	--
Increase (decrease) in capital appreciation bond interest payable	--	12,697	--
Capital assets contributed from (to) other funds	8	27	(3,027)
Increase in contributed facilities	--	13,514	--
Net decrease in the fair value of investments	(13)	(4,524)	--
Amortization of bond issue costs	(173)	(1,674)	--
Amortization of bond discounts and premiums	89	(1,733)	(2)
Amortization of deferred loss on refundings	382	19,009	6
Gain (loss) on disposal of assets	(1,839)	(15,592)	21
Deferred gain and loss on bond refunding	(131)	(226)	--
Bond issue costs, discounts, premiums and accrued interest written off due to refunding	45	349	--
Deferred costs (recovered) to be recovered	(11)	6,905	--
Loss on extinguishment of debt	230	230	--
Contributions from other funds	(31)	(31)	144
Increase in deferred credits and other liabilities	--	26,924	--
Capital lease obligations	403	1,658	830
General obligation bonds and other tax supported debt proceeds receivable	3,800	5,030	9,090
Debt paid by other governmental entities	--	(513)	--

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

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Private Purpose</u> <u>Trust</u>	<u>Agency</u>
ASSETS		
Pooled investments and cash	\$ 884	2,297
Other assets	121	--
Total assets	<u>1,005</u>	<u>2,297</u>
LIABILITIES		
Accounts payable	1	51
Due to other governments	--	1,553
Deposits and other liabilities	253	693
Total liabilities	<u>254</u>	<u>2,297</u>
NET ASSETS		
Held in trust	751	
Total net assets	<u>\$ 751</u>	

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private Purpose Trust</u>
ADDITIONS	
Contributions	\$ 217
Interest and other	18
Total additions	<u>235</u>
DEDUCTIONS	
Deductions	<u>157</u>
Total deductions	<u>157</u>
Change in net assets	78
Total net assets - beginning	673
Total net assets - ending	<u>\$ 751</u>

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The Charter of the City of Austin requires an annual audit by an independent certified public accountant. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has implemented GASB Statement No. 1 through Statement No. 39 and Statement No. 41. GASB Statement No. 39 entitled "*Determining if Certain Organizations are Component Units*" was implemented in the City's fiscal year 2003, as required by GASB. There were no additional component units identified in the City's reporting structure as a result. GASB Statement No. 41 entitled "*Budgetary Comparison Schedules – Perspective Differences – an amendment to GASB Statement No. 34*", does not alter the City's financial reporting presentation from previous years. The more significant accounting and reporting policies and practices used by the City are described below.

As a local government, the City is exempt from federal income taxes, under Internal Revenue Code Section 115, and state sales tax.

a -- Reporting Entity

As required by generally accepted accounting principles (GAAP), these financial statements present the City (the Primary Government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended Component Units -- The Austin Housing Finance Corporation (AHFC) and Austin Industrial Development Corporation (AIDC) are legally separate entities from the City. AHFC and AIDC serve all the citizens of Austin and are governed by a board composed of the City Councilmembers. The activities are reported in the Housing Assistance Fund and Austin Industrial Development Corporation Fund, nonmajor special revenue funds.

Related Organizations -- The following entities are related organizations to which the City Council appoints board members, but for which the City has no significant financial accountability. The City appoints certain members of the board of the Capital Metropolitan Transit Authority (Capital Metro), but the City's accountability for this organization does not extend beyond making the appointments. City Councilmembers appoint themselves as members of the board of the Austin-Bergstrom International Airport (ABIA) Development Corporation; their function on this board is ministerial rather than substantive. The City Council appoints the members of the board of Austin-Bergstrom Landhost Enterprises, Inc., and Austin Convention Enterprises, Inc.; the functions of these boards are ministerial rather than substantive. The Mayor, with consent of the City Council, appoints the Board of Commissioners for the Urban Renewal Agency, whose primary responsibility is to oversee the implementation and compliance of Urban Renewal Plans adopted by the City Council. The City's presiding officer of the municipality governing body appoints the persons to serve as commissioners of the Austin Housing Authority. All of these entities are separate from the operating activities of the City. Related organizations are not included in the City's reporting entity.

The City retirement plans (described in Note 8) and the City of Austin Deferred Compensation Plan for City employees are not included in the City's reporting entity because the City does not exercise substantial control over the entities.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

b -- Government-wide and Fund Financial Statements

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

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

The fund level statements focus on the governmental, proprietary and fiduciary funds. The accounts of the City are organized on the basis of funds. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Major funds are determined by criteria specified by GASB; the City has not elected to present additional major funds that do not meet the minimum criteria. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into governmental or enterprise nonmajor fund groupings.

The City's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). By definition these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the government, and are therefore not included in the government-wide statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB 34.

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

The government-wide financial statements are reported using the flow of 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

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

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, vehicle rental taxes, EMS charges, Municipal Court fines and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The City reports the following major governmental fund:

General Fund: The primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. It includes the following activities: public safety; transportation, planning and sustainability; public health; public recreation and culture; urban growth management; and general government.

Proprietary and fiduciary fund financial statements are accounted for on the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations, such as providing electric or water-wastewater services. Other revenues or expenses are nonoperating items.

The City reports the following major enterprise funds:

Electric Fund: Accounts for the activities of the City-owned electric utility, doing business as Austin Energy™.

Water and Wastewater Fund: Accounts for the activities of the City-owned water and wastewater utility.

Airport Fund: Accounts for the operations of the Austin-Bergstrom International Airport (ABIA).

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

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, including grant funds.

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt and HUD Section 108 loan principal, interest and related costs.

Capital Projects Funds account for financial resources for the acquisition or construction of major capital facilities (other than those reported within proprietary funds and private purpose funds) and funded primarily by general obligation debt, other tax supported debt, interest income and other intergovernmental revenues. A 1981 ordinance requires the establishment of a separate fund for each bond proposition approved in each bond election.

Permanent Funds account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the City's programs. Permanent funds account for the public recreation and culture activity.

The City reports the following proprietary and fiduciary funds:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. The City has elected to follow GASB statements issued after November 30, 1989, rather than statements issued by the Financial Accounting Standards Board (FASB), in accordance with GASB Statement No. 20. The nonmajor enterprise funds account for the operations in a variety of areas: convention center, drainage, golf, hospital (both Brackenridge and Austin Women's Hospital), recreation activities, primary care clinics, solid waste and transportation.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Agency funds account for net assets held on behalf of others and are purely custodial (assets equal liabilities).

d -- Budget

The City Manager submits a proposed budget to the City Council no later than thirty days prior to the beginning of the new fiscal year. The City Council holds public hearings, modifies the City Manager's recommendations, and adopts a final budget no later than the twenty-seventh day of September. The City Council passes an appropriation ordinance and a tax levying ordinance.

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

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

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

During fiscal year 2003, the following nonmajor governmental funds exceeded their legally adopted expenditure or transfer budget (in thousands): Police Federal Seized Fund (\$9) and Wildland Conservation (\$44).

e -- Financial Statement Elements

Pooled Investments and Cash -- Cash balances of all City funds (except for certain funds shown in Note 5 as having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of U.S. government obligations and U.S. agency obligations, are stated at fair value. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that incur a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

Investments -- Certain investments are required to be reported at fair value, based on quoted market prices. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold. The City carries all of its investments in U.S. government and agency debt securities and money market mutual funds at fair value as of September 30, 2003. Investments in local government investment pools are carried at amortized cost, which approximates fair value.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable -- Balances of accounts receivable, reported on the government-wide statement of net assets, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2003 (in thousands):

	Charges for			Other Govern- ments	Other	Total
	Services	Fines	Taxes			
Governmental activities						
General Fund	\$ 56,263	53,407	25,730	--	--	135,400
Nonmajor governmental funds	2,935	21	7,339	15,886	70,789	96,970
Internal service funds	1,554	--	--	--	9,090	10,644
Allowance for doubtful accounts	(52,634)	(35,930)	--	--	--	(88,564)
Total	\$ 8,118	17,498	33,069	15,886	79,879	154,450

Municipal Court fines in the governmental activities, because of the nature of the fines, have a collection period greater than one year. Fines recognized that will not be collected during the subsequent year are estimated to be approximately \$8.5 million.

Business-type activities are primarily comprised of charges for services.

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

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

Interfund Activities -- In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred in the Support Services Fund, which is reported as an internal service fund. Indirect costs are calculated in a city-wide cost allocation plan or through indirect cost rates. These amounts are eliminated in the government-wide statement of activities.

Interfund Receivables, Payables -- During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables or payables are expected to be liquidated after one year, they are classified as "advances to other funds" or "advances from other funds."

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

Fund	Inventory Valuation Method
General Fund	Average cost (predominantly); some first-in, first-out
Electric:	
Fuel oil and coal	Last-in, first out
Other inventories	Average cost
All others	Average cost

Inventories for all funds use the consumption method and expenditures are recorded when issued. Inventories reported in the General Fund and certain special revenue funds are offset by a fund balance reserve, which indicates that they do not represent "available spendable resources."

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted assets -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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

	Electric	Water and Wastewater	Airport	Nonmajor Enterprise	Total Restricted Assets
Bond reserve	\$ 64,396	45,652	--	6,757	116,805
Capital projects	17,158	30,123	66,986	58,027	172,294
Customer and escrow deposits	7,533	2,557	571	1,639	12,300
Debt service	90,385	45,159	21,921	7,355	164,820
Federal grants	--	--	4,962	--	4,962
Nuclear decommissioning	90,687	--	--	--	90,687
Nuclear fuel inventory replacement	29,531	--	--	--	29,531
Operating reserve account	--	--	--	1,957	1,957
Passenger facility charge account	--	--	9,348	--	9,348
Renewal and replacement account	--	--	10,000	1,330	11,330
	<u>\$ 299,690</u>	<u>123,491</u>	<u>113,788</u>	<u>77,065</u>	<u>614,034</u>

Designated assets -- Designated assets are funds that have been appropriated by City Council action and are intended for specific purposes. They are not constrained by creditors, grantors, contributors, or laws or regulations of other governments nor are they constrained by law through constitutional provisions or enabling legislation.

Capital assets -- Capital assets, which include land and improvements, buildings and improvements, equipment, vehicles and infrastructure assets, are reported in the applicable governmental or business-type activity columns of the government-wide statement of net assets, and related depreciation is allocated to programs in the statement of activities. Capital assets are defined as assets with an initial individual cost of \$1,000 or more and an estimated useful life of greater than one year. Assets purchased or constructed are capitalized at historical cost. Contributed or annexed capital assets are recorded at estimated fair market value at the time received, or at historical cost, if historical cost is available. Capital outlay is recorded as an expenditure in the General Fund and other governmental funds, and as an asset in the government-wide financial statements and proprietary funds. Maintenance and repairs are charged to operations as incurred, and improvements and betterments that extend the useful lives of capital assets are capitalized.

The City obtains public domain capital assets (infrastructure) through capital improvement projects (CIP) construction, or through annexation or developer contribution. Infrastructure consists of certain improvements other than buildings, including streets and roads, bridges, pedestrian facilities, drainage systems and traffic signal systems.

Interest is not capitalized on governmental capital assets. For enterprise funds, interest paid on long-term debt in the enterprise funds is capitalized when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by the bond proceeds issued to fund the project.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital assets are depreciated using the straight-line method over the following estimated useful lives (in years):

Assets	Governmental Activities (1)	Business-type Activities			
		Electric	Water and Wastewater	Airport	Nonmajor Enterprise
Buildings	15-40	30-40	40-50	15-40	15-40
Equipment	7-30	7-40	10-50	10-50	7-40
Vehicles	3-20	3-15	3-20	3-15	3-15
Communication equipment	7	7	7	7	7
Furniture and fixtures	12	12	12	12	7-12
Computers and EDP equipment	3-7	3-7	3-7	3-7	3-7
Infrastructure					
Streets and roads	30	--	--	--	--
Bridges	50	--	--	--	--
Drainage systems	50	--	--	--	--
Pedestrian facilities	20	--	--	--	--
Traffic signals	25	--	--	--	--

(1) Includes internal service funds

Depreciation of assets is classified by functional components. The City considers land, arts and treasures and library collections to be inexhaustible; and therefore, these assets are reported as nondepreciable. The true value of arts and treasures and library collections is expected to be maintained over time and, thus, is not depreciated. Unallocated depreciation reported in the government-wide statement of activities consists of depreciation of infrastructure assets (\$35.4 million).

The City Council approved a resolution directing the City Manager to include the closure of Holly Power Plant Units 3 and 4 by December 31, 2007 in the Strategic Plan developed by Austin Energy. Depreciation was accelerated on Holly Plant assets to coincide with this closure date. The resulting change increased depreciation expense by \$1.2 million.

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets (other than debt-financed assets of the utility funds, where the gain or loss is deferred in accordance with FASB Statement No. 71).

Intangible Assets -- Proprietary Funds - Intangible assets include the amortized cost of a \$100 million contract between the City and the Lower Colorado River Authority (LCRA) for a fifty-year assured water supply agreement, with an option to extend another fifty years. The City and LCRA entered into the contract in 1999, and the asset is being amortized over 40 years.

Deferred Expenses or Credits -- The City's utility systems are reported in accordance with Financial Accounting Standards Board (FASB) Statement No. 71, "Accounting for the Effects of Certain Types of Regulation". Certain utility expenses that do not currently require funds are deferred to future periods in which they are intended to be recovered by rates. Likewise, certain credits to income are deferred to periods in which they are matched with related costs. These expenses or credits include changes in fair value of investments, contributions and gain or loss on disposition of debt-financed assets. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the related debt service requirements. If rates being charged will not recover deferred expenses, the deferred expenses will be subject to write off. Retail deregulation of electric rates in the future may affect the City's current accounting treatment of its electric utility revenues, expenses and deferred amounts.

Compensated Absences -- The amounts owed to employees for unpaid vacation and sick leave liabilities, including the City's share of employment-related taxes, are reported on the accrual basis of accounting in the applicable governmental or business-type activity columns of the government-wide statements, and in the enterprise activities of the fund financial statements. The liabilities and expenditures are reported on the modified accrual basis in the governmental fund financial statements; the estimated liability for governmental funds is the amount of sick and vacation paid at termination within 60 days of year-end.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

City policies provide for the following amounts to be paid at termination: accumulated vacation pay with a maximum of six weeks and accumulated sick leave with a maximum of ninety days. Sick leave accumulated in excess of ninety days or by employees hired on or after October 1, 1986 is not payable at termination, and is not included in these financial statements.

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

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

Revenue bonds that have been issued to finance capital projects of certain enterprise funds are to be repaid from net revenues of these funds. Such debt is recorded in the funds. Operating revenues and interest income that are used as security for revenue bonds are reported separately from other revenues.

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

The City defers and amortizes gains or losses realized by proprietary funds on refundings of debt and for governmental activities in the government-wide financial statements, and reports both the new debt liability and the related deferred amount on the funds' balance sheets. The City recognizes gains or losses on debt defeasance when funds from current operations are used.

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

Landfill Closure and Postclosure Care Costs -- The City reports municipal solid waste landfill costs in accordance with GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs". The liability for landfill closure and postclosure costs is reported in the Solid Waste Services Fund, a nonmajor enterprise fund.

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

Electric Fund	\$	7,769
Water and Wastewater Fund		1,108
Nonmajor Enterprise Funds		1,352

Electric, water and wastewater revenue is recorded when earned in 2003 and when billed in 2002 and prior years. Customers' electric and water meters are read and bills are rendered on a cycle basis by billing district. Electric rate schedules include fuel cost adjustment clauses that permit recovery of fuel costs in the month incurred. The City reported fuel costs on the same basis as it recognized revenue in 2002 and prior years. In 2003, Austin Energy recorded unbilled revenue as earned based upon taking each day's power generation and using the billing district read dates to estimate what percentage was billed as of September 30, 2003 and what percentage will be billed thereafter over the days since the last meter read, on a billing cycle basis. The amount of unbilled revenue recorded as of September 30, 2003 for the Electric Fund was \$35.8 million. The Water and Wastewater Fund recorded unbilled revenue as earned based upon an extrapolation of customer usage from the prior year, over the days since the last meter read, on an aggregate basis. The amount of unbilled revenue recorded as of September 30, 2003 for the Water and Wastewater Fund was \$14.4 million.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Restricted Resources -- When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

Reservations of Fund Equity -- Reservation of fund balances of the governmental funds indicate that portion of fund equity which is not available for appropriation for expenditure or is legally restricted by outside parties for use for a specific purpose. Designations of fund balance are the representations of management for the utilization of resources in future periods.

Cash and Cash Equivalents -- For purposes of the statement of cash flows, the City considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, and all amounts included in pooled investments and cash accounts.

Pension Costs -- It is the policy of the City to fund pension costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and of unfunded prior service cost (see Note 8).

Risk Management -- The City is exposed to employee-related risks for health benefits and workers' compensation, as well as to various risks of loss related to torts, including medical malpractice; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. The City continues to be self-insured for liabilities for most health benefits, third-party and workers' compensation claims.

The City purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bonds, and airport operations. In addition, the City purchases a broad range of insurance coverage for contractors working at selected capital improvement project sites. The City does not participate in a risk pool. The City complies with GASB Statement No. 10, "Accounting and Reporting for Risk Financing and Related Insurance Issues" (see Note 14).

Austin Energy initiated the energy risk management pilot program. This program was authorized by City Council and led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, and swaps for the purpose of reducing exposure to natural gas and energy price risk. The City complies with GASB Technical Bulletin No. 2003-1, "Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets" (see Note 14).

f -- Comparative Data

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

g -- Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

a -- Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets

Total fund balances of the City’s governmental funds, \$345 million, differ from the net assets of governmental activities, \$1,348 million, reported in the statement of net assets. The differences result from the long-term economic focus in the government-wide statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Total fund balances - Governmental funds		\$ 345,455
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	2,356,163	
Less: accumulated depreciation	<u>(527,045)</u>	
Total		1,829,118
Other-long term assets are not available as current-period resources and are not reported in the funds.		
Accounts and other taxes receivable	18,351	
Deferred revenue - Property taxes/interest	<u>266</u>	
Total		18,617
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Bonds and other tax supported debt payable, net	(811,736)	
Capital lease obligations payable	(356)	
Compensated absences	(61,814)	
Interest payable	(3,843)	
Deferred credits and other liabilities	<u>(8,970)</u>	
Total		(886,719)
Internal service funds		<u>41,656</u>
Total net assets - Governmental activities		<u><u>\$ 1,348,127</u></u>

2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

b -- Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances of governmental funds, \$38 million deficit, differs from the change in net assets for governmental activities, \$100.7 million, reported in the statement of activities. The differences result from the long-term economic focus in the government-wide statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Net change in fund balances - Governmental funds		\$ (37,950)
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of those assets are depreciated over the estimated useful life of the asset.		
Capital outlay	160,821	
Depreciation expense	(56,033)	
Loss on disposal of capital assets	(602)	
Total	<u> </u>	104,186
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.		
Property taxes	32	
Franchise fees and gross receipts tax	(1)	
Charges for services	68	
Interest and other	(228)	
Capital assets contribution	71,964	
Total	<u> </u>	71,835
Revenues in the governmental funds are recognized when measurable and available, but are deferred in the statement of activities until earned, regardless of when collected.		
Intergovernmental revenue	(14,957)	
Total	<u> </u>	(14,957)
Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but are deferred and amortized throughout the period during which the related debt is outstanding in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Issuance of long-term debt	(70,323)	
Principal repayment on long-term debt	49,340	
Total	<u> </u>	(20,983)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(5,103)	
Interest and other	(146)	
Total	<u> </u>	(5,249)
Internal services. The net revenue (expense) of the internal service funds is reported with the governmental activities.		
Change in net assets - Governmental activities		<u> </u> <u> </u> \$ 100,690

3 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2003, the following funds reported deficits in fund balances or net assets. Management intends to recover these deficits through future operating revenues, transfers or debt issues.

<u>Nonmajor Governmental</u>	<u>Deficit</u>		<u>Deficit</u>
<u>Special Revenue Funds:</u>	(in thousands)		(in thousands)
Tourism and Promotion	\$ 21	Internal Service Funds:	
		Liability Reserve	\$ 6,043
Capital Projects Funds:			
Energy improvements - city facilities	82		
Parks/Old Bakery	179		
Police facilities	14		
Transportation Mobility Improvements	82		
Parks - 1992	173		
Build Austin	25		
Public Works	21		
Conservation Land	1		

The City Council passed a resolution to reimburse the deficit in the Transportation Mobility Improvements Fund through a future bond sale. The Liability Reserve deficit will be recovered through future transfers.

4 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2003 (in thousands):

	<u>Pooled Investments and Cash</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
General Fund	\$ 84,451	--
Nonmajor governmental funds	167,045	--
Electric	35,345	52,065
Water and Wastewater	19,137	27,769
Airport	1,915	81,721
Nonmajor enterprise funds	49,450	59,153
Internal service funds	60,053	--
Fiduciary funds	3,181	--
Subtotal pooled investments and cash	<u>420,577</u>	<u>220,708</u>
Total pooled investments and cash	<u>\$ 641,285</u>	

5 – INVESTMENTS AND DEPOSITS

a -- Investments

The City's deposits and investments are invested pursuant to the City of Austin Investment Policy, which is approved annually by the City Council. The objective of the policy is, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

5 – INVESTMENTS AND DEPOSITS, continued

Chapter 2256, Texas Government Code (The Public Funds Investment Act) and the City of Austin Investment Policy authorize the City to invest in the following:

- (1) Obligations of the U.S. Treasury;
- (2) Federal Agencies;
- (3) Direct obligations of The State of Texas;
- (4) Other States, Cities, Counties or Other Political Subdivisions;
- (5) Local Government Investment Pools;
- (6) Repurchase Agreements;
- (7) Reverse Repurchase Agreements;
- (8) Bankers' Acceptances;
- (9) Commercial Paper;
- (10) Money Market Mutual Funds;
- (11) Certificates of deposit; and
- (12) Share certificates issued by State or Federal Credit Unions.

The City participates in two Texas local government investment pools: TexPool and TexasTERM/Daily. The State Comptroller of Public Accounts oversees TexPool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the Comptroller. An advisory board, consisting of participants or their designees, maintains oversight responsibility for TexasTERM/Daily. The fair value of the City's position in these pools is equivalent to the carrying value.

The City did not participate in any reverse repurchase agreements during fiscal year 2003.

The City's investments (with exceptions noted below) are categorized below to give an indication of the level of custodial risk assumed by the City at year-end.

- Category 1 investments are insured or registered or the City's agent holds the securities in the City's name.
- Category 2 investments are uninsured and unregistered investments and the securities are held by the counterparty's trust department or agent in the City's name.
- Category 3 investments are uninsured and unregistered investments and the securities are held by the counterparty's trust department or agent, but not in the City's name.

	Category			Fair Value
	1	2	3	(in thousands)
<u>Investments</u>				
Obligations of the U.S. government and its agencies	\$ 810,447	--	--	810,447
	810,447	--	--	810,447
<u>Investments held by trustee</u>				
Obligations of the U.S. government and its agencies	92,783	--	--	92,783
<u>Investments not categorized</u>				
TexPool, Texas Local Government Investment Pool				258,665
TexasTERM/Daily, Local Government Investment Pool				88,021
				<u>346,686</u>
Total investments				<u>\$ 1,249,916</u>

5 – INVESTMENTS AND DEPOSITS, continued

Investments and deposits at September 30, 2003 are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Non-pooled investments and deposits	\$ 25,076	599,740	--	624,816
Pooled investments and deposits	316,314	331,544	3,181	651,039
Total investments and deposits	<u>341,390</u>	<u>931,284</u>	<u>3,181</u>	<u>1,275,855</u>
Unrestricted deposits	10,391	51	--	10,442
Restricted deposits	--	10,009	--	10,009
Pooled deposits	2,666	2,795	27	5,488
Investments	328,333	918,429	3,154	1,249,916
Total investments and deposits	<u>\$ 341,390</u>	<u>931,284</u>	<u>3,181</u>	<u>1,275,855</u>

A difference of \$9.8 million exists between bank balance and book balance, primarily due to deposits in transit offset by outstanding checks.

b -- Deposits

The September 30, 2003, carrying amount of deposits is as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash				
Unrestricted	\$ 112	51	--	163
Cash held by trustee				
Unrestricted	10,279	--	--	10,279
Restricted	--	10,009	--	10,009
Pooled cash	2,666	2,795	27	5,488
Total deposits	<u>\$ 13,057</u>	<u>12,855</u>	<u>27</u>	<u>25,939</u>

All bank balances were either insured or collateralized with securities held by the City or by its agent in the City's name at September 30, 2003.

6 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2002, upon which the 2003 levy was based, was \$50,759,650,668.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2003, 98.84% of the current tax levy (October 1, 2002) was collected. The statutory lien date is January 1.

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

6 – PROPERTY TAXES, continued

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

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

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

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2003, was \$.2969 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.7031 per \$100 assessed valuation, and could levy approximately \$356,891,104 in additional taxes from the assessed valuation of \$50,759,650,668 before the legislative limit is reached.

The City has reserved a portion of the taxes collected for lawsuits filed by certain tax payers against the appraisal districts challenging assessed values.

7 – CAPITAL ASSETS AND INFRASTRUCTURE

The City anticipates the need for numerous additional utility-related projects over the next several years. However, specific projects and related funding have not been identified or authorized.

The City is accelerating the depreciation of two generating stations that will be retired before the end of their estimated useful lives. The increase to the Electric Fund 2003 depreciation expense for this accelerated depreciation is \$1,210,000.

The City has recorded capitalized interest for fiscal year 2003 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

Major fund:		
Airport	\$	685
Nonmajor enterprise funds:		
Convention Center		1,052
Drainage		458
Golf		94
Solid Waste Services		210

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Components of capital assets (in thousands)

	Governmental Activities	Business-type Activities	Total
Capital assets not depreciated			
Land and improvements	\$ 195,274	270,600	465,874
Arts and treasures	4,785	727	5,512
Library collections	12,880	--	12,880
Total	<u>212,939</u>	<u>271,327</u>	<u>484,266</u>
Property, plant and equipment in service			
Building and improvements	310,174	1,862,542	2,172,716
Equipment	50,253	3,848,527	3,898,780
Vehicles	74,447	84,419	158,866
Infrastructure	1,308,273	--	1,308,273
Completed assets not classified	108,595	328,437	437,032
Total	<u>1,851,742</u>	<u>6,123,925</u>	<u>7,975,667</u>
Less accumulated depreciation for			
Building and improvements	(84,558)	(507,997)	(592,555)
Equipment	(23,938)	(1,578,768)	(1,602,706)
Vehicles	(38,791)	(48,343)	(87,134)
Infrastructure	(389,336)	--	(389,336)
Completed assets not classified	(13,299)	(8,616)	(21,915)
Total	<u>(549,922)</u>	<u>(2,143,724)</u>	<u>(2,693,646)</u>
Net property, plant and equipment in service	<u>1,301,820</u>	<u>3,980,201</u>	<u>5,282,021</u>
Construction in progress	353,951	661,157	1,015,108
Nuclear fuel, net of amortization	--	21,805	21,805
Plant held for future use	--	31,379	31,379
Total capital assets	<u>\$ 1,868,710</u>	<u>4,965,869</u>	<u>6,834,579</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 151,314	43,960	--	195,274
Arts and treasures	4,450	335	--	4,785
Library collections	12,706	174	--	12,880
Total	<u>168,470</u>	<u>44,469</u>	<u>--</u>	<u>212,939</u>
Property, plant and equipment in service				
Building and improvements	265,028	45,742	(596)	310,174
Equipment	46,331	13,802	(9,880)	50,253
Vehicles	69,496	9,795	(4,844)	74,447
Infrastructure	1,218,959	89,314	--	1,308,273
Completed assets not classified	202,908	160	(94,473)	108,595
Total	<u>1,802,722</u>	<u>158,813</u>	<u>(109,793)</u>	<u>1,851,742</u>
Less accumulated depreciation for				
Building and improvements	(75,765)	(9,384)	591	(84,558)
Equipment	(29,301)	(4,227)	9,590	(23,938)
Vehicles	(35,751)	(7,250)	4,210	(38,791)
Infrastructure	(352,467)	(36,869)	--	(389,336)
Completed assets not classified	(13,299)	--	--	(13,299)
Total	<u>(506,583)</u>	<u>(57,730)</u>	<u>14,391</u>	<u>(549,922)</u>
Net property, plant and equipment in service	<u>1,296,139</u>	<u>101,083</u>	<u>(95,402)</u>	<u>1,301,820</u>
Construction in progress	223,455	155,612	(25,116)	353,951
Total capital assets	<u>\$ 1,688,064</u>	<u>301,164</u>	<u>(120,518)</u>	<u>1,868,710</u>

Depreciation expense was charged to functions as follows (in thousands):

Governmental activities:

General government	\$ 891
Public safety	8,720
Transportation, planning and sustainability	3,387
Public health	871
Public recreation and culture	5,433
Urban growth management	1,317
Unallocated depreciation expense - infrastructure	35,414
Internal service funds	1,697
Total governmental activities depreciation expense	<u>\$ 57,730</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Electric Fund

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 32,877	2,065	--	34,942
Total	<u>32,877</u>	<u>2,065</u>	<u>--</u>	<u>34,942</u>
Property, plant and equipment in service				
Building and improvements	566,795	36,380	(1,382)	601,793
Equipment	2,208,322	115,841	(21,483)	2,302,680
Vehicles	19,367	1,305	(1,353)	19,319
Completed assets not classified	194,004	23,899	(190,286)	27,617
Total	<u>2,988,488</u>	<u>177,425</u>	<u>(214,504)</u>	<u>2,951,409</u>
Less accumulated depreciation for				
Building and improvements	(233,771)	(16,925)	140	(250,556)
Equipment	(951,540)	(72,010)	3,243	(1,020,307)
Vehicles	(15,443)	(822)	1,346	(14,919)
Completed assets not classified	(3,232)	--	339	(2,893)
Total	<u>(1,203,986)</u>	<u>(89,757)</u>	<u>5,068</u>	<u>(1,288,675)</u>
Net property, plant and equipment in service	<u>1,784,502</u>	<u>87,668</u>	<u>(209,436)</u>	<u>1,662,734</u>
Construction in progress	160,485	365,039	(165,775)	359,749
Nuclear fuel, net of amortization	18,102	3,703	--	21,805
Plant held for future use	31,379	--	--	31,379
Total capital assets	<u>\$ 2,027,345</u>	<u>458,475</u>	<u>(375,211)</u>	<u>2,110,609</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Water and Wastewater Fund

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 135,325	848	--	136,173
Total	<u>135,325</u>	<u>848</u>	<u>--</u>	<u>136,173</u>
Property, plant and equipment in service				
Building and improvements	1,356,114	10,675	(1,022,915) (1)	343,874
Equipment	452,012	1,061,750 (1)	(5,381)	1,508,381
Vehicles	21,203	514	(729)	20,988
Completed assets not classified	275,535	122	(27,244)	248,413
Total	<u>2,104,864</u>	<u>1,073,061</u>	<u>(1,056,269)</u>	<u>2,121,656</u>
Less accumulated depreciation for				
Building and improvements	(444,518)	(7,671)	348,609 (1)	(103,580)
Equipment	(154,423)	(387,202) (1)	5,272	(536,353)
Vehicles	(12,971)	(1,366)	726	(13,611)
Completed assets not classified	(4,640)	--	--	(4,640)
Total	<u>(616,552)</u>	<u>(396,239) (2)</u>	<u>354,607</u>	<u>(658,184)</u>
Net property, plant and equipment in service	<u>1,488,312</u>	<u>676,822</u>	<u>(701,662)</u>	<u>1,463,472</u>
Construction in progress	104,100	129,101	(1,031)	232,170
Total capital assets	<u>\$ 1,727,737</u>	<u>806,771</u>	<u>(702,693)</u>	<u>1,831,815</u>

(1) The City implemented a fixed asset accounting system. During the implementation process, asset categories were reviewed and \$1,022,565 of buildings and improvements were reclassified to equipment and \$348,259 of accumulated depreciation - buildings and improvements was reclassified to accumulated depreciation - equipment.

(2) Components of accumulated depreciation increases:

Current year depreciation	\$ 47,980
Reclassification	348,259
	<u>\$ 396,239</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 58,690	--	--	58,690
Arts and treasures	405	54	--	459
Total	<u>59,095</u>	<u>54</u>	<u>--</u>	<u>59,149</u>
Property, plant and equipment in service				
Building and improvements	576,259	435	(1,681)	575,013
Equipment	14,430	348	(74)	14,704
Vehicles	3,036	729	(43)	3,722
Completed assets not classified	21,852	--	(56)	21,796
Total	<u>615,577</u>	<u>1,512</u>	<u>(1,854)</u>	<u>615,235</u>
Less accumulated depreciation for				
Building and improvements	(65,658)	(14,792)	1,682	(78,768)
Equipment	(4,713)	(850)	40	(5,523)
Vehicles	(1,685)	(320)	36	(1,969)
Completed assets not classified	(323)	--	--	(323)
Total	<u>(72,379)</u>	<u>(15,962)</u>	<u>1,758</u>	<u>(86,583)</u>
Net property, plant and equipment in service	<u>543,198</u>	<u>(14,450)</u>	<u>(96)</u>	<u>528,652</u>
Construction in progress	7,802	12,639	(1,073)	19,368
Total capital assets	<u>\$ 610,095</u>	<u>(1,757)</u>	<u>(1,169)</u>	<u>607,169</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 40,271	524	--	40,795
Arts and treasures	268	--	--	268
Total	<u>40,539</u>	<u>524</u>	<u>--</u>	<u>41,063</u>
Property, plant and equipment in service				
Building and improvements	300,827	46,429	(5,394)	341,862
Equipment	22,205	1,149	(592)	22,762
Vehicles	37,910	3,546	(1,066)	40,390
Completed assets not classified	73,587	--	(42,976)	30,611
Total	<u>434,529</u>	<u>51,124</u>	<u>(50,028)</u>	<u>435,625</u>
Less accumulated depreciation for				
Building and improvements	(72,514)	(7,471)	4,892	(75,093)
Equipment	(15,401)	(1,661)	477	(16,585)
Vehicles	(15,131)	(3,669)	956	(17,844)
Completed assets not classified	(1,261)	--	501	(760)
Total	<u>(104,307)</u>	<u>(12,801)</u>	<u>6,826</u>	<u>(110,282)</u>
Net property, plant and equipment in service	<u>330,222</u>	<u>38,323</u>	<u>(43,202)</u>	<u>325,343</u>
Construction in progress	38,489	19,833	(8,452)	49,870
Total capital assets	<u>\$ 409,250</u>	<u>58,680</u>	<u>(51,654)</u>	<u>416,276</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities

Capital asset activity for the year ended September 30, 2003 was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 267,163	3,437	--	270,600
Arts and treasures	673	54	--	727
Total	<u>267,836</u>	<u>3,491</u>	<u>--</u>	<u>271,327</u>
Property, plant and equipment in service				
Building and improvements	2,799,995	93,919	(1,031,372)	1,862,542
Equipment	2,696,969	1,178,952	(27,394)	3,848,527
Vehicles	81,516	6,094	(3,191)	84,419
Completed assets not classified	564,978	24,021	(260,562)	328,437
Total	<u>6,143,458</u>	<u>1,302,986</u>	<u>(1,322,519)</u>	<u>6,123,925</u>
Less accumulated depreciation for				
Building and improvements	(816,461)	(46,859)	355,323	(507,997)
Equipment	(1,126,077)	(461,723)	9,032	(1,578,768)
Vehicles	(45,230)	(6,177)	3,064	(48,343)
Completed assets not classified	(9,456)	--	840	(8,616)
Total	<u>(1,997,224)</u>	<u>(514,759)(2)</u>	<u>368,259</u>	<u>(2,143,724)</u>
Net property, plant and equipment in service	<u>4,146,234</u>	<u>788,227</u>	<u>(954,260)</u>	<u>3,980,201</u>
Construction in progress	310,876	526,584	(176,303)	661,157
Nuclear fuel, net of amortization	18,102	3,703	--	21,805
Plant held for future use	31,379	--	--	31,379
Total capital assets	<u>\$ 4,774,427</u>	<u>1,322,005</u>	<u>(1,130,563)</u>	<u>4,965,869</u>

(1) Increases and decreases do not include transfers between business-type activities.

(2) Depreciation expense was charged to functions as follows (in thousands):

Business-type activities:

Electric	\$ 89,757
Water and Wastewater	47,980
Airport	15,962
Nonmajor enterprise funds	12,801
Total business-type activities depreciation expense	<u>166,500</u>
Reclassification	348,259
Total increases in accumulated depreciation	<u>\$ 514,759</u>

8 – RETIREMENT PLANS

a -- Description

The City participates in funding three contributory, defined benefit retirement plans: City of Austin Employees' Retirement and Pension Fund, City of Austin Police Officers' Retirement and Pension Fund, and Fire Fighters' Relief and Retirement Fund of Austin, Texas. An independent board of trustees administers each plan. These plans are City-wide single employer funded plans that cover substantially all full-time employees. The fiscal year of each pension fund ends December 31. The most recently available financial statements of the pension funds are for the year ended December 31, 2002. Membership in the plans at December 31, 2002 is as follows:

	City Employees	Police Officers	Fire Fighters	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	3,387	312	380	4,079
Current employees	7,647	1,364	938	9,949
Total	<u>11,034</u>	<u>1,676</u>	<u>1,318</u>	<u>14,028</u>

Each plan provides service retirement, death, disability and withdrawal benefits. State law governs benefit and contribution provisions. Amendments may be made by the Legislature of the State of Texas.

Financial reports that include financial statements and supplementary information for each plan are publicly available at the locations shown below.

Plan	Address	Telephone
Employees' Retirement and Pension Fund	418 E. Highland Mall Blvd. Austin, Texas 78752	(512)458-2551
Police Officers' Retirement and Pension Fund	P.O. Box 41089 Austin, Texas 78704	(512)416-7138
Fire Fighters' Relief and Retirement Fund	3301 Northland Drive, Suite 215 Austin, Texas 78731	(512)454-9567

8 – RETIREMENT PLANS, continued

b -- Funding Policy

	City of Austin Employees' Retirement and Pension Fund	City of Austin Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund
Authority establishing contributions obligation	State Legislation	State Legislation	State Legislation
Frequency of contribution	Biweekly	Biweekly	Biweekly
Employee's contribution (percent of earnings)	8.0%	9.0%	13.70%
City's contribution (percent of earnings)	8.0% (1)	18.0%	18.05%

(1) The City contributes two-thirds of the cost of prior service benefit payments.

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted. The actuary of each plan has certified that the contribution commitment by the participants and the City provides an adequate financing arrangement. Contributions for fiscal year ended September 30, 2003, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 26,093	13,626	9,608	49,327
Employees	26,020	6,813	7,605	40,438
Total contributions	\$ 52,113	20,439	17,213	89,765

c-- Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$49,327,000 for fiscal year ended September 30, 2003, was equal to the City's required and actual contributions. Three-year trend information is as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City's Annual Pension Cost (APC):				
2001	\$ 24,118	8,429	10,738	43,285
2002	25,986	12,160	9,089	47,235
2003	26,093	13,626	9,608	49,327
Percentage of APC contributed:				
2001	100%	100%	100%	N/A
2002	100%	100%	100%	N/A
2003	100%	100%	100%	N/A
Net Pension Obligation:				
2001	\$ --	--	--	--
2002	--	--	--	--
2003	--	--	--	--

8 – RETIREMENT PLANS, continued

Actuarial valuations of the plans are performed every two years. Actuarial updates are done in each year following the full valuation. The latest actuarial valuations were completed as of December 31, 2002. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Basis	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation Rate	4%	4%	5%
Projected Annual Salary Increases	4.5% to 14.5%	6.8% average	6.5%
Post retirement benefit increase	None	None	3.5% effective January 1, 2003 through January 1, 2004 and 1% annually thereafter
Assumed Rate of Return on Investments	8%	8%	8%
Amortization method	Level percent of projected pay, open	Level percent of projected pay, open	Level percent of projected pay, open
Remaining Amortization Period	17 years	25.7 years	26.5 years

d -- Trend Information (Unaudited)

Information pertaining to the latest actuarial valuations for each Plan is as follows (in thousands):

Valuation Date, December 31st(1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(2)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees						
1995	\$ 707,300	623,000	(84,300)	113.5%	221,000	(38.1%)
1997	856,423	832,140	(24,283)	102.9%	219,208	(11.1%)
1999	1,105,100	1,044,500	(60,600)	105.8%	244,500	(24.8%)
2001	1,311,288	1,360,270	48,982	96.4%	316,793	15.5%
2002	1,250,851	1,440,199	189,348	86.9%	322,008	58.8%
Police Officers						
1995	\$ 127,572	164,865	37,293	77.4%	36,211	103.0%
1997	168,602	222,703	54,101	75.7%	47,189	114.6%
1999	226,913	257,850	30,937	88.0%	54,695	56.6%
2001	284,761	347,548	62,787	81.9%	69,707	90.1%
2002	298,782	384,992	86,210	77.6%	79,236	108.8%
Fire Fighters						
1995	\$ 213,403	236,994	23,591	90.0%	32,496	72.6%
1997	268,241	279,472	11,231	96.0%	35,130	32.0%
1999	341,593	317,223	(24,370)	107.7%	38,690	(63.0%)
2001	395,371	406,266	10,895	97.3%	49,726	21.9%

(1) City Employees and Police Officers' actuarial valuation are prepared annually beginning in 2002; Fire Fighters' actuarial valuation is prepared bi-annually.

(2) UAAL – Unfunded Actuarial Accrued Liability (Excess)

9 – SELECTED REVENUES

a -- Governmental Funds - General Fund

Hospital lease payments

Effective October 1, 1995, the City entered into a long-term lease arrangement with the Daughters of Charity Health Services of Austin (“Seton”) to operate City-owned Brackenridge Hospital. This lease agreement qualifies as an operating lease for accounting purposes. Previously, lease payments have been reported in the Hospital Fund, a nonmajor enterprise fund. Beginning in fiscal year 2003, lease payments are reported in the City’s General Fund.

The lease agreement specifies a minimum lease payment in addition to a supplemental rent payment based on approximately 46% of net disproportionate share revenue proceeds. In fiscal year 2003, General Fund revenues included minimum lease payments of \$1.8 million and additional rent of \$6.6 million.

During fiscal year 2003, the City amended the lease agreement to accommodate capacity issues related to the Children’s Hospital at Brackenridge. The amendment increases the term of the lease from 30 years to 60 years, with an option to extend an additional 30 years.

Certain adjustments to the scheduled lease payments have resulted from costs associated with the construction of the Austin Women’s Hospital, a separately licensed hospital to be operated by the University of Texas Medical Branch at Galveston. Construction costs of approximately \$9.3 million will be amortized over the remaining time period of the original lease term (30 years) from the time the facility is completed. The estimated completion date is February 2004; the estimated opening date is the beginning of March 2004.

b -- Major Enterprise Funds

Electric and Water and Wastewater

The Texas Public Utility Commission has jurisdiction over electric utility wholesale transmission rates. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council determines electric utility and water and wastewater utility rates based on the cost of operations and a debt service coverage approach.

Under a bill passed by the Texas Legislature in 1999, municipally-owned electric utilities such as the City’s utility system have the option of offering retail competition after January 1, 2002. At September 30, City management had decided not to enter the retail market, as allowed by State law. Because the effects of entering retail competition are uncertain, a change in accounting policy is not warranted at this time.

Electric rates include a fixed rate and a fuel recovery cost-adjustment factor that allows recovery of coal, gas, purchased power, and other fuel costs. If actual fuel costs differ from amounts billed to customers, deferred or unbilled revenues are recorded by the Electric utility. Any over- or under-collections are applied to the cost-adjustment factor. The fuel factor is revised annually on a calendar year basis or when over- or under-recovery is more than 10% of expected fuel costs.

Airport

The City has entered into certain lease agreements as lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In fiscal year 2003, the Airport Fund revenues included minimum concession guarantees of \$8,173,267.

9 – SELECTED REVENUES, continued

The following is a schedule by year of minimum future rentals on noncancelable operating leases for the remaining term of fifty-two years related to the Hospital lease and up to a term of thirty years for the Airport Fund as of September 30, 2003. Amounts for the Hospital lease payments do not include supplemental rent payments as discussed above (in thousands):

Fiscal Year Ended September 30	Governmental General Fund Hospital Lease Payments	Enterprise Airport Lease Payments
2004	\$ 1,392	8,246
2005	1,097	7,731
2006	1,097	7,324
2007	1,097	7,156
2008	1,097	6,862
2009-2013	5,483	5,349
2014-2018	5,483	792
2019-2023	5,483	552
2024-2028	2,223	392
2029-2033	50	143
2034-2038	50	--
2039-2043	50	--
2044-2048	50	--
2049-2053	50	--
2054-2055	20	--
Totals	<u>\$ 24,722</u>	<u>44,547</u>

10 – DEBT AND NON-DEBT LIABILITIES

a -- Short-Term Debt

The following is a summary of changes in short-term debt. Short-term debt provides financing to governmental activities. This debt was issued for interim financing of General Fund operations. Balances at September 30, 2003 are (in thousands):

Description	September 30, 2002	Increases	Decreases	September 30, 2003	Amounts Due Within One Year
Governmental activities					
Tax anticipation notes	\$ 4,800	--	(4,800)	--	--

In May 2002, the City issued Tax Anticipation Notes, Series 2002, in the amount of \$4,800,000. On April 1, 2003, the City paid the note amount and \$73,387 in interest at a rate of 1.6%.

10 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Long-Term Liabilities

The following is a summary of long-term liabilities. Balances at September 30, 2003 are (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Long-term obligations			
General obligation bonds	\$ 708,200	23,019	731,219
Certificates of obligation	95,328	34,701	130,029
Contractual obligations	26,230	9,640	35,870
Other tax supported debt	--	11,527	11,527
General obligation bonds and other tax supported debt total	829,758	78,887	908,645
Commercial paper	--	128,484	128,484
Revenue notes	--	28,000	28,000
Revenue bonds	--	3,201,903	3,201,903
Contract revenue bonds	--	16,177	16,177
Capital lease obligations	793	15,165	15,958
Debt service requirements total	830,551	3,468,616	4,299,167
 Other long-term obligations			
Accrued compensated absences	69,243	20,919	90,162
Claims payable	34,748	--	34,748
Accrued landfill closure and postclosure costs	--	7,370	7,370
Decommissioning expense payable	--	90,687	90,687
Deferred credits and other liabilities	75,923	507,295	583,218
	179,914	626,271	806,185
Total long-term obligations	\$ 1,010,465	4,094,887	5,105,352

This schedule excludes short-term liabilities of \$42,459 for governmental activities and \$198,271 for business-type activities and long-term interest payable of \$150,972 for business-type activities.

Payments on bonds payable for governmental activities will be made in the General Obligation Debt Service Funds. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue Funds. Claims payable will be liquidated by Internal Service Funds. Deferred credits and other liabilities that pertain to governmental activities will be liquidated by the General Fund, Special Revenue Funds, and General Government Capital Improvement Projects Funds.

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

10 – DEBT AND NON-DEBT LIABILITIES, continued

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2003 are (in thousands):

Description	September 30,			September 30, 2003	Amounts Due Within One Year
	2002	Increases	Decreases		
Governmental activities (1)					
General obligation bonds, net	\$ 671,300	133,184	(96,284)	708,200	39,321
Certificates of obligation	99,309	650	(4,631)	95,328	4,907
Contractual obligations	24,593	7,380	(5,743)	26,230	6,210
General obligation bonds and other tax supported debt total	<u>795,202</u>	<u>141,214</u>	<u>(106,658)</u>	<u>829,758</u>	<u>50,438</u>
Capital lease obligations	--	1,186	(393)	793	533
Debt service requirements total	<u>795,202</u>	<u>142,400</u>	<u>(107,051)</u>	<u>830,551</u>	<u>50,971</u>
Other long-term obligations					
Accrued compensated absences	64,200	23,686	(18,643)	69,243	28,125
Claims payable	33,381	21,501	(20,134)	34,748	20,121
Deferred credits and other liabilities	70,373	17,187	(11,637)	75,923	56,485
Governmental activities total	<u>963,156</u>	<u>204,774</u>	<u>(157,465)</u>	<u>1,010,465</u>	<u>155,702</u>
Business-type activities:					
Electric activities					
General obligation bonds	1,331	--	(5)	1,326	5
Contractual obligations	1,399	960	(358)	2,001	440
General obligation bonds and other tax supported debt total	<u>2,730</u>	<u>960</u>	<u>(363)</u>	<u>3,327</u>	<u>445</u>
Commercial paper notes, net	200,509	41,416	(187,253)	54,672	--
Revenue bonds, net	1,278,388	189,022	(56,445)	1,410,965	93,374
Capital lease obligations	10,037	1,044	(1,974)	9,107	2,035
Debt service requirements total	<u>1,491,664</u>	<u>232,442</u>	<u>(246,035)</u>	<u>1,478,071</u>	<u>95,854</u>
Other long-term obligations					
Accrued compensated absences	9,936	447	(617)	9,766	5,719
Decommissioning expense payable	81,727	8,960	--	90,687	--
Deferred credits and other liabilities	90,519	53,243	(57,149)	86,613	16,976
Electric activities total	<u>1,673,846</u>	<u>295,092</u>	<u>(303,801)</u>	<u>1,665,137</u>	<u>118,549</u>
Water and Wastewater activities					
General obligation bonds, net	9,418	1,780	(3,694)	7,504	1,493
Contractual obligations	6,901	270	(1,532)	5,639	1,632
Other tax supported debt	12,761	--	(1,234)	11,527	1,136
General obligation bonds and other tax supported debt total	<u>29,080</u>	<u>2,050</u>	<u>(6,460)</u>	<u>24,670</u>	<u>4,261</u>
Commercial paper notes, net	157,842	40,170	(124,200)	73,812	--
Revenue bonds, net	1,088,476	125,299	(14,145)	1,199,630	28,337
Contract revenue bonds, net	22,755	4,446	(11,024)	16,177	2,455
Capital lease obligations	6,600	171	(975)	5,796	1,036
Debt service requirements total	<u>1,304,753</u>	<u>172,136</u>	<u>(156,804)</u>	<u>1,320,085</u>	<u>36,089</u>
Other long-term obligations					
Accrued compensated absences	4,965	102	(204)	4,863	3,041
Deferred credits and other liabilities	391,102	22,016	(2,229)	410,889	3,751
Water and Wastewater activities total	<u>1,700,820</u>	<u>194,254</u>	<u>(159,237)</u>	<u>1,735,837</u>	<u>42,881</u>

(1) Internal Service Funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included in governmental activities.

10 – DEBT AND NON-DEBT LIABILITIES, continued

Description	September 30, 2002	Increases	Decreases	September 30, 2003	Amounts Due Within One Year
Business-type activities (continued):					
Airport activities					
General obligation bonds, net	614	--	(85)	529	53
Contractual obligations	246	--	(63)	183	68
General obligation bonds and other tax supported debt total					
	<u>860</u>	<u>--</u>	<u>(148)</u>	<u>712</u>	<u>121</u>
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	362,340	--	(5,078)	357,262	7,195
Capital lease obligations	--	40	(18)	22	11
Debt service requirements total	<u>391,200</u>	<u>40</u>	<u>(5,244)</u>	<u>385,996</u>	<u>7,327</u>
Other long-term obligations					
Accrued compensated absences	1,246	116	--	1,362	894
Deferred credits and other liabilities	5,099	2,746	(709)	7,136	1,888
Airport activities total	<u>397,545</u>	<u>2,902</u>	<u>(5,953)</u>	<u>394,494</u>	<u>10,109</u>
Nonmajor activities					
General obligation bonds, net	10,291	4,349	(980)	13,660	1,195
Certificates of obligation, net	36,856	3,800	(5,955)	34,701	1,569
Contractual obligations	2,590	--	(773)	1,817	806
General obligation bonds and other tax supported debt total					
	<u>49,737</u>	<u>8,149</u>	<u>(7,708)</u>	<u>50,178</u>	<u>3,570</u>
Revenue bonds, net	236,698	--	(2,652)	234,046	5,210
Capital lease obligations	--	403	(163)	240	133
Debt service requirements total	<u>286,435</u>	<u>8,552</u>	<u>(10,523)</u>	<u>284,464</u>	<u>8,913</u>
Other long-term obligations					
Accrued compensated absences	5,032	582	(686)	4,928	3,461
Accrued landfill closure and postclosure costs	7,188	182	--	7,370	--
Deferred credits and other liabilities	2,019	4,796	(4,158)	2,657	2,657
Nonmajor activities total	<u>300,674</u>	<u>14,112</u>	<u>(15,367)</u>	<u>299,419</u>	<u>15,031</u>
Total business-type activities					
General obligation bonds, net	21,654	6,129	(4,764)	23,019	2,746
Certificates of obligation, net	36,856	3,800	(5,955)	34,701	1,569
Contractual obligations, net	11,136	1,230	(2,726)	9,640	2,946
Other tax supported debt	12,761	--	(1,234)	11,527	1,136
General obligation bonds and other tax supported debt total					
	<u>82,407</u>	<u>11,159</u>	<u>(14,679)</u>	<u>78,887</u>	<u>8,397</u>
Commercial paper notes, net	358,351	81,586	(311,453)	128,484	--
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	2,965,902	314,321	(78,320)	3,201,903	134,116
Contract revenue bonds	22,755	4,446	(11,024)	16,177	2,455
Capital lease obligations	16,637	1,658	(3,130)	15,165	3,215
Debt service requirements total	<u>3,474,052</u>	<u>413,170</u>	<u>(418,606)</u>	<u>3,468,616</u>	<u>148,183</u>
Other long-term obligations					
Accrued compensated absences	21,179	1,247	(1,507)	20,919	13,115
Accrued landfill closure and postclosure costs	7,188	182	--	7,370	--
Decommissioning expense payable	81,727	8,960	--	90,687	--
Deferred credits and other liabilities	488,739	82,801	(64,245)	507,295	25,272
Business-type activities total	<u>4,072,885</u>	<u>506,360</u>	<u>(484,358)</u>	<u>4,094,887</u>	<u>186,570</u>
Total long-term liabilities	<u>\$ 5,036,041</u>	<u>711,134</u>	<u>(641,823)</u>	<u>5,105,352</u>	<u>342,272</u>

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

10 – DEBT AND NON-DEBT LIABILITIES, continued

c -- Governmental Activities Long-Term Liabilities

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

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2003, including those reported in certain proprietary funds (in thousands):

	Date Issued	Amount		Aggregate Interest		Interest Rates		Maturity Dates of Serial Debt
		Original Issue	Outstanding at September 30, 2003	Requirements at September 30, 2003	Outstanding at September 30, 2003	Outstanding at September 30, 2003		
Series 1993	February, 1993	\$ 71,600	\$ 52,325	\$8,988 (1)	5.50 - 5.75%	9/1/2004-2009		
Series 1994	October, 1994	33,260	1,500	78 (1)	5.20%	9/1/2004		
Series 1994	October, 1994	3,550	170	9 (1)	5.30%	9/1/2004		
Series 1995	October, 1995	30,250	1,985	283 (1)	7.30 - 7.75%	9/1/2004-2005		
Series 1995	October, 1995	8,660	820	64 (1)	4.75 - 6.00%	9/1/2004-2005		
Series 1996	October, 1996	30,550	8,260	2,284 (1)	4.90 - 6.00%	9/1/2004-2011		
Series 1996	October, 1996	11,755	980	24 (2)	4.80%	11/1/2003		
Series 1997	October, 1997	29,295	28,315	14,251 (1)	5.00 - 5.75%	9/1/2004-2017		
Series 1997	October, 1997	13,975	3,405	155 (2)	4.50%	11/1/2003-2004		
Series 1997	October, 1997	2,120	1,695	722 (1)	4.50 - 5.25%	9/1/2004-2017		
Series 1998	January, 1998	110,300	109,405	39,490 (1)	4.60 - 5.25%	9/1/2004-2016		
Assumed MUD Debt	December, 1997	33,680	13,637	7,746 (3)	4.40 - 10.50%	11/15/2003-2021		
Series 1998	October, 1998	13,430	13,130	6,517 (1)	4.40 - 7.13%	9/1/2004-2018		
Series 1998	October, 1998	22,770	19,285	8,191 (1)	4.10 - 6.40%	9/1/2004-2018		
Series 1998	October, 1998	14,975	6,825	425 (2)	3.90 - 4.00%	11/1/2003-2005		
Series 1999	October, 1999	51,100	50,490	32,218 (1)	4.30 - 5.75%	9/1/2004-2019		
Series 1999	October, 1999	10,335	5,640	549 (2)	4.50 - 4.75%	11/1/2003-2006		
Series 1999	October, 1999	5,590	4,870	2,528 (1)	5.00 - 6.00%	9/1/2004-2019		
Series 2000	October, 2000	52,930	51,145	34,945 (1)	4.40 - 6.00%	9/1/2004-2020		
Series 2000	October, 2000	6,060	5,520	3,022 (1)	5.00 - 5.38%	9/1/2004-2020		
Series 2001	June, 2001	123,445	78,345	20,184 (1)	4.75 - 5.50%	9/1/2004-2022		
Series 2001	October, 2001	79,650	79,650	45,035 (1)	4.00 - 5.25%	9/1/2004-2021		
Series 2001	October, 2001	2,650	2,180	246 (2)	3.00 - 3.88%	11/1/2003-2008		
Series 2001	October, 2001	65,335	60,100	24,966 (1)	4.00 - 5.25%	9/1/2004-2021		
Series 2002	July, 2002	12,190	12,190	5,024 (1)	3.00 - 5.00%	9/1/2004-2017		
Series 2002	July, 2002	2,495	2,495	359 (1)	4.00 - 5.00%	9/1/2004-2009		
Series 2002	September, 2002	99,615	99,100	52,173 (1)	2.50 - 5.00%	9/1/2004-2022		
Series 2002	September, 2002	8,690	8,230	927 (2)	2.50 - 4.00%	5/1/2004-2009		
Series 2002	September, 2002	34,095	33,050	17,209 (1)	2.50 - 5.38%	9/1/2004-2022		
Series 2003	June, 2003	62,585	62,585	13,613 (1)	2.25 - 5.00%	9/1/2004-2023		
Series 2003	September, 2003	68,855	68,855	40,630 (1)	2.00 - 5.00%	9/1/2004-2023		
Series 2003A	September, 2003	2,530	2,530	735 (1)	4.00 - 5.00%	9/1/2004-2013		
Series 2003	September, 2003	4,450	4,450	2,375 (1)	4.00 - 4.80%	9/1/2004-2023		
Series 2003	September, 2003	8,610	8,610	978 (2)	2.00 - 3.38%	5/1/2004-2010		
			<u>\$ 901,772</u>					

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

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

(3) Interest is paid four times a year on March 1, May 15, September 1, and November 15.

10 – DEBT AND NON-DEBT LIABILITIES, continued

In June 2003, the City issued Public Improvement Refunding Bonds, Series 2003, in the amount of \$62,585,000. The net proceeds of \$68,864,741 (after issue costs, discounts and premiums) from the refunding were used to refund \$66,845,000 of Public Improvement Bonds, Series 1993, 1993A, 1994, 1996 and Certificates of Obligation, Series 1993. The refunding resulted in future interest requirements to service the debt of \$14,458,500 with an average interest rate of 4.43%. An economic gain of \$5,413,395 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$5,650,576. An accounting loss of \$1,089,045, which will be deferred and amortized, was recognized on this refunding. The refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from the long-term liabilities.

In September 2003, the City issued Public Improvement and Refunding Bonds, Series 2003, in the amount of \$68,855,000. The proceeds from the issue will be used as follows: street improvements (\$20,915,000); right of way acquisition and utility relocation (\$15,000,000); park and recreation facilities (\$14,473,000); emergency centers (\$2,940,000); central sub-station and forensics center (\$5,565,000); land acquisition (\$3,400,000) and refunded a court settlement (\$6,562,000). These bonds will be amortized serially on September 1 of each year from 2004 to 2023. Certain of these bonds are callable beginning September 1, 2021. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2004. Total interest requirements for these bonds, at rates ranging from 2% to 5%, are \$40,630,445.

In September 2003, the City issued Public Improvement Refunding Bonds, Taxable Series 2003A, in the amount of \$2,530,000. Proceeds from the issue will be used to finance certain payment obligations relating to the City's liability under a settlement agreement. These bonds will be amortized serially on September 1 of each year from 2004 to 2013. These bonds are not subject to optional redemption prior to maturity. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2004. Total interest requirements for these bonds, at rates ranging from 4% to 5%, are \$735,005.

In September 2003, the City issued Certificates of Obligation, Series 2003, in the amount of \$4,450,000. The proceeds from the issue will be used as follows: Walnut Creek–Crystal Brook (\$3,800,000) and developer reimbursements (\$650,000). These certificates of obligation will be amortized serially September 1 of each year from 2004 to 2023. Certain of these obligations are callable beginning September 1, 2013. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2004. Total interest requirements for these obligations, at rates ranging from 4% to 4.80%, are \$2,375,156.

In September 2003, the City issued Public Property Finance Contractual Obligations, Series 2003, in the amount of \$8,610,000. The proceeds from the issue will be used as follows: transmission equipment (\$530,000); distribution equipment (\$430,000); communication technology upgrades (\$3,685,000); City Hall technology (\$1,785,000); Emergency Medical Services capital equipment (\$765,000); fire capital equipment (\$1,145,000); and capital equipment vehicles (\$270,000). These contractual obligations will be amortized serially May 1 of each year from 2004 to November 1, 2010. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2004. The contractual obligations are not subject to optional redemption prior to maturity. The total interest requirements for these obligations, at rates ranging from 2% to 3.38%, are \$977,664.

General obligation bonds authorized and unissued amount to \$188,187,000 at September 30, 2003. Bond ratings at September 30, 2003, were Aa2 (Moody's Investor Services, Inc.), AA+ (Standard & Poor's) and AA+ (Fitch).

d -- Business-Type Activities Long-Term Liabilities

Utility Debt – The City has previously issued combined debt for the Electric and Water and Wastewater utilities. The City began issuing separate debt for electric and water and wastewater activities in 2000. The following paragraphs describe both combined and separate debt.

10 – DEBT AND NON-DEBT LIABILITIES, continued

Combined Utility Systems Debt -- General - The City's Electric Fund and Water and Wastewater Fund comprise the Combined Utility Systems, which issued Combined Utility Systems revenue bonds to finance Electric Fund and Water and Wastewater Fund capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of the Electric Fund and Water and Wastewater Fund.

The total Combined Utility Systems revenue bond obligations at September 30, 2003, exclusive of discounts and premiums, consist of \$1,272,069,611 prior lien bonds and \$256,379,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$1,075,087,026 at September 30, 2003. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2003 for the prior lien and subordinate lien bonds were, respectively, A2 and A2 (Moody's Investor Services, Inc.), A and A- (Standard & Poor's), and A+ and A+ (Fitch).

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

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2003 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2003
1989	July 1989	\$ 65,800	\$ 955
1990AB Refunding	February 1990	236,009	6,388
1992 Refunding	March 1992	265,806	30,116
1992A Refunding	May 1992	351,706	130,416
1993 Refunding	February 1993	203,166	162,186
1993A Refunding	June 1993	263,410	137,469
1994	May 1994	3,500	2,500
1994 Refunding	October 1994	142,559	107,159
1995 Refunding	June 1995	151,770	6,170
1996AB Refunding	September 1996	249,235	237,985
1997 Refunding	August 1997	227,215	218,210
1998 Refunding	August 1998	180,000	172,360
1998A Refunding	August 1998	123,020	62,655
1998 Refunding	November 1998	139,965	139,730
1998A Refunding	November 1998	105,350	105,350
1998	November 1998	10,000	8,800
			<u>\$ 1,528,449</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

Combined Utility Systems Debt -- Commercial Paper Notes - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed \$350,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2003 were P-1 (Moody's Investor Services, Inc.), A-1 (Standard & Poor's), and F1+(Fitch). The notes will be in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund.

At September 30, 2003, the Electric Fund had outstanding commercial paper notes of \$54,672,000 and the Water and Wastewater Fund had \$73,812,000, of commercial paper notes outstanding. Interest rates on the notes range from 0.85% to 1%, adjusted daily, and subsequent issues cannot exceed the maximum rate of 15%.

The City intends to refinance maturing commercial paper notes by issuing long-term debt. During the fiscal year, bonds were issued to refinance commercial paper notes of \$187,325,000 and \$124,200,000 for the Electric Fund and Water and Wastewater Fund respectively.

Combined Utility Systems Debt -- Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes, (the "taxable notes"), in an aggregate principal amount not to exceed \$50,000,000 outstanding at any one time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2003 were P-1 (Moody's Investor Services, Inc.), A-1+ (Standard & Poor's), and F1+(Fitch).

The taxable notes will be in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the taxable notes are payable from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund.

At September 30, 2003, the Electric Fund and the Water and Wastewater Fund had no taxable notes outstanding.

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these separate lien obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Electric Fund.

Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues - In March 2003, the City issued Electric Utility System Revenue Refunding Bonds, Series 2003, in an aggregate principal amount of \$182,100,000. Proceeds from the bond refunding were used to refund \$100,315,000 of the City's outstanding Tax-Exempt Commercial Paper and \$87,010,000 of the City's outstanding Taxable Commercial Paper for the Electric Utility System. The debt service requirements on the refunding bonds were \$338,188,294. No economic gain or loss was recognized on this transaction. An accounting loss of \$71,783, which will be deferred and amortized in accordance with Statement of Financial Accounting Standards No. 71, was recognized on the refunding.

Bond ratings at September 30, 2003 were A3 (Moody's Investor Services, Inc.), A- (Standard & Poor's) and A+ (Fitch).

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system separate lien original and refunding revenue bonds outstanding at September 30, 2003 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2003
2001 Refunding	February 2001	\$ 126,700	\$ 126,700
2002 Refunding	March 2002	74,750	74,750
2002A Refunding	August 2002	172,880	172,880
2003 Refunding	March 2003	182,100	182,100
			<u>\$ 556,430</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue water and wastewater system revenue obligations. Proceeds from these separate lien obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Water and Wastewater Fund.

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues - In March 2003, the City issued Water and Wastewater System Revenue Refunding Bonds, Series 2003, in an aggregate principal amount of \$121,500,000. Proceeds from the bond refunding were used to refund \$124,200,000 of the City's outstanding Tax-Exempt Commercial Paper for the Water and Wastewater System. The debt service requirements on the refunding bonds are \$222,991,142. No economic gain or loss was recognized on this transaction. No accounting gain or loss was recognized on this refunding.

On August 28, 2003, the City issued Water and Wastewater Contract Revenue Refunding Bonds, Series 2003 in an aggregate principal amount of \$4,510,000. Proceeds from the bonds and bank investment funds were used to refund \$8,670,000 of the City's outstanding Contract Revenue Bonds for North Austin Municipal Utility District, No. 1, Series 1994. The refunding resulted in future interest requirements of \$526,687. An economic gain of \$408,815 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$416,092. A deferred loss of \$75,623, which will be deferred and amortized in accordance with Statement of Financial Accounting Standards No. 71, was recognized on the refunding.

Bond ratings at September 30, 2003 were A2 (Moody's Investor Services, Inc.), A- (Standard & Poor's) and A+ (Fitch).

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system separate lien original and refunding revenue bonds outstanding at September 30, 2003 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2003
Maple Run MUD, 1992	May 1992	\$ 17,955	\$ 10,265
Tanglewood Forest MUD, 1993	December 1993	1,350	295
North Austin MUD #1, 1994	May 1994	16,570	1,170
2000 Refunding	June 2000	100,000	100,000
2001A Refunding	June 2001	152,180	152,180
2001B Refunding	June 2001	73,200	73,200
2001C Refunding	December 2001	95,380	87,380
2002A Refunding	August 2002	139,695	139,695
2003 Refunding	March 2003	121,500	121,500
North Austin MUD #1, 2003 RFD	August 2003	4,510	4,510
			<u>\$ 690,195</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

Airport -- Revenue Bonds - The City's Airport Fund issues Airport System revenue bonds to fund Airport Fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport Fund. The total Airport System obligation for prior lien bonds is \$365,360,000, exclusive of discount and loss on refunding, at September 30, 2003. Aggregate interest requirements for all prior lien bonds are \$314,225,386 at September 30, 2003. Revenue bonds authorized and unissued amount to \$735,795,000 at that date.

The following table summarizes the original and refunding revenue bonds outstanding at September 30, 2003 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2003
1989	September 1989	\$ 30,000	\$ 1,000
1995A	August 1995	362,205	335,185
1995B Refunding	August 1995	31,040	29,175
			<u>\$ 365,360</u>

Airport Debt -- Variable Rate Revenue Notes - The City is authorized to issue Airport System variable rate revenue notes, pursuant to Ordinance No. 950817B, as amended and restated by Ordinance 980205A adopted by the City Council on February 5, 1998. At September 30, 2003, the Airport System had outstanding variable rate revenue notes of \$28,000,000. The debt service fund required by the bond ordinance held assets of \$366,202, including accrued interest at September 30, 2003 and was restricted within the Airport System. During fiscal year 2003, interest rates on the notes ranged from 1% to 1.90%, adjusted weekly at market rates, and subsequent rate changes cannot exceed the maximum rate of 15%. Principal and interest on the notes are payable from the net revenues of the Airport System.

Nonmajor fund:

Convention Center -- Prior and Subordinate Lien Revenue Bonds - The City's Convention Center Fund issues Convention Center revenue bonds and Hotel Occupancy Tax revenue bonds to fund Convention Center Fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. The total Convention Center obligation for prior and subordinate lien bonds is \$241,595,000, exclusive of discounts, premiums and loss on refunding, at September 30, 2003. Aggregate interest requirements for all prior and subordinate lien bonds are \$202,758,899 at September 30, 2003. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2003.

The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2003 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2003
1993A	December 1993	\$ 75,955	\$ 63,395
1999 Refunding	June 1999	6,445	3,200
1999A	June 1999	25,000	25,000
1999	September 1999	110,000	110,000
1999	November 1999	40,000	40,000
			<u>\$ 241,595</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements (in thousands)

Governmental Activities

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 39,321	34,754	4,907	4,512	6,210
2005	41,470	32,455	5,014	4,308	5,517	599
2006	48,393	30,464	5,155	4,083	4,181	411
2007	45,764	28,080	5,436	3,851	2,903	287
2008	42,836	25,793	5,711	3,576	2,503	212
2009-2013	208,937	98,001	32,765	13,508	4,916	209
2014-2018	176,380	49,000	23,541	6,697	--	--
2019-2023	95,978	11,432	12,799	1,382	--	--
	<u>699,079</u>	<u>309,979</u>	<u>95,328</u>	<u>41,917</u>	<u>26,230</u>	<u>2,486</u>
Less: Unamortized bond discount	(483)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,151)	--	--	--	--	--
Add: Unamortized bond premium	10,755	--	--	--	--	--
Net debt service requirements	<u>708,200</u>	<u>309,979</u>	<u>95,328</u>	<u>41,917</u>	<u>26,230</u>	<u>2,486</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2004	533	14	50,971	40,048
2005	260	3	52,261	37,365	89,626
2006	--	--	57,729	34,958	92,687
2007	--	--	54,103	32,218	86,321
2008	--	--	51,050	29,581	80,631
2009-2013	--	--	246,618	111,718	358,336
2014-2018	--	--	199,921	55,697	255,618
2019-2023	--	--	108,777	12,814	121,591
	<u>793</u>	<u>17</u>	<u>821,430</u>	<u>354,399</u>	<u>1,175,829</u>
Less: Unamortized bond discount	--	--	(483)	--	(483)
Unamortized gain(loss) on bond refundings	--	--	(1,151)	--	(1,151)
Add: Unamortized bond premium	--	--	10,755	--	10,755
Net debt service requirements	<u>793</u>	<u>17</u>	<u>\$ 830,551</u>	<u>354,399</u>	<u>1,184,950</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Electric Business-Type Activities

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Commercial Paper Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 5	69	440	58	54,672
2005	5	69	485	47	--	--
2006	5	68	358	30	--	--
2007	53	68	202	19	--	--
2008	88	65	140	14	--	--
2009-2013	555	250	376	18	--	--
2014-2018	603	87	--	--	--	--
2019-2023	12	2	--	--	--	--
Net debt service requirements	1,326	678	2,001	186	54,672	61

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Electric Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2004	93,374	80,798	2,035	579	150,526	81,565
2005	89,956	72,542	1,957	457	92,403	73,115	165,518
2006	82,612	67,692	1,871	331	84,846	68,121	152,967
2007	114,910	62,948	2,003	202	117,168	63,237	180,405
2008	92,971	62,382	29	61	93,228	62,522	155,750
2009-2013	401,513	354,902	170	283	402,614	355,453	758,067
2014-2018	338,521	123,189	218	235	339,342	123,511	462,853
2019-2023	140,664	59,057	280	173	140,956	59,232	200,188
2024-2028	116,679	23,857	359	94	117,038	23,951	140,989
2029-2033	39,900	2,399	185	10	40,085	2,409	42,494
	1,511,100	909,766	9,107	2,425	1,578,206	913,116	2,491,322
Less: Unamortized bond discount	(11,943)	--	--	--	(11,943)	--	(11,943)
Unamortized gain(loss) on bond refundings	(130,122)	--	--	--	(130,122)	--	(130,122)
Add: Unamortized bond premium	41,930	--	--	--	41,930	--	41,930
Net debt service requirements	\$ 1,410,965	909,766	9,107	2,425	1,478,071	913,116	2,391,187

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

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Water and Wastewater Business-Type Activities

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 1,493	489	1,632	205	1,136
2005	1,473	413	1,604	141	1,095	1,223
2006	854	340	1,189	76	864	1,189
2007	1,143	296	554	36	642	430
2008	789	237	324	20	594	401
2009-2013	2,891	680	336	12	2,993	1,585
2014-2018	702	128	--	--	4,220	622
2019-2023	128	16	--	--	--	--
	<u>9,473</u>	<u>2,599</u>	<u>5,639</u>	<u>490</u>	<u>11,544</u>	<u>6,882</u>
Less: Unamortized bond discount	(35)	--	--	--	(84)	--
Unamortized gain(loss) on bond refundings	(2,407)	--	--	--	--	--
Add: Unamortized bond premium	473	--	--	--	67	--
Net debt service requirements	<u>7,504</u>	<u>2,599</u>	<u>5,639</u>	<u>490</u>	<u>11,527</u>	<u>6,882</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds		Municipal Utility District Contract Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	73,812	76	28,337	62,938	2,455
2005	--	--	44,769	59,767	2,035	670
2006	--	--	52,768	57,240	2,025	573
2007	--	--	62,911	54,651	2,170	466
2008	--	--	60,839	53,905	2,325	345
2009-2013	--	--	235,843	309,028	5,230	291
2014-2018	--	--	307,243	252,810	--	--
2019-2023	--	--	199,959	129,259	--	--
2024-2028	--	--	190,965	43,576	--	--
2029-2033	--	--	64,100	5,947	--	--
	<u>73,812</u>	<u>76</u>	<u>1,247,734</u>	<u>1,029,121</u>	<u>16,240</u>	<u>3,103</u>
Less: Unamortized bond discount	--	--	(15,131)	--	(31)	--
Unamortized gain(loss) on bond refundings	--	--	(58,959)	--	(75)	--
Add: Unamortized bond premium	--	--	25,986	--	43	--
Net debt service requirements	<u>\$ 73,812</u>	<u>76</u>	<u>1,199,630</u>	<u>1,029,121</u>	<u>16,177</u>	<u>3,103</u>

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

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Water and Wastewater Business-Type Activities

Fiscal Year Ended September 30	Capital Lease Obligations		Total Water and Wastewater Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2004	\$ 1,036	415	109,901	66,313	176,214
2005	1,085	335	52,061	62,549	114,610
2006	1,125	248	58,825	59,666	118,491
2007	1,225	155	68,645	56,034	124,679
2008	1,325	54	66,196	54,962	121,158
2009-2013	--	--	247,293	311,596	558,889
2014-2018	--	--	312,165	253,560	565,725
2019-2023	--	--	200,087	129,275	329,362
2024-2028	--	--	190,965	43,576	234,541
2029-2033	--	--	64,100	5,947	70,047
	<u>5,796</u>	<u>1,207</u>	<u>1,370,238</u>	<u>1,043,478</u>	<u>2,413,716</u>
Less: Unamortized bond discount	--	--	(15,281)	--	(15,281)
Unamortized gain(loss) on bond refundings	--	--	(61,441)	--	(61,441)
Add: Unamortized bond premium	--	--	26,569	--	26,569
Net debt service requirements	<u>\$ 5,796</u>	<u>1,207</u>	<u>1,320,085</u>	<u>1,043,478</u>	<u>2,363,563</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Airport Business-Type Activities

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Revenue Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 53	26	68	7	--
2005	45	23	63	4	--	308
2006	18	21	40	2	--	308
2007	49	20	12	1	--	308
2008	36	17	--	--	--	308
2009-2013	173	61	--	--	--	1,540
2014-2018	118	18	--	--	28,000	1,386
2019-2023	8	2	--	--	--	--
	<u>500</u>	<u>188</u>	<u>183</u>	<u>14</u>	<u>28,000</u>	<u>4,466</u>
Less: Unamortized bond discount	(1)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	19	--	--	--	--	--
Add: Unamortized bond premium	11	--	--	--	--	--
Net debt service requirements	<u>529</u>	<u>188</u>	<u>183</u>	<u>14</u>	<u>28,000</u>	<u>4,466</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Airport Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2004	7,195	22,092	11	--	7,327	22,433
2005	7,650	21,653	11	1	7,769	21,989	29,758
2006	8,415	21,143	--	--	8,473	21,474	29,947
2007	9,015	20,628	--	--	9,076	20,957	30,033
2008	9,565	20,111	--	--	9,601	20,436	30,037
2009-2013	57,730	91,109	--	--	57,903	92,710	150,613
2014-2018	81,445	70,030	--	--	109,563	71,434	180,997
2019-2023	108,025	40,264	--	--	108,033	40,266	148,299
2024-2028	76,320	7,195	--	--	76,320	7,195	83,515
	<u>365,360</u>	<u>314,225</u>	<u>22</u>	<u>1</u>	<u>394,065</u>	<u>318,894</u>	<u>712,959</u>
Less: Unamortized bond discount	(6,670)	--	--	--	(6,671)	--	(6,671)
Unamortized gain(loss) on bond refundings	(1,428)	--	--	--	(1,409)	--	(1,409)
Add: Unamortized bond premium	--	--	--	--	11	--	11
Net debt service requirements	<u>\$ 357,262</u>	<u>314,225</u>	<u>22</u>	<u>1</u>	<u>385,996</u>	<u>318,894</u>	<u>704,890</u>

(1) These are variable rate notes with 1.10% interest.

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Nonmajor Business-Type Activities

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 1,195	696	1,569	1,610	806
2005	1,649	639	1,616	1,535	530	31
2006	1,636	563	1,355	1,465	207	14
2007	994	480	1,429	1,408	99	8
2008	1,261	433	1,504	1,339	67	5
2009-2013	5,571	1,231	8,810	5,617	108	4
2014-2018	1,652	179	11,469	3,380	--	--
2019-2023	63	7	6,880	794	--	--
	<u>14,021</u>	<u>4,228</u>	<u>34,632</u>	<u>17,148</u>	<u>1,817</u>	<u>127</u>
Less: Unamortized bond discount	(44)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(997)	--	--	--	--	--
Add: Unamortized bond premium	680	--	69	--	--	--
Net debt service requirements	<u>13,660</u>	<u>4,228</u>	<u>34,701</u>	<u>17,148</u>	<u>1,817</u>	<u>127</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2004	5,210	13,251	133	3	8,913	15,625
2005	6,070	12,961	107	4	9,972	15,170	25,142
2006	6,505	12,631	--	--	9,703	14,673	24,376
2007	6,330	12,300	--	--	8,852	14,196	23,048
2008	6,655	11,973	--	--	9,487	13,750	23,237
2009-2013	38,880	54,097	--	--	53,369	60,949	114,318
2014-2018	50,610	42,016	--	--	63,731	45,575	109,306
2019-2023	47,955	27,539	--	--	54,898	28,340	83,238
2024-2028	49,335	14,564	--	--	49,335	14,564	63,899
2029-2033	24,045	1,427	--	--	24,045	1,427	25,472
	<u>241,595</u>	<u>202,759</u>	<u>240</u>	<u>7</u>	<u>292,305</u>	<u>224,269</u>	<u>516,574</u>
Less: Unamortized bond discount	(2,365)	--	--	--	(2,409)	--	(2,409)
Unamortized gain(loss) on bond refundings	(5,663)	--	--	--	(6,660)	--	(6,660)
Add: Unamortized bond premium	479	--	--	--	1,228	--	1,228
Net debt service requirements	<u>\$ 234,046</u>	<u>202,759</u>	<u>240</u>	<u>7</u>	<u>284,464</u>	<u>224,269</u>	<u>508,733</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Business-Type Activities

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	\$ 2,746	1,280	1,569	1,610	2,946
2005	3,172	1,144	1,616	1,535	2,682	223
2006	2,513	992	1,355	1,465	1,794	122
2007	2,239	864	1,429	1,408	867	64
2008	2,174	752	1,504	1,339	531	39
2009-2013	9,190	2,222	8,810	5,617	820	34
2014-2018	3,075	412	11,469	3,380	--	--
2019-2023	211	27	6,880	794	--	--
	<u>25,320</u>	<u>7,693</u>	<u>34,632</u>	<u>17,148</u>	<u>9,640</u>	<u>817</u>
Less: Unamortized bond discount	(80)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(3,385)	--	--	--	--	--
Add: Unamortized bond premium	1,164	--	69	--	--	--
Net debt service requirements	<u>23,019</u>	<u>7,693</u>	<u>34,701</u>	<u>17,148</u>	<u>9,640</u>	<u>817</u>

Fiscal Year Ended September 30	Tax Supported Debt		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2004	1,136	1,432	128,484	137	--
2005	1,095	1,223	--	--	--	308
2006	864	1,189	--	--	--	308
2007	642	430	--	--	--	308
2008	594	401	--	--	--	308
2009-2013	2,993	1,585	--	--	--	1,540
2014-2018	4,220	622	--	--	28,000	1,386
	<u>11,544</u>	<u>6,882</u>	<u>128,484</u>	<u>137</u>	<u>28,000</u>	<u>4,466</u>
Less: Unamortized bond discount	(84)	--	--	--	--	--
Add: Unamortized bond premium	67	--	--	--	--	--
Net debt service requirements	<u>11,527</u>	<u>6,882</u>	<u>128,484</u>	<u>137</u>	<u>28,000</u>	<u>4,466</u>

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

(2) These are variable rate notes with 1.10% interest.

10 – DEBT AND NON-DEBT LIABILITIES, continued

e -- Debt Service Requirements, continued (in thousands)

Fiscal Year Ended September 30	Business-Type Activities					
	Revenue Bonds		Municipal Utility District Contract Revenue Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 134,116	179,079	2,455	758	3,215	997
2005	148,445	166,923	2,035	670	3,160	797
2006	150,300	158,706	2,025	573	2,996	579
2007	193,166	150,527	2,170	466	3,228	357
2008	170,030	148,371	2,325	345	1,354	115
2009-2013	733,966	809,136	5,230	291	170	283
2014-2018	777,819	488,045	--	--	218	235
2019-2023	496,603	256,119	--	--	280	173
2024-2028	433,299	89,192	--	--	359	94
2029-2033	128,045	9,773	--	--	185	10
	<u>3,365,789</u>	<u>2,455,871</u>	<u>16,240</u>	<u>3,103</u>	<u>15,165</u>	<u>3,640</u>
Less: Unamortized bond discount	(36,109)	--	(31)	--	--	--
Unamortized gain(loss) on bond refundings	(196,172)	--	(75)	--	--	--
Add: Unamortized bond premium	68,395	--	43	--	--	--
Net debt service requirements	<u>3,201,903</u>	<u>2,455,871</u>	<u>16,177</u>	<u>3,103</u>	<u>15,165</u>	<u>3,640</u>

Fiscal Year Ended September 30	Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Total
2004	276,667	185,936	462,603
2005	162,205	172,823	335,028
2006	161,847	163,934	325,781
2007	203,741	154,424	358,165
2008	178,512	151,670	330,182
2009-2013	761,179	820,708	1,581,887
2014-2018	824,801	494,080	1,318,881
2019-2023	503,974	257,113	761,087
2024-2028	433,658	89,286	522,944
2029-2033	128,230	9,783	138,013
	<u>3,634,814</u>	<u>2,499,757</u>	<u>6,134,571</u>
Less: Unamortized bond discount	(36,304)	--	(36,304)
Unamortized gain(loss) on bond refundings	(199,632)	--	(199,632)
Add: Unamortized bond premium	69,738	--	69,738
Net debt service requirements	<u>\$3,468,616</u>	<u>2,499,757</u>	<u>5,968,373</u>

11 – CONDUIT DEBT

The City has issued several series of housing and industrial development revenue bonds to provide for low cost housing and for acquisition and construction of industrial and commercial facilities. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Prior to September 30, 1997 the City issued several series of bonds; the aggregate principal amount payable of these bonds could not be determined; however, their original issue amounts totaled \$310.2 million. Since 1997, the City has issued various series of bonds, with the original issues totaling \$84.4 million; and \$84 million is outstanding at September 30, 2003.

The City has issued various facility revenue bonds to provide for facilities located at the airport and convention center. These bonds are special limited obligations, payable solely from and secured by a pledge of revenue to be received from agreements between the City and various third parties. The original issues totaled \$367.4 million, with \$362.5 million outstanding at September 30, 2003.

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

12 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at September 30, 2003, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Long-Term
Governmental funds:			
Nonmajor governmental funds	General Fund	\$ 6	--
	Nonmajor governmental funds	36,919	--
	Water and Wastewater	--	3,293
	Nonmajor enterprise funds	--	1,176
	Internal service funds	--	208
Business-type funds:			
Electric	Nonmajor enterprise funds	--	2,520
Water and Wastewater (restricted)	Internal service funds	27	188
Airport (restricted)	General Fund	700	2,217
	Nonmajor governmental funds	--	184
Nonmajor enterprise funds	Nonmajor governmental funds	--	64
		<u>\$ 37,652</u>	<u>9,850</u>

Interfund receivables and payables reflect temporary loans between funds. Of the above current amount, \$14.5 million is an interfund loan from the Fiscal Surety Fund, a special revenue fund, to other special revenue funds (primarily grant funds) to cover deficit pooled investments and cash.

Interfund transfers during fiscal year 2003 were as follows (in thousands):

Transfers Out	Transfers In			
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Total
General Fund	\$ --	12,623	8,506	21,129
Nonmajor governmental funds	--	17,519	23,528	41,047
Electric	72,864	1,772	--	74,636
Water and Wastewater	19,553	2,962	--	22,515
Airport	--	48	--	48
Nonmajor enterprise funds	--	1,761	--	1,761
Internal service funds	--	156	--	156
Total transfers out	<u>\$ 92,417</u>	<u>36,841</u>	<u>32,034</u>	<u>161,292</u>

12 – INTERFUND BALANCES AND TRANSFERS, continued

Interfund operating transfers are authorized through City Council approval. Significant transfers include the Electric and Water and Wastewater transfers to the General Fund, which are comparable to a return on investment to owners.

13 – LITIGATION

A number of claims against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that settlement of these claims and pending litigation will not have a material effect on the City's financial statements. The City has accrued liabilities in the Liability Reserve Fund for claims payable at September 30, 2003. These liabilities include amounts for lawsuits settled subsequent to year-end, which are reported in the government-wide statement of net assets.

14 – COMMITMENTS AND CONTINGENCIES

a -- Fayette Power Project

Austin Energy's coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with the Lower Colorado River Authority (LCRA, Project Manager). Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. Austin Energy's investment is financed with City funds, and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's equity in FPP was \$27.8 million as of September 30, 2003. The equity interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City's financial statements.

The original cost of the Austin Energy's share of FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies. Each participant issued its own debt to finance its portion of construction costs. The City's portion was financed through utility revenue bonds. In addition, each participant has the obligation to finance its portion of any operating and capital costs, as well as its deficits.

A management committee of four members governs the Project; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the Project and appoints Project management.

b -- South Texas Project

Austin Energy is one of four participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are Reliant Energy, American Electric Power, formerly known as Central Power and Light Company, and City Public Service of San Antonio. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy's 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2003 Austin Energy's investment in the STP was approximately \$620 million, net of accumulated depreciation.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its own funding for STP. The City's portion is financed through operations, revenue bonds or commercial paper, which are repaid by the Electric Fund (see Note 10). In addition, each participant has the obligation to finance any deficits that may occur.

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

14 – COMMITMENTS AND CONTINGENCIES, continued

c -- South Texas Project Decommissioning

The South Texas Project (STP) is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant operating license submit information to the NRC indicating the minimum funding required to decommission the plant. In addition, reasonable assurance must be demonstrated that sufficient funds are being accumulated to provide the minimum requirement for decommissioning. This amount must be adjusted annually as required by the NRC. At September 30, 2003, Austin Energy funded its share of the estimated decommissioning liability as follows:

	<u>2003</u>
Estimated cost to decommission STP	\$233,140,066
Restricted decommissioning fund assets	90,687,258

Austin Energy and other STP participants have provided the required information to the NRC and have been collecting decommissioning funds through rates since 1989. Austin Energy has established an external irrevocable trust for collecting sufficient funds for its share of the estimated decommissioning costs. For fiscal year 2003, Austin Energy collected \$4,958,221 for decommissioning expenses.

d -- Energy Risk Management Program

In August 2003, in an effort to mitigate the financial and market risk associated with the purchase of natural gas and energy price volatility, Austin Energy initiated the Energy Risk Management Pilot Program. This program was authorized by the Austin City Council and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, and swaps for the purpose of reducing exposure to natural gas and energy price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. Austin Energy typically settles these contracts in cash.

Austin Energy has entered into brokerage agreements with the following organizations to execute the exchange traded instruments for Austin Energy's risk management activities:

<u>Brokerage</u>	<u>Credit Rating</u>
Citigroup Global Market Holding Inc.	AA-
Man Group	A3

The hedging related contracts are reported at cost on the statement of net assets. The gains and losses related to these transactions are netted to fuel expense in the period realized. As of September 30, 2003, Austin Energy's options, futures, and basis swaps, valued at mark-to-market, net to an unrealized loss of \$271,650. This reflects the difference between the cost and the fair market value of these contracts at September 30, 2003. Initial margins are flat fees per contract and are paid in cash. Fair market values are calculated by multiplying the number of outstanding contracts by the forward prices as quoted by the New York Mercantile Exchange. The unrealized gain/loss refers to the difference between the cost and fair market value of the contracts, which is not included in the financial statements at September 30, 2003.

<u>Futures</u>	
Contracts effective date	August 25 through September 22, 2003
Contracts maturity date	November 1, 2003 through February 1, 2004
Initial margin	\$648,000
Cost	\$5,268,950
Fair market value	\$5,018,000
Unrealized (Gain)/Loss	\$250,950

<u>Options</u>	
Contracts effective date	September 12 through September 22, 2003
Contracts maturity date	November 1, 2003 through March 1, 2004
Fair Value	\$25,700
Unrealized (Gain)/Loss	\$19,700

14 – COMMITMENTS AND CONTINGENCIES, continued

The options and future contracts expose Austin Energy to a minimal amount of credit risk. In the event of default or nonperformance by brokers or the exchange, the operations of Austin Energy will not be materially affected. However, Austin Energy does not expect the brokerages to fail to meet their obligations given their high credit rating and the strict and deep credit requirements upheld by the New York Mercantile Exchange of which these brokerage houses are members. Termination risk for exchange traded instruments is greatly reduced by the strict rules and guidelines set up by the exchange, which are governed by the Commodity Futures Trade Commission.

<u>Swaps</u>	
Contracts effective date	September 22, 2003
Contracts maturity date	November 1, 2003
Cost	\$112,000
Fair market value	\$113,000
Unrealized (Gain)/Loss	\$ 1,000

The swap agreements expose Austin Energy to credit, termination, and non-performance risk. However, Austin Energy does not expect the swap counterparty to fail to meet its obligation given its high credit rating of A by S&P, and A3 by Moody's. Austin Energy's exposure to termination and non-performance risk is minimal due to the high credit rating of the counterparty, and the contractual provisions under the ISDA (International Swaps and Derivatives Association) agreement applied to the swaps.

e -- Certificates of Participation

The City has entered into several capital lease arrangements through the issuance of Certificates of Participation as follows:

\$23,060,000	Certificates of Participation, City of Austin, Texas Electric Utility Office Project, Series 1987
\$14,000,000	Certificates of Participation, City of Austin, Texas Water and Wastewater Utility Office Project, Series 1987

The certificates represent proportionate interests in lease payments to be made by the City to a third-party lessor. The City has title to the office projects, pursuant to general warranty deeds; however, the trustee maintains a vendor's lien and superior title to the properties until all sums due are paid in full.

The City's obligations under the lease agreements are subject to and dependent upon annual appropriations by the City Council and do not obligate the City to levy or pledge any form of taxation. Thus, the certificates are treated as capital lease obligations rather than as long-term bonds and are recorded as a liability in the respective utility's funds.

The following table presents information regarding these certificates:

Description	Electric Fund Office Project (1)	Water and Wastewater Fund Office Project (1)
Date issued	February 1987	August 1987
Amount issued	\$23,060,000	\$14,000,000
Interest rates	4.00% - 7.00%	5.25% - 8.00%
Interest payable on	March 15 and September 15	May 15 and November 15
Maturity dates	September 15 1988 - 2007	November 15 1989 - 2007
Present value of lease payments	\$7,160,000	\$5,700,000
Reserve Fund (2)	\$ 2,000,000	\$1,250,000

- (1) Subject to mandatory redemption upon the occurrence of certain events.
- (2) Held by trustee, to be used to make final payments.

14 – COMMITMENTS AND CONTINGENCIES, continued

f -- Federal and State Financial Assistance Programs

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

g -- Arbitrage Rebate Payable

The City's financial advisor has determined that the City has earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. The City will be required to rebate funds to the federal government. The estimated amounts payable at September 30, 2003 are as follows (in thousands):

Governmental Activities	Business-type Activities				Total
	Electric	Water and Wastewater	Airport	Nonmajor	
\$ 1,688	436	477	2	135	\$ 1,050

h -- Capital Improvement Plan

As required by the City Charter, the City has a *Five Year Capital Improvement Plan* (Capital Budget) that is an anticipated spending plan for projects in the upcoming and future years. The City's 2004 Capital Budget includes new appropriations of \$401.1 million for the City's enterprise funds and \$72.2 million for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

The key projects in progress include parks development and improvements, financial and administrative, transportation improvements, electric system improvements, water and wastewater system improvements and annexations and airport improvements as shown below (in thousands). Remaining commitments represent current unspent budget and future costs required to complete projects.

Project	Spent-to-Date	Remaining Commitment
Governmental activities:		
Parks development and improvements	\$ 109,815	29,132
Financial and administrative	135,204	17,871
Transportation improvements	321,543	126,453
Other governmental	219,190	45,667
Business-type activities:		
Electric system improvements	1,068,373	285,924
Water and wastewater system improvements and annexations	1,038,258	1,471,509
Airport improvements	81,919	111,439
Nonmajor enterprise	137,567	28,183
Total	\$ 3,111,869	2,116,178

i -- Operating lease with Daughters of Charity Health Services of Austin

Effective October 1, 1995, the City entered into a long-term lease arrangement with the Daughters of Charity Health Services of Austin ("Seton"). Under the terms of the lease, Seton will operate City-owned Brackenridge Hospital and will provide all necessary medical services for residents of Austin regardless of their ability to pay. The City will reimburse Seton for services provided through three programs. Under the Charity Care Program, the City will reimburse Seton a maximum of \$5.6 million annually for providing medical care to the medically indigent; provided however, that Seton must first provide charity care in the amount of 4% of net revenues as required by State law. Under the Medical Assistance Program (MAP), the City paid Seton approximately \$9.8 million in fiscal year 2003 for patients enrolled in this program. Under the Physician Services Program, the City paid Seton approximately \$5.6 million during fiscal year 2003 for providing physician services to patients in the first two programs.

14 – COMMITMENTS AND CONTINGENCIES, continued

In May 2003, the City amended the lease agreement to accommodate capacity issues related to the Children’s Hospital at Brackenridge. In order to meet future community needs for pediatric medical services, the City Council approved moving the Children’s Hospital to the former site of Robert Mueller Airport. The new Children’s Hospital will be owned and operated by Seton. Other provisions of the amendment include lengthening the lease term from an original term of 30 years to 60 years (with an optional 30 year extension), increasing the breach of contract penalty from \$5 million to \$50 million, and adding a requirement that Seton spend a minimum of \$50 million for capital at Brackenridge over the next 20 years; of which \$30 million must be spent within the next 10 years. The lease amendment also strengthens financial provisions related to the operation of the Austin Women’s Hospital. The cost of the leased assets as of September 30, 2003 is as follows (in thousands):

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land and other nondepreciable assets	\$ 803	--
Property, plant and equipment in service	73,990	(37,363)

j -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports in the Solid Waste Services Fund, a nonmajor enterprise fund, a portion of these closure and postclosure care costs as an operating expense in each period, based on landfill capacity used as of each balance sheet date. The \$7.4 million reported as accrued landfill closure and postclosure costs at September 30, 2003, represents the cumulative amount reported to date based on the use of 81.2% of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of \$1.7 million as the remaining estimated capacity is filled over the next nine years. The total estimated costs of \$9.1 million include costs of closure in 2012 of \$2.4 million and postclosure costs over the subsequent thirty years of \$6.7 million. These amounts are based on what it would cost to perform all closure and postclosure care in 2003. Actual costs may be higher due to inflation, changes in technology or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

k -- Risk-Related Contingencies

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

<u>Fund name</u>	<u>Description</u>
Employee Benefits	City employees and retirees may choose between a self-insured PPO or an HMO. Approximately 23% of City employees and 57% of retirees use the HMO option; approximately 77% of City employees and 43% of retirees use the PPO, which is self-insured. Costs are charged to City funds through a charge per employee per pay period.
Liability Reserve	Self-insured. Includes losses and claims related to liability for bodily injury, property damage, professional liability and certain employment liability. Excludes losses and claims related to health benefits or workers’ compensation. Premiums are charged to other City funds each year based on historical costs.
Workers’ Compensation	Self-insured. Premiums are charged to other City funds each year based on historical costs.

The City purchases stop loss insurance for the City’s PPO. This stop loss insurance covers individual claims that exceed \$500,000 per calendar year beginning in calendar year 2002 and \$150,000 per calendar year prior to calendar year 2002, up to a maximum of \$1 million. During fiscal year 2003, one claim exceeded the stop loss limit of \$500,000; no claims exceeded the stop loss limit of \$500,000 in fiscal year 2002; and two claims exceeded the stop loss limit of \$150,000 in fiscal year 2001. City coverage is limited to \$1 million in lifetime benefits. The City does not purchase stop loss insurance for workers’ compensation claims.

14 – COMMITMENTS AND CONTINGENCIES, continued

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

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The City utilizes actuarial information and historical claim settlement trends to determine the claim liabilities for the Employee Benefits Fund and Worker's Compensation Fund; liabilities for the Liability Reserve Fund are calculated based on outstanding claims. The amount to be paid out ultimately may be more or less than the amount accrued at September 30, 2003. The possible range of loss is \$34.7 to \$45.4 million. The City contributes amounts to an internal service fund based on an estimate of anticipated costs for claims each year.

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

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2003	2002	2003	2002	2003	2002
Liability balances, beginning of year	\$ 4,618	4,470	21,899	12,700	6,864	6,347
Claims and changes in estimates	5,328	3,569	9,586	11,065	6,587	4,663
Claim payments	(4,405)	(3,421)	(11,405)	(1,866)	(4,324)	(4,146)
Liability balances, end of year	<u>\$ 5,541</u>	<u>4,618</u>	<u>20,080</u>	<u>21,899</u>	<u>9,127</u>	<u>6,864</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$4.9 million discounted at 5.02% in 2003 and \$5.3 million discounted at 4.87% in 2002.

In early FY2004, the City reached a settlement agreement in a litigation matter with Christopher Ochoa in the amount of \$5.3 million to be paid in FY2004. This amount is included in the financial statements as presented.

l -- Environmental Remediation Contingencies

The Electric Fund may incur costs for environmental remediation of certain sites including the Holly and Seaholm Power Plants. The financial statements include a liability of \$7.2 million at September 30, 2003. This amount includes the cost of penalties associated with an Environmental Protection Agency (EPA) PCB inspection and estimated remaining costs for the remediation of the contaminated sites. The Electric Fund anticipates payment of these costs in 2004 and future years.

The EPA previously issued an Administrative Order to the Water and Wastewater Utility. The Utility must conduct studies of its wastewater collection system, eliminate overflows by December 2007, and make necessary capital improvements to repair and/or rehabilitate collection system infrastructure. When the studies are complete, the Utility will be able to estimate the cost of the improvements. The Utility currently is complying with all requirements of the Administrative Order.

The Airport Fund may also incur costs for the environmental remediation of certain sites and has recorded an estimated liability of \$1.9 million in the financial statements.

m -- Other Commitments and Contingencies

The City is committed under various leases for building and office space, tracts of land and rights of way, and various equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2003 was \$19.8 million. The City expects these leases to be replaced with similar leases in the ordinary course of business. Future minimum lease payments for these leases will remain approximately the same.

14 – COMMITMENTS AND CONTINGENCIES, continued

The City has entered into certain lease agreements, including the certificates of participation, as lessee for financing equipment purchases for Electric and Water and Wastewater Utilities and for financing personal computers for both governmental and business-type departments. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. Refer to Note 10 for the debt service requirements on these leases.

The following summarizes assets recorded at September 30, 2003, under capital lease obligations (in thousands):

Assets	Governmental Activities	Business-type Activities				Total
		Electric	Wastewater	Airport	Nonmajor	
Building and improvements	\$ --	21,604	12,750	--	--	\$ 34,354
Equipment	890	1,445	240	58	1,808	3,551
Accumulated depreciation	(407)	(9,319)	(4,093)	(25)	(862)	(14,299)
Net assets	\$ 483	13,730	8,897	33	946	\$ 23,606

15 – OTHER POST-EMPLOYMENT BENEFITS

In addition to making contributions to the three pension systems, the City provided certain other post-employment benefits to its retirees. Other post-employment benefits include access to medical and dental insurance for the retiree and the retiree's family and \$1,000 of life insurance on the retiree only.

All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for other post-employment benefits. Retirees may also enroll eligible dependents under the medical and dental plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse, unmarried children under age 25 who are dependent upon the retiree for support, including natural children, stepchildren, legally adopted children, children for whom the retiree has obtained court-ordered guardianship/conservatorship, qualified children placed pending adoption, and grandchildren who qualify as a dependent on the retiree's or retiree's spouse's federal income tax return, and eligible disabled children beyond 25 years of age if covered prior to age 25. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries. A surviving spouse of a deceased retiree may continue dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee. Other surviving dependents of a deceased retiree may continue medical and dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee.

The City is under no obligation, statutory or otherwise, to offer other post-employment benefits or to pay any portion of the cost of other post-employment benefits to any retirees. Allocation of City funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget process.

The City pays a portion of the retiree's medical insurance premium and a portion of the retiree's dependents' medical insurance premium. The portion paid by the City varies according to age, coverage selection and years of service. The percentage of the medical insurance premium paid by the City ranges as follows:

<u>Years of Service</u>	<u>Retiree only</u>	<u>Dependent only</u>
Less than 5 years	16% - 22%	10% - 31%
5 to 9 years	24% - 29%	15% - 35%
10 to 14 years	40% - 44%	25% - 43%
15 to 20 years	56% - 59%	35% - 54%
Greater than 20 years	80% - 81%	50% - 76%

15 – OTHER POST-EMPLOYMENT BENEFITS, continued

The City pays 100% of the retiree's life insurance premium. Group dental coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental premium.

Other post-employment benefits are expensed and funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Benefits Fund. Medical and dental premiums and claims and life insurance premiums are reported in the Employee Benefits Fund. The estimated cost of providing these benefits for 2,298 retirees was \$12.5 million in 2003, and \$8.6 million in 2002 for 2,135 retirees.

As more fully described in Note 14, the City is a participant in the South Texas Project Nuclear Operating Company (STPNOC) and as such is liable for certain post-employment benefits for STPNOC employees. At December 31, 2002, the City's portion of this obligation, \$3,774,761, is not reflected in the financial statements of the Electric Fund.

16 – SUBSEQUENT EVENTS

Airport System Revenue Bond Refunding Issue

In January 2004, the City issued \$54,250,000 of Airport System Prior Lien Revenue Refunding Bonds, Series 2003. Proceeds from the bonds were used to refund \$52,290,000 of Airport System Prior Lien Revenue Bonds, Series 1995A. The refunding resulted in future interest requirements to service the debt of \$31,649,110. An economic gain of \$3,132,423 was recognized on this transaction. The change in net cash flows that resulted was a decrease of \$3,418,051. An accounting loss of \$5,478,957, which will be deferred and amortized, was recognized on this refunding.



**REQUIRED SUPPLEMENTARY
INFORMATION**



General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
RSI-1

	2003					Variance Positive (Negative) (3)
	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		
				Original	Final	
REVENUES						
Taxes	\$ 264,511	--	264,511	273,251	273,251	(8,740)
Franchise fees	28,962	--	28,962	28,287	28,287	675
Fines, forfeitures and penalties	16,966	--	16,966	17,458	17,458	(492)
Licenses, permits and inspections	14,737	--	14,737	15,771	15,771	(1,034)
Charges for services/goods	15,403	(1,201)	14,202	13,223	13,223	979
Interest and other	19,815	(4,975)	14,840	14,251	14,251	589
Total revenues	360,394	(6,176)	354,218	362,241	362,241	(8,023)
EXPENDITURES						
General government						
Municipal Court	8,909	(78)	8,831	8,986	8,986	155
Public safety						
Police	152,881	(1,857)	151,024	155,166	155,166	4,142
Fire	82,662	(737)	81,925	81,126	82,517	592
Emergency Medical Services	19,141	(111)	19,030	19,709	19,709	679
Transportation, planning and sustainability						
Public Works and Transportation	--	--	--	--	--	--
Transportation, Planning and Sustainability	9,201	(400)	8,801	10,083	10,083	1,282
Street lighting	179	--	179	100	100	(79)
Public health:						
Health	26,808	(146)	26,662	29,017	29,017	2,355
Physician stipend/charity care	10,501	1	10,502	10,502	10,502	--
Medical Assistance Program	8,752	--	8,752	8,396	8,396	(356)
Social services management	9,985	(82)	9,903	10,297	10,297	394
Public recreation and culture						
Parks and Recreation	28,170	174	28,344	29,079	29,079	735
Austin Public Library	17,023	60	17,083	17,917	17,917	834
Urban growth management						
Development Services and						
Watershed Protection	8,379	(27)	8,352	8,573	8,573	221
Neighborhood Planning and Zoning	3,259	(21)	3,238	3,999	3,999	761
General city responsibilities (4)	47,029	(35,700)	11,329	13,654	13,654	2,325
Total expenditures	432,879	(38,924)	393,955	406,604	407,995	14,040
Excess (deficiency) of revenues over expenditures	(72,485)	32,748	(39,737)	(44,363)	(45,754)	6,017
OTHER FINANCING SOURCES (USES)						
Capital leases	785	(785)	--	--	--	--
Transfers in	92,417	1,201	93,618	93,618	93,618	--
Transfers out	(21,129)	(39,726)	(60,855)	(70,012)	(70,012)	9,157
Total other financing sources (uses)	72,073	(39,310)	32,763	23,606	23,606	9,157
Excess (deficiency) of revenues and other sources over expenditures and other uses	(412)	(6,562)	(6,974)	(20,757)	(22,148)	15,174
Fund balance at beginning of year	93,618	(52,292)	41,326	34,245	34,245	7,081
Fund balance at end of year	\$ 93,206	(58,854)	34,352	13,488	12,097	22,255

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

BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget based on cash and available resources (budget basis) which differs from generally accepted accounting principles (GAAP basis). In governmental funds, encumbrances constitute the equivalent of expenditures for budgetary purposes. In order to provide a meaningful comparison of actual results to the budget, the Schedule of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with original and final budgets.

b -- Reconciliation of GAAP Basis and Budget Basis Amounts

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

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ (412)
Adjustments - increases (decreases) due to:	
Outstanding encumbrances established in current year	(3,491)
Payments against prior year encumbrances	3,905
Tax anticipation notes	(4,800)
Advance from Airport Fund	(700)
Budgeted transfer for contingency reserve	(1,410)
Other	(66)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ (6,974)</u>

c -- Budget Amendments

The original budget of the General Fund was amended once during fiscal year 2003 for increased public safety costs.

The original and amended budget is presented in the accompanying financial statements. The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The amended expenditure budget for these general city requirements includes the following: tuition reimbursement (\$85,000), accrued payroll (\$2,207,000), expenditures for workers' compensation (\$7,861,811) and liability reserve (\$3,500,000).





**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-1

	2003				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 148,335	--	148,335	150,321	(1,986)
Delinquent	1,133	--	1,133	450	683
Penalty and interest	910	--	910	699	211
Sales taxes	110,454	--	110,454	117,929	(7,475)
Other taxes	3,679	--	3,679	3,852	(173)
Total taxes	264,511	--	264,511	273,251	(8,740)
Franchise fees	28,962	--	28,962	28,287	675
Fines, forfeitures and penalties					
Library fines	541	--	541	443	98
Traffic fines	7,600	--	7,600	8,580	(980)
Parking violations	2,652	--	2,652	2,549	103
Weights and measures	135	--	135	95	40
Other	6,038	--	6,038	5,791	247
Total fines, forfeitures and penalties	16,966	--	16,966	17,458	(492)
Licenses, permits and inspections					
Parking meters	2,125	--	2,125	1,995	130
Alarm permits	1,657	--	1,657	1,505	152
Commercial solid waste	751	--	751	742	9
Public health	1,810	--	1,810	1,504	306
Development	1,635	--	1,635	1,805	(170)
Building safety	6,215	--	6,215	7,671	(1,456)
Beer and wine permits	266	--	266	246	20
Other	278	--	278	303	(25)
Total licenses, permits and inspections	14,737	--	14,737	15,771	(1,034)
Charges for services/goods					
Recreation and culture	1,967	--	1,967	2,040	(73)
Public health	1,411	--	1,411	1,233	178
Emergency medical services	9,963	--	9,963	9,060	903
General government	2,062	(1,201)	861	890	(29)
Total charges for services/goods	15,403	(1,201)	14,202	13,223	979
Interest and other					
Interest	4,462	--	4,462	4,343	119
Rental income	8,711	--	8,711	8,463	248
Sale of property	366	--	366	167	199
Other	6,276	(4,975)	1,301	1,278	23
Total interest and other	19,815	(4,975)	14,840	14,251	589
Nondepartmental revenues	--	--	--	--	--
Total revenues	\$ 360,394	(6,176)	354,218	362,241	(8,023)

(1) Adjustments and actual-budget basis include amounts budgeted as fund-level revenues.

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-2

	2003				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Administration					
Municipal Court:					
Salaries and fringe benefits	\$ 7,097	(26)	7,071	7,252	181
Contractual services	1,630	(47)	1,583	1,547	(36)
Commodities	188	(2)	186	189	3
Expense refunds	(9)	--	(9)	(2)	7
Capital outlay	3	(3)	--	--	--
Total administration	8,909	(78)	8,831	8,986	155
Public safety					
Police:					
Salaries and fringe benefits	144,047	(977)	143,070	142,918	(152)
Contractual services	13,556	(365)	13,191	13,652	461
Commodities	2,514	49	2,563	3,854	1,291
Expense refunds	(8,958)	(326)	(9,284)	(6,661)	2,623
Capital outlay	1,722	(238)	1,484	1,403	(81)
	152,881	(1,857)	151,024	155,166	4,142
Fire:					
Salaries and fringe benefits	80,809	(519)	80,290	80,126	(164)
Contractual services	4,597	(53)	4,544	5,120	576
Commodities	1,177	(159)	1,018	1,231	213
Indirect cost	293	--	293	238	(55)
Expense refunds	(4,263)	--	(4,263)	(4,248)	15
Capital outlay	49	(6)	43	50	7
	82,662	(737)	81,925	82,517	592
Emergency Medical Services:					
Salaries and fringe benefits	16,286	(103)	16,183	16,418	235
Contractual services	1,898	8	1,906	1,940	34
Commodities	852	102	954	1,176	222
Expense refunds	(282)	--	(282)	(273)	9
Capital outlay	387	(118)	269	448	179
	19,141	(111)	19,030	19,709	679
Total public safety	254,684	(2,705)	251,979	257,392	5,413
Transportation, planning, and sustainability					
Public Works and Transportation:					
Street lighting	179	--	179	100	(79)
	179	--	179	100	(79)
Transportation, Planning and Sustainability:					
Salaries and fringe benefits	9,354	(31)	9,323	9,757	434
Contractual services	1,948	(78)	1,870	2,319	449
Commodities	577	12	589	988	399
Indirect cost	570	--	570	564	(6)
Expense refunds	(3,553)	--	(3,553)	(3,567)	(14)
Capital outlay	305	(303)	2	22	20
	9,201	(400)	8,801	10,083	1,282
Total transportation, planning and sustainability	\$ 9,380	(400)	8,980	10,183	1,203

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2003				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Public health					
Health and Human Services:					
Physician stipend/charity care	\$ 10,501	1	10,502	10,502	--
Medical Assistance Program -- hospital contracted services/ patient services	8,752	--	8,752	8,396	(356)
Other public health					
Salaries and fringe benefits	15,304	(67)	15,237	15,468	231
Contractual services	11,609	49	11,658	13,285	1,627
Commodities	951	--	951	1,240	289
Expense refunds	(1,186)	--	(1,186)	(979)	207
Capital outlay	130	(128)	2	3	1
Other public health	26,808	(146)	26,662	29,017	2,355
Total public health	46,061	(145)	45,916	47,915	1,999
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	21,955	(68)	21,887	23,188	1,301
Contractual services	7,254	139	7,393	6,651	(742)
Commodities	1,385	165	1,550	2,101	551
Indirect cost	265	--	265	424	159
Expense refunds	(2,875)	--	(2,875)	(3,427)	(552)
Capital outlay	186	(62)	124	142	18
	28,170	174	28,344	29,079	735
Austin Public Library:					
Salaries and fringe benefits	13,251	(64)	13,187	13,598	411
Contractual services	1,953	4	1,957	2,502	545
Commodities	2,030	144	2,174	1,929	(245)
Expense refunds	(235)	--	(235)	(169)	66
Capital outlay	24	(24)	--	57	57
	17,023	60	17,083	17,917	834
Total public recreation and culture	\$ 45,193	234	45,427	46,996	1,569

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2003				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	\$ 2,650	(7)	2,643	3,096	453
Contractual services	562	6	568	807	239
Commodities	29	(2)	27	96	69
Capital outlay	18	(18)	--	--	--
	<u>3,259</u>	<u>(21)</u>	<u>3,238</u>	<u>3,999</u>	<u>761</u>
Development Services and Watershed Protection:					
Salaries and fringe benefits	7,460	(54)	7,406	7,734	328
Contractual services	1,580	32	1,612	1,894	282
Commodities	64	(5)	59	107	48
Expense refunds	(725)	--	(725)	(1,183)	(458)
Capital outlay	--	--	--	21	21
	<u>8,379</u>	<u>(27)</u>	<u>8,352</u>	<u>8,573</u>	<u>221</u>
Total urban growth management	<u>11,638</u>	<u>(48)</u>	<u>11,590</u>	<u>12,572</u>	<u>982</u>
Social services management	<u>9,985</u>	<u>(82)</u>	<u>9,903</u>	<u>10,297</u>	<u>394</u>
General city responsibilities (2)	<u>47,029</u>	<u>(35,700)</u>	<u>11,329</u>	<u>13,654</u>	<u>2,325</u>
Total expenditures	<u>432,879</u>	<u>(38,924)</u>	<u>393,955</u>	<u>407,995</u>	<u>14,040</u>

General fund expenditures

Salaries	318,213	(1,916)	316,297	319,555	3,258
Contractuals	65,840	(304)	65,536	68,615	3,079
Commodities	9,767	304	10,071	12,911	2,840
Indirect cost	1,128	--	1,128	1,226	98
Expense refunds	(22,086)	(326)	(22,412)	(20,509)	1,903
Capital outlay	2,824	(900)	1,924	2,146	222
Street lighting	179	--	179	100	(79)
Social services management	9,985	(82)	9,903	10,297	394
General city responsibilities	47,029	(35,700)	11,329	13,654	2,325
Total expenditures	<u>\$ 432,879</u>	<u>(38,924)</u>	<u>393,955</u>	<u>407,995</u>	<u>14,040</u>

(1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences and amounts budgeted as operating transfers or fund-level expenditures.

(2) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers.

Actual-budget basis expenditures include employee training costs, budgeted payroll accrual, and amounts budgeted as fund-level expenditures.

General Fund
Schedule of Transfers - Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-3

	2003				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
Enterprise funds:					
Electric	\$ 72,864	--	72,864	72,864	--
Water and Wastewater	19,553	1,201	20,754	20,754	--
Total transfers in	92,417	1,201	93,618	93,618	--
Transfers out					
General fund:					
Contingency reserve	--	1,410	1,410	4,000	2,590
Special revenue funds:					
Neighborhood Housing and Conservation	995	--	995	1,020	25
Barton Springs Conservation	45	--	45	45	--
Sustainability Fund	4,406	--	4,406	4,968	562
Tax Increment Finance	100	--	100	100	--
Tourism and Promotion	125	--	125	125	--
Capital project funds	6,952	--	6,952	9,452	2,500
Enterprise funds:					
Airport	--	700	700	700	--
Drainage	299	--	299	299	--
Primary Care	7,729	--	7,729	7,729	--
Solid Waste Services	478	--	478	478	--
Internal service funds:					
Capital Projects Management	--	1,816	1,816	1,816	--
Fleet Maintenance	--	1,533	1,533	3,286	1,753
Information Systems	--	14,550	14,550	15,074	524
Support Services	--	19,275	19,275	20,463	1,188
Wireless Communication	--	290	290	305	15
Fiduciary funds:					
Voluntary Utility Assistance	--	152	152	152	--
Total transfers out	21,129	39,726	60,855	70,012	9,157
Net transfers	\$ 71,288	(38,525)	32,763	23,606	9,157

(1) Includes adjustments to actual transfers required for adjusted budget basis presentation.





**NONMAJOR GOVERNMENTAL
FUNDS**



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit E-4**

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	2003 Total
ASSETS					
Cash	\$ 5	--	--	--	5
Pooled investments and cash	46,168	269	119,255	1,353	167,045
Investments, at fair value	936	13,749	--	--	14,685
Cash held by trustee	9,791	--	--	--	9,791
Property taxes receivable	--	4,302	--	--	4,302
Less allowance for uncollectible taxes	--	(697)	--	--	(697)
Net property taxes receivable	--	3,605	--	--	3,605
Accounts and other taxes receivable	14,421	2	82,547	--	96,970
Less allowance for doubtful accounts	(247)	--	(139)	--	(386)
Net accounts receivable	14,174	2	82,408	--	96,584
Receivables from other governments	12,586	--	--	--	12,586
Notes receivable, net of allowance	9,016	--	--	--	9,016
Due from other funds	14,503	6	22,416	--	36,925
Advances to other funds	--	4,677	--	--	4,677
Real property held for resale	5,984	--	--	--	5,984
Prepaid expenses	2	9	--	--	11
Other assets	717	--	413	--	1,130
Total assets	113,882	22,317	224,492	1,353	362,044
LIABILITIES AND FUND BALANCES					
Accounts payable	6,175	--	11,649	--	17,824
Accrued payroll	49	--	--	--	49
Accrued compensated absences	6	--	--	--	6
Due to other funds	14,503	--	22,416	--	36,919
Deferred revenue	2,824	3,458	--	--	6,282
Advances from other funds	--	248	--	--	248
Deposits and other liabilities	45,848	1,300	1,319	--	48,467
Total liabilities	69,405	5,006	35,384	--	109,795
Fund balances					
Reserved:					
Encumbrances	4,089	--	84,666	--	88,755
Notes receivable	9,016	--	--	--	9,016
Real property held for resale	5,984	--	--	--	5,984
Debt service	--	17,311	--	--	17,311
Permanent funds	--	--	--	1,040	1,040
Unreserved, designated:					
Special revenue	25,388	--	--	--	25,388
Unreserved, undesignated:					
Capital projects	--	--	104,442	--	104,442
Permanent funds	--	--	--	313	313
Total fund balances	44,477	17,311	189,108	1,353	252,249
Total liabilities and fund balances	\$ 113,882	22,317	224,492	1,353	362,044

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	2003 Total
REVENUES					
Property taxes	\$ --	82,195	--	--	82,195
Franchise fees and other taxes	30,409	--	--	--	30,409
Fines, forfeitures and penalties	3,475	525	--	--	4,000
Charges for services/goods	24,463	--	--	--	24,463
Intergovernmental	59,573	--	14,819	--	74,392
Property owners' participation and contributions	--	--	10,935	2	10,937
Interest and other	1,241	5,250	3,412	27	9,930
Total revenues	119,161	87,970	29,166	29	236,326
EXPENDITURES					
Current:					
General government	1,019	--	--	--	1,019
Public safety	14,820	--	--	--	14,820
Transportation, planning and sustainability	3,776	--	--	--	3,776
Public health	23,864	--	--	--	23,864
Public recreation and culture	5,893	--	--	--	5,893
Urban growth management	47,321	--	--	--	47,321
Debt service:					
Principal	--	49,340	--	--	49,340
Interest	--	38,529	--	--	38,529
Fees and commissions	--	8	--	--	8
Capital outlay	--	--	155,517	--	155,517
Total expenditures	96,693	87,877	155,517	--	340,087
Excess (deficiency) of revenues over expenditures	22,468	93	(126,351)	29	(103,761)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	--	--	70,323	--	70,323
Issuance of refunding bonds	--	62,514	--	--	62,514
Payment to escrow agent	--	(62,514)	--	--	(62,514)
Capital leases	106	--	--	--	106
Transfers in	17,935	767	18,139	--	36,841
Transfers out	(36,077)	--	(4,970)	--	(41,047)
Total other financing sources (uses)	(18,036)	767	83,492	--	66,223
Net change in fund balances	4,432	860	(42,859)	29	(37,538)
Fund balances at beginning of year	40,045	16,451	231,967	1,324	289,787
Fund balances at end of year	\$ 44,477	17,311	189,108	1,353	252,249





SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Included in the special revenue funds are:

- Federal, State, and other special revenue grant funds;
- Other special revenue funds - see below for descriptions of the individual funds;
- Housing Assistance fund – provides housing assistance to the citizens of Austin.

Other Special Revenue Funds

General Government

Municipal Court:

Municipal Court Building Security Fund – Provides funding to enhance courthouse security.

Municipal Court Technology Fund - Provides funding for technological enhancements to Municipal Court operations.

Public Safety

Police:

APD Incident Management Fund – Accounts for funds from Capital Metro to the Austin Police Dept. to establish a traffic command center within the APD.

Auto Theft Interdiction Fund – Accounts for funds seized related to current auto theft investigations.

Aviation Asset Forfeiture Fund - Accounts for the redistribution of proceeds generated by airport police enforcement activities.

Police Benefit Fund – Accounts for donations received for the benefit and improvement of the Police Department.

Police Federal Seized Funds Fund - Records all federal seized funds generated by police enforcement activities per State Code of Criminal Procedures (Chapter 59).

Police Seized Money Fund - Accounts for the redistribution of proceeds generated by police enforcement activities.

Fire:

Fire Miscellaneous Fund - Accounts for contributions for "The Firehouse," a public safety awareness exhibit, which is transported to different sites throughout Austin.

Emergency Medical Services:

EMS Travis County Reimbursed Fund – Accounts for expenses incurred in providing for expanded emergency medical services to the citizens of Travis County, located outside the City of Austin and the corresponding reimbursements from Travis County.

Transportation, Planning, and Sustainability

Public Works and Transportation:

Fiscal Surety - Land Development Fund - Escrow funds received from contractors for hydromulch and erosion control.

Office of Emergency Management Miscellaneous Fund - Accounts for contributions for public safety awareness.

Recycle Bins Fund – Accounts for donations from citizens and businesses to help defray cost of purchasing recycle bins/containers.

RMD Conservation Fund - Monies contributed by the Electric Fund to be used for energy loans and rebates/incentives to customers.

RMD Loan Fund - Accounts for energy loans to customers.

Transportation, Planning, and Sustainability:

Austin Transportation Study Fund - Accounts for a transportation study regarding the Austin Metropolitan roadways, bicycle areas, and pedestrian's walkways.

Child Safety Fund - Accounts for certain fines and fees used to provide school crossing guards at City schools.

Environmental Remediation Fund - Accounts for remediation of sites, which affect ground and surface water quality or public health and safety.

Pavement Life Recovery Cost Fee Fund - Collection of fees associated with pavement life recovery costs.

Railroad Right of Way Fund - Accounts for the City's management of the Austin and Northwestern Railroad right of way.

Subdivision Participation Fund - Escrow account for funds received from contractors for construction and installation of streets, sidewalks, drainage facilities, etc.

Public Health

Health and Human Services:

Disproportionate Share Fund - Used to purchase medical equipment and fund structural changes for the clinic system of the Austin/Travis County Health Department in order to serve indigent patients.

Health and Human Services Travis County Reimbursed Fund - Accounts for expenses incurred by the City on behalf of Travis County and the corresponding reimbursement from Travis County for Health and Human Services and Federally Qualified Health Center programs.

Health Miscellaneous Fund - Accounts for contributions for Strategic Intervention for High Risk Youth.

Medicaid Administrative Claims Fund - Holds additional Medicaid proceeds.

Other Public Health:

Animal Shelter Building Fund - Accounts for donations to improve the Townlake Animal Shelter.

Other Special Revenue Funds

Public Recreation and Culture

Austin Public Library:

Austin History Center Fund – Accounts for contributions to be used for the Austin-Travis County Collection.

Julia Cousins Trust Fund – Accounts for funds received from the estate of Julia Cousins to purchase books for the public library.

Miscellaneous Library Fund – Accounts for miscellaneous deposits primarily related to Massie Library.

Special Library Trust Fund – Accounts for donations received to purchase books or special equipment.

Parks and Recreation:

Adaptive Programs Fund – Accounts for various revenues and fees generated by programs and activities sponsored by the Parks and Recreation Dept.

Austin Creeks and Trails Fund – Accounts for donations received for the upkeep of Austin's creeks and trails.

Balcones Canyonlands Fund – Accounts for an endowment to be used for long-term monitoring and management of the Bohls tract.

Friends of East Austin Youth Fund - Accounts for donations from the Friends of East Austin Youth Golf Tournament to fund programs benefiting the youth of East Austin.

PARD Cultural Projects Fund - Records activities for cultural project purposes. Funded by a portion of the bed tax.

PARD Miscellaneous Fund – Accounts for miscellaneous deposits and revenues to be used for specified purposes.

PARD Police Asset Forfeiture Fund - Accounts for the redistribution of proceeds generated by PARD police enforcement activities.

Planting for the Future Fund – Accounts for donations received for plantings in the City of Austin.

Republic Square Fund – Accounts for donations for the improvement and beautification of Republic Square.

Rifle Class Fund – Accounts for fee revenue received by individuals for instruction, materials, and supplies for rifle classes.

Senior Citizen Nutrition Fund – Accounts for donations received at various senior citizen luncheon sites around the City.

Summer Musical Fund – Accounts for the annual summer musical production that is administered by the Parks and Recreation Department.

Teen Activity Fund – Accounts for contributions received to provide leisure activities for teenagers.

Tennis League Fund – Accounts for tournament fees received by participants of Austin Tennis League activities and tournaments.

Town Lake Beautification Fund – Accounts for donations for the beautification of Town Lake.

Urban Growth Management

Neighborhood Housing & Community Development:

Housing Miscellaneous Fund - Accounts for donations to the Housing program to be used for specific purposes.

Housing Trust Social Equity Fund – Accounts for housing funds set aside for SMART Housing initiative.

Neighborhood Housing and Conservation Fund - Established in 1996 to lead economic development, affordable housing, and neighborhood revitalization efforts.

Development Services and Watershed Protection:

Austin Industrial Development Corporation Fund (AIDC) - Accounts for the administrative costs related to the Corporation.

Austin Inner City Redevelopment Corporation Fund - Accounts for the activity of this entity.

Energy Conservation Rebates and Incentives Fund - Used for energy loans and rebates/incentives to customers; funded primarily by Electric Fund.

Fee Waiver Fund - Accounts for funds provided to allow for payment of fees waived by Council through City Ordinance.

Planning, Environmental Conservation Services Fund - Accounts for energy and water conservation services and environmental protection activities; funding provided by transfers from General, Electric, Water and Wastewater and other funds.

Public Improvement District Fund - Accounts for the downtown public improvement district which will provide services, security, and improvements for the downtown Austin area.

Urban Forest Replenishment Fund – Assists in planting replacement trees, saving blocks of natural areas, providing a maintenance program for trees to be retained, requiring special construction techniques, and/or transplanting existing trees.

Other:

Barton Springs Conservation Fund - Accounts for habitat conservation in Barton Springs.

Cable TV Fund - Payments cable companies and disbursement to Austin Access Television.

Downtown Development Fund - Accounts for the relocation of music venue facilities.

Hotel-Motel Occupancy Tax Fund - Accounts for hotel/motel occupancy tax revenues and transfers of these revenues to participating funds.

Music Loan Program Fund – Provides resources for one-time music projects.

One Texas Center Fund – Accounts for the revenues and debt service requirements of the One Texas Center Building.

RMMA Reimbursement Fund – Accounts for the expenses incurred by the City for the redevelopment of the former Robert Mueller Municipal Airport (RMMA) site and the corresponding reimbursements by the Catellus Development Corp

Strategic Planning Investment Fund - Accounts for costs related to managing and planning for growth by the City of Austin.

Sustainability Fund – Provides resources for one-time projects that will help the City of Austin build a sustainable economic, environmental, and equitable infrastructure.

Tax Increment Finance Fund – Accounts for maintaining the plazas, streetscapes and other public improvements installed on specific downtown Blocks.

Tourism and Promotion Fund - Accounts for the promotion of tourism in Austin as both a leisure and business destination. Funded by a portion of bed tax receipts.

Vehicle Rental Tax Fund - Accounts for the levy of a short-term motor vehicle rental tax.

Wildland Conservation Fund - Accounts for the City and county's management of preserve systems.

Special Revenue Funds
Combining Balance Sheet
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-6

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
ASSETS				
Cash	\$ --	5	--	5
Pooled investments and cash	4,991	40,027	1,150	46,168
Investments, at fair value	--	--	936	936
Cash held by trustee	9,791	--	--	9,791
Accounts and other taxes receivable	--	11,859	2,562	14,421
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	11,859	2,315	14,174
Receivables from other governments	12,586	--	--	12,586
Notes receivable, net of allowance	--	--	9,016	9,016
Due from other funds	--	14,503	--	14,503
Real property held for resale	--	--	5,984	5,984
Prepaid expenses	--	2	--	2
Other assets	48	566	103	717
Total assets	27,416	66,962	19,504	113,882
LIABILITIES AND FUND BALANCES				
Accounts payable	2,302	3,153	720	6,175
Accrued payroll	--	49	--	49
Accrued compensated absences	--	6	--	6
Due to other funds	10,823	3,680	--	14,503
Deferred revenue	--	--	2,824	2,824
Deposits and other liabilities	14,291	30,872	685	45,848
Total liabilities	27,416	37,760	4,229	69,405
Fund balances				
Reserved:				
Encumbrances	--	4,089	--	4,089
Notes receivable	--	--	9,016	9,016
Real property held for resale	--	--	5,984	5,984
Unreserved, designated:				
Special revenue	--	25,113	275	25,388
Total fund balances	--	29,202	15,275	44,477
Total liabilities and fund balances	\$ 27,416	66,962	19,504	113,882

Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
REVENUES				
Franchise fees and other taxes	\$ --	30,409	--	30,409
Fines, forfeitures and penalties	--	3,475	--	3,475
Charges for services/goods	--	24,463	--	24,463
Intergovernmental	46,758	2,428	10,387	59,573
Interest and other	--	624	617	1,241
Total revenues	46,758	61,399	11,004	119,161
EXPENDITURES				
Current:				
General government	293	726	--	1,019
Public safety	6,313	8,507	--	14,820
Transportation, planning and sustainability	1,177	2,599	--	3,776
Public health	18,974	4,890	--	23,864
Public recreation and culture	2,637	3,256	--	5,893
Urban growth management	17,364	20,714	9,243	47,321
Total expenditures	46,758	40,692	9,243	96,693
Excess (deficiency) of revenues over expenditures	--	20,707	1,761	22,468
OTHER FINANCING SOURCES (USES)				
Capital leases		102	4	106
Transfers in	--	17,935	--	17,935
Transfers out	--	(36,077)	--	(36,077)
Total other financing sources (uses)	--	(18,040)	4	(18,036)
Net change in fund balances	--	2,667	1,765	4,432
Fund balances at beginning of year	--	26,535	13,510	40,045
Fund balances at end of year	\$ --	29,202	15,275	44,477

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets					Liabilities and Fund Balances					Total Liabilities and Fund Balances
	Pooled Investments and Cash	Cash held by trustee	Receivables from Other Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Fund Balances	
FEDERAL GRANTS											
U.S. Department of Agriculture Corporation for National and Community Service Equal Employment Opportunity Commission	\$ --	--	989	--	989	18	971	--	989	--	989
U.S. Department of Justice	--	--	141	--	141	36	105	--	141	--	141
U.S. Department of Labor	218	--	940	--	1,158	201	885	72	1,158	--	1,158
U.S. Department of Transportation	--	--	26	--	26	--	26	--	26	--	26
U.S. Federal Emergency Management	9	--	529	--	538	--	529	9	538	--	538
U.S. Health & Human Services	45	--	77	--	122	4	73	45	122	--	122
U.S. Housing/Urban Development	1,157	--	3,290	12	4,459	938	2,411	1,110	4,459	--	4,459
U.S. National Foundation on the Arts and Humanities	3,192	9,791	5,191	30	18,204	1,015	4,492	12,697	18,204	--	18,204
U.S. Department of Veterans Affairs	21	--	353	6	380	21	348	11	380	--	380
Total Federal Grants	152	--	--	--	152	2	--	150	152	--	152
	4,794	9,791	11,536	48	26,169	2,235	9,840	14,094	26,169	--	26,169
STATE GRANTS											
Texas Governor's Office Criminal Justice Division	--	--	262	--	262	39	223	--	262	--	262
Texas Health Department	29	--	197	--	226	10	186	30	226	--	226
Office of the Attorney General	--	--	47	--	47	--	47	--	47	--	47
Texas Comptroller of Public Accounts	94	--	--	--	94	1	--	93	94	--	94
Texas Health and Human Services Commission	1	--	--	--	1	--	--	1	1	--	1
Texas Parks and Wildlife	--	--	88	--	88	--	88	--	88	--	88
Texas Department of Transportation	--	--	242	--	242	12	230	--	242	--	242
The University of Texas at Austin Center of Criminology	1	--	--	--	1	--	--	1	1	--	1
Texas State Library and Archives Commission	--	--	57	--	57	5	52	--	57	--	57
State Energy Conservation Office	--	--	13	--	13	--	13	--	13	--	13
Total State Grants	125	--	906	--	1,031	67	839	125	1,031	--	1,031
OTHER SPECIAL REVENUE GRANTS	72	--	144	--	216	--	144	72	216	--	216
Total All Grants	\$ 4,991	9,791	12,586	48	27,416	2,302	10,823	14,291	27,416	--	27,416

Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-9

	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess</u> <u>(Deficiency)</u>	<u>Fund Balances</u>	<u>Fund Balances</u>
	<u>Inter-</u>	<u>Special</u>	<u>Of Revenues</u>	<u>at Beginning</u>	<u>at End</u>
	<u>governmental</u>	<u>Projects</u>	<u>Over</u>	<u>of Year</u>	<u>of Year</u>
	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
FEDERAL GRANTS					
U.S. Department of Agriculture	\$ 3,637	3,637	--	--	--
Corporation for National and Community Service	258	258	--	--	--
Equal Employment Opportunity Commission	77	77	--	--	--
U.S. Department of Justice	4,068	4,068	--	--	--
U.S. Department of Labor	280	280	--	--	--
U.S. Department of Transportation	1,632	1,632	--	--	--
U.S. Federal Emergency Management	246	246	--	--	--
U.S. Health & Human Services	10,441	10,441	--	--	--
U.S. Housing/Urban Development	22,128	22,128	--	--	--
U.S. National Foundation on the Arts and Humanities	1,387	1,387	--	--	--
U.S. Department of Veterans Affairs	50	50	--	--	--
Total Federal Grants	44,204	44,204	--	--	--
STATE GRANTS					
Texas Governor's Office Criminal Justice Division	385	385	--	--	--
Texas Health Department	760	760	--	--	--
Office of the Attorney General	138	138	--	--	--
Texas Comptroller of Public Accounts	39	39	--	--	--
Texas Health and Human Services Commission	72	72	--	--	--
Texas Parks and Wildlife	43	43	--	--	--
Texas Department of Transportation	425	425	--	--	--
The University of Texas at Austin Center of Criminology	--	--	--	--	--
Texas State Library and Archives Commission	117	117	--	--	--
State Energy Conservation Office	107	107	--	--	--
Total State Grants	2,086	2,086	--	--	--
OTHER SPECIAL REVENUE GRANTS	468	468	--	--	--
Total All Grants	\$ 46,758	46,758	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-10

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
FEDERAL GRANTS											
U.S. Department of Agriculture Corporation for National and Community Service	\$ 2,995	59	3,054	3,637	(59)	6,632	--	6,632	5,489	11	5,500
Equal Employment Opportunity Commission	--	--	--	258	86	258	86	344	400	86	486
U.S. Department of Justice	--	--	--	77	--	77	--	77	169	--	169
U.S. Department of Labor	1,423	238	1,661	4,068	1,026	5,491	1,264	6,755	9,598	7,002	16,600
U.S. Department of Transportation	46	24	70	280	100	326	124	450	590	75	665
U.S. Federal Emergency Management	3,829	1,354	5,183	1,632	401	5,461	1,755	7,216	16,278	4,164	20,442
U.S. Health & Human Services	225	253	478	246	413	471	666	1,137	661	294	955
U.S. Housing/Urban Development	12,151	1,719	13,870	10,441	411	22,592	2,130	24,722	30,238	3,464	33,702
U.S. National Foundation on the Arts and Humanities	109,963	665	110,628	22,128	296	132,091	961	133,052	155,771	1,387	157,158
U.S. Department of Veterans Affairs	1,087	--	1,087	1,387	--	2,474	--	2,474	3,571	--	3,571
	144	--	144	50	--	194	--	194	329	--	329
Total Federal Grants	131,863	4,312	136,175	44,204	2,674	176,067	6,986	183,053	223,094	16,483	239,577
STATE GRANTS											
Texas Governor's Office Criminal Justice Division	274	26	300	385	112	659	138	797	1,282	245	1,527
Texas Health Department	1,805	95	1,900	760	--	2,565	95	2,660	3,254	--	3,254
Office of the Attorney General	45	--	45	138	--	183	--	183	251	--	251
Texas Comptroller of Public Accounts	573	--	573	39	--	612	--	612	695	--	695
Texas Health and Human Services Commission	257	--	257	72	--	329	--	329	330	--	330
Texas Parks and Wildlife	58	--	58	43	35	101	35	136	100	25	125
Texas Department of Transportation	1,447	631	2,078	425	442	1,872	1,073	2,945	2,894	1,804	4,698
The University of Texas at Austin Center of Criminology	10	--	10	--	--	10	--	10	10	--	10
Texas State Library and Archives Commission	114	--	114	117	--	231	--	231	329	--	329
State Energy Conservation Office	33	--	33	107	19	140	19	159	209	19	228
Total State Grants	4,616	752	5,368	2,086	608	6,702	1,360	8,062	9,354	2,093	11,447
OTHER SPECIAL REVENUE GRANTS	838	25	863	468	--	1,306	25	1,331	1,807	40	1,847
Total All Grants	\$ 137,317	5,089	142,406	46,758	3,282	184,075	8,371	192,446	234,255	18,616	252,871

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2003
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	
General government							
Municipal Court:							
Municipal Court Building Security	\$ --	158	--	--	--	--	158
Municipal Court Technology	--	1,782	--	--	--	--	1,782
Total general government	--	1,940	--	--	--	--	1,940
Public safety							
Police:							
APD Incident Management	--	362	--	--	--	--	362
Auto Theft Interdiction	--	25	--	--	--	--	25
Aviation Asset Forfeiture	--	190	--	--	--	--	190
Police Benefit	--	48	--	--	--	--	48
Police Federal Seized Funds	4	809	--	--	--	--	813
Police Seized Money	--	544	--	--	--	--	544
Total Police	4	1,978	--	--	--	--	1,982
Fire:							
Fire Miscellaneous	--	5	--	--	--	--	5
Total Fire	--	5	--	--	--	--	5
Emergency Medical Services:							
EMS Travis County Reimbursed	--	--	629	--	--	--	629
Total Emergency Medical Services	--	--	629	--	--	--	629
Total public safety	4	1,983	629	--	--	--	2,616
Transportation, planning and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	14,579	--	14,503	--	--	29,082
Office of Emergency Management Miscellaneous	--	1	--	--	--	--	1
Recycle Bins	--	5	--	--	--	--	5
RMD Conservation	--	97	--	--	--	--	97
RMD Loan	--	858	--	--	--	115	973
Total Public Works and Transportation	--	15,540	--	14,503	--	115	30,158
Transportation, Planning and Sustainability:							
Austin Transportation Study	--	--	1,069	--	--	--	1,069
Child Safety	--	512	--	--	--	--	512
Environmental Remediation	--	371	--	--	--	--	371
Pavement Life Recovery	--	141	21	--	--	--	162
Railroad Right of Way	--	5	--	--	--	--	5
Subdivision Participation	--	4,387	--	--	--	--	4,387
Total Transportation, Planning and Sustainability	--	5,416	1,090	--	--	--	6,506
Total transportation, planning and sustainability	\$ --	20,956	1,090	14,503	--	115	36,664

Accounts Payable	Liabilities					Fund Balances				Total Liabilities and Fund Balances
	Accrued Payroll	Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved		Total Fund Balances	
							Designated	Undesignated		
14	9	2	--	--	25	--	133	--	133	158
4	--	--	--	--	4	79	1,699	--	1,778	1,782
18	9	2	--	--	29	79	1,832	--	1,911	1,940
2	--	--	--	--	2	--	360	--	360	362
--	--	--	--	23	23	--	2	--	2	25
4	--	--	--	--	4	1	185	--	186	190
--	--	--	--	--	--	--	48	--	48	48
26	--	--	--	--	26	5	782	--	787	813
135	--	--	--	--	135	17	392	--	409	544
167	--	--	--	23	190	23	1,769	--	1,792	1,982
--	--	--	--	1	1	--	4	--	4	5
--	--	--	--	1	1	--	4	--	4	5
4	--	4	466	--	474	39	116	--	155	629
4	--	4	466	--	474	39	116	--	155	629
171	--	4	466	24	665	62	1,889	--	1,951	2,616
1,278	--	--	--	27,421	28,699	--	383	--	383	29,082
--	--	--	--	--	--	--	1	--	1	1
--	--	--	--	--	--	--	5	--	5	5
--	--	--	--	--	--	--	97	--	97	97
123	--	--	--	--	123	--	850	--	850	973
1,401	--	--	--	27,421	28,822	--	1,336	--	1,336	30,158
34	--	--	976	59	1,069	--	--	--	--	1,069
7	35	--	--	--	42	2	468	--	470	512
--	--	--	--	50	50	--	321	--	321	371
--	--	--	--	--	--	--	162	--	162	162
--	--	--	--	--	--	--	5	--	5	5
--	--	--	--	1,443	1,443	--	2,944	--	2,944	4,387
41	35	--	976	1,552	2,604	2	3,900	--	3,902	6,506
1,442	35	--	976	28,973	31,426	2	5,236	--	5,238	36,664

(Continued)

**Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2003
(In thousands)**

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	
Public health							
Health and Human Services:							
Disproportionate Share	\$ --	134	--	--	--	--	134
Health and Human Services Travis County							
Reimbursed	--	--	2,462	--	2	--	2,464
Health Miscellaneous	--	224	--	--	--	--	224
Medicaid Administrative Claims	--	796	--	--	--	--	796
Total Health and Human Services	--	1,154	2,462	--	2	--	3,618
Other public health:							
Animal Shelter Building	--	12	--	--	--	--	12
Total other public health	--	12	--	--	--	--	12
Total public health	--	1,166	2,462	--	2	--	3,630
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	153	--	--	--	--	153
Julia Cousins Trust	--	1	--	--	--	--	1
Miscellaneous Library	--	1	--	--	--	--	1
Special Library	--	131	--	--	--	--	131
Total Austin Public Library	--	286	--	--	--	--	286
Parks and Recreation:							
Adaptive Programs	--	50	--	--	--	--	50
Austin Creeks and Trails	--	19	--	--	--	--	19
Balcones Canyonlands	--	75	--	--	--	--	75
Friends of East Austin Youth	--	10	--	--	--	--	10
PARD Cultural Projects	--	370	--	--	--	--	370
PARD Miscellaneous	--	589	--	--	--	--	589
PARD Police Asset Forfeitures	--	2	--	--	--	--	2
Planting for the Future	--	444	--	--	--	--	444
Republic Square	--	2	--	--	--	--	2
Rifle Class	--	1	--	--	--	--	1
Senior Nutrition	--	10	--	--	--	--	10
Summer Musical	--	100	--	--	--	--	100
Teen Activity	--	207	--	--	--	--	207
Tennis League	--	5	--	--	--	--	5
Town Lake Beautification	--	491	--	--	--	--	491
Total Parks and Recreation	--	2,375	--	--	--	--	2,375
Total public recreation and culture	\$ --	2,661	--	--	--	--	2,661

(Continued)

Accounts Payable	Accrued Payroll	Liabilities				Total Liabilities	Reserved for Encumbrances	Fund Balances		Total Fund Balances	Total Liabilities and Fund Balances
		Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Unreserved						
					Designated			Undesignated			
--	--	--	--	--	--	134	--	--	134	134	
54	--	--	2,172	--	2,226	94	144	--	238	2,464	
1	--	--	--	191	192	2	30	--	32	224	
--	--	--	--	715	715	--	81	--	81	796	
55	--	--	2,172	906	3,133	230	255	--	485	3,618	
--	--	--	--	--	--	--	12	--	12	12	
--	--	--	--	--	--	--	12	--	12	12	
55	--	--	2,172	906	3,133	230	267	--	497	3,630	
--	--	--	--	--	--	--	153	--	153	153	
--	--	--	--	--	--	--	1	--	1	1	
--	--	--	--	--	--	--	1	--	1	1	
3	--	--	--	--	3	6	122	--	128	131	
3	--	--	--	--	3	6	277	--	283	286	
--	--	--	--	--	--	--	50	--	50	50	
--	--	--	--	--	--	--	19	--	19	19	
--	--	--	--	--	--	--	75	--	75	75	
--	--	--	--	--	--	--	10	--	10	10	
81	--	--	--	--	81	126	163	--	289	370	
2	--	--	--	--	2	17	570	--	587	589	
--	--	--	--	--	--	--	2	--	2	2	
--	--	--	--	357	357	--	87	--	87	444	
--	--	--	--	--	--	--	2	--	2	2	
--	--	--	--	--	--	--	1	--	1	1	
--	--	--	--	10	10	--	--	--	--	10	
--	--	--	--	--	--	--	100	--	100	100	
--	--	--	--	--	--	5	202	--	207	207	
--	--	--	--	--	--	--	5	--	5	5	
--	--	--	--	--	--	--	491	--	491	491	
83	--	--	--	367	450	148	1,777	--	1,925	2,375	
86	--	--	--	367	453	154	2,054	--	2,208	2,661	

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2003
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Miscellaneous	\$ --	41	--	--	--	--	41
Housing Trust Social Equity	--	1,305	--	--	--	--	1,305
Neighborhood Housing and Conservation	1	1,607	--	--	--	--	1,608
Total Neighborhood Housing & Community Development	1	2,953	--	--	--	--	2,954
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	149	--	--	--	--	149
Austin Inner City Redevelopment Corporation	--	2	--	--	--	--	2
Energy Conservation Rebates and Incentives	--	2,197	--	--	--	26	2,223
Fee Waiver	--	25	--	--	--	--	25
Planning, Environmental Conservation Services	--	108	--	--	--	--	108
Public Improvement District	--	1,114	15	--	--	--	1,129
Urban Forest Replenishment	--	124	--	--	--	--	124
Total Development Services and Watershed Protection	--	3,719	15	--	--	26	3,760
Other:							
Barton Springs Conservation	--	257	--	--	--	--	257
Cable TV	--	162	--	--	--	--	162
Downtown Development	--	184	--	--	--	--	184
Hotel-Motel Occupancy Tax	--	18	6,107	--	--	--	6,125
Music Loan Program	--	241	--	--	--	--	241
One Texas Center	--	1,544	--	--	--	--	1,544
RMMA Reimbursement	--	--	464	--	--	--	464
Strategic Planning Investment	--	25	--	--	--	--	25
Sustainability	--	517	--	--	--	--	517
Tax Increment Finance	--	190	--	--	--	--	190
Tourism and Promotion	--	--	--	--	--	425	425
Vehicle Rental Tax	--	--	1,092	--	--	--	1,092
Wildland Conservation	--	1,511	--	--	--	--	1,511
Total other	--	4,649	7,663	--	--	425	12,737
Total urban growth management	1	11,321	7,678	--	--	451	19,451
2003 Total	\$ 5	40,027	11,859	14,503	2	566	66,962

(Continued)

Accounts Payable	Accrued Payroll	Liabilities				Total Liabilities	Reserved for Encumbrances	Fund Balances		Total Fund Balances	Total Liabilities and Fund Balances
		Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Unreserved						
					Designated			Undesignated			
--	--	--	--	--	--	--	41	--	41	41	
--	--	--	--	--	--	--	1,305	--	1,305	1,305	
29	5	--	--	584	618	216	774	--	990	1,608	
29	5	--	--	584	618	216	2,120	--	2,336	2,954	
--	--	--	--	--	--	--	149	--	149	149	
--	--	--	--	--	--	--	2	--	2	2	
771	--	--	--	--	771	1,027	425	--	1,452	2,223	
--	--	--	--	--	--	--	25	--	25	25	
--	--	--	--	--	--	3	105	--	108	108	
--	--	--	--	--	--	787	342	--	1,129	1,129	
--	--	--	--	--	--	--	124	--	124	124	
771	--	--	--	--	771	1,817	1,172	--	2,989	3,760	
--	--	--	--	--	--	--	257	--	257	257	
--	--	--	--	--	--	--	162	--	162	162	
--	--	--	--	--	--	--	184	--	184	184	
1	--	--	--	18	19	--	6,106	--	6,106	6,125	
--	--	--	--	--	--	--	241	--	241	241	
--	--	--	--	--	--	--	1,544	--	1,544	1,544	
--	--	--	40	--	40	1,035	--	(611)	424	464	
--	--	--	--	--	--	127	--	(102)	25	25	
160	--	--	--	--	160	343	14	--	357	517	
--	--	--	--	--	--	6	184	--	190	190	
420	--	--	26	--	446	--	--	(21)	(21)	425	
--	--	--	--	--	--	--	1,092	--	1,092	1,092	
--	--	--	--	--	--	18	1,493	--	1,511	1,511	
581	--	--	66	18	665	1,529	11,277	(734)	12,072	12,737	
1,381	5	--	66	602	2,054	3,562	14,569	(734)	17,397	19,451	
3,153	49	6	3,680	30,872	37,760	4,089	25,847	(734)	29,202	66,962	

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

	Revenues					Total Revenues
	Gross Receipts	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
	Taxes					
General government						
Municipal Court:						
Municipal Court Building Security	\$ --	468	--	--	3	471
Municipal Court Technology	--	609	--	--	32	641
Total general government	--	1,077	--	--	35	1,112
Public safety						
Police:						
APD Incident Management	--	--	--	--	463	463
Auto Theft Interdiction	--	--	--	--	--	--
Aviation Asset Forfeiture	--	4	--	--	4	8
Police Benefit	--	--	16	9	--	25
Police Federal Seized Funds	--	668	--	--	14	682
Police Seized Money	--	164	--	--	11	175
Total Police	--	836	16	9	492	1,353
Fire:						
Fire Miscellaneous	--	--	4	2	--	6
Total Fire	--	--	4	2	--	6
Emergency Medical Services:						
EMS Travis County Reimbursed	--	--	7,610	--	--	7,610
Total Emergency Medical Services	--	--	7,610	--	--	7,610
Total public safety	--	836	7,630	11	492	8,969
Transportation, planning and sustainability						
Public Works and Transportation:						
Fiscal Surety - Land Development	--	--	--	--	(231)	(231)
Office of Emergency Management Miscellaneous	--	--	3	--	--	3
Recycle Bins	--	--	--	--	--	--
RMD Conservation	--	--	--	--	--	--
RMD Loan	--	--	--	--	--	--
Total Public Works and Transportation	--	--	3	--	(231)	(228)
Transportation, Planning and Sustainability:						
Austin Transportation Study	--	--	1,519	--	--	1,519
Child Safety	--	1,406	--	--	8	1,414
Environmental Remediation	--	--	--	--	7	7
Pavement Life Recovery	--	89	--	--	3	92
Railroad Right of Way	--	--	--	--	--	--
Subdivision Participation	--	--	--	--	88	88
Total Transportation, Planning and Sustainability	--	1,495	1,519	--	106	3,120
Total transportation, planning and sustainability	\$ --	1,495	1,522	--	(125)	2,892

(1) Expenditures include capital outlay of \$442.

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
		Capital Leases	Transfers In	Transfers Out			
523	(52)	--	--	--	(52)	185	133
203	438	--	--	--	438	1,340	1,778
726	386	--	--	--	386	1,525	1,911
369	94	--	--	--	94	266	360
--	--	--	--	--	--	2	2
59	(51)	--	--	--	(51)	237	186
3	22	--	--	--	22	26	48
405	277	--	--	--	277	510	787
157	18	--	--	--	18	391	409
993	360	--	--	--	360	1,432	1,792
12	(6)	--	--	--	(6)	10	4
12	(6)	--	--	--	(6)	10	4
7,502	108	--	--	--	108	47	155
7,502	108	--	--	--	108	47	155
8,507	462	--	--	--	462	1,489	1,951
--	(231)	--	--	--	(231)	614	383
14	(11)	--	--	--	(11)	12	1
--	--	--	--	--	--	5	5
--	--	--	--	--	--	97	97
--	--	--	--	--	--	850	850
14	(242)	--	--	--	(242)	1,578	1,336
1,367	152	--	--	--	152	(152)	--
1,214	200	--	--	--	200	270	470
4	3	--	583	(632)	(46)	367	321
--	92	--	--	(140)	(48)	210	162
--	--	--	--	--	--	5	5
--	88	--	--	--	88	2,856	2,944
2,585	535	--	583	(772)	346	3,556	3,902
2,599	293	--	583	(772)	104	5,134	5,238

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

	Revenues					Total Revenues
	Gross Receipts	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
	Taxes					
Public health						
Health and Human Services:						
Disproportionate Share	\$ --	--	--	--	--	--
Health and Human Services Travis County						
Reimbursed	--	--	4,879	--	--	4,879
Health Miscellaneous	--	--	--	21	5	26
Medicaid Administrative Claims	--	--	--	--	16	16
Total Health and Human Services	--	--	4,879	21	21	4,921
Other public health:						
Animal Shelter Building	--	--	--	--	--	--
Total other public health	--	--	--	--	--	--
Total public health	--	--	4,879	21	21	4,921
Public recreation and culture						
Austin Public Library:						
Austin History Center	--	--	--	3	--	3
Julia Cousins Trust	--	--	--	--	--	--
Miscellaneous Library	--	--	--	--	--	--
Special Library	--	--	--	83	--	83
Total Austin Public Library	--	--	--	86	--	86
Parks and Recreation:						
Adaptive Programs	--	--	34	--	--	34
Austin Creeks and Trails	--	--	--	--	--	--
Balcones Canyonlands	--	--	--	--	--	--
Friends of East Austin Youth	--	--	--	--	--	--
PARD Cultural Projects	--	--	--	--	2	2
PARD Miscellaneous	--	--	9	336	15	360
PARD Police Asset Forfeitures	--	--	--	--	1	1
Planting for the Future	--	--	--	203	--	203
Republic Square	--	--	--	1	--	1
Rifle Class	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--
Summer Musical	--	--	--	16	--	16
Teen Activity	--	--	--	163	--	163
Tennis League	--	--	--	1	--	1
Town Lake Beautification	--	--	--	229	--	229
Total Parks and Recreation	--	--	43	949	18	1,010
Total public recreation and culture	\$ --	--	43	1,035	18	1,096

(Continued)

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
		Capital Leases	Transfers In	Transfers Out			
32	(32)	--	--	--	(32)	166	134
4,839	40	--	--	--	40	198	238
19	7	--	--	--	7	25	32
--	16	--	--	--	16	65	81
4,890	31	--	--	--	31	454	485
--	--	--	--	--	--	12	12
--	--	--	--	--	--	12	12
4,890	31	--	--	--	31	466	497
--	3	--	--	--	3	150	153
--	--	--	--	--	--	1	1
--	--	--	--	--	--	1	1
66	17	--	--	--	17	111	128
66	20	--	--	--	20	263	283
--	34	--	--	--	34	16	50
--	--	--	--	--	--	19	19
--	--	--	--	--	--	75	75
--	--	--	--	--	--	10	10
2,760	(2,758)	--	2,977	--	219	70	289
218	142	--	--	--	142	445	587
--	1	--	--	--	1	1	2
164	39	--	--	--	39	48	87
1	--	--	--	--	--	2	2
--	--	--	--	--	--	1	1
--	--	--	--	--	--	--	--
18	(2)	--	--	--	(2)	102	100
17	146	--	--	--	146	61	207
--	1	--	--	--	1	4	5
12	217	--	--	--	217	274	491
3,190	(2,180)	--	2,977	--	797	1,128	1,925
3,256	(2,160)	--	2,977	--	817	1,391	2,208

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

	Revenues					Total Revenues
	Gross Receipts	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
	Taxes					
Urban growth management						
Neighborhood Housing & Community Development:						
Housing Miscellaneous	\$ --	--	--	--	1	1
Housing Trust Social Equity	--	--	--	--	20	20
Neighborhood Housing and Conservation	--	--	--	--	25	25
Total Neighborhood Housing & Community Development	--	--	--	--	46	46
Development Services and Watershed Protection:						
Austin Industrial Development Corporation (AIDC)	--	--	--	--	3	3
Austin Inner City Redevelopment Corporation	--	--	--	--	1	1
Energy Conservation Rebates and Incentives	--	--	6,001	--	--	6,001
Fee Waiver	--	--	--	--	1	1
Planning, Environmental Conservation Services	--	--	--	--	--	--
Public Improvement District	--	--	1,414	--	39	1,453
Urban Forest Replenishment	--	--	--	123	1	124
Total Development Services and Watershed Protection	--	--	7,415	123	45	7,583
Other:						
Barton Springs Conservation	--	--	--	--	5	5
Cable TV	--	--	647	--	2	649
Downtown Development	--	--	--	--	4	4
Hotel-Motel Occupancy Tax	25,955	30	--	--	--	25,985
Music Loan Program	--	--	--	--	5	5
One Texas Center	--	--	2,327	--	--	2,327
RMMA Reimbursement	--	--	--	1,238	5	1,243
Strategic Planning Investment	--	--	--	--	17	17
Sustainability	--	--	--	--	--	--
Tax Increment Finance	--	--	--	--	4	4
Tourism and Promotion	--	--	--	--	10	10
Vehicle Rental Tax	4,454	--	--	--	9	4,463
Wildland Conservation	--	37	--	--	31	68
Total other	30,409	67	2,974	1,238	92	34,780
Total urban growth management	30,409	67	10,389	1,361	183	42,409
2003 Total	\$ 30,409	3,475	24,463	2,428	624	61,399

(Continued)

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
		Capital Leases	Transfers In	Transfers Out			
--	1	--	--	--	1	40	41
60	(40)	--	1,000	--	960	345	1,305
1,149	(1,124)	102	995	(265)	(292)	1,282	990
1,209	(1,163)	102	1,995	(265)	669	1,667	2,336
--	3	--	--	--	3	146	149
--	1	--	--	--	1	1	2
7,573	(1,572)	--	--	--	(1,572)	3,024	1,452
--	1	--	--	--	1	24	25
--	--	--	--	--	--	108	108
1,538	(85)	--	150	--	65	1,064	1,129
--	124	--	--	--	124	--	124
9,111	(1,528)	--	150	--	(1,378)	4,367	2,989
--	5	--	45	--	50	207	257
698	(49)	--	--	--	(49)	211	162
--	4	--	--	--	4	180	184
--	25,985	--	--	(25,508)	477	5,629	6,106
--	5	--	--	--	5	236	241
--	2,327	--	--	(690)	1,637	(93)	1,544
819	424	--	--	--	424	--	424
335	(318)	--	--	--	(318)	343	25
3,532	(3,532)	--	7,850	(4,369)	(51)	408	357
12	(8)	--	100	--	92	98	190
4,970	(4,960)	--	4,235	--	(725)	704	(21)
--	4,463	--	--	(4,473)	(10)	1,102	1,092
28	40	--	--	--	40	1,471	1,511
10,394	24,386	--	12,230	(35,040)	1,576	10,496	12,072
20,714	21,695	102	14,375	(35,305)	867	16,530	17,397
40,692	20,707	102	17,935	(36,077)	2,667	26,535	29,202

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-13

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
General government							
Municipal Court:							
Municipal Court Building Security							
Actual-budget basis	\$ 125	471	523	--	--	(52)	73
Budget	(144)	473	609	--	--	(136)	(280)
Variance	269	(2)	86	--	--	84	353
Municipal Court Technology							
Actual-budget basis	1,338	641	279	--	--	362	1,700
Budget	(4)	589	1,657	--	--	(1,068)	(1,072)
Variance	1,342	52	1,378	--	--	1,430	2,772
Public safety							
Police:							
Aviation Asset Forfeiture							
Actual-budget basis	227	8	60	--	--	(52)	175
Budget	(339)	63	113	--	--	(50)	(389)
Variance	566	(55)	53	--	--	(2)	564
Police Federal Seized Funds							
Actual-budget basis	431	682	409	--	--	273	704
Budget	(432)	138	400	--	--	(262)	(694)
Variance	863	544	(9)	--	--	535	1,398
Police Seized Money							
Actual-budget basis	381	175	174	--	--	1	382
Budget	(115)	120	175	--	--	(55)	(170)
Variance	496	55	1	--	--	56	552
Emergency Medical Services:							
EMS Travis County Reimbursed							
Actual-budget basis	\$ 4	7,610	7,521	--	--	89	93
Budget	(171)	7,554	7,554	--	--	--	(171)
Variance	175	56	33	--	--	89	264

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2003
 (In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Transportation, planning and sustainability							
Transportation, planning and sustainability							
Child Safety							
Actual-budget basis	\$ 171	1,414	1,214	--	--	200	371
Budget	(396)	1,483	1,511	--	--	(28)	(424)
Variance	567	(69)	297	--	--	228	795
Environmental Remediation							
Actual-budget basis	361	7	2	583	634	(46)	315
Budget	110	20	50	583	634	(81)	29
Variance	251	(13)	48	--	--	35	286
Public health							
Health and Human Services Travis							
County Reimbursed							
Actual-budget basis	(382)	4,879	4,906	--	--	(27)	(409)
Budget	(1,863)	5,174	5,174	--	--	--	(1,863)
Variance	1,481	(295)	268	--	--	(27)	1,454
Public recreation and culture							
PARD Cultural Projects							
Actual-budget basis	(390)	2	2,612	2,977	--	367	(23)
Budget	(690)	20	2,623	3,039	--	436	(254)
Variance	300	(18)	11	(62)	--	(69)	231
PARD Police Asset Forfeiture							
Actual-budget basis	\$ 2	--	--	--	--	--	2
Budget	(10)	--	2	--	--	(2)	(12)
Variance	12	--	2	--	--	2	14

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2003
 (In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management							
Neighborhood Planning and Zoning:							
Neighborhood Housing and Conservation							
Actual-budget basis	\$ 986	25	1,222	995	--	(202)	784
Budget	(614)	33	1,715	1,020	--	(662)	(1,276)
Variance	1,600	(8)	493	(25)	--	460	2,060
Development Services and Watershed Protection:							
Energy Conservation Rebates and Incentives							
Actual-budget basis	1,073	6,001	7,847	--	--	(1,846)	(773)
Budget	404	8,224	9,424	--	--	(1,200)	(796)
Variance	669	(2,223)	1,577	--	--	(646)	23
Public Improvement District							
Actual-budget basis	312	1,453	1,573	150	--	30	342
Budget	475	1,523	1,573	150	--	100	575
Variance	(163)	(70)	--	--	--	(70)	(233)
Other							
Hotel-Motel Occupancy Tax							
Actual-budget basis	--	25,508	--	--	25,508	--	--
Budget	--	26,047	--	--	26,047	--	--
Variance	--	(539)	--	--	539	--	--
One Texas Center							
Actual-budget basis	\$ (93)	2,327	--	--	690	1,637	1,544
Budget	(512)	1,817	--	--	690	1,127	615
Variance	419	510	--	--	--	510	929

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Sustainability							
Actual-budget basis	\$ 80	--	3,572	7,850	4,369	(91)	(11)
Budget	--	--	3,694	8,063	4,369	--	--
Variance	80	--	122	(213)	--	(91)	(11)
Tourism and Promotion							
Actual-budget basis	720	10	4,970	4,235	--	(725)	(5)
Budget	(12)	50	4,970	4,322	--	(598)	(610)
Variance	732	(40)	--	(87)	--	(127)	605
Vehicle Rental Tax							
Actual-budget basis	(2,189)	4,472	--	--	4,473	(1)	(2,190)
Budget	(5,107)	5,000	--	--	5,000	--	(5,107)
Variance	2,918	(528)	--	--	527	(1)	2,917
Wildland Conservation							
Actual-budget basis	1,434	40	44	--	--	(4)	1,430
Budget	(469)	--	--	--	--	--	(469)
Variance	1,903	40	(44)	--	--	(4)	1,899
Total							
Actual-budget basis	\$ 4,591	55,725	36,928	16,790	35,674	(87)	4,504
Budget	(9,889)	58,328	41,244	17,177	36,740	(2,479)	(12,368)
Variance	14,480	(2,603)	4,316	(387)	1,066	2,392	16,872





DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt. The two debt service funds are as follows:

The General Obligation Debt Service Fund – used for payments of principal, interest and related costs of general obligation and other tax-supported debt;

The Section 108 Loans Fund - used to account for HUD loans for construction costs.



**Debt Service Funds
Combining Balance Sheet
September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit E-14**

	General Obligation	HUD Section 108 Loans	2003 Total
ASSETS			
Pooled investments and cash	\$ 269	--	269
Investments, at fair value	13,749	--	13,749
Property taxes receivable	4,302	--	4,302
Less allowance for uncollectible taxes	(697)	--	(697)
Net property taxes receivable	<u>3,605</u>	<u>--</u>	<u>3,605</u>
Net accounts receivable	2	--	2
Due from other funds	6	--	6
Advances to other funds	4,677	--	4,677
Prepaid expenses	9	--	9
Total assets	<u><u>22,317</u></u>	<u><u>--</u></u>	<u><u>22,317</u></u>
LIABILITIES AND FUND BALANCES			
Deferred revenue	3,458	--	3,458
Advances from other funds	248	--	248
Deposits and other liabilities	1,300	--	1,300
Total liabilities	<u>5,006</u>	<u>--</u>	<u>5,006</u>
Fund balances			
Reserved:			
Debt service	17,311	--	17,311
Total fund balances	<u>17,311</u>	<u>--</u>	<u>17,311</u>
Total liabilities and fund balances	<u><u>\$ 22,317</u></u>	<u><u>--</u></u>	<u><u>22,317</u></u>

Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-15

	General Obligation	HUD Section 108 Loans	2003 Total
REVENUES			
Property taxes	\$ 82,195	--	82,195
Fines, forfeitures and penalties	525	--	525
Interest and other	3,731	1,519	5,250
Total revenues	86,451	1,519	87,970
EXPENDITURES			
Debt service:			
Principal	48,785	555	49,340
Interest	37,565	964	38,529
Fees and commissions	8	--	8
Total expenditures	86,358	1,519	87,877
Excess (deficiency) of revenues over expenditures	93	--	93
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	62,514	--	62,514
Payment to escrow agent	(62,514)	--	(62,514)
Transfers in	767	--	767
Total other financing sources (uses)	767	--	767
Net change in fund balances	860	--	860
Fund balances at beginning of year	16,451	--	16,451
Fund balances at end of year	\$ 17,311	--	17,311

Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			2003 Actual-Budget Basis Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	
REVENUES							
General property taxes	\$ 82,720	83,270	(550)	--	--	--	82,720
Interest	719	995	(276)	--	--	--	719
Other revenue	3,698	3,680	18	1,519	1,301	218	5,217
Total revenues	87,137	87,945	(808)	1,519	1,301	218	88,656
EXPENDITURES							
Principal retirement	57,844	58,519	675	555	515	(40)	58,399
Interest and other	41,251	44,119	2,868	964	777	(187)	42,215
Fees and commissions	8	15	7	--	9	9	8
Total expenditures	99,103	102,653	3,550	1,519	1,301	(218)	100,622
Excess (deficiency) of revenues over expenditures	(11,966)	(14,708)	2,742	--	--	--	(11,966)
OTHER FINANCING SOURCES (USES)							
Issuance of refunding bonds	62,514	--	62,514	--	--	--	62,514
Payment to escrow agent	(62,514)	--	(62,514)	--	--	--	(62,514)
Transfers in	10,946	11,277	(331)	--	--	--	10,946
Total other financing sources (uses)	10,946	11,277	(331)	--	--	--	10,946
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,020)	(3,431)	2,411	--	--	--	(1,020)
Fund balances at beginning of year	13,832	13,696	136	--	--	--	13,832
Fund balances at end of year	\$ 12,812	10,265	2,547	--	--	--	12,812



CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. There are eight major groups of funds that account for the activities related to the capital improvement projects:

Prior

to 1984: Funds authorized prior to 1981;

Funds authorized August 29, 1981, for street and drainage, fire stations, traffic signals and emergency medical service projects;

Funds authorized September 11, 1982, for various purposes;

Funds authorized October 22, 1983, for Jollyville Road Improvements;

1984: Funds authorized September 8, 1984, for various purposes;

1985: Funds authorized January 19, 1985, for cultural arts;

Funds authorized July 26, 1985, for parks and recreation;

Funds authorized September 26, 1985, for art in public places;

Funds authorized December 14, 1985, for various purposes;

1987: Funds authorized September 3, 1987, for street improvements;

1992: Funds authorized August 10, 1992, for various purposes;

1997: Funds authorized May 3, 1997, for radio trunking;

1998: Funds authorized November 3, 1998, for various purposes;

2000: Funds authorized November 7, 2000, for street improvements and land acquisition; and

Other: Other funds established for various purposes.



Capital Projects Funds
Balance Sheet
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-17

	<u>2003</u>
ASSETS	
Pooled investments and cash	\$ 119,255
Accounts and other taxes receivable	82,547
Less allowance for doubtful accounts	<u>(139)</u>
Net accounts receivable	82,408
Due from other funds	22,416
Other assets	413
Total assets	<u><u>224,492</u></u>
LIABILITIES AND FUND BALANCES	
Accounts payable	11,649
Due to other funds	22,416
Deposits and other liabilities	<u>1,319</u>
Total liabilities	<u>35,384</u>
Fund balances	
Reserved:	
Encumbrances	84,666
Unreserved, undesignated:	
Capital projects	<u>104,442</u>
Total fund balances	<u>189,108</u>
Total liabilities and fund balances	<u><u>\$ 224,492</u></u>

Capital Projects Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit E-18

	<u>2003</u>
REVENUES	
Intergovernmental	\$ 14,819
Property owners' participation and contributions	10,935
Interest and other	<u>3,412</u>
Total revenues	<u>29,166</u>
EXPENDITURES	
Capital outlay	<u>155,517</u>
Total expenditures	<u>155,517</u>
Excess (deficiency) of revenues over expenditures	(126,351)
OTHER FINANCING SOURCES (USES)	
Issuance of tax supported debt	70,323
Transfers in	18,139
Transfers out	<u>(4,970)</u>
Total other financing sources (uses)	<u>83,492</u>
Net change in fund balances	(42,859)
Fund balances at beginning of year	<u>231,967</u>
Fund balances at end of year	<u><u>\$ 189,108</u></u>

**Capital Projects Funds
Combining Balance Sheet
September 30, 2003
(In thousands)**

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized Prior to 1981							
Parks and recreation	\$ 177	--	--	--	--	--	177
Police and courts	2	--	--	--	--	--	2
Street improvements	57	--	--	--	--	--	57
Library	7	--	--	--	--	--	7
Health centers	--	--	--	--	--	--	--
	<u>243</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>243</u>
Funds Authorized August 29, 1981							
Street and drainage	--	--	--	--	3	--	3
Fire stations	--	--	--	--	24	--	24
EMS buildings	--	765	--	765	--	--	765
	<u>--</u>	<u>765</u>	<u>--</u>	<u>765</u>	<u>27</u>	<u>--</u>	<u>792</u>
Funds Authorized September 11, 1982							
Flood prevention	106	--	--	--	--	--	106
Parks--various	173	--	--	--	--	--	173
Environmental resources	2	--	--	--	--	--	2
Fire/EMS building	43	--	--	--	--	--	43
	<u>324</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>324</u>
Funds Authorized October 22, 1983							
Jollyville road improvements	--	--	--	--	27	--	27
Energy improvements - city facilities	--	--	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27</u>	<u>--</u>	<u>27</u>
Total Prior to 1984	<u>567</u>	<u>765</u>	<u>--</u>	<u>765</u>	<u>54</u>	<u>--</u>	<u>1,386</u>
Funds Authorized September 8, 1984							
PARD pools	5	--	--	--	--	--	5
Parkland acquisition	2	--	--	--	--	--	2
Parks/Old Bakery	--	--	--	--	--	--	--
Drainage and flood improvements	4,650	--	--	--	--	--	4,650
Street improvements	2,130	331	--	331	193	--	2,654
Fire improvements	11	--	--	--	--	--	11
Libraries	1	--	--	--	--	--	1
Police facilities	--	--	--	--	--	--	--
Traffic signals	4	--	--	--	--	--	4
EMS/Fire facility	3	--	--	--	--	--	3
	<u>\$ 6,806</u>	<u>331</u>	<u>--</u>	<u>331</u>	<u>193</u>	<u>--</u>	<u>7,330</u>

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	177	177	177
--	--	--	--	--	2	2	2
--	--	--	--	--	57	57	57
--	--	--	--	--	7	7	7
--	--	--	--	--	--	--	--
--	--	--	--	--	243	243	243
--	--	--	--	--	3	3	3
--	--	--	--	--	24	24	24
--	481	--	481	10	274	284	765
--	481	--	481	10	301	311	792
--	--	--	--	--	106	106	106
--	--	--	--	1	172	173	173
--	--	--	--	--	2	2	2
--	--	--	--	--	43	43	43
--	--	--	--	1	323	324	324
--	--	--	--	--	27	27	27
--	82	--	82	5	(87)	(82)	--
--	82	--	82	5	(60)	(55)	27
--	563	--	563	16	807	823	1,386
--	--	--	--	--	5	5	5
--	--	--	--	--	2	2	2
--	179	--	179	27	(206)	(179)	--
--	--	--	--	130	4,520	4,650	4,650
32	--	--	32	450	2,172	2,622	2,654
--	--	--	--	--	11	11	11
--	--	--	--	--	1	1	1
--	14	--	14	--	(14)	(14)	--
--	--	--	--	--	4	4	4
--	--	--	--	--	3	3	3
32	193	--	225	607	6,498	7,105	7,330

(Continued)

Capital Projects Funds
Combining Balance Sheet
September 30, 2003
(In thousands)

Assets							
	Pooled		Allowance	Net			Total
	Investments	Accounts	for Doubtful	Accounts	Due from	Other	Assets
	and Cash	Receivable	Accounts	Receivable	Other Funds	Assets	Assets
Funds Authorized							
January 19, 1985							
Cultural arts	\$ 1,364	--	--	--	--	413	1,777
Downtown art museum	168	--	--	--	--	--	168
	<u>1,532</u>	--	--	--	--	413	<u>1,945</u>
Funds Authorized							
July 26, 1985							
Neighborhood park and recreation	4,720	--	--	--	--	--	4,720
Funds Authorized							
September 26, 1985							
Art in public places	13	--	--	--	--	--	13
Funds Authorized							
December 14, 1985							
Senior activity center	3	--	--	--	--	--	3
South Austin parkland	11	--	--	--	--	--	11
Parks Oak Hill	2	--	--	--	--	--	2
	<u>16</u>	--	--	--	--	--	<u>16</u>
Total Funds Authorized	6,281	--	--	--	--	413	6,694
Funds Authorized							
September 3, 1987							
Street resurfacing	145	140	(139)	1	--	--	146
Funds Authorized							
August 10, 1992							
EMS facility	49	--	--	--	--	--	49
Fire stations	12	--	--	--	--	--	12
Police substations	37	--	--	--	104	--	141
Asbestos abatement/ADA compliance/ East Austin health clinic	1,549	--	--	--	--	--	1,549
Erosion & flood control	5,077	--	--	--	--	--	5,077
Street & traffic signals	252	--	--	--	--	--	252
Neighborhood sidewalks	62	--	--	--	--	--	62
Parks and recreation facilities	686	--	--	--	--	--	686
Libraries	42	--	--	--	--	--	42
Balcones Canyonlands Conservation Plan	3	--	--	--	--	--	3
Barton Creek greenway	325	--	--	--	--	--	325
	<u>8,094</u>	--	--	--	104	--	<u>8,198</u>
Funds Authorized							
May 3, 1997							
Radio Trunking	1,203	1,633	--	1,633	--	--	2,836
	<u>\$ 1,203</u>	<u>1,633</u>	<u>--</u>	<u>1,633</u>	<u>--</u>	<u>--</u>	<u>2,836</u>

(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	1	1,776	1,777	1,777
--	--	--	--	--	168	168	168
--	--	--	--	1	1,944	1,945	1,945
25	--	--	25	53	4,642	4,695	4,720
--	--	--	--	--	13	13	13
--	--	--	--	--	3	3	3
--	--	--	--	--	11	11	11
--	--	--	--	--	2	2	2
--	--	--	--	--	16	16	16
25	--	--	25	54	6,615	6,669	6,694
--	--	--	--	--	146	146	146
--	--	--	--	--	49	49	49
--	--	--	--	2	10	12	12
--	--	--	--	84	57	141	141
23	--	--	23	130	1,396	1,526	1,549
329	--	--	329	1,349	3,399	4,748	5,077
--	--	--	--	--	252	252	252
1	--	--	1	30	31	61	62
8	--	--	8	32	646	678	686
--	--	--	--	24	18	42	42
--	--	--	--	--	3	3	3
--	--	--	--	--	325	325	325
361	--	--	361	1,651	6,186	7,837	8,198
6	--	--	6	4,364	(1,534)	2,830	2,836
6	--	--	6	4,364	(1,534)	2,830	2,836

(Continued)

Capital Projects Funds
Combining Balance Sheet
September 30, 2003
(In thousands)

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
November 3, 1998							
Cultural arts and land	\$ 17,633	--	--	--	--	--	17,633
Drainage and flood control	2,169	--	--	--	--	--	2,169
Traffic signals	23,952	20,978	--	20,978	--	--	44,930
Public safety facilities	3,140	8,505	--	8,505	--	--	11,645
Parks and recreation facilities	878	14,473	--	14,473	--	--	15,351
	<u>47,772</u>	<u>43,956</u>	<u>--</u>	<u>43,956</u>	<u>--</u>	<u>--</u>	<u>91,728</u>
Funds Authorized							
2000							
Transportation Mobility Improvement	--	15,000	--	15,000	--	--	15,000
Open Spaces	--	3,400	--	3,400	4,408	--	7,808
	<u>--</u>	<u>18,400</u>	<u>--</u>	<u>18,400</u>	<u>4,408</u>	<u>--</u>	<u>22,808</u>
Other funds							
Planning & development improvements	750	--	--	--	--	--	750
TPSD general improvements	9,343	128	--	128	--	--	9,471
Parks-1992	--	--	--	--	--	--	--
Library automation system	870	--	--	--	--	--	870
Fire/EMS/NW Austin MUD #1	619	--	--	--	--	--	619
General government projects	14,453	--	--	--	1,419	--	15,872
Health projects	1,145	--	--	--	--	--	1,145
Build Austin	--	79	--	79	--	--	79
CMTA Mobility	5,625	3,762	--	3,762	--	--	9,387
Forsythia Drive	3	--	--	--	--	--	3
Central City Entertainment Center	10	--	--	--	--	--	10
Park improvements	4,275	--	--	--	--	--	4,275
Police and courts	146	--	--	--	--	--	146
Health centers	--	--	--	--	--	--	--
Neighborhood centers	8	--	--	--	--	--	8
Loan star improvements	331	--	--	--	--	--	331
Fire - general	5,317	1,145	--	1,145	--	--	6,462
Capital reserve	--	11,540	--	11,540	--	--	11,540
Public Works	3	--	--	--	--	--	3
One Texas Center	187	--	--	--	--	--	187
Watershed Protection	121	650	--	650	151	--	922
Great Streets	1,077	--	--	--	--	--	1,077
City Hall, plaza, parking garage	962	--	--	--	15,578	--	16,540
Conservation Land	--	18	--	18	--	--	18
Colony Park	1,896	--	--	--	--	--	1,896
Economic Development	30	--	--	--	509	--	539
Interest income fund	1,216	--	--	--	--	--	1,216
Total other funds	<u>48,387</u>	<u>17,322</u>	<u>--</u>	<u>17,322</u>	<u>17,657</u>	<u>--</u>	<u>83,366</u>
2003 Totals	<u>\$ 119,255</u>	<u>82,547</u>	<u>(139)</u>	<u>82,408</u>	<u>22,416</u>	<u>413</u>	<u>224,492</u>

(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
732	--	--	732	5,672	11,229	16,901	17,633
178	--	--	178	983	1,008	1,991	2,169
3,232	--	--	3,232	18,494	23,204	41,698	44,930
2,024	--	--	2,024	4,700	4,921	9,621	11,645
426	--	--	426	1,919	13,006	14,925	15,351
6,592	--	--	6,592	31,768	53,368	85,136	91,728
--	15,082	--	15,082	--	(82)	(82)	15,000
3	--	--	3	--	7,805	7,805	7,808
3	15,082	--	15,085	--	7,723	7,723	22,808
--	--	--	--	--	750	750	750
204	--	--	204	1,856	7,411	9,267	9,471
26	147	--	173	37	(210)	(173)	--
--	--	--	--	64	806	870	870
--	--	--	--	--	619	619	619
31	--	412	443	1,423	14,006	15,429	15,872
649	--	--	649	2,002	(1,506)	496	1,145
--	104	--	104	44	(69)	(25)	79
960	--	--	960	9,889	(1,462)	8,427	9,387
--	--	--	--	--	3	3	3
--	--	--	--	--	10	10	10
140	--	--	140	298	3,837	4,135	4,275
--	--	--	--	11	135	146	146
--	--	--	--	--	--	--	--
--	--	--	--	--	8	8	8
--	--	--	--	14	317	331	331
19	--	--	19	227	6,216	6,443	6,462
1,743	6,323	--	8,066	5,248	(1,774)	3,474	11,540
24	--	--	24	225	(246)	(21)	3
--	--	--	--	--	187	187	187
210	--	--	210	85	627	712	922
--	--	--	--	--	1,077	1,077	1,077
624	--	250	874	24,783	(9,117)	15,666	16,540
--	4	15	19	--	(1)	(1)	18
--	--	--	--	--	1,896	1,896	1,896
--	--	--	--	--	539	539	539
--	--	642	642	--	574	574	1,216
4,630	6,578	1,319	12,527	46,206	24,633	70,839	83,366
11,649	22,416	1,319	35,384	84,666	104,442	189,108	224,492

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
September 30, 2003
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
Prior to 1981					
Parks and recreation	\$ --	--	--	--	--
Police and courts	--	--	--	--	--
Street improvements	--	--	--	--	--
Library	--	--	--	--	--
Health centers	--	--	--	--	9
	--	--	--	--	9
Funds Authorized					
August 29, 1981					
Street and drainage	--	--	--	--	--
Fire stations	--	--	--	--	--
EMS buildings	--	--	--	--	784
	--	--	--	--	784
Funds Authorized					
September 11, 1982					
Flood prevention	--	--	--	--	22
Parks--various	--	--	--	--	9
Environmental resources	--	--	--	--	--
Fire/EMS building	--	--	--	--	--
	--	--	--	--	31
Funds Authorized					
October 22, 1983					
Jollyville road improvements	--	--	--	--	--
Energy improvements - city facilities	--	--	--	--	--
	--	--	--	--	--
Total Prior to 1984	--	--	--	--	824
Funds Authorized					
September 8, 1984					
PARD pools	--	--	--	--	--
Parkland acquisition	--	--	--	--	--
Parks/Old Bakery	--	--	--	--	34
Drainage and flood improvements	--	--	--	--	406
Street improvements	--	--	--	--	1,067
Fire improvements	--	--	--	--	--
Libraries	--	--	--	--	--
Police facilities	--	--	--	--	--
Traffic signals	--	--	--	--	--
EMS/Fire facility	--	--	--	--	--
	\$ --	--	--	--	1,507

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Transfers In	Transfers Out					
--	--	--	--	--	--	--	177	177
--	--	--	--	--	--	--	2	2
--	--	--	--	--	--	--	57	57
--	--	--	--	--	--	--	7	7
(9)	--	--	--	--	--	(9)	9	--
(9)	--	--	--	--	--	(9)	252	243
--	--	--	--	--	--	--	3	3
--	--	--	--	--	--	--	24	24
(784)	765	--	--	765	(19)	303	284	284
(784)	765	--	--	765	(19)	330	311	311
(22)	--	--	--	--	(22)	128	106	106
(9)	--	--	--	--	(9)	182	173	173
--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	43	43	43
(31)	--	--	--	--	(31)	355	324	324
--	--	--	--	--	--	--	27	27
--	--	--	--	--	--	--	(82)	(82)
--	--	--	--	--	--	--	(55)	(55)
(824)	765	--	--	765	(59)	882	823	823
--	--	--	--	--	--	--	5	5
--	--	--	--	--	--	--	2	2
(34)	--	--	--	--	(34)	(145)	(179)	(179)
(406)	--	--	--	--	(406)	5,056	4,650	4,650
(1,067)	--	--	--	--	(1,067)	3,689	2,622	2,622
--	--	--	--	--	--	11	11	11
--	--	--	--	--	--	1	1	1
--	--	--	--	--	--	(14)	(14)	(14)
--	--	--	--	--	--	4	4	4
--	--	--	--	--	--	3	3	3
(1,507)	--	--	--	--	(1,507)	8,612	7,105	7,105

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
September 30, 2003
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
January 19, 1985					
Cultural arts	\$ --	--	68	68	11
Downtown art museum	--	--	--	--	--
	--	--	68	68	11
Funds Authorized					
July 26, 1985					
Neighborhood park and recreation	--	581	53	634	260
Funds Authorized					
September 26, 1985					
Art in public places	--	--	--	--	2
Funds Authorized					
December 14, 1985					
Senior activity center	--	--	--	--	--
South Austin parkland	--	--	--	--	--
Parks Oak Hill	--	--	--	--	--
	--	--	--	--	--
Total Funds Authorized					
in 1985	--	581	121	702	273
Funds Authorized					
September 3, 1987					
Street resurfacing	33	3	4	40	3
Funds Authorized					
August 10, 1992					
EMS facility	--	--	--	--	--
Fire stations	--	--	--	--	--
Police substations	--	--	--	--	--
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	1,090
Erosion & flood control	--	--	--	--	882
Street & traffic signals	--	--	--	--	1
Neighborhood sidewalks	--	--	--	--	14
Parks and recreation facilities	49	--	--	49	147
Libraries	--	--	--	--	2
Balcones Canyonlands Conservation Plan	--	--	--	--	2
Barton Creek greenway	--	--	--	--	--
	49	--	--	49	2,138
Funds Authorized					
May 3, 1997					
Radio Trunking	--	3,043	--	3,043	19,553
	\$ --	3,043	--	3,043	19,553

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Transfers In	Transfers Out					
57	--	--	(68)	(68)	(11)	1,788	1,777	
--	--	--	--	--	--	168	168	
57	--	--	(68)	(68)	(11)	1,956	1,945	
374	--	736	(736)	--	374	4,321	4,695	
(2)	--	--	--	--	(2)	15	13	
--	--	--	--	--	--	3	3	
--	--	--	--	--	--	11	11	
--	--	--	--	--	--	2	2	
--	--	--	--	--	--	16	16	
429	--	736	(804)	(68)	361	6,308	6,669	
37	--	--	--	--	37	109	146	
--	--	--	--	--	--	49	49	
--	--	--	--	--	--	12	12	
--	--	--	--	--	--	141	141	
(1,090)	--	--	--	--	(1,090)	2,616	1,526	
(882)	--	--	--	--	(882)	5,630	4,748	
(1)	--	--	--	--	(1)	253	252	
(14)	--	--	--	--	(14)	75	61	
(98)	--	--	--	--	(98)	776	678	
(2)	--	--	--	--	(2)	44	42	
(2)	--	--	--	--	(2)	5	3	
--	--	--	--	--	--	325	325	
(2,089)	--	--	--	--	(2,089)	9,926	7,837	
(16,510)	--	--	--	--	(16,510)	19,340	2,830	
(16,510)	--	--	--	--	(16,510)	19,340	2,830	

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
September 30, 2003
(In thousands)

	Revenues				Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
November 3, 1998					
Cultural arts and land	\$ --	--	--	--	10,509
Drainage and flood control	--	--	--	--	2,555
Traffic signals	--	--	--	--	22,199
Public safety facilities	--	--	--	--	22,886
Parks and recreation facilities	--	--	--	--	12,702
	--	--	--	--	70,851
Funds Authorized					
2000					
Transportation Mobility Improvement	--	--	--	--	37
Open Spaces	--	--	--	--	3,105
	--	--	--	--	3,142
Other funds					
Planning & development improvements	--	--	--	--	--
TPSD general improvements	--	--	159	159	2,974
Parks-1992	--	--	--	--	158
Library automation system	--	15	9	24	120
Fire/EMS/NW Austin MUD #1	--	--	12	12	--
General government projects	--	--	--	--	--
Health projects	3,054	--	--	3,054	4,802
Build Austin	150	--	--	150	148
CMTA Mobility	10,470	--	263	10,733	20,824
Forsythia Drive	--	--	--	--	--
Central City Entertainment Center	--	--	--	--	18
Park improvements	--	9	--	9	1,383
Police and courts	--	--	--	--	11
Health centers	--	--	--	--	17
Neighborhood centers	--	--	--	--	--
Loan star improvements	--	--	--	--	--
Fire - general	--	--	--	--	2,719
Capital reserve	--	7,284	--	7,284	13,617
Public Works	1,063	--	--	1,063	1,034
One Texas Center	--	--	--	--	--
Watershed Protection	--	--	--	--	1,505
Great Streets	--	--	3	3	--
City Hall, plaza, parking garage	--	--	--	--	5,779
Conservation Land	--	--	1	1	--
Colony Park	--	--	--	--	2,117
Economic Development	--	--	--	--	--
Interest income fund	--	--	2,840	2,840	--
Total other funds	14,737	7,308	3,287	25,332	57,226
2003 Totals	\$ 14,819	10,935	3,412	29,166	155,517

(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Issuance of Tax Supported Debt	Transfers In	Transfers Out					
(10,509)	--	--	--	--	(10,509)	27,410	16,901	
(2,555)	--	--	--	--	(2,555)	4,546	1,991	
(22,199)	20,915	--	--	20,915	(1,284)	42,982	41,698	
(22,886)	8,505	--	--	8,505	(14,381)	24,002	9,621	
(12,702)	14,473	--	--	14,473	1,771	13,154	14,925	
(70,851)	43,893	--	--	43,893	(26,958)	112,094	85,136	
(37)	15,000	--	--	15,000	14,963	(15,045)	(82)	
(3,105)	3,400	--	--	3,400	295	7,510	7,805	
(3,142)	18,400	--	--	18,400	15,258	(7,535)	7,723	
--	--	--	--	--	--	750	750	
(2,815)	--	1,545	--	1,545	(1,270)	10,537	9,267	
(158)	--	--	--	--	(158)	(15)	(173)	
(96)	--	578	--	578	482	388	870	
12	--	--	--	--	12	607	619	
--	--	3,854	--	3,854	3,854	11,575	15,429	
(1,748)	--	269	--	269	(1,479)	1,975	496	
2	--	--	--	--	2	(27)	(25)	
(10,091)	--	--	--	--	(10,091)	18,518	8,427	
--	--	--	--	--	--	3	3	
(18)	--	--	--	--	(18)	28	10	
(1,374)	--	1,825	--	1,825	451	3,684	4,135	
(11)	--	--	--	--	(11)	157	146	
(17)	--	--	--	--	(17)	17	--	
--	--	--	--	--	--	8	8	
--	--	--	--	--	--	331	331	
(2,719)	1,145	2,500	--	3,645	926	5,517	6,443	
(6,333)	6,038	--	(1,925)	4,113	(2,220)	5,694	3,474	
29	--	--	--	--	29	(50)	(21)	
--	--	--	--	--	--	187	187	
(1,505)	650	600	--	1,250	(255)	967	712	
3	--	399	(490)	(91)	(88)	1,165	1,077	
(5,779)	(568)	2,400	--	1,832	(3,947)	19,613	15,666	
1	--	--	--	--	1	(2)	(1)	
(2,117)	--	3,365	--	3,365	1,248	648	1,896	
--	--	--	--	--	--	539	539	
2,840	--	68	(1,751)	(1,683)	1,157	(583)	574	
(31,894)	7,265	17,403	(4,166)	20,502	(11,392)	82,231	70,839	
(126,351)	70,323	18,139	(4,970)	83,492	(42,859)	231,967	189,108	





PERMANENT FUNDS

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

3M Maintenance Endowment – Purpose is to account for 3M Mitigation Land Endowment.

Ellis Library Trust – Purpose is to account for principal and interest income earned on the principal from the Ellis estate. This income is used for purchasing books on the subject of mental health.

Perpetual Care – Revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2003
(In thousands)

City of Austin, Texas
 Exhibit E-21

	3M			
	Maintenance	Ellis Library	Perpetual	2003
	Endowment	Trust	Care	Total
ASSETS				
Pooled investments and cash	\$ 50	23	1,280	1,353
Total assets	50	23	1,280	1,353
LIABILITIES AND FUND BALANCES				
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds	--	14	299	313
Total fund balances	50	23	1,280	1,353
Total liabilities and fund balances	\$ 50	23	1,280	1,353

Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
 Exhibit E-22

	3M			2003 Total
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	
REVENUES				
Property owners' participation and contributions	\$ --	--	2	2
Interest and other	--	1	26	27
Total revenues	--	1	28	29
Net change in fund balances	--	1	28	29
Fund balances at beginning of year	50	22	1,252	1,324
Fund balances at end of year	\$ 50	23	1,280	1,353





NONMAJOR ENTERPRISE FUNDS

Enterprise funds account for the acquisition, operations and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance. The nonmajor enterprise funds are as follows:

- The Austin Women's Hospital
- The Convention Center Fund;
- The Drainage Fund;
- The Golf Fund;
- The Hospital Fund;
- The Parks and Recreation Fund;
- The Primary Care Fund;
- The Solid Waste Services Fund; and
- The Transportation Fund



Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2003
(In thousands)

	Austin Women's Hospital	Convention Center	Drainage	Golf	Hospital
ASSETS					
Current assets:					
Cash	\$ --	7	3	1	--
Pooled investments and cash	89	11,572	4,325	241	73
Pooled investments and cash - designated	--	12,580	--	--	--
Pooled investments and cash - restricted	--	28,920	27,960	946	--
Total pooled investments and cash	89	53,072	32,285	1,187	73
Investments, at fair value - designated	--	297	--	--	--
Investments, at fair value - restricted	--	14,011	--	--	--
Working capital advances	--	124	--	--	--
Accounts receivable	--	478	2,627	--	3,307
Less allowance for doubtful accounts	--	(4)	(114)	--	(3,094)
Net accounts receivable	--	474	2,513	--	213
Interest receivable - restricted	--	88	13	--	--
Receivables from other governments	--	--	--	--	--
Inventories, at cost	--	--	--	--	--
Prepaid expenses	--	31	51	--	--
Other receivables - restricted	--	--	3,800	--	--
Total current assets	89	68,104	38,665	1,188	286
Noncurrent assets:					
Advances to other funds	--	--	41	23	--
Capital assets					
Land and other nondepreciable assets	--	26,314	2,960	324	803
Property, plant and equipment in service	9	234,762	46,668	12,241	73,990
Less accumulated depreciation	(1)	(30,026)	(7,930)	(3,844)	(37,363)
Net property, plant and equipment in service	8	204,736	38,738	8,397	36,627
Construction in progress	452	22,045	21,797	2,638	--
Total capital assets	460	253,095	63,495	11,359	37,430
Deferred costs and expenses, net of amortization	--	18,326	7	13	--
Total noncurrent assets	460	271,421	63,543	11,395	37,430
Total assets	\$ 549	339,525	102,208	12,583	37,716

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2003 Total</u>
ASSETS					
Current assets:					
Cash	--	2	3	1	17
Pooled investments and cash	142	2,292	5,765	5,326	29,825
Pooled investments and cash - designated	--	--	7,045	--	19,625
Pooled investments and cash - restricted	--	--	1,323	4	59,153
Total pooled investments and cash	142	2,292	14,133	5,330	108,603
Investments, at fair value - designated	--	--	--	--	297
Investments, at fair value - restricted	--	--	--	--	14,011
Working capital advances	--	--	--	--	124
Accounts receivable	--	2,236	4,576	1,628	14,852
Less allowance for doubtful accounts	--	(40)	(154)	(466)	(3,872)
Net accounts receivable	--	2,196	4,422	1,162	10,980
Interest receivable - restricted	--	--	--	--	101
Receivables from other governments	--	326	--	--	326
Inventories, at cost	--	349	--	198	547
Prepaid expenses	--	29	20	--	131
Other receivables - restricted	--	--	--	--	3,800
Total current assets	142	5,194	18,578	6,691	138,937
Noncurrent assets:					
Advances to other funds	--	--	--	--	64
Capital assets					
Land and other nondepreciable assets	--	--	10,662	--	41,063
Property, plant and equipment in service	173	1,087	54,363	12,332	435,625
Less accumulated depreciation	(59)	(574)	(24,314)	(6,171)	(110,282)
Net property, plant and equipment in service	114	513	30,049	6,161	325,343
Construction in progress	--	1	2,937	--	49,870
Total capital assets	114	514	43,648	6,161	416,276
Deferred costs and expenses, net of amortization	--	--	29	--	18,375
Total noncurrent assets	114	514	43,677	6,161	434,715
Total assets	256	5,708	62,255	12,852	573,652

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2003
(In thousands)

	Austin Women's Hospital	Convention Center	Drainage	Golf	Hospital
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 8	164	1,854	93	48
Accounts and retainage payable from restricted assets	--	1,592	760	5	--
Accrued payroll	--	210	410	81	3
Accrued compensated absences	--	328	848	144	2
Accrued interest payable from restricted assets	--	5,061	--	--	--
Interest payable on other debt	--	--	56	34	--
General obligation bonds payable and other tax supported debt	--	--	611	497	--
General obligation bonds payable and other tax supported debt payable from restricted assets	--	390	--	--	--
Revenue bonds payable from restricted assets	--	5,210	--	--	--
Capital lease obligations payable	--	42	41	--	--
Customer and escrow deposits payable from restricted assets	--	1,332	631	--	--
Deferred credits and other liabilities	--	--	--	5	--
Total current liabilities	8	14,329	5,211	859	53
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	200	522	130	--
Advances from other funds	--	2,520	--	--	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	9,397	13,740	7,926	--
Revenue bonds payable, net of discount and inclusive of premium	--	228,836	--	--	--
Capital lease obligations payable	--	18	46	--	--
Accrued landfill closure and postclosure costs	--	--	--	--	--
Total noncurrent liabilities	--	240,971	14,308	8,056	--
Total liabilities	8	255,300	19,519	8,915	53
NET ASSETS					
Invested in capital assets, net of related debt	8	40,554	49,627	3,390	37,430
Restricted for:					
Debt service	--	7,254	--	--	--
Capital projects	--	--	12,998	--	--
Renewal and replacement	--	1,330	--	--	--
Convention Center operating reserve	--	1,957	--	--	--
Unrestricted	533	33,130	20,064	278	233
Total net assets	\$ 541	84,225	82,689	3,668	37,663

(Continued)

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2003 Total
LIABILITIES					
Current liabilities:					
Accounts payable	33	940	698	1,570	5,408
Accounts and retainage payable from restricted assets	--	--	371	--	2,728
Accrued payroll	49	363	475	240	1,831
Accrued compensated absences	35	606	904	594	3,461
Accrued interest payable from restricted assets	--	--	--	--	5,061
Interest payable on other debt	--	--	89	4	183
General obligation bonds payable and other tax supported debt	--	--	1,942	130	3,180
General obligation bonds payable and other tax supported debt payable from restricted assets	--	--	--	--	390
Revenue bonds payable from restricted assets	--	--	--	--	5,210
Capital lease obligations payable	1	--	41	8	133
Customer and escrow deposits payable from restricted assets	--	--	306	--	2,269
Deferred credits and other liabilities	--	89	294	--	388
Total current liabilities	118	1,998	5,120	2,546	30,242
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	16	133	245	221	1,467
Advances from other funds	--	--	1,176	--	3,696
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	15,478	67	46,608
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	--	228,836
Capital lease obligations payable	--	--	33	10	107
Accrued landfill closure and postclosure costs	--	--	7,370	--	7,370
Total noncurrent liabilities	16	133	24,302	298	288,084
Total liabilities	134	2,131	29,422	2,844	318,326
NET ASSETS					
Invested in capital assets, net of related debt	113	514	26,828	5,952	164,416
Restricted for:					
Debt service	--	--	--	--	7,254
Capital projects	--	--	--	--	12,998
Renewal and replacement	--	--	--	--	1,330
Convention Center operating reserve	--	--	--	--	1,957
Unrestricted	9	3,063	6,005	4,056	67,371
Total net assets	122	3,577	32,833	10,008	255,326

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the year ended September 30, 2003
(In thousands)

	Austin Women's Hospital	Convention Center	Drainage	Golf	Hospital
OPERATING REVENUES					
User fees and rentals	\$ --	15,040	31,419	5,671	238
Operating revenues from other governments	--	--	--	--	--
Other operating revenues	573	--	--	--	--
Total operating revenues	573	15,040	31,419	5,671	238
OPERATING EXPENSES					
Operating expenses before depreciation	32	21,778	24,893	4,877	144
Depreciation and amortization	1	5,270	1,690	370	1,167
Total operating expenses	33	27,048	26,583	5,247	1,311
Operating income (loss)	540	(12,008)	4,836	424	(1,073)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	1	893	924	21	22
Interest on revenue bonds and other debt	--	(14,517)	(409)	(426)	--
Interest capitalized during construction	--	1,052	458	94	--
Amortization of bond issue cost	--	(168)	--	(1)	--
Other nonoperating revenue (expense)	--	60	(12)	(17)	--
Total nonoperating revenues (expenses)	1	(12,680)	961	(329)	22
Income (loss) before contributions and transfers	541	(24,688)	5,797	95	(1,051)
Capital contributions	--	--	1,581	85	--
Transfers in	--	22,895	299	--	--
Transfers out	--	(75)	(837)	--	--
Change in net assets	541	(1,868)	6,840	180	(1,051)
Total net assets - beginning	--	86,093	75,849	3,488	38,714
Total net assets - ending	\$ 541	84,225	82,689	3,668	37,663

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2003 Total</u>
OPERATING REVENUES					
User fees and rentals	3,652	10,717	40,534	20,759	128,030
Operating revenues from other governments	--	2,269	--	--	2,269
Other operating revenues	--	2,037	--	--	2,610
Total operating revenues	<u>3,652</u>	<u>15,023</u>	<u>40,534</u>	<u>20,759</u>	<u>132,909</u>
OPERATING EXPENSES					
Operating expenses before depreciation	3,484	21,943	34,306	19,435	130,892
Depreciation and amortization	9	51	3,207	1,036	12,801
Total operating expenses	<u>3,493</u>	<u>21,994</u>	<u>37,513</u>	<u>20,471</u>	<u>143,693</u>
Operating income (loss)	<u>159</u>	<u>(6,971)</u>	<u>3,021</u>	<u>288</u>	<u>(10,784)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	1	36	294	96	2,288
Interest on revenue bonds and other debt	--	--	(949)	(11)	(16,312)
Interest capitalized during construction	--	--	210	--	1,814
Amortization of bond issue cost	--	--	(4)	--	(173)
Other nonoperating revenue (expense)	(2)	(7)	(1,821)	(23)	(1,822)
Total nonoperating revenues (expenses)	<u>(1)</u>	<u>29</u>	<u>(2,270)</u>	<u>62</u>	<u>(14,205)</u>
Income (loss) before contributions and transfers	<u>158</u>	<u>(6,942)</u>	<u>751</u>	<u>350</u>	<u>(24,989)</u>
Capital contributions	--	--	43	(30)	1,679
Transfers in	--	7,729	1,111	--	32,034
Transfers out	--	--	(643)	(206)	(1,761)
Change in net assets	<u>158</u>	<u>787</u>	<u>1,262</u>	<u>114</u>	<u>6,963</u>
Total net assets - beginning	<u>(36)</u>	<u>2,790</u>	<u>31,571</u>	<u>9,894</u>	<u>248,363</u>
Total net assets - ending	<u>122</u>	<u>3,577</u>	<u>32,833</u>	<u>10,008</u>	<u>255,326</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	Austin Women's Hospital	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 573	15,202	31,297	5,670	2,034
Cash payments to suppliers for goods and services	(2)	(15,413)	(9,372)	(2,067)	(763)
Cash payments to employees for services	(30)	(6,736)	(14,651)	(2,777)	(88)
Cash received from other governments	--	--	--	--	--
Net cash provided (used) by operating activities	541	(6,947)	7,274	826	1,183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	22,895	299	--	--
Transfers out	--	(75)	(837)	--	--
Interest paid on revenue notes and other debt	--	--	--	--	--
Loans to other funds	--	--	(17)	(23)	--
Loans from other funds	--	2,520	--	--	--
Loan repayments to other funds	--	--	--	(44)	(1,198)
Loan repayments from other funds	--	--	491	--	--
Net cash provided (used) by noncapital financing activities	--	25,340	(64)	(67)	(1,198)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	(3,680)	(525)	(446)	--
Purchased interest received	--	--	--	13	--
Interest paid on revenue bonds and other debt	--	(13,978)	(478)	(399)	--
Acquisition and construction of capital assets	(453)	(7,179)	(11,061)	(474)	--
Contributions in aid of construction	--	--	1,999	85	--
Bond issuance costs	--	--	--	(6)	--
Bond discounts	--	--	--	(11)	--
Bond premiums	--	--	--	312	--
Bonds issued for advanced refundings of debt	--	--	--	2,948	--
Cash paid for bond refunding escrow	--	--	--	(3,244)	--
Net cash provided (used) by capital and related financing activities	\$ (453)	(24,837)	(10,065)	(1,222)	--

	Parks and Recreation	Primary Care	Solid Waste Services	Transportation	2003 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	3,652	9,387	40,638	20,641	129,094
Cash payments to suppliers for goods and services	(1,229)	(6,119)	(17,002)	(9,482)	(61,449)
Cash payments to employees for services	(2,335)	(13,632)	(17,103)	(9,110)	(66,462)
Cash received from other governments	--	2,686	--	--	2,686
Net cash provided (used) by operating activities	88	(7,678)	6,533	2,049	3,869
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	7,729	1,111	--	32,034
Transfers out	--	--	(643)	(206)	(1,761)
Interest paid on revenue notes and other debt	--	--	(2)	--	(2)
Loans to other funds	--	--	--	--	(40)
Loans from other funds	--	--	536	--	3,056
Loan repayments to other funds	--	--	--	--	(1,242)
Loan repayments from other funds	--	1,198	--	--	1,689
Net cash provided (used) by noncapital financing activities	--	8,927	1,002	(206)	33,734
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	--	(2,016)	(129)	(6,796)
Purchased interest received	--	--	5	--	18
Interest paid on revenue bonds and other debt	--	--	(966)	(13)	(15,834)
Acquisition and construction of capital assets	(7)	(184)	(1,953)	(912)	(22,223)
Contributions in aid of construction	--	--	43	--	2,127
Bond issuance costs	--	--	(2)	--	(8)
Bond discounts	--	--	(4)	--	(15)
Bond premiums	--	--	133	--	445
Bonds issued for advanced refundings of debt	--	--	1,257	--	4,205
Cash paid for bond refunding escrow	--	--	(1,383)	--	(4,627)
Net cash provided (used) by capital and related financing activities	(7)	(184)	(4,886)	(1,054)	(42,708)

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	Austin Women's Hospital	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	\$ --	(36,031)	--	--	--
Proceeds from sale and maturities of investment securities	--	34,611	--	--	--
Interest on investments	1	1,084	921	21	22
Net cash provided by investing activities	1	(336)	921	21	22
Net increase (decrease) in cash and cash equivalents	89	(6,780)	(1,934)	(442)	7
Cash and cash equivalents, October 1	--	59,859	34,222	1,630	66
Cash and cash equivalents, September 30	89	53,079	32,288	1,188	73
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	540	(12,008)	4,836	424	(1,073)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1	5,270	1,690	370	1,167
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	(151)	(134)	--	2,055
Increase (decrease) in allowance for doubtful accounts	--	(5)	12	--	(104)
Decrease in receivable from other governments	--	--	--	--	--
(Increase) decrease in inventory	--	--	--	--	--
(Increase) decrease in prepaid expenses and other assets	--	--	(3)	--	--
Increase (decrease) in accounts payable	--	(342)	789	41	(708)
Increase (decrease) in accrued payroll and compensated absences	--	(28)	84	(9)	1
Increase (decrease) in deferred credits and other liabilities	--	--	--	--	(155)
Increase in customer deposits	--	317	--	--	--
Total adjustments	1	5,061	2,438	402	2,256
Net cash provided (used) by operating activities	\$ 541	(6,947)	7,274	826	1,183
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from (to) other funds	\$ --	--	--	--	--
Net increase (decrease) in the fair value of investments	--	(13)	--	--	--
Amortization of bond issue costs	--	(168)	--	(1)	--
Amortization of bond discounts and premiums	--	176	(2)	(30)	--
Amortization of deferred loss on refundings	--	427	1	11	--
Gain (loss) on disposal of assets	--	61	(11)	(36)	--
Deferred gain and loss on bond refunding	--	--	--	(229)	--
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	--	--	--	32	--
Deferred costs recovered	--	--	--	(11)	--
Loss on extinguishment of debt	--	--	--	230	--
Contributions from other funds	--	--	--	(31)	--
Capital lease obligations	--	115	138	--	--
General obligation bonds and other tax supported debt proceeds receivable	--	--	3,800	--	--

(Continued)

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2003 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	--	--	--	--	(36,031)
Proceeds from sale and maturities of investment securities	--	--	--	--	34,611
Interest on investments	1	36	262	96	2,444
Net cash provided by investing activities	1	36	262	96	1,024
Net increase (decrease) in cash and cash equivalents	82	1,101	2,911	885	(4,081)
Cash and cash equivalents, October 1	60	1,193	11,225	4,446	112,701
Cash and cash equivalents, September 30	142	2,294	14,136	5,331	108,620
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	159	(6,971)	3,021	288	(10,784)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	9	51	3,207	1,036	12,801
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	(1,336)	20	(118)	336
Increase (decrease) in allowance for doubtful accounts	--	--	2	222	127
Decrease in receivable from other governments	--	417	--	--	417
(Increase) decrease in inventory	--	(11)	--	9	(2)
(Increase) decrease in prepaid expenses and other assets	--	(1)	25	--	21
Increase (decrease) in accounts payable	(58)	52	(74)	594	294
Increase (decrease) in accrued payroll and compensated absences	(22)	115	69	18	228
Increase (decrease) in deferred credits and other liabilities	--	6	182	--	33
Increase in customer deposits	--	--	81	--	398
Total adjustments	(71)	(707)	3,512	1,761	14,653
Net cash provided (used) by operating activities	88	(7,678)	6,533	2,049	3,869
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from (to) other funds	--	--	--	8	8
Net increase (decrease) in the fair value of investments	--	--	--	--	(13)
Amortization of bond issue costs	--	--	(4)	--	(173)
Amortization of bond discounts and premiums	--	--	(55)	--	89
Amortization of deferred loss on refundings	--	--	(57)	--	382
Gain (loss) on disposal of assets	(2)	(7)	(1,821)	(23)	(1,839)
Deferred gain and loss on bond refunding	--	--	98	--	(131)
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	--	--	13	--	45
Deferred costs recovered	--	--	--	--	(11)
Loss on extinguishment of debt	--	--	--	--	230
Contributions from other funds	--	--	--	--	(31)
Capital lease obligations	1	--	124	25	403
General obligation bonds and other tax supported debt proceeds receivable	--	--	--	--	3,800





INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City and other agencies on a cost-reimbursement basis.

The internal service funds are as follows:

- The Capital Projects Management Fund, which manages the City's capital improvement projects
- The Employee Benefits Fund, which includes activities related to the health, dental, and life insurance costs of City employees;
- The Fleet Maintenance Fund, which includes vehicle and equipment services;
- The Information Systems Fund, which includes activities of the Information Systems Department;
- The Liability Reserve Fund, which provides coverage of the City's major claims liabilities;
- The Support Services Fund, which includes the activities of the various support service departments;
- The Wireless Communication Fund, which includes communication support activities; and
- The Workers' Compensation Fund, which accounts for workers' compensation costs.



Internal Service Funds
Combining Statement of Net Assets
September 30, 2003
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems	Liability Reserve
ASSETS					
Current assets:					
Cash	\$ 3	--	3	--	--
Pooled investments and cash	5,016	14,372	8,086	5,479	5,177
Cash held by trustee	--	488	--	--	--
Accounts receivable	293	421	307	--	9,090
Less allowance for doubtful accounts	--	--	(222)	--	--
Net accounts receivable	293	421	85	--	9,090
Inventories, at cost	--	--	1,594	--	--
Prepaid expenses	20	--	--	--	--
Total current assets	5,332	15,281	9,768	5,479	14,267
Noncurrent assets:					
Capital assets					
Land and other nondepreciable assets	--	--	--	--	--
Property, plant and equipment in service	1,034	--	27,671	21,556	--
Less accumulated depreciation	(361)	--	(13,490)	(5,716)	--
Net property, plant and equipment in service	673	--	14,181	15,840	--
Construction in progress	--	--	1,043	3,448	--
Total capital assets	673	--	15,224	19,288	--
Deferred costs and expenses, net of amortization	--	--	4	2	--
Total noncurrent assets	673	--	15,228	19,290	--
Total assets	\$ 6,005	15,281	24,996	24,769	14,267

	Support Services	Wireless Communication	Workers' Compensation	2003 Total
ASSETS				
Current assets:				
Cash	11	1	--	18
Pooled investments and cash	10,191	502	11,230	60,053
Cash held by trustee	--	--	--	488
Accounts receivable	481	52	--	10,644
Less allowance for doubtful accounts	--	--	--	(222)
Net accounts receivable	481	52	--	10,422
Inventories, at cost	--	135	--	1,729
Prepaid expenses	238	--	--	258
Total current assets	10,921	690	11,230	72,968
Noncurrent assets:				
Capital assets				
Land and other nondepreciable assets	486	--	--	486
Property, plant and equipment in service	6,638	593	--	57,492
Less accumulated depreciation	(3,102)	(208)	--	(22,877)
Net property, plant and equipment in service	3,536	385	--	34,615
Construction in progress	--	--	--	4,491
Total capital assets	4,022	385	--	39,592
Deferred costs and expenses, net of amortization	1	--	--	7
Total noncurrent assets	4,023	385	--	39,599
Total assets	14,944	1,075	11,230	112,567

(Continued)

Internal Service Funds
Combining Statement of Net Assets
September 30, 2003
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems	Liability Reserve
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 146	2,271	1,259	404	230
Accrued payroll	389	--	276	390	--
Accrued compensated absences	762	--	491	765	--
Claims payable	--	5,541	--	--	10,535
Due to other funds	--	--	--	27	--
Interest payable on other debt	--	--	57	81	--
General obligation bonds payable and other tax supported debt	--	--	640	1,322	--
Capital lease obligations payable	46	--	24	171	--
Deferred credits and other liabilities	--	488	--	--	--
Total current liabilities	1,343	8,300	2,747	3,160	10,765
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	575	--	187	273	--
Claims payable	--	--	--	--	9,545
Advances from other funds	--	--	122	188	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	7,760	4,364	--
Capital lease obligations payable	22	--	20	46	--
Total noncurrent liabilities	597	--	8,089	4,871	9,545
Total liabilities	1,940	8,300	10,836	8,031	20,310
NET ASSETS					
Invested in capital assets, net of related debt	605	--	5,741	11,969	--
Restricted for:					
Capital projects	--	--	5,608	1,529	--
Unrestricted (deficit)	3,460	6,981	2,811	3,240	(6,043)
Total net assets	\$ 4,065	6,981	14,160	16,738	(6,043)

(Continued)

	Support Services	Wireless Communication	Workers' Compensation	2003 Total
LIABILITIES				
Current liabilities:				
Accounts payable	1,626	12	278	6,226
Accrued payroll	1,134	53	--	2,242
Accrued compensated absences	2,124	65	--	4,207
Claims payable	--	--	4,045	20,121
Due to other funds	--	--	--	27
Interest payable on other debt	4	--	--	142
General obligation bonds payable and other tax supported debt	152	--	--	2,114
Capital lease obligations payable	65	11	--	317
Deferred credits and other liabilities	96	305	--	889
Total current liabilities	5,201	446	4,323	36,285
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	1,514	62	--	2,611
Claims payable	--	--	5,082	14,627
Advances from other funds	86	--	--	396
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	653	--	--	12,777
Capital lease obligations payable	30	2	--	120
Total noncurrent liabilities	2,283	64	5,082	30,531
Total liabilities	7,484	510	9,405	66,816
NET ASSETS				
Invested in capital assets, net of related debt	2,637	372	--	21,324
Restricted for:				
Capital projects	--	--	--	7,137
Unrestricted (deficit)	4,823	193	1,825	17,290
Total net assets	7,460	565	1,825	45,751

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the year ended September 30, 2003
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems	Liability Reserve
OPERATING REVENUES					
Billings to departments	\$ 16,373	57,682	23,614	24,663	4,510
Employee contributions	--	22,073	--	--	--
Other operating revenues	2,318	--	156	166	9,090
Total operating revenues	18,691	79,755	23,770	24,829	13,600
OPERATING EXPENSES					
Operating expenses before depreciation	18,037	82,554	23,268	22,080	10,827
Depreciation and amortization	147	--	345	620	--
Total operating expenses	18,184	82,554	23,613	22,700	10,827
Operating income (loss)	507	(2,799)	157	2,129	2,773
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	81	--	--	93	--
Interest on revenue bonds and other debt	--	--	(357)	(206)	--
Amortization of bond issue cost	--	--	(2)	--	--
Other nonoperating revenue (expense)	64	--	95	238	--
Total nonoperating revenues (expenses)	145	--	(264)	125	--
Income (loss) before contributions and transfers	652	(2,799)	(107)	2,254	2,773
Capital contributions	--	--	(1,685)	787	--
Transfers out	--	--	--	(79)	--
Change in net assets	652	(2,799)	(1,792)	2,962	2,773
Total net assets - beginning	3,413	9,780	15,952	13,776	(8,816)
Total net assets - ending	\$ 4,065	6,981	14,160	16,738	(6,043)

	Support Services	Wireless Communication	Workers' Compensation	2003 Total
OPERATING REVENUES				
Billings to departments	49,952	2,602	11,065	190,461
Employee contributions	--	--	--	22,073
Other operating revenues	--	35	--	11,765
Total operating revenues	49,952	2,637	11,065	224,299
OPERATING EXPENSES				
Operating expenses before depreciation	47,736	2,673	11,564	218,739
Depreciation and amortization	514	71	--	1,697
Total operating expenses	48,250	2,744	11,564	220,436
Operating income (loss)	1,702	(107)	(499)	3,863
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	250	11	--	435
Interest on revenue bonds and other debt	(47)	--	--	(610)
Amortization of bond issue cost	(2)	--	--	(4)
Other nonoperating revenue (expense)	51	11	--	459
Total nonoperating revenues (expenses)	252	22	--	280
Income (loss) before contributions and transfers	1,954	(85)	(499)	4,143
Capital contributions	304	--	--	(594)
Transfers out	(77)	--	--	(156)
Change in net assets	2,181	(85)	(499)	3,393
Total net assets - beginning	5,279	650	2,324	42,358
Total net assets - ending	7,460	565	1,825	45,751

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems	Liability Reserve
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 18,642	79,334	23,744	24,842	4,510
Cash payments to suppliers for goods and services	(4,171)	(31,253)	(12,510)	(7,546)	(1,053)
Cash payments to employees for services	(13,884)	--	(10,061)	(14,891)	--
Cash payments to claimants/beneficiaries	--	(49,957)	--	--	(11,405)
Net cash provided (used) by operating activities	587	(1,876)	1,173	2,405	(7,948)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	--	--	--	(79)	--
Loans from other funds	--	--	59	--	--
Loan repayments to other funds	--	--	--	(27)	--
Net cash provided (used) by noncapital financing activities	--	--	59	(106)	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	(59)	--	(454)	(1,303)	--
Interest paid on revenue bonds and other debt	--	--	(331)	(183)	--
Acquisition and construction of capital assets	(20)	--	(5,148)	(5,626)	--
Contributions from municipality	--	--	1,346	943	--
Net cash used by capital and related financing activities	\$ (79)	--	(4,587)	(6,169)	--

	Support Services	Wireless Communication	Workers' Compensation	2003 Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	49,508	2,487	11,065	214,132
Cash payments to suppliers for goods and services	(5,535)	(814)	(1,191)	(64,073)
Cash payments to employees for services	(41,657)	(1,773)	--	(82,266)
Cash payments to claimants/beneficiaries	--	--	(8,190)	(69,552)
Net cash provided (used) by operating activities	2,316	(100)	1,684	(1,759)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(77)	--	--	(156)
Loans from other funds	--	--	--	59
Loan repayments to other funds	--	--	--	(27)
Net cash provided (used) by noncapital financing activities	(77)	--	--	(124)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	(225)	(12)	--	(2,053)
Interest paid on revenue bonds and other debt	(49)	--	--	(563)
Acquisition and construction of capital assets	(59)	--	--	(10,853)
Contributions from municipality	186	--	--	2,475
Net cash used by capital and related financing activities	(147)	(12)	--	(10,994)

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2003
(In thousands)

	Capital Projects Management	Employee Benefits	Fleet Maintenance	Information Systems	Liability Reserve
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	\$ 81	--	--	93	--
Net cash provided by investing activities	81	--	--	93	--
Net increase (decrease) in cash and cash equivalents	589	(1,876)	(3,355)	(3,777)	(7,948)
Cash and cash equivalents, October 1	4,430	16,736	11,444	9,256	13,125
Cash and cash equivalents, September 30	5,019	14,860	8,089	5,479	5,177
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	507	(2,799)	157	2,129	2,773
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	147	--	345	620	--
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(20)	(421)	(26)	13	(9,090)
Decrease in inventory	--	--	324	--	--
Increase in prepaid expenses and other assets	(20)	--	--	--	--
Increase (decrease) in accounts payable	(132)	335	292	(117)	188
Increase (decrease) in accrued payroll and compensated absences	134	--	81	(240)	--
Increase (decrease) in claims payable	--	923	--	--	(1,819)
Increase (decrease) in deferred credits and other liabilities	(29)	86	--	--	--
Total adjustments	80	923	1,016	276	(10,721)
Net cash provided (used) by operating activities	\$ 587	(1,876)	1,173	2,405	(7,948)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Increase in advances from other funds	\$ --	--	--	--	--
Capital assets contributed from (to) other funds	--	--	(3,031)	(156)	--
Amortization of bond discounts and premiums	--	--	(1)	--	--
Amortization of deferred loss on refundings	--	--	3	--	--
Gain (loss) on disposal of assets	--	--	73	(4)	--
Contributions from other funds	--	--	--	--	--
Capital lease obligations	127	--	74	422	--
General obligation bonds and other tax supported debt proceeds receivable	--	--	--	--	9,090

(Continued)

	Support Services	Wireless Communication	Workers' Compensation	2003 Total
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	250	11	--	435
Net cash provided by investing activities	250	11	--	435
Net increase (decrease) in cash and cash equivalents	2,342	(101)	1,684	(12,442)
Cash and cash equivalents, October 1	7,860	604	9,546	73,001
Cash and cash equivalents, September 30	10,202	503	11,230	60,559
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	1,702	(107)	(499)	3,863
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	514	71	--	1,697
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(444)	86	--	(9,902)
Decrease in inventory	--	48	--	372
Increase in prepaid expenses and other assets	--	--	--	(20)
Increase (decrease) in accounts payable	246	(5)	(80)	727
Increase (decrease) in accrued payroll and compensated absences	287	43	--	305
Increase (decrease) in claims payable	--	--	2,263	1,367
Increase (decrease) in deferred credits and other liabilities	11	(236)	--	(168)
Total adjustments	614	7	2,183	(5,622)
Net cash provided (used) by operating activities	2,316	(100)	1,684	(1,759)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Increase in advances from other funds	42	--	--	42
Capital assets contributed from (to) other funds	160	--	--	(3,027)
Amortization of bond discounts and premiums	(1)	--	--	(2)
Amortization of deferred loss on refundings	3	--	--	6
Gain (loss) on disposal of assets	(48)	--	--	21
Contributions from other funds	144	--	--	144
Capital lease obligations	182	25	--	830
General obligation bonds and other tax supported debt proceeds receivable	--	--	--	9,090





FIDUCIARY FUNDS

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for other agencies, individuals, private organizations, or governmental units. Included in the fiduciary funds are private-purpose trust funds and agency funds.

Private-purpose trust funds accounts are used to report trust arrangements under which principal and interest income benefits individuals, private organizations, or other governments.

Agency funds are purely custodial and thus do not involve measurement of results of operations.

See next page for descriptions of the individual funds.

Private-Purpose Trust Funds

Barbara Jordan Memorial Fund - Purpose is to account for donations for a future memorial.

COA Customer Assistance - Purpose is to hold donations solicited to help pay utility bills (part of Plus One Program). Funded by businesses that can use the donation as a tax deduction.

First Step-A Community Project - Accounts for programs and activities to improve community relations.

Leveraged Loan Pool - Purpose is to hold funds used to leverage private capital and state or federal resources to stimulate business investments.

Library City Literacy Program – Purpose is to account for fundraising efforts to help fund the City’s Workplace Literacy Program.

Telecommunity Partnership Fund – Purpose is to account for addressing the training needs of the Austin community and creating opportunities for individuals through partnerships with local employers.

Unclaimed Property – Purpose is to account for unclaimed City of Austin checks.

Voluntary Utility Assistance – Purpose is to account for contributions for the benefit of indigent utility customers. Contributions are received with electric bill payments.

Agency Funds

BCCP Permit Fund – Purpose is to hold BCCP Permit fees collected on behalf of Travis County.

Campaign Financing Fund – Purpose is to account for donations and fees for the Austin Fair Campaign Ordinance.

Municipal Court Fund – Purpose is to record service fees collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

Municipal Utility District Funds – Purpose is to account for revenues received from municipal utility districts which are used to make debt service payments for the districts.

Neighborhood Revitalization Funds – Purpose is to account for escrow deposits and payments to loan recipients.

**Fiduciary Funds
Private-Purpose Trust Funds
Combining Statement of Fiduciary Net Assets
September 30, 2003
(In thousands)**

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

	Assets			Liabilities			Net Assets Held in Trust
	Pooled Investments and Cash	Other Assets	Total Assets	Accounts Payable	Other Liabilities	Total Liabilities	
General government							
Unclaimed Property	\$ 261	--	261	--	253	253	8
Total general government	261	--	261	--	253	253	8
Transportation, planning and sustainability							
COA Customer Service	--	--	--	--	--	--	--
Voluntary Utility Assistance	116	--	116	--	--	--	116
Total transportation, planning and sustainability	116	--	116	--	--	--	116
Public recreation and culture							
Barbara Jordan Memorial	1	--	1	--	--	--	1
First Step - A Community Project	130	--	130	1	--	1	129
Library City Literacy Program	3	--	3	--	--	--	3
Total public recreation and culture	134	--	134	1	--	1	133
Urban growth management							
Leveraged Loan Pool	360	121	481	--	--	--	481
Telecommunity Partnership	13	--	13	--	--	--	13
Total urban growth management	373	121	494	--	--	--	494
2003 Total	\$ 884	121	1,005	1	253	254	751

**Fiduciary Funds
Private-Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit H-2**

	Additions				Net Increase (Decrease)	Net Assets at Beginning of Year	Net Assets at End of Year
	Contributions	Interest and Other	Total Additions	Deductions (1)			
General government							
Unclaimed Property	\$ --	5	5	6	(1)	9	8
Total general government	<u>--</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>(1)</u>	<u>9</u>	<u>8</u>
Transportation, planning and sustainability							
COA Customer Service	2	--	2	11	(9)	9	--
Voluntary Utility Assistance	215	2	217	37	180	(64)	116
Total transportation, planning and sustainability	<u>217</u>	<u>2</u>	<u>219</u>	<u>48</u>	<u>171</u>	<u>(55)</u>	<u>116</u>
Public recreation and culture							
Barbara Jordan Memorial	--	--	--	--	--	1	1
First Step - A Community Project	--	4	4	103	(99)	228	129
Library City Literacy Program	--	--	--	--	--	3	3
Total public recreation and culture	<u>--</u>	<u>4</u>	<u>4</u>	<u>103</u>	<u>(99)</u>	<u>232</u>	<u>133</u>
Urban growth management							
Leveraged Loan Pool	--	7	7	--	7	474	481
Telecommunity Partnership	--	--	--	--	--	13	13
Total urban growth management	<u>--</u>	<u>7</u>	<u>7</u>	<u>--</u>	<u>7</u>	<u>487</u>	<u>494</u>
2003 Total	<u>\$ 217</u>	<u>18</u>	<u>235</u>	<u>157</u>	<u>78</u>	<u>673</u>	<u>751</u>

(1) Expenditures include capital outlay of \$3.

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit H-3

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
BCCP Permit Fund				
Assets				
Pooled investments and cash	\$ 36	301	238	99
Total Assets	36	301	238	99
Liabilities				
Accounts payable	--	118	115	3
Due to other governments	18	48	18	48
Deposits and other liabilities	18	48	18	48
Total Liabilities	36	214	151	99
Campaign Financing Fund				
Assets				
Pooled investments and cash	37	25	1	61
Total Assets	37	25	1	61
Liabilities				
Deposits and other liabilities	37	89	65	61
Total Liabilities	37	89	65	61
Municipal Courts				
Assets				
Pooled investments and cash	1,932	10,027	10,082	1,877
Total Assets	1,932	10,027	10,082	1,877
Liabilities				
Accounts payable	160	1,257	1,369	48
Due to other governments	1,382	10,921	10,798	1,505
Deposits and other liabilities	390	463	529	324
Total Liabilities	1,932	12,641	12,696	1,877
Neighborhood Revitalization				
Assets				
Pooled investments and cash	284	7,072	7,096	260
Total Assets	284	7,072	7,096	260
Liabilities				
Deposits and other liabilities	284	394	418	260
Total Liabilities	284	394	418	260
Total Agency Funds				
Assets				
Pooled investments and cash	2,289	17,425	17,417	2,297
Total Assets	2,289	17,425	17,417	2,297
Liabilities				
Accounts payable	160	1,375	1,484	51
Due to other governments	1,400	10,969	10,816	1,553
Deposits and other liabilities	729	994	1,030	693
Total Liabilities	\$ 2,289	13,338	13,330	2,297





SUPPLEMENTAL SCHEDULES

Enterprise Related Grants
Combining Balance Sheet
September 30, 2003
(In thousands)

City of Austin, Texas
Exhibit I-1

	Assets			Liabilities and Fund Balances				
	Pooled Investments and Cash	Receivables from Other Governments	Total Assets	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
ELECTRIC RELATED								
U.S. Department of Energy	\$ 179	18	197	18	179	197	--	197
Public Utility Commission of Texas	--	167	167	167	--	167	--	167
ICLEI USA, Inc.	--	--	--	--	--	--	--	--
Total Electric	179	185	364	185	179	364	--	364
WATER AND WASTEWATER RELATED								
U.S. Environmental Protection Agency	--	--	--	--	--	--	--	--
U.S. Fish and Wildlife	--	7	7	7	--	7	--	7
Texas On-Site Wastewater Treatment Research Council	--	--	--	--	--	--	--	--
Total Water and Wastewater Related	--	7	7	7	--	7	--	7
AIRPORT RELATED								
U.S. Department of Transportation	--	1,702	1,702	1,702	--	1,702	--	1,702
Federal Bureau of Investigation	--	4	4	4	--	4	--	4
Propane Education and Research Council	--	155	155	155	--	155	--	155
Texas Comptroller of Public Accounts	8	--	8	--	8	8	--	8
Total Airport	8	1,861	1,869	1,861	8	1,869	--	1,869
DRAINAGE RELATED								
U.S. Environmental Protection Agency	--	2	2	2	--	2	--	2
Total Drainage	--	2	2	2	--	2	--	2
PRIMARY CARE								
U.S. Health and Human Services	84	326	410	326	84	410	--	410
Telecommunications Infrastructure Fund Board	--	--	--	--	--	--	--	--
Reach Out and Read National Center	4	--	4	--	4	4	--	4
Total Primary Care	88	326	414	326	88	414	--	414
SOLID WASTE								
Capital Area Planning Council	--	--	--	--	--	--	--	--
Total Solid Waste	--	--	--	--	--	--	--	--
Total grants, enterprise related	\$ 275	2,381	2,656	2,381	275	2,656	--	2,656

NOTE: These grants have been reported in the enterprise fund financial statements.

**Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit I-2**

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind		Grant	In-Kind	Grant	In-Kind		Grant	In-Kind	
		Match	Total				Match	Total		Match	Total
ELECTRIC RELATED											
U.S. Department of Energy	\$ 449	936	1,385	71	34	520	970	1,490	1,066	1,490	2,556
Public Utility Commission of Texas	--	--	--	167	--	167	--	167	167	--	167
ICLEI USA, Inc.	6	--	6	15	--	21	--	21	42	35	77
Total Electric	455	936	1,391	253	34	708	970	1,678	1,275	1,525	2,800
WATER AND WASTEWATER RELATED											
U.S. Environmental Protection Agency	9,832	--	9,832	115	--	9,947	--	9,947	10,115	--	10,115
U.S. Fish and Wildlife	7	--	7	6	--	13	--	13	31	8	39
Texas On-Site Wastewater Treatment Research Council	14	--	14	--	--	14	--	14	20	--	20
Total Water and Wastewater Related	9,853	--	9,853	121	--	9,974	--	9,974	10,166	8	10,174
AIRPORT RELATED											
U.S. Department of Transportation	9,420	2,998	12,418	8,292	2,121	17,712	5,119	22,831	28,727	8,057	36,784
Federal Bureau of Investigation	--	--	--	5	--	5	--	5	11	--	11
Propane Education and Research Council	--	--	--	155	--	155	--	155	300	--	300
Texas Comptroller of Public Accounts	16	--	16	2	--	18	--	18	23	--	23
Total Airport	9,436	2,998	12,434	8,454	2,121	17,890	5,119	23,009	29,061	8,057	37,118
DRAINAGE RELATED											
U.S. Environmental Protection Agency	199	--	199	11	--	210	--	210	850	--	850
Total Drainage	199	--	199	11	--	210	--	210	850	--	850
PRIMARY CARE											
U.S. Health and Human Services	884	--	884	801	--	1,685	--	1,685	2,851	--	2,851
Telecommunications Infrastructure Fund Board	148	60	208	--	--	148	60	208	600	60	660
Reach Out and Read National Center	2	--	2	--	--	2	--	2	6	--	6
Total Primary Care	1,034	60	1,094	801	--	1,835	60	1,895	3,457	60	3,517
SOLID WASTE											
Capital Area Planning Council	--	--	--	43	--	43	--	43	43	--	43
Total Solid Waste	--	--	--	43	--	43	--	43	43	--	43
Total grants, enterprise related	\$ 20,977	3,994	24,971	9,683	2,155	30,660	6,149	36,809	44,852	9,650	54,502

NOTE: These grants have been reported in the enterprise fund financial statements.

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit I-3**

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2003
10-22-83	Brackenridge 2000	\$ 50,000	40,785	--	9,215
09-08-84	Parks improvements	9,975	9,648	--	327
01-19-85	Cultural arts	20,285	14,890	--	5,395
11-03-98	Traffic signals	152,000	95,582	20,915	35,503
11-03-98	Parks and recreation facilities	75,925	40,250	14,473	21,202
11-03-98	Public safety facilities	54,675	46,170	8,505	--
11-03-98	Cultural arts and land acquisition	46,390	34,845	--	11,545
11-07-00	Street improvements	150,000	30,000	15,000	105,000
11-07-00	Land acquisition	13,400	10,000	3,400	--
		<u>\$ 572,650</u>	<u>322,170</u>	<u>62,293</u>	<u>188,187</u>

Source: Bond Sale Official Statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein.

It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in governmental and proprietary funds.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit I-4**

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2003
ELECTRIC UTILITY						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
Total Electric Utility		1,124,021	--	561,633	--	562,388
WATER UTILITY						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
Total Water Utility		\$ 802,275	41,000	225,688	--	535,587

(Continued)

(1) This schedule displays only those previously issued bonds which relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding, refunding bonds, or commercial paper.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2003
(In thousands)**

**City of Austin, Texas
Exhibit I-4**

(Continued)

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2003
WASTEWATER UTILITY						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
Total Wastewater Utility		741,960	38,011	309,281	--	394,668
Total Utility		2,668,256	79,011	1,096,602	--	1,492,643
AIRPORT						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
Total Airport		1,128,000	--	392,205	--	735,795
CONVENTION CENTER						
07-29-89	New convention center	69,000	--	68,240	--	760
Total Convention Center		69,000	--	68,240	--	760
Total revenue bonds		\$ 3,865,256	79,011	1,557,047	--	2,229,198

Source: Bond sale official statements





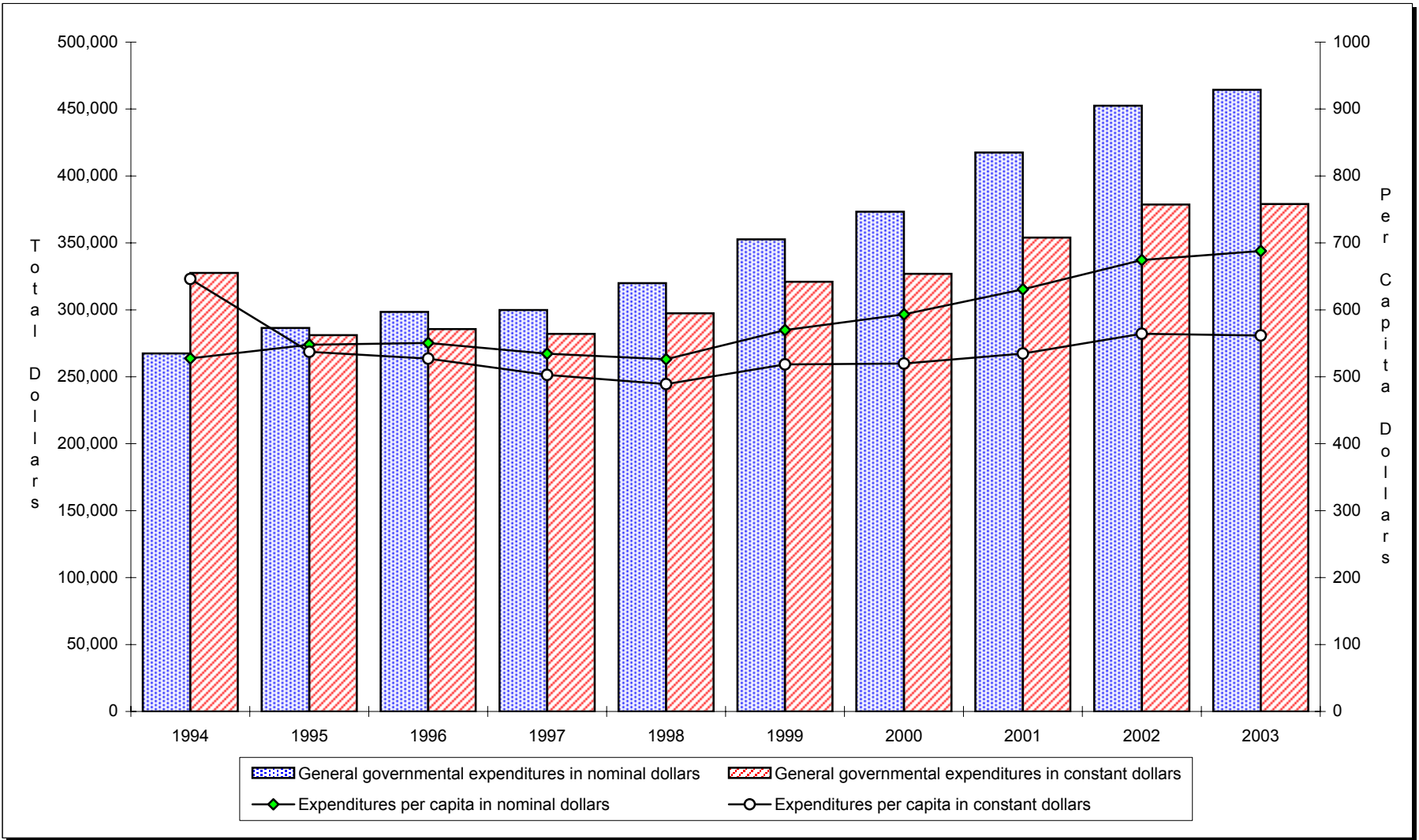
STATISTICAL SECTION - UNAUDITED

Financial presentations included in the Statistical Section provide data on the financial, physical and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.



**General Governmental Total Expenditures and Expenditures per Capita
1994-2003 (in thousands)
In nominal and constant 1994 dollars**

186

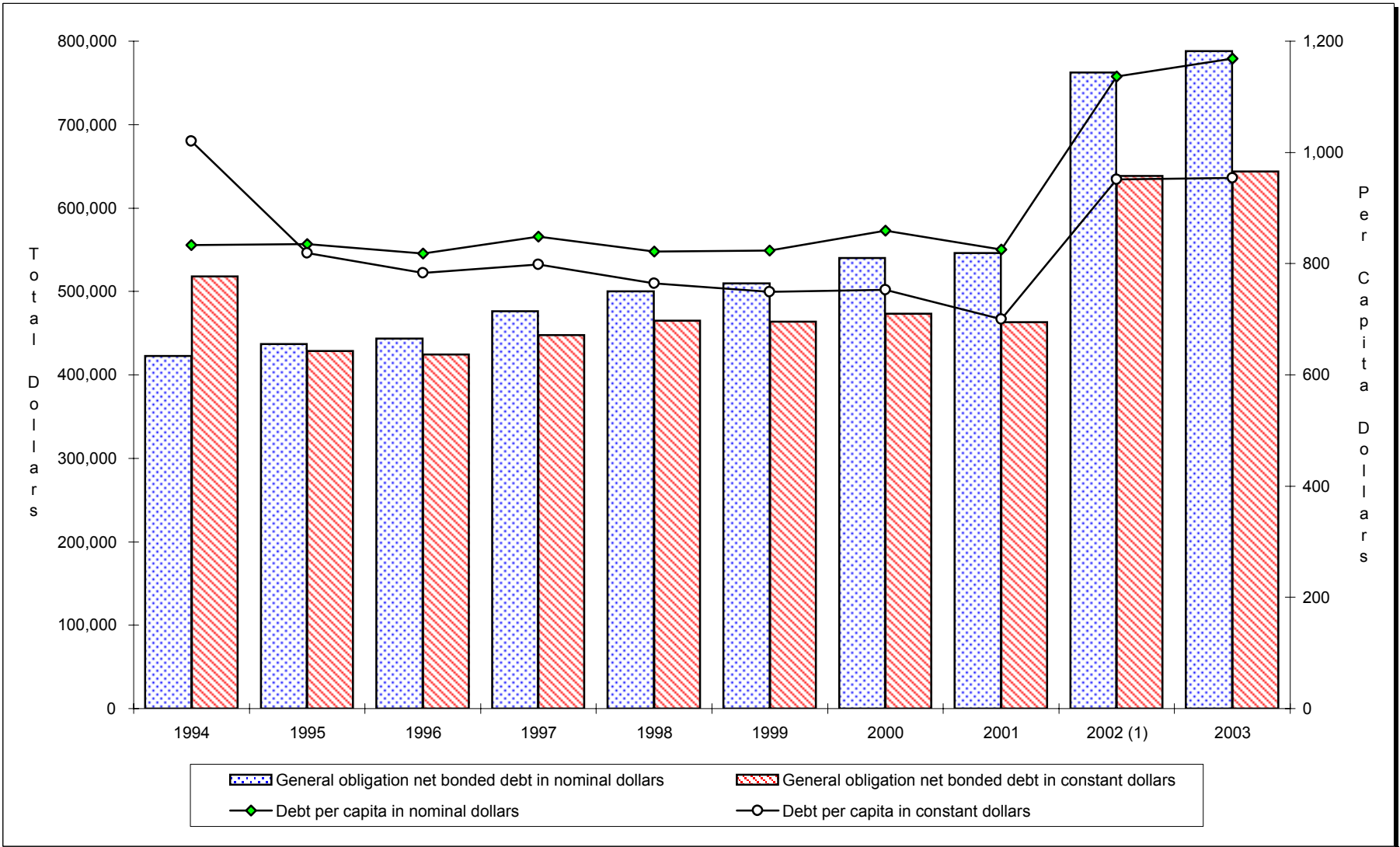


Population 507 523 542 561 608 619 629 662 671 675

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

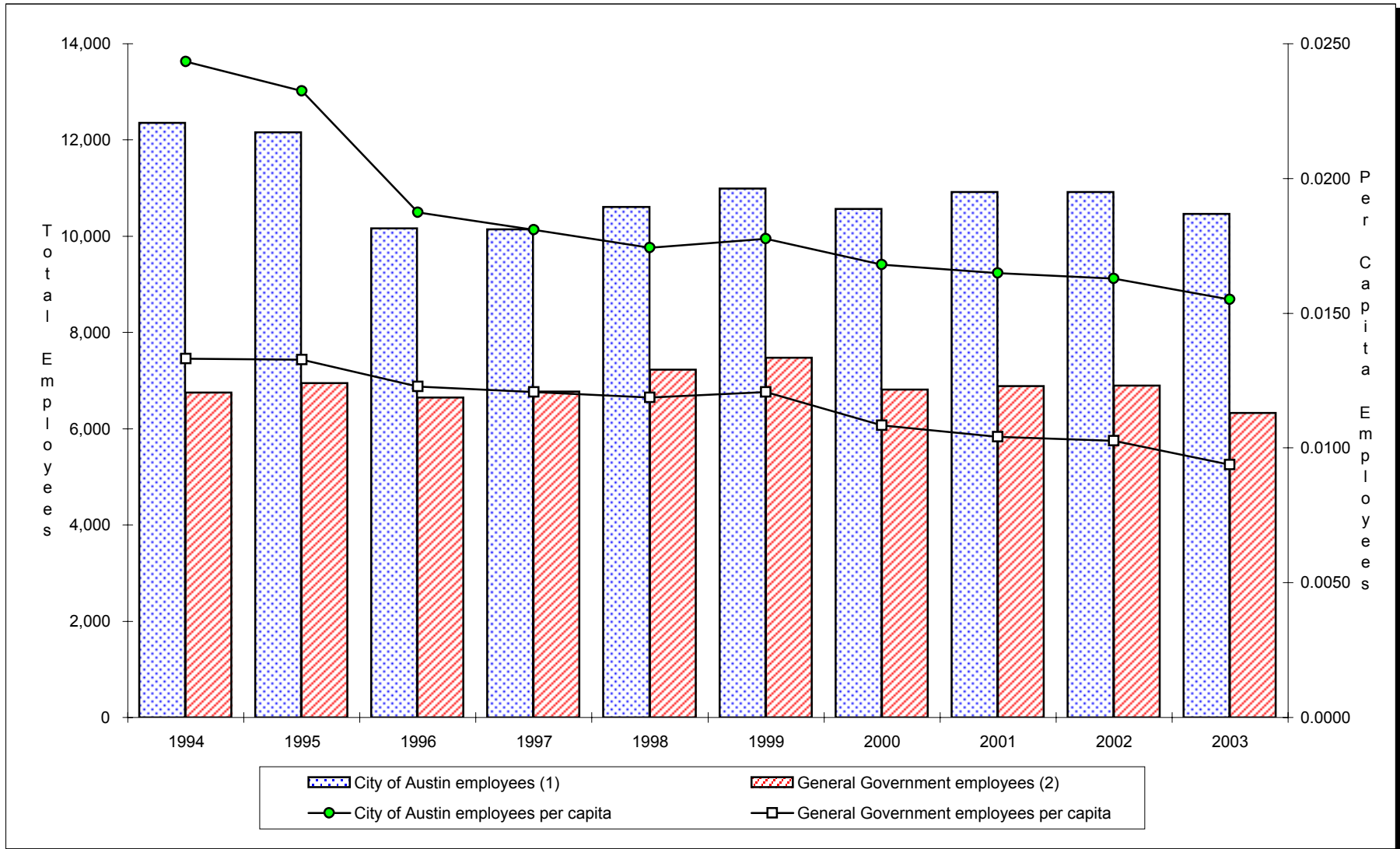
**General Obligation Net Debt and Net Debt per Capita
1994-2003 (in thousands)
In nominal and constant 1994 dollars**

187



Population 507 523 542 561 608 619 629 662 671 675

(1) In 2002 changed the timing of bond issuance from October to September, resulting in two bond issuances.



Population 507,000 523,000 542,000 561,000 608,000 619,000 629,000 662,000 671,000 675,000

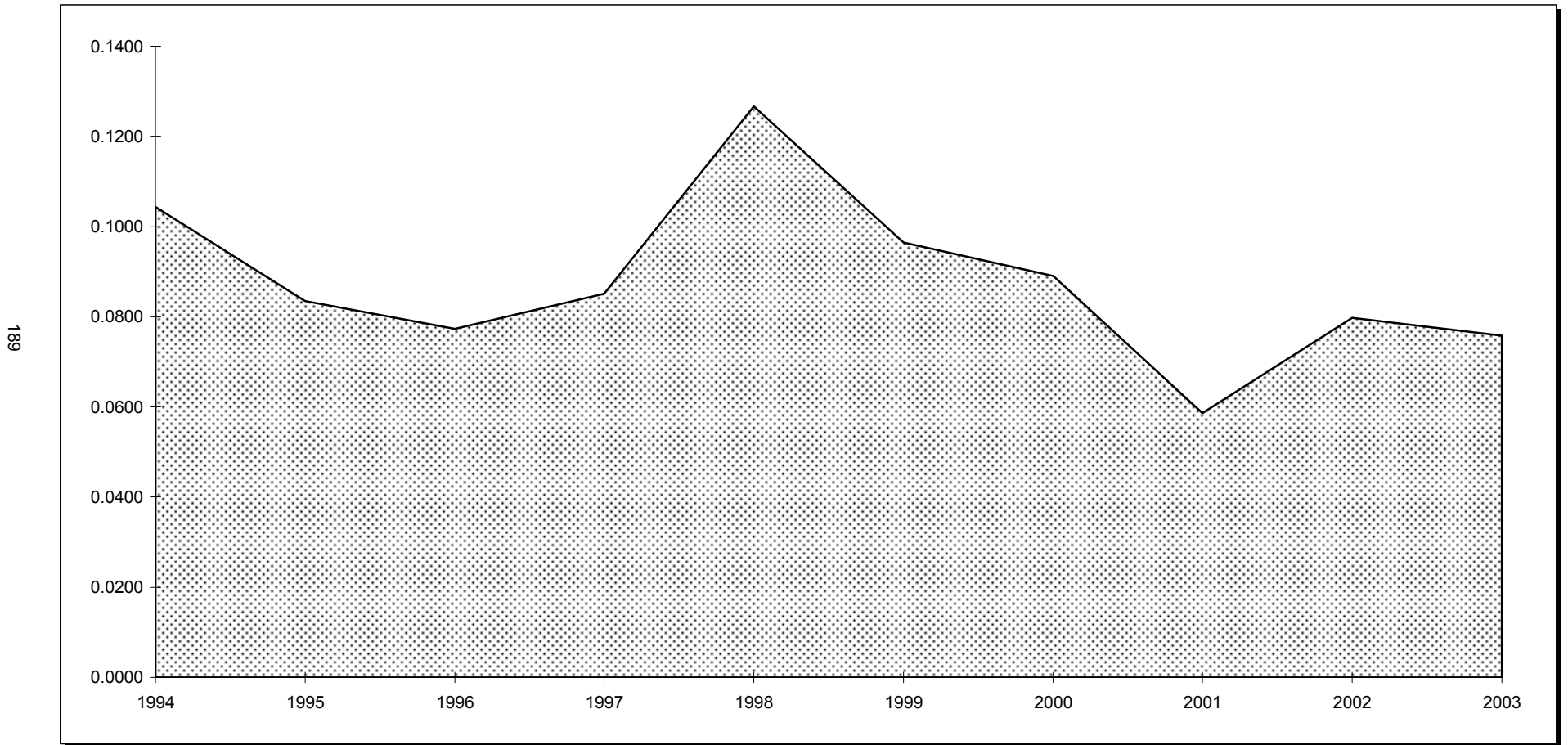
(1) Includes part-time employees

(2) Includes grant-funded employees and part-time employees

**Ratio of General Fund Unreserved Ending Balance
to General Governmental Annual Expenditures
1994-2003 (in thousands)**

**City of Austin, Texas
Exhibit 4**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Unreserved fund balance	\$ 27,903	23,929	23,083	25,501	40,502	34,029	33,243	24,457	36,078	35,196
Annual expenditures	\$ 267,435	286,528	298,416	299,845	319,902	352,697	373,258	417,494	452,487	464,379



Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

**General Governmental Expenditures by Function
1994-2003 (in thousands)**

**City of Austin, Texas
Table 1**

EXPENDITURES BY FUNCTION

Fiscal Year Ended Sept. 30	Total (1)	Public Services and Public Health					Public Recreation and Culture		Social Services	Support Services	Urban Growth Management	General City Responsibilities	
		Administration	Fiscal Management	Public Safety	Utilities	Public Health	Parks	Libraries	Management	Services	Management	Responsibilities	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1994	267,435	10,013	13,117	122,433	14,087	39,455	(2)	18,796	9,975	7,153	21,944	10,861	(399)
1995	286,528	9,186	12,499	131,743	15,550	40,432		19,258	10,617	7,335	20,451	11,402	8,055
1996	298,416	10,530	15,420	141,141	11,904	43,647		19,411	10,681	7,286	21,357	10,567	6,472
1997	299,845	10,661	16,250	144,288	9,676	43,190		21,283	11,481	6,739	22,513	7,501	6,263
1998	319,902	10,923	16,567	162,733	10,128	37,060		23,066	12,795	8,205	24,304	8,380	5,741
1999	352,697	13,045	19,628	173,963	11,099	40,678		26,028	14,901	8,627	29,993	9,129	5,606
2000	373,258	15,555	21,175	191,591	6,098	41,032		27,994	16,211	9,387	30,117	10,189	3,909
2001	417,494	18,152	20,779	210,281	9,520	41,437		30,369	17,091	8,071	41,076	11,569	9,149
2002	452,487	18,750	20,115	237,590	9,191	43,655		29,563	17,133	10,448	42,613	10,882	12,547
2003	464,379	18,030	21,785	254,684	9,380	46,061		28,170	17,023	9,985	38,910	11,638	8,713

(1) Total does not include transfers to other funds.

(2) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another fund.

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

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Reconciliation of Internal Service Fund expenses and General Fund expenditures

	Administration	Fiscal Management	Support Services	Total
Internal Service Fund expenses				
Mayor/Council	\$ 490			490
Management Services	3,698			3,698
City Clerk	3,361			3,361
Public Information Office	1,572			1,572
Office of the City Auditor		1,395		1,395
Financial Services		20,390		20,390
Information Systems			22,080	22,080
Human Resources			5,776	5,776
Small and Minority Business Resources			2,926	2,926
City Attorney			6,568	6,568
Other requirements			1,560	1,560
Total Support Services Fund	\$ 9,121	21,785	38,910	69,816
General Government total expenses by function				464,379
Plus budget-basis adjustment for transfers (see Exhibit E-3)				38,316
Less Internal Service Fund expenses				(69,816)
Total General Fund expenditures (see Exhibit E-2)				\$ 432,879

(Continued)

**General Governmental Expenditures by Function
1994-2003 (in thousands)**

**City of Austin, Texas
Table 1
(Continued)**

EXPENDITURES BY FUNCTION AS A PERCENT OF TOTAL EXPENDITURES

Fiscal Year Ended Sept. 30	Total (1) %	Administration %	Fiscal Management %	Public Services and Utilities			Public Recreation and Culture		Social Services Management %	Support Services %	Urban Growth Management %	General City Responsibilities %
				Public Safety %	Public Health %	Parks %	Libraries %					
1994	100.00	3.74	4.90	45.78	5.27	14.75	(2) 7.04	3.73	2.67	8.21	4.06	-0.15
1995	100.00	3.21	4.36	45.98	5.43	14.11	6.72	3.70	2.56	7.14	3.98	2.81
1996	100.00	3.53	5.17	47.30	3.99	14.62	6.50	3.58	2.44	7.16	3.54	2.17
1997	100.00	3.56	5.42	48.11	3.23	14.40	7.10	3.83	2.25	7.51	2.50	2.09
1998	100.00	3.41	5.18	50.88	3.17	11.58	7.21	4.00	2.56	7.60	2.62	1.79
1999	100.00	3.70	5.57	49.32	3.15	11.52	7.38	4.23	2.45	8.50	2.59	1.59
2000	100.00	4.17	5.67	51.34	1.63	10.99	7.50	4.34	2.51	8.07	2.73	1.05
2001	100.00	4.35	4.98	50.37	2.28	9.93	7.27	4.09	1.93	9.84	2.77	2.19
2002	100.00	4.14	4.45	52.51	2.03	9.65	6.53	3.79	2.31	9.42	2.40	2.77
2003	100.00	3.88	4.69	54.83	2.03	9.91	6.08	3.66	2.15	8.38	2.51	1.88

(1) Total does not include transfers to other funds.

(2) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another fund.

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

The table on the facing page shows by function internal service funds expenses that are included above in 2003.

**General Governmental Expenditures by Function
1994-2003 (in thousands)
In constant 1994 dollars**

**City of Austin, Texas
Table 2**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Administration	\$ 12,267	9,011	10,081	10,028	10,155	11,870	13,626	15,390	15,691	14,718
Fiscal management	16,069	12,261	14,761	15,287	15,401	17,861	18,548	17,618	16,833	17,783
Public safety	149,983	129,236	135,112	135,731	151,287	158,302	167,826	178,289	198,827	207,901
Public services and utilities	17,258	15,254	11,395	9,102	9,416	10,100	5,342	8,072	7,691	7,657
Public health	48,333 (2)	39,662	41,783	40,628	34,454	37,016	35,942	35,133	36,533	37,600
Parks	23,026	18,891	18,582	20,021	21,444	23,684	24,522	25,749	24,740	22,995
Libraries	12,219	10,415	10,225	10,800	11,895	13,560	14,200	14,491	14,338	13,896
Social services management	8,762	7,195	6,974	6,339	7,628	7,850	8,223	6,843	8,743	8,151
Support services	26,882	20,061	20,445	21,178	22,595	27,293	26,381	34,827	35,661	31,763
Urban growth management	13,304	11,185	10,116	7,056	7,791	8,307	8,925	9,809	9,107	9,500
General city responsibilities	(489)	7,902	6,196	5,892	5,337	5,102	3,424	7,758	10,500	7,113
Total (1)	\$ 327,614	281,073	285,670	282,062	297,403	320,945	326,959	353,979	378,664	379,077

(1) Total does not include transfers to other funds.

(2) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another fund.

Note: General governmental includes the General Fund and two internal service funds, Information Systems and Support Services.

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The table below shows by function internal service funds expenses that are included above in 2003:

<u>Department</u>	<u>Administration</u>	<u>Fiscal Management</u>	<u>Supportive Services</u>	<u>Total</u>
Mayor/Council	\$ 410			410
Management Services	3,097			3,097
City Clerk	2,813			2,813
Public Information Office	1,316			1,316
Office of the City Auditor		1,167		1,167
Financial Services		17,063		17,063
Information Systems			18,478	18,478
Human Resources			4,834	4,834
Small and Minority Business Resources			5,496	5,496
City Attorney			2,449	2,449
Other requirements			1,305	1,305
Total Support Services Fund	\$ 7,636	18,230	32,562	58,428

Note: Amounts are actual expenditures adjusted by a Consumer Price Index (CPI) based on the Texas CPI.

**General Fund Revenues and Other Financing Sources by Source
1994-2003 (in thousands)**

**City of Austin, Texas
Table 3**

REVENUES AND OTHER FINANCING SOURCES

Fiscal Year Ended Sept. 30	Operating Transfers In				Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Interest and Other
	Total	Utility System Funds	Other Funds	Subtotal								
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1994	256,511	67,914	25	188,572	63,567	75,780	1,809	12,188	9,764	12,851	6,519	6,094
1995	270,534	71,111	203	199,220	66,253	80,475	1,928	12,417	10,966	13,074	8,021	6,086
1996	288,328	73,583	342	214,403	74,441	83,681	2,042	13,579	12,159	14,311	8,175	6,015
1997	298,031	71,450	256	226,325	80,529	88,150	2,187	14,987	12,570	12,888	9,427	5,587
1998	333,903	72,721	--	261,182	90,775	97,581	2,354	17,101	14,493	15,541	10,261	13,076
1999	361,115	74,204	--	286,911	106,233	106,839	2,585	19,900	16,206	17,252	11,534	6,362
2000	398,096	78,352	--	319,744	115,328	122,157	2,972	23,905	16,040	18,174	11,758	9,410
2001	429,685	85,824	459	343,402	124,931	123,218	3,407	31,646	17,000	17,631	14,985	10,584
2002	482,844	88,924	48,160	345,760	143,056	115,441	3,448	29,834	17,704	14,670	15,579	6,028
2003	452,811	92,417	--	360,394	150,378	110,454	3,466	29,175	16,966	14,737	15,403	19,815

**REVENUES AND OTHER FINANCING SOURCES
AS A PERCENT OF TOTAL REVENUES AND SOURCES**

Fiscal Year Ended Sept. 30	Operating Transfers In				Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Interest and Other
	Total	Utility System Funds	Other Funds	Subtotal								
	%	%	%	%	%	%	%	%	%	%	%	%
1994	100.00	26.48	0.01	73.51	24.78	29.54	0.70	4.75	3.81	5.01	2.54	2.38
1995	100.00	26.29	0.08	73.63	24.49	29.75	0.71	4.59	4.05	4.83	2.96	2.25
1996	100.00	25.52	0.12	74.36	25.82	29.02	0.71	4.71	4.22	4.96	2.83	2.09
1997	100.00	23.98	0.09	75.93	27.02	29.58	0.73	5.03	4.22	4.32	3.16	1.87
1998	100.00	21.78	--	78.22	27.19	29.23	0.70	5.12	4.34	4.65	3.07	3.92
1999	100.00	20.55	--	79.45	29.41	29.59	0.72	5.51	4.49	4.78	3.19	1.76
2000	100.00	19.68	--	80.32	28.97	30.69	0.75	6.00	4.03	4.57	2.95	2.36
2001	100.00	19.97	0.11	79.92	29.07	28.68	0.79	7.37	3.96	4.10	3.49	2.46
2002	100.00	18.42	9.97	71.61	29.62	23.91	0.71	6.18	3.67	3.04	3.23	1.25
2003	100.00	20.41	--	79.59	33.21	24.39	0.77	6.44	3.75	3.25	3.40	4.38

**Assessed Valuation, Estimated Market Value, Tax Rates,
Tax Levies, and Tax Collections
1994-2004**

**City of Austin, Texas
Table 4**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Assessed Value to Market Value %	Assessed Valuation \$	Estimated Market Value \$	Percent of Growth in Market Value %	Tax Rate (per \$100 Valuation)		
						General Fund \$	Debt Service Fund \$	Total \$
1994	1993	100	18,237,532,094	18,237,532,094	7.4	0.3462	0.2763	0.6225
1995	1994	100	20,958,589,300	20,958,589,300	14.9	0.3132	0.2493	0.5625
1996	1995	100	23,303,015,047	23,303,015,047	11.2	0.3177	0.2269	0.5446
1997	1996	100	25,823,385,257	25,823,385,257	10.8	0.3117	0.2134	0.5251
1998	1997	100	27,493,058,735	27,493,058,735	6.5	0.3304	0.2097	0.5401
1999	1998	100	32,458,349,755	32,458,349,755	18.1	0.3265	0.1877	0.5142
2000	1999	100	35,602,840,326	35,602,840,326	9.7	0.3222	0.1812	0.5034
2001	2000	100	41,419,314,286	41,419,314,286	16.3	0.3011	0.1652	0.4663
2002	2001	100	47,782,873,096	47,782,873,096	15.4	0.3041	0.1556	0.4597
2003	2002	100	50,759,650,668	50,759,650,668	6.2	0.2969	0.1628	0.4597
2004 (1)	2003	100	49,216,593,057	49,216,593,057	(3.0)	0.3236	0.1692	0.4928

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1) \$	Current Tax Collections \$	Percent of Levy Collected %	Delinquent Tax Collections \$	Total Tax Collections \$	Percent of Total Tax Collections to Tax Levy %	Outstanding Delinquent Taxes \$	Percent of Delinquent Taxes to Tax Levy %
1994	1993	113,528,637	112,118,783	98.76	1,491,539	113,610,322	100.07	6,660,770	5.87
1995	1994	117,892,065	116,714,522	99.00	1,292,960	118,007,482	100.10	6,554,774	5.56
1996	1995	126,908,220	125,670,964	99.03	1,124,436	126,795,400	99.91	6,497,489	5.12
1997	1996	135,598,596	134,188,550	98.96	696,317	134,884,867	99.47	6,709,208	4.95
1998	1997	148,490,010	146,707,221	98.80	844,378	147,551,599	99.37	6,945,055	4.68
1999	1998	166,900,834	165,044,814	98.89	1,137,274	166,182,088	99.57	7,317,015	4.38
2000	1999	179,224,698	177,574,166	99.08	1,385,668	178,959,834	99.85	7,532,647	4.20
2001	2000	193,138,262	191,173,307	98.98	1,191,262	192,364,569	99.60	7,318,463	3.79
2002	2001	219,657,867	217,043,867	98.81	927,864	217,971,731	99.23	7,435,974	3.39
2003	2002	233,342,114	230,629,853	98.84	1,774,736	232,404,589	99.60	7,990,337	3.42
2004 (1)	2003	242,539,370	**	**	**	**	**	**	**

** Information not yet available for tax year 2003

(1) Assessed valuation for tax year 2003 is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

**Principal Taxpayers
September 30, 2003**

**City of Austin, Texas
Table 5**

Taxpayer	Type of Property	January 1, 2002 Assessed Valuation	Percent of Total Assessed Valuation of \$50,759,650,668
		\$	%
Motorola, Inc.	Manufacturing	1,016,296,140	2.00
Advanced Micro Devices, Inc.	Manufacturing	374,255,682	0.74
IBM Corporation	Manufacturing	337,578,631	0.67
Southwestern Bell Telephone Company	Telephone Utility	308,143,824	0.61
Samsung	Manufacturing	288,031,829	0.57
Applied Materials Inc.	Manufacturing	258,424,206	0.51
Minnesota Mining & Manufacturing	Manufacturing	165,254,000	0.32
State Street Bank & Trust Co	Commercial	153,091,312	0.30
Prudential Insurance Company	Commercial	147,707,585	0.29
Dell Computer Corp	Manufacturing	146,993,214	0.29
		3,195,776,423	6.30

Source: Travis Central Appraisal District
Williamson County Appraisal District

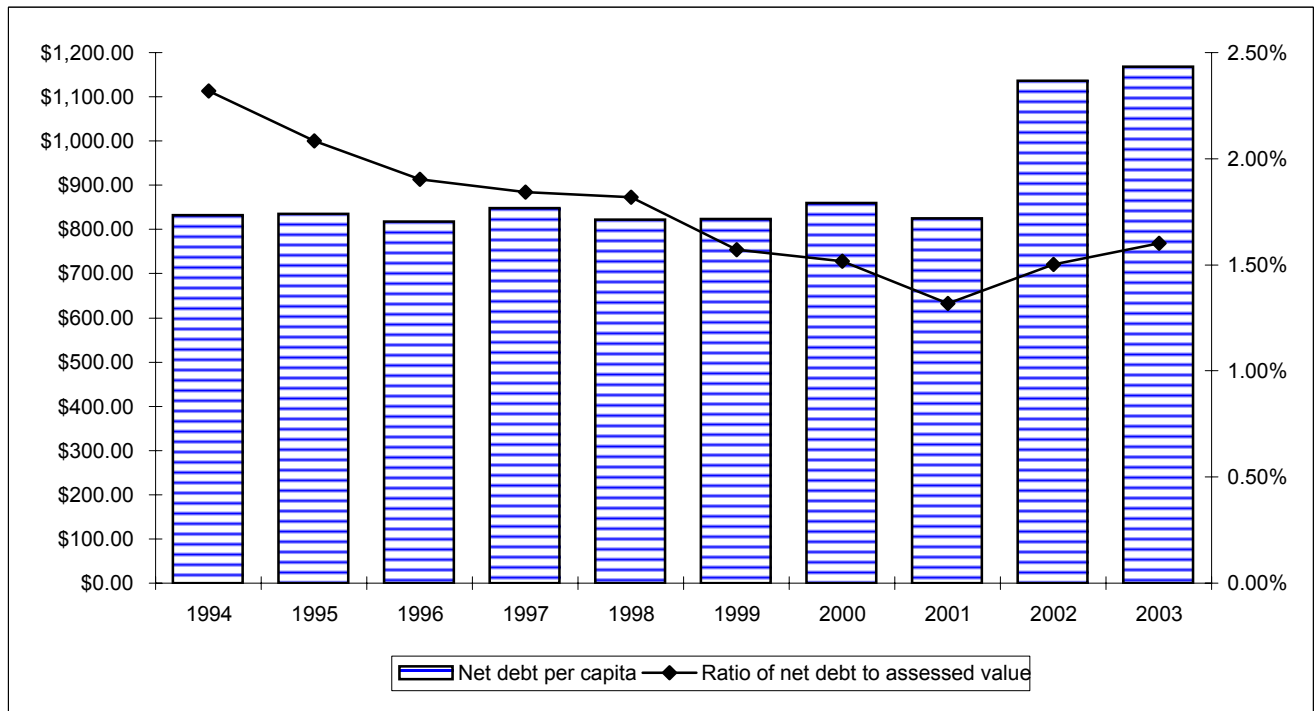
**Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt per Capita
1994-2003**

Fiscal Year Ended Sept. 30	Population Estimate	Assessed Value	Gross Bonded Debt (1) (in 000's)	Amount Available in Debt Service Fund (2) (in 000's)	Net Bonded Debt (in 000's)	Ratio of Net Bonded Debt to		Net Debt Per Capita
						Assessed Value	Market Value	
		\$	\$	\$	\$	%	%	\$
1994	507,468	18,237,532,094	429,261	6,523	422,738	2.32	2.32	833.03
1995	523,352	20,958,589,300	445,803	8,935	436,868	2.08	2.08	834.75
1996	541,889	23,303,015,047	451,722	8,475	443,247	1.90	1.90	817.97
1997	560,939	25,823,385,257	483,677	7,529	476,148	1.84	1.84	848.84
1998	608,214	27,493,058,735	507,297	7,270	500,027	1.82	1.82	822.12
1999	619,038	32,458,349,755	517,629	7,870	509,759	1.57	1.57	823.47
2000	628,667	35,602,840,326	550,039	9,756	540,283	1.52	1.52	859.41
2001	661,639	41,419,314,286	562,678	16,467	546,211	1.32	1.32	825.54
2002	671,044	50,759,650,668	779,075	16,451	762,624	1.50	1.50	1,136.47 (3)
2003	674,719	49,216,593,057	805,677	17,311	788,366	1.60	1.60	1,168.44

(1) Excludes general obligation bonds, public property finance contractual obligations, and certificates of obligation issued for proprietary funds. Excludes revenue bonds and advances from other funds.

(2) Excludes loan fund balances.

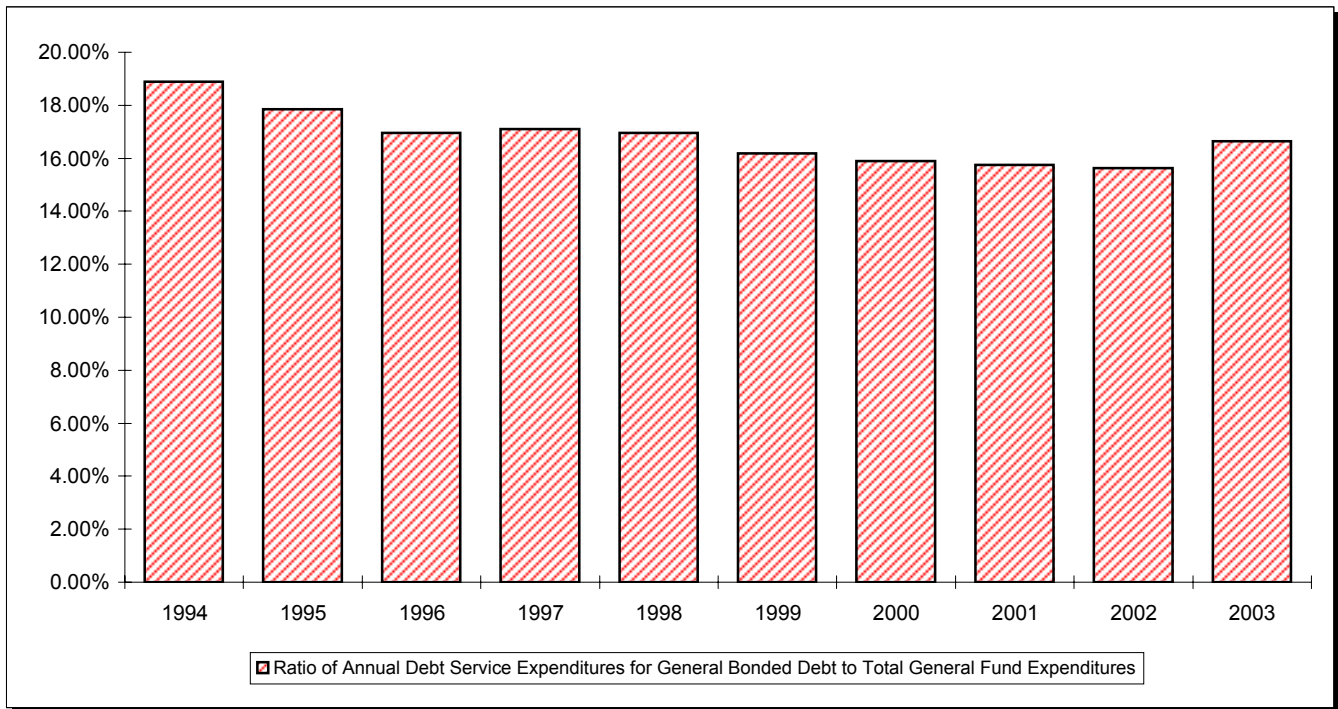
(3) In 2002 changed the timing of bond issuance from October to September, resulting in two bond issuances.



Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures 1994-2003 (in thousands)

Fiscal Year Ended Sept. 30	Principal (2) (3)	Interest and Paying Agents' Commissions (2) (3)	Total Debt Service	Total General Fund Expenditures	Total Debt Service plus Total General Fund Expenditures	Ratio of Debt Service to Total (1)
	\$	\$	\$	\$	\$	%
1994	28,330	24,605	52,935	227,411	280,346	18.88
1995	22,023	32,214	54,237	249,615	303,852	17.85
1996	22,723	35,039	57,762	282,773	340,535	16.96
1997	21,502	38,481	59,983	290,578	350,561	17.11
1998	22,570	40,751	63,321	310,195	373,516	16.95
1999	23,781	42,130	65,911	341,417	407,328	16.18
2000	26,920	42,094	69,014	364,938	433,952	15.90
2001	44,070	29,854	73,924	395,621	469,545	15.74
2002	43,867	35,797	79,664	430,237	509,901	15.62
2003	48,785	37,573	86,358	432,879	519,237	16.63

- (1) Ratio of total debt service to total debt service plus total General Fund.
- (2) Excludes payments for enterprise fund general obligation debt.
- (3) Subsequent to 1999, excludes loan principal and interest.



**Computation of Legal Debt Margin
September 30, 2003 (in thousands)**

**City of Austin, Texas
Table 8**

Assessed value (100% of estimated market value) as of January 1, 2002		\$ 50,759,651
		<u>50,759,651</u>
Debt limit		\$ 7,101,605
Amount of debt applicable to debt limit:		
Total general obligation bonds, contractual obligations, and certificates of obligation excluding proprietary fund balances of \$84,551	\$ 805,677	
Less: Amount available in Debt Service Fund	<u>17,311</u>	
		<u>788,366</u>
Debt applicable to debt limit, excluding loan fund balances and advances from other funds		<u>788,366</u>
Legal debt margin		<u>\$ 6,313,239</u>

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

Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2002 and assessed valuation of \$50,759,651 at 95% collection, tax revenues of \$723,325 would be produced. This revenue could service the debt on \$7,101,605 issued as 8% - 20 year serial bonds with level debt service payments.

**Computation of Direct and Overlapping Debt
September 30, 2003**

**City of Austin, Texas
Table 9**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2003 (in 000's)	Percent Applicable to City of Austin (2)	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
City of Austin	805,677 (1)	100.00	805,677
Greater than 10%			
Austin Community College	128,760	81.70	105,197
Austin Independent School District	444,015	79.12	351,305
North Austin MUD #1	11,392	100.00	11,392
Northwest Austin MUD #1	12,727	100.00	12,727
Northwest Travis County RD #3	5,355	100.00	5,355
Travis County	479,377	72.00	345,151
Subtotal greater than 10%	<u>1,081,626</u>		<u>831,127</u>
Less than 10%			
Del Valle Independent School District	94,070	3.12	2,935
Eanes Independent School District	110,422	3.98	4,395
Leander Independent School District	556,601	1.17	6,512
Manor Independent School District	32,664	1.72	562
Pflugerville Independent School District	222,872	4.01	8,937
Round Rock Independent School District	465,740	5.75	26,780
Williamson County	376,880	2.93	11,043
Subtotal less than 10%	<u>1,859,249</u>		<u>61,164</u>
Total direct and overlapping debt	<u><u>3,746,552</u></u>		<u><u>1,697,968</u></u>
Ratio of total direct and overlapping debt to assessed valuation (3)		3.32 %	
Per capita overlapping debt (4)		\$ 2,516.56	

- (1) Excludes general obligation debt reported in proprietary funds
- (2) Source: Taxing jurisdictions
- (3) Based on assessed valuation of \$51,174,017,303
- (4) Based on 2003 estimated population of 674,719

**Property Tax Rates and Tax Levies
for Direct and Overlapping Governments with Applicable Percentages Over 10%
1994-2003**

**City of Austin, Texas
Table 10**

Tax Rates (per \$100 Assessed Value) for Fiscal Year Ended September 30

Government	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4597	0.4597	0.4663	0.5034	0.5142	0.5401	0.5251	0.5446	0.5625	0.6225
Austin Community College	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0482	0.0466	0.0482
Austin Independent School District	1.5964	1.5486	1.5486	1.5486	1.4319	1.4010	1.3110	1.2832	1.3450	1.4623
North Austin MUD #1	0.5000	0.5100	0.5500	0.5803	0.7100	0.7100	0.7500	--	--	--
Northwest Austin MUD #1	0.2632	0.3150	0.3577	0.3620	0.3620	0.4000	0.3926	0.3926	0.4000	0.3800
Northwest Travis County RD #3	0.1500	0.1646	0.1600	0.2248	0.2500	0.2700	0.3500	0.3541	0.4500	0.7500
Travis County (1)	0.4660	0.4460	0.4670	0.4988	0.5143	0.4938	0.4950	0.5186	0.5552	0.5966

Tax Levies (in 000's) for Fiscal Year Ended September 30

Government	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	233,342	219,658	193,138	179,225	166,901	148,490	135,599	126,908	117,892	113,529
Austin Community College	24,863	23,323	20,571	19,209	15,255	13,971	13,900	11,951	9,458	8,641
Austin Independent School District	644,948	593,189	525,477	455,559	385,064	348,753	321,567	277,255	272,094	251,813
North Austin MUD #1	2,808	2,856	2,855	2,375	2,372	2,372	2,390	--	--	--
Northwest Austin MUD #1	874	1,093	1,046	136	659	645	125	509	434	323
Northwest Travis County RD #3	625,575	654	590	670	607	539	576	428	388	343
Travis County (1)	287,478	256,710	231,415	209,688	196,160	168,089	157,852	149,801	143,659	135,027

Note: Initial tax levies were as follows: Austin Community College - 1988, Northwest Travis County RD#3 - 1990, and Northwest Austin MUD #1 - 1989.

(1) Includes taxes and levies for Travis County and Farm to Market Roads.

Source: Travis Central Appraisal District and taxing entity.

City Sales Tax
Tax Levied Effective January 1, 1968 (Base Year is 1969)
1968-2003

City of Austin, Texas
Table 11

Fiscal Year Ended Sept. 30	(In thousands)					Total	Percent Base Year	Annual Percent Increase (Decrease)	Percent of Property Tax Levy	Equivalent Tax Rate
	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.						
	\$	\$	\$	\$	\$	%	%	%	¢	
1968 (1)	--	--	--	1,458	1,458	N/A	N/A	14.58	19.54	
1969	876	906	852	917	3,551	100.0	0.0	34.07	43.96	
1970	974	1,089	951	1,041	4,055	114.2	14.2	35.08	45.25	
1971	1,129	1,245	1,137	1,235	4,746	133.7	17.0	34.41	44.39	
1972	1,309	1,465	1,339	1,415	5,528	155.7	16.5	35.50	45.80	
1973	1,569	1,715	1,592	1,692	6,568	185.0	18.8	38.37	48.73	
1974	1,730	1,946	1,695	1,888	7,259	204.4	10.5	38.45	48.82	
1975	1,961	1,972	2,328	1,644	7,905	222.6	8.9	36.05	42.89	
1976	2,242	2,318	2,046	2,560	9,166	258.1	16.0	36.17	45.94	
1977	1,798	3,173	2,653	3,867	11,491	323.6	25.4	35.92	45.62	
1978	3,022	3,501	3,155	3,853	13,531	381.0	17.8	40.00	49.60	
1979	3,815	3,909	3,487	4,067	15,278	430.2	12.9	45.75	43.92	
1980	3,793	4,269	3,722	6,000	17,784	500.8	16.4	49.42	47.44	
1981	3,792	5,652	5,034	7,103	21,581	607.7	21.4	56.20	32.03	
1982	4,483	6,284	5,625	8,025	24,417	687.6	13.1	53.86	33.39	
1983	5,171	7,089	6,785	9,052	28,097	791.2	15.1	53.02	29.81	
1984	6,331	8,823	8,963	12,756	36,873	1038.4	31.2	57.00	37.05	
1985	7,917	11,289	10,922	14,506	44,634	1256.9	21.0	61.53	28.98	
1986	8,379	11,394	10,435	13,741	43,949	1237.7	(1.5)	49.24	26.00	
1987	7,669	10,353	9,677	12,189	39,888	1123.3	(9.2)	35.23	17.01	
1988	7,318	10,596	10,651	14,360	42,925	1208.8	7.6	37.92	20.16	
1989	8,039	9,427	14,140	15,566	47,172	1328.4	9.9	46.43	24.61	
1990	12,381	13,277	8,918	16,964	51,540	1451.4	9.3	50.46	29.01	
1991	12,762	10,539	13,578	18,522	55,401	1560.2	7.5	56.59	32.23	
1992	9,304	14,713	14,231	20,007	58,255	1640.5	5.2	57.11	34.42	
1993	10,869	17,393	15,971	22,821	67,054	1888.3	15.1	61.62	39.50	
1994	11,897	19,225	18,072	26,586	75,780	2134.0	13.0	66.75	41.55	
1995	13,198	21,628	18,836	26,813	80,475	2266.3	6.2	68.26	38.40	
1996	5,643	22,056	20,294	35,688	83,681	2356.5	4.0	65.94	35.91	
1997	5,571	23,258	20,850	38,471	88,150	2482.4	5.3	65.01	34.14	
1998	8,335	23,188	24,054	42,004	97,581	2748.0	10.7	65.72	35.50	
1999	14,684	20,637	26,051	45,467	106,839	3008.7	9.5	64.01	32.91	
2000	10,389	30,780	29,300	51,688	122,157	3440.1	14.3	68.16	34.31	
2001	11,325	30,977	30,574	50,342	123,218	3470.0	0.9	63.80	29.75	
2002	7,887	24,060	36,417	47,077	115,441	3250.9	(6.3)	52.55	24.16	
2003	9,895	27,625	27,201	45,733	110,454	3110.5	(4.3)	47.34	21.76	

(1) 1% City sales tax levied effective January 1, 1968. This tax is collected and remitted to the City by the State Comptroller.

ELECTRIC FUND

Distribution -- 2,360 miles primary overhead distribution lines (12KV)
 3,172 miles secondary overhead distribution lines (12KV)
 2,284 miles primary underground distribution lines (12KV)
 2,233 miles secondary underground distribution lines (12KV)
 35 miles transmission lines (69KV)
 297 miles transmission lines (138KV)
 269 miles transmission lines (345KV) (counting 50% of jointly owned lines with LCRA)

WATER AND WASTEWATER FUND

Source of supply -- 150 mile long network of lakes created along the Colorado River by six dams with a combined storage capacity in excess of 3,300,000 acre-feet of water.

Water treatment plants	3
Rated peak daily capacity	260,000,000 gallons
Average daily consumption	119,020,000 gallons
Average daily consumption per capita	155 gallons (based on 2003 service area population)
Water distribution --	2,995 miles of mains
	45 booster pump stations
Water connections --	184,659 metered services
	27,647 fire hydrants
Wastewater treatment plants	9 (includes 6 package treatment plants)
Combined daily capacity	130,000,000 gallons
Average daily volume	87,165,000 gallons
Collection Sanitary sewer mains	2,311 miles
Connections	169,330
Lift stations	105

**Electric Fund and
Water and Wastewater Fund
Five-Year Comparative Operating Schedule
1999-2003 (in thousands)**

**City of Austin, Texas
Table 13**

	Fiscal Year Ended September 30				
	2003	2002	2001	2000	1999
	\$	\$	\$	\$	\$
REVENUE					
Electric					
Service Area Sales	838,189	668,744	756,246	723,260	622,489
Sales to other utilities (including capacity contract)	51,168	41,625	33,135	50,780	51,566
Rent from electric property	1,455	2,002	995	851	878
Customers' forfeited discounts and penalties	3,893	4,738	(36)	1,558	3,964
Miscellaneous	26,944	27,986	15,970	6,280	3,190
Total electric	921,649	745,095	806,310	782,729	682,087
Water					
Urban	111,689	104,547	99,156	109,963	91,861
Rural	7,293	6,837	6,439	7,413	5,582
City utility departments	--	--	--	--	310
City general government departments	--	--	--	(42)	1,087
Sales to other water utilities	7,697	7,164	7,185	7,877	6,333
Water connections	403	300	237	208	233
Customers' forfeited discounts and penalties	623	784	(5)	263	605
Miscellaneous	2,719	2,403	1,661	4,507	3,610
Total water	130,424	122,035	114,673	130,189	109,621
Wastewater					
Urban	97,495	92,793	92,328	97,895	91,672
Rural	3,971	3,311	2,810	2,631	2,229
City utility departments	--	--	1	7	546
City general government departments	--	--	--	--	42
Sales to other sewer utilities	2,966	2,983	3,161	3,114	2,858
Sewer connections	369	275	217	190	216
Customers' forfeited discounts and penalties	598	733	(3)	260	573
Industrial waste surcharge	3,846	3,662	3,730	4,041	3,950
Miscellaneous	2,696	3,742	2,998	2,152	2,335
Total wastewater	111,941	107,499	105,242	110,290	104,421
Interest	25,658	48,359	61,316	47,350	30,561
Total operating and interest revenues	1,189,672	1,022,988	1,087,541	1,070,558	926,690

(continued)

**Electric Fund and
Water and Wastewater Fund
Five-Year Comparative Operating Schedule
1999-2003 (in thousands)**

**City of Austin, Texas
Table 13**

(Continued)

	Fiscal Year Ended September 30				
	2003	2002	2001	2000	1999
	\$	\$	\$	\$	\$
EXPENSE					
Electric					
Total electric	554,235	401,439	458,686	420,075	342,914
Water					
Purification	16,834	16,702	15,303	14,225	12,650
Distribution	20,796	20,897	20,197	18,247	15,575
Customer accounting and collection	6,035	6,378	5,202	5,457	3,908
Jobbing and contract work	(118)	(78)	52	14	(27)
Design engineering	708	800	425	1,922	1,251
Administrative and general	14,754	15,296	12,406	12,939	10,764
Total water	59,009	59,995	53,585	52,804	44,121
Wastewater					
Sewer lines	5,609	6,299	6,175	7,592	8,563
Sewage treatment plant	20,913	21,405	19,172	17,115	17,634
Customer accounting and collection	2,911	3,017	4,374	4,406	2,483
Jobbing and contract work	11	24	87	69	56
Design engineering	7,396	7,437	6,846	1,998	2,312
Administrative and general	13,567	14,164	12,172	12,382	11,842
Total wastewater	50,407	52,346	48,826	43,562	42,890
Total expenses (1)	663,651	513,780	561,097	516,441	429,925
Net revenue available for debt service	526,021	509,208	526,444	554,117	496,765

(1) Interest expense, depreciation, amortization and other nonoperating items are not included in total expense.

**Electric Fund and
Water and Wastewater Fund
Plant Cost and Equity in Utility Systems
1999-2003 (in thousands)**

**City of Austin, Texas
Table 14**

	Fiscal Year Ended September 30				
	2003	2002	2001	2000	1999
	\$	\$	\$	\$	\$
PLANT COST					
Utility systems					
Electric	3,399,284	3,231,331	3,067,650	2,842,927	2,693,238
Water	1,275,501	1,220,643	1,169,575	1,090,912	1,003,650
Wastewater	1,214,498	1,123,646	1,080,759	1,032,885	976,681
Total cost	<u>5,889,283</u>	<u>5,575,620</u>	<u>5,317,984</u>	<u>4,966,724</u>	<u>4,673,569</u>
Allowance for depreciation:					
Electric	1,288,675	1,203,986	1,131,861	1,048,947	972,368
Water	299,550	278,757	264,352	242,395	220,478
Wastewater	358,634	337,795	328,640	304,152	280,009
Total depreciation	<u>1,946,859</u>	<u>1,820,538</u>	<u>1,724,853</u>	<u>1,595,494</u>	<u>1,472,855</u>
Cost after depreciation	<u>3,942,424</u>	<u>3,755,082</u>	<u>3,593,131</u>	<u>3,371,230</u>	<u>3,200,714</u>
EQUITY IN UTILITY SYSTEMS					
Utility systems	5,889,283	5,575,620	5,317,983	4,966,724	4,673,569
Plus:					
Inventories, materials and supplies (1)	32,349	32,980	34,689	32,905	32,227
Net construction assets and unamortized bond issue cost (2)	28,922	125,858	154,576	126,423	145,028
	<u>5,950,554</u>	<u>5,734,458</u>	<u>5,507,248</u>	<u>5,126,052</u>	<u>4,850,824</u>
Less:					
Allowance for depreciation	1,946,859	1,820,538	1,724,853	1,595,495	1,472,854
Construction contracts payable	--	--	279	1,149	2,128
	<u>1,946,859</u>	<u>1,820,538</u>	<u>1,725,132</u>	<u>1,596,644</u>	<u>1,474,982</u>
Utility systems, net	<u>4,003,695</u>	<u>3,913,920</u>	<u>3,782,116</u>	<u>3,529,408</u>	<u>3,375,842</u>
Revenue bonds and other debt outstanding (3)	2,798,156	2,796,408	2,779,856	2,722,323	2,651,729
Less:					
Bond retirement and reserve funds	144,410	147,637	170,700	161,597	160,867
Net debt	<u>2,653,746</u>	<u>2,648,771</u>	<u>2,609,156</u>	<u>2,560,726</u>	<u>2,490,862</u>
Equity in utility systems	<u>1,349,949</u>	<u>1,265,149</u>	<u>1,172,960</u>	<u>968,682</u>	<u>884,980</u>
Percentage of equity in utility systems	<u>33.72%</u>	<u>32.32%</u>	<u>31.01%</u>	<u>27.45%</u>	<u>26.22%</u>

(1) Does not include fuel oil or coal inventories of approximately \$14.2 million at September 30, 2003. Consists primarily of spare parts inventory at Fayette Plant and South Texas Project.

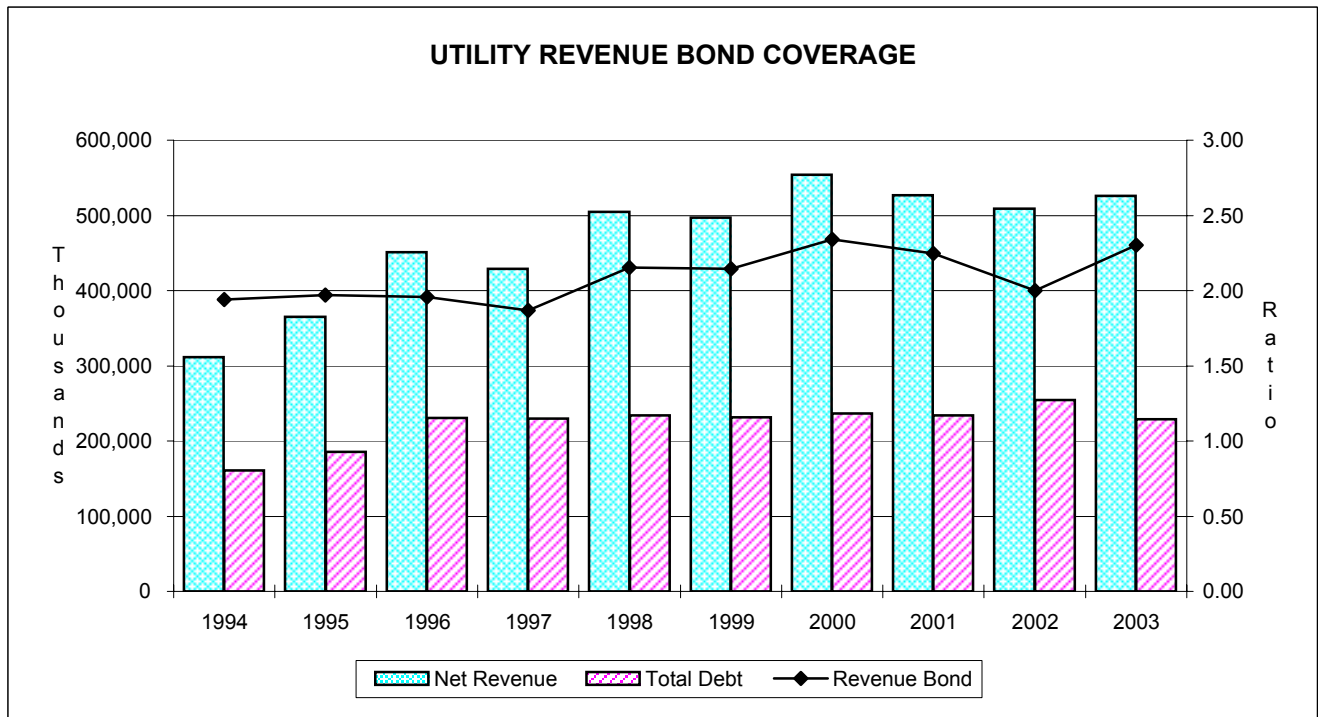
(2) Includes investment in municipal utility districts of \$2 thousand.

(3) Includes Revenue Bonds and Tax/Revenue Bonds of \$2,622.1 million (net of discounts, unamortized gains and losses on refundings, and inclusive of premiums); Contract Revenue Bonds of \$16.2 million; Capital Lease Obligations of \$14.9 million; Commercial Paper of \$128.4 million (net of discounts); General Obligation Bonds of \$8.8 million; and Contractual Obligation Bonds of \$7.6 million.

**Schedule of Combined Utility Systems
Electric Fund and Water and Wastewater Fund
Revenue Bond Coverage
1994-2003 (in thousands)**

Fiscal Year Ended Sept. 30	Net Revenue Available for Debt Service			Debt Service Requirements (3)			Revenue Bond Coverage (4)
	Total Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total Debt Service	
	\$	\$	\$	\$	\$	\$	
1994	684,560	372,995	311,565	14,885	145,845	160,730	1.94
1995	717,231	352,003	365,228	34,547	150,952	185,499	1.97
1996	831,371	380,407	450,964	75,520	154,728	230,248	1.96
1997	812,186	383,121	429,065	82,541	146,998	229,539	1.87
1998	918,508	413,939	504,569	93,922	140,541	234,463	2.15
1999	926,692	429,926	496,766	100,084	131,627	231,711	2.14
2000	1,070,558	516,441	554,117	96,790	140,126	236,916	2.34
2001	1,087,541	561,097	526,444	101,357	133,055	234,412	2.25
2002	1,022,988	513,780	509,208	98,876	155,645	254,521	2.00
2003	1,189,672	663,651	526,021	86,825	141,722	228,547	2.30

- (1) Operating revenue and interest income.
- (2) Operating expenses other than interest on debt, depreciation and amortization.
- (3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements.
- (4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only.



**Transfers from Electric Fund and
Water and Wastewater Fund
to General Fund
1983-2003 (in thousands)**

**City of Austin, Texas
Table 16**

Fiscal Year	Operating Revenue	Other Revenue	Total Revenue	Transfers To General Fund	Percentage of Total Revenue
	\$	\$	\$	\$	%
1983	364,544	24,715	389,259	40,836	10.49
1984	451,146	31,331	482,477	46,057	9.55
1985	447,699	42,190	489,889	50,525	10.31
1986	516,724	51,724	568,448	56,090	9.87
1987	525,350	56,138	581,488	60,203	10.35
1988	556,356	42,873	599,229	63,741	10.64
1989	542,516	50,231	592,747	64,460	10.87
1990	585,184	53,748	638,932	63,666	9.96
1991	571,816	42,875	614,691	63,055	10.26
1992	578,276	31,038	609,314	73,238	12.02
1993	645,075	25,202	670,277	68,582	10.23
1994	662,807	21,753	684,560	67,914	9.92
1995	690,832	26,400	717,232	71,111	9.91
1996	800,078	31,293	831,371	73,583	8.85
1997	774,262	37,924	812,186	71,450	8.80
1998	870,163	48,345	918,508	72,721	7.92
1999	896,130	30,561	926,691	74,204	8.01
2000	1,023,208	47,351	1,070,559	78,352	7.32
2001	1,026,225	61,316	1,087,541	85,824	7.89
2002	974,629	48,359	1,022,988	88,924	8.69
2003	1,164,014	25,658	1,189,672	92,417	7.77

**Electric Fund and
Water and Wastewater Fund
Statistical Data
Year ended September 30, 2003
With comparative totals for year ended September 30, 2002**

**City of Austin, Texas
Table 17**

	Electric Sales (KWH)		Number of Metered Customers (average)	
	2003	2002	2003	2002
Electric:				
Totals	10,321,397,755	10,152,740,460	359,526	353,072

KWH and number of customers do not include Sale for Resale information.

	2003		2002	
	Average Customers	Thousand Gallons	Average Customers	Thousand Gallons
Water and Wastewater:				
Thousands of gallons pumped		51,110,847 (1)		50,883,130 (1)
Less: Sales to other utilities		3,437,043		3,476,482
Thousand gallons to system		<u>47,673,804</u>		<u>47,406,648</u>
Water sales:				
Urban	169,839	35,644,803	167,895	36,577,034
Rural	13,512	2,302,234	12,899	2,338,585
	<u>183,351</u>	<u>37,947,037</u>	<u>180,794</u>	<u>38,915,619</u>
City departments	387	553,582	387	616,775
	<u>183,738</u>	<u>38,500,619</u>	<u>181,181</u>	<u>39,532,394</u>
Used by utility		1,506,146		1,529,717
Other unmetered usage		3,460,215		3,448,000
Loss and unaccounted for		4,206,824		2,896,537
Thousand gallons to system		<u>47,673,804</u>		<u>47,406,648</u>
Maximum daily use		224,592		206,125
Average daily consumption		119,024		122,024

(1) Pumpage includes the Davenport WTP estimate provided by ST Environmental Services.

**Water and Wastewater Fund
Large Customers
Five-Year Comparative Data (1999-2003)**

**City of Austin, Texas
Table 18**

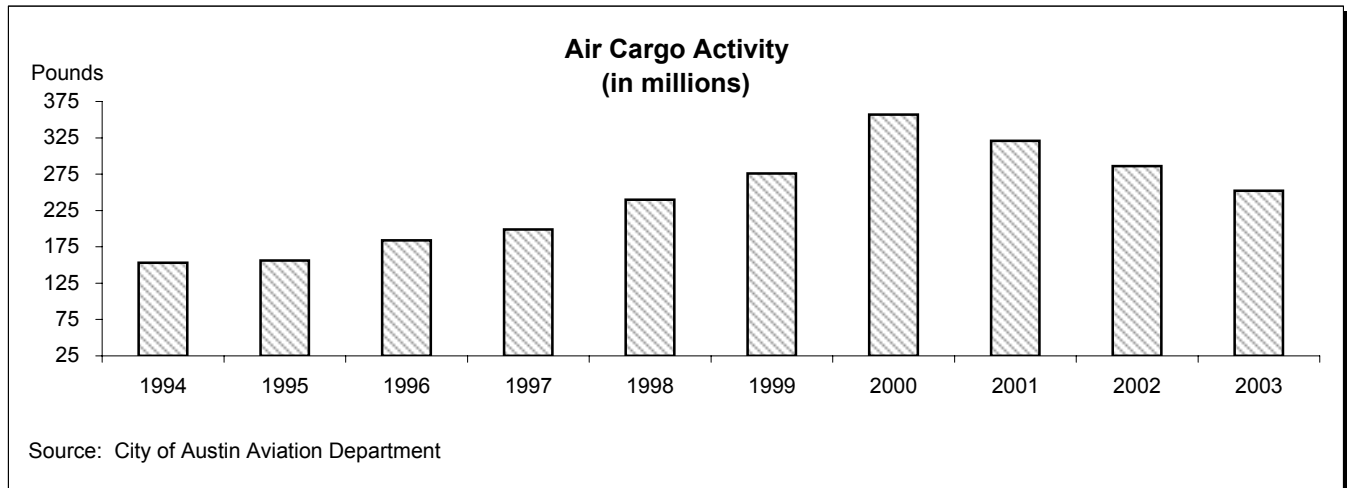
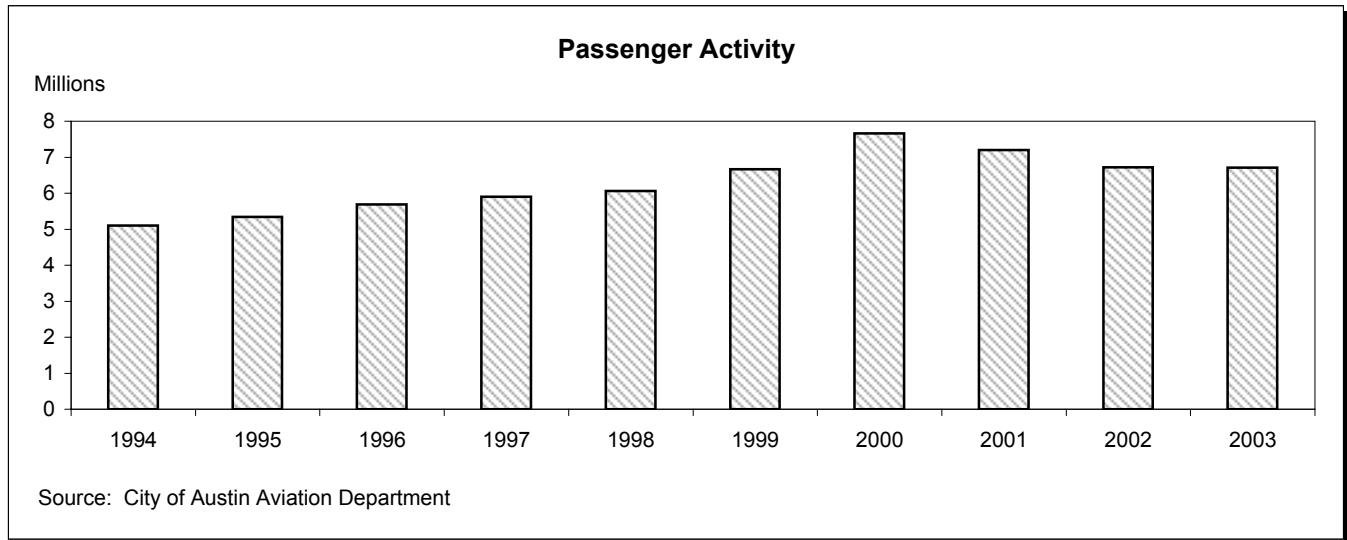
	Fiscal Year Ended September 30 (dollars in thousands)									
	2003		2002		2001		2000		1999	
	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LARGE WATER CUSTOMERS										
Motorola, Inc. (1)	1,048,571	2,654	1,277,560	3,202	1,931,463	4,886	1,814,060	4,031	1,781,016	3,855
The University of Texas at Austin	962,813	2,563	863,720	2,319	1,135,801	4,094	1,029,359	2,341	908,424	2,056
Water District 10	795,059	1,646	773,882	1,604	848,672	1,666	901,248	1,831	699,180	1,416
Advanced Micro Devices	792,393	2,009	911,042	2,291	979,919	2,340	1,044,510	2,082	1,186,752	2,570
Wells Branch MUD	563,339	1,090	575,113	1,092	587,057	1,076	646,054	1,328	544,046	1,107
Anderson Mill MUD	486,171	949	477,297	757	486,185	851	546,213	936	510,713	872
Samsung	485,945	1,229	495,548	1,246	492,533	1,153	462,139	1,005	353,927	768
North Austin MUD	354,291	718	367,626	910	364,580	712	406,345	850	297,789	622
Lost Creek	304,709	655	293,571	612	303,592	608	355,547	758	282,637	600
Shady Hollow MUD	237,135	567	224,608	523	247,103	496	300,277	800	217,346	576
	6,030,426	14,080	6,259,967	14,556	7,376,905	17,882	7,505,752	15,962	6,781,830	14,442

(1) Totals for Motorola, Inc. include the east Austin plant site and the west Austin plant site.

AUSTIN-BERGSTROM INTERNATIONAL AIRPORT *

Year	Airline Passengers			Cargo Statistics (in millions of pounds)
	Enplanements	Deplanements	Total	
1994	2,550,011	2,550,132	5,100,143	153
1995	2,668,447	2,676,240	5,344,687	156
1996	2,853,225	2,838,008	5,691,233	184
1997	2,957,553	2,946,752	5,904,305	199
1998	3,037,566	3,028,407	6,065,973	240
1999	3,363,069	3,307,782	6,670,851	276
2000	3,938,644	3,720,027	7,658,671	357
2001	3,690,835	3,508,487	7,199,322	321
2002	3,439,302	3,281,366	6,720,668	286
2003	3,436,944	3,270,137	6,707,081	252

*Airline passenger and cargo statistics are reported on a calendar year basis; 2003 figures represent activity through December 2003.



Department and Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City-wide (Excluding Austin Energy (1)) <ul style="list-style-type: none"> All-risk property Boiler and machinery 	10/1/03	\$2,170,650	FM Global	\$500,000,000	Provides replacement cost coverage for loss or damage to City buildings, and contents due to fire, wind storm, hail, or other perils. Subject to a \$100,000 per occurrence deductible. Provides coverage for fine arts owned or on loan subject to \$1,000 deductible per claim. Covers Cable TV equipment with \$1,000 deductible. Covers damages from boiler and fired pressure vehicle accidents with a \$10,000 deductible.
City-wide <ul style="list-style-type: none"> Commercial crime 	10/20/03	\$21,483	Fidelity & Deposit	\$5,000,000	Covers loss of funds through public employee dishonesty. Subject to \$5,000 deductible.
			Fidelity & Deposit	\$1,000,000	Covers loss of funds through forgery or alteration of, on, or in any covered instrument. Subject to \$5,000 deductible.
City-wide Selected capital improvement projects ROCIP III <ul style="list-style-type: none"> Hired and nonowned auto 	2/1/04	Premium is included in the general liability premium and coverage is for a 5 year term.	Zurich North America Insurance Company	\$1,000,000 per occurrence	Provides bodily injury and property damage coverage to the City and contractors signed up in the Rolling Owner Controller Insurance Program (ROCIP). Coverage is provided for nonowned and hired vehicles and is intended to be excess over primary auto coverage.
City-wide Selected capital improvement projects ROCIP III <ul style="list-style-type: none"> Commercial general liability 	2/1/04	\$2,101,974 Premium is for a 5 year term. Premium may vary based on experience.	Zurich North America Insurance Company	\$2,000,000 per occurrence; \$4,000,000 general aggregate	Provides bodily injury, property damage, and completed operations coverage to the City and contractors signed up in the ROCIP program. Coverage is provided only at specified capital improvement project sites participating in the program.
City-wide Selected capital improvement projects ROCIP III <ul style="list-style-type: none"> Workers' compensation and employers' liability 	2/1/04	Premium included in Commercial general liability above and is for a 5 year term. Premium may vary based on experience.	Zurich North America Insurance Company	Workers' compensation: Statutory Employers' Liability: \$1,000,000 each accident \$1,000,000 policy limit \$1,000,000 each employee	Provides workers' compensation and employers' liability coverage to all contractors working on specified capital improvement project sites participating in the ROCIP program.

(Continued)

(1) Austin Energy maintains appropriate levels of insurance coverage on all property and boiler/machinery, as well as excess liability coverage. Coverage is in compliance with applicable regulations and bond covenants.

Department and Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City-wide Selected capital improvement projects ROCIP III • Excess liability	2/1/04	\$410,934 Premium is for a 5 year term.	Zurich North America Insurance Company	\$8,000,000	Provides excess coverage over the primary auto, employers' liability, and general liability coverage. Self-insured retention is \$25,000.
Aviation • Airport liability	3/24/04	\$154,000	XL Specialty	\$100,000,000	Provides liability protection for operations at the airport. \$100,000,000 per occurrence. Personal injury limits of \$25,000,000.
Finance • Fidelity bond	5/6/04	\$667	Fidelity & Deposit Co. of Maryland	\$100,000	Covers loss of funds through employee dishonesty for the Director of Finance and City Treasurer. No deductible applicable.
Health and Human Services Department (HHSD) and Primary Care Department • Medical malpractice		This coverage was non-renewed			Provides medical malpractice coverage for physicians. Coverage is on a claims made basis and is offered as a benefit for physicians employed by the City for both HHSD and Primary Care.
Police • Airplane liability • Helicopter liability and hull coverage	12/21/03	\$93,050	Old Republic	Airplane—\$100,000 per person, \$1,000,000 per occurrence Helicopter—\$10,000,000 per occurrence	Aircraft physical damage; liability to others; medical expense.
Public Works • Commercial general liability	5/12/04	\$4,813	Texas Municipal League	\$2,000,000 per occurrence; \$4,000,000 general aggregate	Provides bodily injury and property damage coverage to the City. Coverage is provided only for 505 Barton Springs Road, One Texas Center. Purchased for compliance with tenant lease agreements.
Austin Energy Services • Excess liability	12/31/03	\$356,124	Aegis	\$35,000,000 per occurrence	Provides bodily injury and property damage coverage for the Austin Energy Services of the City. Excess coverage is provided for general liability, automobile liability, and employers' liability.

Hotel-Motel Occupancy Tax
Tax Levied Effective January 1, 1971 (Base Year Is 1972)
1971-2003

City of Austin, Texas
Table 21

Fiscal Year Ended Sept. 30	(In thousands)					Total	Percent Base Year	Annual Increase (Decrease)
	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.				
1971 (1)	\$ --	\$ --	\$ 69	\$ 73	\$ 142	% N/A	% N/A	
1972	77	67	73	79	296	100.0	0.0	
1973	81	72	87	93	333	112.4	12.4	
1974	93	81	87	99	360	121.7	8.2	
1975	99	94	97	113	403	136.2	12.0	
1976	117	103	123	149	492	166.3	22.0	
1977 (2)	152	136	186	139	613	207.1	24.5	
1978	185	214	237	293	929	313.9	51.6	
1979	289	273	308	353	1,223	413.4	31.7	
1980	342	321	361	401	1,425	481.3	16.4	
1981	410	363	443	481	1,697	573.2	19.1	
1982	549	436	507	603	2,095	707.7	23.5	
1983	630	520	649	699	2,498	843.9	19.3	
1984 (3)	689	642	768	917	3,016	1,019.0	20.7	
1985	942	1,492	1,557	1,924	5,915	1,998.3	96.1	
1986	1,706	1,438	1,597	1,554	6,295	2,126.7	6.4	
1987	1,675	1,224	1,682	1,569	6,150	2,077.8	(2.3)	
1988	1,379	1,329	1,523	1,709	5,940	2,006.9	(3.4)	
1989	1,675	1,684	1,907	2,127	7,393	2,497.7	24.5	
1990	1,879	1,620	1,919	2,152	7,570	2,557.5	2.4	
1991	1,942	1,860	2,154	2,351	8,307	2,806.6	9.7	
1992	2,224	1,957	2,317	2,622	9,120	3,081.2	9.8	
1993	2,463	2,260	2,779	3,011	10,513	3,552.0	15.3	
1994	2,727	2,409	2,897	3,444	11,477	3,877.5	9.2	
1995	3,115	2,870	3,501	3,654	13,140	4,439.5	14.5	
1996	3,494	3,203	3,763	3,800	14,260	4,817.8	8.5	
1997	3,537	3,353	3,860	4,468	15,218	5,141.5	6.7	
1998 (4)	4,539	4,284	4,936	5,061	18,820	6,358.4	23.7	
1999	5,612	5,552	6,375	7,073	24,612	8,315.4	30.8	
2000	6,637	6,264	7,573	8,284	28,758	9,716.1	16.8	
2001 (5)	7,595	7,671	8,043	7,836	31,145	10,522.4	8.3	
2002	5,832	5,355	6,350	7,222	24,759	8,365.2	(20.5)	
2003	5,766	5,874	7,045	6,823	25,508	8,618.1	3.0	

- (1) 3% tax levied effective January 1, 1971. Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.
- (2) Tax levy increased to 4% effective October 1, 1977. Ordinance No. 770901-1 amended Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.
- (3) Tax levy increased to 7% effective October 1, 1984. Ordinance No. 840712-U amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.
- (4) Tax levy increased to 9% effective August 1, 1998. Ordinance No. 980709-G amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.
- (5) Beginning in fiscal year 2001, the City implemented GASB Statement No. 33, which changes the method of reporting tax collections in the City's financial statements. This table will continue to be reported on a cash basis to provide a more meaningful comparison.

Vehicle Rental Tax
Tax Levied Effective January 1, 1999 (Base Year Is 2000)
1999-2003

City of Austin, Texas
Table 22

Fiscal Year Ended Sept. 30	(In thousands)					Total	Percent Base Year	Annual Increase (Decrease)
	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.				
	\$	\$	\$	\$	\$	%	%	
1999 (1)	--	--	983	1,177	2,160	N/A	N/A	
2000	1,185	1,136	1,421	1,509	5,251	100.0	0.0	
2001 (2)	1,468	1,460	1,379	1,420	5,727	109.1	9.1	
2002	1,258	1,085	1,154	1,259	4,756	90.6	(17.0)	
2003	1,130	1,127	1,044	1,162	4,463	85.0	(6.2)	

(1) 5% tax levied effective January 1, 1999. Ordinance No. 981210-A.

(2) Beginning in fiscal year 2001, the City implemented GASB Statement No. 33, which changes the method of reporting tax collections in the City's financial statements. This table will continue to be reported on a cash basis to provide a more meaningful comparison.

Miscellaneous Statistical Data

City of Austin, Texas
Table 23

Date of Incorporation:	December 27, 1839	Police protection:	
Date first Charter adopted:	December 27, 1839	Number of employees	1,698
Date present Charter adopted:	January 31, 1953	Number of law offenses	130,478
Form of Government:	Council - Manager	Number of arrests (4)	116,769
Number of Employees:	10,463	Vehicle patrol units	318
		Number of employees per 1,000 population (1) (3)	2.519
Elections:		Library:	
Number of registered voters,		Central and branch libraries	22
May 3, 2003 (Mayor and 3 Council members)	401,271 City of Austin	Volumes in collection	1,550,145
June 7, 2003 (Runoff - Place 5)	401,873 City of Austin	Materials circulated	3,332,645
		Registered borrowers	484,075
Number of votes cast in:		Recreation:	
Last general municipal election,		District parks	11
May 3, 2003	59,929	Metropolitan parks	11
		Natural preserves	15
Last general municipal election runoff		Neighborhood parks	85
June 7, 2003	38,895	Special parks (museums and miscellaneous)	26
		Greenbelts	25
Percentage of registered voters voting in:		Golf courses	6
Last general municipal election, May 3, 2002	15%	Swimming pools	47
Last general municipal election runoff	10%	Recreation centers	17
June 7, 2003		Youth entertainment complex	1
		Senior activity sites	20
Fire protection:		Athletic fields	87
Number of stations	41	Tennis courts	102
Number of employees	1,063	Open fields	89
Number of alarms answered	58,988	Senior activity centers	3
Number of employees per		Veloway	3.1 miles
1,000 population (1) (3)	1.5759	Hike and bike trails	75 miles

POPULATION ANALYSIS

Year	Austin (1)		Travis County (1)		Texas (2)		United States (2)	
	Population	Percentage Change %	Population	Percentage Change %	Population	Percentage Change %	Population	Percentage Change %
1940	87,930	--	111,053	--	6,414,824	--	132,165,000	--
1950	132,459	50.64	160,980	44.96	7,711,194	20.21	151,326,000	14.50
1960	186,545	40.83	212,136	31.78	9,579,677	24.23	179,323,000	18.50
1970	253,539	35.91	295,516	39.30	11,198,655	16.90	203,302,000	13.37
1980	345,496	36.27	419,573	41.98	14,228,383	27.05	222,110,000	9.25
1985	406,584	17.68	527,120	25.63	16,370,000	15.05	238,740,000	7.49
1990	450,830	10.88	576,407	9.35	16,986,510	3.77	249,632,692	4.56
1995	523,352	16.09	656,979	13.98	18,724,000	10.23	262,755,000	5.26
1996	541,889	3.54	681,654	3.76	19,128,000	2.16	265,410,000	1.01
1997	560,939	3.52	703,717	3.24	19,439,337	1.63	267,792,000	0.90
1998	608,214	8.43	725,669	3.12	19,759,614	1.65	271,685,044	1.45
1999	619,038	1.78	744,857	2.64	20,044,141	1.44	272,690,813	0.37
2000	628,667	1.56	749,426	0.61	20,044,141	0.00	272,690,813	0.00
2001	661,639	5.24	837,206	11.71	20,851,820	4.03	281,421,906	3.20
2002	671,044	1.42	848,484	1.35	21,779,893	4.45	288,368,698	2.47
2003	674,719	0.55	865,497	2.01	22,118,509	1.55	290,809,777	0.85

(1) All years are estimates from the City's Department of Development and Review based on full purpose area as of December 31. Census years are modified to conform to U.S. Bureau of the Census data. Estimates for 1985 were revised in 1990 based on the 1990 census. Number of employees per 1,000 population is based on projected population of 674,382.

(2) U.S. Bureau of the Census official estimates as of July 31, except for census years; 2000 data available April 2001.

(3) Represents civilian and sworn employees.

(4) Due to the conversion to a new records management system, total arrests for 2003 are not comparable to prior years. Total arrests reported in prior years are based on the highest offense in a police report. Total arrests in 2003 represent the total number of arrests for all offenses on a police report.

Miscellaneous Statistical Data
Economic and Growth Indicators
1994-2003

City of Austin, Texas
Table 24

Year	Area of Incorporation (Sq. Miles)	Population (1)	Utility Connection (2)			Effective Buying Income (EBI) (4)	
			Electric (3)	Water	Gas	Median	Per
						Household EBI	Capita EBI
						\$	\$
1994	192.16	507,468	298,662	148,148	142,373	32,062	17,487
1995	196.68	523,352	306,670	149,867	147,023	33,981	18,490
1996	195.74	541,889	319,518	151,757	148,124	29,803	16,685
1997	232.26	560,939	326,816	156,397	156,752	31,362	17,494
1998	253.67	608,214	342,263	168,907	165,274	33,690	18,999
1999	252.30	619,038	348,721	173,038	173,150	36,532	18,973
2000	264.90	628,667	344,134	176,096	172,063	36,321	20,790
2001	265.80	661,639	349,671	178,608	172,177	39,811	22,241
2002	273.10	671,044	359,358	182,977	193,278	47,089	25,109
2003	275.58	674,719	363,377	184,659	199,042	41,909	22,420
1994-2003 Change	43.41%	32.96%	21.67%	24.64%	39.80%	30.71%	28.21%

Year	Building Permits			Austin Area Home Sales (6)		
	Federal, State and Municipal	Taxable	Total	Retail Sales (Austin) (5)	Average Sale Price	Number of Homes Sold
	\$	\$	\$	\$	\$	
1994	19,643,501	840,043,119	859,686,620	6,784,452,526	120,161	10,833
1995	11,087,831	870,446,315	881,534,146	7,286,274,112	126,726	8,436
1996	89,945,847	1,246,232,619	1,336,178,466	7,932,937,305	132,699	9,773
1997	2,574,539	1,023,114,762	1,025,689,301	8,513,655,224	146,763	8,094
1998	46,722,845	1,434,660,615	1,481,383,460	10,842,488,373	155,600	10,536
1999	54,399,189	1,501,435,229	1,555,834,418	11,279,844,061	166,272	12,284
2000	34,334,286	1,797,039,075	1,831,373,361	13,577,833,634	196,308	12,972
2001	71,189,116	1,625,508,854	1,696,697,970	12,542,967,960	154,000	12,444
2002	38,727,017	1,261,868,130	1,300,595,147	12,422,963,735	159,000	12,837
2003	17,084,652	1,189,489,091	1,206,573,743	12,097,570,479	201,505	16,563
1994-2003 Change	(13.03)%	41.60%	40.35%	78.31%	67.70%	52.89%

Note: All numbers are as of fiscal year ended September 30, except where noted.

- (1) Figures represent full purpose population as of December 31 for each year.
- (2) Figures are as of September 30.
- (3) Figures exclude nightwatchman billings.
- (4) Source: 2003 Survey of Buying Power, Sales and Marketing Management.
- (5) Source: State of Texas Comptroller's Office. Amount is an estimate based on State of Texas Comptroller's Office data.
- (6) Source: Austin Board of Realtors.

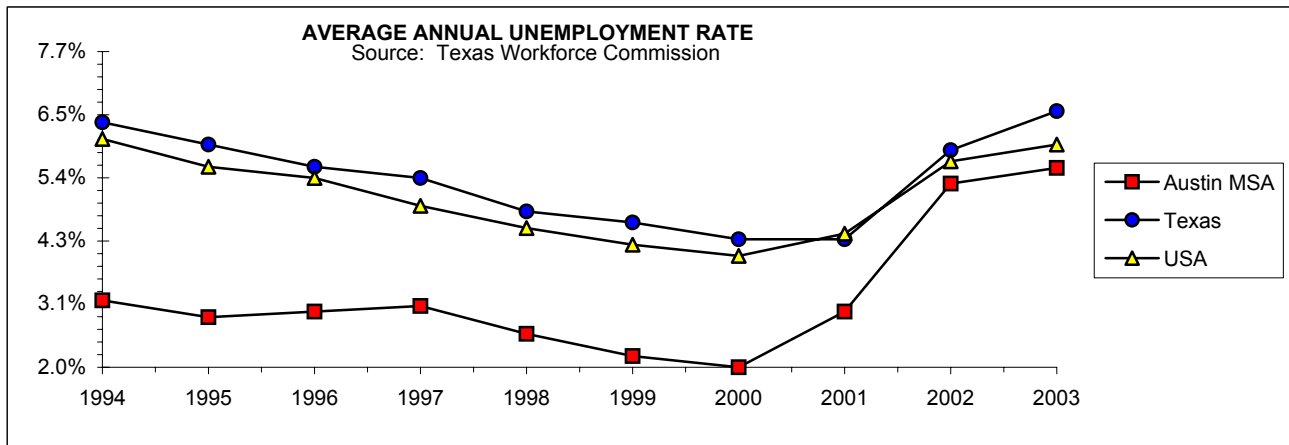
EMPLOYMENT BY INDUSTRY IN THE AUSTIN METROPOLITAN STATISTICAL AREA (1)

Industrial Classification	2003		2000		1990		1980	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Manufacturing	60,483	9.1	84,662	12.9	49,300	12.9	31,014	12.8
Government	148,433	22.4	137,171	20.9	110,400	28.8	78,263	32.3
Trade, transportation, & utilities (2)	113,183	17.0	171,771	26.2	90,500	23.6	59,121	24.4
Services and miscellaneous	265,342	40.0	190,048	28.9	97,200	25.3	44,826	18.5
Finance, insurance and real estate	37,850	5.7	32,031	4.9	23,400	6.1	14,296	5.9
Contract construction	37,008	5.6	39,134	6.0	12,000	3.1	14,053	5.8
Natural resources and mining	1,776	0.3	1,353	0.2	700	0.2	727	0.3
Totals	664,075	100.1	656,170	100.0	383,500	100.0	242,300	100.0

Source: Texas Workforce Commission (TWC).

(1) Austin-San Marcos MSA includes Travis, Bastrop, Caldwell, Hays, and Williamson Counties. Numbers for 2003 are an estimate based on TWC and the Bureau of Labor Statistics, and U.S. Department of Labor data as of March 31st.

(2) Trade, transportation and utilities are reported together as of 2003.



TEN LARGEST EMPLOYERS
September 30, 2003

Employer	Product or Service	Number of Employees	% of Total (3)
The University of Texas at Austin	Education and research	20,249	3.0
Dell Computer Corporation	Computers	16,000	2.4
City of Austin	City government	10,463	1.6
Austin Independent School District	Education	10,408	1.6
Motorola, Inc.	Electronic components	8,500	1.3
IBM Corporation	Office machines	6,500	1.0
Seton Healthcare Network	Hospital	6,393	1.0
Internal Revenue Service	Federal agency	5,000	0.8
HEB Grocery	Grocery/pharmacy	6,200	0.9
St. David's Healthcare Partnership	Healthcare	4,833	0.7
		94,546	14.3

Source: Austin Chamber of Commerce and Austin Business Journal

(3) Total refers to total work force of 664,075 as stated in the "Employment by Industry" table above.

Elements of Budget Fund Balance
for Selected Operating Funds (in thousands)
September 30, 2003

City of Austin, Texas
Table 26

	Reserve for Encumbrances	Inception-to-Date Change in Fair Value
General Fund	\$ 4,123	128
Special Revenue Funds:		
Fiscal Surety - Land Development	--	383
Enterprise Funds:		
Electric	7,901	1,025
Water and Wastewater:		
Water	842	295
Wastewater	723	295
Airport	738	404
Convention Center	179	824
Drainage	376	--
Golf	20	--
Hospital	130	--
Parks and Recreation:		
Softball	2	--
Recreation Centers	15	--
Primary Care	493	--
Solid Waste Services	167	--
Transportation	1,653	--
Internal Service Funds:		
Capital Projects Management	86	--
Employee Benefits	49	--
Fleet:		
Operating	416	223
Designated for acquisition	35	--
Information Systems	1,430	--
Liability Reserve	566	--
Support Services	2,297	--
Wireless Communication	33	--
Workers' Compensation	14	--