

Comprehensive Annual Financial Report



City of Austin, Texas

*For the year ended
September 30, 2005*

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City Council

Will Wynn

Mayor

Term expires June 16, 2006

Danny Thomas

Mayor Pro Tem

Term expires June 16, 2006

Council Members

Raul Alvarez	June 16, 2006
Betty Dunkerley	June 15, 2008
Jennifer Kim	June 15, 2008
Lee Leffingwell	June 15, 2008
Brewster McCracken	June 16, 2006

Toby Hammett Futrell

City Manager

**CITY OF AUSTIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2005**

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INTRODUCTION



City of Austin

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

March 29, 2006

Honorable Mayor, Mayor Pro Tem and Council Members
City of Austin, Texas

Ladies and Gentlemen:

We are pleased to submit to you the 2005 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 Certified Public Accounting firms of 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 2005 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).

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 the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' 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, wastewater, airport, convention 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% 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 Texas, is the fourth largest city in the state (behind Houston, Dallas, and San Antonio), with a population of 695,881 in 2005. Over the past ten years, Austin's population has increased by approximately 154,000 residents, an increase of 28.4 percent. Geographically, Austin consists of approximately 294 square miles. According to the 2000 Census, 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, work and play, with one of the most recent commendations in *Forbes Magazine*, which listed Austin as one of its "top ten places for business". For the third straight year, *Forbes* magazine ranked Austin in the top 3 among 150 metro areas as the "best place for business and careers" based on criteria including business costs, living costs, crime rates, job growth and employment rates. Austin was featured as a world-wide, high-tech leader in *Expansion Management* magazine because of its status as the most wired city in the U.S., an abundance of high-tech workers and Freescale Semiconductor's decision to locate its headquarters in Austin. Intel ranks Austin as the No. 3 "Unwired City" in the U.S. based on the number of commercial or free "Wi-Fi" points in the city. Austin was also cited as one of Kiplinger's "top seven cool cities". For the second year in a row, *Hispanic* magazine rates Austin the best place to live in America, citing low crime rates, affordable home prices, and a "happening cultural scene" that embraces the city's 30 percent Hispanic population.

Austin has long attracted a diverse population, 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. The long awaited second phase of Town Lake Park and the Mexican American Cultural Center are under construction. Both projects concluded successful construction bid processes in 2005 and have anticipated completion dates in the spring of 2007.

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, and include 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 120 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 Music 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 approximately 38.6 percent of adults holding a bachelor's or advanced degree. With its seven institutions of higher learning and more than 117,176 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. Following September 11, 2001, Austin and the Central Texas area faced a significant economic downturn, resulting in a significant number of job layoffs and high unemployment rates. Due to the influence of the technology sector in the Austin area, the economic downturn had a more severe impact locally than across Texas.

The Austin area economy is beginning to see a sustained improvement over conditions from the previous years. The unemployment rate for the Austin Metropolitan Statistical Area (MSA) has improved from 4.7 percent in December 2004 to 3.9 percent in December 2005. The statewide average unemployment rate for Texas was 6.0 percent in 2004 and 5.3 percent in 2005. Freescale Semiconductor, the former semiconductor division of Motorola, completed a spin off from the parent company and chose Austin as the permanent location of its global headquarters. Freescale employs approximately 5,600 people in the Austin area. An agreement between the City and Home Depot was finalized in early 2005. By the end of 2005, Home Depot made several improvements to its technology center and added 300 employees, representing \$18.6 million in new payroll and monthly electric revenue of more than \$80,000.

Sales tax revenue has shown steady improvement in the last two years. Sales tax growth has averaged a 6.6 percent increase in fiscal year 2004 and 5.0 percent in fiscal year 2005 compared to prior years, with both years showing 11 months of positive growth as compared to only two months in 2003. The growth rate is the fourth highest among major Texas cities. As a sign of sustained improvement, initial sales tax revenue for fiscal year 2006 has continued to increase from comparative periods in fiscal year 2005.

Single family residential building permits increased by approximately 2,750 permits from fiscal year 2004, which represents an approximate 19.2 percent increase over the previous year. Assessed valuation within the City increased approximately \$739 million, or 1.5 percent from the prior year. Property tax revenue decreased by approximately \$23.1 million compared to the previous year due to the creation of the Travis County Hospital District, approved by the voters in May 2004. As required under State law, title to City-owned Brackenridge Hospital and Austin Women's Hospital effectively passed from the City with the formation of the District. The City of Austin reduced the fiscal year 2005 property tax rate in proportion to the amount of services that were transferred to the District. Property taxes for 2005 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 in future years for the local taxing jurisdictions, including the City. These financial statements include the impact of estimated refunds for the pending lawsuits.

Total passenger traffic for the City's airport increased by 6% in calendar year 2005 compared to the previous year. In October 2005, JetBlue Airways announced its plans to provide service to Central Texas, making Austin the only city in the state to offer air service by JetBlue. Beginning in January 2006, the long sought after discount airline will operate out of Austin-Bergstrom International Airport, with nonstop service to New York's John F. Kennedy International Airport and Boston Logan International Airport. Overall collections from the hotel occupancy tax for fiscal year 2005 increased significantly from fiscal year 2004, with an increase of 18.7 percent. Vehicle rental taxes earned in fiscal year 2005 increased by 6.5 percent.

City management implemented cost savings efforts beginning in 2002 and throughout the 2003 and 2004 budget years. During the 2004 budget process, a structurally balanced budget was achieved. As part of this process, an emphasis was placed on permanent reductions rather than one-time reductions that would have to be re-addressed in the future. Overall, 519 positions were eliminated, with 344 coming from the General Fund. In 2005, the City continued to preserve structural balance by focusing on ongoing reductions and setting the stage for moving forward in a sustainable budget environment. A series of revenue initiatives were implemented, which included several new permit and inspections fees; expenditures were reduced, including the elimination of 37 positions in the General Fund and the Support Services Fund. Other budgetary accomplishments include maintaining the effective tax rate, ensuring that no public facilities closed, maintaining utility transfer rates per covenants with the bond rating agencies, and placing no reliance on "one-time" funds to be utilized as revenue funding sources.

Economic indicators indicate that the conditions are good for the continuing economic recovery in Austin and surrounding areas. For the future, Austin's strengths continue to be the ones that led to growth in the past: a highly capable workforce, innovation and entrepreneurship, the presence of a world-class research university and several other institutions of higher learning, strong community assets and a superior quality of life.

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.

Hurricane Katrina and Rita Responses

Beginning Labor Day weekend and ending September 29, 2005, the City provided emergency shelter, basic needs resources and transition services to more than 28,000 evacuees from Louisiana and Texas. With less than 24 hours notice, Austin was told to prepare for as many as 6,000 Hurricane Katrina evacuees. With no time to spare, a disaster response team worked to create a city within a city. Inside of one week, the team transformed the Austin Convention Center into an emergency response shelter and a basic needs resource center. The City eventually helped thousands of evacuees to transition into more permanent housing. With typical Austin flare, these services were provided with a passion and a commitment that could not be replicated anywhere else. By the time the first Katrina evacuees arrived at Austin-Bergstrom International Airport, the team, joined by community volunteers, created an emergency shelter at the Austin Convention Center. It included health screenings, sleeping quarters, a pharmacy, a family reunion service, one-on-one case management that customized social services and housing assistance for every guest at the center. Proactive disease surveillance ensured the overall health of the shelter population; a store, a beauty shop, and recreational and library services ensured a quality of life even during a crisis.

No sooner had the final Hurricane Katrina guests been transitioned into housing, Austin engaged in a second emergency response. There is no question that these back-to-back emergency responses tested the strength of the City's organization as Austin became the destination for over 23,000 Texans fleeing Hurricane Rita. The same disaster response team provided vouchers and temporary housing for those that could not go home immediately; identified and responded to the needs of evacuees located in more than 40 shelters citywide; provided specialized care and sheltering for 500 special needs/mental

health patients at the Convention Center, allowed more than 750 animals to be cared for in the shelters so that owners could keep their pets with them, and provided transportation for those who could return home immediately.

Eligible costs associated with both hurricane relief efforts will be funded with grants to the City of Austin from the State of Texas Governor's Division of Emergency Management, passed through by the Federal Emergency Management Agency.

Economic Growth and Planning Initiatives

Downtown Austin has virtually undergone a development renaissance and offers a vibrant and diverse array of shops, restaurants, live music venues, museums, and theater for its residents and visitors. This vitality also shows up in our citizen survey results, which reflect a higher level of satisfaction than last year. The 2nd Street Retail District is off to a strong start, with 80 percent of the available retail spaces leased or in development. The first shops opened in the district in June 2005.

Other planned projects, including continued redevelopment on 2nd Street, will enable Austin to realize its potential as a downtown residential market. The development of "Block 21" located directly across the street from City Hall, will be a major mixed-use development with street-level retail store fronts and a hotel. The project creates an opportunity for Austin City Limits to relocate to the heart of the warehouse district and will allow Austin Children's Museum to expand into a new permanent home. In 2006, the City designated the site of the Green Water Treatment Plant, located on the shores of Town Lake, as the location for the future central library. The City is currently negotiating with a developer for redevelopment of the circa 1950 Art Deco Seaholm Power Plant and adjacent property to create a high quality, mixed-use cultural attraction.

Following a successful referendum on its long-range transit plan in November 2004, the Capital Metropolitan Transportation Authority will be implementing new transit services, including rapid bus service in 2007 and urban commuter rail in 2008. In May 2005, the City Council adopted a Transit-Oriented Development Ordinance (TOD) designed to specifically support transit and increase use of publicly funded transit investments. Key features of the ordinance include moderate to high density, pedestrian orientation, mixed use, strong transit connection, public and private partnerships and market responsive development.

The redevelopment of Robert Mueller Municipal Airport is underway. In December 2004, the City completed and approved the Master Development Agreement (MDA), with a master developer to convert the old airport site into a vibrant mixed-use community. The MDA calls for the development of a full range of land use in order to promote a viable transit-oriented community for residents and employers. The City has established goals in order to achieve community-based values in a number of areas including affordable housing, green building and publicly accessible greenways and parks. The first major project, a new Children's Hospital, has already begun and is expected to open in 2007. Construction of the retail center is expected to start this summer and will draw customers throughout the region upon planned completion in 2007.

The City Council passed a performance-based incentive package for Samsung Semiconductor in August 2005. If Austin is chosen as the site for Samsung's 300mm chip production facility, this project has the potential to anchor Austin's high-tech community for years to come. The new semiconductor wafer fab will create 900 jobs, and could place more than \$54 million of new payroll into the economy. Samsung could invest more than \$4 billion in new equipment and buildings to run the production.

Environment and Quality of Life

Many of the City's accomplishments in 2005 assist in the achievement of the City's vision of being the most livable city in the country.

Austin is ranked the third safest city in the nation for its low violent crime rate – behind Honolulu and San Jose. Violent crime is down 5.2 percent from 2004. Changes in enforcement to reduce the number of traffic fatalities yielded positive results in 2005. The number of traffic fatalities decreased by approximately 16 percent, from 73 in 2004 to 59 in 2005. It was the third lowest total in ten years.

Preserving and protecting Austin waterways contributes to the quality of life that the City's residents value. In November 2005, the City Council voted unanimously to ban the sale and use of pollution-causing coal tar containing pavement sealants, a first in the nation response to this environmental risk. The proposed ban is based on two years of research by City biologists and other environmental scientists. Pavement sealants are protective surface finishes typically used for parking lots and driveways.

Solid Waste Services completed a highly successful pilot of single stream recycling and received the City Council's approval to move forward city-wide. Full implementation is currently planned by early calendar year 2008, after a new materials recovery

facility becomes operational. Conclusions drawn from the pilot program indicate fewer tons of waste going into landfills, more convenient recycling for customers, fewer vehicles and trips, and reduced employee injuries.

Other initiatives, such as the adoption of affordable housing goals in the University Neighborhood Overlay Zoning District and creating strategies to help mitigate gentrification under the Community Preservation and Revitalization program, add to the quality of life. In April 2005, on the 5th Anniversary of the City's S.M.A.R.T. Housing™ (Safe, Mixed Income, Accessible, Reasonably Priced and Transit Oriented) policy, the International City/County Managers' Association has named it a best practice. Five years ago, the City of Austin established the S.M.A.R.T.Housing™ initiative to stimulate the creation of reasonably priced homes within the city limits of Austin. This initiative provides development fee waivers and other benefits for projects that meet all S.M.A.R.T. Housing™ standards, including at least 10 percent of the units meeting the "reasonably priced" standard by serving families at or below 80 percent of the Austin area median family income. Throughout 2005, the City also worked collaboratively with the community to develop strategies to retain and attract African Americans so that Austin maintains a diverse economy and culture, including the participation of minority chambers of commerce in evaluating the minority hiring and contracting practices of companies as part of the City's economic incentive program. In the Health and Human Services arena, the renovation and opening of the Montopolis Community Health Center increased access to care in one of Travis County's poorest and most underserved areas. The Far North Community Health Center opened to help reduce chronic disease among the African American population

Utility Projects

Austin Energy's strategic plan sets a national standard for renewable energy and energy efficiency. Austin Energy's renowned GreenChoice Program remains the No. 1 utility-sponsored green power program in the nation for sales since 2002, outperforming 600 other programs nationwide. In January 2005, Austin Energy announced it was doubling the capacity of GreenChoice. With the additional capacity, Austin Energy is on track to achieve its goal of generating 20 percent of Austin's electricity needs from renewables by the year 2020. More than 7,500 homeowners and 350 businesses are GreenChoice customers and 90% of the companies have opted to buy renewable energy exclusively. The December 12, 2005 issue of Business Week cited twenty "individual achievers", including Great Britain's Prime Minister Tony Blair, as "individuals who stand out for their efforts to cut gases that cause global warming". Austin Energy's deputy general manager Roger Duncan, was praised in the article for his efforts to promote renewable energy.

Austin Energy is also leading a nationwide campaign to convince automakers to mass produce plug-in hybrids, electric-drive hybrid vehicles with an all electric operating range. Plug-in hybrids combine batteries and internal combustion engines in an efficient manner. Plug-in hybrids can be fueled through an electric wall outlet or at the gas station and are more gas-efficient than hybrids. Campaign participants include cities, utilities, environmental groups, national security organizations and businesses.

In 2001, Austin Water launched the Austin Clean Water Program. The program is in response to a mandate from the U.S. Environmental Protection Agency to eliminate overflows from its wastewater collection system by the end of June 2009. Austin Water remains on schedule to complete the necessary requirements that are currently estimated to cost \$300 million. In other initiatives during the past year, Austin Water established a notification process for customers of high water usage before the customer receives his or her utility bill, as well as a single point of contact to help customers resolve problems related to water and wastewater utility incidents.

Austin Energy maintained its bond ratings in 2005. Moody's upgraded the bond ratings of Austin Water from A2 to A1 in November 2005. The upgrade was based on their strong confidence in the Utility's management team and its long range strategic financial plan.

<u>Type</u>	<u>Fitch</u>	<u>Moody's</u>	<u>S&P</u>
Combined utility system:			
Prior first lien	A+	A2	A+
Prior subordinate lien	A+	A2	A
Electric:			
Separate lien	A	A3	A
Water and Wastewater:			
Separate lien	A+	A1	A

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.

Austin residents assign a very high level of importance to public safety services, including 9-1-1, EMS, Fire, and Police. Generally, satisfaction with most public safety services is high, although neighborhood policing and traffic enforcement rank very low as compared to other public safety services. Residents are generally satisfied with the services provided by the Parks and Recreation Department and the Library; notably the City's cultural programs, availability and appearance of parks and preserves, library youth programs, and the Austin History Center. Survey results continue to show that Austin citizens consider the environment as one of their top priorities. In 2005, satisfaction with almost all services related to environmental sustainability improved, including the City's preservation of green space, efforts to improve air quality and alternative modes of transportation. Residents are most satisfied with the quality of drinking water, consistent with 2004 findings. Satisfaction with traffic flow on major city streets improved slightly compared to 2004 survey results, yet citizens still remain dissatisfied with road conditions and traffic flow overall.

The top issues of importance to Austin residents, listed in rank order, are:

- Mobility issues (parking, traffic congestion, construction, etc.)
- Quality of life (more green space, arts, etc.)
- Growth management
- Cost of living

Other issues that citizens considered important, also in rank order:

- Tax-related issues (including rates, fees and charges)
- Road conditions and new roads
- Pollution
- Mass transit
- Poverty
- Public education

The City is committed to incorporating the public's preferences into its strategic planning and using 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 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, purchasing and contract administration. The Chief Financial Officer, 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 2005 CAFR, 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 for debt service and other legally restricted funds, 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 2005, 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 2.75 percent, and the weighted average maturity of the investments was 342 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 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 2004 Comprehensive Annual Financial Report (CAFR). This is the twelfth 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 2005 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.



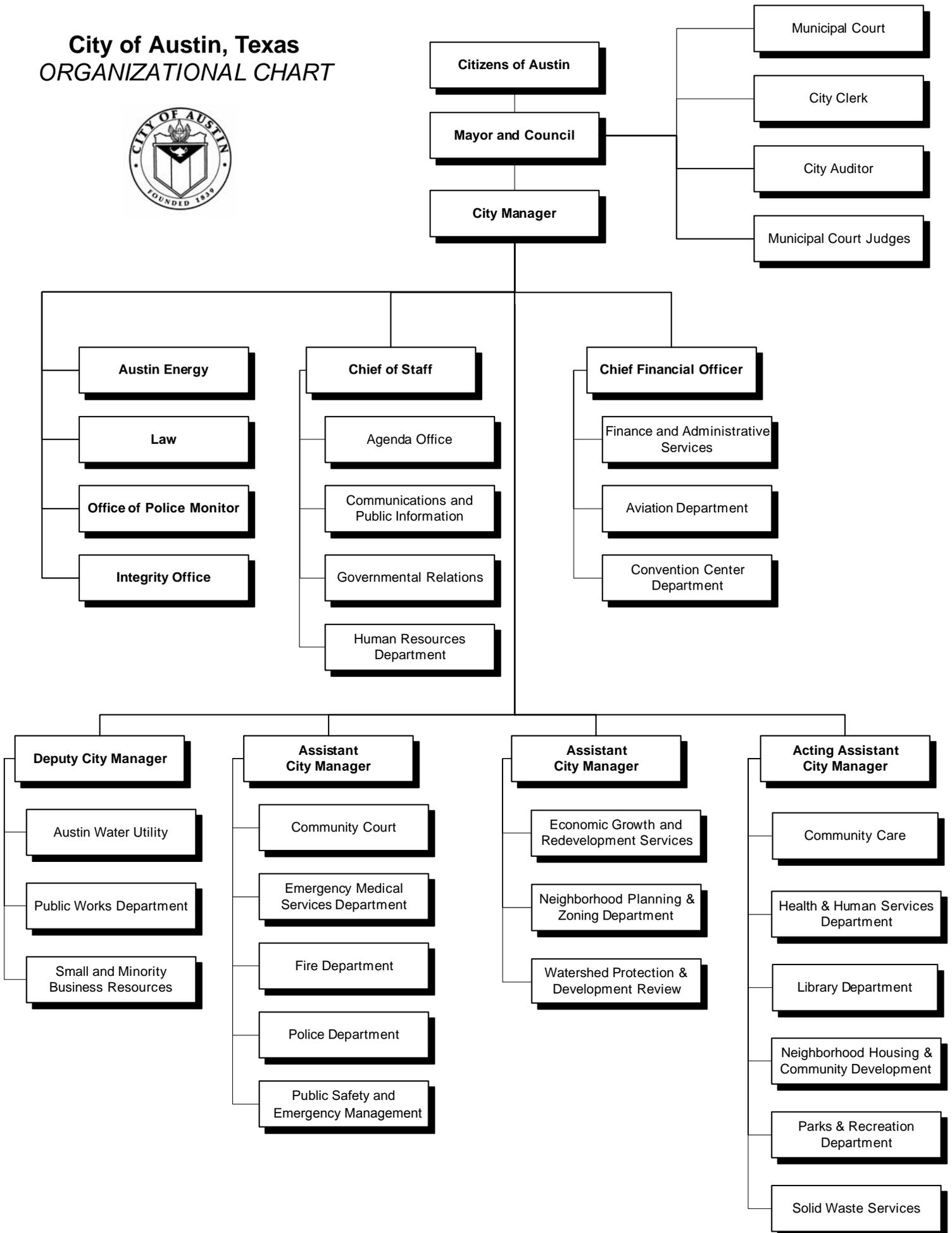
Toby Hammett Futrell
City Manager



John Stephens, CPA
Chief Financial Officer

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, 2004

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, 2004.

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 2005 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



Nancy L. Zjella

President

Jeffrey R. Emor

Executive Director





FINANCIAL SECTION



KPMG LLP
Suite 1900
111 Congress Avenue
Austin, TX 78701-4091

 **R. Mendoza
& Company, P.C.**
Certified Public Accountants
2211 South I.H. 35, Suite 410
Austin, TX 78741

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, 2005, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with United States generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14, the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budget Basis on pages 102 through 103, and the Retirement Plans Trend Information on page 104 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.

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 sections 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
March 6, 2006

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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, 2005. We encourage readers to consider the information presented here in conjunction with additional information 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. 41.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2005, resulting in \$3.8 billion of net assets. Net assets associated with governmental activities are approximately \$1.5 billion, or 39% of the total net assets of the City. Net assets associated with business-type activities are approximately \$2.3 billion, or 61% of the total net assets of the City. The largest portion of net assets consists of investment in capital assets, net of related debt, which is \$2.9 billion, or 76% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, consist of \$444 million, or 12% of the City's total net assets. Unrestricted net assets for governmental activities are approximately \$66 million, or 4% of total governmental net assets; unrestricted net assets for business-type activities are approximately \$379 million, or 16% of total business-type net assets.

Total net assets for the City of Austin increased \$166 million, or 4.5% during fiscal year 2005. Of this amount, governmental activities increased \$56.4 million, or 4% from the previous year and business-type activities increased \$109.6 million, or 4.8% from the previous year.

Total revenues for the City increased \$265.7 million; revenues for governmental activities increased \$77.5 million; revenues for business-type activities increased \$188.2 million. Total expenses for the City increased \$107 million; expenses for governmental activities increased \$151 million; expenses for business-type activities decreased \$44 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

This report also contains 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 for uncollected taxes and expenses for 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, wastewater, 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. The activities are reported in the Housing Assistance Fund and Austin Industrial Development Corporation Fund, which are nonmajor special revenue funds. 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 financial assets that can readily be converted to available resources and on the available balances remaining at fiscal year-end. This information may be useful in determining the financial resources available in the near future to finance the City's future obligations. Other funds are referred to as nonmajor funds and are presented as aggregated information.

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 numerous 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 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's internal service funds include: Capital Projects Management, CTECC, 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.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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.

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

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

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

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 the prior fiscal year (in thousands):

	Net Assets as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current assets	\$ 509,638	498,993	1,050,684	934,090	1,560,322	1,433,083
Capital assets	2,047,541	2,032,289	5,294,494	5,174,870	7,342,035	7,207,159
Other noncurrent assets	3,636	3,233	644,206	624,169	647,842	627,402
Total assets	2,560,815	2,534,515	6,989,384	6,733,129	9,550,199	9,267,644
Current liabilities	206,878	207,830	419,022	416,793	625,900	624,623
Noncurrent liabilities	859,019	888,181	4,217,019	4,072,592	5,076,038	4,960,773
Total liabilities	1,065,897	1,096,011	4,636,041	4,489,385	5,701,938	5,585,396
Net assets:						
Invested in capital assets, net of related debt	1,360,509	1,333,779	1,563,831	1,569,489	2,924,340	2,903,268
Restricted	68,848	53,481	410,975	197,174	479,823	250,655
Unrestricted	65,561	51,244	378,537	477,081	444,098	528,325
Total net assets	\$ 1,494,918	1,438,504	2,353,343	2,243,744	3,848,261	3,682,248

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$3.8 billion at the end of the current fiscal year. The largest portion of the City's net assets are invested in capital assets, net of related debt (e.g. land, building, and equipment), which are \$2.9 billion, or 76% of the total amount of the City's net assets. 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, \$479 million of the City's net assets, represents resources that are subject to external restrictions that determine how they may be used in the future. The remaining balance, \$444 million of unrestricted net assets, 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 \$166 million in the current year. Governmental net assets increased \$56.4 million. The increase is attributable to total program expenses exceeding revenues by \$14.8 million, transfers from other funds of \$73.9 million and an asset transfer in the amount of \$2.6 million to the Travis County Hospital District. Business-type net assets increased by \$109.6 million, due to revenues exceeding program expenses by \$220.9 million, an asset transfer to the Travis County Hospital District in the amount of \$37.4 million and transfers to other funds of \$73.9 million.

**Changes in Net Assets
September 30
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program revenues:						
Charges for services	\$ 142,957	74,661	1,459,431	1,279,565	1,602,388	1,354,226
Operating grants and contributions	67,494	52,068	--	--	67,494	52,068
Capital grants and contributions	5,702	2,546	48,544	47,570	54,246	50,116
General revenues:						
Property tax	220,304	240,536	--	--	220,304	240,536
Sales tax	123,617	117,725	--	--	123,617	117,725
Franchise fees and gross receipts tax	69,120	63,509	--	--	69,120	63,509
Grants and contributions not restricted to specific programs	83,365	81,937	--	--	83,365	81,937
Interest and other	24,753	26,799	23,932	16,582	48,685	43,381
Total revenues	737,312	659,781	1,531,907	1,343,717	2,269,219	2,003,498
Program expenses:						
General government	73,233	46,607	--	--	73,233	46,607
Public safety	320,942	292,678	--	--	320,942	292,678
Transportation, planning and sustainability	17,247	15,879	--	--	17,247	15,879
Public health	104,361	48,733	--	--	104,361	48,733
Public recreation and culture	58,962	56,408	--	--	58,962	56,408
Urban growth management	77,340	64,631	--	--	77,340	64,631
Unallocated depreciation expense - infrastructure	58,722	35,833	--	--	58,722	35,833
Interest on debt	41,331	40,199	--	--	41,331	40,199
Electric	--	--	804,658	774,702	804,658	774,702
Water	--	--	142,061	155,472	142,061	155,472
Wastewater	--	--	122,176	137,227	122,176	137,227
Airport	--	--	87,538	77,541	87,538	77,541
Convention	--	--	38,844	52,336	38,844	52,336
Environmental and health services	--	--	45,739	100,351	45,739	100,351
Public recreation	--	--	9,408	9,298	9,408	9,298
Urban growth management	--	--	60,562	48,193	60,562	48,193
Total expenses	752,138	600,968	1,310,986	1,355,120	2,063,124	1,956,088
Excess (deficiency) before special items and transfers	(14,826)	58,813	220,921	(11,403)	206,095	47,410
Special items - Travis County Hospital District asset transfer	(2,639)	(7,700)	(37,443)	(3,000)	(40,082)	(10,700)
Transfers	73,879	39,264	(73,879)	(39,264)	--	--
Increase (decrease) in net assets	56,414	90,377	109,599	(53,667)	166,013	36,710
Beginning net assets	1,438,504	1,348,127	2,243,744	2,297,411	3,682,248	3,645,538
Ending net assets	\$ 1,494,918	1,438,504	2,353,343	2,243,744	3,848,261	3,682,248

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

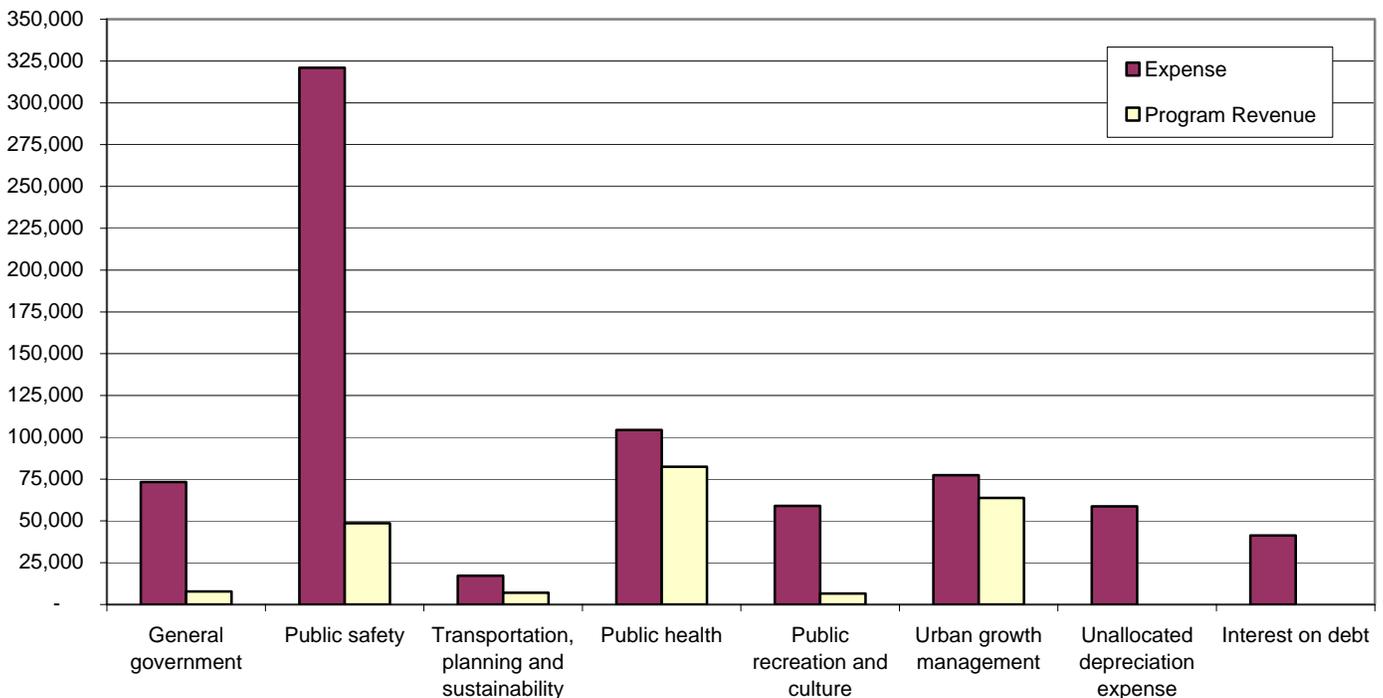
c -- Program Revenues and Expenses -- Governmental Activities

Governmental activities increased the City's net assets by \$56.4 million in fiscal year 2005, a 4% increase of governmental net assets from the previous year. Key factors of this increase are as follows:

- The City's property tax revenue decreased by \$20 million from the previous year, primarily as a result of a decrease in the City's tax rate from 49.28 cents to 44.3 cents per \$100 valuation. The tax rate dropped due to the creation of the Travis County Hospital District and the transfer of services and taxing authority from the City to the Hospital District.
- Rental income associated with the lease of Brackenridge Hospital decreased by \$13.5 million due to the conveyance of the lease to the Hospital District.
- Charges for services increased \$68 million. Beginning fiscal year 2005, the Hospital District entered into an interlocal agreement with the City to operate the Federally Qualified Health Centers and Medical Assistance Programs.
- Grants and contributions restricted to specific programs increased \$18.6 million, primarily as a result of higher intergovernmental revenues for public safety.
- Sales tax and franchise and gross receipt taxes increased by \$11.5 million from the previous year. This represents an increase of \$5.9 million or 5% for sales tax; an increase of \$5.6 million or 8.8% for franchise and gross receipt taxes.
- Transfers increased by \$34.6 million. In the previous fiscal year, \$36.6 million was transferred to the Primary Care Fund to support indigent health care costs. The Hospital District assumed this funding in fiscal year 2005.
- Net assets increased \$8.3 million as a result of reporting the Internal Service Funds within the governmental financial statements.
- Assets were transferred to the Travis County Hospital District in the amount of \$2.6 million.

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.

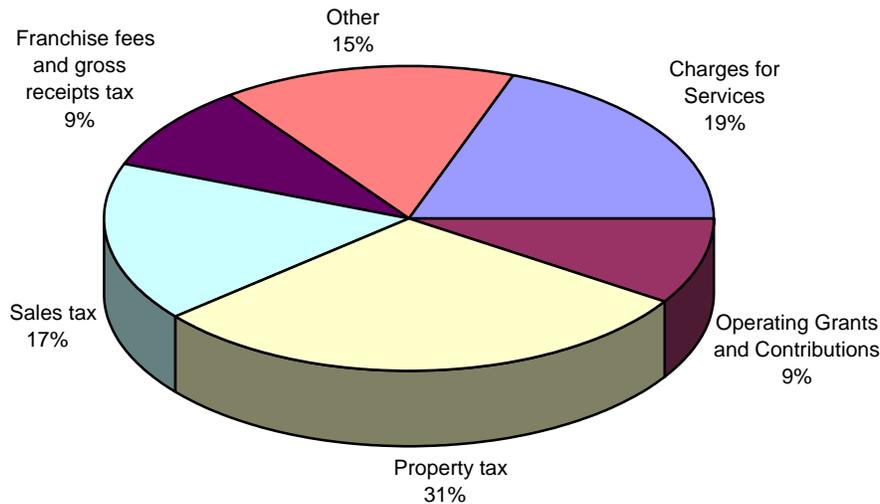
**Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)**



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 charges for services and sales taxes.

Government-wide Revenues by Source -- Governmental Activities



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

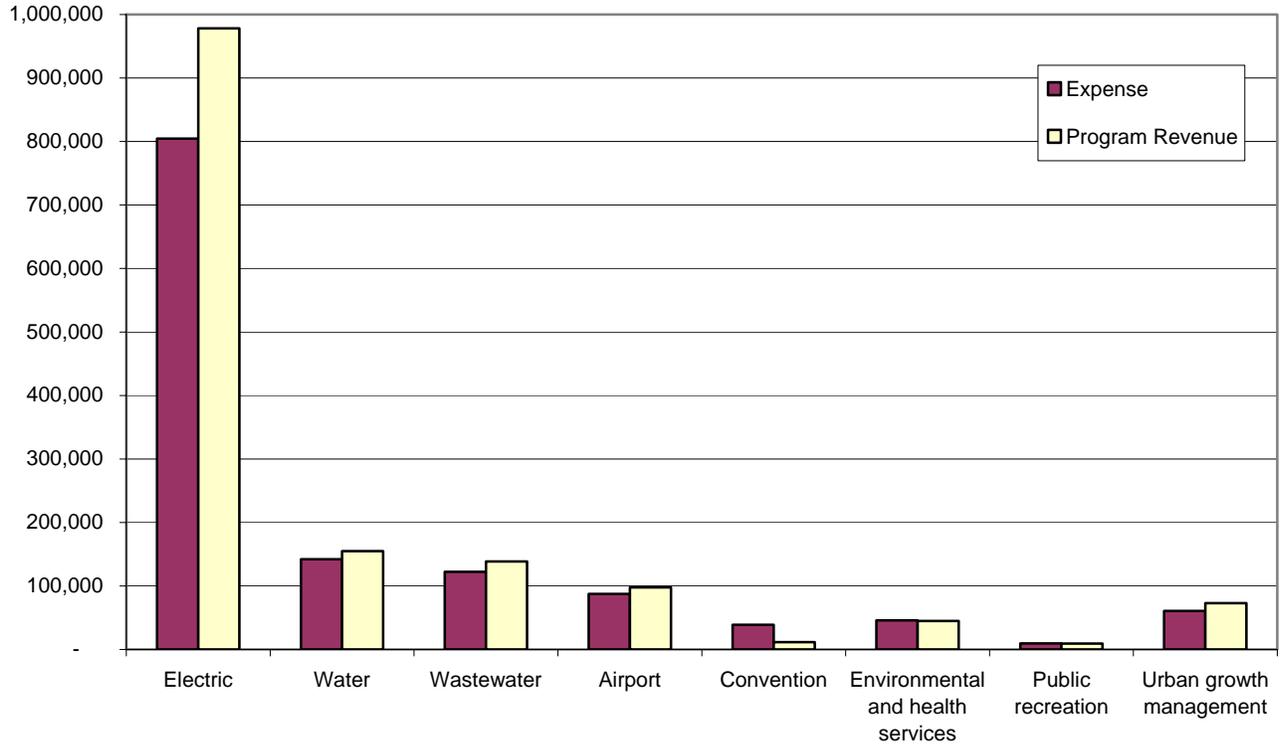
Business-type activities increased the City's net assets by approximately \$109.6 million, accounting for a 3% increase in the City's total net assets. Key factors include:

- Electric net assets increased approximately \$110 million. This increase is due primarily to an increase in electric consumption due to weather conditions and customer growth. Revenues increased by \$37 million; costs to be recovered in future years had a net change of \$75 million. This change is attributed to the fiscal 2004 defeasance of bond principal, which decreased cost to be recovered in accordance with FASB Statement No. 71.
- Water and Wastewater net assets increased approximately \$7 million. This increase is due primarily to a rate increase. Water operating revenue for 2005 increased by 17.7% from the prior year; wastewater revenue increased by 12.7% from the prior year.
- Airport net assets increased approximately \$13 million. Passenger facility charges increased by \$3.4 million due to increase in passenger traffic, which was 6% higher than the previous calendar year. Net income increased \$9.4 million, other nonoperating expense increase \$7 million, and capital contributions increased \$9.4 million.
- Convention net assets decreased approximately \$574 thousand. Revenue was 7% more than the prior year due to increased demand for convention space and events. Expenses increased due to an increase in operations and maintenance costs.
- Environmental and health services activities are comprised of nonmajor enterprise funds that include the Solid Waste Services Fund, Primary Care Fund, and Hospital Fund. Net assets decreased by approximately \$37 million. The decrease is primarily attributed to the transfer of Brackenridge and Austin Women's Hospital assets to the Travis County Hospital District.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and Transportation Fund. Net assets increased by approximately \$15 million. The increase is primarily attributed to an increase in revenue of \$9 million due to a rate increases and capital contributions. Operating expenses increased in the Transportation Fund by approximately \$8 million.

As shown in the following chart, the electric utility, with expenses of \$805 million, is the City's largest business-type activity, followed by water (\$142 million), wastewater (\$122 million), airport (\$88 million), urban growth management (\$61 million), environmental and health services (\$46 million), convention (\$39 million), and public recreation (\$9 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention, environmental and health services, and public recreation.

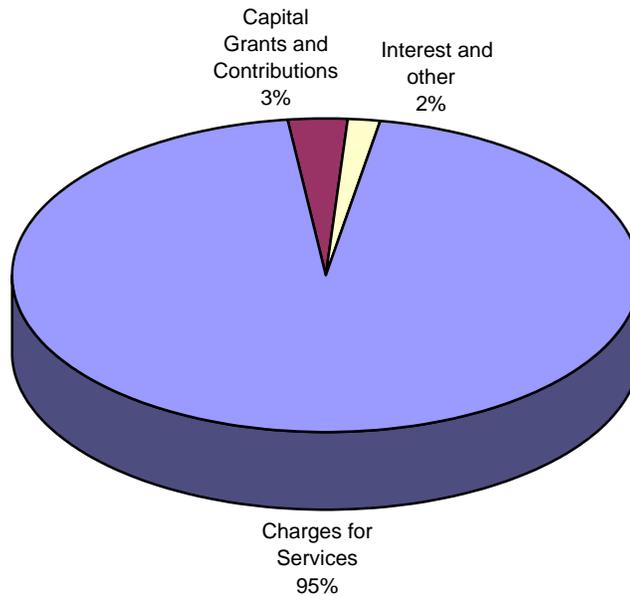
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

**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 \$309.6 million, an increase of \$367 thousand from the previous year. Approximately \$228 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, receivables, property held for resale and certain debt service amounts. Reserved fund balance decreased \$21 million in comparison to the prior year, primarily due to a decrease in the reservation for encumbrances of \$26.4 million.

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 \$98.8 million, while total fund balance was \$105 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 22% of total General Fund expenditures of \$444.6 million, and total fund balance represents 24% of expenditures. The unreserved and undesignated fund balance of the General Fund is \$53.7 million, which may be designated by City Council for specified uses in the future.

The General Fund fund balance decreased by \$1 million during the fiscal year; undesignated fund balance increased by \$5.8 million. Significant differences from the previous year include:

- Property tax revenues decreased \$23 million, primarily due to the transfer of services and taxing authority to the newly created Travis County Hospital District.
- Expenditures increased \$40 million, due primarily to increased public safety personnel costs.
- Revenue increases included \$7.9 million for emergency medical services and \$2 million in development and building safety permit fees.
- Sales tax revenues increased \$5.9 million.
- Transfers to other funds decreased \$35 million. A transfer of \$36.6 million to the Primary Care Fund to support indigent health care costs was eliminated due to the creation of the Hospital District.

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. Overall, net assets of the City's enterprise funds, including consolidation of the internal service funds activities, increased by \$109.6 million.

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

OTHER INFORMATION

a -- General Fund budgetary highlights

The original budget of the General Fund was amended several times during fiscal year 2005 for increased public safety costs, capital improvements, and transfers in.

During the year, revenues were \$7.4 million more than budgeted. The difference resulted from higher than anticipated development revenue and interest income.

Actual General Fund budget-basis expenditures were \$591 thousand less than budgeted. Public health, public recreation and culture and urban growth management expenditures were a combined \$1.2 million under budget. Public safety expenditures exceeded budget by \$750 thousand, primarily due to increased overtime costs. The total fund balance at year-end amounted to \$67.6 million, which was \$35.6 million higher than the final budget amount.

b -- Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2005, total \$7.3 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 \$135 million (2 percent), with an increase of almost 1 percent for governmental activities and an increase of 2.3 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	
	2005	2004	2005	2004	2005	2004
Land and improvements	\$ 243	233	287	280	530	513
Other assets not depreciated	18	18	1	1	19	19
Building and improvements	319	260	1,373	1,402	1,692	1,662
Equipment	53	33	2,644	2,546	2,697	2,579
Vehicles	27	32	42	37	69	69
Infrastructure	1,047	1,009	--	--	1,047	1,009
Completed assets not classified	13	120	37	180	50	300
Construction work in progress	328	327	856	680	1,184	1,007
Nuclear fuel, net of amortization	--	--	23	18	23	18
Plant held for future use	--	--	31	31	31	31
Total net assets	\$ 2,048	2,032	5,294	5,175	7,342	7,207

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

- Governmental capital assets increased \$16 million, net of accumulated depreciation. The majority of this increase was due to infrastructure additions.
- Business-type capital assets increased \$119 million, net of accumulated depreciation. This increase was largely due to Water and Wastewater Fund expenditures for Ullrich Water Treatment Plant improvements, South Austin Wastewater Treatment Plant improvements, and for projects associated with the Austin Clean Water Program.

OTHER INFORMATION, continued

c -- Debt Administration

At the end of the current fiscal year, the City reported \$4.4 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	
	2005	2004	2005	2004	2005	2004
General obligation bonds and other tax supported debt, net	\$ 841	863	106	104	947	967
Commercial paper notes, net	--	--	357	316	357	316
Revenue notes	--	--	28	28	28	28
Revenue bonds, net	--	--	3,038	2,983	3,038	2,983
Capital lease obligations	1	1	9	13	10	14
Total	<u>\$ 842</u>	<u>864</u>	<u>3,538</u>	<u>3,444</u>	<u>4,380</u>	<u>4,308</u>

During fiscal year 2005, the City's total outstanding debt increased by \$72 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 activities decreased \$22 million due to the payment of existing debt. Issuance of new debt will be used primarily for sidewalk projects; right of way acquisition and utility relocation; libraries; Motorola office purchase; Colony Park recreation center; developer reimbursements; mobile data system; and a court settlement agreement.
- Outstanding debt for business-type functions increased \$94 million. In 2005, new debt was issued primarily for transportation capital equipment; solid waste services landfill upgrades; telecommunications network equipment; golf capital equipment; and vehicle capital equipment. The City issued Water and Wastewater Fund separate lien revenue refunding bonds to refund commercial paper and existing debt.

The general obligation bond and revenue bond ratings remained unchanged while the tax-exempt commercial paper ratings were upgraded during the year. Ratings at September 30, 2005 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+
Utility revenue bonds - prior lien	A2	A+	A+
Utility revenue bonds - subordinate lien	A2	A	A+
Utility revenue bonds - separate lien:			
Electric	A3	A	A+
Water and Wastewater	A2	A	A+
Airport system revenue bonds	NUR(1)	A-	NUR(1)
Airport variable rate bonds	P-1	NUR(1)	NUR(1)

(1) No underlying rating

OTHER INFORMATION, continued

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

The local economy continues to grow steadily, as job growth and local sales tax revenues had strong increases from the previous year. The forecast for the upcoming year indicates the City is poised to continue its trend of economic growth, as consumer spending, tourism and job growth are predicted to show continuing increases over the next several years. Nationwide, the U.S. economy continues to grow, as the Gross Domestic Product annual growth rate was 3.5 percent for 2005. Predictions indicate that the U.S. economy will continue to grow, although higher oil prices may affect the rate of sustainable growth.

For the upcoming 2006 budget, the City will strategically reinvest in the services provided to the community. Years of budget reductions have created vulnerabilities in the service delivery to the citizens of Austin. The budget will stress a variety of tactical budget add-backs in order to deliver the services the citizens of Austin need and expect. Although indications are favorable that the Austin area economy will continue to improve, several key factors may have a significant impact to the economic climate. A downturn in the U.S. economy, including higher-than anticipated inflation or fast-rising oil and fuel prices, could have a significant negative impact to the local economy. City management will continue to view the economic recovery in a conservative manner and will be prepared to take any corrective actions to help mitigate unfavorable economic events.

The assessed valuation within the City increased by 6% for fiscal year 2006. The property tax rate for fiscal year 2006 is 44.3 cents per \$100 valuation. The tax rate consists of 28.41 cents for the General Fund, 15.89 cents for debt service. Each 1 cent of the property tax rate is equivalent to \$5,277,072 of tax levy, as compared to \$4,994,185 in the previous year. Rate increases for the Water and Wastewater Fund are: 3.6% for Water, 7% for Wastewater.

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 and Administrative 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, 2005
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental	Business-type	2005
	Activities	Activities	Total (†)
ASSETS			
Current assets:			
Cash	\$ 112	60	172
Pooled investments and cash	342,547	210,098	552,645
Pooled investments and cash - restricted	--	283,791	283,791
Total pooled investments and cash	342,547	493,889	836,436
Investments, at fair value	13,664	1,266	14,930
Investments, at fair value - restricted	--	255,340	255,340
Cash held by trustee	5,753	--	5,753
Cash held by trustee - restricted	--	8,501	8,501
Working capital advances	--	3,415	3,415
Property taxes receivable	11,007	--	11,007
Less allowance for uncollectible taxes	(1,328)	--	(1,328)
Net property taxes receivable	9,679	--	9,679
Accounts and other receivables	181,287	201,290	382,577
Less allowance for doubtful accounts	(81,220)	(8,985)	(90,205)
Net accounts receivable	100,067	192,305	292,372
Interest receivable - restricted	40	--	40
Receivables from other governments	16,343	322	16,665
Notes receivable, net of allowance	8,766	--	8,766
Internal balances	(1,350)	1,350	--
Internal balances - restricted	(2,407)	2,407	--
Inventories, at cost	2,397	53,558	55,955
Real property held for resale	9,351	--	9,351
Prepaid items	615	1,538	2,153
Other assets	1,281	26,164	27,445
Other receivables - restricted	2,780	10,569	13,349
Total current assets	<u>509,638</u>	<u>1,050,684</u>	<u>1,560,322</u>
Noncurrent assets:			
Investments, at fair value - restricted	--	65,000	65,000
Investments held by trustee - restricted	--	105,101	105,101
Interest receivable - restricted	2	1,263	1,265
Capital assets			
Land and other nondepreciable assets	260,946	288,481	549,427
Property, plant, and equipment in service	2,154,379	6,516,150	8,670,529
Less accumulated depreciation	(695,770)	(2,420,118)	(3,115,888)
Net property, plant, and equipment in service	<u>1,458,609</u>	<u>4,096,032</u>	<u>5,554,641</u>
Construction in progress	327,986	856,489	1,184,475
Nuclear fuel, net of amortization	--	22,747	22,747
Plant held for future use	--	30,745	30,745
Total capital assets	<u>2,047,541</u>	<u>5,294,494</u>	<u>7,342,035</u>
Intangible assets, net of amortization	--	85,102	85,102
Other long-term assets	--	1,002	1,002
Deferred costs and expenses, net of amortization	3,634	386,738	390,372
Total noncurrent assets	<u>2,051,177</u>	<u>5,938,700</u>	<u>7,989,877</u>
Total assets	<u>\$ 2,560,815</u>	<u>6,989,384</u>	<u>9,550,199</u>

(†) 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, 2005
(In thousands)

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

	Governmental Activities	Business-type Activities	2005 Total (†)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 24,940	81,084	106,024
Accounts and retainage payable from restricted assets	--	43,529	43,529
Accrued payroll	16,909	8,320	25,229
Accrued compensated absences	32,829	15,064	47,893
Claims payable	14,185	--	14,185
Accrued interest payable from restricted assets	--	50,147	50,147
Interest payable on other debt	3,687	1,636	5,323
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	59,832	4,548	64,380
General obligation bonds payable and other tax supported debt payable from restricted assets, net of discount and inclusive of premium	--	4,786	4,786
Revenue bonds payable	--	24,141	24,141
Revenue bonds payable payable from restricted assets	--	112,495	112,495
Capital lease obligations payable	432	3,377	3,809
Customer and escrow deposits payable from restricted assets	--	18,288	18,288
Nuclear fuel expense payable from restricted assets	--	28,589	28,589
Deferred credits and other liabilities	54,064	23,018	77,082
Total current liabilities	206,878	419,022	625,900
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	39,248	4,736	43,984
Claims payable	14,633	--	14,633
Capital appreciation bond interest payable	--	188,430	188,430
Commercial paper notes payable, net of discount	--	356,923	356,923
Revenue notes payable	--	28,000	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	780,805	96,408	877,213
Revenue bonds payable, net of discount and inclusive of premium	--	2,901,081	2,901,081
Pension obligation payable	6,006	5,755	11,761
Capital lease obligations payable	528	5,990	6,518
Accrued landfill closure and postclosure costs	--	7,935	7,935
Decommissioning expense payable from restricted assets	--	109,718	109,718
Deferred credits and other liabilities	17,778	507,968	525,746
Other liabilities payable from restricted assets	21	4,075	4,096
Total noncurrent liabilities	859,019	4,217,019	5,076,038
Total liabilities	1,065,897	4,636,041	5,701,938
NET ASSETS			
Invested in capital assets, net of related debt	1,360,509	1,563,831	2,924,340
Restricted for:			
Debt service	9,552	102,035	111,587
Strategic reserve	--	167,320	167,320
Capital projects	57,924	83,119	141,043
Renewal and replacement	--	44,159	44,159
Passenger facility charges	--	11,759	11,759
Convention Center operating reserve	--	2,583	2,583
Perpetual Care:			
Expendable	332	--	332
Nonexpendable	1,040	--	1,040
Unrestricted	65,561	378,537	444,098
Total net assets	\$ 1,494,918	2,353,343	3,848,261

(†) 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, 2005
(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	2005 Total
Governmental activities							
General government	\$ 73,233	7,334	421	--	(65,478)	--	(65,478)
Public safety	320,942	37,825	10,771	--	(272,346)	--	(272,346)
Transportation, planning, and sustainability	17,247	2,689	24	4,342	(10,192)	--	(10,192)
Public health	104,361	59,948	21,412	1,035	(21,966)	--	(21,966)
Public recreation and culture	58,962	3,208	3,060	325	(52,369)	--	(52,369)
Urban growth management	77,340	31,953	31,806	--	(13,581)	--	(13,581)
Unallocated depreciation expense (1)	58,722	--	--	--	(58,722)	--	(58,722)
Interest on debt	41,331	--	--	--	(41,331)	--	(41,331)
Total governmental activities	<u>752,138</u>	<u>142,957</u>	<u>67,494</u>	<u>5,702</u>	<u>(535,985)</u>	<u>--</u>	<u>(535,985)</u>
Business-type activities							
Electric	804,658	972,846	--	5,269	--	173,457	173,457
Water	142,061	140,356	--	14,481	--	12,776	12,776
Wastewater	122,176	129,314	--	9,338	--	16,476	16,476
Airport	87,538	82,220	--	15,566	--	10,248	10,248
Convention	38,844	11,169	--	290	--	(27,385)	(27,385)
Environmental and health services	45,739	44,550	--	337	--	(852)	(852)
Public recreation	9,408	9,117	--	113	--	(178)	(178)
Urban growth management	60,562	69,859	--	3,150	--	12,447	12,447
Total business-type activities	<u>1,310,986</u>	<u>1,459,431</u>	<u>--</u>	<u>48,544</u>	<u>--</u>	<u>196,989</u>	<u>196,989</u>
Total	<u>\$ 2,063,124</u>	<u>1,602,388</u>	<u>67,494</u>	<u>54,246</u>	<u>(535,985)</u>	<u>196,989</u>	<u>(338,996)</u>
General revenues:							
Property tax					220,304	--	220,304
Sales tax					123,617	--	123,617
Franchise fees and gross receipts tax					69,120	--	69,120
Grants and contributions not restricted to specific programs					83,365	--	83,365
Interest and other					24,753	23,932	48,685
Special item - Travis County Hospital District-asset transfer					(2,639)	(37,443)	(40,082)
Transfers-internal activities					73,879	(73,879)	--
Total general revenues and transfers					<u>592,399</u>	<u>(87,390)</u>	<u>505,009</u>
Change in net assets					56,414	109,599	166,013
Beginning net assets					1,438,504	2,243,744	3,682,248
Ending net assets					<u>\$ 1,494,918</u>	<u>2,353,343</u>	<u>3,848,261</u>

(1) Excludes direct depreciation expense for the various programs.

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



**Governmental Funds
Balance Sheet
September 30, 2005
(In thousands)**

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

	2005		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 91	4	95
Pooled investments and cash	92,438	148,871	241,309
Investments, at fair value	--	13,664	13,664
Cash held by trustee	--	5,057	5,057
Property taxes receivable	6,619	4,388	11,007
Less allowance for uncollectible taxes	(803)	(525)	(1,328)
Net property taxes receivable	5,816	3,863	9,679
Accounts and other receivables	125,498	53,779	179,277
Less allowance for doubtful accounts	(80,751)	(339)	(81,090)
Net accounts receivable	44,747	53,440	98,187
Receivables from other governments	--	16,343	16,343
Notes receivable, net of allowance	--	8,766	8,766
Due from other funds	302	43,711	44,013
Advances to other funds	--	7,757	7,757
Inventories, at cost	1,322	--	1,322
Real property held for resale	--	9,351	9,351
Prepaid items	553	2	555
Other assets	55	1,226	1,281
Total assets	145,324	312,055	457,379
LIABILITIES AND FUND BALANCES			
Accounts payable	4,976	12,558	17,534
Accrued payroll	13,244	695	13,939
Accrued compensated absences	416	4	420
Due to other funds	618	44,200	44,818
Deferred revenue	16,211	6,502	22,713
Advances from other funds	1,234	396	1,630
Deposits and other liabilities	3,283	43,484	46,767
Total liabilities	39,982	107,839	147,821
Fund balances			
Reserved:			
Encumbrances	4,629	35,114	39,743
Inventories and prepaid items	1,875	--	1,875
Notes receivable	--	8,766	8,766
Advances receivable	--	7,757	7,757
Real property held for resale	--	9,351	9,351
Debt service	--	13,199	13,199
Permanent funds	--	1,040	1,040
Unreserved, designated:			
Emergencies	15,000	--	15,000
Contingencies	4,258	--	4,258
Future use	858	--	858
Budget stabilization	25,000	--	25,000
Unreserved, undesignated:			
General Fund	53,722	--	53,722
Special revenue	--	27,994	27,994
Capital projects	--	100,663	100,663
Permanent funds	--	332	332
Total fund balances	105,342	204,216	309,558
Total liabilities and fund balances	\$ 145,324	312,055	457,379

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, 2005
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds	\$ 309,558
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.	2,013,977
Other long-term assets are not available as current-period resources and are not reported in the funds.	4,450
Long-term liabilities are not payable in the current period and are not reported in the funds.	(893,251)
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.	60,184
Total net assets - Governmental activities	<u>\$ 1,494,918</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, 2005
(In thousands)

City of Austin, Texas
Exhibit B-2

	2005		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 136,927	83,767	220,694
Sales taxes	123,617	--	123,617
Franchise fees and other taxes	33,215	35,953	69,168
Fines, forfeitures and penalties	17,529	4,403	21,932
Licenses, permits and inspections	17,399	--	17,399
Charges for services/goods	23,064	77,035	100,099
Intergovernmental	--	88,661	88,661
Property owners' participation and contributions	--	6,152	6,152
Interest and other	10,691	12,501	23,192
Total revenues	362,442	308,472	670,914
EXPENDITURES			
Current:			
General government	42,019	2,025	44,044
Public safety	310,313	14,502	324,815
Transportation, planning and sustainability	1,205	7,418	8,623
Public health	27,286	74,631	101,917
Public recreation and culture	47,630	5,685	53,315
Urban growth management	16,163	59,979	76,142
Debt service:			
Principal	--	50,608	50,608
Interest	--	41,233	41,233
Fees and commissions	--	10	10
Capital outlay	--	81,507	81,507
Total expenditures	444,616	337,598	782,214
Excess (deficiency) of revenues over expenditures	(82,174)	(29,126)	(111,300)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	26,940	26,940
Issuance of refunding bonds	--	148,125	148,125
Bond premiums	--	13,750	13,750
Payment to refunding bond escrow agent	--	(161,875)	(161,875)
Capital leases	932	--	932
Transfers in	94,451	47,953	142,404
Transfers out	(14,154)	(44,455)	(58,609)
Total other financing sources (uses)	81,229	30,438	111,667
Net change in fund balances	(945)	1,312	367
Fund balances at beginning of year	106,287	202,904	309,191
Fund balances at end of year	\$ 105,342	204,216	309,558

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, 2005
(In thousands)

City of Austin, Texas
Exhibit B-2.1

Net change in fund balances - Governmental funds	\$ 367
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.	(16,154)
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.	51,904
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.	(3,707)
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, 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.	23,668
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.	(4,203)
Special item - Governmental assets transferred to Travis County Hospital District	(2,639)
The net revenue of certain activities of internal service funds is reported with governmental activities.	7,178
Change in net assets - Governmental activities	<u>\$ 56,414</u>

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

Proprietary Funds
Statement of Net Assets
September 30, 2005
(In thousands)

	Electric	Water and Wastewater	Airport
ASSETS			
Current assets:			
Cash	\$ 18	11	6
Pooled investments and cash	133,244	3,611	39
Pooled investments and cash - restricted	102,915	24,501	98,358
Total pooled investments and cash	<u>236,159</u>	<u>28,112</u>	<u>98,397</u>
Investments, at fair value	--	--	--
Investments, at fair value - restricted	179,193	45,977	25,881
Cash held by trustee	--	--	--
Cash held by trustee - restricted	2,844	5,657	--
Working capital advances	3,291	--	--
Accounts receivable	137,248	44,536	5,089
Less allowance for doubtful accounts	(3,644)	(900)	(150)
Net accounts receivable	<u>133,604</u>	<u>43,636</u>	<u>4,939</u>
Receivables from other governments	--	--	--
Due from other funds	--	--	--
Due from other funds - restricted	--	27	617
Inventories, at cost	52,209	1,043	--
Prepaid expenses	1,365	130	9
Other assets	26,158	2	--
Other receivables - restricted	--	1,904	448
Total current assets	<u>634,841</u>	<u>126,499</u>	<u>130,297</u>
Noncurrent assets:			
Advances to other funds	2,720	--	--
Advances to other funds - restricted	--	134	1,457
Investments, at fair value - restricted	65,000	--	--
Investments held by trustee - restricted	105,101	--	--
Interest receivable - restricted	1,263	--	--
Capital assets			
Land and other nondepreciable assets	39,907	140,112	59,188
Property, plant, and equipment in service	3,324,769	2,191,595	623,781
Less accumulated depreciation	(1,444,715)	(763,551)	(117,488)
Net property, plant, and equipment in service	<u>1,880,054</u>	<u>1,428,044</u>	<u>506,293</u>
Construction in progress	200,248	550,757	35,327
Nuclear fuel, net of amortization	22,747	--	--
Plant held for future use	30,745	--	--
Total capital assets	<u>2,173,701</u>	<u>2,118,913</u>	<u>600,808</u>
Intangible assets, net of amortization	--	85,102	--
Other long-term assets	1,002	--	--
Deferred costs and expenses, net of amortization	198,424	180,963	4,269
Total noncurrent assets	<u>2,547,211</u>	<u>2,385,112</u>	<u>606,534</u>
Total assets	<u>\$ 3,182,052</u>	<u>2,511,611</u>	<u>736,831</u>

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

	<u>Nonmajor Enterprise Funds</u>	<u>2005 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
ASSETS			
Current assets:			
Cash	25	60	17
Pooled investments and cash	73,204	210,098	101,238
Pooled investments and cash - restricted	58,017	283,791	--
Total pooled investments and cash	<u>131,221</u>	<u>493,889</u>	<u>101,238</u>
Investments, at fair value	1,266	1,266	--
Investments, at fair value - restricted	4,289	255,340	--
Cash held by trustee	--	--	696
Cash held by trustee - restricted	--	8,501	--
Working capital advances	124	3,415	--
Accounts receivable	14,417	201,290	1,320
Less allowance for doubtful accounts	(4,291)	(8,985)	(222)
Net accounts receivable	<u>10,126</u>	<u>192,305</u>	<u>1,098</u>
Receivables from other governments	322	322	--
Due from other funds	160	160	188
Due from other funds - restricted	--	644	--
Inventories, at cost	306	53,558	1,075
Prepaid expenses	34	1,538	60
Other assets	4	26,164	--
Other receivables - restricted	8,217	10,569	2,780
Total current assets	<u>156,094</u>	<u>1,047,731</u>	<u>107,152</u>
Noncurrent assets:			
Advances to other funds	--	2,720	--
Advances to other funds - restricted	172	1,763	--
Investments, at fair value - restricted	--	65,000	--
Investments held by trustee - restricted	--	105,101	--
Interest receivable - restricted	--	1,263	2
Capital assets			
Land and other nondepreciable assets	49,274	288,481	676
Property, plant, and equipment in service	376,005	6,516,150	50,264
Less accumulated depreciation	(94,364)	(2,420,118)	(24,509)
Net property, plant, and equipment in service	<u>281,641</u>	<u>4,096,032</u>	<u>25,755</u>
Construction in progress	70,157	856,489	7,133
Nuclear fuel, net of amortization	--	22,747	--
Plant held for future use	--	30,745	--
Total capital assets	<u>401,072</u>	<u>5,294,494</u>	<u>33,564</u>
Intangible assets, net of amortization	--	85,102	--
Other long-term assets	--	1,002	--
Deferred costs and expenses, net of amortization	3,082	386,738	6
Total noncurrent assets	<u>404,326</u>	<u>5,943,183</u>	<u>33,572</u>
Total assets	<u>560,420</u>	<u>6,990,914</u>	<u>140,724</u>

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2005
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 73,161	2,281	2,090
Accounts and retainage payable from restricted assets	9,191	26,787	2,177
Accrued payroll	3,645	1,921	531
Accrued compensated absences	6,823	3,682	882
Claims payable	--	--	--
Due to other funds	--	--	--
Accrued interest payable from restricted assets	24,408	21,175	2,076
Interest payable on other debt	394	995	3
General obligation bonds payable and other tax supported debt	--	--	58
General obligation bonds payable and other tax supported debt payable from restricted assets	363	3,490	--
Revenue bonds payable	--	24,141	--
Revenue bonds payable from restricted assets	75,906	20,469	13,790
Capital lease obligations payable	1,946	1,166	170
Customer and escrow deposits payable from restricted assets	11,761	3,351	756
Nuclear fuel expense payable from restricted assets	28,589	--	--
Deferred credits and other liabilities	17,859	3,728	1,040
Total current liabilities	<u>254,046</u>	<u>113,186</u>	<u>23,573</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	2,404	910	--
Claims payable	--	--	--
Advances from other funds	--	4,709	--
Capital appreciation bond interest payable	92,470	95,960	--
Commercial paper notes payable, net of discount	157,481	199,442	--
Revenue notes payable	--	--	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	2,021	18,231	401
Revenue bonds payable, net of discount and inclusive of premium	1,100,602	1,242,341	338,525
Pension obligation payable	2,565	1,319	459
Capital lease obligations payable	3,254	2,566	151
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning expense payable from restricted assets	109,718	--	--
Deferred credits and other liabilities	75,170	430,536	1,851
Other liabilities payable from restricted assets	--	2,928	1,147
Total noncurrent liabilities	<u>1,545,685</u>	<u>1,998,942</u>	<u>370,534</u>
Total liabilities	<u>1,799,731</u>	<u>2,112,128</u>	<u>394,107</u>
NET ASSETS			
Invested in capital assets, net of related debt	912,533	289,985	224,013
Restricted for:			
Debt service	52,465	24,802	20,479
Strategic reserve	167,320	--	--
Capital projects	6,301	--	62,096
Renewal and replacement	32,350	--	10,000
Passenger facility charges	--	--	11,759
Convention Center operating reserve	--	--	--
Unrestricted	211,352	84,696	14,377
Total net assets	<u>\$ 1,382,321</u>	<u>399,483</u>	<u>342,724</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	2,924	2,757	1,134
Total net assets - Business-type activities	<u>\$ 1,385,245</u>	<u>402,240</u>	<u>343,858</u>

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

(Continued)

	<u>Nonmajor Enterprise Funds</u>	<u>2005 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,552	81,084	7,406
Accounts and retainage payable from restricted assets	5,374	43,529	--
Accrued payroll	2,223	8,320	2,970
Accrued compensated absences	3,677	15,064	4,803
Claims payable	--	--	14,185
Due to other funds	160	160	27
Accrued interest payable from restricted assets	2,488	50,147	--
Interest payable on other debt	244	1,636	244
General obligation bonds payable and other tax supported debt	4,490	4,548	3,151
General obligation bonds payable and other tax supported debt payable from restricted assets	933	4,786	--
Revenue bonds payable	--	24,141	--
Revenue bonds payable from restricted assets	2,330	112,495	--
Capital lease obligations payable	95	3,377	67
Customer and escrow deposits payable from restricted assets	2,420	18,288	--
Nuclear fuel expense payable from restricted assets	--	28,589	--
Deferred credits and other liabilities	391	23,018	1,086
Total current liabilities	<u>28,377</u>	<u>419,182</u>	<u>33,939</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,422	4,736	1,163
Claims payable	--	--	14,633
Advances from other funds	5,490	10,199	411
Capital appreciation bond interest payable	--	188,430	--
Commercial paper notes payable, net of discount	--	356,923	--
Revenue notes payable	--	28,000	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	75,755	96,408	21,532
Revenue bonds payable, net of discount and inclusive of premium	219,613	2,901,081	--
Pension obligation payable	1,412	5,755	--
Capital lease obligations payable	19	5,990	12
Accrued landfill closure and postclosure costs	7,935	7,935	--
Decommissioning expense payable from restricted assets	--	109,718	--
Deferred credits and other liabilities	411	507,968	--
Other liabilities payable from restricted assets	--	4,075	21
Total noncurrent liabilities	<u>312,057</u>	<u>4,227,218</u>	<u>37,772</u>
Total liabilities	<u>340,434</u>	<u>4,646,400</u>	<u>71,711</u>
NET ASSETS			
Invested in capital assets, net of related debt	137,300	1,563,831	7,562
Restricted for:			
Debt service	4,289	102,035	--
Strategic reserve	--	167,320	--
Capital projects	14,722	83,119	5,646
Renewal and replacement	1,809	44,159	--
Passenger facility charges	--	11,759	--
Convention Center operating reserve	2,583	2,583	--
Unrestricted	59,283	369,708	55,805
Total net assets	<u>219,986</u>	<u>2,344,514</u>	<u>69,013</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	2,014	8,829	
Total net assets - Business-type activities	<u>222,000</u>	<u>2,353,343</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, 2005
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
OPERATING REVENUES			
Utility services	\$ 972,846	269,670	--
User fees and rentals	--	--	68,282
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	<u>972,846</u>	<u>269,670</u>	<u>68,282</u>
OPERATING EXPENSES			
Operating expenses before depreciation	614,219	116,478	41,320
Depreciation and amortization	104,843	61,098	17,526
Total operating expenses	<u>719,062</u>	<u>177,576</u>	<u>58,846</u>
Operating income (loss)	<u>253,784</u>	<u>92,094</u>	<u>9,436</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	16,688	1,197	3,549
Interest on revenue bonds and other debt	(92,122)	(81,269)	(21,963)
Interest capitalized during construction	--	--	1,640
Passenger facility charges	--	--	13,938
Amortization of bond issue cost	(664)	(545)	(228)
Cost (recovered) to be recovered in future years	14,967	(2,919)	--
Other nonoperating expense	(8,296)	(2,344)	(8,533)
Total nonoperating revenues (expenses)	<u>(69,427)</u>	<u>(85,880)</u>	<u>(11,597)</u>
Income (loss) before contributions and transfers	184,357	6,214	(2,161)
Capital contributions	5,269	23,819	15,566
Special item - Travis County Hospital District-asset transfer	--	--	--
Transfers in	--	--	--
Transfers out	(79,145)	(22,743)	--
Change in net assets	110,481	7,290	13,405
Total net assets - beginning	1,271,840	392,193	329,319
Total net assets - ending	<u>\$ 1,382,321</u>	<u>399,483</u>	<u>342,724</u>
Reconciliation to government-wide Statement of Activities			
Change in net assets	110,481	7,290	13,405
Adjustment to consolidate internal service activities	519	416	392
Change in net assets - Business-type activities	<u>\$ 111,000</u>	<u>7,706</u>	<u>13,797</u>

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

	Nonmajor Enterprise Funds	2005 Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,242,516	--
User fees and rentals	134,695	202,977	--
Billings to departments	--	--	221,422
Employee contributions	--	--	26,856
Operating revenues from other governments	--	--	2,765
Other operating revenues	--	--	5,187
Total operating revenues	134,695	1,445,493	256,230
OPERATING EXPENSES			
Operating expenses before depreciation	125,633	897,650	226,485
Depreciation and amortization	14,161	197,628	11,025
Total operating expenses	139,794	1,095,278	237,510
Operating income (loss)	(5,099)	350,215	18,720
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	2,498	23,932	614
Interest on revenue bonds and other debt	(15,819)	(211,173)	(782)
Interest capitalized during construction	3,211	4,851	--
Passenger facility charges	--	13,938	--
Amortization of bond issue cost	(191)	(1,628)	(5)
Cost (recovered) to be recovered in future years	--	12,048	--
Other nonoperating expense	(1,828)	(21,001)	(6,640)
Total nonoperating revenues (expenses)	(12,129)	(179,033)	(6,813)
Income (loss) before contributions and transfers	(17,228)	171,182	11,907
Capital contributions	3,890	48,544	6,382
Special item - Travis County Hospital District-asset transfer	(37,443)	(37,443)	--
Transfers in	31,386	31,386	--
Transfers out	(3,377)	(105,265)	(9,916)
Change in net assets	(22,772)	108,404	8,373
Total net assets - beginning	242,758	2,236,110	60,640
Total net assets - ending	219,986	2,344,514	69,013
Reconciliation to government-wide Statement of Activities			
Change in net assets	(22,772)	108,404	
Adjustment to consolidate internal service activities	(132)	1,195	
Change in net assets - Business-type activities	(22,904)	109,599	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,003,992	266,237	67,864
Cash payments to suppliers for goods and services	(459,763)	(61,526)	(21,240)
Cash payments to employees for services	(103,273)	(55,073)	(20,412)
Cash payments to claimants/beneficiaries	--	--	--
Cash received from other governments	--	--	--
Taxes collected and remitted to other governments	(28,184)	--	--
Net cash provided (used) by operating activities	<u>412,772</u>	<u>149,638</u>	<u>26,212</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	--
Transfers out	(79,145)	(22,743)	--
Interest paid on revenue notes and other debt	(53)	(17)	--
Increase in deferred assets	(355)	--	--
Decrease in due to other governments	--	--	--
Loans to other funds	(140)	--	--
Loans from other funds	--	475	578
Loan repayments to other funds	--	--	--
Loan repayments from other funds	438	33	46
Net cash provided (used) by noncapital financing activities	<u>(79,255)</u>	<u>(22,252)</u>	<u>624</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	62,596	153,810	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--
Proceeds from the sale of revenue bonds	--	--	847
Proceeds from long-term loans	--	--	--
Principal paid on long-term debt	(92,428)	(48,288)	(7,932)
Proceeds from the sale of capital assets	11	--	597
Purchased interest received	--	1,787	--
Interest paid on revenue bonds and other debt	(70,898)	(65,208)	(22,574)
Passenger facility charges	--	--	13,938
Acquisition and construction of capital assets	(117,688)	(199,711)	(22,015)
Contributions from municipality	--	--	--
Contributions from state and federal governments	--	--	16,062
Contributions in aid of construction	5,367	11,230	--
Bond issuance costs	--	153	--
Bond discounts	(100)	--	--
Cash paid for nuclear fuel inventory	(14,335)	--	--
Net cash provided (used) by capital and related financing activities	<u>\$ (227,475)</u>	<u>(146,227)</u>	<u>(21,077)</u>

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

	Nonmajor Enterprise Funds	2005 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	135,772	1,473,865	252,587
Cash payments to suppliers for goods and services	(62,998)	(605,527)	(84,127)
Cash payments to employees for services	(64,105)	(242,863)	(81,001)
Cash payments to claimants/beneficiaries	--	--	(57,357)
Cash received from other governments	1,349	1,349	--
Taxes collected and remitted to other governments	--	(28,184)	--
Net cash provided (used) by operating activities	10,018	598,640	30,102
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	31,386	31,386	--
Transfers out	(3,377)	(105,265)	(9,916)
Interest paid on revenue notes and other debt	(3)	(73)	--
Increase in deferred assets	--	(355)	--
Decrease in due to other governments	(3,000)	(3,000)	--
Loans to other funds	(230)	(370)	--
Loans from other funds	1,423	2,476	--
Loan repayments to other funds	--	--	(895)
Loan repayments from other funds	1,179	1,696	410
Net cash provided (used) by noncapital financing activities	27,378	(73,505)	(10,401)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	216,406	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	2,330
Proceeds from the sale of revenue bonds	--	847	--
Proceeds from long-term loans	17	17	--
Principal paid on long-term debt	(8,819)	(157,467)	(2,727)
Proceeds from the sale of capital assets	--	608	--
Purchased interest received	112	1,899	--
Interest paid on revenue bonds and other debt	(16,181)	(174,861)	(706)
Passenger facility charges	--	13,938	--
Acquisition and construction of capital assets	(25,516)	(364,930)	(7,552)
Contributions from municipality	--	--	774
Contributions from state and federal governments	--	16,062	--
Contributions in aid of construction	3,452	20,049	--
Bond issuance costs	--	153	--
Bond discounts	--	(100)	--
Cash paid for nuclear fuel inventory	--	(14,335)	--
Net cash provided (used) by capital and related financing activities	(46,935)	(441,714)	(7,881)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (183,211)	(90,688)	(39,842)
Proceeds from sale and maturities of investment securities	188,279	85,541	41,262
Interest on investments	11,415	1,162	2,932
Net cash provided (used) by investing activities	<u>16,483</u>	<u>(3,985)</u>	<u>4,352</u>
Net increase (decrease) in cash and cash equivalents	122,525	(22,826)	10,111
Cash and cash equivalents, October 1	116,496	56,606	88,292
Cash and cash equivalents, September 30	<u>239,021</u>	<u>33,780</u>	<u>98,403</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	253,784	92,094	9,436
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	104,843	58,598	17,526
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	41	--	--
(Increase) decrease in accounts receivable	(12,117)	(5,849)	(330)
Increase (decrease) in allowance for doubtful accounts	691	48	--
Increase in receivables from other governments	--	--	--
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	1,648	(105)	--
(Increase) decrease in prepaid expenses and other assets	(1,179)	7	64
Decrease in deferred costs and other expenses	9,911	--	--
Decrease in other long-term assets	350	--	--
Increase (decrease) in accounts payable	24,106	800	735
Increase (decrease) in accrued payroll and compensated absences	491	278	(536)
Increase in claims payable	--	--	--
Increase in advances from other funds	--	--	--
Increase in pension obligations payable	1,305	671	229
Increase (decrease) in deferred credits and other liabilities	24,942	(713)	(1,054)
Increase in customer deposits	3,956	1,309	142
Total adjustments	<u>158,988</u>	<u>57,544</u>	<u>16,776</u>
Net cash provided (used) by operating activities	<u>\$ 412,772</u>	<u>149,638</u>	<u>26,212</u>

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

(Continued)

	Nonmajor Enterprise Funds	2005 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(15,940)	(329,681)	--
Proceeds from sale and maturities of investment securities	16,124	331,206	--
Interest on investments	2,481	17,990	614
Net cash provided (used) by investing activities	2,665	19,515	614
Net increase (decrease) in cash and cash equivalents	(6,874)	102,936	12,434
Cash and cash equivalents, October 1	138,120	399,514	89,517
Cash and cash equivalents, September 30	131,246	502,450	101,951
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(5,099)	350,215	18,720
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	14,161	195,128	11,025
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	--	41	--
(Increase) decrease in accounts receivable	985	(17,311)	(2,761)
Increase (decrease) in allowance for doubtful accounts	(18)	721	--
Increase in receivables from other governments	1,349	1,349	--
Decrease in due from other funds	--	--	(188)
(Increase) decrease in inventory	339	1,882	682
(Increase) decrease in prepaid expenses and other assets	111	(997)	293
Decrease in deferred costs and other expenses	--	9,911	1
Decrease in other long-term assets	--	350	--
Increase (decrease) in accounts payable	(4,092)	21,549	1,836
Increase (decrease) in accrued payroll and compensated absences	617	850	(30)
Increase in claims payable	--	--	1,378
Increase in advances from other funds	--	--	33
Increase in pension obligations payable	745	2,950	--
Increase (decrease) in deferred credits and other liabilities	696	23,871	(887)
Increase in customer deposits	224	5,631	--
Total adjustments	15,117	248,425	11,382
Net cash provided (used) by operating activities	10,018	598,640	30,102

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Decrease in deferred assets/expenses	\$ 2,458	3,535	--
Increase in capital appreciation bond interest payable	10,132	11,429	--
Capital assets contributed from (to) other funds	20	--	6
Transfer of assets to hospital district	--	--	--
Increase in contributed facilities	--	12,493	--
Net decrease in the fair value of investments	5,994	484	--
Amortization of bond issue costs	(620)	(545)	(228)
Amortization of bond discounts and premiums	(1,994)	(1,620)	298
Amortization of deferred loss on refundings	9,744	4,834	638
Loss on disposal of assets	(8,308)	(2,345)	(1,368)
Deferred gain (loss) on bond refunding	--	(16,813)	(13,803)
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	--	(1,324)	10,726
Deferred costs (recovered) to be recovered	14,967	(2,919)	--
Contributions from other funds	--	--	--
Increase (decrease) in deferred credits and other liabilities	9,777	6,498	--
Capital lease obligations	3	19	--
General obligation bonds and other tax supported debt proceeds receivable	--	1,815	--
Bonds issued for the advance refundings of debt	1,022	364,300	305,558
Bond issuance costs on advance refundings	(5)	(2,343)	(3,419)
Bond discounts on advance refundings	(4)	(1,889)	(1,164)
Bond premiums on advance refundings	101	28,751	18
Reduction of long-term debt due to advance refundings	(1,120)	(371,320)	(289,008)
Bonds and fixed asset transfers to (from)	--	--	--

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

(Continued)

	<u>Nonmajor Enterprise Funds</u>	<u>2005 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Decrease in deferred assets/expenses	317	6,310	--
Increase in capital appreciation bond interest payable	--	21,561	--
Capital assets contributed from (to) other funds	(9)	17	5,852
Transfer of assets to hospital district	(37,443)	(37,443)	--
Increase in contributed facilities	--	12,493	--
Net decrease in the fair value of investments	--	6,478	--
Amortization of bond issue costs	(190)	(1,583)	(2)
Amortization of bond discounts and premiums	(402)	(3,718)	(2)
Amortization of deferred loss on refundings	765	15,981	3
Loss on disposal of assets	(1,847)	(13,868)	(3,594)
Deferred gain (loss) on bond refunding	(13,437)	(44,053)	12
Bond issue costs, discounts, premiums, and accrued interest written off due to refunding	57	9,459	--
Deferred costs (recovered) to be recovered	--	12,048	--
Contributions from other funds	--	--	29
Increase (decrease) in deferred credits and other liabilities	--	16,275	(915)
Capital lease obligations	22	44	8
General obligation bonds and other tax supported debt proceeds receivable	7,795	9,610	--
Bonds issued for the advance refundings of debt	160,606	831,486	289
Bond issuance costs on advance refundings	(1,752)	(7,519)	(1)
Bond discounts on advance refundings	(583)	(3,640)	(1)
Bond premiums on advance refundings	2,228	31,098	29
Reduction of long-term debt due to advance refundings	(147,397)	(808,845)	(327)
Bonds and fixed asset transfers to (from)	2,461	2,461	(2,461)

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

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit D-1

	Private-purpose Trust	Agency
ASSETS		
Pooled investments and cash	\$ 990	3,626
Other assets	121	--
Total assets	1,111	3,626
LIABILITIES		
Accounts payable	1	193
Due to other governments	--	2,917
Deposits and other liabilities	409	516
Total liabilities	410	3,626
NET ASSETS		
Held in trust	701	
Total net assets	\$ 701	

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, 2005
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private-purpose</u> <u>Trust</u>
ADDITIONS	
Contributions	\$ 233
Interest and other	24
Total additions	<u>257</u>
DEDUCTIONS	<u>266</u>
Total deductions	<u>266</u>
Change in net assets	(9)
Total net assets - beginning	710
Total net assets - ending	<u>\$ 701</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 may serve a maximum of two consecutive terms. A petition signed by 5% of the registered voters waives the term limit for a Councilmember.

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

The City of Austin's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with GAAP for local governments as prescribed by the GASB. The City has implemented GASB Statements No. 1 through No. 41. 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 GAAP, these financial statements present the City's primary government, its component units, and other entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations; therefore, data from these units are combined with data of the City.

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, which are nonmajor special revenue funds.

Related Organizations -- The City Council appoints board members, but the City has no significant financial accountability for the following related organizations:

- i. Capital Metropolitan Transit Authority (Capital Metro) - The City's accountability for this organization does not extend beyond appointing board members.
- ii. Austin-Bergstrom International Airport (ABIA) Development Corporation – City Councilmembers appoint themselves as members of the board, but their function on the board is ministerial rather than substantive.
- iii. Austin-Bergstrom Landhost Enterprises, Inc. and Austin Convention Enterprises, Inc. – City Councilmembers appoint members of these boards. Debt issues by these entities do not constitute a debt or pledge of the faith and credit of the City.
- iv. Urban Renewal Agency - The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council.
- v. Austin Housing Authority - The Mayor appoints the persons to serve as commissioners of this organization.
- vi. Travis County Hospital District - City Councilmembers appoint four board managers, Travis County appoints four board managers, and the City and County mutually appoint one board manager. Travis County reports the Hospital District as a component unit on their financial statements.
- vii. Mueller Local Government Corporation – Created in December 2004. Councilmembers appoint themselves as board members. To date, no further actions have occurred.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

b -- Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all governmental and business-type activities of the primary government and its component units. Fiduciary activities are not included in the government-wide statements. Internal service fund asset 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 accounts of the City are organized on the basis of funds. The fund level statements focus on the governmental, proprietary, and fiduciary funds. Each fund was established to account for specific activities in accordance with applicable regulations, restrictions, or limitations. Major funds are determined by criteria specified by GASB Statement 34; 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; therefore, they are 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, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

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

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, vehicle rental taxes, emergency medical service charges, municipal court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the City receives cash.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

The City reports the following major governmental fund:

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

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); they are 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 (not principal) may be used for purposes that support the City's programs. Permanent funds account for the public recreation and culture activity.

Proprietary and fiduciary fund financial statements are reported using 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.

Proprietary Funds: Consist of enterprise funds and internal service 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 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, doing business as Austin Water™.

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

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

Convention – Accounts for convention center and public events activities.

Environmental and health services – Accounts for hospital, primary care, and solid waste services activities.

Public recreation – Accounts for golf and parks and recreation activities.

Urban growth – Accounts for drainage and transportation activities.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Private-purpose Trust Funds: Account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Private-purpose trust funds account for various purposes: general government, transportation, 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 before the beginning of the new fiscal year. The City Council holds public hearings and council meetings in order to adopt 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 approves amendments to the budget and transfers of appropriations from one fund and department to another. The original and final budgets for the General Fund are reported in the required supplementary information. Unencumbered appropriations for annual budgets lapse at fiscal year end.

e -- Financial Statement Elements

Pooled Investments and Cash -- Cash balances of all city funds (except for certain funds shown in Note 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, 2005. Investments in local government investment pools are carried at amortized cost, which approximates fair value. The City has implemented GASB Statement No. 40 entitled "*Deposit and Investment Risk Disclosures*."

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, 2005 (in thousands):

	Charges for			Other Govern- ments		Total
	Services	Fines	Taxes		Other	
Governmental activities						
General Fund	\$ 76,408	22,972	26,807	--	1	126,188
Nonmajor governmental funds	20,732	37	9,335	8,342	15,333	53,779
Internal service funds	1,320	--	--	--	--	1,320
Allowance for doubtful accounts	(69,816)	(11,404)	--	--	--	(81,220)
Total	<u>\$ 28,644</u>	<u>11,605</u>	<u>36,142</u>	<u>8,342</u>	<u>15,334</u>	<u>100,067</u>

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 \$6 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 which are based on the cost allocation plan.

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

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

Fund	Inventory Valuation Method
General Fund	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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Inventories for all funds are accounted for using 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."

Restricted assets -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Since the Electric Fund and Water and Wastewater Fund report in accordance with FASB Statement 71, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council.

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
Strategic reserve	\$ 167,320	--	--	--	167,320
Capital projects	17,432	25,946	78,748	59,845	181,971
Customer and escrow deposits	11,761	6,277	756	1,997	20,791
Debt service	78,876	45,977	13,363	4,461	142,677
Federal grants	--	--	2,522	--	2,522
Plant decommissioning	119,988	--	--	--	119,988
Nuclear fuel inventory replacement	28,589	--	--	--	28,589
Operating reserve account	--	--	7,116	2,583	9,699
Passenger facility charge account	--	--	14,256	--	14,256
Renewal and replacement account	32,350	--	10,000	1,809	44,159
	<u>\$ 456,316</u>	<u>78,200</u>	<u>126,761</u>	<u>70,695</u>	<u>731,972</u>

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; 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 value at the time received. Capital outlay is recorded as an expenditure in the General Fund and other governmental funds and as an asset in the government-wide financial statements and proprietary funds. Maintenance and repairs are charged to operations as incurred. Improvements and betterments that extend the useful lives of capital assets are capitalized.

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

Interest is not capitalized on governmental capital assets. Enterprise funds, with the exception of the Electric Fund and Water and Wastewater Fund, capitalize interest paid on long-term debt when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by the bond proceeds issued to fund the project. Interest is not capitalized on Electric Fund and Water and Wastewater Fund assets in accordance with FASB Statement No. 71.

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 component. The City considers land, arts and treasures, and library collections to be inexhaustible; therefore, these assets are reported as nondepreciable. The true value of arts, 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 and other citywide assets (\$58.7 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. The asset amortization period is 40 years.

Deferred Expenses or Credits -- In accordance with FASB Statement No. 71, certain utility expenses that do not currently require funding 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 deferred expenses are not recoverable in future rates, 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 30 days of fiscal year-end.

Sick leave is not payable to employees hired on or after October 1, 1986. Employees hired prior to this date are eligible to be paid up to 720 hours of accumulated leave. Accumulated vacation in an amount up to 240 hours can be paid to terminating employees.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 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. The corresponding debt is recorded in the applicable fund. 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 contract revenue bonds, whose principal and interest are payable primarily from the net revenues of Austin Water.

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' statement of net assets. 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 -- Municipal solid waste landfill costs are reported 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	\$	5,798
Water and Wastewater Fund		1,224
Airport		199
Nonmajor Enterprise Funds		664

Electric, water, and wastewater revenue is recorded when earned. 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 2005 and prior years. Unbilled revenue was recorded in the Electric Fund by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2005. The amount of unbilled revenue recorded as of September 30, 2005, for electric was \$40.2 million. The Water and Wastewater Fund recorded unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2005. The amount of unbilled revenue recorded as of September 30, 2005, for the Water and Wastewater Fund was \$11.7 million and \$8.1 million, respectively.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Revenues, Expenses and Transfers -- Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds. The effect of interfund activity has been eliminated in the government-wide statements. However, if interfund services are provided, and used, such as billing for utility services, the costs and related revenue are not eliminated.

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

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 are recognized in the applicable proprietary fund at the discretion of the City.

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

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 -- State law governs pension contribution requirements and benefits. 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).

Special Items -- Consists of significant transactions or events within the control of the City that are either unusual in nature or infrequent in occurrence. On November 22, 2004, the Travis County Hospital District Board of Managers approved conveyance of land, buildings, and equipment pertaining to Brackenridge Hospital, Children's Hospital, Austin Women's Hospital and Community Care Clinics (equipment only) from the City.

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Austin Energy has established an energy risk management program. This program was authorized by City Council and led by the risk oversight committee. Under this program, Austin Energy enters into futures contracts, options, and swaps to reduce exposure to natural gas and energy price fluctuations. 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 GAAP 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 balance reported in the City's fund-level governmental funds balance sheet (\$309.6 million) differs from the net assets reported in governmental activities within the government-wide financial statements (\$1.5 billion). The differences result from the long-term economic resources measurement focus in the government-wide statement of net assets versus the current financial resources measurement focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Total fund balances - Governmental funds - balance sheet		\$ 309,558
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	2,685,238	
Less: accumulated depreciation	<u>(671,261)</u>	
Total		2,013,977
Other long-term assets are not available as current-period resources and are not reported in the funds.		
Accounts and other taxes receivable	782	
Deferred revenue - property taxes and interest	40	
Deferred costs and expenses	<u>3,628</u>	
Total		4,450
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	(815,954)	
Pension obligation payable	(6,006)	
Capital lease obligations payable	(881)	
Compensated absences	(65,691)	
Interest payable	(3,443)	
Deferred credits and other liabilities	<u>(1,276)</u>	
Total		(893,251)
Internal service funds		60,184
Total net assets - Governmental activities		<u><u>\$ 1,494,918</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, \$367 thousand, differs from the change in net assets for governmental activities, \$56.4 million, as reported in the statement of activities. The differences result from the long-term economic resources measurement focus in the government-wide statement of net assets versus the current financial resources measurement focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Statement of Activities

Net change in fund balances - Governmental funds	\$	367
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of assets is allocated over the estimated useful life of the asset and reported as depreciation expense.		
Capital outlay	90,961	
Depreciation expense	(89,147)	
Loss on disposal of capital assets	<u>(17,968)</u>	
Total		(16,154)
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.		
Property taxes	(390)	
Franchise fees and gross receipts tax	(48)	
Charges for services	485	
Interest and other	947	
Capital assets contribution	<u>50,910</u>	
Total		51,904
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	<u>(3,707)</u>	
Total		(3,707)
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	(26,940)	
Principal repayment on long-term debt	<u>50,608</u>	
Total		23,668
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	(1,952)	
Pension obligation	(2,904)	
Interest and other	<u>653</u>	
Total		(4,203)
Special item - Governmental assets transferred to Travis County Hospital District		(2,639)
Internal services. The net revenue (expense) of the internal service funds is reported with the governmental activities.		7,178
Change in net assets - Governmental activities	<u>\$</u>	<u>56,414</u>

3 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2005, 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 Special Revenue Funds:</u>	<u>Deficit (in thousands)</u>
APD Incident Management	\$ 285
Fiscal Surety - Land Development	596
Pavement Life Recovery	7
Medicaid Administrative Claims	697
City Hall Fund	113
One Texas Center	1,414
RMMA Reimbursement	5
Capital Projects Funds:	
Energy improvements - city facilities	82
Parks/Old Bakery	206
Police facilities	14
Radio Trunking	6,125
Parks - 1992	225
Build Austin	283
Central City Entertainment Center	1
Public Works	222
Watershed protection	286
City Hall, plaza, parking garage	7,072

4 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2005 (in thousands):

	<u>Pooled Investments and Cash</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
General Fund	\$ 92,438	--
Nonmajor governmental funds	148,871	--
Electric	133,244	102,915
Water and Wastewater	3,611	24,501
Airport	39	98,358
Nonmajor enterprise funds	73,204	58,017
Internal service funds	101,238	--
Fiduciary funds	4,616	--
Subtotal pooled investments and cash	<u>557,261</u>	<u>283,791</u>
Total pooled investments and cash	<u>\$ 841,052</u>	

5 – INVESTMENTS AND DEPOSITS

a -- Investments

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

5 – INVESTMENTS AND DEPOSITS, continued

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

The City Treasurer submits an investment report each quarter to the investment committee and City Council. The report details the investment position of the City and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas state law.

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

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

The City participates in two Local Government Investment Pools: TexPool and TexasDAILY. The State Comptroller oversees TexPool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees, maintains oversight responsibility for TexasDAILY. Public Financial Management Asset Management LLC manages the daily operations of the pool under a contract with the advisory board.

The City invests in TexPool and TexasDAILY to provide its liquidity needs. TexPool and TexasDAILY are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool and TexasDAILY are 2(a)7- like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool and TexasDAILY are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60 day limit. At September 30, 2005, TexPool and TexasDAILY had a weighted average maturity of 52 days and 25 days, respectively. Although the TexPool and TexasDAILY portfolios had a weighted average maturity of 52 days and 25 days, respectively, the City considers the holdings in these funds to have a weighted average maturity of one day. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

5 – INVESTMENTS AND DEPOSITS, continued

The City did not participate in any reverse repurchase agreements or security lending agreements during fiscal year 2005.

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

The following table includes the portfolio balances of all non-pooled and pooled investment types of the City at September 30, 2005 (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	\$ 13,664	154,912	--	168,576
US Treasury Notes	--	97,113	--	97,113
US Agency Bonds	--	172,699	--	172,699
US Agency Bonds-Step	--	1,983	--	1,983
Total non-pooled investments	<u>13,664</u>	<u>426,707</u>	<u>--</u>	<u>440,371</u>
Pooled investments:				
Local Government Investment Pools	82,608	119,105	1,114	202,827
US Agency Discount Notes	8,026	11,573	108	19,707
US Treasury Notes	14,010	20,199	189	34,398
US Agency Bonds	237,401	342,286	3,200	582,887
US Agency Bonds-Step	3,029	4,367	40	7,436
Total pooled investments (1)	<u>345,074</u>	<u>497,530</u>	<u>4,651</u>	<u>847,255</u>
Total investments	<u>\$ 358,738</u>	<u>924,237</u>	<u>4,651</u>	<u>1,287,626</u>

(1) A difference of \$6.2 million exists between the investment portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

At September 30, 2005, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers: Federal Home Loan Bank (\$313,806 or 24%), Federal National Mortgage Association (\$236,311 or 18%), and Federal Home Loan Mortgage Corporation (\$199,529 or 15%).

b -- Investment categories

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

1. Operating funds excluding a special project fund ;
2. Debt service funds;
3. Special project fund.

Complying with the City’s Investment Policy, which includes qualification of the brokers and financial institutions with whom the City will transact, sufficient collateralization, portfolio diversification, and maturity limitations, controls the City’s credit risk.

5 – INVESTMENTS AND DEPOSITS, continued

Operating Funds (excluding special project fund)

As of September 30, 2005, the city operating funds (excluding the special project fund) had the following investments:

Investment Type	Fair Value (in thousands)				Weighted Average Maturity (days)
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Local Government Invest Pools (LGIPs)	\$ 82,608	119,105	1,114	202,827	1
US Agency Discount Notes	8,026	11,573	108	19,707	135
US Treasury Notes	14,010	20,199	189	34,398	423
US Agency Bonds	237,401	342,286	3,200	582,887	465
US Agency Bonds-Step	3,029	4,367	40	7,436	355
	<u>\$ 345,074</u>	<u>497,530</u>	<u>4,651</u>	<u>847,255</u>	<u>345</u>

Credit Risk

Approximately 4% of the portfolio consists of direct obligations of the US government. As of September 30, 2005, Standard and Poor's issued the following ratings for other investments:

Investment Type	Portfolio %	Rating
LGIPs	24	AAAm
US Agency Discount Notes	2	A-1+
US Agency Bonds and Step Bonds	70	AAAm

At September 30, 2005, the operating funds held investments with more than 5 percent of the total in securities of the following issuers: Federal Home Loan Bank (\$249 million or 29 percent), Federal National Mortgage Association (\$183 million or 22 percent), and Federal Home Loan Mortgage Corporation (\$148 million or 17 percent).

Interest Rate Risk

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

At September 30, 2005, nearly a quarter of the Investment Pool was invested in AAAm rated LGIPs (2(a) 7-like pools), with the remainder invested in short-to-medium term US Agency and Treasury obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity for all securities was 345 days, which was less than the threshold of 365 days.

5 – INVESTMENTS AND DEPOSITS, continued

Debt Service Funds

As of September 30, 2005, the City's debt service funds had the following investments:

	Fair Value (in thousands)		Final Maturity
	Governmental Activities	Business-type Activities	
General Obligation Debt Service			
TexPool (LGIPs)	\$ 13,664	--	N/A
Enterprise-Utility (1)			
TexPool (LGIPs)	--	122,850	N/A
Enterprise-Airport			
TexPool (LGIPs)	--	13,363	N/A
Nonmajor Enterprise-Convention Center			
TexPool (LGIPs)	--	5,555	N/A
Total	<u>\$ 13,664</u>	<u>141,768</u>	

(1) Includes combined pledge debt service

Credit Risk

As of September 30, 2005, Standard and Poor's rated both TexPool and TexasDAILY AAAM.

Interest Rate Risk

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

At September 30, 2005, portfolios in this category held investments in AAAM rated LGIPs.

Special Project Fund

As of September 30, 2005, the City's special project fund had the following investments:

	Fair Value	Final Maturity
	Business-type Activities	
Airport Construction		
TexPool (LGIPs)	\$ 12,518	N/A
Total special projects fund	<u>\$ 12,518</u>	

Credit Risk

As of September 30, 2005, Standard and Poor's rated TexPool AAA.

5 – INVESTMENTS AND DEPOSITS, continued

Interest Rate Risk

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

At September 30, 2005, the portfolios held investments in an AAAM rated LGIP and US Agencies with maturities that meet anticipated cash flow requirements.

Special Purpose Funds

Austin Energy Strategic Reserve Fund

As of September 30, 2005, the City's Special Purpose Fund (Austin Energy Strategic Reserve Fund) had the following investments:

Business-type Activities	Fair Value (in thousands)	Weighted Average Maturity (days)
TexPool (LGIPs)	\$ 626	1
US Treasuries	70,780	425
US Agencies	95,914	425
Total	<u>\$ 167,320</u>	<u>424</u>

Credit Risk

At September 30, 2005, the Electric Utility Department Strategic Reserve Fund held an investment in TexPool, an LGIP rated AAAM by Standard and Poor's, with the remainder invested in short-to-medium term US Agency and Treasury obligations. Standard and Poor's rated the US Agency Bonds AAA. The remaining securities are direct obligations of the US government.

At September 30, 2005, the Austin Energy Strategic Reserve Fund held investments with more than 5 percent of the total in securities of the following issuers: Federal National Mortgage Association (\$37 million or 22 percent), Federal Home Loan Bank (\$35 million or 21 percent), and Federal Home Loan Mortgage Corporation (\$24 million or 14 percent).

Interest Rate Risk

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

At September 30, 2005, the portfolios held investments in TexPool (AAAM rated LGIP), US Treasuries, and US Agencies with maturities that meet anticipated cash flow requirements and an overall dollar weighted average maturity of 424 days (1.16 years).

Austin Energy Nuclear Decommissioning Trust Funds

As of September 30, 2005, the Austin Energy's Special Purpose Fund (Nuclear Decommissioning Trust Funds, NDTF) had the following investments:

Business-type Activities	Fair Value (in thousands)	Weighted Average Maturity (years)
US Treasuries	\$ 26,333	3.61
US Agencies	76,785	1.46
US Agencies-Step	1,983	3.58
Total	<u>\$ 105,101</u>	<u>3.08</u>

Credit Risk

As of September 30, 2005, Standard and Poor's rate the US Agency Bonds and US Agency Step Bonds AAA. The remaining securities are direct obligations of the US government.

At September 30, 2005, the NDTF held investments with more than 5 percent of the total in securities of the following issuers: Federal Home Loan Bank (\$30 million or 29 percent), Federal Home Loan Mortgage Corporation (\$27 million or 26 percent), Federal National Mortgage Association (\$17 million or 16 percent), and Federal Farm Credit Banks (\$5 million or 5 percent).

5 – INVESTMENTS AND DEPOSITS, continued

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the Decommissioning Trust Fund portfolios requires that the dollar weighted average maturity, using final stated maturity dates, shall not exceed seven years, although the portfolio's weighted average maturity may be substantially shorter if market conditions so dictate. At September 30, 2005, the dollar weighted average maturity was 3.08 years.

Investments and deposits at September 30, 2005, 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	\$ 19,529	435,268	--	454,797
Pooled investments and deposits	347,405	500,892	4,682	852,979
Total investments and deposits	<u>366,934</u>	<u>936,160</u>	<u>4,682</u>	<u>1,307,776</u>
Unrestricted deposits	5,865	60	--	5,925
Restricted deposits	--	8,501	--	8,501
Pooled deposits	2,331	3,362	31	5,724
Investments	358,738	924,237	4,651	1,287,626
Total investments and deposits	<u>\$ 366,934</u>	<u>936,160</u>	<u>4,682</u>	<u>1,307,776</u>

A difference of \$11.9 million exists between bank balance and book balance, primarily due to deposits in transit offset by outstanding checks.

c -- Deposits

The September 30, 2005, 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	60	--	172
Cash held by trustee				
Unrestricted	5,753	--	--	5,753
Restricted	--	8,501	--	8,501
Pooled cash	<u>2,331</u>	<u>3,362</u>	<u>31</u>	<u>5,724</u>
Total deposits	<u>\$ 8,196</u>	<u>11,923</u>	<u>31</u>	<u>20,150</u>

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2005.

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, 2004, upon which the 2005 levy was based, was \$49,702,906,522.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2005, 98.97% of the current tax levy (October 1, 2004) was collected. The statutory lien date is January 1.

6 – PROPERTY TAXES, continued

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

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District 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 two 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 XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the city charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of assessed valuation is established by state statute and city charter limitations. Through contractual arrangements, Travis 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, 2005, was \$.2747 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.7253 per \$100 assessed valuation, and could levy approximately \$360,495,181 in additional taxes from the assessed valuation of \$49,702,906,522 before the legislative limit is reached.

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

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 has recorded capitalized interest for fiscal year 2005 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

Major fund:		
Airport	\$	1,640
Nonmajor enterprise funds:		
Convention Center		1,602
Drainage		1,308
Golf		12
Solid Waste Services		289

Interest is not capitalized on governmental capital assets.

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Capital asset balances as of September 30, 2005 (in thousands):

	Governmental Activities	Business-type Activities	Total
Capital assets not depreciated			
Land and improvements	\$ 243,094	287,132	530,226
Arts and treasures	4,967	1,349	6,316
Library collections	12,885	--	12,885
Total	<u>260,946</u>	<u>288,481</u>	<u>549,427</u>
Depreciable property, plant and equipment in service			
Building and improvements	428,048	1,940,721	2,368,769
Equipment	88,459	4,433,703	4,522,162
Vehicles	73,063	96,290	169,353
Infrastructure	1,518,130	--	1,518,130
Completed assets not classified	46,679	45,436	92,115
Total	<u>2,154,379</u>	<u>6,516,150</u>	<u>8,670,529</u>
Less accumulated depreciation for			
Building and improvements	(109,408)	(567,390)	(676,798)
Equipment	(35,761)	(1,789,195)	(1,824,956)
Vehicles	(45,682)	(54,693)	(100,375)
Infrastructure	(471,098)	--	(471,098)
Completed assets not classified	(33,821)	(8,840)	(42,661)
Total	<u>(695,770)</u>	<u>(2,420,118)</u>	<u>(3,115,888)</u>
Net property, plant and equipment in service	<u>1,458,609</u>	<u>4,096,032</u>	<u>5,554,641</u>
Other capital assets not depreciated			
Construction in progress	327,986	856,489	1,184,475
Nuclear fuel, net of amortization	--	22,747	22,747
Plant held for future use	--	30,745	30,745
Total capital assets	<u>\$ 2,047,541</u>	<u>5,294,494</u>	<u>7,342,035</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 232,953	11,254	(1,113)	243,094
Arts and treasures	4,811	156	--	4,967
Library collections	12,885	--	--	12,885
Total	<u>250,649</u>	<u>11,410</u>	<u>(1,113)</u>	<u>260,946</u>
Depreciable property, plant and equipment in service				
Building and improvements	355,580	80,097	(7,629)	428,048
Equipment	63,405	30,577	(5,523)	88,459
Vehicles	75,635	9,377	(11,949)	73,063
Infrastructure	1,435,360	82,770	--	1,518,130
Completed assets not classified	131,663	--	(84,984)	46,679
Total	<u>2,061,643</u>	<u>202,821</u>	<u>(110,085)</u>	<u>2,154,379</u>
Less accumulated depreciation for				
Building and improvements	(95,008)	(14,400)	--	(109,408)
Equipment	(30,520)	(10,875)	5,634	(35,761)
Vehicles	(43,851)	(7,540)	5,709	(45,682)
Infrastructure	(426,668)	(44,430)	--	(471,098)
Completed assets not classified	(11,375)	(22,927)	481	(33,821)
Total	<u>(607,422)</u>	<u>(100,172) (2)</u>	<u>11,824</u>	<u>(695,770)</u>
Net property, plant and equipment in service	<u>1,454,221</u>	<u>102,649</u>	<u>(98,261)</u>	<u>1,458,609</u>
Other capital assets not depreciated				
Construction in progress	327,419	73,914	(73,347)	327,986
Total capital assets	<u>\$ 2,032,289</u>	<u>187,973</u>	<u>(172,721)</u>	<u>2,047,541</u>

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

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

Governmental activities:

General government	\$ 2,829
Public safety	10,446
Transportation, planning and sustainability	7,805
Public health	731
Public recreation and culture	7,270
Urban growth management	1,344
Unallocated depreciation expense - infrastructure	58,722
Internal service funds	11,025
Total increases in accumulated depreciation	<u>\$ 100,172</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Electric Fund

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 37,612	2,295	--	39,907
Total	<u>37,612</u>	<u>2,295</u>	<u>--</u>	<u>39,907</u>
Depreciable property, plant and equipment in service				
Building and improvements	621,588	36,428	(2,615)	655,401
Equipment	2,576,567	98,786	(28,049)	2,647,304
Vehicles	20,431	2,497	(864)	22,064
Completed assets not classified	21,453	1,256	(22,709)	--
Total	<u>3,240,039</u>	<u>138,967</u>	<u>(54,237)</u>	<u>3,324,769</u>
Less accumulated depreciation for				
Building and improvements	(268,417)	(17,794)	2,615	(283,596)
Equipment	(1,087,188)	(85,595)	27,144	(1,145,639)
Vehicles	(14,901)	(1,454)	875	(15,480)
Completed assets not classified	(3,767)	--	3,767	--
Total	<u>(1,374,273)</u>	<u>(104,843) (1)</u>	<u>34,401</u>	<u>(1,444,715)</u>
Net property, plant and equipment in service	<u>1,865,766</u>	<u>34,124</u>	<u>(19,836)</u>	<u>1,880,054</u>
Other capital assets not depreciated				
Construction in progress	221,579	107,186	(128,517)	200,248
Nuclear fuel, net of amortization	17,933	4,814	--	22,747
Plant held for future use	30,745	--	--	30,745
Total capital assets	<u>\$ 2,173,635</u>	<u>148,419</u>	<u>(148,353)</u>	<u>2,173,701</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 104,843
Total increases in accumulated depreciation	<u>\$ 104,843</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Water and Wastewater Fund

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 136,737	3,375	--	140,112
Total	<u>136,737</u>	<u>3,375</u>	<u>--</u>	<u>140,112</u>
Depreciable property, plant and equipment in service				
Building and improvements	386,174	9,547	--	395,721
Equipment	1,614,438	116,441	(2,013)	1,728,866
Vehicles	20,777	1,423	(367)	21,833
Completed assets not classified	145,703	31	(100,559)	45,175
Total	<u>2,167,092</u>	<u>127,442</u>	<u>(102,939)</u>	<u>2,191,595</u>
Less accumulated depreciation for				
Building and improvements	(112,113)	(9,118)	--	(121,231)
Equipment	(576,558)	(44,283)	1,936	(618,905)
Vehicles	(13,944)	(1,146)	366	(14,724)
Completed assets not classified	(4,640)	(4,051)	--	(8,691)
Total	<u>(707,255)</u>	<u>(58,598) (2)</u>	<u>2,302</u>	<u>(763,551)</u>
Net property, plant and equipment in service	<u>1,459,837</u>	<u>68,844</u>	<u>(100,637)</u>	<u>1,428,044</u>
Other capital assets not depreciated				
Construction in progress	371,173	198,654	(19,070)	550,757
Total capital assets	<u>\$ 1,967,747</u>	<u>270,873</u>	<u>(119,707)</u>	<u>2,118,913</u>

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

(2) Components of accumulated depreciation increases:

Current year depreciation	
Water	\$ 27,544
Wastewater	31,054
Total increases in accumulated depreciation	<u>\$ 58,598</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 58,690	--	(257)	58,433
Arts and treasures	755	--	--	755
Total	<u>59,445</u>	<u>--</u>	<u>(257)</u>	<u>59,188</u>
Depreciable property, plant and equipment in service				
Building and improvements	599,452	4,668	--	604,120
Equipment	15,730	1,434	(2,130)	15,034
Vehicles	4,062	435	(20)	4,477
Completed assets not classified	2,820	--	(2,670)	150
Total	<u>622,064</u>	<u>6,537</u>	<u>(4,820)</u>	<u>623,781</u>
Less accumulated depreciation for				
Building and improvements	(93,562)	(16,045)	--	(109,607)
Equipment	(6,240)	(995)	2,085	(5,150)
Vehicles	(2,265)	(400)	20	(2,645)
Completed assets not classified	--	(86)	--	(86)
Total	<u>(102,067)</u>	<u>(17,526) (1)</u>	<u>2,105</u>	<u>(117,488)</u>
Net property, plant and equipment in service	<u>519,997</u>	<u>(10,989)</u>	<u>(2,715)</u>	<u>506,293</u>
Other capital assets not depreciated				
Construction in progress	23,476	23,690	(11,839)	35,327
Total capital assets	<u>\$ 602,918</u>	<u>12,701</u>	<u>(14,811)</u>	<u>600,808</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	<u>\$ 17,526</u>
Total increases in accumulated depreciation	<u>\$ 17,526</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 47,338	2,047	(705)	48,680
Arts and treasures	604	34	(44)	594
Total	<u>47,942</u>	<u>2,081</u>	<u>(749)</u>	<u>49,274</u>
Depreciable property, plant and equipment in service				
Building and improvements	352,314	10,213	(77,048)	285,479
Equipment	27,525	18,138	(3,164)	42,499
Vehicles	42,274	7,491	(1,849)	47,916
Completed assets not classified	19,296	926	(20,111)	111
Total	<u>441,409</u>	<u>36,768</u>	<u>(102,172)</u>	<u>376,005</u>
Less accumulated depreciation for				
Building and improvements	(83,812)	(7,571)	38,427	(52,956)
Equipment	(18,295)	(2,600)	1,394	(19,501)
Vehicles	(19,523)	(3,927)	1,606	(21,844)
Completed assets not classified	(482)	(63)	482	(63)
Total	<u>(122,112)</u>	<u>(14,161) (1)</u>	<u>41,909</u>	<u>(94,364)</u>
Net property, plant and equipment in service	<u>319,297</u>	<u>22,607</u>	<u>(60,263)</u>	<u>281,641</u>
Other capital assets not depreciated				
Construction in progress	63,331	25,117	(18,291)	70,157
Total capital assets	<u>\$ 430,570</u>	<u>49,805</u>	<u>(79,303)</u>	<u>401,072</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	
Convention Center	\$ 6,735
Other nonmajor enterprise funds	7,426
Total increases in accumulated depreciation	<u>\$ 14,161</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities

Capital asset activity for the year ended September 30, 2005, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 280,377	7,717	(962)	287,132
Arts and treasures	1,359	34	(44)	1,349
Total	<u>281,736</u>	<u>7,751</u>	<u>(1,006)</u>	<u>288,481</u>
Depreciable property, plant and equipment in service				
Building and improvements	1,959,528	60,856	(79,663)	1,940,721
Equipment	4,234,261	234,799	(35,357)	4,433,703
Vehicles	87,543	11,846	(3,099)	96,290
Completed assets not classified	189,272	2,213	(146,049)	45,436
Total	<u>6,470,604</u>	<u>309,714</u>	<u>(264,168)</u>	<u>6,516,150</u>
Less accumulated depreciation for				
Building and improvements	(557,904)	(50,528)	41,042	(567,390)
Equipment	(1,688,281)	(133,473)	32,559	(1,789,195)
Vehicles	(50,633)	(6,927)	2,867	(54,693)
Completed assets not classified	(8,889)	(4,200)	4,249	(8,840)
Total	<u>(2,305,707)</u>	<u>(195,128) (2)</u>	<u>80,717</u>	<u>(2,420,118)</u>
Net property, plant and equipment in service	<u>4,164,897</u>	<u>114,586</u>	<u>(183,451)</u>	<u>4,096,032</u>
Other capital assets not depreciated				
Construction in progress	679,559	354,647	(177,717)	856,489
Nuclear fuel, net of amortization	17,933	4,814	--	22,747
Plant held for future use	30,745	--	--	30,745
Total capital assets	<u>\$ 5,174,870</u>	<u>481,798</u>	<u>(362,174)</u>	<u>5,294,494</u>

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

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

Business-type activities:

Electric	\$ 104,843
Water	27,544
Wastewater	31,054
Airport	17,526
Convention Center	6,735
Other nonmajor enterprise funds	7,426
Total increases in accumulated depreciation	<u>\$ 195,128</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, 2004. Membership in the plans at December 31, 2004, is as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	3,749	368	404	4,521
Current employees	7,489	1,398	1,026	9,913
Total	<u>11,238</u>	<u>1,766</u>	<u>1,430</u>	<u>14,434</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 www.coaers.org	(512)458-2551
Police Officers' Retirement and Pension Fund	2520 S. IH 35, Ste. 205 Austin, Texas 78704 www.ausprs.org	(512)416-7672
Fire Fighters' Relief and Retirement Fund	4101 Parkstone Heights Dr., Ste. 270 Austin, Texas 78746 www.afrs.org	(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%	15.7%
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 for the Police Officers and Fire Fighters 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, 2005, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 26,583	15,451	10,746	52,780
Employees	26,539	7,718	9,345	43,602
Total contributions	\$ 53,122	23,169	20,091	96,382

c -- Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$58,635,000 for fiscal year ended September 30, 2005, was \$5,855,000 more than the City's actual contributions. Three-year trend information is as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City's Annual Pension Cost (APC):				
2003	\$ 26,093	13,626	9,608	49,327
2004	31,174	14,358	9,835	55,367
2005	32,438	15,451	10,746	58,635
Percentage of APC contributed:				
2003	100%	100%	100%	N/A
2004	81%	100%	100%	N/A
2005	82%	100%	100%	N/A
Net Pension Obligation:				
2003	\$ --	--	--	--
2004	5,906	--	--	5,906
2005	11,761	--	--	11,761

8 – RETIREMENT PLANS, continued

c -- Annual Pension Cost and Net Pension Obligation, continued

The Net Pension Obligation associated with the City Employees Retirement and Pension Fund (in thousands):

Annual required contribution	\$ 32,292
Interest in net pension obligation	451
Adjustment to annual required contribution	<u>(305)</u>
Annual pension cost	32,438
Employer contributions	<u>(26,583)</u>
Change in net pension obligation	5,855
Beginning net pension obligation	5,906
Net pension obligation	<u>\$ 11,761</u>

The latest actuarial valuations were completed as of December 31, 2004. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

	City Employees	Police Officers	Fire Fighters
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	3.5%	4%	4.5%
Projected Annual Salary Increases	4% to 14%	6.8% average	6.0%
Post retirement benefit increase	None	None	1%
Assumed Rate of Return on Investments	7.75%	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	30 years	32 years	33.4 years

9 – SELECTED REVENUES

a -- 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. As of September 30, city management has elected not to enter the retail market, as allowed by State law.

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 2005, the Airport Fund revenues included minimum concession guarantees of \$8,289,717.

The following is a schedule by year of minimum future rentals on noncancelable operating leases for terms of up to thirty years for the Airport Fund as of September 30, 2005 (in thousands):

<u>Fiscal Year Ended September 30</u>	<u>Enterprise Airport Lease Payments</u>
2006	\$ 8,598
2007	8,407
2008	8,335
2009	5,958
2010	1,264
2011-2015	2,320
2016-2020	443
2021-2025	443
2026-2030	406
Totals	<u>\$ 36,174</u>

Projection of minimum future rentals for the Austin-Bergstrom Landhost Enterprises, Inc. are based on the current adjusted minimum rent for the period May 1, 2005, through April 30, 2009. The minimum rent is adjusted every five years commensurate with the percentage increase in the Consumer Price Index – Urban Wage Earners and Clerical Workers, U.S. Owner Average, (CPI) published by the U.S. Department of Labor Bureau of Labor Statistics over the five-year period.

10 – DEBT AND NON-DEBT LIABILITIES

a -- Long-Term Liabilities

The following is a summary of long-term liabilities. Balances at September 30, 2005, are (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Long-term obligations			
General obligation bonds	\$ 727,011	21,277	748,288
Certificates of obligation	82,549	52,006	134,555
Contractual obligations	31,077	23,198	54,275
Other tax supported debt	--	9,261	9,261
General obligation bonds and other tax supported debt total	840,637	105,742	946,379
Commercial paper	--	356,923	356,923
Revenue notes	--	28,000	28,000
Revenue bonds	--	3,026,009	3,026,009
Contract revenue bonds	--	11,708	11,708
Capital lease obligations	960	9,367	10,327
Debt service requirements total	841,597	3,537,749	4,379,346
Other long-term obligations			
Accrued compensated absences	72,077	19,800	91,877
Claims payable	28,818	--	28,818
Accrued landfill closure and postclosure costs	--	7,935	7,935
Decommissioning expense payable	--	109,718	109,718
Pension obligation payable	6,006	5,755	11,761
Deferred credits and other liabilities	71,863	553,349	625,212
	178,764	696,557	875,321
Total long-term obligations	\$ 1,020,361	4,234,306	5,254,667

This schedule excludes short-term liabilities of \$45,536 for governmental activities and \$213,305 for business-type activities and long-term interest payable of \$188,430 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 within the 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.

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

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

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, 2005, are (in thousands):

Description	September 30, 2004	Increases	Decreases	September 30, 2005	Amounts Due Within One Year
Governmental activities (1):					
General obligation bonds, net	\$ 738,533	161,383	(172,905)	727,011	48,594
Certificates of obligation	91,021	7,185	(15,657)	82,549	5,385
Contractual obligations	33,970	5,330	(8,223)	31,077	5,853
General obligation bonds and other tax supported debt total	863,524	173,898	(196,785)	840,637	59,832
Capital lease obligations	813	932	(785)	960	432
Debt service requirements total	864,337	174,830	(197,570)	841,597	60,264
Other long-term obligations					
Accrued compensated absences	70,456	3,026	(1,405)	72,077	32,829
Claims payable	27,440	13,638	(12,260)	28,818	14,185
Pension obligation payable	3,102	2,904	--	6,006	--
Deferred credits and other liabilities	81,895	15,271	(25,303)	71,863	54,064
Governmental activities total	1,047,230	209,669	(236,538)	1,020,361	161,342
Business-type activities:					
Electric activities					
General obligation bonds, net	1,320	1,118	(1,131)	1,307	5
Contractual obligations	1,562	--	(485)	1,077	358
General obligation bonds and other tax supported debt total	2,882	1,118	(1,616)	2,384	363
Commercial paper notes, net	94,984	62,497	--	157,481	--
Revenue bonds, net	1,258,701	--	(82,193)	1,176,508	75,906
Capital lease obligations	7,186	3	(1,989)	5,200	1,946
Debt service requirements total	1,363,753	63,618	(85,798)	1,341,573	78,215
Other long-term obligations					
Accrued compensated absences	9,422	193	(388)	9,227	6,823
Decommissioning expense payable	100,019	9,699	--	109,718	--
Pension obligation payable	1,260	1,305	--	2,565	--
Deferred credits and other liabilities	84,327	27,484	(7,021)	104,790	29,620
Electric activities total	1,558,781	102,299	(93,207)	1,567,873	114,658
Water and Wastewater activities					
General obligation bonds, net	6,044	733	(2,140)	4,637	853
Contractual obligations	7,787	1,815	(1,779)	7,823	1,773
Other tax supported debt, net	10,369	--	(1,108)	9,261	864
General obligation bonds and other tax supported debt total	24,200	2,548	(5,027)	21,721	3,490
Commercial paper notes, net	220,632	153,810	(175,000)	199,442	--
Revenue bonds, net	1,135,860	340,549	(201,166)	1,275,243	42,585
Contract revenue bonds, net	13,740	--	(2,032)	11,708	2,025
Capital lease obligations	4,823	19	(1,110)	3,732	1,166
Debt service requirements total	1,399,255	496,926	(384,335)	1,511,846	49,266
Other long-term obligations					
Accrued compensated absences	4,715	283	(406)	4,592	3,682
Pension obligation payable	648	671	--	1,319	--
Deferred credits and other liabilities	433,591	15,145	(8,193)	440,543	7,079
Water and Wastewater activities total	1,838,209	513,025	(392,934)	1,958,300	60,027

(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

Business-type activities (continued):

Description	September 30, 2004	Increases	Decreases	September 30, 2005	Amounts Due Within One Year
Airport activities					
General obligation bonds, net	465	199	(257)	407	18
Contractual obligations	115	--	(63)	52	40
General obligation bonds and other tax supported debt total	580	199	(320)	459	58
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	351,646	290,188	(289,519)	352,315	13,790
Capital lease obligations	494	--	(173)	321	170
Debt service requirements total	380,720	290,387	(290,012)	381,095	14,018
Other long-term obligations					
Accrued compensated absences	1,378	--	(496)	882	882
Pension obligation payable	229	230	--	459	--
Deferred credits and other liabilities	6,322	142	(1,670)	4,794	1,796
Airport activities total	388,649	290,759	(292,178)	387,230	16,696
Nonmajor activities					
General obligation bonds, net	12,411	4,803	(2,288)	14,926	1,636
Certificates of obligation, net	58,616	--	(6,610)	52,006	2,151
Contractual obligations	5,111	10,256	(1,121)	14,246	1,636
General obligation bonds and other tax supported debt total	76,138	15,059	(10,019)	81,178	5,423
Revenue bonds, net	223,551	144,037	(145,645)	221,943	2,330
Capital lease obligations	250	22	(158)	114	95
Debt service requirements total	299,939	159,118	(155,822)	303,235	7,848
Other long-term obligations					
Accrued compensated absences	4,595	1,193	(689)	5,099	3,677
Accrued landfill closure and postclosure costs	7,612	323	--	7,935	--
Pension obligation payable	667	746	(1)	1,412	--
Deferred credits and other liabilities	3,057	3,243	(3,078)	3,222	2,811
Nonmajor activities total	315,870	164,623	(159,590)	320,903	14,336
Total business-type activities					
General obligation bonds, net	20,240	6,853	(5,816)	21,277	2,512
Certificates of obligation, net	58,616	-	(6,610)	52,006	2,151
Contractual obligations	14,575	12,071	(3,448)	23,198	3,807
Other tax supported debt, net	10,369	--	(1,108)	9,261	864
General obligation bonds and other tax supported debt total	103,800	18,924	(16,982)	105,742	9,334
Commercial paper notes, net	315,616	216,307	(175,000)	356,923	--
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	2,969,758	774,774	(718,523)	3,026,009	134,611
Contract revenue bonds	13,740	--	(2,032)	11,708	2,025
Capital lease obligations	12,753	44	(3,430)	9,367	3,377
Debt service requirements total	3,443,667	1,010,049	(915,967)	3,537,749	149,347
Other long-term obligations					
Accrued compensated absences	20,110	1,669	(1,979)	19,800	15,064
Accrued landfill closure and postclosure costs	7,612	323	--	7,935	--
Decommissioning expense payable	100,019	9,699	--	109,718	--
Pension obligation payable	2,804	2,952	(1)	5,755	--
Deferred credits and other liabilities	527,297	46,014	(19,962)	553,349	41,306
Business-type activities total	4,101,509	1,070,706	(937,909)	4,234,306	205,717
Total long-term liabilities	\$ 5,148,739	1,280,375	(1,174,447)	5,254,667	367,059

This schedule excludes short-term liabilities of \$45,536 for governmental activities and \$213,305 for business-type activities and long-term interest payable of \$188,430 for business-type activities.

10 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Governmental Activities Long-Term Liabilities

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

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2005, including those reported in certain proprietary funds (in thousands):

Series	Date Issued	Original Issue	Amount Outstanding at September 30, 2005	Aggregate Interest Requirements at September 30, 2005	Interest Rates of Debt Outstanding at September 30, 2005	Maturity Dates of Serial Debt
Series 1993	February 1993	\$ 71,600	34,930	3,821 (1)	5.60 - 5.75%	9/1/2006-2009
Series 1996	October 1996	30,550	8,060	1,302 (1)	6.00%	9/1/2006-2009
Series 1997	October 1997	29,295	1,470	163 (1)	5.00 - 5.75%	9/1/2006-2007
Series 1997	October 1997	2,120	410	51 (1)	4.70 - 5.00%	9/1/2006-2009
Series 1998	January 1998	110,300	98,740	28,762 (1)	4.60 - 5.25%	9/1/2006-2016
Assumed MUD Debt	December 1997	33,680	10,534	4,589 (3)(4)	4.40 - 10.50%	11/15/2005-2017
Series 1998	October 1998	13,430	9,890	4,385 (1)	4.40 - 7.13%	9/1/2006-2018
Series 1998	October 1998	22,770	13,835	5,402 (1)	4.20 - 4.75%	9/1/2006-2018
Series 1998	October 1998	14,975	1,535	31 (2)	4.00%	11/1/2005
Series 1999	October 1999	51,100	3,335	666 (1)	4.63 - 5.23%	9/1/2006-2009
Series 1999	October 1999	10,335	2,540	122 (2)	4.75%	11/1/2005-2006
Series 1999	October 1999	5,590	1,510	288 (1)	5.00 - 6.00%	9/1/2006-2011
Series 2000	October 2000	52,930	19,970	9,265 (1)	4.50 - 6.00%	9/1/2006-2017
Series 2000	October 2000	6,060	2,520	689 (1)	5.00 - 5.25%	9/1/2006-2014
Series 2001	June 2001	123,445	49,915	12,702 (1)	4.75 - 5.50%	9/1/2006-2022
Series 2001	October 2001	79,650	50,210	24,269 (1)	4.00 - 5.25%	9/1/2006-2021
Series 2001	October 2001	2,650	1,455	112 (2)	3.25 - 3.88%	11/1/2005-2008
Series 2001	October 2001	65,335	53,225	19,194 (1)	4.38 - 5.25%	9/1/2006-2021
Series 2002	July 2002	12,190	11,945	3,994 (1)	3.00 - 5.00%	3/1/2006-2017
Series 2002	July 2002	2,495	1,750	171 (1)	4.00 - 5.00%	3/1/2006-2009
Series 2002	September 2002	99,615	95,800	43,933 (1)	2.75 - 5.00%	9/1/2006-2022
Series 2002	September 2002	8,690	5,970	482 (2)	2.50 - 4.00%	11/1/2005-2009
Series 2002	September 2002	34,095	26,400	11,267 (1)	2.50 - 5.38%	9/1/2006-2022
Series 2003	June 2003	62,585	46,390	8,006 (1)	2.25 - 5.00%	9/1/2006-2013
Series 2003	September 2003	68,855	68,555	34,729 (1)	2.00 - 5.00%	9/1/2006-2023
Series 2003A	September 2003	2,530	2,325	519 (1)	4.00 - 5.00%	9/1/2006-2013
Series 2003	September 2003	4,450	4,165	1,996 (1)	4.00 - 4.80%	9/1/2006-2023
Series 2003	September 2003	8,610	7,015	630 (2)	2.00 - 3.38%	11/1/2005-2010
Series 2004	September 2004	67,835	67,835	34,460 (1)	3.00 - 5.00%	9/1/2007-2024
Series 2004A	September 2004	2,430	2,430	618 (1)	4.00 - 4.75%	9/1/2006-2014
Series 2004	September 2004	25,000	24,225	13,346 (1)	2.00 - 5.00%	9/1/2006-2024
Series 2004	September 2004	21,830	20,820	2,239 (2)	1.85 - 3.35%	11/1/2005-2011
Series 2005	March 2005	145,345	145,345	74,164 (1)	5.00%	9/1/2006-2020
Series 2005	September 2005	19,535	19,535	10,804 (1)	3.50 - 5.00%	9/1/2008-2025
Series 2005	September 2005	7,185	7,185	3,691 (2)	3.50 - 6.50%	9/1/2006-2025
Series 2005	September 2005	14,940	14,940	2,098 (1)	3.00 - 4.00%	5/1/2006-2012
			<u>\$ 936,714</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 semiannually on May 15 and November 15.
- (3) Interest is paid semiannually on May 15 and November 15.
- (4) Includes Water and Wastewater Fund principal of \$9,313 and interest of \$4,227.

10 – DEBT AND NON-DEBT LIABILITIES, continued

In March 2005, the City issued \$145,345,000 of Public Improvement Refunding Bonds, Series 2005. The net proceeds of \$158,376,868 (after issue costs, discounts and premiums) from the refunding were used to refund \$147,970,000 of public improvement bonds, series 1997, 1998, 1999, 2000, and 2001 and certificates of obligation, series 1997, 1998, 1999, 2000, and 2002. The refunding resulted in future interest requirements to service the debt of \$77,655,817 with an average interest rate of 5%. An economic gain of \$7,127,786 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$8,116,888. An accounting loss of \$10,417,135, which will be deferred and amortized, was recognized on this refunding.

In September 2005, the City issued \$19,535,000 of Public Improvement and Refunding Bonds, Series 2005. The proceeds from the issue will be used as follows: sidewalk projects (\$5,000,000); right of way acquisition and utility relocation (\$10,000,000); libraries (\$1,755,000); and to refund a court settlement (\$2,780,000). These bonds will be amortized serially on September 1 of each year from 2008 to 2025. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2006. Total interest requirements for these bonds, at rates ranging from 3.5% to 5%, are \$10,803,712.

In September 2005, the City issued \$7,185,000 of Certificates of Obligation, Series 2005. The proceeds from the issue will be used as follows: Motorola office purchase (\$4,975,000); Colony Park recreation center (\$2,000,000); and developer reimbursements (\$210,000). These certificates of obligation will be amortized serially on September 1 of each year from 2006 to 2025. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2006. Total interest requirements for these obligations, at rates ranging from 3.5% to 6.5%, are \$3,691,475.

In September 2005, the City issued \$14,940,000 of Public Property Finance Contractual Obligations, Series 2005. The proceeds from the issue will be used as follows: mobile data system (\$3,000,000); transportation capital equipment (\$3,300,000); solid waste services landfill and capital equipment (\$3,635,000); telecommunications network equipment (\$2,330,000); golf capital equipment (\$860,000); and vehicle capital equipment (\$1,815,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2006 to 2012. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2006. The total interest requirements for these obligations, at rates ranging from 3% to 4%, are \$2,097,874. \$9,610,000 of this issue is comprised of business-type activities.

General obligation bonds authorized and unissued amounted to \$106,520,000 at September 30, 2005. Bond ratings at September 30, 2005, were Aa2 (Moody's Investor Services, Inc.), AA+ (Standard & Poor's) and AA+ (Fitch).

c -- 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.

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

The total combined utility systems revenue bond obligations at September 30, 2005, exclusive of discounts, premiums and loss on refundings consist of \$853,809,135 prior lien bonds and \$252,959,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$806,439,464 at September 30, 2005. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2005, 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.

10 – DEBT AND NON-DEBT LIABILITIES, continued

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2005 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2005
1990B Refunding	February 1990	\$ 236,009	3,668
1992 Refunding	March 1992	265,806	30,116
1992A Refunding	May 1992	351,706	108,111
1993 Refunding	February 1993	203,166	79,986
1993A Refunding	June 1993	263,410	21,899
1994 Refunding	October 1994	142,559	26,894
1996AB Refunding	September 1996	249,235	212,560
1997 Refunding	August 1997	227,215	218,210
1998 Refunding	August 1998	180,000	152,365
1998 Refunding	November 1998	139,965	139,700
1998A Refunding	November 1998	105,350	105,350
1998B	November 1998	10,000	7,910
			\$ 1,106,769

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, 2005, 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, 2005, the Electric Fund had outstanding commercial paper notes of \$144,314,000 and the Water and Wastewater Fund had \$199,442,000, of commercial paper notes outstanding. Interest rates on the notes range from 2.4% to 3.02%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 15%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

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, 2005 were P-1 (Moody's Investor Services, Inc.) A-1+ (Standard & Poor's) and F1+ (Fitch).

10 – DEBT AND NON-DEBT LIABILITIES, continued

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, 2005, the Electric Fund had outstanding taxable notes of \$13,166,500 (net of discount of \$99,500), and the Water and Wastewater Fund had no taxable notes outstanding. Interest rates on the taxable notes range from 3.77% to 3.89%. The City intends to refinance maturing commercial paper notes by issuing long-term debt.

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

Bond ratings at September 30, 2005, 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 original and refunding revenue bonds outstanding at September 30, 2005 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2005
2001 Refunding	February 2001	\$ 126,700	125,700
2002 Refunding	March 2002	74,750	74,750
2002A Refunding	August 2002	172,880	141,010
2003 Refunding	March 2003	182,100	182,100
			<u>\$ 523,560</u>

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

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues – In October 2004, the City issued \$165,145,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2004A. Proceeds from the bonds were used to refund \$175,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater system. The refunding resulted in future interest requirements to service the debt of \$134,342,208. No change in net cash flows resulted from this transaction, and no economic gain or accounting gain or loss was recognized on this refunding.

In May 2005, the City issued \$198,485,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2005. Proceeds from the bond refunding were used to refund \$195,585,000 of the City's outstanding separate sub lien revenue refunding bonds, series 2000, 2001A, 2001B, and 2003 issued for the water and wastewater system. The debt service requirements on the refunding bonds were \$344,980,650, with interest rates ranging from 4% to 5%. The City realized an economic gain of \$10,279,524 on this transaction. The change in net cash flows that resulted was a decrease of \$12,161,383. An accounting loss of \$16,812,405, which will be deferred and amortized in accordance with Statement of Financial Accounting Standards No. 71, was recognized on this refunding.

Bond ratings at September 30, 2005, were A2 (Moody's Investor Services, Inc.), A (Standard & Poor's), and A+ (Fitch).

10 – DEBT AND NON-DEBT LIABILITIES, continued

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2005 (in thousands):

Series	Bonds Dated	Original Amount		Outstanding at September 30, 2005
			Issued	
Maple Run MUD, 1992	May 1992	\$	17,955	7,900
North Austin MUD #1, 2003 RFD	August 2003		4,510	3,850
2000 Refunding	June 2000		100,000	9,700
2001A Refunding	June 2001		152,180	93,660
2001B Refunding	June 2001		73,200	44,835
2001C Refunding	December 2001		95,380	68,355
2002A Refunding	August 2002		139,695	120,035
2003 Refunding	March 2003		121,500	92,400
2004 Refunding	August 2004		132,475	126,575
2004A Refunding	October 2004		165,145	165,145
2005 Refunding	June 2005		198,485	198,485
				<u>\$ 930,940</u>

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. At September 30, 2005, the total airport system obligation for prior lien bonds is \$369,890,000 exclusive of discounts, premiums and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$182,619,715 at September 30, 2005. Revenue bonds authorized and unissued amount to \$735,795,000.

Airport System Revenue Debt -- Revenue Bond Refunding Issues - In August 2005, the City issued \$306,225,000 of Airport System Refunding Revenue Bonds, Series 2005. Proceeds from the bond refunding were used to refund \$288,810,000 of the City's outstanding airport system prior lien revenue bonds, series 1995A and 1995B. The debt service requirements on the variable rate refunding bonds were \$459,716,580 with interest calculated using a constant rate of 4.051%. From August to September 30, 2005, interest rates on the bonds ranged from 2.55% to 2.75% with an average rate of 2.66%, adjusted weekly at market rates; subsequent rate changes cannot exceed the maximum rate of 12%. The City realized an economic gain of \$36,844,873 on this transaction. The change in net cash flows that resulted was a decrease of \$66,227,623. An accounting loss of \$14,873,940, which will be deferred and amortized in accordance with GASB statement no. 23, was recognized on this refunding.

Bond ratings at September 30, 2005, for the prior lien bonds were NUR (Moody's Investor Services, Inc.), A- (Standard & Poor's), and NUR (Fitch).

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2005 (in thousands):

Series	Bonds Dated	Original Amount		Outstanding at September 30, 2005
			Issued	
1989	December 1989	\$	30,000	1,000
1995A	August 1995		362,205	7,310
1995B Refunding	August 1995		31,040	1,105
2003 Refunding	December 2003		54,250	54,250
2005 Refunding	August 2005		306,225	306,225
				<u>\$ 369,890</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

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, 2005, 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 \$4,758,486, including accrued interest, at September 30, 2005 and was restricted within the airport system. During fiscal year 2005, interest rates on the notes ranged from 1.52% to 3.06%, adjusted weekly at market rates; 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.

The bond rating at September 30, 2005, for the airport variable rate notes was P-1 (Moody's Investor Services, Inc.).

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. At September 30, 2005, the total convention center obligation for prior and subordinate lien bonds is \$237,990,000, exclusive of discounts, premiums and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$126,088,655 at September 30, 2005. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2005.

Convention Center Revenue Debt -- Revenue Bond Refunding Issues – In May 2005, the City issued \$36,720,000 of Town Lake Park Community Events Center Venue Project Refunding Bonds, Series 2005. Proceeds from the bond refunding were used to refund \$35,140,000 of the City's outstanding town lake park community events center venue project bonds, series 1999. The debt service requirements on the refunding bonds are \$67,378,298. The City realized an economic gain of \$3,098,926 on this transaction. The change in net cash flows that resulted was a decrease of \$3,757,473. An accounting loss of \$2,548,757, which will be deferred and amortized in accordance with GASB statement no. 23, was recognized on this refunding.

In August 2005, the City issued \$119,290,000 of Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2005. Proceeds from the bond refunding were used to refund \$107,500,000 of the City's outstanding convention center subordinate lien revenue bonds, series 1999. The debt service requirements on the variable rate refunding bonds are \$182,474,148 with interest calculated using a constant rate of 3.4007%. From August to September 30, 2005 interest rates on the bonds ranged from 2.4% to 2.79%, adjusted weekly at market rates, and subsequent rates changes cannot exceed the maximum rate of 15%. The City realized an economic gain of \$15,407,599 on this transaction. The change in net cash flows that resulted was a decrease of \$19,906,685. An accounting loss of \$10,635,946, which will be deferred and amortized in accordance with GASB statement no. 23, was recognized on this refunding.

Bond ratings at September 30, 2005, for the revenue bonds were NUR (Moody's Investor Services, Inc.), NUR (Standard & Poor's), and NUR (Fitch).

The following table summarizes Convention Center original and refunding revenue bonds outstanding at September 30, 2005 (in thousands):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 2005
1999 Refunding	June 1999	\$ 6,445	1,140
1999A	June 1999	25,000	24,115
1999	November 1999	40,000	4,010
2004 Refunding	February 2004	52,715	52,715
2005 Refunding	May 2005	36,720	36,720
2005 Refunding	August 2005	119,290	119,290
			<u>\$ 237,990</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

d – Debt Service Requirements

Governmental Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2006	\$ 48,594	34,181	5,385	3,897	5,853
2007	48,539	31,752	5,681	3,636	5,000	714
2008	45,727	29,380	5,968	3,347	4,713	589
2009	44,879	27,240	6,298	3,059	4,808	459
2010	47,332	25,063	5,771	2,753	4,487	315
2011-2015	226,137	92,171	27,533	9,527	6,216	246
2016-2020	184,374	42,580	18,586	4,185	--	--
2021-2025	70,846	7,278	7,327	672	--	--
	<u>716,428</u>	<u>289,645</u>	<u>82,549</u>	<u>31,076</u>	<u>31,077</u>	<u>3,150</u>
Less: Unamortized bond discounts	(961)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(10,671)	--	--	--	--	--
Add: Unamortized bond premiums	22,215	--	--	--	--	--
Net debt service requirements	<u>727,011</u>	<u>289,645</u>	<u>82,549</u>	<u>31,076</u>	<u>31,077</u>	<u>3,150</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2006	432	30	60,264	38,935
2007	528	18	59,748	36,120	95,868
2008	--	--	56,408	33,316	89,724
2009	--	--	55,985	30,758	86,743
2010	--	--	57,590	28,131	85,721
2011-2015	--	--	259,886	101,944	361,830
2016-2020	--	--	202,960	46,765	249,725
2021-2025	--	--	78,173	7,950	86,123
	<u>960</u>	<u>48</u>	<u>831,014</u>	<u>323,919</u>	<u>1,154,933</u>
Less: Unamortized bond discounts	--	--	(961)	--	(961)
Unamortized gain(loss) on bond refundings	--	--	(10,671)	--	(10,671)
Add: Unamortized bond premiums	--	--	22,215	--	22,215
Net debt service requirements	<u>\$ 960</u>	<u>48</u>	<u>841,597</u>	<u>323,919</u>	<u>1,165,516</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

d -- Debt Service Requirements, continued

Electric Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation					
	Bonds		Contractual Obligations		Commercial Paper Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 5	61	358	30	157,581	383
2007	53	61	202	19	--	--
2008	12	58	140	14	--	--
2009	18	57	146	11	--	--
2010	53	56	152	6	--	--
2011-2015	550	225	79	2	--	--
2016-2020	525	70	--	--	--	--
	<u>1,216</u>	<u>588</u>	<u>1,077</u>	<u>82</u>	<u>157,581</u>	<u>383</u>
Less: Unamortized bond discount	(5)	--	--	--	(100)	--
Add: Unamortized bond premium	96	--	--	--	--	--
Net debt service requirements	<u>1,307</u>	<u>588</u>	<u>1,077</u>	<u>82</u>	<u>157,481</u>	<u>383</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Electric Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2006	75,906	63,057	1,946	332	235,796	63,863
2007	101,312	58,866	2,014	202	103,581	59,148	162,729
2008	87,063	59,036	29	61	87,244	59,169	146,413
2009	75,650	75,666	31	60	75,845	75,794	151,639
2010	70,940	80,932	32	58	71,177	81,052	152,229
2011-2015	427,123	237,702	188	265	427,940	238,194	666,134
2016-2020	164,150	90,208	241	212	164,916	90,490	255,406
2021-2025	143,205	44,578	309	144	143,514	44,722	188,236
2026-2030	88,600	12,610	396	56	88,996	12,666	101,662
2031-2035	9,500	238	14	--	9,514	238	9,752
	<u>1,243,449</u>	<u>722,893</u>	<u>5,200</u>	<u>1,390</u>	<u>1,408,523</u>	<u>725,336</u>	<u>2,133,859</u>
Less: Unamortized bond discounts	(7,774)	--	--	--	(7,879)	--	(7,879)
Unamortized gain(loss) on bond refundings	(94,642)	--	--	--	(94,642)	--	(94,642)
Add: Unamortized bond premiums	35,475	--	--	--	35,571	--	35,571
Net debt service requirements	<u>\$ 1,176,508</u>	<u>722,893</u>	<u>5,200</u>	<u>1,390</u>	<u>1,341,573</u>	<u>725,336</u>	<u>2,066,909</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

d -- Debt Service Requirements, continued

Water and Wastewater Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Tax and Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 853	335	1,773	214	864	1,189
2007	1,143	291	1,291	176	642	430
2008	739	232	1,098	142	594	401
2009	471	194	1,039	110	532	285
2010	589	170	931	80	564	353
2011-2015	2,036	413	1,691	71	3,663	1,293
2016-2020	559	88	--	--	2,454	276
2021-2025	52	3	--	--	--	--
	<u>6,442</u>	<u>1,726</u>	<u>7,823</u>	<u>793</u>	<u>9,313</u>	<u>4,227</u>
Less: Unamortized bond discounts	(27)	--	--	--	(52)	--
Unamortized gain(loss) on bond refundings	(2,159)	--	--	--	--	--
Add: Unamortized bond premiums	381	--	--	--	--	--
Net debt service requirements	<u>4,637</u>	<u>1,726</u>	<u>7,823</u>	<u>793</u>	<u>9,261</u>	<u>4,227</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds		Municipal Utility District Contract Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	199,442	460	42,585	58,118	2,025	573
2007	--	--	44,095	56,528	2,170	466
2008	--	--	54,977	57,030	2,325	345
2009	--	--	51,752	64,553	2,475	216
2010	--	--	43,597	72,106	2,754	75
2011-2015	--	--	311,857	279,794	--	--
2016-2020	--	--	275,340	265,081	--	--
2021-2025	--	--	257,629	89,813	--	--
2026-2030	--	--	209,540	31,735	--	--
2031-2035	--	--	14,699	772	--	--
	<u>199,442</u>	<u>460</u>	<u>1,306,071</u>	<u>975,530</u>	<u>11,749</u>	<u>1,675</u>
Less: Unamortized bond discounts	--	--	(10,980)	--	(21)	--
Unamortized gain(loss) on bond refundings	--	--	(68,760)	--	(50)	--
Add: Unamortized bond premiums	--	--	48,912	--	30	--
Net debt service requirements	<u>\$ 199,442</u>	<u>460</u>	<u>1,275,243</u>	<u>975,530</u>	<u>11,708</u>	<u>1,675</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

d -- Debt Service Requirements, continued

Water and Wastewater Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	Capital Lease Obligations		Total Water and Wastewater Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2006	\$ 1,166	249	248,708	61,138	309,846
2007	1,239	155	50,580	58,046	108,626
2008	1,327	53	61,060	58,203	119,263
2009	--	--	56,269	65,358	121,627
2010	--	--	48,435	72,784	121,219
2011-2015	--	--	319,247	281,571	600,818
2016-2020	--	--	278,353	265,445	543,798
2021-2025	--	--	257,681	89,816	347,497
2026-2030	--	--	209,540	31,735	241,275
2031-2035	--	--	14,699	772	15,471
	<u>3,732</u>	<u>457</u>	<u>1,544,572</u>	<u>984,868</u>	<u>2,529,440</u>
Less: Unamortized bond discounts	--	--	(11,080)	--	(11,080)
Unamortized gain(loss) on bond refundings	--	--	(70,969)	--	(70,969)
Add: Unamortized bond premiums	--	--	49,323	--	49,323
Net debt service requirements	<u>\$ 3,732</u>	<u>457</u>	<u>1,511,846</u>	<u>984,868</u>	<u>2,496,714</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

d -- Debt Service Requirements, continued

Airport Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation					
	Bonds		Contractual Obligations		Revenue Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 18	20	40	2	--	781
2007	49	19	12	--	--	781
2008	23	16	--	--	--	781
2009	16	15	--	--	--	781
2010	23	14	--	--	--	781
2011-2015	151	49	--	--	--	3,905
2016-2020	101	14	--	--	28,000	1,955
2021-2025	2	--	--	--	--	--
	<u>383</u>	<u>147</u>	<u>52</u>	<u>2</u>	<u>28,000</u>	<u>9,765</u>
Less: Unamortized bond discounts	(1)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	1	--	--	--	--	--
Add: Unamortized bond premiums	24	--	--	--	--	--
Net debt service requirements	<u>407</u>	<u>147</u>	<u>52</u>	<u>2</u>	<u>28,000</u>	<u>9,765</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Airport Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2006	13,790	11,375	170	9	14,018	12,187
2007	9,555	10,582	151	4	9,767	11,386	21,153
2008	11,780	10,291	--	--	11,803	11,088	22,891
2009	12,325	9,951	--	--	12,341	10,747	23,088
2010	12,910	9,587	--	--	12,933	10,382	23,315
2011-2015	74,430	41,385	--	--	74,581	45,339	119,920
2016-2020	98,450	26,709	--	--	126,551	28,678	155,229
2021-2025	111,900	10,010	--	--	111,902	10,010	121,912
2026-2030	24,750	138	--	--	24,750	138	24,888
	<u>369,890</u>	<u>130,028</u>	<u>321</u>	<u>13</u>	<u>398,646</u>	<u>139,955</u>	<u>538,601</u>
Less: Unamortized bond discounts	(1,653)	--	--	--	(1,654)	--	(1,654)
Unamortized gain(loss) on bond refundings	(19,946)	--	--	--	(19,945)	--	(19,945)
Add: Unamortized bond premiums	4,024	--	--	--	4,048	--	4,048
Net debt service requirements	<u>\$ 352,315</u>	<u>130,028</u>	<u>321</u>	<u>13</u>	<u>381,095</u>	<u>139,955</u>	<u>521,050</u>

(1) These are variable rate notes with an assumed interest rate of 2.79% .

10 – DEBT AND NON-DEBT LIABILITIES, continued

d -- Debt Service Requirements, continued

Nonmajor Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2006	\$ 1,636	762	2,151	2,326	1,636
2007	994	680	2,259	2,252	2,180	382
2008	1,221	632	2,372	2,165	2,254	320
2009	1,064	570	2,497	2,073	2,353	254
2010	1,604	515	2,204	1,975	2,051	180
2011-2015	6,214	1,506	13,612	8,291	3,772	186
2016-2020	2,426	322	15,859	4,699	--	--
2021-2025	22	2	9,973	1,068	--	--
	<u>15,181</u>	<u>4,989</u>	<u>50,927</u>	<u>24,849</u>	<u>14,246</u>	<u>1,686</u>
Less: Unamortized bond discounts	(52)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,092)	--	--	--	--	--
Add: Unamortized bond premiums	889	--	1,079	--	--	--
Net debt service requirements	<u>14,926</u>	<u>4,989</u>	<u>52,006</u>	<u>24,849</u>	<u>14,246</u>	<u>1,686</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2006	2,330	9,060	95	2	7,848	12,514
2007	1,260	8,880	19	--	6,712	12,194	18,906
2008	3,440	8,781	--	--	9,287	11,898	21,185
2009	4,720	8,636	--	--	10,634	11,533	22,167
2010	7,935	8,389	--	--	13,794	11,059	24,853
2011-2015	49,585	36,983	--	--	73,183	46,966	120,149
2016-2020	63,580	25,534	--	--	81,865	30,555	112,420
2021-2025	47,250	14,700	--	--	57,245	15,770	73,015
2026-2030	57,890	5,126	--	--	57,890	5,126	63,016
	<u>237,990</u>	<u>126,089</u>	<u>114</u>	<u>2</u>	<u>318,458</u>	<u>157,615</u>	<u>476,073</u>
Less: Unamortized bond discounts	(1,195)	--	--	--	(1,247)	--	(1,247)
Unamortized gain(loss) on bond refundings	(20,247)	--	--	--	(21,339)	--	(21,339)
Add: Unamortized bond premiums	5,395	--	--	--	7,363	--	7,363
Net debt service requirements	<u>\$ 221,943</u>	<u>126,089</u>	<u>114</u>	<u>2</u>	<u>303,235</u>	<u>157,615</u>	<u>460,850</u>

10 – DEBT AND NON-DEBT LIABILITIES, continued

d -- Debt Service Requirements, continued

Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2006	\$ 2,512	1,178	2,151	2,326	3,807
2007	2,239	1,051	2,259	2,252	3,685	577
2008	1,995	938	2,372	2,165	3,492	476
2009	1,569	836	2,497	2,073	3,538	375
2010	2,269	755	2,204	1,975	3,134	266
2011-2015	8,951	2,193	13,612	8,291	5,542	259
2016-2020	3,611	494	15,859	4,699	--	--
2021-2025	76	5	9,973	1,068	--	--
	<u>23,222</u>	<u>7,450</u>	<u>50,927</u>	<u>24,849</u>	<u>23,198</u>	<u>2,563</u>
Less: Unamortized bond discounts	(85)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(3,250)	--	--	--	--	--
Add: Unamortized bond premiums	1,390	--	1,079	--	--	--
Net debt service requirements	<u>21,277</u>	<u>7,450</u>	<u>52,006</u>	<u>24,849</u>	<u>23,198</u>	<u>2,563</u>

Fiscal Year Ended September 30	Tax Supported Debt		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2006	864	1,189	357,023	843	--
2007	642	430	--	--	--	781
2008	594	401	--	--	--	781
2009	532	285	--	--	--	781
2010	564	353	--	--	--	781
2011-2015	3,663	1,293	--	--	--	3,905
2016-2020	2,454	276	--	--	28,000	1,955
	<u>9,313</u>	<u>4,227</u>	<u>357,023</u>	<u>843</u>	<u>28,000</u>	<u>9,765</u>
Less: Unamortized bond discounts	(52)	--	(100)	--	--	--
Net debt service requirements	<u>\$ 9,261</u>	<u>4,227</u>	<u>356,923</u>	<u>843</u>	<u>28,000</u>	<u>9,765</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 an assumed interest rate of 2.79%.

10 – DEBT AND NON-DEBT LIABILITIES, continued

d -- Debt Service Requirements, continued

Fiscal Year Ended September 30	Business-Type Activities (in thousands)					
	Revenue Bonds		Municipal Utility District Contract Revenue Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 134,611	141,610	2,025	573	3,377	592
2007	156,222	134,856	2,170	466	3,423	361
2008	157,260	135,138	2,325	345	1,356	114
2009	144,447	158,806	2,475	216	31	60
2010	135,382	171,014	2,754	75	32	58
2011-2015	862,995	595,864	--	--	188	265
2016-2020	601,520	407,532	--	--	241	212
2021-2025	559,984	159,101	--	--	309	144
2026-2030	380,780	49,609	--	--	396	56
2031-2035	24,199	1,010	--	--	14	--
	<u>3,157,400</u>	<u>1,954,540</u>	<u>11,749</u>	<u>1,675</u>	<u>9,367</u>	<u>1,862</u>
Less: Unamortized bond discounts	(21,602)	--	(21)	--	--	--
Unamortized gain(loss) on bond refundings	(203,595)	--	(50)	--	--	--
Add: Unamortized bond premiums	93,806	--	30	--	--	--
Net debt service requirements	<u>3,026,009</u>	<u>1,954,540</u>	<u>11,708</u>	<u>1,675</u>	<u>9,367</u>	<u>1,862</u>

Fiscal Year Ended September 30	Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Total
2006	506,370	149,702	656,072
2007	170,640	140,774	311,414
2008	169,394	140,358	309,752
2009	155,089	163,432	318,521
2010	146,339	175,277	321,616
2011-2015	894,951	612,070	1,507,021
2016-2020	651,685	415,168	1,066,853
2021-2025	570,342	160,318	730,660
2026-2030	381,176	49,665	430,841
2031-2035	24,213	1,010	25,223
	<u>3,670,199</u>	<u>2,007,774</u>	<u>5,677,973</u>
Less: Unamortized bond discounts	(21,860)	--	(21,860)
Unamortized gain(loss) on bond refundings	(206,895)	--	(206,895)
Add: Unamortized bond premiums	96,305	--	96,305
Net debt service requirements	<u>\$3,537,749</u>	<u>2,007,774</u>	<u>5,545,523</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 \$83.5 million is outstanding at September 30, 2005.

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 \$358.5 million outstanding at September 30, 2005.

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, 2005, are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
		<u>Current</u>	<u>Long-Term</u>
Governmental funds:			
Nonmajor governmental funds	General Fund	\$ 1	--
Nonmajor governmental funds	Nonmajor governmental funds	43,710	--
	Water and Wastewater	--	4,709
	Nonmajor enterprise funds	--	2,771
	Internal service funds	--	277
General Fund	Nonmajor governmental funds	302	--
Internal Service funds:			
Support Services	Nonmajor governmental funds	188	--
Business-type funds:			
Electric	Nonmajor enterprise funds	--	2,719
	Nonmajor governmental funds	--	1
Water and Wastewater (restricted)	Internal service funds	27	134
Airport (restricted)	General Fund	617	1,234
	Nonmajor governmental funds	--	223
Nonmajor enterprise funds	Nonmajor governmental funds	--	172
	Nonmajor enterprise funds	160	--
		<u>\$ 45,005</u>	<u>12,240</u>

Interfund receivables and payables reflect loans between funds. Of the above current amount, \$21.4 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. The above current amount also includes \$20.9 million in interfund loans between capital project funds to cover deficit pooled investments and cash.

12 – INTERFUND BALANCES AND TRANSFERS, continued

Interfund transfers during fiscal year 2005 were as follows (in thousands):

Transfers Out	Transfers In			
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Total
General Fund	\$ --	9,214	4,940	14,154
Nonmajor governmental funds	--	18,009	26,446	44,455
Electric	74,520	4,625	--	79,145
Water and Wastewater	19,596	3,147	--	22,743
Nonmajor enterprise funds	335	3,042	--	3,377
Internal service funds	--	9,916	--	9,916
Total transfers out	\$ 94,451	47,953	31,386	173,790

Interfund 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, 2005. 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 \$30 million as of September 30, 2005. 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 FPP; 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 three participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are Texas Genco LP, formerly known as Reliant Energy, 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, 2005, Austin Energy's investment in the STP was approximately \$543 million, net of accumulated depreciation.

14 – COMMITMENTS AND CONTINGENCIES, continued

Effective November 17, 1997, the participation agreement among the owners of STP was amended and restated and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its STP funding. The City's portion is financed through operations, revenue bonds, or commercial paper, which are repaid by 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 management committee. A member of the management committee may serve on the board of directors in the absence of a board member. The City's portion of STP is classified as plant in service, construction in progress and nuclear fuel inventory. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

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 for plant decommissioning. 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, 2005, Austin Energy funded its share of the estimated decommissioning liability as follows:

	<u>2005</u>	
Estimated cost to decommission STP	\$ 257,866,572	
Decommissioning trust assets	108,452,720	(Includes other restricted assets of \$3.4 million)

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 2005, Austin Energy collected \$4,958,221 for decommissioning requirements.

d -- Energy Risk Management Program

In an effort to mitigate the financial and market risk associated with the purchase of natural gas and energy price volatility, Austin Energy has established a Risk Management Program. This program was authorized by the Austin City Council and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, 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	A-

The realized gains and losses related to these transactions are netted to fuel expense in the period realized. As of September 30, 2005, Austin Energy's options, futures, and basis swaps, valued at mark-to-market, net to an unrealized gain of \$83,277,175. This reflects the difference between the cost and the fair value of these contracts on September 30, 2005. Initial margins are flat fees per contract and are paid in cash or equity. Fair values are calculated by multiplying the number of outstanding contracts by the forward prices as quoted by New York Mercantile Exchange. The unrealized gain/loss refers to the difference between the cost and fair value of the contracts, which is not included in the financial statements at September 30, 2005.

14 – COMMITMENTS AND CONTINGENCIES, continued

<u>Futures</u>	
Contracts effective date	August 2004 through September 2005
Contracts maturity date	Through January 2007
Initial margin	\$ 5,318,949
Cost	38,859,450
Fair value	56,946,300
Unrealized Gain/ (Loss)	18,086,850

<u>Options</u>	
Contracts effective date	September 2004 through September 2005
Contracts maturity date	Through October 2010
Fair value	\$576,455
Unrealized Gain/ (Loss)	576,455

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 is governed by the Commodity Futures Trade Commission.

<u>Swaps</u>	
Contracts effective date	August 2004 through September 2005
Contracts maturity date	Through December 2009
Cost	\$205,389,125
Fair value	270,002,995
Unrealized Gain/ (Loss)	64,613,870

The swap agreements expose Austin Energy to credit, termination, and non-performance risk. However, Austin Energy does not expect the swap counterparties to fail to meet their obligations given their high credit rating, minimum of A- by Standard and Poor's. Austin Energy's exposure to termination and non-performance risk is minimal due to the high credit rating of the counterparties, and the contractual provisions under the ISDA (International Swaps and Derivatives Association) agreement applied to these contracts.

e -- Derivative Instruments

Swap for the Water & Wastewater System

Objective of the swap. In order to lower its borrowing costs the City entered into a swap in connection with its Series 2004 Water and Wastewater System Variable Rate Revenue Refunding Bonds (the "Series 2004 Bonds") on July 2, 2004. The variable rate bonds were issued to advance-refund various outstanding Combined Utility System Revenue Refunding Bonds. The swap was used to hedge the interest rate on the variable rate refunding bonds to a fixed rate and the synthetic fixed rate refunding produces a lower expected interest rate cost to the City. Interest rates on the variable rate bonds ranged from 1.4% to 3.0%, adjusted weekly at market rates, and subsequent rate changes cannot exceed the maximum rate of 12%. The swap had closing costs of \$561,302.

14 – COMMITMENTS AND CONTINGENCIES, continued

Terms, fair values, and credit risk. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2004 Bonds were issued on August 27, 2004, with a principal amount of \$132,475,000. The swap was structured to match the principal amortization structure and dates of the Series 2004 Bonds. The counterparty to the swap is JPMorgan Chase Bank. A summary of the terms and fair value of the swap, as of September 30, 2005, is as follows:

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Fair Value
Water & Wastewater Variable Rate Revenue Refunding Bonds, Series 2004	May 15, 2024	JP Morgan	Aa2/AA-/AA-	68% of 1-month LIBOR	3.657%	\$ (4,165,922)

The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds in advance of issuance, protecting the City against *potential* increases in long-term interest rates.

Fair value. The swap had a fair value as of September 30, 2005, of \$(4,165,922). This fair value takes into consideration the prevailing interest rate, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the London InterBank Offered Rate (LIBOR) swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap.

Credit risk. As of September 30, 2005, the City was not exposed to credit risk on its outstanding swap since the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City's credit risk exposure is the amount of the positive fair value. Future interest rate increases or decreases determine the fair value and the extent of credit risk the City will incur. The current credit ratings of the JPMorgan Chase Bank are Aa2 (Moody's Investor Service Inc.), AA- (Standard and Poor's), AA- (Fitch). The City will be exposed to interest rate risk only if the counterparty defaults or if the swap is terminated.

The swap agreement contains a collateral agreement with the counterparty. Collateralization of the fair value of the swap is required should the counterparty's credit rating fall below the applicable thresholds in the agreement. The City purchased insurance to mitigate the need to post collateral as long as the insurer, Financial Security Assurance, maintains a credit rating above A2 (Moody's Investor Service, Inc.) and A (Standard and Poor's).

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. Basis risk exists since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. Exposure to basis risk may occur should the floating rate be less than the actual variable rate the City pays on the bonds. The magnitude and duration of any basis risk shortfall will determine the extent of basis risk incurred.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 68% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

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

14 – COMMITMENTS AND CONTINGENCIES, continued

Swap payments and associated debt. As of September 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (as rates vary, variable-rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Water and Wastewater Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total
	Principal	Interest		
	2006	\$ 3,000	3,447	1,120
2007	7,000	3,294	1,070	4,364
2008	1,200	3,207	1,041	4,248
2009	--	3,184	1,035	4,219
2010	--	3,184	1,035	4,219
2011-2015	39,040	14,128	4,591	18,719
2016-2020	45,775	5,844	1,899	7,743
2021-2025	30,560	1,836	597	2,433
Total	\$ 126,575	38,124	12,388	50,512

Swap for the Airport System

Objective of the swap. In order to lower its borrowing costs the City entered into an interest rate swap in connection with its Airport System Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") on July 2, 2004. The variable rate bonds were issued to forward refund various outstanding bonds of the airport. The swap was used to hedge the interest rate on the variable rate refunding bonds to a fixed rate and the synthetic fixed rate refunding produces a lower expected interest rate cost to the City.

Terms, fair values, and credit risk. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2005 Bonds were issued on August 17, 2005, with a principal amount of \$306,225,000. The swap was structured to match the likely principal amortization structure and dates of the Series 2005 Bonds. The counterparty to the swap is Morgan Stanley Capital Services, Inc ("Morgan Stanley") with a guarantee from Morgan Stanley. A summary of the terms and fair value of the swap, as of September 30, 2005, is as follows:

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Fair Value
Airport System Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005	Nov 15, 2025	Morgan Stanley	Aa3/A+/AA-	71% of 1-month LIBOR	4.051%	\$ (17,021,267)

The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds in advance of issuance, protecting the City against potential increases in long-term interest rates. Other than the aforementioned swap agreement, there are no other monetary fees for the swap transaction.

Fair value. The swap had a fair value as of September 30, 2005, of \$(17,021,267). This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. The method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates.

14 – COMMITMENTS AND CONTINGENCIES, continued

The payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap.

Credit risk. As of September 30, 2005, the City was not exposed to credit risk on its outstanding swap since the swap had a negative fair value. However, should interest rates change and the fair values of the swap become positive, the City's exposure is the amount of the swap's positive fair value. This amount may become positive if interest rates increase in the future. The current credit ratings of Morgan Stanley are Aa3 (Moody's Investor Services, Inc.) A+ (Standard & Poor's) and AA- (Fitch). The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

The swap agreement contains a collateral agreement with the counterparty. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreement. The City purchased swap insurance to mitigate the need to post collateral as long as the insurer, Financial Security Assurance, maintains a credit rating above A2 (Moody's Investor Services, Inc.) and A (Standard & Poor's).

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. Basis risk exists since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. The City may be exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. The magnitude and duration of any basis risk shortfall will determine the extent of basis risk incurred.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 71% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. If the swap were terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. The City would be liable to the counterparty for a payment equal to the swap's fair value, if it is negative at the time of the termination. The additional termination events in the agreement are limited to non-issuance of the Series 2005 Bonds and credit related events only and the ratings triggers are substantially below the current credit rating of the City. Additionally, the City purchased insurance to mitigate the possibility of termination risk.

Swap payments and associated debt. As of September 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (as rates vary, variable-rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Airport Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total
	Principal	Interest		
	2006	\$ 5,375	8,336	4,345
2007	9,550	7,810	4,071	11,881
2008	10,000	7,546	3,934	11,480
2009	10,475	7,270	3,790	11,060
2010	10,975	6,981	3,638	10,619
2011-2015	61,100	30,388	15,839	46,227
2016-2020	63,100	22,458	11,706	34,164
2021-2025	110,900	9,973	5,198	15,171
2026-2030	24,750	138	71	209
Total	\$ 306,225	100,900	52,592	153,492

14 – COMMITMENTS AND CONTINGENCIES, continued

Swaps for the Hotel Occupancy Tax

Objective of the swaps. In order to lower its borrowing costs, the City entered into an interest rate swaps in connection with its Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005 (the "Series 2005 VRRB") on July 19, 2005. The variable rate bonds were issued to refund various outstanding bonds associated with the Hotel Occupancy Tax. The swaps were used to hedge the interest rate on the variable rate refunding bonds to a fixed rate and the synthetic fixed rate refunding produces a lower expected interest rate cost to the City. At the same time, the City incurs no basis risk over the escrow period of the refunded bonds.

Terms, fair values, and credit risk. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2005 Bonds were issued on August 17, 2005, with a principal amount of \$119,290,000. The swaps were structured to match the likely principal amortization structure and dates of the Series 2005 VRRB.

The counterparty to the swap that fixes the bonds at 3.4007% was Lehman Brothers Derivative Products, a Lehman Brothers subsidiary. The counterparty to the swap portion that eliminates basis risk for the escrow period is Lehman Brothers Special Financing Inc. with a guarantee from Lehman Brothers. The table below contains a summary of the terms and fair value of the swaps as of September 30, 2005:

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Fair Value
Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005	Nov 15, 2029	Lehman Brothers Derivative Products	Aaa/AAAt/AAA	BMA + 0.0525% to 11/15/09; 67% of 1 Mo USD-LIBOR thereafter	3.401%	\$ (340,992)
Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005	Nov 15, 2009	Lehman Brothers Special Financing	A1/A/A+	VRRB Rate + 0.0525%	BMA + 0.0525%	\$ --

The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transactions allowed the City to create a synthetic fixed rate on the Bonds in advance of issuance, protecting the City against potential increases in long-term interest rates, and eliminating basis risk during the escrow period of the refunded bonds.

Fair value. The swaps had a fair value as of September 30, 2005, of \$(340,992). The fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. The payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of September 30, 2005, the City was not exposed to credit risk on its outstanding swaps since the swaps had a negative fair value. However, should interest rates change and the fair values of the swaps become positive, the City's exposure is the amount of positive fair value. The current credit ratings of Lehman Brothers are A1 (Moody's Investor Services, Inc.) A (Standard & Poor's) and A+ (Fitch). The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if it is terminated.

14 – COMMITMENTS AND CONTINGENCIES, continued

The swap agreements contain collateral agreements with the counterparties. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreement. The City purchased swap insurance to mitigate the need to post collateral as long as the insurer, CFIG, maintains a credit rating above A3 (Moody's Investor Services, Inc.) and A- (Standard & Poor's).

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The City bears no basis risk until November 15, 2009. Afterward, the swap has basis risk since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. The City may be exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. The magnitude and duration of any basis risk shortfall will determine the extent of basis risk incurred.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. Tax risk exists only after November 15, 2009. The City is receiving 67% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The City or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. The City would be liable to the counterparty for a payment equal to the swaps' fair value if it is negative at the time of the termination. The additional termination events in the agreement are limited to non-issuance of the Series 2005 VRRB and credit related events only. The ratings triggers are substantially below the current credit rating of the City.

Swap payments and associated debt. As of September 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (as rates vary, variable-rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Convention Center Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total
	Principal	Interest		
2006	\$ --	3,328	729	4,057
2007	--	3,328	729	4,057
2008	--	3,328	729	4,057
2009	--	3,328	729	4,057
2010	3,045	3,257	713	3,970
2011-2015	22,190	14,503	3,174	17,677
2016-2020	26,120	11,104	2,431	13,535
2021-2025	30,935	7,089	1,552	8,641
2026-2030	37,000	2,314	506	2,820
Total	\$ 119,290	51,579	11,292	62,871

f -- 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

14 – COMMITMENTS AND CONTINGENCIES, continued

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	\$ 3,851,488	\$ 3,798,935
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.

g -- Federal and State Financial Assistance Programs

The City participates in a number of federally assisted and state grant programs, financed primarily by the U.S. Housing and Urban Development (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.

h -- 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, 2005, are as follows (in thousands):

Governmental Activities	Business-type Activities			Total
	Electric	Water and Wastewater	Nonmajor	
\$ 99	863	310	2	\$ 1,274

i -- Capital Improvement Plan

As required by charter, the City has a *Capital Improvements Program* plan (capital budget) covering a five year period which details anticipated spending for projects in the upcoming and future years. The City's 2006 Capital Budget includes new appropriations of \$188.1 million for the City's enterprise funds and \$44.7 million for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

14 – COMMITMENTS AND CONTINGENCIES, continued

The key projects in progress include improvements to and development of the parks system, financial and administrative infrastructure, public works and transportation infrastructure, the electric system, water and wastewater system including annexed areas and the airport 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	\$ 108,080	8,394
Financial and administrative	86,021	7,852
Transportation improvements	346,946	39,279
Other governmental	24,924	16,952
Business-type activities:		
Electric system improvements	1,331,758	1,595,601
Water and wastewater system improvements and annexations	1,366,276	992,558
Airport improvements	85,718	96,339
Nonmajor enterprise	139,204	578,246
Total	\$ 3,488,927	3,335,221

j -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Solid Waste Services Fund, a nonmajor enterprise fund. The amount of costs reported is based on landfill capacity as of the City's fiscal year-end. The \$7.9 million reported as accrued landfill closure and postclosure costs at September 30, 2005, represents the cumulative amount reported to date based on the use of 83.6% of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of \$1.6 million as the remaining estimated capacity is filled over the next eight years. The total estimated costs of \$9.5 million include costs of closure in 2013 of \$2.5 million and postclosure costs over the subsequent thirty years of \$7 million. These amounts are based on current cost estimates to perform closure and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

k -- Risk-Related Contingencies

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

Fund name	Description
Employee Benefits	City employees and retirees may choose a self-insured PPO or an HMO for health coverage. Approximately 29% of city employees and 52% of retirees use the HMO option; approximately 71% of city employees and 48% of retirees use the PPO. Costs are charged to city funds through a charge per employee per pay period.
Liability Reserve	This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability and certain employment liability. Premiums are charged to other city funds each year based on historical costs.
Workers' Compensation	Premium charges for this self-insured program are assessed to other funds each year based on historical costs.

14 – COMMITMENTS AND CONTINGENCIES, continued

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, up to a maximum of \$1 million. During fiscal year 2005, two claims exceeded the stop loss limit of \$500,000; during fiscal year 2004, no claim exceeded the stop loss limit of \$500,000; and one claim exceeded the stop loss limit of \$500,000 in fiscal year 2003. City coverage is limited to \$1 million in lifetime benefits. The City does not purchase stop loss insurance for workers' compensation claims.

The City is self-insured for much of its risk exposure; however, the City purchases commercial insurance coverage for loss or damage to real property, theft and other criminal acts committed by employees, and third party liability associated with the airport, owned aircraft, and electric utility operations. There have been no claims settlements in excess of the purchased insurance coverage for the last three years. The City also purchases 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 Workers' Compensation Fund. Claims liabilities for the Liability Reserve Fund are calculated based on an estimate of outstanding claims, which may differ from the actual amounts paid. The amount to be paid out ultimately may vary from the amount accrued at September 30, 2005. Possible losses are estimated to range from \$28.8 to \$45.1 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	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Liability balances, beginning of year	\$ 4,940	5,541	13,158	20,080	9,342	9,127
Claims and changes in estimates	3,252	4,460	6,091	3,601	4,295	4,592
Claim payments	<u>(3,252)</u>	<u>(5,061)</u>	<u>(5,330)</u>	<u>(10,523)</u>	<u>(3,678)</u>	<u>(4,377)</u>
Liability balances, end of year	<u>\$ 4,940</u>	<u>4,940</u>	<u>13,919</u>	<u>13,158</u>	<u>9,959</u>	<u>9,342</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$4 million discounted at 4.72% in 2005 and \$4.4 million discounted at 4.78% in 2004.

I -- 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 \$13 million at September 30, 2005. 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 2006 and future years.

The EPA issued an Administrative Order to the Water and Wastewater Utility on April 29, 1999. The Administrative Order requires the Utility to perform a series of activities designed to result in an improved system free from sanitary sewer overflows. These activities include Infiltration/Inflow, Sanitary Sewer Evaluation Studies, as well as subsequent design and construction of necessary improvements to the wastewater collection system to eliminate overflows by December 2009. Construction costs are estimated to be \$300 million, and the Utility is on schedule to comply with the Administrative Order.

The Airport Fund may also incur costs for the environmental remediation of certain sites and has recorded an estimated liability of \$1.1 million in the financial statements.

14 – COMMITMENTS AND CONTINGENCIES, continued

m -- Redevelopment of Robert Mueller Municipal Airport

In December 2004, City Council approved a master development agreement with Catellus Development Corporation (Catellus) to develop approximately 750 acres at the former site of the City's municipal airport near downtown Austin. Both the City and Catellus have numerous obligations under the agreement. Catellus will develop and market the property. The City will issue debt to fund infrastructure such as streets, drainage facilities, public parks and greenways, which will be supported by taxes generated from this development. Additional water and wastewater infrastructure will also be constructed to enhance utility services to this site. To date, a portion of the property has been sold and construction has begun on a new children's hospital. In August 2005, the developer filed a site plan for the regional retail portion of the property. This action triggers a requirement that the City or the Mueller Local Government Corporation (LGC), created by the City for this development, issue debt to be supported by the estimated sales tax revenue generated from the retail. It is expected that this debt will be issued by the LGC in spring 2006.

n -- Other Commitments and Contingencies

The City is committed under various leases for building and office space, tracts of land and rights of way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2005, was \$17.5 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.

The City has entered into certain lease agreements, including the certificates of participation, as lessee for financing equipment purchases for the Electric Fund and Water and Wastewater Fund 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, 2005, under capital lease obligations (in thousands):

Assets	Governmental Activities	Business-type Activities					Total
		Electric	Water and Wastewater	Airport	Nonmajor		
Building and improvements	\$ --	21,604	13,429	--	--	35,033	
Equipment	2,164	528	180	917	476	2,101	
Accumulated depreciation	(954)	(10,281)	(4,714)	(210)	(279)	(15,484)	
Net assets	\$ 1,210	11,851	8,895	707	197	21,650	

o -- Hurricane Disaster Assistance

On September 2, 2005, the City began receiving displaced persons from Hurricane Katrina. Upon arrival, evacuees were transported to the Austin Convention Center, where emergency shelter and medical services were provided. Over the course of sheltering operations, which ended September 29th, approximately 4,500 evacuees were sheltered. As of end of the fiscal year, the City has accumulated approximately \$3.5 million in costs eligible to be reimbursed by FEMA.

On September 23, 2005, Hurricane Rita struck the coast of Texas and Louisiana. Many residents of the coastal area fled prior to Rita making landfall. The City and other area entities provided sheltering operations for evacuees. The extent of costs incurred by the City is anticipated to be significantly less than costs incurred from the Hurricane Katrina disaster.

15 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the contributions made to the three pension systems, the City provides 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 and unmarried children dependent on the retiree for support. The children covered include children under age 25 that are: natural children; stepchildren; legally adopted children; children for whom the retiree has obtained court-ordered guardianship/conservatorship; qualified children placed pending adoption; grandchildren if claimed as a dependent on the retiree's or retiree 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 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	15% - 16%	9% - 13%
5 to 9 years	24%	15% - 20%
10 to 14 years	40%	25% - 33%
15 to 20 years	56%	35% - 46%
Greater than 20 years	80%	50% - 66%

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 an expense and corresponding revenue in the Employee Benefits Fund. Medical, dental and life insurance claims and premiums are reported in the Employee Benefits Fund. The estimated cost of providing these benefits for 2,554 retirees was \$13.3 million in 2005, and \$13.7 million in 2004 for 2,443 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, 2004, the City's portion of this obligation, \$7.8 million, is not reflected in the financial statements of the Electric Fund.

16 – SUBSEQUENT EVENTS

a -- Water and Wastewater System Revenue Bond Refunding Issues

In October 2005, the City issued \$142,335,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2005A. Proceeds from the bonds were used to refund \$135,000,000 of the City's outstanding commercial paper and the Maple Run municipal utility district contract revenue bond, series 1992 in the amount of \$6,560,000 for the water and wastewater utility system. The debt service requirements on the refunding bonds were \$265,384,376, with interest rates ranging from 4% to 5%. The City realized an economic gain of \$416,456 on this transaction. The change in net cash flows that resulted was a decrease of \$455,450. An accounting loss of \$672,747, which will be deferred and amortized in accordance with Statement of Financial Accounting Standards No. 71, was recognized on this refunding.

In November 2005, the City signed a bond purchase agreement with Morgan Keegan & Company, Inc. to issue \$63,100,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2006. The bonds are expected to be available for delivery on or about August 17, 2006. The bonds will refund \$63,360,000 of combined utility system revenue refunding bonds.

b -- Hurricane Katrina - Temporary Housing

In October 2005, the City received \$12.8 million from the State of Texas for public assistance to help assist evacuees affected by Hurricane Katrina, of which \$3.5 million was accrued at September 30, 2005. The funds were passed through the State from the Federal Emergency Management Agency (FEMA).

The City has entered into lease agreements with area housing facilities to assist evacuees with temporary housing. Costs include rent, utilities, and other housing-related costs; the approximate length of the lease agreements is six months. The City anticipates most, if not all costs to be eligible for reimbursement by FEMA.





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, 2005
(In thousands)

City of Austin, Texas
RSI-1

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	2005					
	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 264,786	--	264,786	263,534	263,534	1,252
Franchise fees	28,973	--	28,973	28,564	28,564	409
Fines, forfeitures and penalties	17,529	--	17,529	17,150	17,150	379
Licenses, permits and inspections	17,399	--	17,399	14,532	14,532	2,867
Charges for services/goods	23,064	--	23,064	22,556	22,556	508
Interest and other	10,691	(515)	10,176	8,202	8,202	1,974
Total revenues	362,442	(515)	361,927	354,538	354,538	7,389
EXPENDITURES						
General government						
Municipal Court	8,699	73	8,772	8,941	8,875	103
Public safety						
Police	173,358	(1,248)	172,110	172,314	172,114	4
Fire	91,530	(557)	90,973	89,827	89,827	(1,146)
Emergency Medical Services	30,831	(1,136)	29,695	30,120	30,120	425
Public Safety & Emergency Mgmt	616	(215)	401	--	368	(33)
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	473	(184)	289	160	160	(129)
Public health:						
Health	26,715	(83)	26,632	26,859	26,860	228
Public recreation and culture						
Parks and Recreation	28,077	(145)	27,932	28,248	27,975	43
Austin Public Library	17,068	170	17,238	17,410	17,410	172
Urban growth management						
Neighborhood Planning and Zoning	3,505	--	3,505	3,744	3,844	339
Development Services and						
Watershed Protection	11,700	(28)	11,672	12,046	12,046	374
General city responsibilities (4)	52,044	(38,389)	13,655	13,866	13,866	211
Total expenditures	444,616	(41,742)	402,874	403,535	403,465	591
Excess (deficiency) of revenues						
over expenditures	(82,174)	41,227	(40,947)	(48,997)	(48,927)	7,980
OTHER FINANCING SOURCES (USES)						
Capital leases	932	(932)	--	--	--	--
Transfers in	94,451	8,615	103,066	94,966	95,066	8,000
Transfers out	(14,154)	(40,627)	(54,781)	(53,840)	(54,854)	73
Total other financing sources (uses)	81,229	(32,944)	48,285	41,126	40,212	8,073
Excess (deficiency) of revenues and						
other sources over expenditures						
and other uses	(945)	8,283	7,338	(7,871)	(8,715)	16,053
Special items - hospital district reserve payment	--	7,700	7,700	7,700	7,700	--
Fund balance at beginning of year	106,287	(53,768)	52,519	34,245	32,945	19,574
Fund balance at end of year	\$ 105,342	(37,785)	67,557	34,074	31,930	35,627

- (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.

1 – BUDGET BASIS REPORTING

a -- General

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

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes the following: tuition reimbursement (\$85,000), accrued payroll (\$1,427,122), expenditures for workers' compensation (\$6,942,613), liability reserve (\$2,500,000) and public safety (\$2,411,190).

b -- Reconciliation of GAAP Basis and Budget Basis Amounts

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

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ (945)
Adjustments - increases (decreases) due to:	
Net compensated absences accrual	(63)
Outstanding encumbrances established in current year	(3,730)
Payments against prior year encumbrances	3,678
Transfer to Airport Fund	(700)
Transfer from Budget Stabilization reserve	8,000
Other	1,098
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ 7,338</u>

c -- Budget Amendments

The original budget of the General Fund was amended several times during fiscal year 2005 for increased public safety costs, capital improvements and transfers in, offset by decreases in expenditures and funding from remaining fund balances. The original and final budget is presented in the accompanying financial statements.

RETIREMENT PLANS

Trend Information

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

Valuation Date, December 31st	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	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%
2003	1,348,800	1,551,800	203,000	86.9%	312,800	64.9%
2004	1,356,800	1,678,200	321,400	80.8%	326,600	98.4%
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%
2003	320,354	413,965	93,611	77.4%	80,959	115.6%
2004	343,447	451,580	108,133	76.1%	86,674	124.8%
Fire Fighters (2)						
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%
2003	421,136	452,669	31,533	93.0%	55,939	56.4%

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

(2) The actuarial study for the Fire Fighters’ plan is performed biannually.



**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-1

	2005				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 135,260	--	135,260	134,593	667
Delinquent	764	--	764	500	264
Penalty and interest	903	--	903	800	103
Sales taxes	123,617	--	123,617	123,753	(136)
Other taxes	4,242	--	4,242	3,888	354
Total taxes	264,786	--	264,786	263,534	1,252
Franchise fees	28,973	--	28,973	28,564	409
Fines, forfeitures, and penalties					
Library fines	661	--	661	582	79
Traffic fines	7,774	--	7,774	7,744	30
Parking violations	2,352	--	2,352	2,539	(187)
Weights and measures	175	--	175	122	53
Other	6,567	--	6,567	6,163	404
Total fines, forfeitures, and penalties	17,529	--	17,529	17,150	379
Licenses, permits, and inspections					
Alarm permits	1,263	--	1,263	1,417	(154)
Commercial solid waste	749	--	749	805	(56)
Public health	2,131	--	2,131	2,205	(74)
Development	4,166	--	4,166	3,797	369
Building safety	8,420	--	8,420	5,723	2,697
Beer and wine permits	254	--	254	241	13
Other	416	--	416	344	72
Total licenses, permits, and inspections	17,399	--	17,399	14,532	2,867
Charges for services/goods					
Recreation and culture	2,545	--	2,545	2,334	211
Public health	1,406	--	1,406	1,278	128
Emergency medical services	17,914	--	17,914	17,769	145
General government	1,199	--	1,199	1,175	24
Total charges for services/goods	23,064	--	23,064	22,556	508
Interest and other					
Interest	4,379	--	4,379	2,480	1,899
Rental income	1,047	--	1,047	1,095	(48)
Sale of property	123	--	123	--	123
Other	5,142	(515)	4,627	4,627	--
Total interest and other	10,691	(515)	10,176	8,202	1,974
Total revenues	\$ 362,442	(515)	361,927	354,538	7,389

(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, 2005
(In thousands)

City of Austin, Texas
Exhibit E-2

	2005				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Administration					
Municipal Court:					
Salaries and fringe benefits	\$ 7,181	(28)	7,153	7,072	(81)
Contractual services	1,329	107	1,436	1,663	227
Commodities	261	(49)	212	144	(68)
Expense refunds	(72)	--	(72)	(52)	20
Capital outlay	--	43	43	48	5
Total administration	8,699	73	8,772	8,875	103
Public safety					
Police:					
Salaries and fringe benefits	165,159	(829)	164,330	158,290	(6,040)
Contractual services	13,777	(104)	13,673	14,270	597
Commodities	3,131	21	3,152	3,624	472
Expense refunds	(10,143)	(47)	(10,190)	(5,215)	4,975
Capital outlay	1,434	(289)	1,145	1,145	--
	173,358	(1,248)	172,110	172,114	4
Fire:					
Salaries and fringe benefits	89,311	(213)	89,098	87,176	(1,922)
Contractual services	4,242	(21)	4,221	4,396	175
Commodities	1,490	(164)	1,326	1,305	(21)
Indirect cost	248	--	248	234	(14)
Expense refunds	(4,804)	--	(4,804)	(4,376)	428
Capital outlay	1,043	(159)	884	1,092	208
	91,530	(557)	90,973	89,827	(1,146)
Emergency Medical Services:					
Salaries and fringe benefits	26,169	(446)	25,723	25,774	51
Contractual services	2,475	155	2,630	2,515	(115)
Commodities	1,542	68	1,610	1,478	(132)
Expense refunds	(437)	--	(437)	(276)	161
Capital outlay	1,082	(913)	169	629	460
	30,831	(1,136)	29,695	30,120	425
Public Safety & Emerg Mgmt:					
Salaries and fringe benefits	702	(182)	520	854	334
Contractual services	177	--	177	--	(177)
Commodities	34	(33)	1	--	(1)
Expense refunds	(297)	--	(297)	(486)	(189)
	616	(215)	401	368	(33)
Total public safety	\$ 296,335	(3,156)	293,179	292,429	(750)

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2005				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transportation, planning, and sustainability					
Transportation, Planning, and Sustainability:					
Contractual services	\$ 290	(1)	289	160	(129)
Capital outlay	183	(183)	--	--	--
Total transportation, planning, and sustainability	473	(184)	289	160	(129)
Public health					
Salaries and fringe benefits	13,103	(114)	12,989	12,622	(367)
Contractual services	13,620	(1)	13,619	13,809	190
Commodities	916	25	941	1,005	64
Expense refunds	(945)	--	(945)	(612)	333
Capital outlay	21	7	28	36	8
Total public health	26,715	(83)	26,632	26,860	228
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	21,488	(119)	21,369	21,270	(99)
Contractual services	7,389	(70)	7,319	6,999	(320)
Commodities	1,699	(36)	1,663	1,826	163
Indirect cost	199	--	199	310	111
Expense refunds	(2,904)	--	(2,904)	(2,806)	98
Capital outlay	206	80	286	376	90
	28,077	(145)	27,932	27,975	43
Austin Public Library:					
Salaries and fringe benefits	13,299	(68)	13,231	13,164	(67)
Contractual services	2,173	51	2,224	2,357	133
Commodities	1,481	244	1,725	1,746	21
Expense refunds	(234)	--	(234)	(182)	52
Capital outlay	349	(57)	292	325	33
	17,068	170	17,238	17,410	172
Total public recreation and culture	\$ 45,145	25	45,170	45,385	215

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2005				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	\$ 3,552	36	3,588	3,901	313
Contractual services	862	(5)	857	867	10
Commodities	28	1	29	76	47
Expense refunds	(969)	--	(969)	(1,000)	(31)
Capital outlay	32	(32)	--	--	--
	<u>3,505</u>	<u>--</u>	<u>3,505</u>	<u>3,844</u>	<u>339</u>
Development Services and Watershed Protection:					
Salaries and fringe benefits	10,215	(124)	10,091	10,609	518
Contractual services	2,210	78	2,288	2,453	165
Commodities	246	18	264	166	(98)
Expense refunds	(982)	--	(982)	(1,194)	(212)
Capital outlay	11	--	11	12	1
	<u>11,700</u>	<u>(28)</u>	<u>11,672</u>	<u>12,046</u>	<u>374</u>
Total urban growth management	<u>15,205</u>	<u>(28)</u>	<u>15,177</u>	<u>15,890</u>	<u>713</u>
General city responsibilities (2)	<u>52,044</u>	<u>(38,389)</u>	<u>13,655</u>	<u>13,866</u>	<u>211</u>
Total expenditures	<u>444,616</u>	<u>(41,742)</u>	<u>402,874</u>	<u>403,465</u>	<u>591</u>
General fund expenditures					
Salaries	350,179	(2,087)	348,092	340,732	(7,360)
Contractuals	48,544	189	48,733	49,489	756
Commodities	10,828	95	10,923	11,370	447
Indirect cost	447	--	447	544	97
Expense refunds	(21,787)	(47)	(21,834)	(16,199)	5,635
Capital outlay	4,361	(1,503)	2,858	3,663	805
General city responsibilities	52,044	(38,389)	13,655	13,866	211
Total expenditures	<u>\$ 444,616</u>	<u>(41,742)</u>	<u>402,874</u>	<u>403,465</u>	<u>591</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, 2005
(In thousands)

City of Austin, Texas
Exhibit E-3

	2005				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
General fund:					
Contingency reserve	\$ --	100	100	100	--
Budget stabilization reserve	--	8,000	8,000	--	8,000
Enterprise funds:					
Electric	74,520	--	74,520	74,520	--
Water and Wastewater	19,596	850	20,446	20,446	--
Hospital	335	(335)	--	--	--
Total transfers in	94,451	8,615	103,066	95,066	8,000
Transfers out					
Special revenue funds:					
Neighborhood Housing and Conservation	1,430	--	1,430	1,430	--
Barton Springs Conservation	45	--	45	45	--
Sustainability Fund	2,025	--	2,025	2,025	--
Tax Increment Finance	100	--	100	100	--
Tourism and Promotion	125	--	125	125	--
Capital project funds	5,489	--	5,489	5,489	--
Enterprise funds:					
Electric	--	500	500	500	--
Airport	--	700	700	700	--
Drainage	299	--	299	299	--
Solid Waste Services	969	--	969	969	--
Transportation	3,672	--	3,672	3,672	--
Internal service funds:					
Capital Projects Management	--	1,113	1,113	1,113	--
CTECC	--	5,970	5,970	6,042	72
Fleet Maintenance	--	4,880	4,880	4,880	--
Information Systems	--	10,034	10,034	10,034	--
Support Services	--	16,028	16,028	16,029	1
Wireless Communication	--	1,250	1,250	1,250	--
Fiduciary funds:					
Voluntary Utility Assistance	--	152	152	152	--
Total transfers out	14,154	40,627	54,781	54,854	73
Net transfers	\$ 80,297	(32,012)	48,285	40,212	8,073

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





NONMAJOR GOVERNMENTAL FUNDS



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2005
(In thousands)**

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

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash	\$ 4	--	--	--	4
Pooled investments and cash	48,570	210	98,719	1,372	148,871
Investments, at fair value	--	13,664	--	--	13,664
Cash held by trustee	5,057	--	--	--	5,057
Property taxes receivable	--	4,388	--	--	4,388
Less allowance for uncollectible taxes	--	(525)	--	--	(525)
Net property taxes receivable	--	3,863	--	--	3,863
Accounts and other receivables	15,843	--	37,936	--	53,779
Less allowance for doubtful accounts	(247)	--	(92)	--	(339)
Net accounts receivable	15,596	--	37,844	--	53,440
Receivables from other governments	16,343	--	--	--	16,343
Notes receivable, net of allowance	8,766	--	--	--	8,766
Due from other funds	21,432	1	22,278	--	43,711
Advances to other funds	--	7,757	--	--	7,757
Real property held for resale	9,351	--	--	--	9,351
Prepaid expenses	2	--	--	--	2
Other assets	713	--	513	--	1,226
Total assets	125,834	25,495	159,354	1,372	312,055
LIABILITIES AND FUND BALANCES					
Accounts payable	6,709	--	5,849	--	12,558
Accrued payroll	695	--	--	--	695
Accrued compensated absences	4	--	--	--	4
Due to other funds	21,432	490	22,278	--	44,200
Deferred revenue	2,849	3,653	--	--	6,502
Advances from other funds	--	396	--	--	396
Deposits and other liabilities	42,555	--	929	--	43,484
Total liabilities	74,244	4,539	29,056	--	107,839
Fund balances					
Reserved:					
Encumbrances	5,479	--	29,635	--	35,114
Notes receivable	8,766	--	--	--	8,766
Advances to other funds	--	7,757	--	--	7,757
Real property held for resale	9,351	--	--	--	9,351
Debt service	--	13,199	--	--	13,199
Permanent funds	--	--	--	1,040	1,040
Unreserved, undesignated:					
Special revenue	27,994	--	--	--	27,994
Capital projects	--	--	100,663	--	100,663
Permanent funds	--	--	--	332	332
Total fund balances	51,590	20,956	130,298	1,372	204,216
Total liabilities and fund balances	\$ 125,834	25,495	159,354	1,372	312,055

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$ --	83,767	--	--	83,767
Franchise fees and other taxes	35,953	--	--	--	35,953
Fines, forfeitures and penalties	4,403	--	--	--	4,403
Charges for services/goods	77,035	--	--	--	77,035
Intergovernmental	70,042	--	18,619	--	88,661
Property owners' participation and contributions	1,160	--	4,992	--	6,152
Interest and other	1,809	8,530	2,130	32	12,501
Total revenues	<u>190,402</u>	<u>92,297</u>	<u>25,741</u>	<u>32</u>	<u>308,472</u>
EXPENDITURES					
Current:					
General government	2,025	--	--	--	2,025
Public safety	14,502	--	--	--	14,502
Transportation, planning, and sustainability	7,418	--	--	--	7,418
Public health	74,631	--	--	--	74,631
Public recreation and culture	5,615	--	--	70	5,685
Urban growth management	59,979	--	--	--	59,979
Debt service:					
Principal	--	50,608	--	--	50,608
Interest	--	41,233	--	--	41,233
Fees and commissions	--	10	--	--	10
Capital outlay	--	--	81,507	--	81,507
Total expenditures	<u>164,170</u>	<u>91,851</u>	<u>81,507</u>	<u>70</u>	<u>337,598</u>
Excess (deficiency) of revenues over expenditures	26,232	446	(55,766)	(38)	(29,126)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	--	--	26,940	--	26,940
Issuance of refunding bonds	--	148,125	--	--	148,125
Bond premiums	--	13,750	--	--	13,750
Payment to refunding bond escrow agent	--	(161,875)	--	--	(161,875)
Transfers in	17,915	2,183	27,855	--	47,953
Transfers out	(40,647)	--	(3,808)	--	(44,455)
Total other financing sources (uses)	<u>(22,732)</u>	<u>2,183</u>	<u>50,987</u>	<u>--</u>	<u>30,438</u>
Net change in fund balances	3,500	2,629	(4,779)	(38)	1,312
Fund balances at beginning of year	48,090	18,327	135,077	1,410	202,904
Fund balances at end of year	<u>\$ 51,590</u>	<u>20,956</u>	<u>130,298</u>	<u>1,372</u>	<u>204,216</u>





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 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 affecting ground and surface water quality or public health and safety.

Pavement Life Recovery 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:

CCSD Operations-Travis County Hospital District - Accounts for expenses incurred by the City on behalf of Travis County for Health and Human Services and Community Care programs.

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.

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

Medicaid Administrative Claims Fund - Holds additional Medicaid proceeds.

Travis County Hospital District Reimbursed Fund - Accounts for expenses incurred by the City on behalf of Travis County and the corresponding reimbursement from Travis County for the Austin Women's Hospital.

Other Public Health:

Animal Services Fund - Accounts for donations to fund animal services activities.

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

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 hotel occupancy 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 from individuals for instruction, materials, and supplies for rifle classes.

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

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

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

Tennis League Fund - Accounts for tournament fees received from participants of Austin Tennis League activities and tournaments.

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

UNO Housing Trust Fund - The fund was created to provide rental housing development assistance to development within the University Neighborhood Overlay.

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.

East Sixth Street Public Improvement District Fund - Accounts for the E Sixth Street public improvement district, which will provide services, security, and improvements for the E Sixth Street area.

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:

Austin Clean Water Program Fund - Accounts for improvements to the wastewater collections system to eliminate system overflows in accordance with the EPA administrative order.

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

Cable TV Fund - Accounts for payments from cable companies and disbursements to Austin Access Television.

City Hall Fund - Accounts for revenue and operating expenses related to City Hall's retail leases and underground parking garage.

City Hall Retail Tenant Improvement Fund - Accounts for revenue and deposits related to retail space in City Hall.

Downtown 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.

I-35 Parking Program Fund - Accounts for revenue, operations and maintenance requirements for two parking lots located under the I-35 overpass. These state-owned lots fall under the City's control through a 1963 lease arrangement.

Katrina Disaster Relief Fund - Accounts for donations received to assist persons affected by Hurricane Katrina.

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.

Turner Robertson O & M Fund - Accounts for the redistribution of proceeds related to the Turner Robertson Recreation Center.

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, 2005
(In thousands)**

**City of Austin, Texas
Exhibit E-6**

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2005 Total
ASSETS				
Cash	\$ --	4	--	4
Pooled investments and cash	4,378	41,439	2,753	48,570
Cash held by trustee	5,057	--	--	5,057
Accounts and other receivables	--	12,945	2,898	15,843
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	12,945	2,651	15,596
Receivables from other governments	16,343	--	--	16,343
Notes receivable, net of allowance	--	--	8,766	8,766
Due from other funds	--	21,432	--	21,432
Real property held for resale	--	--	9,351	9,351
Prepaid expenses	--	2	--	2
Other assets	23	587	103	713
Total assets	25,801	76,409	23,624	125,834
LIABILITIES AND FUND BALANCES				
Accounts payable	979	5,317	413	6,709
Accrued payroll	--	695	--	695
Accrued compensated absences	--	4	--	4
Due to other funds	18,250	3,182	--	21,432
Deferred revenue	--	--	2,849	2,849
Deposits and other liabilities	6,572	33,950	2,033	42,555
Total liabilities	25,801	43,148	5,295	74,244
Fund balances				
Reserved:				
Encumbrances	--	5,479	--	5,479
Notes receivable	--	--	8,766	8,766
Real property held for resale	--	--	9,351	9,351
Unreserved, undesignated:				
Special revenue	--	27,782	212	27,994
Total fund balances	--	33,261	18,329	51,590
Total liabilities and fund balances	\$ 25,801	76,409	23,624	125,834

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2005 Total
REVENUES				
Franchise fees and other taxes	\$ --	35,953	--	35,953
Fines, forfeitures, and penalties	--	4,403	--	4,403
Charges for services/goods	--	77,035	--	77,035
Intergovernmental	58,746	--	11,296	70,042
Property owners' participation and contributions	--	1,160	--	1,160
Interest and other	--	755	1,054	1,809
Total revenues	58,746	119,306	12,350	190,402
EXPENDITURES				
Current:				
General government	421	1,604	--	2,025
Public safety	10,770	3,732	--	14,502
Transportation, planning, and sustainability	4,366	3,052	--	7,418
Public health	22,381	52,250	--	74,631
Public recreation and culture	2,303	3,312	--	5,615
Urban growth management	18,505	28,917	12,557	59,979
Total expenditures	58,746	92,867	12,557	164,170
Excess of revenues over expenditures	--	26,439	(207)	26,232
OTHER FINANCING SOURCES (USES)				
Transfers in	--	17,915	--	17,915
Transfers out	--	(40,647)	--	(40,647)
Total other financing sources (uses)	--	(22,732)	--	(22,732)
Net change in fund balances	--	3,707	(207)	3,500
Fund balances at beginning of year	--	29,554	18,536	48,090
Fund balances at end of year	\$ --	33,261	18,329	51,590

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2005
(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			Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Fund Balances	
			Other Governments	Other Assets	Total Assets						
Federal grants											
U.S. Department of Agriculture	\$ 42	--	1,029	8	1,079	57	1,014	8	1,079	--	1,079
Corporation for National and Community Service	--	--	192	--	192	8	184	--	192	--	192
Equal Employment Opportunity Commission	--	--	64	--	64	--	64	--	64	--	64
U.S. Department of Interior	528	--	--	--	528	--	--	528	528	--	528
U.S. Department of Justice	64	--	514	--	578	49	473	56	578	--	578
U.S. Department of Labor	1	--	56	--	57	--	56	1	57	--	57
U.S. Department of Transportation	26	--	924	--	950	--	924	26	950	--	950
U.S. Federal Emergency Management	12	--	3,759	--	3,771	10	3,749	12	3,771	--	3,771
U.S. Health & Human Services	1,430	--	5,036	15	6,481	447	4,640	1,394	6,481	--	6,481
U.S. Department of Homeland Security	43	--	363	--	406	38	325	43	406	--	406
U.S. Housing/Urban Development	1,999	5,057	2,686	--	9,742	286	5,173	4,283	9,742	--	9,742
U.S. National Foundation on the Arts and Humanities	16	--	344	--	360	10	344	6	360	--	360
U.S. Department of Veterans Affairs	15	--	--	--	15	--	--	15	15	--	15
Total federal grants	4,176	5,057	14,967	23	24,223	905	16,946	6,372	24,223	--	24,223
State grants											
Texas Governor's Office Criminal Justice Division	--	--	263	--	263	3	260	--	263	--	263
State Health Services	19	--	274	--	293	49	221	23	293	--	293
Office of the Attorney General	--	--	3	--	3	--	3	--	3	--	3
Texas Commission of the Arts	3	--	--	--	3	1	--	2	3	--	3
Texas Comptroller of Public Accounts	54	--	--	--	54	10	--	44	54	--	54
Texas Health and Human Services Commission	1	--	163	--	164	9	154	1	164	--	164
Texas Parks and Wildlife	--	--	5	--	5	--	5	--	5	--	5
Texas Department of Transportation	--	--	159	--	159	1	158	--	159	--	159
The University of Texas at Austin Center of Criminology	1	--	--	--	1	--	--	1	1	--	1
Texas State Library and Archives Commission	--	--	46	--	46	--	46	--	46	--	46
Texas Water Development Board	--	--	80	--	80	--	80	--	80	--	80
State Energy Conservation Office	1	--	6	--	7	--	--	7	7	--	7
Total state grants	79	--	999	--	1,078	73	927	78	1,078	--	1,078
Other special revenue grants	123	--	377	--	500	1	377	122	500	--	500
Total all grants	\$ 4,378	5,057	16,343	23	25,801	979	18,250	6,572	25,801	--	25,801

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-9

	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess (Deficiency) Of Revenues Over Expenditures</u>	<u>Fund Balances at Beginning of Year</u>	<u>Fund Balances at End of Year</u>
	<u>Inter- governmental</u>	<u>Special Projects</u>			
Federal grants					
U.S. Department of Agriculture	\$ 3,891	3,891	--	--	--
Corporation for National and Community Service	314	314	--	--	--
Equal Employment Opportunity Commission	232	232	--	--	--
U.S. Department of Interior	--	--	--	--	--
U.S. Department of Justice	1,884	1,884	--	--	--
U.S. Department of Labor	312	312	--	--	--
U.S. Department of Transportation	5,124	5,124	--	--	--
U.S. Federal Emergency Management	3,817	3,817	--	--	--
U.S. Health & Human Services	15,830	15,830	--	--	--
U.S. Department of Homeland Security	2,628	2,628	--	--	--
U.S. Housing/Urban Development	20,051	20,051	--	--	--
U.S. National Foundation on the Arts and Humanities	1,130	1,130	--	--	--
U.S. Department of Veterans Affairs	28	28	--	--	--
Total federal grants	55,241	55,241	--	--	--
State grants					
Texas Governor's Office Criminal Justice Division	520	520	--	--	--
State Health Services	1,087	1,087	--	--	--
Office of the Attorney General	21	21	--	--	--
Texas Commission of the Arts	57	57	--	--	--
Texas Comptroller of Public Accounts	114	114	--	--	--
Texas Health and Human Services Commission	377	377	--	--	--
Texas Department of Transportation	332	332	--	--	--
The University of Texas at Austin Center of Criminology	--	--	--	--	--
Texas State Library and Archives Commission	99	99	--	--	--
Texas Water Development Board	240	240	--	--	--
State Energy Conservation Office	24	24	--	--	--
Total state grants	2,871	2,871	--	--	--
Other special revenue grants	634	634	--	--	--
Total all grants	\$ 58,746	58,746	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-10

	Total Expenditures at			Current Year		Total Expenditures at			Budget		
	Beginning of Year					End of Year					
	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	\$ 7,044	--	7,044	3,891	--	10,935	--	10,935	10,527	11	10,538
Corporation for National and Community Service	530	166	696	314	59	844	225	1,069	748	166	914
Environmental Protection Agency	4	--	4	--	--	4	--	4	5	--	5
Equal Employment Opportunity Commission	78	--	78	232	--	310	--	310	489	--	489
U.S. Department of Justice	5,545	2,485	8,030	1,884	3,092	7,429	5,577	13,006	8,513	6,688	15,201
U.S. Department of Labor	402	43	445	312	--	714	43	757	985	43	1,028
U.S. Department of Transportation	4,804	1,626	6,430	5,124	499	9,928	2,125	12,053	18,418	4,620	23,038
U.S. Federal Emergency Management	397	481	878	3,817	--	4,214	481	4,695	23,046	463	23,509
U.S. Health & Human Services	29,734	951	30,685	15,830	57	45,564	1,008	46,572	57,686	2,590	60,276
U.S. Department of Homeland Security	417	--	417	2,628	--	3,045	--	3,045	4,180	--	4,180
U.S. Housing/Urban Development	93,988	872	94,860	20,051	1,141	114,039	2,013	116,052	132,938	2,865	135,803
U.S. National Foundation on the Arts and Humanities	1,624	--	1,624	1,130	--	2,754	--	2,754	3,118	--	3,118
U.S. Department of Veterans Affairs	301	--	301	28	--	329	--	329	329	--	329
Total federal grants	144,868	6,624	151,492	55,241	4,848	200,109	11,472	211,581	260,982	17,446	278,428
State grants											
Texas Governor's Office Criminal Justice Division	266	33	299	520	165	786	198	984	1,401	493	1,894
State Health Services	562	--	562	1,087	--	1,649	--	1,649	2,044	--	2,044
Office of the Attorney General	2	--	2	21	--	23	--	23	23	--	23
Texas Commission of the Arts	--	--	--	57	--	57	--	57	59	--	59
Texas Comptroller of Public Accounts	789	--	789	114	--	903	--	903	814	--	814
Texas Health and Human Services Commission	213	--	213	377	--	590	--	590	846	--	846
Texas Department of Transportation	454	485	939	332	339	786	824	1,610	1,179	1,348	2,527
The University of Texas at Austin Center of Criminology	10	--	10	--	--	10	--	10	10	--	10
Texas State Library and Archives Commission	104	--	104	99	--	203	--	203	284	--	284
Texas Water Development Board	58	101	159	240	24	298	125	423	399	200	599
State Energy Conservation Office	133	19	152	24	--	157	19	176	148	19	167
Total state grants	2,591	638	3,229	2,871	528	5,462	1,166	6,628	7,207	2,060	9,267
Other special revenue grants	282	25	307	634	--	916	25	941	1,228	40	1,268
Total all grants	\$ 147,741	7,287	155,028	58,746	5,376	206,487	12,663	219,150	269,417	19,546	288,963

**Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2005
(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	\$ --	212	--	--	--	--	212
Municipal Court Technology	--	957	--	--	--	--	957
Total general government	--	1,169	--	--	--	--	1,169
Public safety							
Police:							
APD Incident Management	--	--	333	--	--	--	333
Auto Theft Interdiction	--	37	--	--	--	--	37
Aviation Asset Forfeiture	--	185	--	--	--	--	185
Police Benefit	--	15	--	--	--	--	15
Police Federal Seized Funds	4	849	--	--	--	--	853
Police Seized Money	--	86	--	--	--	--	86
Total Police	4	1,172	333	--	--	--	1,509
Fire:							
Fire Miscellaneous	--	19	--	--	--	--	19
Total Fire	--	19	--	--	--	--	19
Emergency Medical Services:							
EMS Travis County Reimbursed	--	9	--	--	--	--	9
Total Emergency Medical Services	--	9	--	--	--	--	9
Total public safety	4	1,200	333	--	--	--	1,537
Transportation, planning, and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	8,522	--	21,432	--	--	29,954
Office of Emergency Management Miscellaneous	--	10	--	--	--	--	10
Recycle Bins	--	5	--	--	--	--	5
RMD Conservation	--	97	--	--	--	--	97
RMD Loan	--	864	--	--	--	113	977
Total Public Works and Transportation	--	9,498	--	21,432	--	113	31,043
Transportation, Planning, and Sustainability:							
Austin Transportation Study	--	--	1,027	--	--	--	1,027
Child Safety	--	303	--	--	--	--	303
Environmental Remediation	--	577	--	--	--	--	577
Pavement Life Recovery	--	--	37	--	--	--	37
Railroad Right of Way	--	6	--	--	--	--	6
Subdivision Participation	--	4,568	--	--	--	--	4,568
Total Transportation, Planning, and Sustainability	--	5,454	1,064	--	--	--	6,518
Total transportation, planning, and sustainability	\$ --	14,952	1,064	21,432	--	113	37,561

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, Undesignated (Deficit)	Total Fund Balances	
13	15	--	--	--	28	13	171	184	212
103	--	--	--	--	103	288	566	854	957
116	15	--	--	--	131	301	737	1,038	1,169
--	--	--	618	--	618	32	(317)	(285)	333
--	--	--	--	34	34	--	3	3	37
2	--	--	--	--	2	--	183	183	185
--	--	--	--	--	--	--	15	15	15
45	--	--	--	--	45	424	384	808	853
11	--	--	--	--	11	50	25	75	86
58	--	--	618	34	710	506	293	799	1,509
--	--	--	--	--	--	1	18	19	19
--	--	--	--	--	--	1	18	19	19
3	--	4	--	--	7	3	(1)	2	9
3	--	4	--	--	7	3	(1)	2	9
61	--	4	618	34	717	510	310	820	1,537
--	--	--	--	30,550	30,550	--	(596)	(596)	29,954
--	--	--	--	--	--	--	10	10	10
--	--	--	--	--	--	--	5	5	5
--	--	--	--	--	--	--	97	97	97
118	--	--	--	--	118	--	859	859	977
118	--	--	--	30,550	30,668	--	375	375	31,043
75	--	--	870	82	1,027	--	--	--	1,027
3	45	--	--	--	48	6	249	255	303
--	--	--	--	48	48	--	529	529	577
--	--	--	44	--	44	--	(7)	(7)	37
--	--	--	--	--	--	--	6	6	6
--	--	--	--	1,443	1,443	--	3,125	3,125	4,568
78	45	--	914	1,573	2,610	6	3,902	3,908	6,518
196	45	--	914	32,123	33,278	6	4,277	4,283	37,561

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2005
(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:							
CCSD Operations-Travis County Hospital District	\$ --	3,998	1,517	--	--	31	5,546
Disproportionate Share	--	126	--	--	--	--	126
Health and Human Services Travis County							
Reimbursed	--	--	752	--	2	--	754
Health Miscellaneous	--	109	--	--	--	--	109
Medicaid Administrative Claims	--	18	--	--	--	--	18
Travis County Hospital District Reimbursed Fund	--	--	--	--	--	--	--
Total Health and Human Services	--	4,251	2,269	--	2	31	6,553
Animal Services Fund	--	309	--	--	--	--	309
Animal Shelter Building	--	12	--	--	--	--	12
Total public health	--	4,572	2,269	--	2	31	6,874
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	160	--	--	--	--	160
Julia Cousins Trust	--	1	--	--	--	--	1
Miscellaneous Library	--	1	--	--	--	--	1
Special Library	--	472	--	--	--	--	472
Total Austin Public Library	--	634	--	--	--	--	634
Parks and Recreation:							
Adaptive Programs	--	50	--	--	--	--	50
Austin Creeks and Trails	--	24	--	--	--	--	24
Balcones Canyonlands	--	75	--	--	--	--	75
Friends of East Austin Youth	--	10	--	--	--	--	10
PARD Cultural Projects	--	1,024	--	--	--	--	1,024
PARD Miscellaneous	--	657	--	--	--	--	657
PARD Police Asset Forfeitures	--	2	--	--	--	--	2
Planting for the Future	--	307	--	--	--	--	307
Republic Square	--	4	--	--	--	--	4
Rifle Class	--	1	--	--	--	--	1
Senior Nutrition	--	10	--	--	--	--	10
Summer Musical	--	804	--	--	--	--	804
Teen Activity	--	146	--	--	--	--	146
Tennis League	--	5	--	--	--	--	5
Town Lake Beautification	--	318	--	--	--	--	318
Total Parks and Recreation	--	3,437	--	--	--	--	3,437
Total public recreation and culture	\$ --	4,071	--	--	--	--	4,071

(Continued)

Accounts Payable	Accrued Payroll	Liabilities				Fund Balances			Total Liabilities and Fund Balances
		Accrued Compensated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved Designated	Total Fund Balances	
1,598	628	--	--	--	2,226	980	2,340	3,320	5,546
--	--	--	--	--	--	--	126	126	126
154	--	--	173	1	328	4	422	426	754
--	--	--	--	72	72	--	37	37	109
--	--	--	--	715	715	--	(697)	(697)	18
--	--	--	--	--	--	--	--	--	--
1,752	628	--	173	788	3,341	984	2,228	3,212	6,553
23	--	--	--	109	132	11	166	177	309
--	--	--	--	--	--	--	12	12	12
1,775	628	--	173	897	3,473	995	2,406	3,401	6,874
--	--	--	--	--	--	--	160	160	160
--	--	--	--	--	--	--	1	1	1
--	--	--	--	--	--	--	1	1	1
--	--	--	--	--	--	17	455	472	472
--	--	--	--	--	--	17	617	634	634
--	--	--	--	--	--	--	50	50	50
--	--	--	--	--	--	--	24	24	24
--	--	--	--	--	--	--	75	75	75
--	--	--	--	--	--	--	10	10	10
21	--	--	--	--	21	166	837	1,003	1,024
7	--	--	--	--	7	--	650	650	657
--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	--	307	307	307
--	--	--	--	--	--	--	4	4	4
--	--	--	--	--	--	--	1	1	1
--	--	--	--	10	10	--	--	--	10
--	--	--	--	--	--	--	804	804	804
--	--	--	--	--	--	1	145	146	146
--	--	--	--	--	--	--	5	5	5
--	--	--	--	--	--	20	298	318	318
28	--	--	--	10	38	187	3,212	3,399	3,437
28	--	--	--	10	38	204	3,829	4,033	4,071

(Continued)

**Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2005
(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	\$ --	43	--	--	--	--	43
Housing Trust Social Equity	--	1,887	--	--	--	--	1,887
Neighborhood Housing and Conservation	--	1,535	--	--	--	--	1,535
UNO Housing Trust Fund	--	38	--	--	--	--	38
Total Neighborhood Housing & Community Development	--	3,503	--	--	--	--	3,503
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	155	--	--	--	--	155
Austin Inner City Redevelopment Corporation	--	2	--	--	--	--	2
East Sixth Street Public Improvement District	--	25	3	--	--	--	28
Energy Conservation Rebates and Incentives Fee Waiver	--	4,665	--	--	--	18	4,683
Planning, Environmental Conservation Services	--	26	--	--	--	--	26
Public Improvement District	--	108	--	--	--	--	108
Urban Forest Replenishment	--	896	33	--	--	--	929
Total Development Services and Watershed Protection	--	351	--	--	--	--	351
	--	6,228	36	--	--	18	6,282
Other urban growth management:							
Austin Clean Water Program	--	129	--	--	--	--	129
Barton Springs Conservation	--	65	--	--	--	--	65
Cable TV	--	324	--	--	--	--	324
City Hall Fund	--	--	--	--	--	--	--
City Hall Retail Tenant Improvement	--	5	--	--	--	--	5
Downtown Development	--	192	--	--	--	--	192
Hotel-Motel Occupancy Tax	--	21	7,664	--	--	--	7,685
I-35 Parking Program	--	243	--	--	--	--	243
Katrina Disaster Relief	--	256	--	--	--	--	256
Music Loan Program	--	251	--	--	--	--	251
One Texas Center	--	--	--	--	--	--	--
RMMA Reimbursement	--	--	--	--	--	--	--
Strategic Planning Investment	--	6	--	--	--	--	6
Sustainability	--	661	--	--	--	--	661
Tax Increment Finance	--	314	--	--	--	--	314
Tourism and Promotion	--	344	--	--	--	425	769
Turner Robertson O&M	--	314	--	--	--	--	314
Vehicle Rental Tax	--	--	1,579	--	--	--	1,579
Wildland Conservation	--	2,619	--	--	--	--	2,619
Total other urban growth management	--	5,744	9,243	--	--	425	15,412
Total urban growth management	--	15,475	9,279	--	--	443	25,197
2005 Total	\$ 4	41,439	12,945	21,432	2	587	76,409

(Continued)

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 Designated	Total Fund Balances	
--	--	--	--	--	--	--	43	43	43
--	--	--	--	1	1	--	1,886	1,886	1,887
7	7	--	--	581	595	131	809	940	1,535
--	--	--	--	38	38	--	--	--	38
7	7	--	--	620	634	131	2,738	2,869	3,503
--	--	--	--	--	--	--	155	155	155
--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	22	6	28	28
2,601	--	--	--	--	2,601	1,777	305	2,082	4,683
--	--	--	--	--	--	--	26	26	26
--	--	--	--	--	--	3	105	108	108
--	--	--	--	--	--	614	315	929	929
--	--	--	--	--	--	--	351	351	351
2,601	--	--	--	--	2,601	2,416	1,265	3,681	6,282
--	--	--	--	3	3	--	126	126	129
--	--	--	--	--	--	--	65	65	65
--	--	--	--	--	--	--	324	324	324
19	--	--	94	--	113	31	(144)	(113)	--
--	--	--	--	5	5	--	--	--	5
--	--	--	--	--	--	--	192	192	192
--	--	--	--	21	21	--	7,664	7,664	7,685
--	--	--	--	237	237	1	5	6	243
--	--	--	--	--	--	--	256	256	256
--	--	--	--	--	--	--	251	251	251
31	--	--	1,383	--	1,414	65	(1,479)	(1,414)	--
5	--	--	--	--	5	142	(147)	(5)	--
--	--	--	--	--	--	--	6	6	6
186	--	--	--	--	186	493	(18)	475	661
--	--	--	--	--	--	73	241	314	314
292	--	--	--	--	292	--	477	477	769
--	--	--	--	--	--	--	314	314	314
--	--	--	--	--	--	--	1,579	1,579	1,579
--	--	--	--	--	--	111	2,508	2,619	2,619
533	--	--	1,477	266	2,276	916	12,220	13,136	15,412
3,141	7	--	1,477	886	5,511	3,463	16,223	19,686	25,197
5,317	695	4	3,182	33,950	43,148	5,479	27,782	33,261	76,409

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(In thousands)

	Revenues					Total Revenues
	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
General government						
Municipal Court:						
Municipal Court Building Security	\$ --	463	--	--	5	468
Municipal Court Technology	--	616	--	--	27	643
Total general government	--	1,079	--	--	32	1,111
Public safety						
Police:						
APD Incident Management	--	--	--	--	333	333
Auto Theft Interdiction	--	--	--	--	1	1
Aviation Asset Forfeiture	--	40	--	--	4	44
Police Benefit	--	--	--	1	1	2
Police Federal Seized Funds	--	566	--	--	34	600
Police Seized Money	--	145	--	--	8	153
Total Police	--	751	--	1	381	1,133
Fire:						
Fire Miscellaneous	--	--	6	--	12	18
Total Fire	--	--	6	--	12	18
Emergency Medical Services:						
EMS Travis County Reimbursed	--	--	1,133	--	--	1,133
Total Emergency Medical Services	--	--	1,133	--	--	1,133
Total public safety	--	751	1,139	1	393	2,284
Transportation, planning and sustainability						
Public Works and Transportation:						
Fiscal Surety - Land Development	--	--	--	--	(519)	(519)
Office of Emergency Management Miscellaneous	--	--	16	--	--	16
Recycle Bins	--	--	--	--	--	--
RMD Conservation	--	--	--	--	--	--
RMD Loan	--	--	--	--	--	--
Total Public Works and Transportation	--	--	16	--	(519)	(503)
Transportation, Planning and Sustainability:						
Austin Transportation Study	--	--	1,261	--	(2)	1,259
Child Safety	--	1,358	--	--	9	1,367
Environmental Remediation	--	--	--	--	14	14
Pavement Life Recovery	--	54	--	--	--	54
Railroad Right of Way	--	--	--	--	1	1
Subdivision Participation	--	--	--	--	108	108
Total Transportation, Planning and Sustainability	--	1,412	1,261	--	130	2,803
Total transportation, planning and sustainability	\$ --	1,412	1,277	--	(389)	2,300

(1) Expenditures include capital outlay of \$2,122.

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
		Transfers In	Transfers Out			
450	18	--	--	18	166	184
1,154	(511)	--	--	(511)	1,365	854
1,604	(493)	--	--	(493)	1,531	1,038
693	(360)	--	--	(360)	75	(285)
--	1	--	--	1	2	3
32	12	--	--	12	171	183
21	(19)	--	--	(19)	34	15
1,381	(781)	--	--	(781)	1,589	808
451	(298)	--	--	(298)	373	75
2,578	(1,445)	--	--	(1,445)	2,244	799
20	(2)	--	--	(2)	21	19
20	(2)	--	--	(2)	21	19
1,134	(1)	--	--	(1)	3	2
1,134	(1)	--	--	(1)	3	2
3,732	(1,448)	--	--	(1,448)	2,268	820
--	(519)	--	--	(519)	(77)	(596)
7	9	--	--	9	1	10
--	--	--	--	--	5	5
--	--	--	--	--	97	97
--	--	--	--	--	859	859
7	(510)	--	--	(510)	885	375
1,259	--	--	--	--	--	--
1,476	(109)	--	--	(109)	364	255
310	(296)	759	--	463	66	529
--	54	--	(140)	(86)	79	(7)
--	1	--	--	1	5	6
--	108	--	--	108	3,017	3,125
3,045	(242)	759	(140)	377	3,531	3,908
3,052	(752)	759	(140)	(133)	4,416	4,283

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(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:						
CCSD Operations-Travis County Hospital District	\$ --	--	49,665	--	161	49,826
Disproportionate Share	--	--	--	--	--	--
Health and Human Services Travis County						
Reimbursed	--	--	1,666	--	--	1,666
Health Miscellaneous	--	--	--	--	3	3
Medicaid Administrative Claims	--	--	--	--	18	18
Travis County Hospital District Reimbursed Fund	--	--	5,080	--	--	5,080
Total Health and Human Services	--	--	56,411	--	182	56,593
Other public health:						
Animal Services Fund	--	--	--	66	7	73
Animal Shelter Building	--	--	--	--	--	--
Total other public health	--	--	--	66	7	73
Total public health	--	--	56,411	66	189	56,666
Public recreation and culture						
Austin Public Library:						
Austin History Center	--	--	--	5	--	5
Julia Cousins Trust	--	--	--	--	--	--
Miscellaneous Library	--	--	--	--	--	--
Special Library	--	--	--	416	--	416
Total Austin Public Library	--	--	--	421	--	421
Parks and Recreation:						
Adaptive Programs	--	--	--	--	--	--
Austin Creeks and Trails	--	--	--	3	--	3
Balcones Canyonlands	--	--	--	--	--	--
Friends of East Austin Youth	--	--	--	--	--	--
PARD Cultural Projects	--	--	--	--	8	8
PARD Miscellaneous	--	--	2	59	12	73
PARD Police Asset Forfeitures	--	--	--	--	--	--
Planting for the Future	--	--	--	80	--	80
Republic Square	--	--	--	2	--	2
Rifle Class	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--
Summer Musical	--	--	--	372	--	372
Teen Activity	--	--	--	8	--	8
Tennis League	--	--	--	--	--	--
Town Lake Beautification	--	--	--	137	--	137
Total parks and recreation	--	--	2	661	20	683
Total public recreation and culture	\$ --	--	2	1,082	20	1,104

(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
		Transfers In	Transfers Out			
45,225	4,601	--	(1,281)	3,320	--	3,320
1	(1)	--	--	(1)	127	126
1,755	(89)	--	--	(89)	515	426
--	3	--	--	3	34	37
111	(93)	--	(698)	(791)	94	(697)
5,080	--	--	--	--	--	--
52,172	4,421	--	(1,979)	2,442	770	3,212
78	(5)	--	--	(5)	182	177
--	--	--	--	--	12	12
78	(5)	--	--	(5)	194	189
52,250	4,416	--	(1,979)	2,437	964	3,401
--	5	--	--	5	155	160
--	--	--	--	--	1	1
--	--	--	--	--	1	1
126	290	--	--	290	182	472
126	295	--	--	295	339	634
--	--	--	--	--	50	50
--	3	--	--	3	21	24
--	--	--	--	--	75	75
--	--	--	--	--	10	10
2,735	(2,727)	3,517	--	790	213	1,003
63	10	--	--	10	640	650
--	--	--	--	--	2	2
122	(42)	--	--	(42)	349	307
--	2	--	--	2	2	4
--	--	--	--	--	1	1
--	--	--	--	--	--	--
1	371	--	--	371	433	804
38	(30)	--	--	(30)	176	146
--	--	--	--	--	5	5
227	(90)	--	--	(90)	408	318
3,186	(2,503)	3,517	--	1,014	2,385	3,399
3,312	(2,208)	3,517	--	1,309	2,724	4,033

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(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	--	--	--	--	59	59
Neighborhood Housing and Conservation	--	--	--	--	34	34
UNO Housing Trust Fund	--	--	--	--	--	--
Total Neighborhood Housing & Community Development	--	--	--	--	94	94
Development Services and Watershed Protection:						
Austin Industrial Development Corporation (AIDC)	--	--	--	--	4	4
Austin Inner City Redevelopment Corporation	--	--	--	--	--	--
East Sixth Street Public Improvement District	--	--	38	44	1	83
Energy Conservation Rebates and Incentives	--	--	14,752	--	--	14,752
Fee Waiver	--	--	--	--	1	1
Planning, Environmental Conservation Services	--	--	--	--	--	--
Public Improvement District	--	--	1,147	--	42	1,189
Urban Forest Replenishment	--	--	--	61	7	68
Total Development Services and Watershed Protection	--	--	15,937	105	55	16,097
Other urban growth management:						
Austin Clean Water Program	--	--	--	--	--	--
Barton Springs Conservation	--	--	--	--	1	1
Cable TV	--	--	781	--	4	785
City Hall Fund	--	--	--	--	--	--
City Hall Retail Tenant Improvement	--	--	--	--	--	--
Downtown Development	--	--	--	--	5	5
Hotel-Motel Occupancy Tax	30,907	56	--	--	--	30,963
I-35 Parking Program	--	--	78	--	4	82
Katrina Disaster Relief	--	--	--	--	256	256
Music Loan Program	--	--	--	--	6	6
One Texas Center	--	--	1,410	--	--	1,410
RMMA Reimbursement	--	--	--	(94)	--	(94)
Strategic Planning Investment	--	--	--	--	--	--
Sustainability	--	--	--	--	--	--
Tax Increment Finance	--	--	--	--	7	7
Tourism and Promotion	--	--	--	--	5	5
Turner Robertson O&M	--	--	--	--	--	--
Vehicle Rental Tax	5,046	--	--	--	29	5,075
Wildland Conservation	--	1,105	--	--	44	1,149
Total other urban growth management	35,953	1,161	2,269	(94)	361	39,650
Total urban growth management	35,953	1,161	18,206	11	510	55,841
2005 Total	\$ 35,953	4,403	77,035	1,160	755	119,306

(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
		Transfers In	Transfers Out			
--	1	--	--	1	42	43
675	(616)	1,000	--	384	1,502	1,886
771	(737)	1,116	--	379	561	940
--	--	--	--	--	--	--
1,446	(1,352)	2,116	--	764	2,105	2,869
--	4	--	--	4	151	155
--	--	--	--	--	2	2
55	28	--	--	28	--	28
14,824	(72)	--	--	(72)	2,154	2,082
--	1	--	--	1	25	26
--	--	--	--	--	108	108
1,507	(318)	150	--	(168)	1,097	929
--	68	--	--	68	283	351
16,386	(289)	150	--	(139)	3,820	3,681
--	--	--	--	--	126	126
--	1	45	--	46	19	65
621	164	--	--	164	160	324
113	(113)	--	--	(113)	--	(113)
--	--	--	--	--	--	--
--	5	--	--	5	187	192
--	30,963	--	(30,134)	829	6,835	7,664
78	4	--	--	4	2	6
--	256	--	--	256	--	256
--	6	--	--	6	245	251
1,692	(282)	--	(1,225)	(1,507)	93	(1,414)
409	(503)	--	--	(503)	498	(5)
16	(16)	--	--	(16)	22	6
3,315	(3,315)	5,934	(2,486)	133	342	475
72	(65)	100	--	35	279	314
4,534	(4,529)	4,980	--	451	26	477
--	--	314	--	314	--	314
--	5,075	--	(4,683)	392	1,187	1,579
235	914	--	--	914	1,705	2,619
11,085	28,565	11,373	(38,528)	1,410	11,726	13,136
28,917	26,924	13,639	(38,528)	2,035	17,651	19,686
92,867	26,439	17,915	(40,647)	3,707	29,554	33,261

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2005
(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	\$ 103	468	463	--	--	5	108
Budget	(288)	421	455	--	--	(34)	(322)
Variance-Positive (Negative)	391	47	(8)	--	--	39	430
Municipal Court Technology							
Actual-budget basis	248	643	305	--	--	338	586
Budget	(2,573)	561	535	--	--	26	(2,547)
Variance-Positive (Negative)	2,821	82	230	--	--	312	3,133
Public safety							
Police:							
Aviation Asset Forfeiture							
Actual-budget basis	159	44	32	--	--	12	171
Budget	(489)	13	90	--	--	(77)	(566)
Variance-Positive (Negative)	648	31	58	--	--	89	737
Police Federal Seized Funds							
Actual-budget basis	1,495	600	1,793	--	--	(1,193)	302
Budget	(1,008)	364	1,833	--	--	(1,469)	(2,477)
Variance-Positive (Negative)	2,503	236	40	--	--	276	2,779
Police Seized Money							
Actual-budget basis	362	153	500	--	--	(347)	15
Budget	(276)	225	500	--	--	(275)	(551)
Variance-Positive (Negative)	638	(72)	--	--	--	(72)	566
Emergency Medical Services:							
EMS Travis County Reimbursed							
Actual-budget basis	(39)	1,133	1,135	--	--	(2)	(41)
Budget	(171)	1,133	1,133	--	--	--	(171)
Variance-Positive (Negative)	132	--	(2)	--	--	(2)	130

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2005
(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	\$ 259	1,367	1,476	--	--	(109)	150
Budget	(606)	1,425	1,577	--	--	(152)	(758)
Variance-Positive (Negative)	865	(58)	101	--	--	43	908
Environmental Remediation							
Actual-budget basis	60	14	85	759	225	463	523
Budget	(254)	6	50	759	738	(23)	(277)
Variance-Positive (Negative)	314	8	(35)	--	513	486	800
Public health							
CCSD Operations-Travis County Hospital District							
Actual-budget basis	--	49,826	45,790	--	1,281	2,755	2,755
Budget	--	52,318	51,042	--	3,000	(1,724)	(1,724)
Variance-Positive (Negative)	--	(2,492)	5,252	--	1,719	4,479	4,479
Health and Human Services Travis County Reimbursed							
Actual-budget basis	(146)	1,666	1,676	--	--	(10)	(156)
Budget	(1,863)	1,654	1,654	--	--	--	(1,863)
Variance-Positive (Negative)	1,717	12	(22)	--	--	(10)	1,707
Public recreation and culture							
PARD Cultural Projects							
Actual-budget basis	(285)	8	2,640	3,517	--	885	600
Budget	(290)	--	2,681	3,012	--	331	41
Variance-Positive (Negative)	5	8	41	505	--	554	559
PARD Police Asset Forfeiture							
Actual-budget basis	2	--	--	--	--	--	2
Budget	(14)	--	2	--	--	(2)	(16)
Variance-Positive (Negative)	16	--	2	--	--	2	18

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2005
(In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

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	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	\$ 339	34	782	1,116	99	269	608
Budget	(2,182)	14	1,042	1,116	88	--	(2,182)
Variance-Positive (Negative)	2,521	20	260	--	(11)	269	2,790
Development Services and Watershed Protection:							
East Sixth Street Public Improvement District							
Actual-budget basis	--	83	77	--	--	6	6
Budget	--	81	77	--	--	4	4
Variance-Positive (Negative)	--	2	--	--	--	2	2
Energy Conservation Rebates and Incentives							
Actual-budget basis	(557)	14,752	15,806	--	--	(1,054)	(1,611)
Budget	(1,162)	16,566	16,566	--	--	--	(1,162)
Variance-Positive (Negative)	605	(1,814)	760	--	--	(1,054)	(449)
Public Improvement District							
Actual-budget basis	422	1,189	1,447	150	--	(108)	314
Budget	(774)	1,178	1,447	150	--	(119)	(893)
Variance-Positive (Negative)	1,196	11	--	--	--	11	1,207
Other							
City Hall Fund							
Actual-budget basis	--	--	144	--	--	(144)	(144)
Budget	--	312	312	--	--	--	--
Variance-Positive (Negative)	--	(312)	168	--	--	(144)	(144)
Hotel-Motel Occupancy Tax							
Actual-budget basis	--	30,134	--	--	30,134	--	--
Budget	--	26,052	--	--	26,052	--	--
Variance-Positive (Negative)	--	4,082	--	--	(4,082)	--	--
I-35 Parking Program							
Actual-budget basis	1	82	78	--	--	4	5
Budget	--	200	200	--	--	--	--
Variance-Positive (Negative)	1	(118)	122	--	--	4	5

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2005
(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		
One Texas Center							
Actual-budget basis	\$ (195)	1,410	1,468	--	1,225	(1,283)	(1,478)
Budget	(532)	1,435	2,595	--	1,225	(2,385)	(2,917)
Variance-Positive (Negative)	337	(25)	1,127	--	--	1,102	1,439
Sustainability							
Actual-budget basis	23	--	3,489	5,934	2,486	(41)	(18)
Budget	--	--	3,490	5,934	2,486	(42)	(42)
Variance-Positive (Negative)	23	--	1	--	--	1	24
Tourism and Promotion							
Actual-budget basis	42	5	4,534	4,980	--	451	493
Budget	(578)	10	4,534	4,524	--	--	(578)
Variance-Positive (Negative)	620	(5)	--	456	--	451	1,071
Vehicle Rental Tax							
Actual-budget basis	(2,190)	4,683	--	--	4,683	--	(2,190)
Budget	(5,107)	4,537	--	--	4,537	--	(5,107)
Variance-Positive (Negative)	2,917	146	--	--	(146)	--	2,917
Wildland Conservation							
Actual-budget basis	1,389	1,149	92	--	--	1,057	2,446
Budget	(469)	250	250	--	--	--	(469)
Variance-Positive (Negative)	1,858	899	158	--	--	1,057	2,915
Total							
Actual-budget basis	\$ 1,492	109,443	83,812	16,456	40,133	1,954	3,446
Budget	(18,636)	108,755	92,065	15,495	38,126	(5,941)	(24,577)
Variance-Positive (Negative)	20,128	688	8,253	961	(2,007)	7,895	28,023





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



Debt Service Funds
Combining Balance Sheet
September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-14

	General Obligation	HUD Section 108 Loans	2005 Total
ASSETS			
Pooled investments and cash	\$ 210	--	210
Investments, at fair value	13,664	--	13,664
Property taxes receivable	4,388	--	4,388
Less allowance for uncollectible taxes	(525)	--	(525)
Net property taxes receivable	3,863	--	3,863
Due from other funds	1	--	1
Advances to other funds	7,757	--	7,757
Total assets	<u>25,495</u>	<u>--</u>	<u>25,495</u>
LIABILITIES AND FUND BALANCES			
Due to other funds	490	--	490
Deferred revenue	3,653	--	3,653
Advances from other funds	396	--	396
Total liabilities	<u>4,539</u>	<u>--</u>	<u>4,539</u>
Fund balances			
Reserved:			
Advances to other funds	7,757	--	7,757
Debt service	13,199	--	13,199
Total fund balances	<u>20,956</u>	<u>--</u>	<u>20,956</u>
Total liabilities and fund balances	<u>\$ 25,495</u>	<u>--</u>	<u>25,495</u>

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-15

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>2005 Total</u>
REVENUES			
Property taxes			
Current	\$ 83,234	--	83,234
Penalty and interest	533	--	533
Interest and other	6,607	1,923	8,530
Total revenues	<u>90,374</u>	<u>1,923</u>	<u>92,297</u>
EXPENDITURES			
Debt service:			
Principal	49,703	905	50,608
Interest	40,215	1,018	41,233
Fees and commissions	10	--	10
Total expenditures	<u>89,928</u>	<u>1,923</u>	<u>91,851</u>
Excess (deficiency) of revenues over expenditures	446	--	446
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	148,125	--	148,125
Bond premiums	13,750	--	13,750
Payment to refunding bond escrow agent	(161,875)	--	(161,875)
Transfers in	2,183	--	2,183
Total other financing sources (uses)	<u>2,183</u>	<u>--</u>	<u>2,183</u>
Net change in fund balances	2,629	--	2,629
Fund balances at beginning of year	18,327	--	18,327
Fund balances at end of year	<u>\$ 20,956</u>	<u>--</u>	<u>20,956</u>

Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			2005 Actual-Budget Basis Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	
REVENUES							
General property taxes	\$ 83,767	83,297	470	--	--	--	83,767
Interest	1,592	780	812	--	--	--	1,592
Other revenue	3,697	3,769	(72)	1,923	1,966	(43)	5,620
Total revenues	89,056	87,846	1,210	1,923	1,966	(43)	90,979
EXPENDITURES							
Principal retirement	61,257	61,482	225	905	905	--	62,162
Interest and other	43,921	45,695	1,774	1,018	1,018	--	44,939
Fees and commissions	10	15	5	--	43	43	10
Total expenditures	105,188	107,192	2,004	1,923	1,966	43	107,111
Excess (deficiency) of revenues over expenditures	(16,132)	(19,346)	3,214	--	--	--	(16,132)
OTHER FINANCING SOURCES (USES)							
Transfers in	16,008	18,226	(2,218)	--	--	--	16,008
Total other financing sources (uses)	16,008	18,226	(2,218)	--	--	--	16,008
Excess (deficiency) of revenues and other sources over expenditures and other uses	(124)	(1,120)	996	--	--	--	(124)
Fund balances at beginning of year	11,434	10,245	1,189	--	--	--	11,434
Fund balances at end of year	\$ 11,310	9,125	2,185	--	--	--	11,310



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, for various purposes;

Funds authorized August 29, 1981, for street and drainage, fire stations, 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 parks and recreation;

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

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

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

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

2000: Funds authorized November 7, 2000, for transportation mobility and land acquisition; and

Other: Other funds established for various purposes.



**Capital Projects Funds
Balance Sheet
September 30, 2005
(In thousands)**

**City of Austin, Texas
Exhibit E-17**

	<u>2005</u>
ASSETS	
Pooled investments and cash	\$ 98,719
Accounts and other receivables	37,936
Less allowance for doubtful accounts	<u>(92)</u>
Net accounts receivable	37,844
Due from other funds	22,278
Other assets	513
Total assets	<u><u>159,354</u></u>
LIABILITIES AND FUND BALANCES	
Accounts payable	5,849
Due to other funds	22,278
Deposits and other liabilities	<u>929</u>
Total liabilities	<u>29,056</u>
Fund balances	
Reserved:	
Encumbrances	29,635
Unreserved, undesignated:	
Capital projects	<u>100,663</u>
Total fund balances	<u>130,298</u>
Total liabilities and fund balances	<u><u>\$ 159,354</u></u>

Capital Projects Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit E-18

	<u>2005</u>
REVENUES	
Intergovernmental	\$ 18,619
Property owners' participation and contributions	4,992
Interest and other	2,130
Total revenues	<u>25,741</u>
EXPENDITURES	
Capital outlay	81,507
Total expenditures	<u>81,507</u>
Excess (deficiency) of revenues over expenditures	(55,766)
OTHER FINANCING SOURCES (USES)	
Issuance of tax supported debt	26,940
Transfers in	27,855
Transfers out	(3,808)
Total other financing sources (uses)	<u>50,987</u>
Net change in fund balances	(4,779)
Fund balances at beginning of year	135,077
Fund balances at end of year	<u>\$ 130,298</u>

**Capital Projects Funds
Combining Balance Sheet
September 30, 2005
(In thousands)**

	Assets						
	Pooled Investments and Cash	Accounts and Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Funds Authorized Prior to 1981							
Parks and recreation	\$ 105	--	--	--	72	--	177
Police and courts	2	--	--	--	--	--	2
Street improvements	57	--	--	--	--	--	57
Library	7	--	--	--	--	--	7
	<u>171</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>72</u>	<u>--</u>	<u>243</u>
Funds Authorized August 29, 1981							
Street and drainage	3	--	--	--	--	--	3
Fire stations	24	--	--	--	--	--	24
EMS buildings	206	--	--	--	--	--	206
	<u>233</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>233</u>
Funds Authorized September 11, 1982							
Flood prevention	106	--	--	--	--	--	106
Parks--various	127	--	--	--	--	--	127
Environmental resources	2	--	--	--	--	--	2
Fire/EMS building	43	--	--	--	--	--	43
	<u>278</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>278</u>
Funds Authorized October 22, 1983							
Jollyville road improvements	27	--	--	--	--	--	27
Energy improvements - city facilities	--	--	--	--	--	--	--
	<u>27</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27</u>
Total Prior to 1984	<u>709</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>72</u>	<u>--</u>	<u>781</u>
Funds Authorized September 8, 1984							
PARD pools	5	--	--	--	--	--	5
Parkland acquisition	2	--	--	--	--	--	2
Parks/Old Bakery	--	--	--	--	--	--	--
Drainage and flood improvements	3,977	--	--	--	231	--	4,208
Street improvements	1,667	13	--	13	--	--	1,680
Fire improvements	11	--	--	--	--	--	11
Libraries	1	--	--	--	--	--	1
Police facilities	--	--	--	--	--	--	--
Traffic signals	4	--	--	--	--	--	4
EMS/Fire facility	3	--	--	--	--	--	3
	<u>\$ 5,670</u>	<u>13</u>	<u>--</u>	<u>13</u>	<u>231</u>	<u>--</u>	<u>5,914</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
--	--	--	--	10	196	206	206
--	--	--	--	10	223	233	233
--	--	--	--	--	106	106	106
--	--	--	--	1	126	127	127
--	--	--	--	--	2	2	2
--	--	--	--	--	43	43	43
--	--	--	--	1	277	278	278
--	--	--	--	--	27	27	27
--	82	--	82	5	(87)	(82)	--
--	82	--	82	5	(60)	(55)	27
--	82	--	82	16	683	699	781
--	--	--	--	--	5	5	5
--	--	--	--	--	2	2	2
--	206	--	206	--	(206)	(206)	--
5	--	--	5	29	4,174	4,203	4,208
--	--	--	--	113	1,567	1,680	1,680
--	--	--	--	--	11	11	11
--	--	--	--	--	1	1	1
--	14	--	14	--	(14)	(14)	--
--	--	--	--	--	4	4	4
--	--	--	--	--	3	3	3
5	220	--	225	142	5,547	5,689	5,914

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2005
(In thousands)**

	Assets						
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Funds Authorized							
January 19, 1985							
Cultural arts	\$ 1,048	--	--	--	309	414	1,771
Downtown art museum	168	--	--	--	--	--	168
	<u>1,216</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>309</u>	<u>414</u>	<u>1,939</u>
Funds Authorized							
July 26, 1985							
Neighborhood park and recreation	5,636	--	--	--	--	--	5,636
Funds Authorized							
September 26, 1985							
Art in public places	12	--	--	--	--	--	12
Funds Authorized							
December 14, 1985							
Senior activity center	3	--	--	--	--	--	3
South Austin parkland	11	--	--	--	--	--	11
Parks Oak Hill	2	--	--	--	--	--	2
	<u>16</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>16</u>
Total Funds Authorized in 1985	<u>6,880</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>309</u>	<u>414</u>	<u>7,603</u>
Funds Authorized							
September 3, 1987							
Street resurfacing	208	92	(92)	--	--	--	208
Funds Authorized							
August 10, 1992							
EMS facility	49	--	--	--	--	--	49
Fire stations	12	--	--	--	--	--	12
Police substations	59	--	--	--	--	--	59
Asbestos abatement/ADA compliance/ East Austin health clinic	461	--	--	--	--	--	461
Erosion & flood control	1,050	--	--	--	--	--	1,050
Street & traffic signals	171	--	--	--	--	--	171
Neighborhood sidewalks	43	--	--	--	--	--	43
Parks and recreation facilities	145	--	--	--	--	--	145
Libraries	30	--	--	--	--	--	30
Balcones Canyonlands Conservation Plan	3	--	--	--	--	--	3
Barton Creek greenway	325	--	--	--	--	--	325
	<u>2,348</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,348</u>
Funds Authorized							
May 3, 1997							
Radio Trunking	--	1,694	--	1,694	--	--	1,694
	<u>\$ --</u>	<u>1,694</u>	<u>--</u>	<u>1,694</u>	<u>--</u>	<u>--</u>	<u>1,694</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	1,770	1,771	1,771
--	--	--	--	--	168	168	168
--	--	--	--	1	1,938	1,939	1,939
29	--	--	29	164	5,443	5,607	5,636
--	--	--	--	--	12	12	12
--	--	--	--	--	3	3	3
--	--	--	--	--	11	11	11
--	--	--	--	--	2	2	2
--	--	--	--	--	16	16	16
29	--	--	29	165	7,409	7,574	7,603
--	--	--	--	--	208	208	208
--	--	--	--	--	49	49	49
--	--	--	--	2	10	12	12
--	--	--	--	--	59	59	59
14	--	--	14	45	402	447	461
--	--	--	--	331	719	1,050	1,050
--	--	--	--	3	168	171	171
--	--	--	--	1	42	43	43
--	--	--	--	309	(164)	145	145
--	--	--	--	17	13	30	30
--	--	--	--	--	3	3	3
--	--	--	--	--	325	325	325
14	--	--	14	708	1,626	2,334	2,348
79	7,740	--	7,819	46	(6,171)	(6,125)	1,694
79	7,740	--	7,819	46	(6,171)	(6,125)	1,694

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2005
(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	\$ 10,760	1,755	--	1,755	--	--	12,515
Drainage and flood control	738	--	--	--	--	--	738
Traffic signals	12,902	63	--	63	15,991	--	28,956
Public safety facilities	1,315	--	--	--	--	--	1,315
Parks and recreation facilities	17,253	--	--	--	4,258	--	21,511
	<u>42,968</u>	<u>1,818</u>	<u>--</u>	<u>1,818</u>	<u>20,249</u>	<u>--</u>	<u>65,035</u>
Funds Authorized							
2000							
Transportation Mobility Improvement	866	15,000	--	15,000	--	--	15,866
Open Spaces	454	--	--	--	--	--	454
	<u>1,320</u>	<u>15,000</u>	<u>--</u>	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>16,320</u>
Other funds							
Travis County Hospital District projects	1,272	--	--	--	--	--	1,272
Planning & development improvements	703	--	--	--	--	--	703
TPSD general improvements	9,912	11	--	11	--	--	9,923
Parks-1992	--	--	--	--	--	--	--
Library automation system	2,142	--	--	--	--	--	2,142
Fire/EMS/NW Austin MUD #1	645	--	--	--	--	--	645
General government projects	10,574	4,975	--	4,975	1,417	--	16,966
Health projects	1,477	--	--	--	--	--	1,477
Build Austin	--	25	--	25	--	--	25
CMTA Mobility	--	2,886	--	2,886	--	--	2,886
Forsythia Drive	3	--	--	--	--	--	3
Central City Entertainment Center	--	--	--	--	--	--	--
Park improvements	4,933	2,000	--	2,000	--	--	6,933
Police and courts	371	--	--	--	--	--	371
Neighborhood centers	8	--	--	--	--	--	8
Loan star improvements	331	--	--	--	--	--	331
Fire - general	3,241	--	--	--	--	--	3,241
Capital reserve	--	9,193	--	9,193	--	--	9,193
Public Works	--	--	--	--	--	--	--
One Texas Center	187	--	--	--	--	--	187
Watershed Protection	--	211	--	211	--	--	211
Great Streets	516	--	--	--	--	--	516
City Hall, plaza, parking garage	--	--	--	--	--	--	--
Conservation Land	--	18	--	18	--	--	18
Colony Park	1,004	--	--	--	--	--	1,004
Economic Development	539	--	--	--	--	--	539
Interest income fund	758	--	--	--	--	99	857
Total other funds	<u>38,616</u>	<u>19,319</u>	<u>--</u>	<u>19,319</u>	<u>1,417</u>	<u>99</u>	<u>59,451</u>
2005 Totals	<u>\$ 98,719</u>	<u>37,936</u>	<u>(92)</u>	<u>37,844</u>	<u>22,278</u>	<u>513</u>	<u>159,354</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	
177	--	--	177	745	11,593	12,338	12,515
2	--	--	2	58	678	736	738
1,517	--	--	1,517	9,153	18,286	27,439	28,956
66	--	--	66	179	1,070	1,249	1,315
269	--	--	269	597	20,645	21,242	21,511
2,031	--	--	2,031	10,732	52,272	63,004	65,035
--	--	--	--	--	15,866	15,866	15,866
--	--	--	--	--	454	454	454
--	--	--	--	--	16,320	16,320	16,320
--	--	--	--	3	1,269	1,272	1,272
--	--	--	--	--	703	703	703
57	--	--	57	1,183	8,683	9,866	9,923
--	225	--	225	3	(228)	(225)	--
20	--	--	20	605	1,517	2,122	2,142
--	--	--	--	--	645	645	645
416	--	412	828	4,339	11,799	16,138	16,966
176	--	--	176	1,201	100	1,301	1,477
--	308	--	308	37	(320)	(283)	25
1,234	628	--	1,862	4,115	(3,091)	1,024	2,886
--	--	--	--	--	3	3	3
--	1	--	1	--	(1)	(1)	--
171	--	--	171	939	5,823	6,762	6,933
--	--	--	--	--	371	371	371
--	--	--	--	--	8	8	8
--	--	--	--	14	317	331	331
107	--	--	107	2,489	645	3,134	3,241
1,365	5,676	--	7,041	2,151	1	2,152	9,193
131	91	--	222	544	(766)	(222)	--
--	--	--	--	--	187	187	187
--	497	--	497	--	(286)	(286)	211
--	--	--	--	--	516	516	516
14	6,808	250	7,072	190	(7,262)	(7,072)	--
--	2	15	17	--	1	1	18
--	--	--	--	13	991	1,004	1,004
--	--	--	--	--	539	539	539
--	--	252	252	--	605	605	857
3,691	14,236	929	18,856	17,826	22,769	40,595	59,451
5,849	22,278	929	29,056	29,635	100,663	130,298	159,354

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2005
(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	--	--	--	--	--
	--	--	--	--	--
Funds Authorized					
August 29, 1981					
Street and drainage	--	--	--	--	--
Fire stations	--	--	--	--	--
EMS buildings	--	--	--	--	--
	--	--	--	--	--
Funds Authorized					
September 11, 1982					
Flood prevention	--	--	--	--	--
Parks--various	--	--	--	--	6
Environmental resources	--	--	--	--	--
Fire/EMS building	--	--	--	--	--
	--	--	--	--	6
Funds Authorized					
October 22, 1983					
Jollyville road improvements	--	--	--	--	--
Energy improvements - city facilities	--	--	--	--	--
	--	--	--	--	--
Total Prior to 1984	--	--	--	--	6
Funds Authorized					
September 8, 1984					
PARD pools	--	--	--	--	--
Parkland acquisition	--	--	--	--	--
Parks/Old Bakery	--	--	--	--	22
Drainage and flood improvements	--	--	--	--	205
Street improvements	--	--	--	--	212
Fire improvements	--	--	--	--	--
Libraries	--	--	--	--	--
Police facilities	--	--	--	--	--
Traffic signals	--	--	--	--	--
EMS/Fire facility	--	--	--	--	--
	\$ --	--	--	--	439

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
--	--	--	--	--	--	--	243	243
--	--	--	--	--	--	--	3	3
--	--	--	--	--	--	--	24	24
--	--	--	(87)	(87)	(87)	(87)	293	206
--	--	--	(87)	(87)	(87)	(87)	320	233
--	--	--	--	--	--	--	106	106
(6)	--	--	--	--	--	(6)	133	127
--	--	--	--	--	--	--	2	2
--	--	--	--	--	--	--	43	43
(6)	--	--	--	--	--	(6)	284	278
--	--	--	--	--	--	--	27	27
--	--	--	--	--	--	--	(82)	(82)
--	--	--	--	--	--	--	(55)	(55)
(6)	--	--	(87)	(87)	(87)	(93)	792	699
--	--	--	--	--	--	--	5	5
--	--	--	--	--	--	--	2	2
(22)	--	--	--	--	--	(22)	(184)	(206)
(205)	--	--	--	--	--	(205)	4,408	4,203
(212)	--	--	--	--	--	(212)	1,892	1,680
--	--	--	--	--	--	--	11	11
--	--	--	--	--	--	--	1	1
--	--	--	--	--	--	--	(14)	(14)
--	--	--	--	--	--	--	4	4
--	--	--	--	--	--	--	3	3
(439)	--	--	--	--	--	(439)	6,128	5,689

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
September 30, 2005
(In thousands)

	Revenues			Total Revenues	Expenditures
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other		Capital Outlay
Funds Authorized					
January 19, 1985					
Cultural arts	\$ --	--	46	46	1
Downtown art museum	--	--	--	--	--
	--	--	46	46	1
Funds Authorized					
July 26, 1985					
Neighborhood park and recreation	233	750	60	1,043	804
Funds Authorized					
September 26, 1985					
Art in public places	--	--	--	--	1
Funds Authorized					
December 14, 1985					
Senior activity center	--	--	--	--	--
South Austin parkland	--	--	--	--	--
Parks Oak Hill	--	--	--	--	--
	--	--	--	--	--
Total Funds Authorized in 1985	233	750	106	1,089	806
Funds Authorized					
September 3, 1987					
Street resurfacing	--	39	9	48	--
Funds Authorized					
August 10, 1992					
EMS facility	--	--	--	--	--
Fire stations	--	--	--	--	--
Police substations	--	--	--	--	55
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	340
Erosion & flood control	--	--	--	--	1,388
Street & traffic signals	--	--	--	--	75
Neighborhood sidewalks	--	--	--	--	1
Parks and recreation facilities	325	--	--	325	716
Libraries	--	--	--	--	--
Balcones Canyonlands Conservation Plan	--	--	--	--	--
Barton Creek greenway	--	--	--	--	--
	325	--	--	325	2,575
Funds Authorized					
May 3, 1997					
Radio Trunking	--	(73)	--	(73)	232
	\$ --	(73)	--	(73)	232

(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					
45	--	--	(46)	(46)	(1)	1,772	1,771	
--	--	--	--	--	--	168	168	
45	--	--	(46)	(46)	(1)	1,940	1,939	
239	--	968	(968)	--	239	5,368	5,607	
(1)	--	--	--	--	(1)	13	12	
--	--	--	--	--	--	3	3	
--	--	--	--	--	--	11	11	
--	--	--	--	--	--	2	2	
--	--	--	--	--	--	16	16	
283	--	968	(1,014)	(46)	237	7,337	7,574	
48	--	--	--	--	48	160	208	
--	--	--	--	--	--	49	49	
--	--	--	--	--	--	12	12	
(55)	--	--	--	--	(55)	114	59	
(340)	--	--	--	--	(340)	787	447	
(1,388)	--	--	--	--	(1,388)	2,438	1,050	
(75)	--	--	--	--	(75)	246	171	
(1)	--	--	--	--	(1)	44	43	
(391)	--	--	--	--	(391)	536	145	
--	--	--	--	--	--	30	30	
--	--	--	--	--	--	3	3	
--	--	--	--	--	--	325	325	
(2,250)	--	--	--	--	(2,250)	4,584	2,334	
(305)	--	--	--	--	(305)	(5,820)	(6,125)	
(305)	--	--	--	--	(305)	(5,820)	(6,125)	

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
September 30, 2005
(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	\$ --	--	--	--	2,984
Drainage and flood control	--	--	--	--	372
Traffic signals	--	--	--	--	16,211
Public safety facilities	--	--	--	--	2,322
Parks and recreation facilities	--	--	--	--	1,616
	--	--	--	--	23,505
Funds Authorized					
2000					
Transportation Mobility Improvement	--	--	--	--	--
Open Spaces	--	--	--	--	2,408
	--	--	--	--	2,408
Other funds					
Travis County Hospital District improvements	--	--	--	--	9
Planning & development improvements	--	--	--	--	2
TPSD general improvements	--	131	--	131	2,389
Parks-1992	--	--	--	--	--
Library automation system	--	10	23	33	585
Fire/EMS/NW Austin MUD #1	--	--	16	16	--
General government projects	--	--	--	--	6,680
Health projects	(5)	--	--	(5)	1,072
Build Austin	163	--	--	163	421
CMTA Mobility	13,561	--	13	13,574	14,426
Forsythia Drive	--	--	--	--	--
Central City Entertainment Center	--	--	--	--	--
Park improvements	--	1,829	--	1,829	4,357
Police and courts	--	--	--	--	--
Neighborhood centers	--	--	--	--	--
Loan star improvements	--	--	--	--	--
Fire - general	--	--	--	--	3,015
Capital reserve	--	2,306	--	2,306	5,613
Public Works	4,342	--	--	4,342	4,545
One Texas Center	--	--	--	--	--
Watershed Protection	--	--	--	--	576
Great Streets	--	--	--	--	--
City Hall, plaza, parking garage	--	--	--	--	6,359
Conservation Land	--	--	1	1	--
Colony Park	--	--	--	--	1,487
Economic Development	--	--	--	--	--
Interest income fund	--	--	1,962	1,962	--
Total other funds	18,061	4,276	2,015	24,352	51,536
2005 Totals	\$ 18,619	4,992	2,130	25,741	81,507

(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					
(2,984)	1,755	--	--	1,755	(1,229)	13,567	12,338	
(372)	--	--	--	--	(372)	1,108	736	
(16,211)	--	--	--	--	(16,211)	43,650	27,439	
(2,322)	--	--	--	--	(2,322)	3,571	1,249	
(1,616)	--	--	--	--	(1,616)	22,858	21,242	
(23,505)	1,755	--	--	1,755	(21,750)	84,754	63,004	
--	15,000	--	--	15,000	15,000	866	15,866	
(2,408)	--	--	--	--	(2,408)	2,862	454	
(2,408)	15,000	--	--	15,000	12,592	3,728	16,320	
(9)	--	1,281	--	1,281	1,272	--	1,272	
(2)	--	--	--	--	(2)	705	703	
(2,258)	--	3,569	--	3,569	1,311	8,555	9,866	
--	--	--	--	--	--	(225)	(225)	
(552)	--	790	--	790	238	1,884	2,122	
16	--	--	--	--	16	629	645	
(6,680)	4,975	6,901	(159)	11,717	5,037	11,101	16,138	
(1,077)	--	1,702	--	1,702	625	676	1,301	
(258)	--	--	--	--	(258)	(25)	(283)	
(852)	--	--	--	--	(852)	1,876	1,024	
--	--	--	--	--	--	3	3	
--	--	--	--	--	--	(1)	(1)	
(2,528)	2,000	4,506	--	6,506	3,978	2,784	6,762	
--	--	225	--	225	225	146	371	
--	--	--	--	--	--	8	8	
--	--	--	--	--	--	331	331	
(3,015)	--	150	(1,292)	(1,142)	(4,157)	7,291	3,134	
(3,307)	3,000	3,424	--	6,424	3,117	(965)	2,152	
(203)	--	--	--	--	(203)	(19)	(222)	
--	--	--	--	--	--	187	187	
(576)	210	--	--	210	(366)	80	(286)	
--	--	470	(450)	20	20	496	516	
(6,359)	--	2,200	--	2,200	(4,159)	(2,913)	(7,072)	
1	--	--	--	--	1	--	1	
(1,487)	--	1,625	--	1,625	138	866	1,004	
--	--	--	--	--	--	539	539	
1,962	--	44	(806)	(762)	1,200	(595)	605	
(27,184)	10,185	26,887	(2,707)	34,365	7,181	33,414	40,595	
(55,766)	26,940	27,855	(3,808)	50,987	(4,779)	135,077	130,298	





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 - that 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 - Accounts for revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2005
(In thousands)

City of Austin, Texas
 Exhibit E-21

	3M			
	Maintenance	Ellis Library	Perpetual	2005
	Endowment	Trust	Care	Total
ASSETS				
Pooled investments and cash	\$ 50	24	1,298	1,372
Total assets	50	24	1,298	1,372
LIABILITIES AND FUND BALANCES				
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds	--	15	317	332
Total fund balances	50	24	1,298	1,372
Total liabilities and fund balances	\$ 50	24	1,298	1,372

Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
 Exhibit E-22

	3M			2005 Total
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	
REVENUES				
Interest and other	\$ --	1	31	32
Total revenues	--	1	31	32
EXPENDITURES				
Public recreation and culture	--	--	70	70
Total expenditures	--	--	70	70
Net change in fund balances	--	1	(39)	(38)
Fund balances at beginning of year	50	23	1,337	1,410
Fund balances at end of year	\$ 50	24	1,298	1,372





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:

- Convention Center Fund;
- Drainage Fund;
- Golf Fund;
- Hospital Fund;
- Parks and Recreation Fund;
- Primary Care Fund;
- Solid Waste Services Fund; and
- Transportation Fund



Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2005
(In thousands)

	Convention Center	Drainage	Golf	Hospital
ASSETS				
Current assets:				
Cash	\$ 15	2	1	--
Pooled investments and cash	24,003	29,191	--	276
Pooled investments and cash - restricted	30,253	17,055	--	--
Total pooled investments and cash	54,256	46,246	--	276
Investments, at fair value	1,266	--	--	--
Investments, at fair value - restricted	4,289	--	--	--
Working capital advances	124	--	--	--
Accounts receivable	294	3,563	169	3,308
Less allowance for doubtful accounts	(15)	(296)	--	(3,094)
Net accounts receivable	279	3,267	169	214
Receivables from other governments	322	--	--	--
Due from other funds	--	--	--	--
Inventories, at cost	--	--	--	--
Prepaid expenses	--	5	--	--
Other assets	--	--	1	--
Other receivables - restricted	--	11	860	--
Total current assets	60,551	49,531	1,031	490
Noncurrent assets:				
Pooled investments and cash - designated				
Pooled investments and cash - restricted				
Advances to other funds - restricted	--	172	--	--
Capital assets				
Land and other nondepreciable assets	26,651	7,052	357	--
Property, plant, and equipment in service	243,610	50,181	15,435	--
Less accumulated depreciation	(42,382)	(11,423)	(4,939)	--
Net property, plant, and equipment in service	201,228	38,758	10,496	--
Construction in progress	29,971	32,548	302	--
Total capital assets	257,850	78,358	11,155	--
Deferred costs and expenses, net of amortization	3,027	7	15	--
Total noncurrent assets	260,877	78,537	11,170	--
Total assets	\$ 321,428	128,068	12,201	490

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2005 Total</u>
ASSETS					
Current assets:					
Cash	--	2	3	2	25
Pooled investments and cash	58	2,188	10,963	6,525	73,204
Pooled investments and cash - restricted	1	--	10,162	546	58,017
Total pooled investments and cash	59	2,188	21,125	7,071	131,221
Investments, at fair value	--	--	--	--	1,266
Investments, at fair value - restricted	--	--	--	--	4,289
Working capital advances	--	--	--	--	124
Accounts receivable	--	132	5,163	1,788	14,417
Less allowance for doubtful accounts	--	--	(179)	(707)	(4,291)
Net accounts receivable	--	132	4,984	1,081	10,126
Receivables from other governments	--	--	--	--	322
Due from other funds	160	--	--	--	160
Inventories, at cost	--	46	--	260	306
Prepaid expenses	--	--	29	--	34
Other assets	--	--	3	--	4
Other receivables - restricted	--	--	4,046	3,300	8,217
Total current assets	219	2,368	30,190	11,714	156,094
Noncurrent assets:					
Pooled investments and cash - designated					
Pooled investments and cash - restricted					
Advances to other funds - restricted	--	--	--	--	172
Capital assets					
Land and other nondepreciable assets	--	--	15,214	--	49,274
Property, plant and equipment in service	155	--	52,492	14,132	376,005
Less accumulated depreciation	(82)	--	(28,221)	(7,317)	(94,364)
Net property, plant and equipment in service	73	--	24,271	6,815	281,641
Construction in progress	--	606	6,649	81	70,157
Total capital assets	73	606	46,134	6,896	401,072
Deferred costs and expenses, net of amortization	--	--	33	--	3,082
Total noncurrent assets	73	606	46,167	6,896	404,326
Total assets	292	2,974	76,357	18,610	560,420

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2005
(In thousands)

	Convention			
	Center	Drainage	Golf	Hospital
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 465	530	52	7
Accounts and retainage payable from restricted assets	1,165	459	149	--
Accrued payroll	277	584	73	2
Accrued compensated absences	372	1,020	116	6
Due to other funds	--	--	160	--
Accrued interest payable from restricted assets	2,488	--	--	--
Interest payable on other debt	--	51	29	--
General obligation bonds payable and other tax supported debt	--	594	1,111	--
General obligation bonds payable and other tax supported debt payable from restricted assets	933	--	--	--
Revenue bonds payable from restricted assets	2,330	--	--	--
Capital lease obligations payable	24	42	--	--
Customer and escrow deposits payable from restricted assets	1,728	263	--	--
Deferred credits and other liabilities	84	--	5	26
Total current liabilities	9,866	3,543	1,695	41
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	152	375	62	--
Advances from other funds	2,719	--	500	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	24,644	12,527	6,798	--
Revenue bonds payable, net of discount and inclusive of premium	219,613	--	--	--
Pension obligation payable	186	414	64	--
Capital lease obligations payable	5	8	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred credits and other liabilities	--	--	--	--
Total noncurrent liabilities	247,319	13,324	7,424	--
Total liabilities	257,185	16,867	9,119	41
NET ASSETS				
Invested in capital assets, net of related debt	33,616	67,218	3,308	--
Restricted for:				
Debt service	4,289	--	--	--
Capital projects	--	14,057	665	--
Renewal and replacement	1,809	--	--	--
Convention Center operating reserve	2,583	--	--	--
Unrestricted	21,946	29,926	(891)	449
Total net assets	\$ 64,243	111,201	3,082	449

(Continued)

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2005 Total</u>
LIABILITIES					
Current liabilities:					
Accounts payable	37	99	1,121	1,241	3,552
Accounts and retainage payable from restricted assets	--	--	3,601	--	5,374
Accrued payroll	68	--	671	548	2,223
Accrued compensated absences	41	10	1,110	1,002	3,677
Due to other funds	--	--	--	--	160
Accrued interest payable from restricted assets	--	--	--	--	2,488
Interest payable on other debt	--	--	139	25	244
General obligation bonds payable and other tax supported debt	--	--	2,331	454	4,490
General obligation bonds payable and other tax supported debt payable from restricted assets	--	--	--	--	933
Revenue bonds payable from restricted assets	--	--	--	--	2,330
Capital lease obligations payable	6	--	5	18	95
Customer and escrow deposits payable from restricted assets	1	--	428	--	2,420
Deferred credits and other liabilities	--	--	276	--	391
Total current liabilities	<u>153</u>	<u>109</u>	<u>9,682</u>	<u>3,288</u>	<u>28,377</u>
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	18	815	--	--	1,422
Advances from other funds	--	--	2,271	--	5,490
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	26,937	4,849	75,755
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	--	219,613
Pension obligation payable	2	--	425	321	1,412
Capital lease obligations payable	3	--	--	3	19
Accrued landfill closure and postclosure costs	--	--	7,935	--	7,935
Deferred credits and other liabilities	--	--	411	--	411
Total noncurrent liabilities	<u>23</u>	<u>815</u>	<u>37,979</u>	<u>5,173</u>	<u>312,057</u>
Total liabilities	<u>176</u>	<u>924</u>	<u>47,661</u>	<u>8,461</u>	<u>340,434</u>
NET ASSETS					
Invested in capital assets, net of related debt	69	606	27,065	5,418	137,300
Restricted for:					
Debt service	--	--	--	--	4,289
Capital projects	--	--	--	--	14,722
Renewal and replacement	--	--	--	--	1,809
Convention Center operating reserve	--	--	--	--	2,583
Unrestricted	47	1,444	1,631	4,731	59,283
Total net assets	<u>116</u>	<u>2,050</u>	<u>28,696</u>	<u>10,149</u>	<u>219,986</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2005
(In thousands)

	<u>Convention Center</u>	<u>Drainage</u>	<u>Golf</u>	<u>Hospital</u>
OPERATING REVENUES				
User fees and rentals	\$ 11,169	44,005	5,078	765
Total operating revenues	<u>11,169</u>	<u>44,005</u>	<u>5,078</u>	<u>765</u>
OPERATING EXPENSES				
Operating expenses before depreciation	19,468	29,580	4,378	184
Depreciation and amortization	6,735	2,417	776	--
Total operating expenses	<u>26,203</u>	<u>31,997</u>	<u>5,154</u>	<u>184</u>
Operating income (loss)	<u>(15,034)</u>	<u>12,008</u>	<u>(76)</u>	<u>581</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	613	1,049	16	7
Interest on revenue bonds and other debt	(13,572)	(586)	(375)	--
Interest capitalized during construction	1,602	1,308	12	--
Amortization of bond issue cost	(187)	(1)	(1)	--
Other nonoperating revenue (expense)	(657)	(20)	(17)	--
Total nonoperating revenues (expenses)	<u>(12,201)</u>	<u>1,750</u>	<u>(365)</u>	<u>7</u>
Income (loss) before contributions and transfers	<u>(27,235)</u>	<u>13,758</u>	<u>(441)</u>	<u>588</u>
Capital contributions	290	3,128	112	--
Special item - Travis County Hospital District-asset transfer	--	--	--	(36,223)
Transfers in	26,446	299	--	--
Transfers out	(75)	(676)	--	(335)
Change in net assets	<u>(574)</u>	<u>16,509</u>	<u>(329)</u>	<u>(35,970)</u>
Total net assets - beginning	<u>64,817</u>	<u>94,692</u>	<u>3,411</u>	<u>36,419</u>
Total net assets - ending	<u>\$ 64,243</u>	<u>111,201</u>	<u>3,082</u>	<u>449</u>

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2005 Total</u>
OPERATING REVENUES					
User fees and rentals	4,039	384	43,401	25,854	134,695
Total operating revenues	<u>4,039</u>	<u>384</u>	<u>43,401</u>	<u>25,854</u>	<u>134,695</u>
OPERATING EXPENSES					
Operating expenses before depreciation	3,950	418	39,695	27,960	125,633
Depreciation and amortization	23	--	3,141	1,069	14,161
Total operating expenses	<u>3,973</u>	<u>418</u>	<u>42,836</u>	<u>29,029</u>	<u>139,794</u>
Operating income (loss)	<u>66</u>	<u>(34)</u>	<u>565</u>	<u>(3,175)</u>	<u>(5,099)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	5	8	611	189	2,498
Interest on revenue bonds and other debt	--	--	(1,231)	(55)	(15,819)
Interest capitalized during construction	--	--	289	--	3,211
Amortization of bond issue cost	--	--	(2)	--	(191)
Other nonoperating revenue (expense)	(24)	--	(930)	(180)	(1,828)
Total nonoperating revenues (expenses)	<u>(19)</u>	<u>8</u>	<u>(1,263)</u>	<u>(46)</u>	<u>(12,129)</u>
Income (loss) before contributions and transfers	<u>47</u>	<u>(26)</u>	<u>(698)</u>	<u>(3,221)</u>	<u>(17,228)</u>
Capital contributions	1	--	337	22	3,890
Special item - Travis County Hospital District-asset transfer	--	(1,220)	--	--	(37,443)
Transfers in	--	--	969	3,672	31,386
Transfers out	--	--	(698)	(1,593)	(3,377)
Change in net assets	<u>48</u>	<u>(1,246)</u>	<u>(90)</u>	<u>(1,120)</u>	<u>(22,772)</u>
Total net assets - beginning	<u>68</u>	<u>3,296</u>	<u>28,786</u>	<u>11,269</u>	<u>242,758</u>
Total net assets - ending	<u>116</u>	<u>2,050</u>	<u>28,696</u>	<u>10,149</u>	<u>219,986</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 11,787	43,644	4,909	770
Cash payments to suppliers for goods and services	(10,638)	(14,313)	(2,224)	(181)
Cash payments to employees for services	(8,529)	(16,411)	(2,186)	(74)
Cash received from other governments	--	--	--	--
Net cash provided (used) by operating activities	(7,380)	12,920	499	515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	26,446	299	--	--
Transfers out	(75)	(676)	--	(335)
Interest paid on revenue notes and other debt	--	--	--	--
Decrease in due to other governments	--	--	--	--
Loans to other funds	--	(70)	--	--
Loans from other funds	140	--	659	--
Loan repayments from other funds	778	--	15	--
Net cash provided (used) by noncapital financing activities	27,289	(447)	674	(335)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from long-term loans	--	--	--	--
Principal paid on long-term debt	(4,475)	(693)	(824)	--
Purchased interest received	112	--	--	--
Interest paid on revenue bonds and other debt	(13,925)	(589)	(379)	--
Acquisition and construction of capital assets	(6,992)	(8,519)	(854)	--
Contributions in aid of construction	321	2,715	79	--
Net cash provided (used) by capital and related financing activities	\$ (24,959)	(7,086)	(1,978)	--

	Parks and Recreation	Primary Care	Solid Waste Services	Transportation	2005 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	4,039	1,591	43,242	25,790	135,772
Cash payments to suppliers for goods and services	(1,479)	(1,337)	(19,435)	(13,391)	(62,998)
Cash payments to employees for services	(2,447)	(562)	(18,838)	(15,058)	(64,105)
Cash received from other governments	--	1,349	--	--	1,349
Net cash provided (used) by operating activities	113	1,041	4,969	(2,659)	10,018
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	--	969	3,672	31,386
Transfers out	--	--	(698)	(1,593)	(3,377)
Interest paid on revenue notes and other debt	--	--	(3)	--	(3)
Decrease in due to other governments	--	(3,000)	--	--	(3,000)
Loans to other funds	(160)	--	--	--	(230)
Loans from other funds	--	--	624	--	1,423
Loan repayments from other funds	--	--	383	3	1,179
Net cash provided (used) by noncapital financing activities	(160)	(3,000)	1,275	2,082	27,378
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term loans	--	--	--	17	17
Principal paid on long-term debt	(4)	--	(2,645)	(178)	(8,819)
Purchased interest received	--	--	--	--	112
Interest paid on revenue bonds and other debt	(1)	--	(1,233)	(54)	(16,181)
Acquisition and construction of capital assets	(9)	(467)	(7,017)	(1,658)	(25,516)
Contributions in aid of construction	--	--	337	--	3,452
Net cash provided (used) by capital and related financing activities	(14)	(467)	(10,558)	(1,873)	(46,935)

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	\$ (15,940)	--	--	--
Proceeds from sale and maturities of investment securities	16,124	--	--	--
Interest on investments	613	1,049	16	7
Net cash provided (used) by investing activities	797	1,049	16	7
Net increase (decrease) in cash and cash equivalents	(4,253)	6,436	(789)	187
Cash and cash equivalents, October 1	58,524	39,812	790	89
Cash and cash equivalents, September 30	54,271	46,248	1	276
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(15,034)	12,008	(76)	581
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,735	2,417	776	--
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	497	(365)	(169)	--
Increase (decrease) in allowance for doubtful accounts	11	4	--	(1)
Decrease in receivable from other governments	--	--	--	--
Decrease in inventory	--	--	--	--
(Increase) decrease in prepaid expenses and other assets	31	53	--	--
Increase (decrease) in accounts payable	41	(1,615)	(45)	(61)
Increase (decrease) in accrued payroll and compensated absences	62	204	(22)	(10)
Increase (decrease) in pension obligations payable	96	214	35	--
Increase (decrease) in deferred credits and other liabilities	71	--	--	6
Increase in customer deposits	110	--	--	--
Total adjustments	7,654	912	575	(66)
Net cash provided (used) by operating activities	\$ (7,380)	12,920	499	515
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
(Increase) decrease in deferred assets/expenses	\$ 324	--	--	--
Capital assets contributed from (to) other funds	(31)	--	--	--
Transfer of assets to hospital district	--	--	--	(36,223)
Amortization of bond issue costs	(187)	--	(1)	--
Amortization of bond discounts and premiums	(262)	(7)	(47)	--
Amortization of deferred loss on refundings	683	5	28	--
Loss on disposal of assets	(657)	(20)	(36)	--
Deferred loss on bond refunding	(13,184)	(195)	(32)	--
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	57	--	--	--
Capital lease obligations	--	2	--	--
General obligation bonds and other tax supported debt proceeds receivable	--	--	860	--
Bonds issued for the advance refundings of debt	156,179	1,492	888	--
Bond issuance costs on advance refundings	(1,732)	(7)	(4)	--
Bond discounts on advance refundings	(562)	(7)	(4)	--
Bond premiums on advance refundings	1,789	148	88	--
Reduction of long-term debt due to advance refundings	(142,826)	(1,430)	(936)	--
Bond and fixed asset transfers from	--	--	--	--

(Continued)

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2005 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	--	--	--	--	(15,940)
Proceeds from sale and maturities of investment securities	--	--	--	--	16,124
Interest on investments	5	8	594	189	2,481
Net cash provided (used) by investing activities	5	8	594	189	2,665
Net increase (decrease) in cash and cash equivalents	(56)	(2,418)	(3,720)	(2,261)	(6,874)
Cash and cash equivalents, October 1	115	4,608	24,848	9,334	138,120
Cash and cash equivalents, September 30	59	2,190	21,128	7,073	131,246
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	66	(34)	565	(3,175)	(5,099)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	23	--	3,141	1,069	14,161
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	1,362	(277)	(63)	985
Increase (decrease) in allowance for doubtful accounts	--	(40)	6	2	(18)
Decrease in receivable from other governments	--	1,349	--	--	1,349
Decrease in inventory	--	296	--	43	339
(Increase) decrease in prepaid expenses and other assets	--	30	(3)	--	111
Increase (decrease) in accounts payable	(5)	(1,442)	315	(1,280)	(4,092)
Increase (decrease) in accrued payroll and compensated absences	29	(365)	156	563	617
Increase (decrease) in pension obligations payable	(1)	--	219	182	745
Increase (decrease) in deferred credits and other liabilities	--	(115)	734	--	696
Increase in customer deposits	1	--	113	--	224
Total adjustments	47	1,075	4,404	516	15,117
Net cash provided (used) by operating activities	113	1,041	4,969	(2,659)	10,018
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
(Increase) decrease in deferred assets/expenses	--	--	(7)	--	317
Capital assets contributed from (to) other funds	--	--	--	22	(9)
Transfer of assets to hospital district	--	(1,220)	--	--	(37,443)
Amortization of bond issue costs	--	--	(2)	--	(190)
Amortization of bond discounts and premiums	--	--	(86)	--	(402)
Amortization of deferred loss on refundings	--	--	49	--	765
Loss on disposal of assets	(24)	--	(930)	(180)	(1,847)
Deferred loss on bond refunding	--	--	(26)	--	(13,437)
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	--	--	--	--	57
Capital lease obligations	4	--	--	16	22
General obligation bonds and other tax supported debt proceeds receivable	--	--	3,635	3,300	7,795
Bonds issued for the advance refundings of debt	--	--	2,047	--	160,606
Bond issuance costs on advance refundings	--	--	(9)	--	(1,752)
Bond discounts on advance refundings	--	--	(10)	--	(583)
Bond premiums on advance refundings	--	--	203	--	2,228
Reduction of long-term debt due to advance refundings	--	--	(2,205)	--	(147,397)
Bond and fixed asset transfers from	--	--	2,461	--	2,461





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:

- Capital Projects Management Fund, which manages the City's capital improvement projects;
- Combined Transportation, Emergency and Communication Center Fund (CTECC), which supports the operation of shared critical emergency communications and transportation management for the region;
- Employee Benefits Fund, which includes activities related to the health, dental, and life insurance costs of City employees;
- Fleet Maintenance Fund, which accounts for City vehicle and equipment services;
- Information Systems Fund, which includes activities of the Information Systems Department;
- Liability Reserve Fund, which provides coverage of the City's major claims liabilities;
- Support Services Fund, which accounts for the activities of the various support service departments;
- Wireless Communication Fund, which accounts for communication support activities; and
- Workers' Compensation Fund, which accounts for workers' compensation costs.



Internal Service Funds
Combining Statement of Net Assets
September 30, 2005
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS					
Current assets:					
Cash	\$ 2	--	--	3	--
Pooled investments and cash	3,249	19	26,748	8,639	17,463
Total pooled investments and cash	3,249	19	26,748	8,639	17,463
Cash held by trustee	--	--	696	--	--
Accounts receivable	215	679	--	248	84
Less allowance for doubtful accounts	--	--	--	(222)	--
Net accounts receivable	215	679	--	26	84
Due from other funds	--	--	--	--	--
Inventories, at cost	--	--	--	916	--
Prepaid expenses	20	--	--	--	--
Other receivables - restricted	--	--	--	--	--
Total current assets	3,486	698	27,444	9,584	17,547
Noncurrent assets:					
Interest receivable - restricted	--	--	--	--	2
Capital assets					
Land and other nondepreciable assets	--	--	--	191	--
Property, plant, and equipment in service	1,291	243	--	14,725	26,823
Less accumulated depreciation	(425)	(16)	--	(6,528)	(12,689)
Net property, plant, and equipment in service	866	227	--	8,197	14,134
Construction in progress	--	--	--	720	6,413
Total capital assets	866	227	--	9,108	20,547
Deferred costs and expenses, net of amortization	--	--	--	5	--
Total noncurrent assets	866	227	--	9,113	20,549
Total assets	\$ 4,352	925	27,444	18,697	38,096

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2005 Total
ASSETS					
Current assets:					
Cash	--	11	1	--	17
Pooled investments and cash	16,054	8,617	2,038	18,411	101,238
Total pooled investments and cash	16,054	8,617	2,038	18,411	101,238
Cash held by trustee	--	--	--	--	696
Accounts receivable	--	15	79	--	1,320
Less allowance for doubtful accounts	--	--	--	--	(222)
Net accounts receivable	--	15	79	--	1,098
Due from other funds	--	188	--	--	188
Inventories, at cost	--	--	159	--	1,075
Prepaid expenses	--	40	--	--	60
Other receivables - restricted	2,780	--	--	--	2,780
Total current assets	18,834	8,871	2,277	18,411	107,152
Noncurrent assets:					
Interest receivable - restricted	--	--	--	--	2
Capital assets					
Land and other nondepreciable assets	--	485	--	--	676
Property, plant, and equipment in service	--	6,377	805	--	50,264
Less accumulated depreciation	--	(4,490)	(361)	--	(24,509)
Net property, plant, and equipment in service	--	1,887	444	--	25,755
Construction in progress	--	--	--	--	7,133
Total capital assets	--	2,372	444	--	33,564
Deferred costs and expenses, net of amortization	--	1	--	--	6
Total noncurrent assets	--	2,373	444	--	33,572
Total assets	18,834	11,244	2,721	18,411	140,724

(Continued)

Internal Service Funds
Combining Statement of Net Assets
September 30, 2005
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 28	46	2,529	2,509	429
Accrued payroll	441	80	--	335	602
Accrued compensated absences	779	125	--	605	994
Claims payable	--	--	4,940	--	--
Due to other funds	--	--	--	--	27
Interest payable on other debt	--	--	--	27	214
General obligation bonds payable and other tax supported debt	--	--	--	234	2,872
Capital lease obligations payable	12	--	--	3	21
Deferred credits and other liabilities	--	--	597	39	--
Total current liabilities	1,260	251	8,066	3,752	5,159
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	329	--	--	--	194
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	196	134
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	--	4,797	16,201
Capital lease obligations payable	2	--	--	--	4
Other liabilities payable from restricted assets	--	21	--	--	--
Total noncurrent liabilities	331	21	--	4,993	16,533
Total liabilities	1,591	272	8,066	8,745	21,692
NET ASSETS					
Invested in capital assets, net of related debt	852	227	--	3,168	1,599
Restricted for:					
Capital projects	--	--	--	3,466	2,180
Unrestricted	1,909	426	19,378	3,318	12,625
Total net assets	\$ 2,761	653	19,378	9,952	16,404

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2005 Total
LIABILITIES					
Current liabilities:					
Accounts payable	145	1,380	127	213	7,406
Accrued payroll	--	1,438	74	--	2,970
Accrued compensated absences	--	2,234	66	--	4,803
Claims payable	5,062	--	--	4,183	14,185
Due to other funds	--	--	--	--	27
Interest payable on other debt	--	3	--	--	244
General obligation bonds payable and other tax supported debt	--	45	--	--	3,151
Capital lease obligations payable	--	28	3	--	67
Deferred credits and other liabilities	--	91	359	--	1,086
Total current liabilities	5,207	5,219	629	4,396	33,939
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	571	69	--	1,163
Claims payable	8,857	--	--	5,776	14,633
Advances from other funds	--	81	--	--	411
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	534	--	--	21,532
Capital lease obligations payable	--	5	1	--	12
Other liabilities payable from restricted assets	--	--	--	--	21
Total noncurrent liabilities	8,857	1,191	70	5,776	37,772
Total liabilities	14,064	6,410	699	10,172	71,711
NET ASSETS					
Invested in capital assets, net of related debt	--	1,276	440	--	7,562
Restricted for:					
Capital projects	--	--	--	--	5,646
Unrestricted	4,770	3,558	1,582	8,239	55,805
Total net assets	4,770	4,834	2,022	8,239	69,013

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2005
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES					
Billings to departments	\$ 15,276	5,970	72,269	31,934	22,832
Employee contributions	--	--	26,856	--	--
Operating revenues from other governments	--	2,302	--	--	--
Other operating revenues	248	--	--	111	166
Total operating revenues	15,524	8,272	99,125	32,045	22,998
OPERATING EXPENSES					
Operating expenses before depreciation	15,822	7,417	88,743	28,520	19,723
Depreciation and amortization	77	16	--	1,256	7,735
Total operating expenses	15,899	7,433	88,743	29,776	27,458
Operating income (loss)	(375)	839	10,382	2,269	(4,460)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	109	10	--	139	84
Interest on bonds and other debt	--	--	--	(228)	(521)
Amortization of bond issue cost	--	--	--	(2)	(1)
Other nonoperating revenue (expense)	(2)	--	--	(6,519)	(7)
Total nonoperating revenues (expenses)	107	10	--	(6,610)	(445)
Income (loss) before contributions and transfers	(268)	849	10,382	(4,341)	(4,905)
Capital contributions	29	188	--	--	5,419
Transfers out	(2,975)	--	--	--	(1,897)
Change in net assets	(3,214)	1,037	10,382	(4,341)	(1,383)
Total net assets - beginning	5,975	(384)	8,996	14,293	17,787
Total net assets - ending	\$ 2,761	653	19,378	9,952	16,404

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2005 Total
OPERATING REVENUES					
Billings to departments	9,800	46,931	4,147	12,263	221,422
Employee contributions	--	--	--	--	26,856
Operating revenues from other governments	--	--	463	--	2,765
Other operating revenues	2,780	--	1,882	--	5,187
Total operating revenues	12,580	46,931	6,492	12,263	256,230
OPERATING EXPENSES					
Operating expenses before depreciation	7,035	45,443	5,082	8,700	226,485
Depreciation and amortization	--	1,848	93	--	11,025
Total operating expenses	7,035	47,291	5,175	8,700	237,510
Operating income (loss)	5,545	(360)	1,317	3,563	18,720
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	--	225	47	--	614
Interest on bonds and other debt	--	(33)	--	--	(782)
Amortization of bond issue cost	--	(2)	--	--	(5)
Other nonoperating revenue (expense)	--	(64)	(48)	--	(6,640)
Total nonoperating revenues (expenses)	--	126	(1)	--	(6,813)
Income (loss) before contributions and transfers	5,545	(234)	1,316	3,563	11,907
Capital contributions	--	664	82	--	6,382
Transfers out	--	(5,044)	--	--	(9,916)
Change in net assets	5,545	(4,614)	1,398	3,563	8,373
Total net assets - beginning	(775)	9,448	624	4,676	60,640
Total net assets - ending	4,770	4,834	2,022	8,239	69,013

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 15,601	8,305	99,125	32,106	22,914
Cash payments to suppliers for goods and services	(3,371)	(4,986)	(41,424)	(16,364)	(4,094)
Cash payments to employees for services	(12,763)	(2,423)	--	(10,065)	(15,366)
Cash payments to claimants/beneficiaries	--	--	(47,221)	--	--
Net cash provided (used) by operating activities	(533)	896	10,480	5,677	3,454
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(2,975)	--	--	--	(1,897)
Loan repayments to other funds	--	(834)	--	--	(27)
Loan repayments from other funds	--	--	--	--	410
Net cash provided (used) by noncapital financing activities	(2,975)	(834)	--	--	(1,514)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--	--	2,330
Principal paid on long-term debt	(27)	--	--	(292)	(2,273)
Interest paid on revenue bonds and other debt	--	--	--	(253)	(420)
Acquisition and construction of capital assets	(56)	(241)	--	(3,252)	(3,630)
Contributions from municipality	--	188	--	--	586
Net cash provided (used) by capital and related financing activities	\$ (83)	(53)	--	(3,797)	(3,407)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2005 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	9,800	46,920	5,553	12,263	252,587
Cash payments to suppliers for goods and services	(1,000)	(6,731)	(2,896)	(3,261)	(84,127)
Cash payments to employees for services	--	(38,308)	(2,076)	--	(81,001)
Cash payments to claimants/beneficiaries	(5,347)	--	--	(4,789)	(57,357)
Net cash provided (used) by operating activities	3,453	1,881	581	4,213	30,102
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	--	(5,044)	--	--	(9,916)
Loan repayments to other funds	--	(34)	--	--	(895)
Loan repayments from other funds	--	--	--	--	410
Net cash provided (used) by noncapital financing activities	--	(5,078)	--	--	(10,401)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds and other tax supported debt	--	--	--	--	2,330
Principal paid on long-term debt	--	(129)	(6)	--	(2,727)
Interest paid on revenue bonds and other debt	--	(33)	--	--	(706)
Acquisition and construction of capital assets	--	(205)	(168)	--	(7,552)
Contributions from municipality	--	--	--	--	774
Net cash provided (used) by capital and related financing activities	--	(367)	(174)	--	(7,881)

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2005
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	\$ 109	10	--	139	84
Net cash provided (used) by investing activities	109	10	--	139	84
Net increase (decrease) in cash and cash equivalents	(3,482)	19	10,480	2,019	(1,383)
Cash and cash equivalents, October 1	6,733	--	16,964	6,623	18,846
Cash and cash equivalents, September 30	3,251	19	27,444	8,642	17,463
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(375)	839	10,382	2,269	(4,460)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	77	16	--	1,256	7,735
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	77	33	--	28	(84)
Decrease in due from other funds	--	--	--	--	--
Increase in inventory	--	--	--	703	--
Increase in prepaid expenses and other assets	48	--	--	--	29
Decrease in deferred costs and other expenses	--	--	--	--	1
Increase (decrease) in accounts payable	(190)	4	119	1,311	193
Increase (decrease) in accrued payroll and compensated absences	(170)	(9)	--	38	40
Increase in claims payable	--	--	--	--	--
Increase in advances from other funds	--	--	--	33	--
Increase (decrease) in deferred credits and other liabilities	--	13	(21)	39	--
Total adjustments	(158)	57	98	3,408	7,914
Net cash provided (used) by operating activities	\$ (533)	896	10,480	5,677	3,454
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	\$ --	188	--	84	4,834
Amortization of bond issue costs	--	--	--	(2)	--
Amortization of bond discounts and premiums	--	--	--	(1)	--
Amortization of deferred loss on refundings	--	--	--	3	--
Gain (loss) on disposal of assets	2	--	--	(3,491)	7
Deferred gain and loss on bond refunding	--	--	--	12	--
Contributions from other funds	29	--	--	--	--
Decrease in deferred credits and other liabilities	--	--	--	--	--
Capital lease obligations	--	--	--	--	8
Bonds issued for the advance refundings of debt	--	--	--	289	--
Bond issuance costs on advance refundings	--	--	--	(1)	--
Bond discounts on advance refundings	--	--	--	(1)	--
Bond premiums on advance refundings	--	--	--	29	--
Reduction of long-term debt due to advance refundings	--	--	--	(327)	--
Bonds and fixed asset transfers to	--	--	--	(2,461)	--

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2005 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	--	225	47	--	614
Net cash provided (used) by investing activities	--	225	47	--	614
Net increase (decrease) in cash and cash equivalents	3,453	(3,339)	454	4,213	12,434
Cash and cash equivalents, October 1	12,601	11,967	1,585	14,198	89,517
Cash and cash equivalents, September 30	16,054	8,628	2,039	18,411	101,951
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	5,545	(360)	1,317	3,563	18,720
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	1,848	93	--	11,025
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(2,780)	(11)	(24)	--	(2,761)
Decrease in due from other funds	--	(188)	--	--	(188)
Increase in inventory	--	--	(21)	--	682
Increase in prepaid expenses and other assets	--	216	--	--	293
Decrease in deferred costs and other expenses	--	--	--	--	1
Increase (decrease) in accounts payable	(73)	356	83	33	1,836
Increase (decrease) in accrued payroll and compensated absences	--	23	48	--	(30)
Increase in claims payable	761	--	--	617	1,378
Increase in advances from other funds	--	--	--	--	33
Increase (decrease) in deferred credits and other liabilities	--	(3)	(915)	--	(887)
Total adjustments	(2,092)	2,241	(736)	650	11,382
Net cash provided (used) by operating activities	3,453	1,881	581	4,213	30,102
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	--	664	82	--	5,852
Amortization of bond issue costs	--	--	--	--	(2)
Amortization of bond discounts and premiums	--	(1)	--	--	(2)
Amortization of deferred loss on refundings	--	--	--	--	3
Gain (loss) on disposal of assets	--	(64)	(48)	--	(3,594)
Deferred gain and loss on bond refunding	--	--	--	--	12
Contributions from other funds	--	--	--	--	29
Decrease in deferred credits and other liabilities	--	--	(915)	--	(915)
Capital lease obligations	--	--	--	--	8
Bonds issued for the advance refundings of debt	--	--	--	--	289
Bond issuance costs on advance refundings	--	--	--	--	(1)
Bond discounts on advance refundings	--	--	--	--	(1)
Bond premiums on advance refundings	--	--	--	--	29
Reduction of long-term debt due to advance refundings	--	--	--	--	(327)
Bonds and fixed asset transfers to	--	--	--	--	(2,461)





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.

Science Fest - Purpose is to account for all contributions, registration fees and other donations received for the Regional Science Festival.

COA Customer Service - 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.

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, 2005
(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	\$ 418	--	418	1	409	410	8
Total general government	<u>418</u>	<u>--</u>	<u>418</u>	<u>1</u>	<u>409</u>	<u>410</u>	<u>8</u>
Transportation, planning, and sustainability							
COA Customer Service	1	--	1	--	--	--	1
Voluntary Utility Assistance	130	--	130	--	--	--	130
Total transportation, planning, and sustainability	<u>131</u>	<u>--</u>	<u>131</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>131</u>
Public recreation and culture							
Science Fest	27	--	27	--	--	--	27
Barbara Jordan Memorial	1	--	1	--	--	--	1
First Step - A Community Project	22	--	22	--	--	--	22
Library City Literacy Program	3	--	3	--	--	--	3
Total public recreation and culture	<u>53</u>	<u>--</u>	<u>53</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>53</u>
Urban growth management							
Leveraged Loan Pool	375	121	496	--	--	--	496
Telecommunity Partnership	13	--	13	--	--	--	13
Total urban growth management	<u>388</u>	<u>121</u>	<u>509</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>509</u>
2005 Total	<u>\$ 990</u>	<u>121</u>	<u>1,111</u>	<u>1</u>	<u>409</u>	<u>410</u>	<u>701</u>

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit H-2

	Additions			Deductions	Net Increase (Decrease)	Net Assets at Beginning of Year	Net Assets at End of Year
	Contributions	Interest and Other	Total Additions				
General government							
Unclaimed Property	\$ --	8	8	4	4	4	8
Total general government	--	8	8	4	4	4	8
Transportation, planning, and sustainability							
COA Customer Service	--	--	--	--	--	1	1
Voluntary Utility Assistance	197	5	202	192	10	120	130
Total transportation, planning, and sustainability	197	5	202	192	10	121	131
Public recreation and culture							
Science Fest	36	1	37	40	(3)	30	27
Barbara Jordan Memorial	--	--	--	--	--	1	1
First Step - A Community Project	--	1	1	30	(29)	51	22
Library City Literacy Program	--	--	--	--	--	3	3
Total public recreation and culture	36	2	38	70	(32)	85	53
Urban growth management							
Leveraged Loan Pool	--	9	9	--	9	487	496
Telecommunity Partnership	--	--	--	--	--	13	13
Total urban growth management	--	9	9	--	9	500	509
2005 Total	\$ 233	24	257	266	(9)	710	701

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2005
(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	\$ 121	2,212	1,761	572
Total assets	121	2,212	1,761	572
Liabilities				
Due to other governments	121	563	112	572
Total liabilities	121	563	112	572
Campaign Financing Fund				
Assets				
Pooled investments and cash	77	23	93	7
Total assets	77	23	93	7
Liabilities				
Deposits and other liabilities	77	114	184	7
Total liabilities	77	114	184	7
Municipal Courts				
Assets				
Pooled investments and cash	2,728	11,619	11,544	2,803
Total assets	2,728	11,619	11,544	2,803
Liabilities				
Accounts payable	35	1,272	1,114	193
Due to other governments	2,403	13,673	13,731	2,345
Deposits and other liabilities	290	319	344	265
Total liabilities	2,728	15,264	15,189	2,803
Neighborhood Revitalization				
Assets				
Pooled investments and cash	266	25	47	244
Total assets	266	25	47	244
Liabilities				
Deposits and other liabilities	266	72	94	244
Total liabilities	266	72	94	244
Total Agency Funds				
Assets				
Pooled investments and cash	3,192	13,879	13,445	3,626
Total assets	3,192	13,879	13,445	3,626
Liabilities				
Accounts payable	35	1,272	1,114	193
Due to other governments	2,524	14,236	13,843	2,917
Deposits and other liabilities	633	505	622	516
Total liabilities	\$ 3,192	16,013	15,579	3,626





SUPPLEMENTAL SCHEDULES

Enterprise Related Grants
Combining Balance Sheet
September 30, 2005
(In thousands)

City of Austin, Texas
Exhibit I-1

	Assets			Liabilities and Fund Balances				Total 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	
ELECTRIC RELATED								
U.S. Environmental Protection Agency	\$ --	3	3	3	--	3	--	3
U.S. Department of Energy	209	--	209	--	209	209	--	209
Public Utility Commission of Texas	--	22	22	22	--	22	--	22
Total Electric	209	25	234	25	209	234	--	234
WATER AND WASTEWATER RELATED								
U.S. Environmental Protection Agency	2,018	--	2,018	--	2,018	2,018	--	2,018
U.S. Fish and Wildlife	--	7	7	7	--	7	--	7
Total Water and Wastewater	2,018	7	2,025	7	2,018	2,025	--	2,025
AIRPORT RELATED								
U.S. Department of Transportation	--	364	364	364	--	364	--	364
Federal Bureau of Investigation	--	2	2	2	--	2	--	2
Internal Revenue Service	--	4	4	4	--	4	--	4
Propane Education and Research Council	3	--	3	--	3	3	--	3
Texas Comptroller of Public Accounts	13	--	13	--	13	13	--	13
Total Airport	16	370	386	370	16	386	--	386
DRAINAGE RELATED								
U.S. Environmental Protection Agency	--	25	25	25	--	25	--	25
Total Drainage	--	25	25	25	--	25	--	25
CONVENTION CENTER RELATED								
U.S. Housing and Urban Development	--	322	322	322	--	322	--	322
Total Convention Center	--	322	322	322	--	322	--	322
SOLID WASTE RELATED								
U.S. Environmental Protection Agency	--	411	411	411	--	411	--	411
Total Solid Waste	--	411	411	411	--	411	--	411
Total grants, enterprise related	\$ 2,243	1,160	3,403	1,160	2,243	3,403	--	3,403

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

**Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2005
(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. Environmental Protection Agency	\$ --	--	--	3	--	3	--	3	60	40	100
U.S. Department of Energy	476	780	1,256	36	--	512	780	1,292	968	847	1,815
Public Utility Commission of Texas	167	--	167	426	--	593	--	593	644	--	644
ICLEI USA, Inc.	21	--	21	--	--	21	--	21	42	35	77
Total Electric	664	780	1,444	465	--	1,129	780	1,909	1,714	922	2,636
WATER AND WASTEWATER RELATED											
U.S. Environmental Protection Agency	9,832	--	9,832	--	--	9,832	--	9,832	12,018	1,696	13,714
U.S. Fish and Wildlife	7	--	7	--	--	7	--	7	25	--	25
Total Water and Wastewater	9,839	--	9,839	--	--	9,839	--	9,839	12,043	1,696	13,739
AIRPORT RELATED											
U.S. Department of Transportation	12,746	2,908	15,654	14,049	3,785	26,795	6,693	33,488	53,064	14,475	67,539
Federal Bureau of Investigation	15	--	15	8	--	23	--	23	22	--	22
Internal Revenue Service	1	--	1	4	--	5	--	5	7	--	7
Propane Education and Research Council	292	--	292	4	--	296	--	296	300	--	300
Texas Comptroller of Public Accounts	22	--	22	--	--	22	--	22	23	--	23
Total Airport	13,076	2,908	15,984	14,065	3,785	27,141	6,693	33,834	53,416	14,475	67,891
DRAINAGE RELATED											
U.S. Environmental Protection Agency	266	--	266	35	--	301	--	301	350	--	350
Total Drainage	266	--	266	35	--	301	--	301	350	--	350
CONVENTION CENTER RELATED											
U.S. Housing and Urban Development	--	--	--	322	--	322	--	322	398	--	398
Total Convention Center	--	--	--	322	--	322	--	322	398	--	398
SOLID WASTE RELATED											
U.S. Environmental Protection Agency	10	--	10	490	--	500	--	500	500	--	500
Total Solid Waste	10	--	10	490	--	500	--	500	500	--	500
Total grants, enterprise related	\$ 23,855	3,688	27,543	15,377	3,785	39,232	7,473	46,705	68,421	17,093	85,514

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

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2005
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2005
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	Parks and recreation facilities	75,925	66,257	--	9,668
11-03-98	Cultural arts and land acquisition	46,390	37,720	1,755	6,915
11-07-00	Street improvements	150,000	60,000	15,000	75,000
		<u>\$ 352,575</u>	<u>229,300</u>	<u>16,755</u>	<u>106,520</u>

Source: Bond sale official statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in the governmental and proprietary funds.

**Schedule of Revenue Bonds Authorized,
Deauthorized, and Unissued
Year ended September 30, 2005
(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, 2005
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, 2005
(In thousands)**

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

(Continued)

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued During Issued (1) Current Year	Unissued September 30, 2005
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





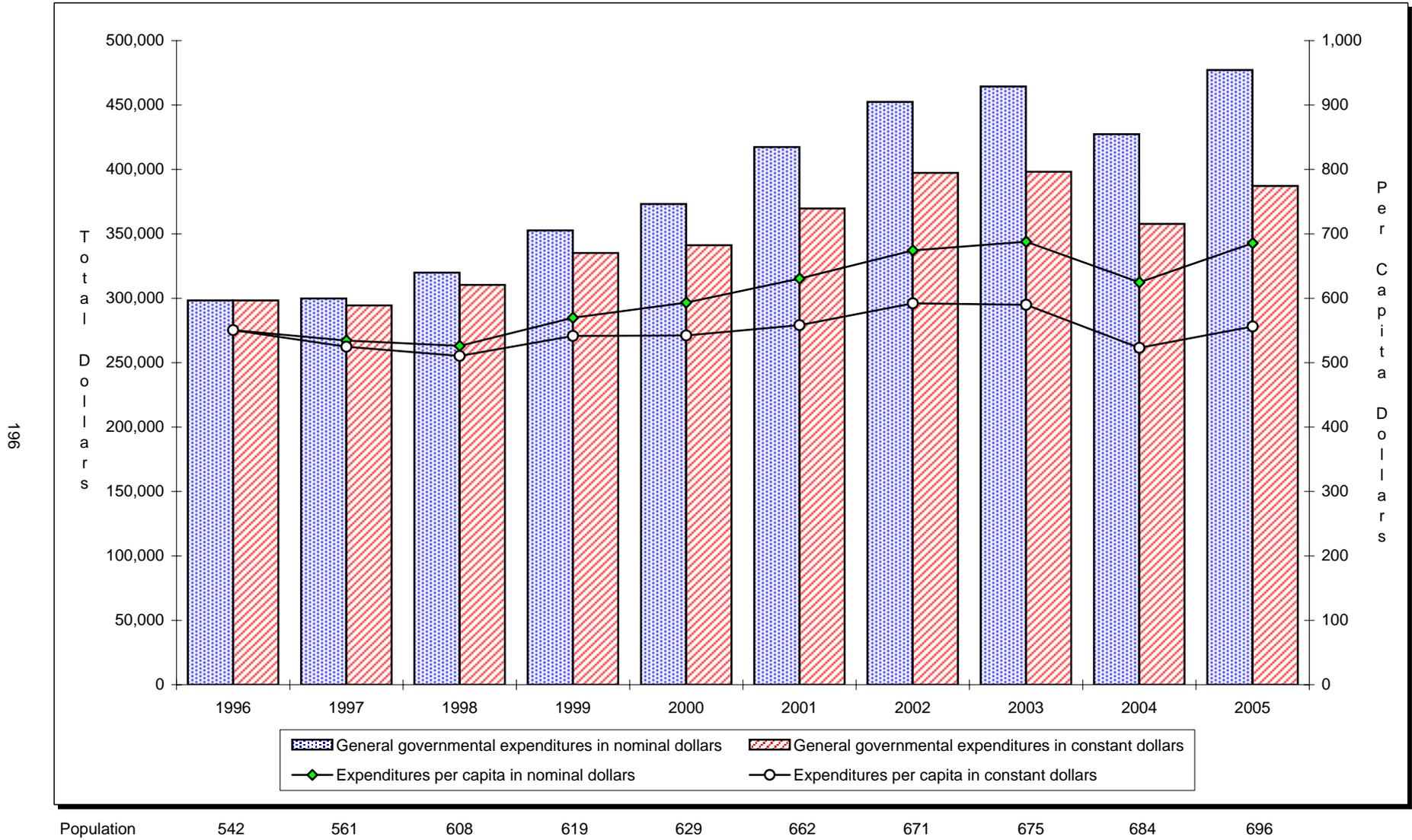
STATISTICAL SECTION - UNAUDITED

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
1996-2005 (In thousands)
In nominal and constant 1996 dollars**

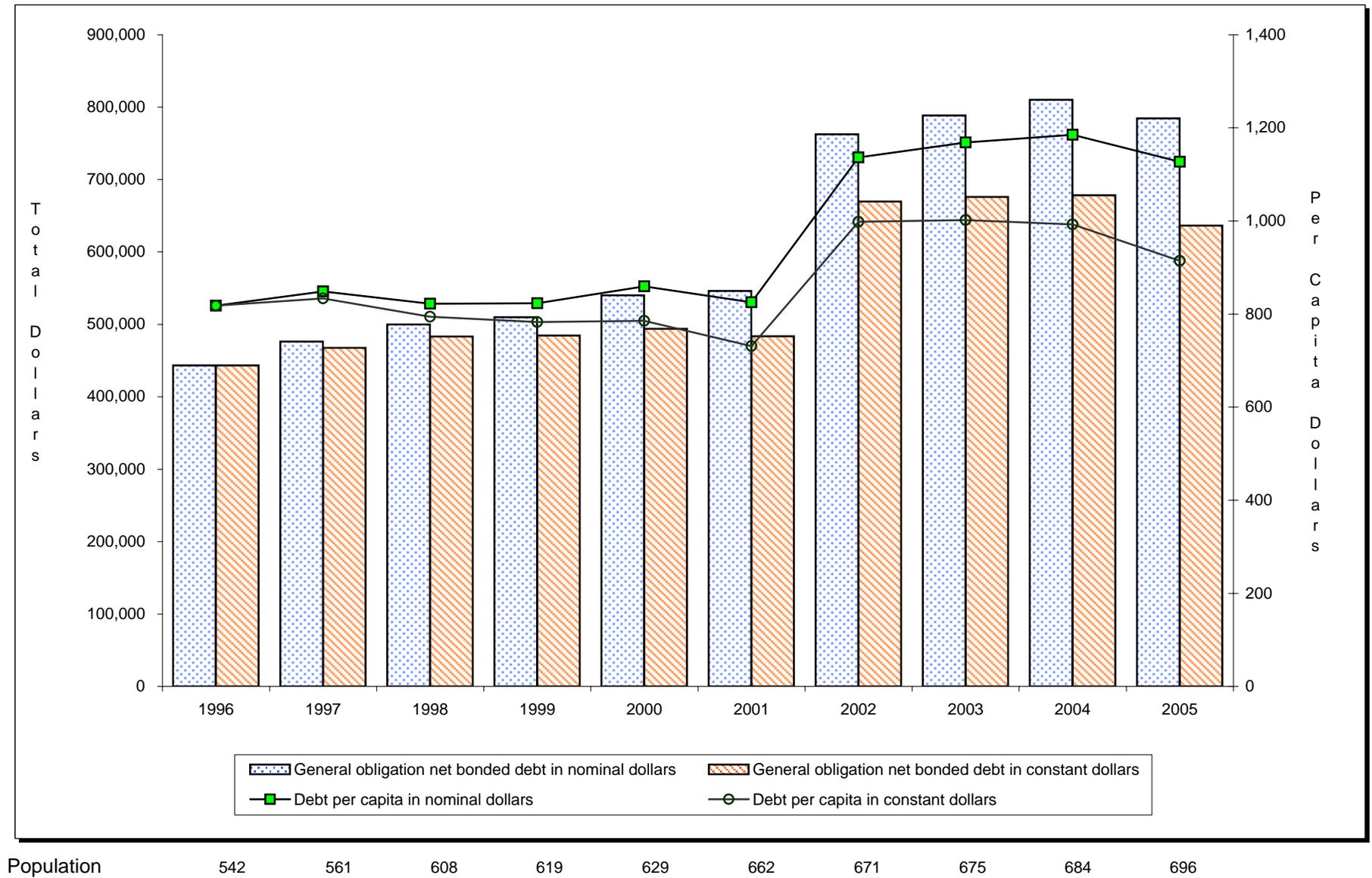
**City of Austin, Texas
Exhibit 1**

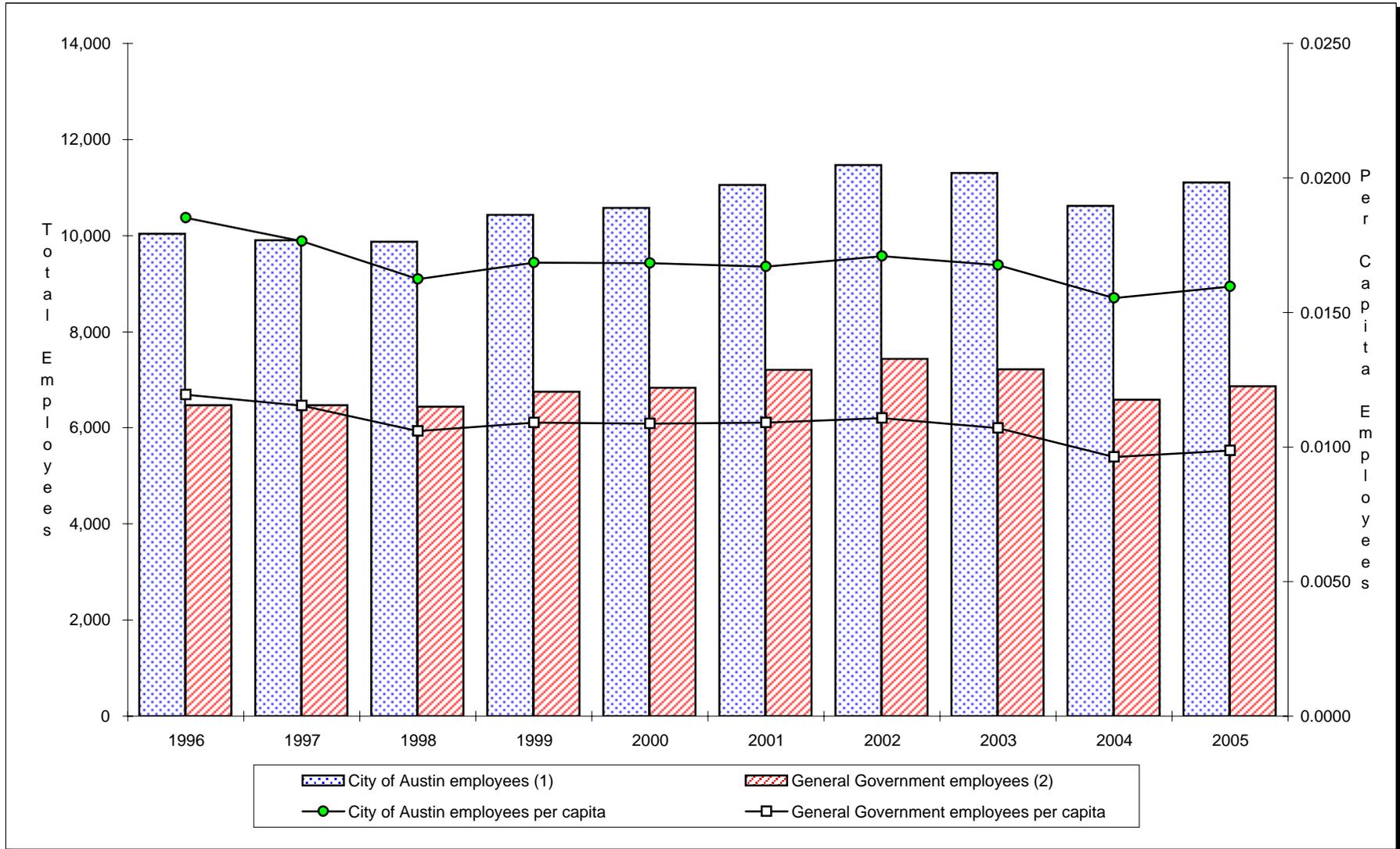


Note: General governmental includes the General Fund and two internal service funds, Computer Technology Management and Support Services.

**General Obligation Net Debt and Net Debt per Capita
1996-2005 (In thousands)
In nominal and constant 1996 dollars**

197





Population 542,000 561,000 608,000 619,000 629,000 662,000 671,000 675,000 684,000 696,000

(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
1996-2005 (In thousands)**

**City of Austin, Texas
Exhibit 4**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Unreserved fund balance	\$ 23,083	25,501	40,502	34,029	33,243	24,457	36,078	35,196	45,638	45,116
Annual expenditures	\$ 298,416	299,845	319,902	352,697	373,258	417,494	452,487	464,379	427,402	477,255



Note: General governmental includes the General Fund and two internal service funds, Computer Technology Management and Support Services.

**General Governmental Expenditures by Function
1996-2005 (In thousands)**

**City of Austin, Texas
Table 1**

EXPENDITURES BY FUNCTION

Fiscal Year Ended Sept. 30	Total (1)	Administration	Fiscal Management	Public Safety	Public Services and Utilities	Public Health	Public Recreation and Culture		Social (2) Services Management	Support Services	Urban Growth Management	General City Responsibilities
							Parks	Libraries				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
2004	427,402	15,065	18,697	262,086	8,669	15,728	26,952	16,303	9,579	33,522	10,246	10,555
2005	477,255	17,473	22,358	296,335	473	26,715	28,077	17,068	--	34,034	15,205	19,517

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

(2) Beginning in 2005, Social Services Management expenditures have been combined with Public Health

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

Reconciliation of Internal Service Fund expenses and General Fund expenditures

	Administration	Fiscal Management	Support Services	Total
Internal Service Fund expenses				
Mayor/Council	\$ 598			598
Management Services	3,767			3,767
City Clerk	3,236			3,236
Public Information Office	1,173			1,173
Office of the City Auditor		1,490		1,490
Financial Services		20,868		20,868
Information Systems			19,723	19,723
Human Resources			6,013	6,013
Small and Minority Business Resources			1,567	1,567
City Attorney			6,731	6,731
Total Support Services Fund	\$ 8,774	22,358	34,034	65,166
General Government total expenses by function				477,255
Plus budget-basis adjustment for transfers (see Exhibit E-3)				32,527
Less Internal Service Fund expenses				(65,166)
Total General Fund expenditures (see Exhibit E-2)				\$ 444,616

(Continued)

**General Governmental Expenditures by Function
1996-2005 (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 Safety %	Public Services and Utilities %	Public Health %	Public Recreation and Culture		Social (2) Services Management %	Support Services %	Urban Growth Management %	General City Responsibilities %
							Parks %	Libraries %				
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
2004	100.00	3.52	4.37	61.33	2.03	3.68	6.31	3.81	2.24	7.84	2.40	2.47
2005	100.00	3.66	4.68	62.09	0.10	5.60	5.88	3.58	--	7.13	3.19	4.09

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

(2) Beginning in 2005, Social Services Management expenditures have been combined with Public Health

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 2005.

**General Governmental Expenditures by Function
1996-2005 (In thousands)
In constant 1996 dollars**

**City of Austin, Texas
Table 2**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 (2)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	10,530	10,471	10,599	12,398	14,219	16,073	16,468	15,463	12,612	14,176
Fiscal management	15,420	15,960	16,076	18,655	19,356	18,399	17,667	18,683	15,652	18,139
Public safety	141,141	141,711	157,912	165,341	175,129	186,200	208,670	218,418	219,409	240,417
Public services and utilities	11,904	9,503	9,828	10,549	5,574	8,430	8,072	8,044	7,257	384
Public health	43,647	42,419	35,962	38,662	37,507	36,692	38,341	39,502	13,167	21,674
Parks	19,411	20,903	22,383	24,738	25,589	26,891	25,964	24,159	22,563	22,779
Libraries	10,681	11,276	12,416	14,163	14,818	15,134	15,048	14,599	13,648	13,847
Social services management	7,286	6,619	7,962	8,199	8,580	7,147	9,176	8,563	8,019	--
Support services	21,357	22,111	23,584	28,507	27,529	36,372	37,426	33,369	28,063	27,611
Urban growth management	10,567	7,367	8,132	8,677	9,314	10,244	9,557	9,981	8,578	12,336
General city responsibilities	6,472	6,151	5,571	5,328	3,573	8,101	11,020	7,472	8,836	15,834
Total (1)	298,416	294,491	310,425	335,217	341,188	369,683	397,409	398,253	357,804	387,197

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

(2) Beginning in 2005, Social Services Management expenditures have been combined with Public Health

Note: General governmental includes the General Fund and two internal service funds, Computer Technology Management and Support Services.

The table below shows by function internal service funds expenses that are included above in 2005:

<u>Department</u>	<u>Administration</u>	<u>Fiscal Management</u>	<u>Support Services</u>	<u>Total</u>
Mayor/Council	\$ 485			485
Management Services	3,056			3,056
City Clerk	2,625			2,625
Public Information Office	952			952
Office of the City Auditor		1,209		1,209
Financial Services		16,930		16,930
Information Systems			16,001	16,001
Human Resources			4,878	4,878
Small and Minority Business Resources			5,461	5,461
City Attorney			1,271	1,271
Total Support Services Fund	\$ 7,118	18,139	27,611	52,868

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
1996-2005 (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								
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	453,596	92,417	--	361,179	150,378	110,454	3,466	29,175	16,966	14,737	15,403	20,600
2004	474,292	95,894	--	378,398	160,049	117,725	3,946	29,018	16,976	15,317	15,565	19,802
2005	457,825	94,116	335	363,374	136,927	123,617	4,242	28,973	17,529	17,399	23,064	11,623

**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								
	%	%	%	%	%	%	%	%	%	%	%	%
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	20.37	--	79.63	33.15	24.35	0.76	6.43	3.74	3.25	3.40	4.54
2004	100.00	20.22	--	79.78	33.74	24.82	0.83	6.12	3.58	3.23	3.28	4.18
2005	100.00	20.56	0.07	79.37	29.91	27.00	0.93	6.33	3.83	3.80	5.03	2.54

**Assessed Taxable Valuation, Tax Rates, and
Property Tax Collections
1996-2006**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Assessed Taxable Valuation	Percent of Growth in Assessed Taxable Value	Tax Rate (per \$100 Valuation)		
				General Fund	Debt Service Fund	Total
		\$	%	\$	\$	\$
1996	1995	23,303,015,047	11.2	0.3177	0.2269	0.5446
1997	1996	25,823,385,257	10.8	0.3117	0.2134	0.5251
1998	1997	27,493,058,735	6.5	0.3304	0.2097	0.5401
1999	1998	32,458,349,755	18.1	0.3265	0.1877	0.5142
2000	1999	35,602,840,326	9.7	0.3222	0.1812	0.5034
2001	2000	41,419,314,286	16.3	0.3011	0.1652	0.4663
2002	2001	47,782,873,096	15.4	0.3041	0.1556	0.4597
2003	2002	50,759,650,668	6.2	0.2969	0.1628	0.4597
2004	2003	48,964,275,008	(3.5)	0.3236	0.1692	0.4928
2005 (1)	2004	49,702,906,522	1.5	0.2747	0.1683	0.4430
2006 (2)	2005	52,770,718,783	6.2	0.2841	0.1589	0.4430

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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
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	2003	241,295,947	239,017,055	99.06	(366,274)	238,650,781	98.90	8,297,267	3.44
2005 (1)	2004	220,183,876	217,913,724	98.97	1,393,387	219,307,111	99.60	8,411,887	3.82
2006 (2)	2005	233,774,284	**	**	**	**	**	**	**

** Information not yet available for tax year 2005

- (1) Tax rate decreased by 6.35 cents per \$100 valuation for the value of services transferred to the Travis County Hospital District.
- (2) Assessed taxable valuation for valuation date, January 1, 2005, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

**Principal Taxpayers
September 30, 2005**

**City of Austin, Texas
Table 5**

Taxpayer	Type of Property	January 1, 2004 Assessed Taxable Valuation	Percent of Total Assessed Taxable Valuation of \$49,702,906,522
		\$	%
Applied Materials Inc	Manufacturing	498,789,511	1.00
Dell Computer Corp	Manufacturing	460,703,342	0.93
Motorola, Inc.	Manufacturing	370,772,348	0.75
FASL LLC	Manufacturing	369,679,570	0.74
Samsung	Manufacturing	353,331,374	0.71
Freescale Semiconductor, Inc	Manufacturing	320,520,055	0.64
Southwestern Bell	Telephone Utility	320,068,132	0.64
IBM Corporation	Manufacturing	277,439,270	0.56
Crescent Real Estate	Commercial	125,935,071	0.25
Cisco Systems	Manufacturing	123,157,334	0.25
		<u>3,220,396,007</u>	<u>6.47</u>

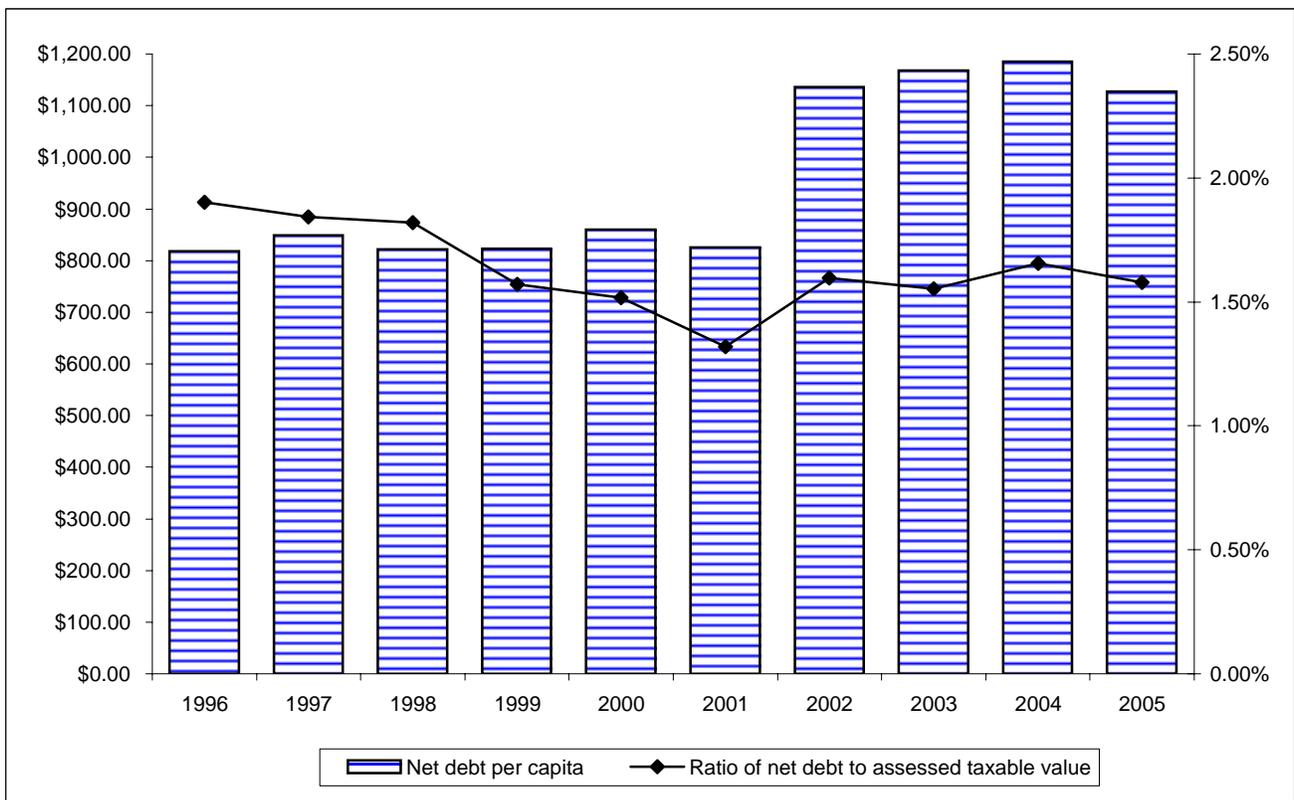
Source: Travis Central Appraisal District
Williamson County Appraisal District

**Ratio of Net General Bonded Debt to Assessed Taxable Value
and Net Bonded Debt per Capita
1996-2005**

Fiscal Year Ended Sept. 30	Population Estimate	Assessed Taxable 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 Assessed Taxable Value	Net Debt Per Capita
		\$	\$	\$	\$	%	\$
1996	541,889	23,303,015,047	451,722	8,475	443,247	1.90	817.97
1997	560,939	25,823,385,257	483,677	7,529	476,147	1.84	848.84
1998	608,214	27,493,058,735	507,297	7,270	500,028	1.82	822.13
1999	619,038	32,458,349,755	517,629	7,870	509,759	1.57	823.47
2000	628,667	35,602,840,326	550,039	9,756	540,282	1.52	859.41
2001	661,639	41,419,314,286	562,678	16,467	546,212	1.32	825.54
2002	671,044	47,785,873,096	779,075	16,451	762,624	1.60	1,136.47
2003	674,719	50,759,650,668	805,677	17,311	788,366	1.55	1,168.44
2004	683,551	48,964,275,008	827,580	17,307	810,273	1.65	1,185.39
2005	695,881	49,702,906,522	805,352	20,956	784,396	1.58	1,127.20

(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.

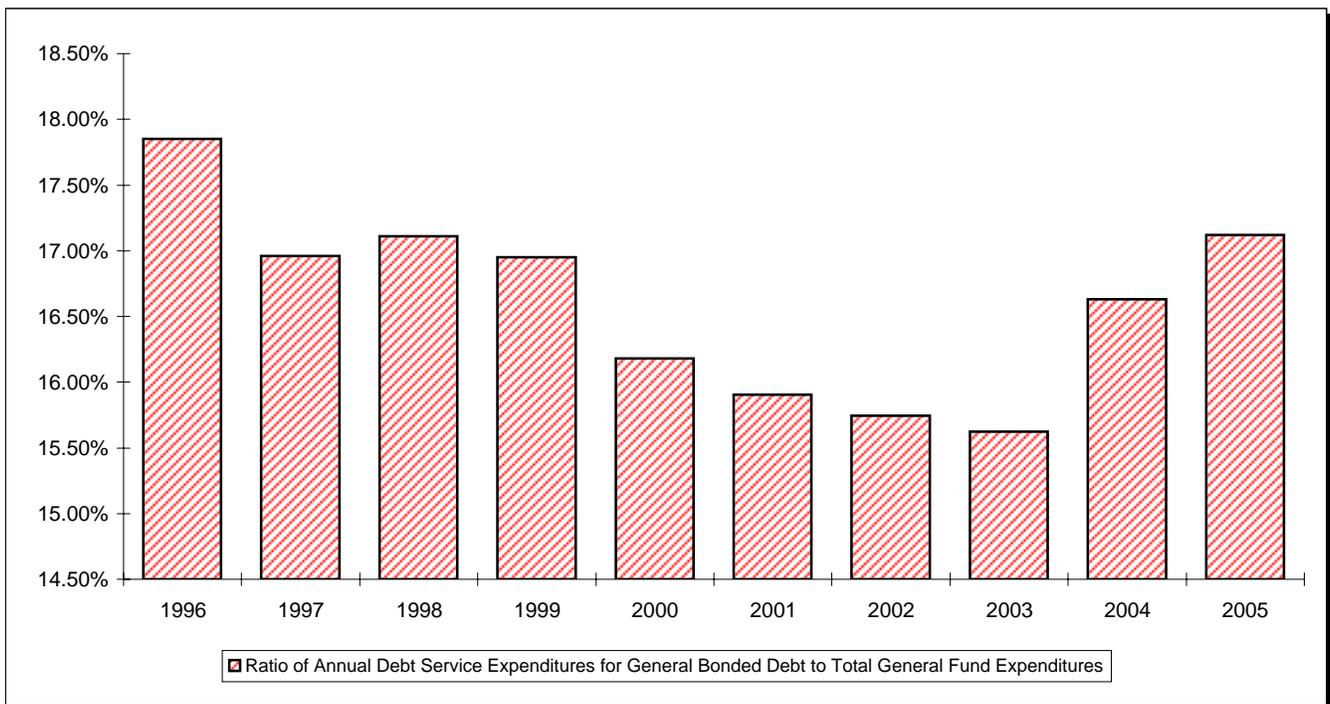
(2) Excludes loan fund balances.



Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures 1996-2005 (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)
	\$	\$	\$	\$	\$	%
1996	22,023	32,214	54,237	249,615	303,852	17.85
1997	22,723	35,039	57,762	282,773	340,535	16.96
1998	21,502	38,481	59,983	290,578	350,561	17.11
1999	22,570	40,751	63,321	310,195	373,518	16.95
2000	23,781	42,130	65,911	341,417	407,327	16.18
2001	26,920	42,094	69,014	364,938	433,952	15.90
2002	44,070	29,854	73,924	395,621	469,544	15.74
2003	43,867	35,797	79,664	430,237	509,902	15.62
2004	48,785	37,573	86,358	432,879	519,237	16.63
2005	50,608	41,243	91,851	444,616	536,467	17.12

- (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, 2005 (In thousands)**

**City of Austin, Texas
Table 8**

Assessed taxable value as of January 1, 2004		<u>\$ 49,702,907</u>
Debt limit		6,953,870
Amount of debt applicable to debt limit:		
Total general obligation bonds, contractual obligations, and certificates of obligation excluding proprietary fund balances of \$122,049	805,352	
Less: Amount available in Debt Service Fund	<u>(20,956)</u>	
Debt applicable to debt limit, excluding loan fund balances and advances from other funds		<u>784,396</u>
Legal debt margin		<u>\$ 6,169,474</u>

Note - Ad valorem tax limitations: The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 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, 2004 and assessed taxable valuation of \$49,702,907 at 95% collection, tax revenues of \$708,267 would be produced. This revenue could service the debt on \$6,953,870 issued as 8% - 20-year serial bonds with level debt service payments.

Computation of Direct and Overlapping Debt
September 30, 2005

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2005 (in 000's)	Percent Applicable to City of Austin (2)	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
City of Austin	805,352 (1)	100.00	805,352
Greater than 10%			
Austin Community College	98,410	81.70	80,401
Austin Independent School District	427,200	79.21	338,385
North Austin MUD #1	7,476	100.00	7,476
Northwest Austin MUD #1	11,695	100.00	11,695
Northwest Travis County RD #3	4,680	100.00	4,680
Travis County	425,637	71.00	302,202
Subtotal greater than 10%	<u>975,098</u>		<u>744,839</u>
Less than 10%			
Del Valle Independent School District	105,927	2.74	2,902
Eanes Independent School District	100,170	1.96	1,963
Leander Independent School District	482,454	1.33	6,417
Manor Independent School District	58,940	1.73	1,020
Pflugerville Independent School District	264,717	3.94	10,430
Round Rock Independent School District	400,335	5.81	23,259
Williamson County	426,350	3.46	14,752
Subtotal less than 10%	<u>1,838,893</u>		<u>60,743</u>
Total direct and overlapping debt	<u><u>3,619,343</u></u>		<u><u>1,610,934</u></u>
Ratio of total direct and overlapping debt to assessed valuation (3)		3.24 %	
Per capita overlapping debt (4)		\$ 2,314.96	

- (1) Excludes general obligation debt reported in proprietary funds
(2) Source: Taxing jurisdictions
(3) Based on assessed taxable valuation of \$49,702,906,522
(4) Based on 2005 estimated population of 695,881

**Property Tax Rates and Tax Levies
for Direct and Overlapping Governments with Applicable Percentages Over 10%
1996-2005**

**City of Austin, Texas
Table 10**

Tax Rates (per \$100 Assessed Taxable Value) for Fiscal Year Ended September 30

Government	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4430	0.4928	0.4597	0.4597	0.4663	0.5034	0.5142	0.5401	0.5251	0.5446
Austin Community College	0.0900	0.0771	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0482
Austin Independent School District	1.6230	1.6137	1.5964	1.5486	1.5486	1.5486	1.4319	1.4010	1.3110	1.2832
North Austin MUD #1	0.4500	0.5000	0.5000	0.5100	0.5500	0.5803	0.7100	0.7500	0.7500	--
Northwest Austin MUD #1	0.2600	0.6320	0.3150	0.3577	0.3620	0.3620	0.4000	0.4000	0.3926	0.3926
Northwest Travis County RD #3	0.1800	0.1660	0.1500	0.1646	0.1600	0.2248	0.2500	0.2700	0.3500	0.3541
Travis County (1)	0.4872	0.4918	0.4660	0.4460	0.4670	0.4988	0.5143	0.4938	0.4950	0.5186
Travis County Hospital District	0.0779	--	--	--	--	--	--	--	--	--

Tax Levies (in 000's) for Fiscal Year Ended September 30

Government	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	220,184	241,296	233,342	219,658	193,138	179,225	166,901	148,490	135,599	126,908
Austin Community College	44,345	37,321	24,863	23,323	20,571	19,209	15,255	13,971	13,900	11,951
Austin Independent School District	627,876	627,876	644,948	593,189	525,477	455,559	385,064	348,753	321,567	277,255
North Austin MUD #1	2,753	2,736	2,808	2,856	2,855	2,375	2,372	2,372	2,390	--
Northwest Austin MUD #1	867	883	874	1,093	1,046	136	659	645	125	509
Northwest Travis County RD #3	621	611	626	654	590	670	607	539	576	428
Travis County (1)	293,753	293,345	287,478	256,710	231,415	209,688	196,160	168,089	157,852	149,801
Travis County Hospital District	50,416	--	--	--	--	--	--	--	--	--

Note: Initial tax levies were as follows: Travis County Hospital District - 2005 and North Austin MUD #1 - 1997.

(1) Includes taxes and levies for Travis County and Farm to Market Roads.

Source: Travis Central Appraisal District and taxing entity.

**City Sales Tax
Sales Tax Collections (Base Year is 1969)
1968-2005**

**City of Austin, Texas
Table 11**

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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
2004	10,009	29,164	28,819	49,733	117,725	3315.3	6.6	48.79	24.04
2005	11,795	29,575	29,860	52,373	123,603	3480.8	5.0	56.14	24.87

(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 --

- 2,364 miles primary overhead distribution lines (12KV)
- 3,185 miles secondary overhead distribution lines (12KV)
- 2,443 miles primary underground distribution lines (12KV)
- 2,568 miles secondary underground distribution lines (12KV)
 - 35 miles transmission lines (69KV)
 - 304 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	120,179,000	gallons
Average daily consumption per capita	150	gallons (based on 2005 service area population)
Water distribution --	2,791	miles of mains
	47	booster pump stations
Water connections --	192,511	metered services
	28,115	fire hydrants
Wastewater treatment plants	9	(includes 6 package treatment plants)
Combined daily capacity	135,000,000	gallons
Average daily volume	85,435,616	gallons
Collection : Sanitary sewer mains	2,200	miles
Connections	178,574	
Lift stations	104	

**Electric Fund and
Water and Wastewater Fund
Five-Year Comparative Operating Schedule
2001-2005 (In thousands)**

**City of Austin, Texas
Table 13**

	Fiscal Year Ended September 30				
	2005	2004	2003	2002	2001
	\$	\$	\$	\$	\$
REVENUE					
Electric					
Service Area Sales	854,903	745,598	838,189	668,744	756,246
Sales to other utilities (including capacity contract)	61,718	48,042	51,168	41,625	33,135
Rent from electric property	1,656	1,805	1,455	2,002	995
Customers' forfeited discounts and penalties	4,161	3,823	3,893	4,738	(36)
Miscellaneous	50,408	29,750	26,944	27,986	15,970
Total electric	972,846	829,018	921,649	745,095	806,310
Water					
Urban	120,864	103,547	111,689	104,547	99,156
Rural	8,606	6,436	7,293	6,837	6,439
Sales to other water utilities	8,202	6,889	7,697	7,164	7,185
Water connections	458	420	403	300	237
Customers' forfeited discounts and penalties	611	578	623	784	(5)
Miscellaneous	1,615	1,383	2,719	2,403	1,661
Total water	140,356	119,253	130,424	122,035	114,673
Wastewater					
Urban	114,764	100,604	97,495	92,793	92,328
Rural	4,058	3,566	3,971	3,311	2,810
City utility departments	--	--	--	--	1
Sales to other sewer utilities	3,172	3,142	2,966	2,983	3,161
Sewer connections	420	385	369	275	217
Customers' forfeited discounts and penalties	649	593	598	733	(3)
Industrial waste surcharge	3,657	3,607	3,846	3,662	3,730
Miscellaneous	2,594	2,814	2,696	3,742	2,998
Total wastewater	129,314	114,711	111,941	107,499	105,242
Interest	17,885	13,529	25,658	48,359	61,316
Total operating and interest revenues	1,260,401	1,076,511	1,189,672	1,022,988	1,087,541

(Continued)

**Electric Fund and
Water and Wastewater Fund
Five-Year Comparative Operating Schedule
2001-2005 (In thousands)**

**City of Austin, Texas
Table 13**

(Continued)

	Fiscal Year Ended September 30				
	2005	2004	2003	2002	2001
	\$	\$	\$	\$	\$
EXPENSE					
Electric					
Total electric	614,219	516,857	554,235	401,439	458,686
Water					
Purification	18,257	17,217	16,834	16,702	15,303
Distribution	19,859	19,590	20,796	20,897	20,197
Customer accounting and collection	6,096	6,035	6,035	6,378	5,202
Jobbing and contract work	21	(9)	(118)	(78)	52
Design engineering	1,137	823	708	800	425
Administrative and general	17,204	15,592	14,754	15,296	12,406
Total water	62,574	59,248	59,009	59,995	53,585
Wastewater					
Sewer lines	5,788	5,788	5,609	6,299	6,175
Sewage treatment plant	22,787	21,239	20,913	21,405	19,172
Customer accounting and collection	3,236	2,911	2,911	3,017	4,374
Jobbing and contract work	1	3	11	24	87
Design engineering	8,434	7,925	7,396	7,437	6,846
Administrative and general	13,658	12,441	13,567	14,164	12,172
Total wastewater	53,904	50,307	50,407	52,346	48,826
Total expenses (1)	730,697	626,412	663,651	513,780	561,097
Net revenue available for debt service	529,704	450,099	526,021	509,208	526,444

(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
2001-2005 (In thousands)**

**City of Austin, Texas
Table 14**

	Fiscal Year Ended September 30				
	2005	2004	2003	2002	2001
	\$	\$	\$	\$	\$
PLANT COST					
Utility systems					
Electric	3,618,416	3,547,908	3,399,284	3,231,331	3,067,650
Water	1,419,403	1,346,938	1,275,501	1,220,643	1,169,575
Wastewater	1,463,061	1,328,064	1,214,498	1,123,646	1,080,759
Total cost	<u>6,500,880</u>	<u>6,222,910</u>	<u>5,889,283</u>	<u>5,575,620</u>	<u>5,317,984</u>
Allowance for depreciation:					
Electric	1,444,715	1,374,273	1,288,675	1,203,986	1,131,861
Water	350,376	323,568	299,550	278,757	264,352
Wastewater	413,175	383,687	358,634	337,795	328,640
Total depreciation	<u>2,208,266</u>	<u>2,081,528</u>	<u>1,946,859</u>	<u>1,820,538</u>	<u>1,724,853</u>
Cost after depreciation	<u>4,292,614</u>	<u>4,141,382</u>	<u>3,942,424</u>	<u>3,755,082</u>	<u>3,593,131</u>
EQUITY IN UTILITY SYSTEMS					
Utility systems	6,500,880	6,222,910	5,889,283	5,575,620	5,317,983
Plus:					
Inventories, materials and supplies (1)	38,298	35,813	32,349	32,980	34,689
Net construction assets and unamortized bond issue cost (2)	16,913	12,640	28,922	125,858	154,576
	<u>6,556,091</u>	<u>6,271,363</u>	<u>5,950,554</u>	<u>5,734,458</u>	<u>5,507,248</u>
Less:					
Allowance for depreciation	2,208,266	2,081,528	1,946,859	1,820,538	1,724,853
Construction contracts payable	--	--	--	--	279
	<u>2,208,266</u>	<u>2,081,528</u>	<u>1,946,859</u>	<u>1,820,538</u>	<u>1,725,132</u>
Utility systems, net	<u>4,347,825</u>	<u>4,189,835</u>	<u>4,003,695</u>	<u>3,913,920</u>	<u>3,782,116</u>
Revenue bonds and other debt outstanding (3)	2,853,419	2,763,009	2,798,156	2,796,408	2,779,856
Less:					
Bond retirement and reserve funds	--	--	144,410	147,637	170,700
Net debt	<u>2,853,419</u>	<u>2,763,009</u>	<u>2,653,746</u>	<u>2,648,771</u>	<u>2,609,156</u>
Equity in utility systems	<u>1,494,406</u>	<u>1,426,826</u>	<u>1,349,949</u>	<u>1,265,149</u>	<u>1,172,960</u>
Percentage of equity in utility systems	<u>34.37%</u>	<u>34.05%</u>	<u>33.72%</u>	<u>32.32%</u>	<u>31.01%</u>

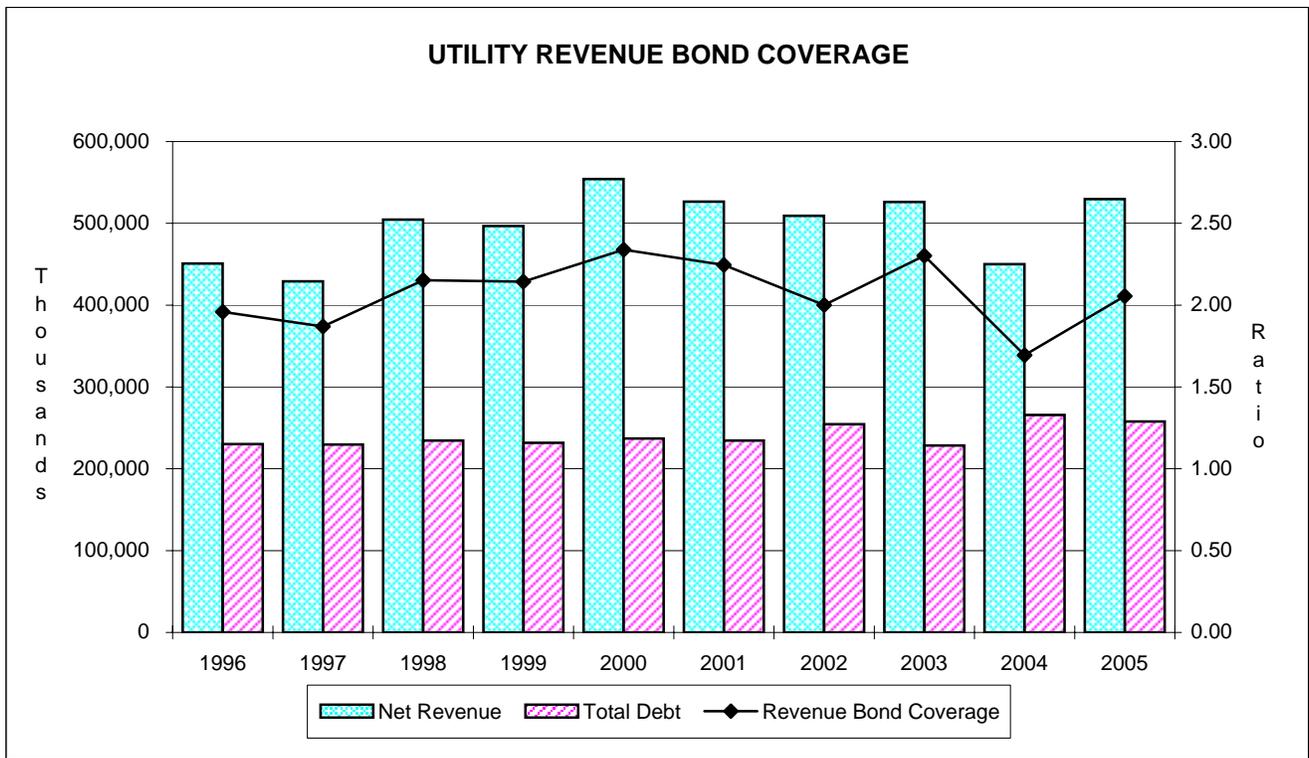
(1) Does not include fuel oil or coal inventories of approximately \$15 million at September 30, 2005. Consists primarily of spare parts inventory at Fayette Plant and South Texas Project.

(2) Includes Revenue Bonds and Tax/Revenue Bonds of \$2,461 million (net of discounts, unamortized gains and losses on refundings, and inclusive of premiums); Contract Revenue Bonds of \$11.7 million; Capital Lease Obligations of \$8.9 million; Commercial Paper of \$356.9 million (net of discounts); General Obligation Bonds of \$5.9 million; and Contractual Obligation Bonds of \$8.9 million.

Schedule of Combined Utility Systems
 Electric Fund and Water and Wastewater Fund
 Revenue Bond Coverage
 1996-2005 (In thousands)

Fiscal Year Ended Sept. 30	Net Revenue Available for Debt Service			Debt Service Requirements (3)		Total Debt Service	Revenue Bond Coverage (4)
	Total Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest		
	\$	\$	\$	\$	\$	\$	\$
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
2004	1,076,511	626,412	450,099	121,710	143,993	265,703	1.69
2005	1,260,401	730,697	529,704	130,745	127,042	257,787	2.05

- (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
1985-2005 (In thousands)**

**City of Austin, Texas
Table 16**

Fiscal Year	Operating Revenue	Other Revenue	Total Revenue	Transfers To General Fund	Percentage of Total Revenue
	\$	\$	\$	\$	%
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
2004	1,062,982	13,529	1,076,511	95,894	8.91
2005	1,242,516	17,885	1,260,401	94,116	7.47

Electric Fund and
Water and Wastewater Fund
Statistical Data
Year ended September 30, 2005
With comparative totals for year ended September 30, 2004

City of Austin, Texas
Table 17

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	Electric Sales (KWH)		Number of Metered Customers (average)	
	2005	2004	2005	2004
Electric:				
Totals	10,903,639,167	10,262,130,070	372,735	365,874

KWH and number of customers do not include Sale for Resale information.

	2005	2005	2004	2004
	Average Customers	Thousand Gallons	Average Customers	Thousand Gallons
Water and Wastewater:				
Thousands of gallons pumped		51,373,925 (1)		48,468,963 (1)
Less: Sales to other utilities		3,048,823		3,164,880
Thousand gallons to system		<u>48,325,102</u>		<u>45,304,083</u>
Water sales:				
Urban	177,431	36,138,345	173,445	34,228,582
Rural	12,535	2,263,397	12,787	2,029,242
	<u>189,966</u>	<u>38,401,742</u>	<u>186,232</u>	<u>36,257,824</u>
City departments	435	972,462	388	669,551
	<u>190,401</u>	<u>39,374,204</u>	<u>186,620</u>	<u>36,927,375</u>
Used by utility		1,442,454		1,454,289
Other unmetered usage		2,745,350		3,281,351
Loss and unaccounted for		4,763,094		3,641,068
Thousand gallons to system		<u>48,325,102</u>		<u>45,304,083</u>
Maximum daily use		236,540		190,784
Average daily consumption		120,179		113,826

(1) Pumpage includes the Davenport WTP estimate provided by ST Environmental Services.

**Water and Wastewater Fund
Large Customers
Five-Year Comparative Data (2001-2005)**

**City of Austin, Texas
Table 18**

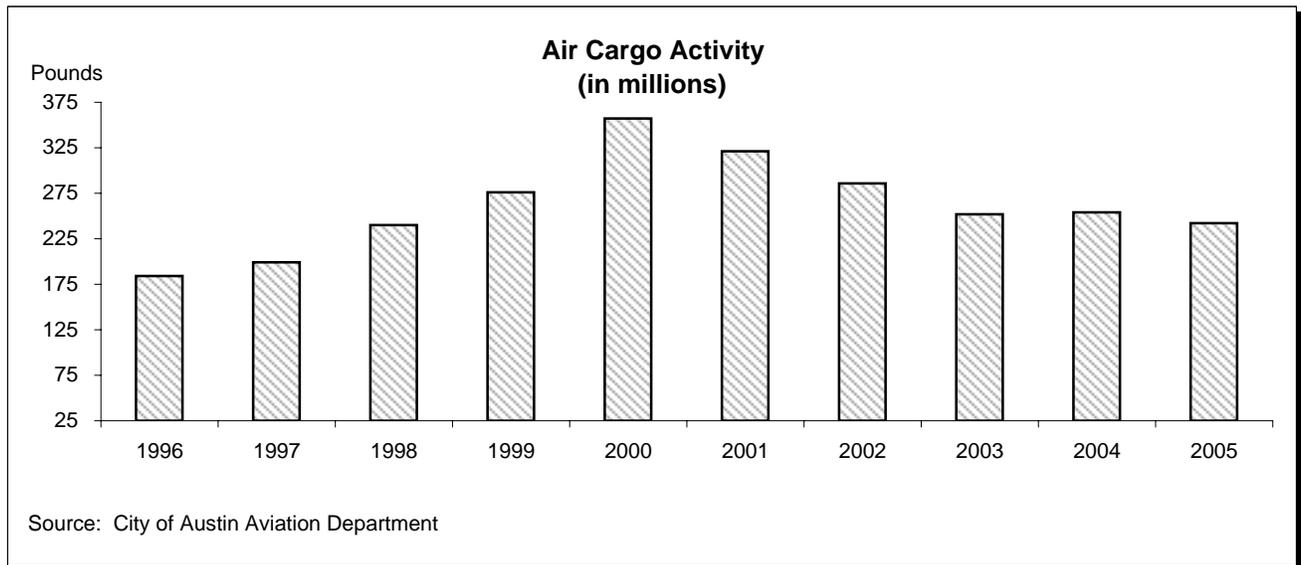
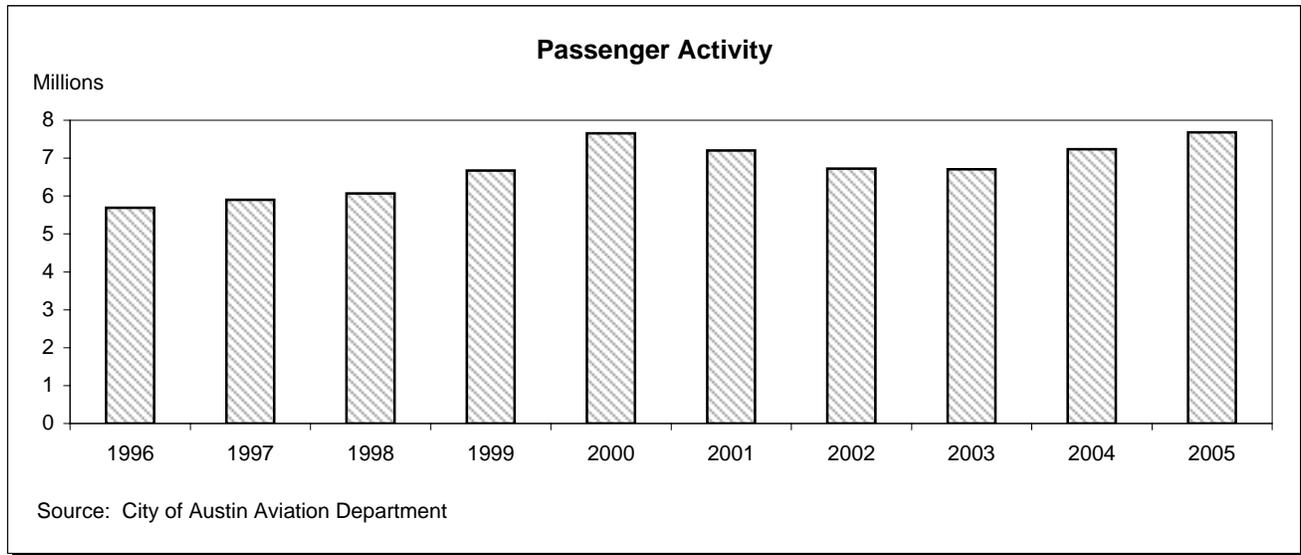
	Fiscal Year Ended September 30 (dollars in thousands)									
	2005		2004		2003		2002		2001	
	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LARGE WATER CUSTOMERS										
Freescale Semiconductor, Inc. (1)	927,240	2,694	1,003,329	2,686	1,048,571	2,654	1,277,560	3,202	1,931,463	4,886
The University of Texas at Austin	893,173	3,337	909,593	2,577	962,813	2,563	863,720	2,319	1,135,801	4,094
Water District 10	844,337	2,030	787,407	1,687	795,059	1,646	773,882	1,604	848,672	1,666
Advanced Micro Devices	635,518	1,853	652,030	1,870	792,393	2,009	911,042	2,291	979,919	2,340
Wells Branch MUD	522,027	1,176	503,040	1,016	563,339	1,090	575,113	1,092	587,057	1,076
Samsung	499,761	1,440	499,627	1,336	485,945	1,229	495,548	1,246	492,533	1,153
Anderson Mill MUD	474,223	1,040	484,241	991	486,171	949	477,297	757	486,185	851
North Austin MUD	352,984	978	323,783	798	354,291	718	367,626	910	364,580	712
Lost Creek	286,023	701	276,227	617	304,709	655	293,571	612	303,592	608
Shady Hollow MUD	222,032	589	204,950	511	237,135	567	224,608	523	247,103	496
	5,657,318	15,838	5,644,227	14,089	6,030,426	14,080	6,259,967	14,556	7,376,905	17,882

(1) Totals for Freescale Semiconductor, 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	
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
2004	3,707,864	3,530,781	7,238,645	254
2005	3,920,431	3,763,114	7,683,545	242

* 2005 figures represent activity through December 2005.



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 	10/1/05	\$1,927,608	FM Global	\$500,000,000	Provides replacement cost coverage for loss or damage to City buildings and contents due to fire, windstorm, hail, or other perils. Subject to a \$100,000 per occurrence deductible. Provides coverage for fine arts owned or on loan subject to \$2,500 deductible per claim. Covers Cable TV equipment with \$1,000 deductible. Covers damages from boiler and fired pressure vessel accidents with a \$10,000 deductible.
City-wide <ul style="list-style-type: none"> Commercial crime 	10/20/05	\$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 	2/1/06	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 	2/1/06	\$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 	2/1/06	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	2/1/06	\$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	3/24/06	\$163,405	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	5/6/06	\$775	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.
Police • Airplane liability • Helicopter liability and hull coverage	12/21/05	\$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	5/12/06	\$8,732	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	12/31/05	\$427,022	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 Collected Effective January 1, 1971 (Base Year Is 1972)
1971-2005

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	
2004	6,136	5,413	6,537	7,292	25,378	8,574.2	(0.5)	
2005	6,854	6,403	7,920	8,957	30,134	10,181.0	18.7	

- (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)
1999-2005

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)	
2004	1,128	1,045	981	1,214	4,368	83.2	(2.1)	
2005	1,187	1,195	1,149	1,123	4,654	88.6	6.5	

(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	2,011
Date present Charter adopted:	January 31, 1953	Number of law offenses	146,457
Form of Government:	Council - Manager	Number of arrests	54,472
Number of Employees:	11,102	Vehicle patrol units	333
		Number of employees per 1,000 population (1) (3)	2.890
Elections:		Library:	
Number of registered voters, September 30, 2005, City of Austin	408,768	Central and branch libraries	22
		Volumes in collection	1,652,303
		Materials circulated	3,355,351
		Registered borrowers	420,461
Number of votes cast in:		Recreation:	
General municipal election, May 7, 2005	67,126	District parks	12
City Council runoff election, June 11, 2005	36,638	Metropolitan parks	18
		Natural preserves	15
		Neighborhood parks	85
		Special parks (museums and miscellaneous)	27
Percentage of registered voters voting in:		Greenbelts	32
General municipal election, May 7, 2005	16%	Golf courses	6
City Council runoff election, June 11, 2005	9%	Swimming pools	47
		Recreation centers	19
		Youth entertainment complex	1
		Senior activity nutrition sites	21
		Athletic fields	87
		Tennis courts	102
		Open fields	89
		Senior activity centers	3
		Veloway	3.1 miles
		Hike and bike trails	117 miles

Fire protection:

Number of stations	43
Number of employees	1,149
Number of alarms answered	64,771
Number of employees per 1,000 population (1) (3)	1.651

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
2004	683,551	1.31	882,806	2.00	22,490,022	1.68	293,655,404	0.98
2005	695,881	1.80	906,919	2.73	22,678,651	0.84	295,734,134	0.71

- (1) All years are estimates from the City's Neighborhood Planning and Zoning Department based on full purpose area as of September 30. 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 695,881.
- (2) U.S. Bureau of the Census official estimates are as of July 1.
- (3) Represents civilian and sworn employees.

Year	Area of Incorporation (Sq. Miles)	Population (1)	Utility Connections			Effective Buying Income (EBI) (4)	
			Electric (3)	Water (2)	Gas (2)	Median	Per
						Household EBI	Capita EBI
						\$	\$
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
2004	290.75	683,551	369,458	188,441	203,966	39,227	21,487
2005	293.57	695,881	372,735	192,511	207,686	40,335	21,938
1996-2005 Change	49.98%	28.42%	16.66%	26.85%	40.21%	35.34%	31.48%

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
	\$	\$	\$	\$	\$	
1996	89,945,847	1,246,232,619	1,336,178,466	8,483,417,669	130,900	12,529
1997	2,574,539	1,023,114,762	1,025,689,301	9,009,911,571	144,500	12,052
1998	46,722,845	1,434,660,615	1,481,383,460	9,880,918,616	153,900	15,091
1999	54,399,189	1,501,435,229	1,555,834,418	10,616,776,880	165,100	17,792
2000	34,334,286	1,797,039,075	1,831,373,361	12,114,026,357	195,500	18,531
2001	71,189,116	1,625,508,854	1,696,697,970	12,636,442,556	186,800	18,278
2002	38,727,017	1,261,868,130	1,300,595,147	12,110,234,304	194,700	18,645
2003	17,084,652	1,189,489,091	1,206,573,743	12,038,076,051	188,200	19,381
2004	20,533,975	1,280,385,298	1,300,919,273	13,046,646,557	202,700	21,935
2005	40,484,950	1,405,871,887	1,446,356,837	13,299,403,745	209,000	25,928
1996-2005 Change	(54.99)%	12.81%	8.25%	56.77%	59.66%	106.94%

Note: All numbers are as of fiscal year ended September 30, except where noted.

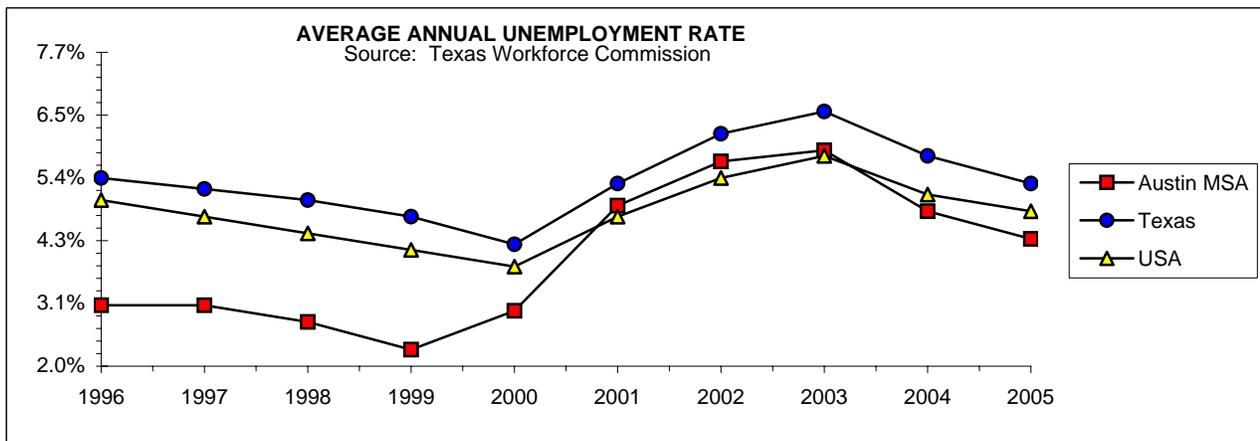
- (1) Figures represent full purpose population as of December 31 for each year.
- (2) Figures are as of September 30.
- (3) Figures are average for fiscal year and exclude nightwatchman billings.
- (4) Source: 2005 Survey of Buying Power, Sales and Marketing Management
- (5) Source: State of Texas Comptroller's Office of Public Accounts. Figure for FY 2005 is an estimate. Prior year amounts change as data updates are made by the Comptroller's Office.
- (6) Source: Texas A&M University Real Estate Center

EMPLOYMENT BY INDUSTRY IN THE AUSTIN METROPOLITAN STATISTICAL AREA (1) (2)

Industrial Classification	2005		2000		1990		1980	
	Number	% of Total						
Manufacturing	57,500	8.4	84,000	12.3	48,200	12.2	31,014	12.8
Government	146,800	21.5	137,100	20.1	112,700	28.5	78,263	32.3
Trade, transportation, & utilities (3)	118,600	17.3	116,000	17.0	60,400	15.3	59,121	24.4
Services and miscellaneous	281,300	41.1	267,100	39.1	136,100	34.4	44,826	18.5
Finance, insurance and real estate	40,200	5.9	35,400	5.2	24,700	6.2	14,296	5.9
Contract construction	23,200	3.4	26,500	3.9	7,400	1.9	14,053	5.8
Natural resources and mining	16,600	2.4	16,200	2.4	6,200	1.6	727	0.3
Totals	684,200	100.0	682,300	100.0	395,700	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 2005 are an estimate based on TWC, the Bureau of Labor Statistics, and U.S. Department of Labor data as of September 30th.
- (2) Reported amounts have changed from prior year to reflect consistent source data.
- (3) Trade, transportation and utilities have been reported together since 2003; reported numbers for 1990 have been adjusted.



TEN LARGEST EMPLOYERS
September 30, 2005

10 Largest Employers	Product or Service	Number of Employees	% of Total (4)
State Government	State Government	67,700	9.9
Dell Computer Corporation	Computers	24,600	3.6
The University of Texas at Austin	Education and research	21,905	3.2
City of Austin	City government	11,102	1.6
Austin Independent School District	Education and research	10,714	1.6
Federal Government	Federal Government	10,300	1.5
Seton Healthcare Network	Hospital	7,722	1.1
IBM Corporation	Office Machines	6,300	0.9
Freescale Semiconductor, Inc	Electronic Components	5,600	0.8
St. David's Healthcare Partnership	Hospital	5,127	0.7
		171,070	24.9

Source: Austin Chamber of Commerce and Austin Business Journal.

- (4) Total refers to total work force of 684,200 as stated in the "Employment by Industry" table above.

Elements of Budget Fund Balance
for Selected Operating Funds
September 30, 2005
(In thousands)

City of Austin, Texas
Table 26

	Reserve for Encumbrances	Inception-to-Date Change in Fair Value
General Fund	\$ 4,629	1,122
Special Revenue Funds:		
Fiscal Surety - Land Development	--	(596)
Enterprise Funds:		
Electric	10,389	1,351
Water and Wastewater:		
Water	1,216	219
Wastewater	2,763	219
Airport	1,563	763
Convention Center	431	857
Drainage	459	--
Golf	32	--
Parks and Recreation:		
Softball	4	--
Recreation Centers	5	--
Solid Waste Services	623	--
Transportation	1,193	--
Internal Service Funds:		
Capital Projects Management	30	--
CTECC	103	--
Employee Benefits	23	--
Fleet:		
Operating	1,536	256
Designated for acquisition	766	--
Information Systems	769	--
Liability Reserve	787	--
Support Services	1,793	--
Wireless Communication	152	--