## Comprehensive Annual Financial Report



## City of Austin, Texas

For the year ended September 30, 2006

Prepared by: Financial and Administrative Services Department

Leslie Browder, CPA Chief Financial Officer

Vickie Schubert, CPA
Deputy Chief Financial Officer

Jeff Knodel, CPA Deputy Chief Financial Officer

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



## **City Council**

## Will Wynn

Mayor
Term expires June 20, 2009

### **Betty Dunkerley**

Mayor Pro Tem

Term expires June 15, 2008

#### **Council Members**

Sheryl Cole
June 20, 2009
Jennifer Kim
Lee Leffingwell
Mike Martinez
June 15, 2008
June 15, 2008
June 20, 2009
June 20, 2009
June 20, 2009

**Toby Hammett Futrell**City Manager

# CITY OF AUSTIN, TEXAS COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended September 30, 2006

#### **TABLE OF CONTENTS**

	Exhibit	Page
INTRODUCTION		
Letter of Transmittal		i
City Organization Chart		ix
Certificate of Achievement		Х
FINANCIAL SECTION		
Independent Auditors' Report		1
Management's Discussion and Analysis (unaudited)		3
Basic Financial Statements		
Government-wide Financial Statements: Statement of Net Assets	A-1	16
Statement of Activities	A-1 A-2	18
Fund Financial Statements:	7 \ 2	10
Governmental Funds Balance Sheet	B-1	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	B-1.1	21
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and	B-2.1	22
Changes in Fund Balances to the Statement of Activities Proprietary Funds Statement of Net Assets	B-2.1 C-1	23 24
Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets	C-1 C-2	28
Proprietary Funds Statement of Cash Flows	C-3	30
Fiduciary Funds Statement of Fiduciary Net Assets	D-1	36
Fiduciary Funds Statement of Changes in Fiduciary Net Assets	D-2	37
Notes to Basic Financial Statements:		
Note 1 Summary of Significant Accounting Policies		38
Note 2 Reconciliation of Government-wide and Fund Financial Statements		47
Note 3 Deficits in Fund Balance and Net Assets		49
Note 4 Pooled Investments and Cash		49
Note 5 Investments and Deposits  Note 6 Property Taxes		49 55
Note 6 Property Taxes  Note 7 Capital Assets and Infrastructure		56
Note 8 Retirement Plans		64
Note 9 Selected Revenues		67
Note 10 Debt and Non-Debt Liabilities		68
Note 11 Conduit Debt		85
Note 12 Interfund Balances and Transfers		85
Note 13 Litigation		86
Note 14 Commitments and Contingencies		86
Note 15 Other Post-Employment Benefits		98
Note 16 Subsequent Events		99
Required Supplementary Information (RSI) (unaudited)  General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budge	at .	
and Actual-Budget Basis	ะเ RSI-1	102
Notes to Required Supplementary Information (RSI-1) - Budget Basis Reporting		102
Retirement Plans-Trend Information	RSI-2	104

# CITY OF AUSTIN, TEXAS COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended September 30, 2006

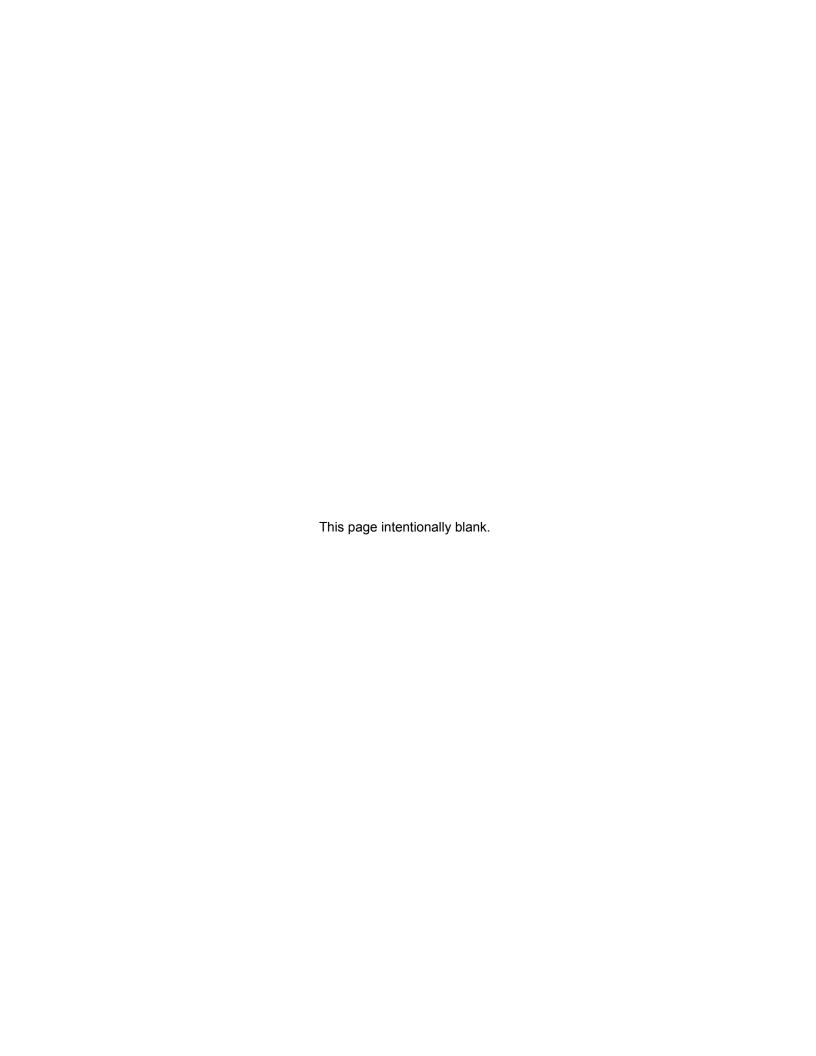
#### **TABLE OF CONTENTS (continued)**

FINANCIAL SECTION, Continued	Exhibit	<u>Page</u>
FINANCIAL SECTION, Continued		
Combining and Fund Financial Statements and Schedules		
General Fund		
Schedule of Revenues - Budget and Actual-Budget Basis	E-1	105
Schedule of Expenditures - Budget and Actual-Budget Basis	E-2	106
Schedule of Transfers - Budget and Actual-Budget Basis	E-3	109
Nonmajor Governmental Funds		4.40
Combining Balance Sheet	E-4	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-5	113
Special Revenue Funds	_ ^	445
Combining Balance Sheet	E-6	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-7	116
Combining Balance Sheet - All Special Revenue Grants	E-8	117
Combining Statement of Revenues, Expenditures and	<b>-</b> ^	440
Changes in Fund Balances – All Special Revenue Grants	E-9	118
Combining Schedule of Expenditures - All Special Revenue Grants	E-10 E-11	119
Other - Combining Balance Sheet	E-11 E-12	120 126
Other - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-12	120
Other - Combining Schedule of Revenues, Expenditures and Transfers - Budget and Actual-Budget Basis	E-13	132
Debt Service Funds	E-13	132
Combining Balance Sheet	E-14	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-15	139
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget		100
and Actual-Budget Basis	E-16	140
Capital Projects Funds	L 10	140
Balance Sheet	E-17	142
Statement of Revenues, Expenditures and Changes in Fund Balances	E-18	143
Combining Balance Sheet	E-19	144
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-20	150
Permanent Funds		
Combining Balance Sheet	E-21	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-22	159
Nonmajor Enterprise Funds		
Combining Statement of Net Assets	F-1	162
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	F-2	166
Combining Statement of Cash Flows	F-3	168
Internal Service Funds		
Combining Statements of Net Assets	G-1	174
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	G-2	178
Combining Statement of Cash Flows	G-3	180

# CITY OF AUSTIN, TEXAS COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended September 30, 2006

#### **TABLE OF CONTENTS (continued)**

	Exhibit Pag		
FINANCIAL SECTION, Continued		<u> </u>	
Fiduciary Funds			
Private-Purpose Trust Funds			
Combining Statement of Fiduciary Net Assets	H-1	185	
Combining Statement of Changes in Fiduciary Net Assets	H-2	186	
Agency Funds			
Combining Statement of Changes in Assets and Liabilities	H-3	187	
Supplemental Schedules			
Enterprise Related Grants - Combining Balance Sheet	I-1	189	
Enterprise Related Grants - Combining Schedule of Expenditures	I-2	190	
Schedule of General Obligation Bonds Authorized and Unissued	I-3	191	
Schedule of Revenue Bonds Authorized, Deauthorized and Unissued	I-4	192	
STATISTICAL SECTION - UNAUDITED			
	<u>Table</u>	<u>Page</u>	
Financial Trends	4	400	
Net Assets by Component - Last Five Fiscal Years	1 2	196	
Changes in Net Assets - Last Five Fiscal Years	3	197 199	
Program Revenues by Function/Program - Last Five Fiscal Years Fund Balances, Governmental Funds - Last Five Fiscal Years	3 4	200	
Changes in Fund Balances, Governmental Funds - Last Five Fiscal Years	5	200	
Revenue Capacity	3	201	
Tax Revenues By Source, Governmental Funds - Last Ten Fiscal Years	6	202	
Property Appraised Value, Taxable Value, Tax Rates, Tax Levies and Tax	J	202	
Collections - Last Ten Fiscal Years	7	203	
Assessed Taxable Property Value by Class - Last Ten Fiscal Years	8	204	
Property Tax Rates and Tax Levies for Direct and Overlapping Governments	· ·	_0.	
With Applicable Percentages Over 10% - Last Ten Fiscal Years	9	205	
Principal Property Taxpayers - Current Year and Nine Years Ago	10	206	
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years	11	207	
Taxable Sales by Category - Last Ten Fiscal Years	12	208	
Debt Capacity			
Ratios of Outstanding Debt by Type - Last Five Fiscal Years	13	209	
Ratios of Net General Bonded Debt Outstanding - Last Five Fiscal Years	14	210	
Direct and Overlapping Governmental Activities Debt	15	211	
Legal Debt Margin Information - Last Ten Fiscal Years	16	212	
Pledged-Revenue Coverage - Last Ten Fiscal Years	17	213	
Demographic and Economic Information			
Demographic and Economic Statistics - Last Ten Years	18	214	
Principal Employers - Current Year and Nine Years Ago	19	215	
Operating Information			
Full-time Equivalent Employees by Function/Program - Last Ten Fiscal Years	20	216	
Operating Indicators by Function/Program - Last Ten Fiscal Years	21	217	
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	22	220	





October 19, 2007

Honorable Mayor, Mayor Pro Tem and Councilmembers City of Austin, Texas

#### Ladies and Gentlemen:

We are pleased to submit to you the 2006 Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas. The report was prepared by the Financial and Administrative Services Department, Controller's Office. The combined financial statements and related notes have been jointly audited by the independent firms of Certified Public Accountants, KPMG LLP, and R. Mendoza & Company, P.C., whose reports are included herein. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. The Federal awards received by the City directly from Federal agencies or passed through by the State of Texas or other governmental entities during fiscal year 2006 are being audited under the provisions of the Single Audit Act of 1996, as amended, and State awards are being audited under the provisions of the State of Texas Single Audit Circular. The reports will be available in the City's separately issued Single Audit Report.

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

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

GASB Statement No. 34, entitled "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of management discussion and analysis (MD&A). This letter of transmittal is intended to complement 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, the Austin Industrial Development Corporation, whose activities are included in the Austin Industrial Development Corporation Fund, and the Mueller Local Government Corporation, whose activities are included in the Mueller Local Government Corporation Fund. All three entities are reported within governmental activities.

#### **AUSTIN'S GOVERNMENT, ECONOMY AND OUTLOOK**

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

Austin, the capital of Texas, is the fourth largest city in the State (behind Houston, Dallas, and San Antonio), with a population of 714,237 in 2006. Over the past ten years, Austin's population has increased by approximately 153,298 residents, an increase of 21.5 percent. Geographically, Austin consists of approximately 296 square miles. The current estimated median

household income and per capita income for the Austin-Round Rock Metropolitan Statistical Area (MSA) is \$40,888 and \$35,413, respectively.

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" in 2005 and this year as a great place to retire. Austin was featured in *Expansion Management* magazine's list of "America's 50 hottest cities", citing factors that include business climate, workforce quality, operating costs, incentive programs, and the ease of working with local political and economic development officials. *Expansion Management* also named Austin the top metro for future business locations. Business Week ranked Austin fourth in the U.S. for projected job growth among metropolitan areas with at least 1 million residents and has forecasted 24.7 percent job growth from 2005 to 2015. *SustainLane.com* ranked Austin in the top five "smart places to live" based on our cost of living, housing market, access to quality health care and a strong economy. *Men's Journal* ranked Austin second among America's heart healthy cities, citing Mayor Will Wynn's efforts to make Austin the fittest city in the U.S. by 2010.

Austin has long attracted a variety of people and the reasons that draw people to the City are varied. The area has a natural beauty and a first-rate parks department that administers a number of public outdoor recreational facilities, including neighborhood parks, greenbelts, athletic fields, golf courses, tennis courts, a veloway for bicyclists and in-line skaters, miles of hike and bike trails and striped bike lanes, a youth entertainment complex, and swimming pools. 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 during the summer 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 Festival each fall. *Pollstar* named the Austin City Limits Festival "festival of the year" during its annual concert industry awards in 2006.

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 44.1 percent of adults twenty-five years or older, holding a bachelor's or advanced degree. With its seven institutions of higher learning and more than 119,202 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.

Since 1990, over 345,000 jobs were created in Austin. 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. Over the past few years, the Austin economy has sustained a robust growth trend, with low unemployment, a strong housing market, and business expansion throughout the area.

The unemployment rate for the Austin MSA was 3.9 percent in December 2005, compared to 3.3 percent in December 2006. The average annual unemployment rate was 4.3 percent in 2005 and 4.0 percent in 2006. The statewide average unemployment rate for Texas was 5.4 percent in 2005 and 4.9 percent in 2006. Samsung Electronics Co., Ltd., the world's second largest chipmaker, announced in April 2006 that the company will invest \$3.5 billion in a new 300mm wafer fab and create nearly 900 new jobs in Austin. Samsung's announcement is the largest single investment by a foreign company in the United States. This is the first 300mm wafer fab in Central Texas with only six in existence or under construction in the United States. Hewlett-Packard has indicated plans to build two data centers in the Austin area and Advanced Micro Devices, a manufacturer of semiconductor chips, is building a new campus in southwest Austin. The City of Austin is also a corporate partner in Opportunity Austin, a five-year initiative of the Greater Austin Chamber of Commerce is aimed at creating 72,000 jobs and a \$2.9 billion increase in payroll to the surrounding five-county area by the end of 2008. Since the inception of the program in 2004, the employment base has expanded by 51,000 jobs.

Sales tax revenue showed steady improvement in fiscal years 2004 and 2005, followed by significant growth in fiscal year 2006. Sales tax revenue grew an average of 6.6 percent in fiscal year 2004, 5.0 percent in fiscal year 2005, and 12.6 percent in fiscal year 2006, compared to prior years. Growth in revenue has continued each quarter since the fourth quarter of fiscal year 2003. The 2006 growth rate is the third highest among major Texas cities. As a sign of sustained improvement, initial sales tax revenue for the first four months of fiscal year 2007 has grown 13.9 percent over fiscal year 2006.

Single-family residential building permits increased by approximately 3,219 permits from fiscal year 2005, representing an approximate 20.5 percent increase over the previous year. Assessed taxable property valuation within the City increased approximately \$2.6 billion, or 5.3 percent from the prior year. Property tax revenue increased by \$15.8 million or a 7.2 percent compared to the previous year. Property taxes for 2006 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 7.5 percent in calendar year 2006 compared to the previous year. Over 8.2 million passengers traveled through Austin-Bergstrom International Airport in 2006, both a milestone and a record year for the facility. In 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 began operating out of Austin, with nonstop service to New York's John F. Kennedy International Airport and Boston Logan International Airport. Aeromexico, Mexico's largest airline began offering the only international non-stop service from Austin with flights to Mexico City starting in December 2006, providing Central Texas access to all of Mexico's great destinations. Other positive indicators in 2006 included an increase of 24.9 percent in hotel occupancy taxes compared to fiscal year 2005, and vehicle rental taxes earned in fiscal year 2006 increased by 16.8 percent.

Throughout the downturn in 2002 through 2005, City management implemented cost savings while maintaining a structurally balanced budget. Emphasis was placed on permanent reductions rather than one-time reductions that would have to be readdressed in the future and revenue initiatives were implemented to bring fees more in line with cost of service and to adjust them for inflation. Other budgetary accomplishments include maintaining the effective tax rate during the downturn, ensuring that no public facilities closed, maintaining utility transfer rates in conformity with the City's financial policies, and placing no reliance on "one-time" funds to be utilized as revenue funding sources. In fiscal year 2006, we continued our policy of presenting a budget to the City Council that is both sound and balanced, and also began strategically reinvesting in our workforce and rebuilding the services we provide to our community.

Economic indicators indicate that the conditions are good for the continuing economic growth in Austin and surrounding areas. The revenue recovery that began in 2005 has continued unabated in 2006 and was reflected in the projections developed for the fiscal year 2007 budget, which was adopted by the City Council in September 2006. 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.

#### **General Obligation Bond Election**

A successful general obligation bond election on November 7, 2006, was the culmination of a long journey and much hard work that began in 2005 when staff presented a comprehensive analysis of our debt capacity and infrastructure needs to the City Council. The November election date gave Austinites a chance to decide the fate of seven bond propositions aimed at providing quality public services and responding to Central Texas' growth. They responded overwhelmingly in support of \$567.4 million in funding for projects that include transportation, drainage and water quality protection, parks facilities and parkland, community and cultural facilities, affordable housing, a new central library, and public safety facilities.

This past year, staff worked hard to support Council's appointed Bond Election Advisory Committee (BEAC) to review and make recommendations on proposed bond projects. The BEAC presented its recommendations in February 2006. In May, two public hearings provided an opportunity for the City Council to receive feedback about the upcoming Bond Election. Councilmembers used the BEAC recommendations, staff briefings, and public input to determine the bond program that voters would be asked to consider in November.

The November bond election marked the largest general obligation bond election in the City's history, yet Moody's Investor Services noted that we continue to maintain a manageable debt position. Moody's announced in August 2006 that the City of Austin's general obligation bond rating has been upgraded from an Aa2 rating to an Aa1 rating. In upgrading the Austin's bond rating, Moody's indicated confidence that the City has the financial capacity to carry out the \$567.4 million bond program and stated it "believes additional debt can be layered in without significant upward pressure on the debt position." Moody's acknowledged that the City has an "aggressive capital plan." Moody's also cited Austin's economic recovery, robust tax base, and prudent management of cash reserves as key factors contributing to the upgrade. A quote from Moody's credit analysis in August 2006: "Considering the City's ample reserve levels, conservative budgeting practices, strengthening of reserve policies, continued property and sales tax revenue growth, proactive actions in regards to its pension liability, and management's proven ability to guide the City through a significant economic downturn, Moody's believes the City's financial operations are consistent with the high level Aa1 rating category."

Additionally, the City Council's inclusive approach of involving community leaders in the bond election process, combined with staff's consistent support and management of the process, have paid off, providing the City with the funding to help meet the capital needs of Austin for the next seven years. As the Austin Chronicle noted in its retrospective of the top ten local stories in 2006... "The least controversial, yet most likely to improve the common quality of life, were the seven municipal bond propositions passed overwhelmingly in November, underwriting everything from basic infrastructure to affordable housing to open space, central library to film studio. As triumphant as the bonds themselves, was the public winnowing process – a nearly two-year progress involving a broad cross section of the entire city. Kudos to everybody!"

#### **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 Second Street Retail District continues to show strong results, with 73 percent of the available retail spaces open for business and 100 percent either leased or in development. The district eventually will have 200,000 square feet of space to shop and dine along Second between Colorado and San Antonio streets. The first shops opened in the district in June 2005. At the northwest corner of Second and Guadalupe, AMLI has begun constructing another building. This new 18-story structure will contain 231 apartments bringing more customers to the Second Street area. The building also will have 40,000 square feet of ground-floor retail space. The opening of the Austin City Store and Austin Java in City Hall completed the City Hall construction project and the City's retail contribution to the emerging Second Street Retail District.

Other planned projects, including continued redevelopment on Second Street, will enable Austin to realize its potential as a downtown residential market. The development of "Block 21", City-owned land 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 December 2006, the City completed the sale of "Block 21" to Stratus Properties, which will pave the way for development to begin. In 2005, the City also created a decommissioning plan for the Green Water Treatment Plant, located on the shores of Town Lake, including identification of alternative sites for a new treatment plant and creation of a redevelopment plan for the existing site. In February 2006, the City Council passed a resolution designating the site as the location of the new central library approved for bond funding by voters in November 2006. The City is also 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 (Capital Metro) will be implementing new transit services, including urban commuter rail in 2008 and rapid bus service. 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. A station area technical advisory group has been assembled, which includes representatives from Capital Metro, to help guide the visioning process that will enable preferred station area concepts to emerge. Finalization of the initial three station area plans is expected in the fall of 2007.

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. Major development milestones reached in the last year include:

- The first major project, a new Children's Hospital, has already begun and is expected to open in the summer of 2007.
- In 2006, the City negotiated a ground lease with the University of Texas for development of the Dell Pediatric Research Institute, which has begun construction.
- Construction of the retail center will occur in phases, with the first phase opening this spring. Ultimately, the retail center will draw customers throughout the region upon its planned completed in 2008.
- The developer, Catellus Austin, has announced homebuilders for the first phase of the Mueller community. The range
  of new home choices at Mueller includes single-family yard houses and row houses, live-work "shop houses" and
  multi-family "Mueller Houses," and mixed-use apartment and townhouses. The first Mueller homes are expected to
  be complete in late 2007.

#### **Environment and Quality of Life**

Many of the City's accomplishments in 2006 assist in the achievement of the City's vision of being the most livable city in the country.

Austin is ranked the fourth safest city in the nation for its low violent crime rate – behind Honolulu, San Jose and El Paso. The violent crime rate reported by the Austin Police Department in 2006 was 5.2 per 1,000 population. Changes in enforcement to reduce the number of traffic fatalities yielded positive results in 2006. The number of traffic fatalities decreased by approximately 9.8 percent, from 71 in 2005 to 64 in 2006. It was the third lowest total in ten years. During 2006, the Austin Police Department implemented a traffic incident management plan that promotes the removal of collisions from major roadways, which helped to decrease the number of traffic fatalities. In 2006, the Austin Police Department also implemented on-line public access to crime reports by neighborhood.

Preserving and protecting Austin's environment 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 and became effective in January 2006. Pavement sealants are protective surface finishes typically used for parking lots and driveways. The Watershed Protection and Development Review Department has also begun developing technical criteria to enable the development community to receive credit for innovative water quality controls, such as biofiltration and rainwater harvesting, as well as completing a number of in-house erosion designs that protect threatened property while enhancing the natural creek setting around the properties. The Solid Waste Services Department has began to address the long-range solid waste planning needs of Central Texas in conjunction with the Long-Range Solid Waste Planning Task Force which represents a broad spectrum of multi-stakeholder interests and complements the work undertaken by the City of Austin Solid Waste Advisory Commission and other central Texas solid waste planning efforts.

Other initiatives, such as the adoption of affordable housing goals in the University Neighborhood Overlay 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<sup>TM</sup> policy, the International City/County Managers' Association named it a best practice. Five years ago, the City of Austin established the S.M.A.R.T. Housing<sup>TM</sup> (Safe, Mixed Income, Accessible, Reasonably Priced, and Transit Oriented) 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<sup>TM</sup> 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. In 2006, the Housing Smarts housing counseling program was established and offered free, three-part homebuyer education courses to City of Austin residents. The course teaches about the basics of money management, mortgages, realtors, and preventing foreclosure.

The Citywide Information Center Project has expanded the use of 3-1-1 from a public safety non-emergency number to one that can be utilized for all City services. The 3-1-1 Citywide Information Center continues to grow and supports sixteen divisions within five different departments. Customer Service Representatives field an average of 1800 calls per day resulting in a daily average of over 400 service requests issued to participating departments. The center has been successfully relocated to the Rutherford Lane Campus and has begun to answer a portion of the 3-1-1 calls that currently route to APD. The full transition of APD calls to the call center will be completed by May 2007.

First Workers was featured as a model program on National Public Radio. This past fiscal year the Day Labor Program showed a significant increase in placements with more than 70 percent of workers compared to less than 50 percent average last year. Safety training was provided in March for First Workers' clients in collaboration with the Hispanic Contractor's Association, Home Depot, and Newmark Homes.

#### **Utility Projects and Initiatives**

Austin Energy is implementing a Quality Management System based on the ISO 9001:2000 Standard established by the International Organization for Standardization (ISO). Austin Energy will seek ISO registration in December 2007. ISO registration certifies that an organization conforms to the ISO 9001:2000 Standard for a quality management system. The quality management system and ISO registration will enhance AE's ability to meet its customer requirements for improved power quality and reliability and customer satisfaction. Registration is significant because AE will be the first utility in the country to obtain ISO 9001: 2000 Registration of transmission and distribution processes.

By improving the energy efficiency of homes and businesses, Austin Energy over the past year reduced peak demand on generating plants by 57 megawatts (MW). This represents the largest peak energy savings ever in the 24-year history of the programs — saving electricity sufficient to power 37,000 homes. The amount of power generated at Decker Power Plant during the peak demand months was more than 20 percent greater than the previous year, but the NO<sub>2</sub> emission rate was reduced by almost the same percentage keeping emissions almost the same as last year. A campaign to persuade

automakers to manufacture plug-in hybrid electric vehicles (PHEVs) by demonstrating a nationwide market began in January 2006 and has since signed up more than 500 partners nationwide, including more than half of the 50 largest cities in the nation and partners in 41 states. Plug-in hybrid vehicles were mentioned in the 2006 President's State of the Union Address and recent federal legislation.

The Austin Water Utility launched the Austin Clean Water Program in 2001 because of an Administrative Order from the U.S. Environmental Protection Agency to eliminate overflows from its wastewater collection system by the end of June 2009. The Utility remains on schedule to complete the necessary requirements that are currently estimated to cost \$400 million, with over 48 percent of total improvements installed. In other initiatives during the past year, the Austin Water Utility rehabilitated over fifteen miles of wastewater pipelines with minimal impact on traffic and neighborhoods by avoiding open cut construction.

Additionally, both utility systems received upgrades to their bond ratings. The Austin Water Utility received upgrades from two rating agencies: Moody's Investor Services and Fitch, Inc. Moody's upgraded the City of Austin utility's debt from A2 to A1 and Fitch upgraded the Austin Water Utility debt from A+ to AA-. The improved ratings will allow the utility to issue debt at a lower interest rate in the future. Both rating agencies cited the utility's growing customer base and favorable economic trends in the utility's service area. Moody's cited its belief that the Austin Water Utility "will continue to pursue prudent financial management" and that City officials "are committed to the fiscal health of the (water/wastewater) system." In May 2006, Moody's moved Austin Energy up two notches from A3 to A1, citing the utility's continued sound competitive position and diverse power supply, its close relationship to the City of Austin, its satisfactory financial record including strong debt service coverage, and a moderate debt position.

<u>Type</u>	<u>Fitch</u>	Moody's	<u>S&amp;P</u>
Combined utility system:			
Prior lien	AA-	A1	AA-
Subordinate lien	AA-	A1	A+
Electric:			
Separate lien	AA-	A1	A+
Water and Wastewater:			
Separate lien	AA-	A1	Α

#### **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 yearly 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 continues to be high and 2006 survey results improved over last year. Although neighborhood policing and traffic enforcement rank low as compared to other public safety services, neighborhood policing showed the most improvement from 2005, notably in police cooperation with neighborhoods. Satisfaction with emergency medical services (EMS) among people who have used these services within the last 12 months has dropped compared to last year's survey result with the primary factor cited as timeliness. This statistic is consistent with the rising call volumes that EMS has experienced. Our fiscal year 2007 budget, approved by the City Council in September 2006, included the addition of a peak load unit to rove during times and in areas of the city where call volumes are high. Additionally, two new EMS stations are scheduled to open in 2007.

Residents have generally expressed satisfaction with the services provided by the Parks and Recreation Department from year to year. In 2006, satisfaction has declined slightly and the survey results appear to focus on the condition of our facilities, notably the appearance of park facilities and grounds and the availability of parks and preserves. Our successful bond election in November 2006 included \$20 million for parkland acquisition and \$64.7 million for park facilities, targeted primarily at major rehabilitation of our existing facilities. Of the \$64.7 million for park facilities, the bond package will include \$53 million to renovate our buildings and facilities, pools, and park infrastructure. About 60 percent of all residents use library services during the year. The overall rating of library services has increased compared to 2005, with satisfaction related to availability of materials showing the most improvement.

Survey results continue to show that Austin citizens consider the environment as one of their top priorities. Residents are most satisfied with the quality of drinking water, consistent with 2005 findings. In 2006, satisfaction with almost all service areas has improved over last year. The preservation of green space slipped somewhat compared to the 2005 survey results, but was still higher than the results for 2003 and 2004. The November bond package includes \$50 million funding for acquisition of land, including fee title and conservation easements in the Barton Springs contributing and recharge zones and should favorably impact ratings in the future. For the first time, survey responses indicate that citizens see significant improvement in the road conditions in Austin. About 70 percent of respondents view road conditions as "good" or "mostly good" compared to 62 percent

in 2005. Satisfaction with the traffic flow and traffic signal timing on city streets has also increased compared to 2005 survey results, yet citizens still remain dissatisfied with road conditions and traffic flow overall. Both of these categories remain in the top 10 citizen issues in 2006.

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

- · Road conditions and new roads
- Growth management
- Cost of living

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

- Tax-related issues (including rates, fees and charges)
- Mass transit
- Pollution-related issues
- Quality of life (more green space, arts, etc.)
- · Public education issues
- Water quality and supply
- · Management of budget

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 Generally Accepted Accounting Principles (GAAP). The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City employs a computerized financial accounting system that includes a system of internal accounting controls.

The Financial and Administrative Services Department is responsible for providing all centralized City financial services including financial accounting, reporting and budgeting, payroll and accounts payable disbursement functions, cash and investment management, debt management, 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 2006 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 2006, 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 4.06 percent and the weighted average maturity of the investments was 302 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 2005 Comprehensive Annual Financial Report (CAFR). This is the thirteenth 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 2006 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.

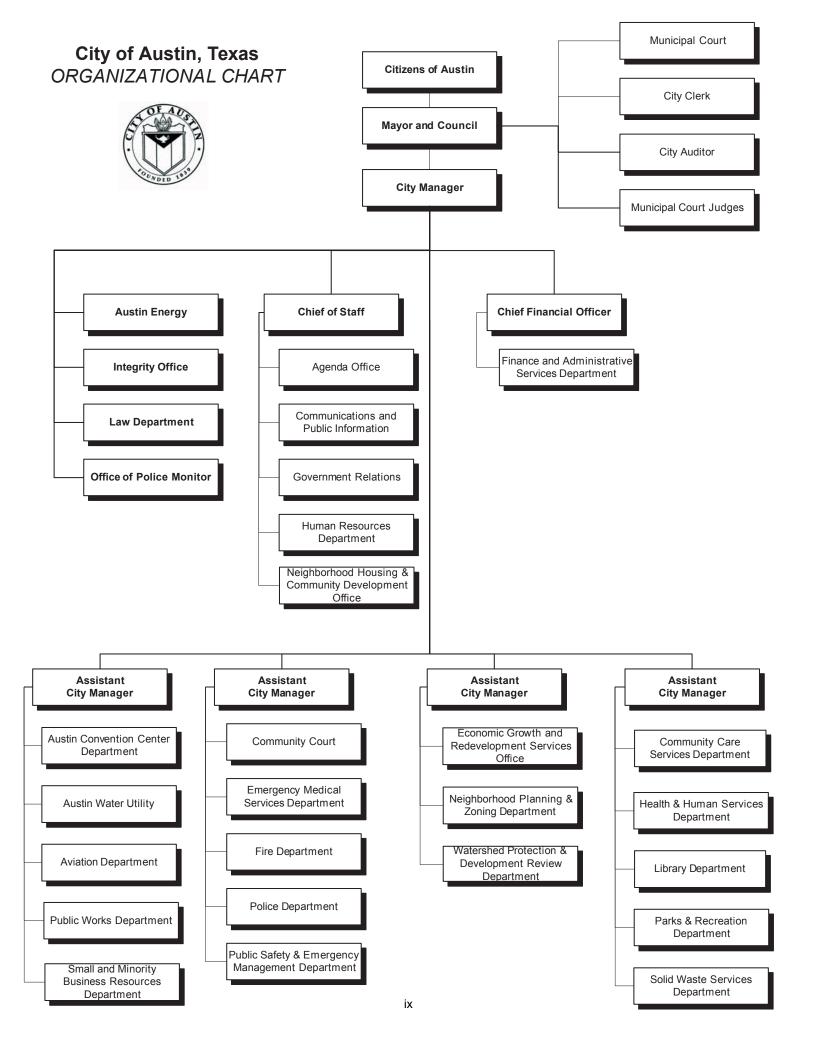
We acknowledge the thorough, professional and timely manner in which our independent auditors, KPMG LLP and R. Mendoza & Company, P.C., conducted the audit.

Finally, we acknowledge the Mayor and Councilmembers 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

Leslie Browder, CPA Chief Financial Officer



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, 2005.

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.

# 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, 2005

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.



President

**Executive Director** 





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



#### 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, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 19, 2007 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

Austin, Texas October 19, 2007 R. Mercy & Company, P.C.

This page intentionally blank.

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, 2006. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal.

The 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. GASB Statement No. 42 entitled "Accounting and Reporting for Impairment of Capital Assets and Insurance Recoveries", GASB Statement No. 44 entitled "Economic Condition Reporting: The Statistical Section", and GASB Statement No. 46 entitled "Net Assets Restricted by Enabling Legislation" were implemented in fiscal year 2006.

#### FINANCIAL HIGHLIGHTS

#### Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2006, resulting in \$4.1 billion of net assets. Net assets associated with governmental activities are approximately \$1.6 billion, or 38% of the total net assets of the City. Net assets associated with business-type activities are approximately \$2.5 billion, or 62% 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 71% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, are \$629 million, or 15% of the City's total net assets. Unrestricted net assets for governmental activities are approximately \$78 million, or 5% of total governmental net assets; unrestricted net assets for business-type activities are approximately \$552 million, or 22% of total business-type net assets.

Total net assets for the City of Austin increased \$272.5 million, or 7.1% during fiscal year 2006. Of this amount, governmental activities increased \$66.2 million, or 4.4% from the previous year and business-type activities increased \$206.3 million, or 8.8% from the previous year.

Total revenues for the City increased \$258.3 million; revenues for governmental activities increased \$62.1 million; revenues for business-type activities increased \$196.2 million. Total expenses for the City increased \$192 million; expenses for governmental activities increased \$47 million; expenses for business-type activities increased \$145 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.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

• 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.

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

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

#### b -- Fund financial statements

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

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

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

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

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

• Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the City's three major funds, Electric, Water and Wastewater and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS, continued**

Internal Service funds are used to report activities that provide supplies and services for many City programs and activities.
The City's internal service funds include: Capital Projects Management; Combined Transportation, Emergency and
Communication Center; Employee Benefits; Fleet Maintenance; Information Systems; Liability Reserve; Support Services;
Wireless Communication, and Workers' Compensation. Because these services predominately benefit governmental
operations rather than business-type functions, they have been included in governmental activities in the government-wide
financial statements.

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

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

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

	Government-	
Fund Types / Other	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 fully understanding 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 and related notes section of this report. The City adopts an annual appropriated budget for the General Fund. The RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance. In addition, trend information related to the City's retirement plans is presented in RSI. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds.

#### a -- Net assets

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

#### Net Assets as of September 30 (in thousands)

	Governmental Activities			Busines Activ	<b>3.</b>	Total		
		2006	2005	2006	2005	2006	2005	
Current assets	\$	547,513	509,638	1,276,240	1,050,684	1,823,753	1,560,322	
Capital assets		2,099,504	2,047,541	5,426,068	5,294,494	7,525,572	7,342,035	
Other noncurrent assets		3,639	3,636	585,186	644,206	588,825	647,842	
Total assets		2,650,656	2,560,815	7,287,494	6,989,384	9,938,150	9,550,199	
Current liabilities		220,389	206,878	419,196	419,022	639,585	625,900	
Noncurrent liabilities		869,169	859,019	4,308,650	4,217,019	5,177,819	5,076,038	
Total liabilities		1,089,558	1,065,897	4,727,846	4,636,041	5,817,404	5,701,938	
Net assets:								
Invested in capital assets, net of								
related debt		1,399,316	1,360,509	1,538,572	1,563,831	2,937,888	2,924,340	
Restricted		84,218	68,848	469,238	410,975	553,456	479,823	
Unrestricted		77,564	65,561	551,838	378,537	629,402	444,098	
Total net assets	\$	1,561,098	1,494,918	2,559,648	2,353,343	4,120,746	3,848,261	

Total assets of the City increased by \$387.9 million in the current fiscal year. Total liabilities increased by \$115.5 million. Within the increase, governmental-type total assets increased by \$89.8 million and business-type increased \$298.1 million. Governmental-type liabilities increased by \$23.7 million and business-type increased \$91.8 million.

Significant factors in the increase of governmental total assets include an increase in net accounts receivable of \$30.2 million and an increase in capital assets of \$52.0 million. Factors in the increase of governmental-type liabilities include an increase to current liabilities of \$13.5 million, consisting of increases to accrued payroll of \$4.2 million, accrued compensated absences of \$2.8 million, and deferred credits and other liabilities of \$8.8 million and a decrease to claims payable of \$2.1 million. Noncurrent liabilities increased \$10.2 million, consisting primarily of increases to general obligation bonds payable of \$7.0 million and pension obligation payable of \$7.9 million; claims payable decreased by \$5.5 million.

Significant factors in the increase of business-type total assets include an increase in current assets of \$225.6 million and noncurrent assets of \$72.5 million. Within current assets, significant factors include increases to pooled investments and cash of \$129.8 million, restricted investments of \$80.0 million, inventories of \$9.9 million, and a decrease in other assets of \$15.5 million. Noncurrent assets increased due to an increase to capital assets of \$131.6 million, offset by a decrease to noncurrent investments of \$63.1 million. Total liabilities increased by \$91.8 million; significant increases include noncurrent debt obligations of \$52.5 million, decommissioning expense payable of \$24.9 million, and pension obligation of \$6.0 million.

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$4.1 billion at the end of the current fiscal year. However, 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 71% of the total amount of the City's net assets. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, \$553.5 million of the City's net assets, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance, \$629.4 million of unrestricted net assets, may be used to meet the government's future obligations. Unrestricted net assets increased \$185.3 million in the current fiscal year.

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

#### b -- Changes in net assets

Total net assets of the City increased by \$272.5 million in the current fiscal year. Governmental net assets increased \$66.2 million. The increase is attributable to transfers from other funds of \$66 million. Business-type net assets increased by \$206.3 million due to revenues exceeding expenses by \$272.3 million net of transfers to other funds of \$66 million.

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

	Governmental Activities			ss-Type vities	Total		
	2006	2005	2006	2005	2006	2005	
Program revenues:							
Charges for services	\$ 139,776	6 142,957	1,610,435	1,459,431	1,750,211	1,602,388	
Operating grants and contributions	77,923	3 67,494			77,923	67,494	
Capital grants and contributions	1,11	1 5,702	69,804	48,544	70,915	54,246	
General revenues:							
Property tax	236,146	,			236,146	220,304	
Sales tax	139,289	9 123,617			139,289	123,617	
Franchise fees and gross receipts tax	79,75	5 69,120			79,755	69,120	
Grants and contributions not restricted							
to specific programs	90,083	3 83,365			90,083	83,365	
Interest and other	35,31	5 24,753	47,905	23,932	83,220	48,685	
Total revenues	799,398	3 737,312	1,728,144	1,531,907	2,527,542	2,269,219	
Program expenses:							
General government	84,693	3 73,233			84,693	73,233	
Public safety	373,36	•			373,361	320,942	
Transportation, planning and sustainability	25,426	•			25,426	17,247	
Public health	94,697				94,697	104,361	
Public recreation and culture	65,45				65,453	58,962	
Urban growth management	81,439				81,439	77,340	
Unallocated depreciation expense - infrastructure	35,357				35,357	58,722	
Interest on debt	38,766				38,766	41,331	
Electric	•		918,369	804,658	918,369	804,658	
Water	_		161,516	142,061	161,516	142,061	
Wastewater	_		132,005	122,176	132,005	122,176	
Airport	_		78,487	87,538	78,487	87,538	
Convention	_		41,992	38,844	41,992	38,844	
Environmental and health services	_		50,290	45,739	50,290	45,739	
Public recreation	_		9,225	9,408	9,225	9,408	
Urban growth management	_		63,981	60,562	63,981	60,562	
Total expenses	799,192	2 752,138	1,455,865	1,310,986	2,255,057	2,063,124	
Excess (deficiency) before special items and transfers	206	6 (14,826)	272,279	220,921	272,485	206,095	
Special items - Travis County Hospital District asset transfer		- (2,639)		(37,443)	272,405	(40,082)	
Transfers	- 65,97	, ,	(65,974)	(73,879)		(70,002)	
Increase in net assets	66,180		206,305	109,599	272,485	166,013	
Beginning net assets	1,494,918	,	2,353,343	2,243,744	3,848,261	3,682,248	
Ending net assets	\$ 1,561,098		2,559,648	2,353,343	4,120,746	3,848,261	
Littling not doodto	ψ 1,501,090	J 1, <del>134</del> ,310	2,008,040	2,000,040	7, 120,740	J,U <del>1</del> U,ZU1	

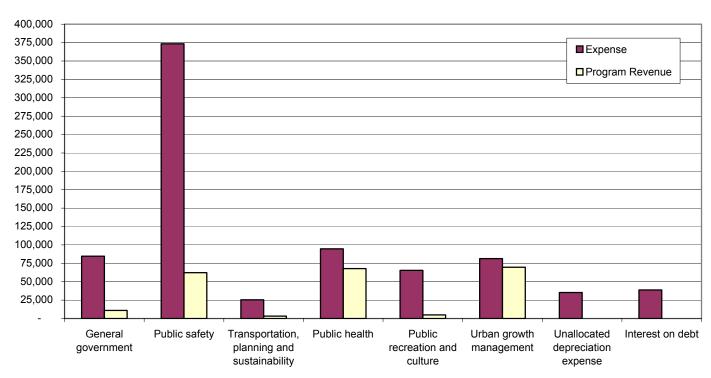
#### c - Program revenues and expenses -- governmental activities

Governmental activities increased the City's net assets by \$66.2 million in fiscal year 2006, a 4.4% increase of governmental net assets from the previous year. Key factors for the change from fiscal year 2005 to 2006 are as follows:

- The City's property tax revenue increased by \$15.8 million from the previous year, as a result of an increase in assessed property values; while the City's tax rate was unchanged at 44.3 cents per \$100 valuation.
- Sales tax revenue increased \$15.7 million from the previous year, an increase of 12.7%.
- Franchise fees and gross receipts taxes increased \$10.6 million, largely due to a \$7.8 million increase in hotel occupancy tax collections as a result of increased revenues for Austin hotels.
- Grants and contributions not restricted to specific programs increased by \$6.7 million. Grants and contributions restricted to specific programs increased \$5.8 million, primarily as a result of higher intergovernmental grant revenues.

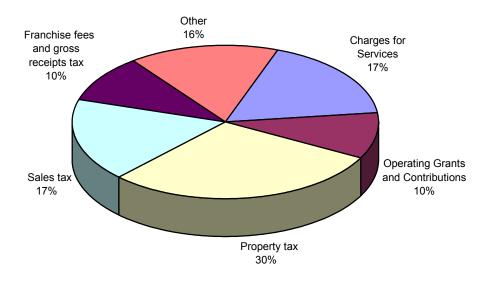
The chart below illustrates the City's governmental expense and revenues by function: general government; public safety; transportation, planning and sustainability; public health; public recreation and culture; urban growth management; unallocated depreciation expense and interest on debt.

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



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



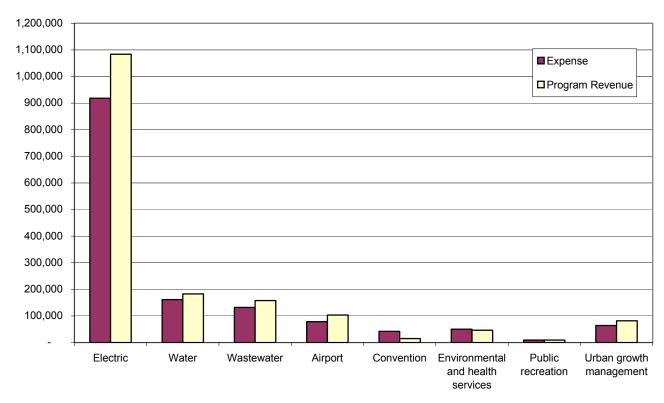
#### d -- Program revenues and expenses -- business-type activities

Business-type activities increased the City's net assets by approximately \$206.3 million, accounting for a 5.4% increase in the City's total net assets. Key factors include:

- Electric net assets increased approximately \$121 million. This increase is due primarily to an increase in electric consumption due to weather conditions and customer growth. Revenues increased by 11% and expenses increased by 14% due to the increase in the cost of fuel.
- Water and Wastewater net assets increased approximately \$27 million. This increase is due primarily to a rate increase and increased water consumption due to weather conditions. Water operating revenue for 2006 increased by approximately 18% from the prior year. Wastewater revenue increased by 14% from the prior year.
- Airport net assets increased approximately \$31 million. Revenues increased due to an increase in passenger traffic, which was 8% higher than the previous calendar year. Expenses increased due to an increase in operations and maintenance costs.
- Convention net assets increased approximately \$8.4 million. Revenue was 31% higher than the prior year due to
  increased demand for convention space and events. Expenses increased due to an increase in operations and
  maintenance costs. Transfers from other funds increased as a result of increased hotel occupancy tax collections
  from the previous year.
- 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 \$2.6 million. This decrease is primarily attributed to a 10% increase in expenses.
- Public recreation activities are comprised of nonmajor enterprise funds that include the Golf Fund and Recreation Program Fund. Net assets increased by \$33,000.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and
  Transportation Fund. Net assets increased by approximately \$22.4 million. Revenues increased by approximately
  \$8.7 million, primarily attributable to a rate increase in the drainage fee. An increase to capital contributions was also
  a factor. Operating expenses increased by \$3.4 million due to additional positions and programs added in the current
  fiscal year.

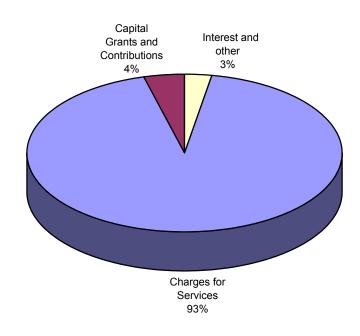
As shown in the following chart, the electric utility, with expenses of \$918 million, is the City's largest business-type activity, followed by water (\$162 million), wastewater (\$132 million), airport (\$78 million), urban growth management (\$64 million), environmental and health services (\$50 million), convention (\$42 million), and public recreation (\$9 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention and environmental and health services.

## 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 (93%), followed by capital grants and contributions (4%) and interest and other revenues (3%).

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



#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

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

#### a -- Governmental funds

The City reports the following types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the City's financing requirements. In particular, 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 fiscal year, the City of Austin's governmental funds reported combined ending fund balances of \$349.5 million, an increase of \$40 million from the previous year. Approximately \$260 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, legally restricted permanent fund resources, and certain debt service amounts. Reserved fund balance increased \$8 million in comparison to the prior year, primarily due to an increase in the reservation for encumbrances of \$4.9 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 \$105 million, while total fund balance was \$111.8 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 \$480.9 million, and total fund balance represents 23% of expenditures. The City adopted a new financial policy in the current fiscal year which provides that surplus fund balance, previously reported as unreserved and undesignated, will continue to be reported as unreserved but will be designated for budget stabilization. The fund balance designated for budget stabilization was \$58.3 million. The balance designated for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, but such appropriation will not normally exceed one-third of the total designated amount, with the other two-thirds designated for budget stabilization in future years. The unreserved and undesignated fund balance of the General Fund was \$53.7 million for the previous fiscal year.

The General Fund fund balance increased \$6.5 million during the fiscal year, while unreserved fund balance increased \$6.2 million. Significant differences from the previous year include:

- Property tax revenues increased \$13.5 million due to an increase in assessed property values. The City's property tax rate was unchanged at 44.3 cents per \$100 valuation.
- Sales tax revenues increased \$15.7 million.
- Licenses, permits, and inspections revenues increased \$4.7 million largely due to increased building permits and inspections.
- Increase of \$36.3 million in expenditures, due primarily to increased public safety personnel costs and general government expenditures.

#### 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 \$206.3 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 expenditure budget of the General Fund was amended several times during fiscal year 2006 for increased public safety and urban growth management costs. These increases were offset by decreases in the general city responsibilities budget. The final expenditure budget was \$438,000 higher than the original budget.

During the year, revenues were \$22.4 million more than budgeted. The difference resulted from higher than anticipated property tax and sales tax collections, in addition to a significant increase in building permit and development fees.

Actual General Fund budget-basis expenditures were \$749,000 less than budgeted. Public health, general government, urban growth management, and general city responsibilities expenditures were a combined \$1.5 million under budget; while public safety, transportation, planning and sustainability, and public recreation and culture expenditures exceeded budget by \$780,000. The total fund balance at year-end amounted to \$99.5 million, which was \$82.8 million higher than budgeted.

#### b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2006, total \$7.5 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, assets not classified, construction 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 \$184 million (2.5%), with an increase of 2.5% for governmental activities and an increase of 2.5% 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		Busines Activi	<b>3.</b>	Total		
	2	2006	2005	2006	2005	2006	2005
Land and improvements	\$	240	243	295	287	535	530
Other assets not depreciated		19	18	1	1	20	19
Building and improvements		412	319	1,385	1,373	1,797	1,692
Equipment		80	53	2,813	2,644	2,893	2,697
Vehicles		28	27	45	42	73	69
Infrastructure		1,140	1,047			1,140	1,047
Completed assets not classified			13		37		50
Construction in progress		181	328	830	856	1,011	1,184
Nuclear fuel, net of amortization				29	23	29	23
Plant held for future use				28	31	28	31
Total net assets	\$	2,100	2,048	5,426	5,294	7,526	7,342

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

- Governmental capital assets increased \$52 million primarily due to infrastructure additions.
- Business-type activities purchased or completed construction on capital assets of \$132 million. The increase was
  largely due to Water and Wastewater Fund expenditures for Ullrich Water Treatment Plant improvements, South
  Austin Wastewater Treatment Plant improvements, and for wastewater 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 2006 2005		Busines Activi	7.	Total		
			2005	2006	2005	2006	2005
General obligation bonds and							
other tax supported debt, net	\$	847	841	111	106	958	947
Commercial paper notes, net				240	357	240	357
Revenue notes				28	28	28	28
Revenue bonds, net				3,201	3,038	3,201	3,038
Capital lease obligations		1	1	6	9	7	10
Total	\$	848	842	3,586	3,538	4,434	4,380

During fiscal year 2006, the City's total outstanding debt increased by \$54 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities increased \$6 million. Issuance of new debt will be used primarily for sidewalk projects; bikeways; street improvements; libraries; Colorado River park; Rundberg recreation center; Rutherford Lane facility; and the Avery Ranch fire station.
- Outstanding debt for business-type functions increased \$48 million. In fiscal year 2006, new debt was issued primarily for transportation related capital equipment; solid waste services capital equipment; and water and wastewater vehicles. The City issued Electric Fund and Water and Wastewater Fund separate lien revenue refunding bonds to refund commercial paper and existing debt.

During the current fiscal year the City received several favorable bond rating upgrades. Ratings at September 30, 2006 and September 30, 2005 of the City's obligations for various debt instruments are as follows:

	Mod	ody's					
	Investors	s Service,	Stan	dard			
Debt	Inc		& Pc	oor's	Fitch, Inc.		
	2006	2005	2006	2005	2006	2005	
General obligation bonds and other							
tax supported debt	Aa1	Aa2	AA+	AA+	AA+	AA+	
Commercial paper notes	P-1	P-1	A-1+	A-1+	F1+	F1+	
Commercial paper notes - taxable	P-1	P-1	A-1+	A-1+	F1+	F1+	
Utility revenue bonds - prior lien	A1	A2	AA-	A+	AA-	A+	
Utility revenue bonds - subordinate lien	A1	A2	A+	Α	AA-	A+	
Utility revenue bonds - separate lien:							
Electric	A1	A3	A+	Α	AA-	A+	
Water and Wastewater	A1	A2	Α	Α	AA-	A+	
Airport system revenue bonds	NUR(1)	NUR(1)	A-	A-	NUR(1)	NUR(1)	
Airport variable rate bonds	P-1	P-1	NUR(1)	NUR(1)	NUR(1)	NUR(1)	
Convention Center revenue bonds	NUR(1)	NUR(1)	A-	NUR(1)	NUR(1)	NUR(1)	

(1) No underlying rating

#### OTHER INFORMATION, continued

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

The local economic outlook is positive, with significant increases in sales tax revenues and property tax collections from the previous year. Job growth for the area continues to increase, with sustained growth forecasted over the next two years. Austin was recently selected as the site for Samsung's new chip production facility, which has the potential to anchor Austin's high-tech community for years to come. Nationwide, the U.S. economy continues to grow as the Gross Domestic Product annual growth rate was 3.3% for 2006.

For the upcoming 2007 budget, the City will continue to focus on a multi-year budget horizon, including using one-time funding judiciously and on attaining a structural budget balance. The Austin City Council has adopted a comprehensive set of financial policies to provide the foundation for long-range financial sustainability. These financial policies are directly aligned with the City Council's priority of affordability, and continue to position the City to invest in its future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings. City management will continue to monitor the economy and will be prepared to take any corrective actions to help mitigate unfavorable economic events.

The assessed taxable property value within the City increased by 16.2% for 2006. The property tax rate for fiscal year 2007 is 41.26 cents per \$100 valuation. The tax rate consists of 27.60 cents for the General Fund and 13.66 cents for debt service. Each 1 cent of the property tax rate is equivalent to \$6,084,490 of tax levy, as compared to \$5,234,964 in the previous year. Rate increases for the Water and Wastewater Fund are: 5.2% for Water and 9.2% for Wastewater for a combined increase of 7.1%.

#### 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 <a href="http://www.ci.austin.tx.us/controller/">http://www.ci.austin.tx.us/controller/</a>.





	Governmental Activities	Business-type Activities	2006 Total (†)
ASSETS			
Current assets:			
Cash	\$ 115	60	175
Pooled investments and cash	339,617	291,595	631,212
Pooled investments and cash - restricted		332,111	332,111
Total pooled investments and cash	339,617	623,706	963,323
Investments, at fair value	15,199	1,237	16,436
Investments, at fair value - restricted		335,302	335,302
Cash held by trustee	775		775
Cash held by trustee - restricted	11,945	16,174	28,119
Working capital advances		4,017	4,017
Property taxes receivable	12,164		12,164
Less allowance for uncollectible taxes	(2,826)		(2,826)
Net property taxes receivable	9,338		9,338
Accounts and other receivables	217,122	205,356	422,478
Less allowance for doubtful accounts	(86,763)	(7,141)	(93,904)
Net accounts receivable	130,359	198,215	328,574
Interest receivable - restricted	241		241
Receivables from other governments	17,782		17,782
Receivables from other governments - restricted		4,140	4,140
Notes receivable, net of allowance	8,226		8,226
Internal balances	(451)	451	
Internal balances - restricted	(1,846)	1,846	
Inventories, at cost	2,230	63,487	65,717
Real property held for resale	12,530	·	12,530
Prepaid items	159	1,618	1,777
Other assets	1,294	10,674	11,968
Other receivables - restricted		15,313	15,313
Total current assets	547,513	1,276,240	1,823,753
Noncurrent assets:			
Investments held by trustee - restricted	<del></del>	107,002	107,002
Interest receivable - restricted	<del></del>	1,259	1,259
Capital assets		,	,
Land and other nondepreciable assets	259,178	296,646	555,824
Property, plant, and equipment in service	2,405,815	6,854,293	9,260,108
Less accumulated depreciation	(746,831)	(2,611,690)	(3,358,521)
Net property, plant, and equipment in service	1,658,984	4,242,603	5,901,587
Construction in progress	181,342	829,752	1,011,094
Nuclear fuel, net of amortization	<del></del>	29,284	29,284
Plant held for future use	<del></del>	27,783	27,783
Total capital assets	2,099,504	5,426,068	7,525,572
Intangible assets, net of amortization		82,602	82,602
Other long-term assets	<u></u>	667	667
Deferred costs and expenses, net of amortization	3,639	393,656	397,295
Total noncurrent assets	2,103,143	6,011,254	8,114,397
Total assets	\$ 2,650,656	7,287,494	9,938,150

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

(Continued)

	Governmental	Business-type	2006
LIABILITIES	Activities	Activities	Total (†)
Current liabilities:			
Accounts payable	\$ 25,096	75,168	100,264
Accounts and retainage payable from restricted assets	Ψ 25,050	33,723	33,723
Accrued payroll	21,097	11,168	32,265
Accrued compensated absences	35,602	16,010	51,612
Claims payable	12,109		12,109
Accrued interest payable from restricted assets	12,100	51,459	51,459
Interest payable on other debt	3,447	1,585	5,032
General obligation bonds payable and other tax supported debt,	0,447	1,000	0,002
net of discount and inclusive of premium	59,953	5,077	65,030
General obligation bonds payable and other tax supported debt	00,000	0,011	00,000
payable from restricted assets, net of discount and inclusive of premium		4,534	4,534
Revenue bonds payable		720	720
Revenue bonds payable payable from restricted assets		157,335	157,335
Capital lease obligations payable	197	3,416	3,613
Customer and escrow deposits payable from restricted assets		22,194	22,194
Nuclear fuel expense payable from restricted assets		22,052	22,052
Deferred credits and other liabilities	62,888	14,755	77,643
Total current liabilities	220,389	419,196	639,585
Noncurrent liabilities, net of current portion:		110,100	000,000
Accrued compensated absences	41,791	4,953	46,744
Claims payable	9,100		9,100
Capital appreciation bond interest payable		211,421	211,421
Commercial paper notes payable, net of discount		239,958	239,958
Revenue notes payable		28,000	28,000
General obligation bonds payable and other tax supported		20,000	20,000
debt, net of discount and inclusive of premium	787,782	100,864	888,646
Revenue bonds payable, net of discount and	707,702	100,001	000,010
inclusive of premium		3,043,075	3,043,075
Pension obligation payable	13,912	11,758	25,670
Capital lease obligations payable	317	2,568	2,885
Accrued landfill closure and postclosure costs		8,379	8,379
Decommissioning expense payable from restricted assets		134,664	134,664
Deferred credits and other liabilities	16,248	520,045	536,293
Other liabilities payable from restricted assets	19	2,965	2,984
Total noncurrent liabilities	869,169	4,308,650	5,177,819
Total liabilities	1,089,558	4,727,846	5,817,404
Total habilities	1,000,000	4,727,040	3,017,404
NET ASSETS			
Invested in capital assets, net of related debt	1,399,316	1,538,572	2,937,888
Restricted for:	1,000,010	1,000,072	2,007,000
Debt service	11,692	114,242	125,934
Strategic reserve		168,045	168,045
Capital projects	71,043	115,177	186,220
Renewal and replacement	7 1,040	57,268	57,268
Passenger facility charges		13,484	13,484
Convention Center operating reserve		1,022	1,022
Perpetual Care:		1,022	1,022
Expendable	443		443
Nonexpendable	1,040		1,040
Unrestricted	77,564	551,838	629,402
Total net assets	\$ 1,561,098	2,559,648	4,120,746
Total not addotd	Ψ 1,501,050	2,000,040	7,120,170

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

				Program Revenu	ies	,	xpense) Revenue a	
Functions/Programs	E	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2006 Total
Governmental activities								
General government	\$	84,693	9,718	104	1,111	(73,760)		(73,760)
Public safety	Ψ.	373,361	40,314	21,973		(311,074)		(311,074)
Transportation, planning, and sustainability		25,426	3,186	60		(22,180)		(22,180)
Public health		94,697	45,610	22,229		(26,858)		(26,858)
Public recreation and culture		65,453	3,339	1,510		(60,604)		(60,604)
Urban growth management		81,439	37,609	32,047		(11,783)		(11,783)
Unallocated depreciation expense (1)		35,357		,		(35,357)		(35,357)
Interest on debt		38,766				(38,766)		(38,766)
Total governmental activities		799,192	139,776	77,923	1,111	(580,382)		(580,382)
Business-type activities								
Electric		918.369	1,070,606		13,152		165,389	165,389
Water		161,516	164,561		18,240		21,285	21,285
Wastewater		132,005	141,676		16,297		25,968	25,968
Airport		78,487	87,473		16,017		25,003	25,003
Convention		41,992	14,692		276		(27,024)	(27,024)
Environmental and health services		50,290	45,078		1,272		(3,940)	(3,940)
Public recreation		9,225	8,968		257			
Urban growth management		63,981	77,381		4,293		17,693	17,693
Total business-type activities		1,455,865	1,610,435		69,804		224,374	224,374
Total	\$	2,255,057	1,750,211	77,923	70,915	(580,382)	224,374	(356,008)
	Gen	eral revenues	 :					
	Pro	perty tax				236,146		236,146
		les tax				139,289		139,289
	Fra	anchise fees a	nd gross receip	ts tax		79,755		79,755
	Gra	ants and contr	ibutions not res	tricted to specific p	orograms	90,083		90,083
	Inte	erest and othe	er			35,315	47,905	83,220
	Trar	nsfers-internal	activities			65,974	(65,974)	
	Tota	ıl general reve	nues and transf	fers		646,562	(18,069)	628,493
	Ch	ange in net as	sets			66,180	206,305	272,485
	Beg	inning net ass	ets			1,494,918	2,353,343	3,848,261
	End	ing net assets				\$ 1,561,098	2,559,648	4,120,746

<sup>(1)</sup> Excludes direct depreciation expense for the various programs



	2006			
	0	Nonmajor	Total	
	General Fund	Governmental Funds	Governmental Funds	
ASSETS	Fund	<u> </u>	runus	
Cash	\$ 92	5	97	
Pooled investments and cash	96,620	149,631	246,251	
Investments, at fair value		15,199	15,199	
Cash held by trustee-restricted		11,945	11,945	
Property taxes receivable	7,282	4,882	12,164	
Less allowance for uncollectible taxes	(1,741)	(1,085)	(2,826)	
Net property taxes receivable	5,541	3,797	9,338	
Accounts and other receivables	140,192	74,559	214,751	
Less allowance for doubtful accounts	(91,856)	(320)	(92,176)	
Net accounts receivable	48,336	74,239	122,575	
Receivables from other governments		17,782	17,782	
Notes receivable, net of allowance		8,226	8,226	
Due from other funds	282	34,017	34,299	
Advances to other funds		7,208	7,208	
Inventories, at cost	1,159	·	1,159	
Real property held for resale	, 	12,530	12,530	
Prepaid items	135	2	137	
Other assets	60	1,234	1,294	
Total assets	152,225	335,815	488,040	
LIABILITIES AND FUND BALANCES	•			
Accounts payable	5,294	10,295	15,589	
Accrued payroll	16,376	978	17,354	
Accrued compensated absences	413		413	
Due to other funds	619	34,297	34,916	
Deferred revenue	13,938	7,506	21,444	
Advances from other funds	617	482	1,099	
Deposits and other liabilities	3,164	44,520	47,684	
Total liabilities	40,421	98,078	138,499	
Fund balances				
Reserved:				
Encumbrances	5,467	39,161	44,628	
Inventories and prepaid items	1,294	2	1,296	
Notes receivable	1,234	8,226	8,226	
Advances receivable		7,208	7,208	
Real property held for resale		12,530	12,530	
		14,898	14,898	
Debt service	<del></del>			
Permanent funds	<del></del>	1,040	1,040	
Unreserved, designated:	40,000		40,000	
Emergencies	•	<b></b>	•	
Contingencies	4,579	<del></del>	4,579	
Future use	845	<del></del>	845	
Budget stabilization	58,280		58,280	
One-time expenditures	1,339	<del></del>	1,339	
Unreserved, undesignated:		F0 000	50,000	
Special revenue		50,020	50,020	
Capital projects		104,209	104,209	
Permanent funds		443	443	
Total fund balances	111,804	237,737	349,541	
Total liabilities and fund balances	\$ 152,225	335,815	488,040	

# Governmental Funds Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets September 30, 2006 (In thousands)

Total fund balances - Governmental funds	\$ 349,541
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.	2,046,502
Other long-term assets are not available as current-period resources and are not reported in the funds.	10,156
Long-term liabilities are not payable in the current period and are not reported in the funds.	(923,380)
Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds.  The assets and liabilities of the internal service funds are included	70.070
in governmental activities in the statement of net assets.	78,279
Total net assets - Governmental activities	\$ 1,561,098

			2006	
			Nonmajor	Total
		General	Governmental	Governmental
		Fund	Funds	Funds
REVENUES				
Property taxes	\$	150,450	84,105	234,555
Sales taxes		139,289		139,289
Franchise fees and other taxes		35,282	44,473	79,755
Fines, forfeitures and penalties		18,832	4,865	23,697
Licenses, permits and inspections		22,131		22,131
Charges for services/goods		24,453	64,336	88,789
Intergovernmental			94,955	94,955
Property owners' participation and contributions			9,486	9,486
Interest and other		15,882	18,504	34,386
Total revenues		406,319	320,724	727,043
EXPENDITURES				
Current:				
General government		49,340	1,485	50,825
Public safety		334,025	25,588	359,613
Transportation, planning and sustainability		473	4,366	4,839
Public health		30,120	63,605	93,725
Public recreation and culture		49,611	5,254	54,865
Urban growth management		17,335	59,230	76,565
Debt service:				
Principal			57,651	57,651
Interest			39,023	39,023
Fees and commissions			10	10
Capital outlay			87,931	87,931
Total expenditures		480,904	344,143	825,047
Excess (deficiency) of revenues over				
expenditures		(74,585)	(23,419)	(98,004)
OTHER FINANCING SOURCES (USES)				
Issuance of tax supported debt			67,735	67,735
Bond premiums			11	11
Transfers in		97,658	44,406	142,064
Transfers out		(16,611)	(55,212)	(71,823)
Total other financing sources (uses)		81,047	56,940	137,987
Net change in fund balances		6,462	33,521	39,983
Fund balances at beginning of year	_	105,342	204,216	309,558
Fund balances at end of year	\$	111,804	237,737	349,541

# 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, 2006 (In thousands)

Net change in fund balances - Governmental funds	\$ 39,983
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.	6,019
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.	23,918
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.	(10,106)
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.	(11,728)
The net revenue of certain activities of internal service funds is reported with governmental activities.	18,094
Change in net assets - Governmental activities	\$ 66,180

	Electric	Water and Wastewater	Airport
ASSETS			
Current assets:			
Cash	\$ 18	11	6
Pooled investments and cash	168,936	26,951	1,111
Pooled investments and cash - restricted	153,171	21,566	98,498
Total pooled investments and cash	322,107	48,517	99,609
Investments, at fair value		<del></del>	
Investments, at fair value - restricted	259,946	49,042	24,049
Cash held by trustee		<del></del>	
Cash held by trustee - restricted	10,368	5,806	
Working capital advances	4,017		
Accounts receivable	137,293	49,116	3,851
Less allowance for doubtful accounts	(2,271	) (693)	(150)
Net accounts receivable	135,022	48,423	3,701
Receivables from other governments-restricted			4,140
Due from other funds			
Due from other funds - restricted		27	617
Inventories, at cost	61,013	1,648	
Prepaid expenses	1,472	124	11
Other assets	10,664	5	
Other receivables - restricted	997	4,575	
Total current assets	805,624	158,178	132,133
Noncurrent assets:			
Advances to other funds	2,895		
Advances to other funds - restricted		107	808
Investments held by trustee - restricted	107,002		
Interest receivable - restricted	1,259		
Capital assets			
Land and other nondepreciable assets	40,469	141,356	59,410
Property, plant, and equipment in service	3,462,655	2,331,102	637,868
Less accumulated depreciation	(1,553,865	) (818,737)	(133,531)
Net property, plant, and equipment in service	1,908,790	, ,	504,337
Construction in progress	170,114	569,945	50,887
Nuclear fuel, net of amortization	29,284		
Plant held for future use	27,783		
Total capital assets	2,176,440	2,223,666	614,634
Intangible assets, net of amortization		82,602	
Other long-term assets	667		
Deferred costs and expenses, net of amortization	203,421	·	3,847
Total noncurrent assets	2,491,684	2,489,880	619,289
Total assets	\$ 3,297,308	2,648,058	751,422

Norma  Funds				Governmental
ASSETS         Funds         Funds         Funds           Current assets:         25         60         18           Pooled investments and cash         94,597         291,595         93,366           Pooled investments and cash         58,876         332,111         ————————————————————————————————————		•		
ASSETS   Current assets:   Cash				
Cash         25         60         18           Pooled investments and cash         94,597         291,595         93,366           Pooled investments and cash - restricted         58,876         332,111         —           Total pooled investments and cash         153,473         623,706         93,366           Investments, at fair value - restricted         2,265         335,302         —           Cash held by trustee - restricted         —         16,174         —           Cash held by trustee - restricted         —         4,017         —           Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (2222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted         —         4,140         —           Receivables from other governments-restricted         —         644         —           Due from other funds - restricted         —         644         —           Inventories, at cost         826         63,487         1,071           Investments act cost         826         63,487         1,071           Total current assets	ASSETS	1 41145		- unuo
Pooled investments and cash - restricted         94,597         291,595         93,366           Pooled investments and cash - restricted         58,876         332,111            Total pooled investments and cash         153,473         623,706         93,366           Investments, at fair value         1,237         1,237            Investments, at fair value - restricted         2,265         335,302            Cash held by trustee - restricted          16,174            Cash held by trustee - restricted          4,017            Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other dunds acceivable         11,069         198,215         1,459           Receivables from other funds         333         333         207           Due from other funds - restricted         -         644            Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22	Current assets:			
Pooled investments and cash - restricted         58,876         332,111         —           Total pooled investments and cash         153,473         623,706         93,366           Investments, at fair value         1,237         1,237        —           Investments, at fair value - restricted         2,265         335,302        —           Cash held by trustee        —         16,174        —           Working capital advances        —         4,017        —           Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted        —         4,140        —           Due from other funds         333         333         207           Due from other funds - restricted        —         644        —           Investments, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other receivables - restricted         9,741         15,313        —           Total current ass	Cash	25	60	18
Total pooled investments and cash Investments, at fair value         153,473         623,706         93,366           Investments, at fair value         1,237         1,237            Investments, at fair value - restricted         2,265         335,302            Cash held by trustee            775           Cash held by trustee - restricted           4,017            Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted          4,140            Receivables from other funds         333         333         207           Due from other funds - restricted          644            Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918	Pooled investments and cash	94,597	291,595	93,366
Investments, at fair value   1,237	Pooled investments and cash - restricted	58,876	332,111	
Cash held by trustee	Total pooled investments and cash	153,473	623,706	93,366
Cash held by trustee - restricted	Investments, at fair value	1,237	1,237	
Cash held by trustee - restricted          16,174            Working capital advances          4,017            Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted          4,140            Due from other funds         333         333         207           Due from other funds - restricted          644            Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets         -         2,895            Advances to other funds         -         2,895            Advances to other funds - restricted         287         1,202	Investments, at fair value - restricted	2,265	335,302	
Working capital advances         —         4,017         —           Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted         —         4,140         —           Due from other funds         333         333         207           Due from other funds - restricted         —         644         —           Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674         —           Other receivables - restricted         9,741         15,313         —           Total current assets         178,985         1,274,920         96,918           Noncurrent assets         178,985         1,274,920         96,918           Noncurrent assets         178,985         1,274,920         96,918           Noncurrent assets         1,289         —         1,289         —           Advances to other funds - restricted         287         1,202	Cash held by trustee			775
Accounts receivable         15,096         205,356         1,681           Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted         -         4,140         -           Due from other funds - restricted         -         644         -           Due from other funds - restricted         -         644         -           Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674         -           Other receivables - restricted         9,741         15,313         -           Total current assets         178,985         1,274,920         96,918           Noncurrent assets         178,985         1,274,920         96,918           Noncurrent assets         -         2,895         -           Advances to other funds - restricted         287         1,202         -           Investments held by trustee - restricted         287         1,202         -           Interest receivable - restricted         2         2,85 <td>Cash held by trustee - restricted</td> <td></td> <td>16,174</td> <td></td>	Cash held by trustee - restricted		16,174	
Less allowance for doubtful accounts         (4,027)         (7,141)         (222)           Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted          4,140            Due from other funds         333         333         207           Due from other funds - restricted          644            Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets         287         1,202            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted         287         1,202            Investments held by trustee - restricted         2         107,002            Land and other nondepreciable assets         55,411         296,646         712           Property, plant, and equipment in service	Working capital advances		4,017	
Net accounts receivable         11,069         198,215         1,459           Receivables from other governments-restricted          4,140            Due from other funds         333         333         207           Due from other funds - restricted          644            Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets          2,895            Advances to other funds - restricted         287         1,202            Advances to other funds - restricted         287         1,202            Interest receivable - restricted          107,002            Land and other nondepreciable assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,5	Accounts receivable	15,096	205,356	1,681
Receivables from other governments-restricted          4,140            Due from other funds         333         333         207           Due from other funds - restricted          644            Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets          2,895            Advances to other funds - restricted         287         1,202            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Investments held by trustee - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557) <td>Less allowance for doubtful accounts</td> <td>(4,027)</td> <td>(7,141)</td> <td>(222)</td>	Less allowance for doubtful accounts	(4,027)	(7,141)	(222)
Due from other funds         333         333         207           Due from other funds - restricted	Net accounts receivable	11,069	198,215	1,459
Due from other funds - restricted         -         644         -           Inventories, at cost         826         63,487         1,071           Prepaid expenses         11         1,618         22           Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets:         -         2,895            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted         -         107,002            Interest receivable - restricted         -         1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization </td <td>Receivables from other governments-restricted</td> <td></td> <td>4,140</td> <td></td>	Receivables from other governments-restricted		4,140	
Inventories, at cost   826   63,487   1,071     Prepaid expenses   11   1,618   22     Other assets   5   10,674       Other receivables - restricted   9,741   15,313       Total current assets   178,985   1,274,920   96,918     Noncurrent assets	Due from other funds	333	333	207
Prepaid expenses         11         1,618         22           Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets:          2,895            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Investments held by trustee - restricted          1,259            Investments held by trustee - restricted          107,002            Interest receivable - restricted          107,002            Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693	Due from other funds - restricted		644	
Other assets         5         10,674            Other receivables - restricted         9,741         15,313            Total current assets         178,985         1,274,920         96,918           Noncurrent assets:          2,895            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Investments held by trustee - restricted          1,259            Investments held by trustee - restricted          1,259            Investments held by trustee - restricted          107,002            Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597<	Inventories, at cost	826	63,487	1,071
Other receivables - restricted         9,741         15,313         —           Total current assets         178,985         1,274,920         96,918           Noncurrent assets:         —         2,895         —           Advances to other funds - restricted         287         1,202         —           Investments held by trustee - restricted         —         107,002         —           Interest receivable - restricted         —         1,259         —           Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization         —         29,284         —           Plant held for future use         —         27,783         —           Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization         —         82,602         —	Prepaid expenses	11	1,618	22
Total current assets         178,985         1,274,920         96,918           Noncurrent assets:         Advances to other funds          2,895            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Interest receivable - restricted          1,259            Capital assets          1,259            Land and other nondepreciable assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          8	Other assets	5	10,674	
Noncurrent assets:         Advances to other funds          2,895            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883 <t< td=""><td>Other receivables - restricted</td><td>9,741</td><td>15,313</td><td></td></t<>	Other receivables - restricted	9,741	15,313	
Advances to other funds          2,895            Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49	Total current assets	178,985	1,274,920	96,918
Advances to other funds - restricted         287         1,202            Investments held by trustee - restricted          107,002            Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351	Noncurrent assets:			
Investments held by trustee - restricted          107,002            Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Advances to other funds		2,895	
Interest receivable - restricted          1,259            Capital assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Advances to other funds - restricted	287	1,202	
Capital assets         Land and other nondepreciable assets       55,411       296,646       712         Property, plant, and equipment in service       422,668       6,854,293       72,677         Less accumulated depreciation       (105,557)       (2,611,690)       (27,984)         Net property, plant, and equipment in service       317,111       4,242,603       44,693         Construction in progress       38,806       829,752       7,597         Nuclear fuel, net of amortization        29,284          Plant held for future use        27,783          Total capital assets       411,328       5,426,068       53,002         Intangible assets, net of amortization        82,602          Other long-term assets        667          Deferred costs and expenses, net of amortization       2,883       393,656       49         Total noncurrent assets       414,498       6,015,351       53,051	Investments held by trustee - restricted		107,002	
Land and other nondepreciable assets         55,411         296,646         712           Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Interest receivable - restricted		1,259	
Property, plant, and equipment in service         422,668         6,854,293         72,677           Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Capital assets			
Less accumulated depreciation         (105,557)         (2,611,690)         (27,984)           Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Land and other nondepreciable assets	55,411	296,646	712
Net property, plant, and equipment in service         317,111         4,242,603         44,693           Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Property, plant, and equipment in service	422,668	6,854,293	72,677
Construction in progress         38,806         829,752         7,597           Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Less accumulated depreciation	(105,557)	(2,611,690)	(27,984)
Nuclear fuel, net of amortization          29,284            Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Net property, plant, and equipment in service	317,111	4,242,603	44,693
Plant held for future use          27,783            Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Construction in progress	38,806	829,752	7,597
Total capital assets         411,328         5,426,068         53,002           Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Nuclear fuel, net of amortization		29,284	
Intangible assets, net of amortization          82,602            Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Plant held for future use		27,783	
Other long-term assets          667            Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Total capital assets	411,328	5,426,068	53,002
Deferred costs and expenses, net of amortization         2,883         393,656         49           Total noncurrent assets         414,498         6,015,351         53,051	Intangible assets, net of amortization		82,602	
Total noncurrent assets 414,498 6,015,351 53,051	Other long-term assets		667	
Total noncurrent assets 414,498 6,015,351 53,051	Deferred costs and expenses, net of amortization	2,883	393,656	49
	Total noncurrent assets		6,015,351	53,051
	Total assets	593,483		149,969

(Continued)

<del>-</del>			
	Electric	Water and Wastewater	Airport
LIABILITIES			·
Current liabilities:			
Accounts payable	\$ 67,170	2,828	1,524
Accounts and retainage payable from restricted assets	7,037	20,914	1,711
Accrued payroll	4,992	2,498	723
Accrued compensated absences	7,266	3,813	1,020
Claims payable			
Due to other funds			
Accrued interest payable from restricted assets	25,591	21,967	1,519
Interest payable on other debt	254	1,007	2
General obligation bonds payable and other tax supported debt			61
General obligation bonds payable and other			
tax supported debt payable from restricted assets	255	3,322	
Revenue bonds payable		720	
Revenue bonds payable from restricted assets	101,312	45,208	9,555
Capital lease obligations payable	2,012	1,239	149
Customer and escrow deposits payable from restricted assets	14,414	4,797	343
Nuclear fuel expense payable from restricted assets	22,052		
Deferred credits and other liabilities	7,087	6,353	1,025
Total current liabilities	259,442	114,666	17,632
Noncurrent liabilities, net of current portion:	233,442	114,000	17,002
Accrued compensated absences	2,378	1,058	
Claims payable	2,370	1,030	
Advances from other funds		3,781	
	102 207		
Capital appreciation bond interest payable	103,287	108,134	
Commercial paper notes payable, net of discount	54,326	185,632	
Revenue notes payable			28,000
General obligation bonds payable and other tax supported	4 757	40.000	007
debt, net of discount and inclusive of premium	1,757	19,363	337
Revenue bonds payable, net of discount and	4.450.000	4 000 044	200 200
inclusive of premium	1,158,862	1,336,041	329,023
Pension obligation payable	5,254	2,683	857
Capital lease obligations payable	1,241	1,327	
Accrued landfill closure and postclosure costs			
Decommissioning expense payable from restricted assets	134,664		
Deferred credits and other liabilities	72,077	446,733	1,234
Other liabilities payable from restricted assets	<u> </u>	2,234	731
Total noncurrent liabilities	1,533,846	2,106,986	360,182
Total liabilities	1,793,288	2,221,652	377,814
NET ASSETS			
Invested in capital assets, net of related debt	827,970	309,688	251,358
Restricted for:	021,910	309,000	231,330
Debt service	66 210	27.074	10 502
	66,310 168,045	27,074	18,593
Strategic reserve	•		
Capital projects	43,124		62,867
Renewal and replacement	45,559		10,000
Passenger facility charges			13,484
Convention Center operating reserve			47.000
Unrestricted	353,012	89,644	17,306
Total net assets	\$ 1,504,020	426,406	373,608
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	2,474	2,536	1,025
Total net assets - Business-type activities	\$ 1,506,494	428,942	374,633
The accompanying notes are an integral part of the financial state.			

	Nonmajor Enterprise	2006	Governmental Activities- Internal Service
LIABILITIES	Funds	Total	<u>Funds</u>
Current liabilities:			
Accounts payable	3,646	75,168	9,507
Accounts and retainage payable from restricted assets	4,061	33,723	,
Accrued payroll	2,955	11,168	3,743
Accrued compensated absences	3,911	16,010	5,525
Claims payable			12,109
Due to other funds	333	333	234
Accrued interest payable from restricted assets	2,382	51,459	
Interest payable on other debt	322	1,585	87
General obligation bonds payable and other tax supported debt	5,016	5,077	3,319
General obligation bonds payable and other			
tax supported debt payable from restricted assets	957	4,534	
Revenue bonds payable		720	
Revenue bonds payable from restricted assets	1,260	157,335	
Capital lease obligations payable	16	3,416	12
Customer and escrow deposits payable from restricted assets	2,640	22,194	
Nuclear fuel expense payable from restricted assets		22,052	1 262
Deferred credits and other liabilities	290	14,755	1,262
Total current liabilities	27,789	419,529	35,798
Noncurrent liabilities, net of current portion:	1 517	4.052	751
Accrued compensated absences	1,517	4,953	751 9,100
Claims payable Advances from other funds	 6,111	9,892	314
Capital appreciation bond interest payable	0,111	9,692 211,421	314
Commercial paper notes payable, net of discount		239,958	<b></b>
Revenue notes payable		28,000	
General obligation bonds payable and other tax supported		20,000	
debt, net of discount and inclusive of premium	79,407	100,864	18,260
Revenue bonds payable, net of discount and	. 0, . 0.	.00,00.	.0,200
inclusive of premium	219,149	3,043,075	
Pension obligation payable	2,964	11,758	
Capital lease obligations payable	, <u></u>	2,568	
Accrued landfill closure and postclosure costs	8,379	8,379	
Decommissioning expense payable from restricted assets		134,664	
Deferred credits and other liabilities	1	520,045	
Other liabilities payable from restricted assets		2,965	19
Total noncurrent liabilities	317,528	4,318,542	28,444
Total liabilities	345,317	4,738,071	64,242
NET ASSETS Invested in capital assets, net of related debt Restricted for:	149,556	1,538,572	30,414
Debt service	2,265	114,242	
Strategic reserve	2,200	168,045	
Capital projects	9,186	115,177	3,540
Renewal and replacement	1,709	57,268	5,540
Passenger facility charges	1,705	13,484	
Convention Center operating reserve	1,022	1,022	<b></b>
Unrestricted	84,428	544,390	51,773
Total net assets	248,166	2,552,200	85,727
:	2.0,100	_,002,200	30,121
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	1,413	7,448	
Total net assets - Business-type activities	249,579	2,559,648	

	Electric	Water and Wastewater	Airport
OPERATING REVENUES			
Utility services	\$ 1,070,606	306,237	74 400
User fees and rentals Billings to departments	<del></del>		71,496
Employee contributions	 		
Operating revenues from other governments			
Other operating revenues			
Total operating revenues	1,070,606	306,237	71,496
OPERATING EXPENSES			
Operating expenses before depreciation	695,271	129,599	45,714
Depreciation and amortization	126,244	65,977	17,129
Total operating expenses	821,515	195,576	62,843
Operating income (loss)	249,091	110,661	8,653
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	33,059	2,951	5,772
Interest on revenue bonds and other debt	(88,247)	(81,571)	(17,058)
Interest capitalized during construction			2,103
Passenger facility charges		 (0.47)	15,977
Amortization of bond issue cost	(649)	(647)	(325)
Cost (recovered) to be recovered in future years Other nonoperating expense	1,934	(15,108) (398)	(255)
Total nonoperating revenues (expenses)	(9,442)	(94,773)	6,214
Income (loss) before contributions and transfers	185,746	15,888	14,867
Capital contributions	13,152	34,537	16,017
Transfers in	221	(00.500)	
Transfers out Change in net assets	(77,420) 121,699	(23,502) 26,923	30,884
•	•	•	,
Total net assets - beginning	1,382,321	399,483	342,724
Total net assets - ending	\$ 1,504,020	426,406	373,608
Reconciliation to government-wide Statement of Activities			
Change in net assets	121,699	26,923	30,884
Adjustment to consolidate internal service activities	(450)	(221)	(109)
Change in net assets - Business-type activities	\$ 121,249	26,702	30,775

	Nonmajor Enterprise Funds	2006 Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES			
Utility services		1,376,843	
User fees and rentals	146,119	217,615	 224,353
Billings to departments Employee contributions		<u></u>	28,009
Operating revenues from other governments			1,886
Other operating revenues			1,989
Total operating revenues	146,119	1,594,458	256,237
OPERATING EXPENSES			
Operating expenses before depreciation	135,193	1,005,777	245,000
Depreciation and amortization	15,378	224,728	9,131
Total operating expenses	150,571	1,230,505	254,131
Operating income (loss)	(4,452)	363,953	2,106
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	6,123	47,905	992
Interest on revenue bonds and other debt	(14,068)	(200,944)	(616)
Interest capitalized during construction	2,379	4,482	
Passenger facility charges		15,977	
Amortization of bond issue cost	(179)	(1,800)	(2)
Cost (recovered) to be recovered in future years	(0.440)	(13,174)	(0.000)
Other nonoperating expense	(2,448)	(12,543)	(8,609)
Total nonoperating revenues (expenses)	(8,193)	(160,097)	(8,235)
Income (loss) before contributions and transfers	(12,645)	203,856	(6,129)
Capital contributions	6,098	69,804	27,110
Transfers in	37,463	37,684	949
Transfers out	(2,736)	(103,658)	(5,216)
Change in net assets	28,180	207,686	16,714
Total net assets - beginning	219,986	2,344,514	69,013
Total net assets - ending	248,166	2,552,200	85,727
Reconciliation to government-wide Statement of Activities			
Change in net assets	28,180	207,686	
Adjustment to consolidate internal service activities	(601)	(1,381)	
Change in net assets - Business-type activities	27,579	206,305	

	-		
	Electric	Water and Wastewater	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,106,493	299,919	72,274
Cash payments to suppliers for goods and services	(569,616)	(62,412)	(28,356)
Cash payments to employees for services	(113,396)	(59,537)	(17,597)
Cash payments to claimants/beneficiaries			
Taxes collected and remitted to other governments	(29,969)		
Net cash provided (used) by operating activities	393,512	177,970	26,321
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	221		
	<del></del> -	(22 502)	
Transfers out	(77,420)	(23,502)	
Interest paid on revenue notes and other debt	(63)	(21)	
Increase in deferred assets	(648)		
Loans to other funds	(174)		
Loans from other funds		(020)	617
Loan repayments to other funds		(928)	
Loan repayments from other funds		27	32
Net cash provided (used) by noncapital	(70.004)	(24.424)	649
financing activities	(78,084)	(24,424)	049
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	51,488	121,190	
Proceeds from the sale of general obligation bonds	,	,	
and other tax supported debt		1,815	
Principal paid on long-term debt	(78,218)	(49,266)	(14,019)
Purchased interest received	480	617	
Interest paid on revenue bonds and other debt	(68,275)	(70,196)	(16,596)
Passenger facility charges			15,977
Acquisition and construction of capital assets	(135,897)	(156,676)	(29,414)
Contributions (to) from municipality			
Contributions from state and federal governments			12,208
Contributions in aid of construction	14,076	15,965	
Bond issuance costs		107	99
Bond discounts	(142)		
Bond premiums	(· ·=/	3,236	
Cash paid for bond defeasance	<u></u>		(1,000)
Cash paid for nuclear fuel inventory	(16,724)		
Net cash provided (used) by capital and related			
financing activities	\$ (233,212)	(133,208)	(32,745)

	Nonmajor Enterprise Funds	2006 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	145,284	1,623,970	258,616
Cash payments to suppliers for goods and services	(63,764)	(724,148)	(107,121)
Cash payments to employees for services	(68,785)	(259,315)	(87,988)
Cash payments to claimants/beneficiaries			(54,183)
Taxes collected and remitted to other governments		(29,969)	
Net cash provided (used) by operating activities	12,735	610,538	9,324
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	37,463	37,684	949
Transfers out	(2,736)	(103,658)	(5,216)
Interest paid on revenue notes and other debt	(3)	(87)	<del></del>
Increase in deferred assets		(648)	
Loans to other funds	(448)	(622)	
Loans from other funds	794	1,411	
Loan repayments to other funds		(928)	(27)
Loan repayments from other funds	159	218	241
Net cash provided (used) by noncapital			
financing activities	35,229	(66,630)	(4,053)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes		172,678	
Proceeds from the sale of general obligation bonds			
and other tax supported debt	7,795	9,610	
Principal paid on long-term debt	(7,848)	(149,351)	(3,216)
Purchased interest received	24	1,121	
Interest paid on revenue bonds and other debt	(13,423)	(168,490)	(773)
Passenger facility charges		15,977	
Acquisition and construction of capital assets	(23,134)	(345,121)	(10,178)
Contributions (to) from municipality	(1,257)	(1,257)	108
Contributions from state and federal governments		12,208	
Contributions in aid of construction	3,933	33,974	
Bond issuance costs	20	226	
Bond discounts		(142)	
Bond premiums	5	3,241	2
Cash paid for bond defeasance		(1,000)	
Cash paid for nuclear fuel inventory		(16,724)	
Net cash provided (used) by capital and related financing activities	(33,885)	(433,050)	(14,057)

(Continued)

		Electric	Water and Wastewater	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	\$	(270,067)	(103,446)	(30,284)
Proceeds from sale and maturities of investment				
securities		252,413	100,381	32,116
Interest on investments		28,910	3,281	5,155
Net cash provided (used) by investing activities		11,256	216	6,987
Net increase (decrease) in cash and cash equivalents		93,472	20,554	1,212
Cash and cash equivalents, October 1		239,021	33,780	98,403
Cash and cash equivalents, September 30		332,493	54,334	99,615
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)		249,091	110,661	8,653
Adjustments to reconcile operating income to net cash				
provided by operating activities:				
Depreciation		126,244	63,477	17,129
Amortization			2,500	
Change in assets and liabilities:				
(Increase) decrease in working capital advances		(727)		
(Increase) decrease in accounts receivable		(44)	(4,580)	1,238
Decrease in allowance for doubtful accounts		(1,372)	(207)	
Decrease in due from other funds				
(Increase) decrease in inventory		(8,804)	(605)	
(Increase) decrease in prepaid expenses and				
other assets		14,439	3	(2)
(Increase) decrease in deferred costs and other expenses		11,180		
(Increase) decrease in other long-term assets		335		 ( <b>-0.</b> 4)
Increase (decrease) in accounts payable		(5,990)	548	(581)
Increase in accrued payroll and compensated		4.700	856	330
absences		1,763	000	330
Decrease in claims payable  Decrease in advances from other funds			<del></del>	
		2,689	 1,364	398
Increase in pension obligations payable Increase (decrease) in deferred credits and		2,009	1,304	390
other liabilities		337	2,507	(431)
Increase (decrease) in customer deposits		4,371	1,446	(413)
Total adjustments		144,421	67,309	17,668
Net cash provided (used) by operating activities	\$	393,512	177,970	26,321
Hot outh provided (used) by operating activities	Ψ	000,012	111,310	20,021

<del>-</del>	Nonmajor		Governmental Activities-
	Enterprise Funds	2006 Total	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(10,310)	(414,107)	
Proceeds from sale and maturities of investment			
securities	12,363	397,273	
Interest on investments	6,120	43,466	994
Net cash provided (used) by investing activities	8,173	26,632	994
Net increase (decrease) in cash and cash equivalents	22,252	137,490	(7,792)
Cash and cash equivalents, October 1	131,246	502,450	101,951
Cash and cash equivalents, September 30	153,498	639,940	94,159
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(4,452)	363,953	2,106
Adjustments to reconcile operating income to net cash			
provided by operating activities:			
Depreciation	15,378	222,228	9,131
Amortization		2,500	
Change in assets and liabilities:			
(Increase) decrease in working capital advances	124	(603)	
(Increase) decrease in accounts receivable	(829)	(4,215)	2,419
Decrease in allowance for doubtful accounts	(263)	(1,842)	
Decrease in due from other funds			(19)
(Increase) decrease in inventory	(520)	(9,929)	4
(Increase) decrease in prepaid expenses and			
other assets	21	14,461	38
(Increase) decrease in deferred costs and other expense		11,180	(34)
(Increase) decrease in other long-term assets		335	(50)
Increase (decrease) in accounts payable	98	(5,925)	2,101
Increase in accrued payroll and compensated	4 000	4.044	4 000
absences	1,062	4,011	1,083
Decrease in claims payable			(7,609)
Decrease in advances from other funds	4.550		(20)
Increase in pension obligations payable	1,552	6,003	
Increase (decrease) in deferred credits and	201	0.744	474
other liabilities	301	2,714	174
Increase (decrease) in customer deposits	263	5,667	7.010
Total adjustments	17,187	246,585	7,218
Net cash provided (used) by operating activities	12,735	610,538	9,324

(Continued)

	Electric	Water and Wastewater	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			,
Decrease in deferred assets/expenses	\$ 3,836	3 1,197	
Increase in capital appreciation bond interest			
payable	10,81	7 12,174	
Capital assets contributed from (to) other funds	(1,019	9)	(47)
Increase in contributed facilities	•	- 18,434	
Net increase in the fair value of investments	(67	7)	
Amortization of bond issue costs	(61	5) (647)	(325)
Amortization of bond discounts and premiums	(5,729	9) (7,360)	(138)
Amortization of deferred loss on refundings	9,303	5,469	1,187
Loss on disposal of assets	(9,03	3) (397)	(115)
Deferred gain on bond refunding	-	- 180	
Bond issuance costs, discounts, premiums, and accrued			
interest written off due to refunding	-	- 1,323	
Deferred costs (recovered) to be recovered	1,934	4 (15,108)	
Contributions from other funds	-		
Increase in deferred credits and other liabilities	10,170	16,317	
Capital lease obligations	-		
General obligation bonds and other tax supported debt			
proceeds receivable	-	- 4,420	
Bonds issued for the advance refundings of debt	150,000	205,435	
Bond issuance costs on advance refundings	(1,348	3) (2,234)	
Bond discounts on advance refundings	-	- (716)	
Bond premiums on advance refundings	5,848	6,270	
Reduction of long-term debt due to advance refundings	(154,500	0) (204,921)	

# (Continued)

			Governmental
-	Nonmajor		Activities-
	Enterprise	2006	Internal Service
	Funds	Total	Funds
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Decrease in deferred assets/expenses	2	5,035	
Increase in capital appreciation bond interest			
payable		22,991	
Capital assets contributed from (to) other funds	2,582	1,516	7,829
Increase in contributed facilities		18,434	
Net increase in the fair value of investments		(67)	
Amortization of bond issue costs	(179)	(1,766)	(2)
Amortization of bond discounts and premiums	(427)	(13,654)	(5)
Amortization of deferred loss on refundings	1,143	17,102	48
Loss on disposal of assets	(1,240)	(10,785)	1,423
Deferred gain on bond refunding		180	
Bond issue costs, discounts, premiums, and accrued interest			
written off due to refunding		1,323	
Deferred costs (recovered) to be recovered		(13,174)	
Contributions from other funds			199
Increase in deferred credits and other liabilities		26,487	187
Capital lease obligations	8	8	8
General obligation bonds and other tax supported debt			
proceeds receivable	9,700	14,120	
Bonds issued for the advance refundings of debt		355,435	
Bond issuance costs on advance refundings		(3,582)	
Bond discounts on advance refundings		(716)	
Bond premiums on advance refundings		12,118	
Reduction of long-term debt due to advance refundings		(359,421)	

	e-purpose Trust	Agency
ASSETS		
Pooled investments and cash	\$ 1,128	3,078
Other assets	121	
Total assets	1,249	3,078
LIABILITIES		
Accounts payable		183
Due to other governments		2,375
Deposits and other liabilities	466	520
Total liabilities	466	3,078
NET ASSETS		
Held in trust	783	
Total net assets	\$ 783	

		-purpose rust
ADDITIONS	<u></u> -	
Contributions	\$	279
Interest and other		41
Total additions		320
DEDUCTIONS  Benefit payments		238
Total deductions		238
Change in net assets		82
Total net assets - beginning		701
Total net assets - ending	\$	783

#### 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, 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. GASB Statement No. 42 entitled "Accounting and Reporting for Impairment of Capital Assets and Insurance Recoveries", GASB Statement No. 44 entitled "Economic Condition Reporting: The Statistical Section", and GASB Statement No. 46 entitled "Net Assets Restricted by Enabling Legislation" were implemented in fiscal year 2006. The more significant accounting and reporting policies and practices used by the City are described below.

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

# a -- Reporting Entity

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.

The Mueller Local Government Corporation (MLGC) is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. The Austin City Council acts as the board of directors of the corporation; and members of the City staff serve as officers of the corporation. The entity is reported as a nonmajor special revenue fund in the City's financial statements.

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

- Capital Metropolitan Transit Authority (Capital Metro) The City's accountability for this organization does not extend beyond appointing board members.
- 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.
- 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.
- Austin Travis County Mental Health Retardation Center The nine board members are appointed by the City, Travis County, and the Austin Independent School District.
- 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.
- Austin Housing Authority The Mayor appoints the persons to serve as commissioners of this organization.
- 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.

# a -- Reporting Entity, continued

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.

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

The accounts of the City are organized on the basis of funds. The fund level statements focus on the governmental, proprietary, and fiduciary funds. Each fund was established to account for specific activities in accordance with applicable regulations, restrictions, or limitations. Major funds are determined by criteria specified by 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 primary 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 liquidate liabilities of the current period (defined by the City as collected within 60 days of the end of the fiscal year). Revenues billed under a contractual agreement with another governmental entity, including federal and state grants, are recognized when billed 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 payment is due. Debt service expenditures are recognized when payment is due. The reported fund balance of governmental funds is considered a measure of available spendable resources.

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

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, vehicle rental taxes, public health charges, 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 in the fiscal period the City receives cash.

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

The City reports the following major governmental fund:

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

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

<u>Special Revenue Funds</u>: Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, including grant funds.

<u>Debt Service Funds</u>: 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.

<u>Capital Projects Funds</u>: 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.

<u>Permanent Funds</u>: 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

<u>Proprietary Funds</u>: Consist of enterprise funds and internal service funds.

<u>Enterprise Funds</u>: 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).

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

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.

<u>Internal Service Funds</u>: 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.

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

<u>Private-purpose Trust Funds</u>: 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.

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

# d -- Budget

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

Annual budgets are legally adopted for the General Fund, certain special revenue funds, and debt service funds. Additional information related to special revenue funds with legally adopted budgets can be found in Exhibit E-13. Annual budgets are also adopted for enterprise and internal service funds, although they are not legally required. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the 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, 2006. Investments in local government investment pools are carried at amortized cost, which approximates fair value.

#### e -- Financial Statement Elements, 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, 2006 (in thousands):

	Charges for Services	Fines	Taxes	Other Govern- ments	Other	Total
Governmental activities			Тахоо		Othor	Total
General Fund	\$ 76,928	33,592	30,362			140,882
Nonmajor governmental funds	33,921	14	11,325	2,153	27,146	74,559
Internal service funds	1,681					1,681
Allowance for doubtful accounts	(69,570)	(17,193)				(86,763)
Total	\$ 42,960	16,413	41,687	2,153	27,146	130,359

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 citywide 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 Other inventories
All others Average cost

Average cost

# e -- Financial Statement Elements, 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. Governmental assets include restricted pooled investments and cash of \$11.9 million and interest receivable of \$241,000 as a result of the issuance of \$12.0 million of Mueller Local Government Corporation Contract Revenue Bonds, Series 2006. Since the Electric Fund and Water and Wastewater Fund report in accordance with FASB Statement No. 71, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council.

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

					Total
		Water and		Nonmajor	Restricted
	 Electric	Wastewater	Airport	Enterprise	Assets
Strategic reserve	\$ 168,045				168,045
Capital projects	53,869	25,052	78,432	56,781	214,134
Customer and escrow deposits	16,198	7,029	343	2,640	26,210
Debt service	93,901	49,042	10,938	2,552	156,433
Federal grants			4,140		4,140
Plant decommissioning	133,119				133,119
Nuclear fuel inventory replacement	22,052				22,052
Operating reserve account			7,655	5,768	13,423
Passenger facility charge account	-		16,604		16,604
Renewal and replacement account	 45,559		10,000	3,428	58,987
	\$ 532,743	81,123	128,112	71,169	813,147

Capital assets -- Capital assets, which primarily 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.

#### e -- Financial Statement Elements, continued

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

		Business-type Activities				
	Governmental	Water and			Nonmajor	
Assets	Activities (1)	Electric	Wastewater	Airport	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					

<sup>(1)</sup> 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 (\$35.4 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 60 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.

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

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from net revenues of these 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. Austin Energy and Austin Water recognize gains or losses on debt defeasance in accordance with FASB Statement No. 71.

**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	\$ 5,324
Water and Wastewater Fund	1,356
Airport	1
Nonmajor Enterprise Funds	781

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 2006 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, 2006. The amount of unbilled revenue recorded, as of September 30, 2006, for the Electric Fund was \$37.7 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, 2006. The amount of unbilled revenue recorded as of September 30, 2006 was \$11.3 million for water and \$9 million for wastewater.

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

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 the portion of fund equity that 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. The City considers the investment pool to be highly liquid, similar to a mutual fund.

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).

**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).

Austin Energy has established an energy risk management program. This program was authorized by City Council and led by the risk oversight committee. Under this program, Austin Energy enters into futures contracts, options, and swaps to reduce exposure to natural gas and energy price fluctuations. For additional details see Note 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 (\$349.5 million) differs from the net assets reported in governmental activities within the government-wide financial statements (\$1.56 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	\$ 34	49,541
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 2,765,349 Less: accumulated depreciation (718,847)  Total	2,04	46,502
Other long-term assets are not available as current-period resources and are not reported in the funds.  Accounts and other taxes receivable  Deferred revenue - property taxes and interest  Deferred costs and expenses  Total  Other long-term assets are not available as current-period resources and 6,325  6,325  241  3,590		10,156
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 (826,156) Pension obligation payable (13,912) Capital lease obligations payable (502) Compensated absences (70,704) Interest payable (3,360) Deferred credits and other liabilities (8,746)	(92	23,380)
Internal service funds Total net assets - Governmental activities		78,279 61,098

# 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 (\$40 million) differs from the change in net assets for governmental activities (\$66.2 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		\$ 39,983
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	92,952	
Depreciation expense	(82,696)	
Loss on disposal of capital assets	(4,237)	0.040
Total		6,019
Revenues in the statement of activities that do not provide current available		
financial resources are not reported as revenues in the funds.  Property taxes  Charges for services	1,591 2,999	
Operating grants and contributions	(2,811)	
Interest and other	9	
Capital assets contribution	22,130	22.040
Total		23,918
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	(67,746)	
Principal repayment on long-term debt  Deferral of debt issue costs	57,651 (11)	
Total	(11)	(10,106)
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.		(10,100)
Compensated absences	(5,013)	
Pension obligation Interest and other	(7,907) 1,192	
Total	1,132	(11,728)
Internal continue Theoretic continues of a continue to the first c		
Internal services. The net revenue (expense) of the internal service funds is reported with the governmental activities.		18,094
Change in net assets - Governmental activities		\$ 66,180

# 3 - DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2006, 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.

	Deficit	
Nonmajor Governmental	(in th	ousands)
Special Revenue Funds:		
APD Incident Management	\$	290
Fiscal Surety - Land Development		320
Austin Transportation Study		39
Medicaid Administrative Claims		696
City Hall Fund		229
One Texas Center		402
Capital Projects Funds:		
Parks and recreation facilities		250
Radio Trunking		3,218
Build Austin		682
Build Central Texas		304
Public Works		402
Watershed Protection		559
City Hall, plaza, parking garage		6,990
Conservation Land		15

# 4 - POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2006 (in thousands):

	Pooled Investments and Cash			
	Unrestricted		stricted Restr	
General Fund	\$	96,620		
Nonmajor governmental funds		149,631		
Electric		168,936		153,171
Water and Wastewater		26,951		21,566
Airport		1,111		98,498
Nonmajor enterprise funds		94,597		58,876
Internal service funds		93,366		
Fiduciary funds		4,206		
Subtotal pooled investments and cash $% \label{eq:cash} % $		635,418	_	332,111
Total pooled investments and cash	\$	967,529		

# **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

#### a -- Investments, 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;
- 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;
- 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, 2006, TexPool and TexasDAILY had a weighted average maturity of 51 days and 51 days, respectively. The City considers the holdings in these funds to have a weighted average maturity of one day, 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.

#### a -- Investments, continued

The City did not participate in any reverse repurchase agreements or security lending agreements during fiscal year 2006.

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, 2006 (in thousands):

	vernmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	\$ 15,199	183,502		198,701
US Treasury Notes		90,618		90,618
US Agency Bonds		167,424		167,424
US Agency Bonds-Step	 	1,997		1,997
Total non-pooled investments	15,199	443,541		458,740
Pooled investments:				
Local Government Investment Pools	80,175	148,795	1,000	229,970
US Treasury Notes	15,564	28,885	194	44,643
US Agency Bonds	234,346	434,837	3,001	672,184
US Agency Bonds-Step	863	1,602	11	2,476
Total pooled investments (1)	330,948	614,119	4,206	949,273
Total investments	\$ 346,147	1,057,660	4,206	1,408,013

(1) A difference of \$18.3 million exists between the investment portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

At September 30, 2006, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in thousands): Federal Home Loan Bank (\$330,075 or 23%), Federal Home Loan Mortgage Corporation (\$211,123 or 15%), and Federal National Mortgage Association (\$265,218 or 19%).

### 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;
- 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.

### b -- Investment categories, continued

#### Operating Funds (excluding special project fund)

As of September 30, 2006, the city operating funds (excluding the special project fund) had the following investments:

	Go	vernmental	Business-type	Fiduciary		Weighted Average
Investment Type		Activities	Activities	Funds	Total	Maturity (days)
Local Government Invest Pools (LGIPs)	\$	80,175	148,794	1,000	229,969	1
US Treasury Notes		15,564	28,886	194	44,644	332
US Agency Bonds		234,346	434,837	3,001	672,184	420
US Agency Bonds-Step		863	1,602	11_	2,476	299
Total	\$	330,948	614,119	4,206	949,273	314

#### **Credit Risk**

Approximately 5% of the portfolio consists of direct obligations of the US government. As of September 30, 2006, Standard and Poor's issued the following ratings for other investments:

Investment Type	Portfolio %	Rating
LGIPs	24	AAAm
US Agency Bonds and Step Bonds	71	AAA

At September 30, 2006, the operating funds held investments with more than 5 percent of the total in securities of the following issuers: Federal Home Loan Bank (\$253 million or 27 percent), Federal National Mortgage Association (\$223 million or 23 percent), and Federal Home Loan Mortgage Corporation (\$178 million or 19 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, 2006, 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 314 days, which was less than the threshold of 365 days.

#### b -- Investment categories, continued

#### **Debt Service Funds**

As of September 30, 2006, the City's debt service funds had the following investments:

	Fair Value (ir	n thousands)	
	 vernmental Activities	Business-type Activities	Final Maturity
General Obligation Debt Service TexPool (LGIPs)	\$ 15,119		N/A
Enterprise-Utility (1) TexPool (LGIPs)	_	140.607	N/A
US Treasury	-	336	11/15/2006
Enterprise-Airport TexPool (LGIPs)		10,938	N/A
Nonmajor Enterprise-Convention Center TexPool (LGIPs)		3,502	N/A
Total	\$ 15,119	155,383	

<sup>(1)</sup> Includes combined pledge debt service

#### **Credit Risk**

As of September 30, 2006, 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, 2006, portfolios in this category held investments in AAAm rated LGIPs or direct obligations of the US Treasury.

### **Special Project Fund**

As of September 30, 2006, the City's special project fund had the following investments:

thousands)			
siness-type Activities	Final Maturity		
13,111	N/A		
13,111			
	siness-type Activities		

#### **Credit Risk**

As of September 30, 2006, Standard and Poor's rated TexPool AAAm.

### 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, 2006, the portfolios held investments in an AAAm rated LGIP and US Agencies with maturities that will meet anticipated cash flow requirements.

#### b -- Investment categories, continued

#### **Special Purpose Funds**

#### **Austin Energy Strategic Reserve Fund**

As of September 30, 2006, the City's Special Purpose Fund (Austin Energy Strategic Reserve Fund) had the following investments:

Business-type Activities	air Value thousands)	Weighted Average Maturity (days)
TexPool (LGIPs)	\$ 15,344	1
US Treasuries	81,963	60
US Agencies	70,738	901
Total	\$ 168,045	466

#### **Credit Risk**

At September 30, 2006, 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, 2006, 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 (\$26 million or 15 percent), Federal Home Loan Bank (\$46 million or 27 percent), and Federal Home Loan Mortgage Corporation (\$11 million or 6 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, 2006, the portfolios held investments in TexPool (AAAm rated LGIP), US Treasuries, and US Agencies with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 466 days (1.28 years).

#### **Austin Energy Nuclear Decommissioning Trust Funds**

As of September 30, 2006, the Austin Energy's Special Purpose Fund (Nuclear Decommissioning Trust Funds, NDTF) had the following investments:

	Fa	air Value	Weighted Average
Business-type Activities	(in thousands)		Maturity (years)
US Treasuries	\$	19,544	1.39
US Agencies		85,461	3.61
US Agencies-Step		1,997	2.58
Total	\$	107,002	3.18

#### **Credit Risk**

As of September 30, 2006, 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, 2006, the NDTF held investments with more than 5 percent of the total in securities of the following issuers: Federal Home Loan Bank (\$31 million or 29 percent), Federal Home Loan Mortgage Corporation (\$22 million or 20 percent), Federal National Mortgage Association (\$17 million or 16 percent), and Federal Farm Credit Bank (\$17 million or 16 percent).

#### **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, 2006, the dollar weighted average maturity was 3.22 years.

#### c - Investments and Deposits

Investments and deposits at September 30, 2006, are as follows (in thousands):

	Go	vernmental	Business-Type	Fiduciary	
		Activities	Activities	Funds	Total
Non-pooled investments and cash	\$	28,034	459,775		487,809
Pooled investments and cash		338,599	628,264	4,206	971,069
Total investments and cash		366,633	1,088,039	4,206	1,458,878
Unrestricted cash		12,835	60		12,895
Restricted cash			16,174		16,174
Pooled cash		7,651	14,066	79	21,796
Investments		346,147	1,057,739	4,127	1,408,013
Total investments and cash	\$	366,633	1,088,039	4,206	1,458,878

A difference of \$3.7 million exists between bank balance and book balance, primarily due to deposits in transit offset by outstanding checks.

#### **Deposits**

The September 30, 2006, carrying amount of deposits is as follows (in thousands):

	 ernmental ctivities	Business-Type Activities	Fiduciary Funds	Total
Cash				
Unrestricted	\$ 115	60		175
Cash held by trustee				
Unrestricted	775			775
Restricted	11,945	16,174		28,119
Pooled cash	 7,651	14,066	79	21,796
Total deposits	\$ 20,486	30,300	79	50,865

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, 2006.

#### **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, 2005, upon which the 2006 levy was based, was \$52,349,642,297.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2006, 99.55% of the current tax levy (October 1, 2005) was collected. The statutory lien date is January 1.

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

#### 6 - PROPERTY TAXES, continued

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District and the Williamson County Appraisal District. The appraisal districts are required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every 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, 2006, was \$.2841 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.7159 per \$100 assessed valuation, and could levy approximately \$374,771,089 in additional taxes from the assessed valuation of \$52,349,642,297 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 has recorded capitalized interest for fiscal year 2006 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

#### **Enterprise Funds**

Major fund:	
Airport	\$ 2,103
Nonmajor enterprise funds:	
Convention Center	938
Drainage	1,284
Golf	10
Solid Waste Services	147

Interest is not capitalized on governmental capital assets. In accordance with FASB Statement No. 71, interest is also not capitalized on electric and water and wastewater capital assets.

Capital asset balances as of September 30, 2006 (in thousands):

		vernmental	Business-type		
	Activities		Activities	Total	
Capital assets not depreciated					
Land and improvements	\$	240,388	295,256	535,644	
Arts and treasures		5,029	1,390	6,419	
Library collections		13,761		13,761	
Total		259,178	296,646	555,824	
Depreciable property, plant and equipment in service					
Building and improvements		540,350	2,005,949	2,546,299	
Equipment		134,344	4,748,650	4,882,994	
Vehicles		71,672	99,694	171,366	
Infrastructure		1,659,449		1,659,449	
Total		2,405,815	6,854,293	9,260,108	
Less accumulated depreciation for					
Building and improvements		(129,212)	(620,914)	(750,126)	
Equipment		(54,154)	(1,936,145)	(1,990,299)	
Vehicles		(43,369)	(54,631)	(98,000)	
Infrastructure		(520,096)		(520,096)	
Total		(746,831)	(2,611,690)	(3,358,521)	
Net property, plant and equipment in service		1,658,984	4,242,603	5,901,587	
Other capital assets not depreciated					
Construction in progress		181,342	829,752	1,011,094	
Nuclear fuel, net of amortization			29,284	29,284	
Plant held for future use			27,783	27,783	
Total capital assets	\$	2,099,504	5,426,068	7,525,572	

**Governmental Activities** 

Capital asset activity for the year ended September 30, 2006, was as follows (in thousands):

	Beginning			Ending
	Balance	Increases (1)	Decreases (1)	Balance
Capital assets not depreciated				
Land and improvements	\$ 243,094		(2,706)	240,388
Arts and treasures	4,967	212	(150)	5,029
Library collections	12,885	876	<u></u>	13,761
Total	260,946	1,088	(2,856)	259,178
Depreciable property, plant and equipment in service				
Building and improvements	428,048	112,361	(59)	540,350
Equipment	88,459	59,127	(13,242)	134,344
Vehicles	73,063	7,704	(9,095)	71,672
Infrastructure	1,518,130	141,319		1,659,449
Completed assets not classified	46,679		(46,679)	
Total	2,154,379	320,511	(69,075)	2,405,815
Less accumulated depreciation for				
Building and improvements	(109,408)	(20,144)	340	(129,212)
Equipment	(35,761)	(31,253)	12,860	(54,154)
Vehicles	(45,682)	(8,065)	10,378	(43,369)
Infrastructure	(471,098)	(48,998)		(520,096)
Completed assets not classified	(33,821)		33,821 (2)	
Total	(695,770)	(108,460)(3)	57,399	(746,831)
Net property, plant and equipment in service	1,458,609	212,051	(11,676)	1,658,984
Other capital assets not depreciated				
Construction in progress	327,986	94,865	(241,509)	181,342
Total capital assets	\$ 2,047,541	308,004	(256,041)	2,099,504

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

(2) Decreases	include (in thousands):
Dealleastina	and the second control of a second collection

Reallocation of accumulated depreciation		
for completed assets not classified	\$	14,861
Accumulated depreciation retired with related assets		18,960
Total decreases in accumulated depreciation		
for completed assets not classified	\$	33,821
(3) Depreciation expense was charged to functions as follows (in thousand	ls):	

(3) Depreciation expense	was charged to functio	ins as follows (in thousands):	
Governmental activities:			

Governmental activities.	
General government	\$ 1,774
Public safety	12,129
Transportation, planning and sustainability	20,046
Public health	894
Public recreation and culture	8,358
Urban growth management	4,137
Unallocated depreciation expense - infrastructure	35,357
Internal service funds	 9,131
Total governmental activities depreciation expense	 91,826
Reallocation of accumulated depreciation	
for completed assets not classified	14,861
Transferred accumulated depreciation	1,773
Total increases in accumulated depreciation	\$ 108,460

Business-type Activities: Electric Fund

	Е	Beginning			Ending
		Balance	Increases	Decreases	Balance
Capital assets not depreciated					
Land and improvements	\$	39,907	562		40,469
Total		39,907	562		40,469
Depreciable property, plant and equipment in service					
Building and improvements		655,401	10,457	(3,960)	661,898
Equipment		2,647,304	150,494	(20,350)	2,777,448
Vehicles		22,064	3,251	(2,006)	23,309
Completed assets not classified			643	(643)	
Total		3,324,769	164,845	(26,959)	3,462,655
Less accumulated depreciation for		_		_	
Building and improvements		(283,596)	(18,929)	19	(302,506)
Equipment		(1,145,639)	(106,877)	15,959	(1,236,557)
Vehicles		(15,480)	(1,281)	1,959	(14,802)
Total		(1,444,715)	(127,087) (1)	17,937	(1,553,865)
Net property, plant and equipment in service		1,880,054	37,758	(9,022)	1,908,790
Other capital assets not depreciated					
Construction in progress		200,248	133,065	(163,199)	170,114
Nuclear fuel, net of amortization		22,747	6,537		29,284
Plant held for future use		30,745		(2,962)	27,783
Total capital assets	\$	2,173,701	177,922	(175,183)	2,176,440
(1) Components of accumulated depreciation increases:	_				
Current year depreciation	\$	126,244			
Transferred accumulated depreciation		843			
Total increases in accumulated depreciation	\$	127,087			

Business-type Activities: Water and Wastewater Fund

	Beginning			Ending
	Balance	Increases (1)	Decreases (1)	Balance
Capital assets not depreciated Land and improvements Arts and treasures Total	\$ 140,112  140,112	1,245  1,245	(1)  (1)	141,356  141,356
Depreciable property plant and equipment in convice	<del></del>			· · · · · ·
Depreciable property, plant and equipment in service Building and improvements Equipment	395,721 1,728,866	21,668 164,616	 (1,326)	417,389 1,892,156
Vehicles	21,833	1,831	(2,107)	21,557
Completed assets not classified	45,175		(45,175)	
Total	2,191,595	188,115	(48,608)	2,331,102
Less accumulated depreciation for Building and improvements Equipment	(121,231) (618,905)	(11,997) (53,885)	 1,255	(133,228) (671,535)
Vehicles	(14,724)	(1,281)	2,031	(13,974)
Completed assets not classified	(8,691)	(1,201)	8,691 (2)	(10,071)
Total	(763,551)	(67,163) (3)	11,977	(818,737)
Net property, plant and equipment in service	1,428,044	120,952	(36,631)	1,512,365
Other capital assets not depreciated Construction in progress	550,757	149,451	(130,263)	569,945
Total capital assets	\$ 2,118,913	271,648	(166,895)	2,223,666

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

(2) Decreases include (in thousands):		
Reallocation of accumulated depreciation		
for completed assets not classified	\$	3,604
Accumulated depreciation retired with related assets		5,087
Total decreases in accumulated depreciation		
for completed assets not classified	\$	8,691
(3) Components of accumulated depreciation increases:  Current year depreciation		
·	φ	22.644
Water	\$	33,611
Wastewater		29,866
Reallocation of accumulated depreciation		
for completed assets not classified		3,604
Transferred accumulated depreciation		82
Total increases in accumulated depreciation	\$	67,163

Business-type Activities: Airport Fund

		eginning			Ending
	E	Balance	Increases	Decreases	Balance
Capital assets not depreciated	•	<b>5</b> 0.400	400		<b>50.000</b>
Land and improvements	\$	58,433	199	<del></del>	58,632
Arts and treasures		755	23		778
Total		59,188	222		59,410
Depreciable property, plant and equipment in service					
Building and improvements		604,120	12,072	(207)	615,985
Equipment		15,034	2,226	(345)	16,915
Vehicles		4,477	1,205	(714)	4,968
Completed assets not classified		150		(150)	
Total		623,781	15,503	(1,416)	637,868
Less accumulated depreciation for					
Building and improvements		(109,607)	(15,787)	207	(125,187)
Equipment		(5,150)	(986)	204	(5,932)
Vehicles		(2,645)	(411)	644	(2,412)
Completed assets not classified		(86)		86 (1)	
Total		(117,488)	(17,184)	) 1,141	(133,531)
Net property, plant and equipment in service		506,293	(1,681)	(275)	504,337
Other capital assets not depreciated					
Construction in progress		35,327	30,029	(14,469)	50,887
Total capital assets	\$	600,808	28,570	(14,744)	614,634
	<u> </u>	,			
(1) Decreases include (in thousands):					
Reallocation of accumulated depreciation					
for completed assets not classified	\$	54			
Accumulated depreciation retired with related assets		32			
Total decreases in accumulated depreciation					
for completed assets not classified	\$	86			
(2) Components of accumulated depreciation increases:					
Current year depreciation	\$	17,129			
Reallocation of accumulated depreciation	•	•			
for completed assets not classified		54			
Transferred accumulated depreciation		1			
Total increases in accumulated depreciation	\$	17,184			

Business-type Activities: Nonmajor Enterprise Funds

	eginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 48,680	6,120	(1)	54,799
Arts and treasures	 594	18		612
Total	 49,274	6,138	(1)	55,411
Depreciable property, plant and equipment in service				
Building and improvements	285,479	27,214	(2,016)	310,677
Equipment	42,499	20,417	(785)	62,131
Vehicles	47,916	6,880	(4,936)	49,860
Completed assets not classified	 111	<u></u>	(111)	400,000
Total	 376,005	54,511	(7,848)	422,668
Less accumulated depreciation for				
Building and improvements	(52,956)	(7,984)	947	(59,993)
Equipment	(19,501)	(2,856)	236	(22,121)
Vehicles	(21,844)	(5,795)	4,196	(23,443)
Completed assets not classified Total	 (63)	(16 635) (2)	63 (1)	
	 (94,364)	(16,635) (2)		(105,557)
Net property, plant and equipment in service	 281,641	37,876	(2,406)	317,111
Other capital assets not depreciated				
Construction in progress	 70,157	25,795	(57,146)	38,806
Total capital assets	\$ 401,072	69,809	(59,553)	411,328
(1) Decreases include (in thousands):  Reallocation of accumulated depreciation for completed assets not classified	\$ 13 50			
Accumulated depreciation retired with related assets  Total decreases in accumulated depreciation	 50			
for completed assets not classified	\$ 63			
(2) Components of accumulated depreciation increases:     Current year depreciation     Convention Center     Other nonmajor enterprise funds     Reallocation of accumulated depreciation     for completed assets not classified     Transferred accumulated depreciation  Total increases in accumulated depreciation	\$ 6,800 8,578 13 1,244 16,635			
	 -,			

Business-type Activities

Capital asset activity for the year ended September 30, 2006, was as follows (in thousands):

	Beginning			Ending
	Balance	Increases(1)_	Decreases (1)	Balance
Capital assets not depreciated				
Land and improvements	\$ 287,132	8,126	(2)	295,256
Arts and treasures	1,349	41		1,390
Total	288,481	8,167	(2)	296,646
Depreciable property, plant and equipment in service				
Building and improvements	1,940,721	71,411	(6,183)	2,005,949
Equipment	4,433,703	337,753	(22,806)	4,748,650
Vehicles	96,290	13,167	(9,763)	99,694
Completed assets not classified	45,436	643	(46,079)	
Total	6,516,150	422,974	(84,831)	6,854,293
Less accumulated depreciation for				
Building and improvements	(567,390)	(54,697)	1,173	(620,914)
Equipment	(1,789,195)	(164,604)	17,654	(1,936,145)
Vehicles	(54,693)	(8,768)	8,830	(54,631)
Completed assets not classified	(8,840)		8,840 (2)	
Total	(2,420,118)	(228,069) (3)	36,497	(2,611,690)
Net property, plant and equipment in service	4,096,032	194,905	(48,334)	4,242,603
Other capital assets not depreciated				
Construction in progress	856,489	338,340	(365,077)	829,752
Nuclear fuel, net of amortization	22,747	6,537		29,284
Plant held for future use	30,745		(2,962)	27,783
Total capital assets	\$ 5,294,494	547,949	(416,375)	5,426,068

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

Reallocation of accumulated depreciation		
for completed assets not classified	\$	3,671
Accumulated depreciation retired with related assets		5,169
Total decreases in accumulated depreciation	<u> </u>	
for completed assets not classified	\$	8,840

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

<b>D</b>		4
Business-t	NA	activities.
Dusii icss-i	LVDC	activities.

Electric	\$	126,244
Water		33,611
Wastewater		29,866
Airport		17,129
Convention Center		6,800
Other nonmajor enterprise funds		8,578
Total business-type activities depreciation expense		222,228
Reallocation of accumulated depreciation	\ <u></u>	
for completed assets not classified		3,671
Transferred accumulated depreciation		2,170
Total increases in accumulated depreciation	\$	228,069

#### **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 citywide 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, 2005. Membership in the plans at December 31, 2005, is as follows:

	City Employees	Police Officers	Fire Fighters	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not				
yet receiving them	3,967	397	421	4,785
Current employees	7,638	1,427	1,003	10,068
Total	11,605	1,824	1,424	14,853

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

Authority cottoblishing	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) City's contribution	8.0%	9.0%	15.7%
(percent of earnings)	8.0% (1)	18.0%	18.05%

<sup>(1)</sup> 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 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, 2006, are as follows (in thousands):

		City	Police	Fire	
	En	nployees	Officers	Fighters	Total
City	\$	28,688	16,588	11,367	56,643
Employees		28,594	8,290	9,887	46,771
Total contributions	\$	57,282	24,878	21,254	103,414

### c -- Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$70,552,000 for fiscal year ended September 30, 2006, was \$13,909,000 more than the City's actual contributions. Three-year trend information is as follows (in thousands):

	City		Police	Fire	
	En	nployees	Officers	<b>Fighters</b>	Total
City's Annual Pension Cost (APC):					
2004	\$	31,174	14,358	9,835	55,367
2005		32,438	15,451	10,746	58,635
2006		40,988	16,588	12,976	70,552
Percentage of APC contributed:					
2004		81%	100%	100%	N/A
2005		82%	100%	100%	N/A
2006		73%	100%	92%	N/A
Net Pension Obligation:					
2004	\$	5,906			5,906
2005		11,761			11,761
2006		24,061		1,609	25,670

### 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 and the Fire Fighters' Relief and Retirement Fund for the fiscal year ended December 31, 2005 (in thousands):

		City	Fire	
	Em	ployees	Fighters	Total
Annual required contribution	\$	39,135	12,358	51,493
Interest in net pension obligation		911		911
Adjustment to annual required contribution		(616)		(616)
Annual pension cost		39,430	12,358	51,788
Employer contributions		(27,130)	(10,749)	(37,879)
Change in net pension obligation		12,300	1,609	13,909
Beginning net pension obligation		11,761		11,761
Net pension obligation	\$	24,061	1,609	25,670

The latest actuarial valuations were completed as of December 31, 2005. 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%	3.15%
Projected Annual Salary Increases	4% to 14%	6.8% average	8.0%
Post retirement benefit increase	None	None	1%
Assumed Rate of Return on Investments	7.75%	8%	7.75%
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	30 years	30 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 2006, the Airport Fund revenues included minimum concession guarantees of \$9,529,063.

The following is a schedule by year of minimum future rentals on noncancelable operating leases for terms of up to twenty-four years for the Airport Fund as of September 30, 2006 (in thousands):

	Enterprise
Fiscal Year	Airport
Ended	Lease
September 30	Payments
2007	\$ 7,021
2008	6,719
2009	4,533
2010	263
2011	138
2012-2016	567
2017-2021	392
2022-2026	392
2027-2031	300
Totals	\$ 20,325

Projection of minimum future rentals for the Austin-Bergstrom Landhost Enterprises, Inc. is based on the current adjusted minimum rent for the period May 1, 2006, 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 obligations. Balances at September 30, 2006 (in thousands):

Description	Governmental Activities		Business-Type Activities	Total	
Long-term obligations		ctivities	Activities	IOtal	
General obligation bonds	\$	709,172	18,796	727,968	
Certificates of obligation	Ψ	101.334	49,760	151,094	
Contractual obligations		37.229	33.514	70.743	
Other tax supported debt			8,405	8,405	
General obligation bonds				5,155	
and other tax supported debt total		847,735	110,475	958,210	
Commercial paper			239,958	239,958	
Revenue notes			28,000	28,000	
Revenue bonds			3,197,996	3,197,996	
Contract revenue bonds			3,134	3,134	
Capital lease obligations		514	5,984	6,498	
Debt service requirements total		848,249	3,585,547	4,433,796	
Other long-term obligations					
Accrued compensated absences		77,393	20,963	98,356	
Claims payable		21,209		21,209	
Accrued landfill closure and postclosure costs			8,379	8,379	
Decommissioning expense payable			134,664	134,664	
Pension obligation payable		13,912	11,758	25,670	
Deferred credits and other liabilities		79,155	559,959	639,114	
		191,669	735,723	927,392	
Total long-term obligations	\$	1,039,918	4,321,270	5,361,188	

This schedule excludes current liabilities of \$49,640 for governmental activities and \$195,155 for business-type activities and long-term interest payable of \$211,421 for business-type activities.

Payments on bonds 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, special revenue funds, and internal service funds. Claims payable will be liquidated by internal service funds. Deferred revenue and other liabilities that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, general governmental capital improvement projects funds, and internal service funds.

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

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

# 10 – DEBT AND NON-DEBT LIABILITIES, continued a -- Long-Term 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, 2006 (in thousands):

Description	September 30, 2005	Increases	Decreases	September 30, 2006	Amounts Due Within One Year
Governmental activities (1)					
General obligation bonds, net	\$ 727,011	31,590	(49,429)	709,172	48,540
Certificates of obligation, net	82,549	24,150	(5,365)	101,334	6,412
Contractual obligations, net	31,077	12,006	(5,854)	37,229	5,001
General obligation bonds					
and other tax supported debt total	840,637	67,746	(60,648)	847,735	59,953
Capital lease obligations	960		(446)	514	197
Debt service requirements total	841,597	67,746	(61,094)	848,249	60,150
Other long-term obligations					
Accrued compensated absences	72,077	5,735	(419)	77,393	35,602
Claims payable	28,818	2,773	(10,382)	21,209	12,109
Pension obligation payable	6,006	7,906		13,912	
Deferred credits and other liabilities	71,863	9,770	(2,478)	79,155	62,888
Governmental activities total	1,020,361	93,930	(74,373)	1,039,918	170,749
Business-type activities:					
Electric activities					
General obligation bonds, net	1,307		(14)	1,293	53
Contractual obligations	1,077		(358)	719	202
General obligation bonds					
and other tax supported debt total	2,384		(372)	2,012	255
Commercial paper notes, net	157,481	51,488	(154,643)	54,326	
Revenue bonds, net	1,176,508	155,849	(72,183)	1,260,174	101,312
Capital lease obligations	5,200		(1,947)	3,253	2,012
Debt service requirements total	1,341,573	207,337	(229,145)	1,319,765	103,579
Other long-term obligations					
Accrued compensated absences	9,227	708	(291)	9,644	7,266
Decommissioning expense payable	109,718	24,946		134,664	
Pension obligation payable	2,565	2,689		5,254	
Deferred credits and other liabilities	104,790	20,204	(31,416)	93,578	21,501
Electric activities total	1,567,873	255,884	(260,852)	1,562,905	132,346
Water and Wastewater activities					
General obligation bonds, net	4,637		(827)	3,810	1,143
Contractual obligations	7,823	4,420	(1,773)	10,470	1,537
Other tax supported debt, net	9,261		(856)	8,405	642
General obligation bonds					
and other tax supported debt total	21,721	4,420	(3,456)	22,685	3,322
Commercial paper notes, net	199,442	121,190	(135,000)	185,632	
Revenue bonds, net	1,275,243	211,170	(107,578)	1,378,835	45,208
Contract revenue bonds, net	11,708		(8,574)	3,134	720
Capital lease obligations	3,732		(1,166)	2,566	1,239
Debt service requirements total	1,511,846	336,780	(255,774)	1,592,852	50,489
Other long-term obligations					
Accrued compensated absences	4,592	309	(30)	4,871	3,813
Pension obligation payable	1,319	1,364		2,683	
Deferred credits and other liabilities	440,543	27,260	(7,686)	460,117	11,150
Water and Wastewater activities total	1,958,300	365,713	(263,490)	2,060,523	65,452

<sup>(1)</sup> Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included in governmental activities.

Business-type activities (continued):

Business-type activities (continued):	September 30,			September 30,	Amounts Due
Description	2005	Increases	Decreases	2006	Within One Year
Airport activities					
General obligation bonds, net	407		(21)	386	49
Contractual obligations	52		(40)	12	12
General obligation bonds					
and other tax supported debt total	459		(61)	398	61
Revenue notes	28,000			28,000	
Revenue bonds, net	352,315		(13,737)	338,578	9,555
Capital lease obligations	321		(172)	149	149
Debt service requirements total	381,095		(13,970)	367,125	9,765
Other long-term obligations					
Accrued compensated absences	882	138		1,020	1,020
Pension obligation payable	459	398		857	
Deferred credits and other liabilities	4,794	2,300	(3,761)	3,333	1,368
Airport activities total	387,230	2,836	(17,731)	372,335	12,153
Nonmajor activities					
General obligation bonds, net	14,926		(1,619)	13,307	995
Certificates of obligation, net	52,006		(2,246)	49,760	2,258
Contractual obligations	14,246	9,705	(1,638)	22,313	2,720
General obligation bonds					
and other tax supported debt total	81,178	9,705	(5,503)	85,380	5,973
Revenue bonds, net	221,943		(1,534)	220,409	1,260
Capital lease obligations	114		(98)	16	16
Debt service requirements total	303,235	9,705	(7,135)	305,805	7,249
Other long-term obligations					
Accrued compensated absences	5,099	569	(240)	5,428	3,911
Accrued landfill closure and postclosure costs	7,935	444	-	8,379	
Pension obligation payable	1,412	1,552		2,964	
Deferred credits and other liabilities	3,222	128	(419)	2,931	2,930
Nonmajor activities total	320,903	12,398	(7,794)	325,507	14,090
Total business-type activities					
General obligation bonds, net	21,277		(2,481)	18,796	2,240
Certificates of obligation, net	52,006		(2,246)	49,760	2,258
Contractual obligations	23,198	14,125	(3,809)	33,514	4,471
Other tax supported debt, net	9,261		(856)	8,405	642
General obligation bonds					
and other tax supported debt total	105,742	14,125	(9,392)	110,475	9,611
Commercial paper notes, net	356,923	172,678	(289,643)	239,958	
Revenue notes	28,000			28,000	
Revenue bonds, net	3,026,009	367,019	(195,032)	3,197,996	157,335
Contract revenue bonds	11,708		(8,574)	3,134	720
Capital lease obligations	9,367		(3,383)	5,984	3,416
Debt service requirements total	3,537,749	553,822	(506,024)	3,585,547	171,082
Other long-term obligations					
Accrued compensated absences	19,800	1,724	(561)	20,963	16,010
Accrued landfill closure and postclosure costs	7,935	444		8,379	
Decommissioning expense payable	109,718	24,946		134,664	
Pension obligation payable	5,755	6,003		11,758	
Deferred credits and other liabilities	553,349	49,892	(43,282)	559,959	36,949
Business-type activities total	4,234,306	636,831	(549,867)	4,321,270	224,041
Total long-term liabilities	\$ 5,254,667	730,761	(624,240)	5,361,188	394,790

This schedule excludes short-term liabilities of \$49,640 for governmental activities and \$195,155 for business-type activities and long-term interest payable of \$211,421 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, 2006, including those reported in certain proprietary funds (in thousands):

		Original		Aggregate Interest	Interest Rates	
	5	Amount	Principal	Requirements	of Debt	Maturity Dates
Series	Date Issued	Issued	Outstanding	Outstanding	Outstanding	of Serial Debt
Series 1993	February 1993	\$ 71,600	21,690	1,840 (1)	5.70 - 5.75%	9/1/2007-2009
Series 1996	October 1996	30,550	6,695	819 (1)	6.00%	9/1/2007-2009
Series 1997	October 1997	29,295	1,370	79 (1)	5.75%	9/1/2007
Series 1997	October 1997	2,120	315	32 (1)	4.75 - 5.00%	9/1/2007-2009
Series 1998	January 1998	110,300	91,935	23,832 (1)	4.60 - 5.25%	9/1/2007-2016
Assumed MUD Debt	December 1997	33,680	9,430	3,341 (3)(4)	4.40 - 10.50%	11/15/2006-2017
Series 1998	October 1998	13,430	9,790	3,894 (1)	4.40 - 7.13%	9/1/2007-2018
Series 1998	October 1998	22,770	12,905	4,763 (1)	4.25 - 4.75%	9/1/2007-2018
Series 1999	October 1999	51,100	3,235	493 (1)	4.75 - 5.25%	9/1/2007-2009
Series 1999	October 1999	10,335	871	21 (2)	4.75%	11/1/2006
Series 1999	October 1999	5,590	1,290	206 (1)	5.00 - 6.00%	9/1/2007-2011
Series 2000	October 2000	52,930	19,870	8,209 (1)	4.50 - 6.00%	9/1/2007-2017
Series 2000	October 2000	6,060	2,300	560 (1)	5.00 - 5.25%	9/1/2007-2014
Series 2001	June 2001	123,445	44,840	10,050 (1)	4.75 - 5.50%	9/1/2007-2022
Series 2001	October 2001	79,650	48,195	21,786 (1)	4.00 - 5.25%	9/1/2007-2021
Series 2001	October 2001	2,650	1,070	62 (2)	3.40 - 3.88%	11/1/2006-2008
Series 2001	October 2001	65,335	49,505	16,551 (1)	4.38 - 5.25%	9/1/2007-2021
Series 2002	July 2002	12,190	11,695	3,489 (1)	3.13 - 5.00%	3/1/2007-2017
Series 2002	July 2002	2,495	1,350	100 (1)	4.38 - 5.00%	3/1/2007-2009
Series 2002	September 2002	99,615	92,800	39,895 (1)	2.75 - 5.00%	9/1/2007-2022
Series 2002	September 2002	8,690	4,750	310 (2)	2.50 - 3.40%	11/1/2006-2009
Series 2002	September 2002	34,095	25,225	10,173 (1)	3.00 - 5.38%	9/1/2007-2022
Series 2003	June 2003	62,585	30,640	5,739 (1)	2.25 - 5.00%	9/1/2007-2013
Series 2003	September 2003	68,855	66,430	31,782 (1)	3.75 - 5.00%	9/1/2007-2023
Series 2003A	September 2003	2,530	2,085	415 (1)	4.00 - 5.00%	9/1/2007-2013
Series 2003	September 2003	4,450	4,015	1,816 (1)	4.00 - 4.80%	9/1/2007-2023
Series 2003	September 2003	8,610	5,850	451 (2)	2.00 - 3.38%	11/1/2006-2010
Series 2004	September 2004	67,835	67,835	31,675 (1)	3.00 - 5.00%	9/1/2007-2024
Series 2004A	September 2004	2,430	2,230	512 (1)	4.00 - 4.75%	9/1/2007-2014
Series 2004	September 2004	25,000	23,410	12,246 (1)	2.25 - 5.00%	9/1/2007-2024
Series 2004	September 2004	21,830	18,035	1,699 (2)	1.85 - 3.35%	11/1/2006-2011
Series 2005	March 2005	145,345	145,345	66,896 (1)	5.00%	9/1/2007-2020
Series 2005	September 2005	19,535	19,535	9,929 (1)	3.50 - 5.00%	9/1/2008-2025
Series 2005	September 2005	7,185	6,975	3,355 (1)	3.50 - 6.50%	9/1/2007-2025
Series 2005	September 2005	14,940	14,040	1,734 (2)	3.00 - 4.00%	11/1/2006-2012
Series 2006	September 2006	31,585	31,585	22,290 (1)	4.00 - 5.38%	9/1/2009-2026
Series 2006	September 2006	24,150	24,150	12,598 (1)	4.00 - 5.00%	9/1/2007-2026
Series 2006	September 2006	14,120	14,120	2,387 (2)	4.00 - 4.25%	5/1/2007-2013
Series 2006	September 2006	12,000	12.000	6,837 (1)(5)	4.00 - 6.00%	9/1/2009-2026
OG1103 2000	September 2000	12,000	\$ 949.406	0,007 (1)(0)	7.00 - 0.00 /0	J/ 1/2000-2020
			ψ 545,400			

- (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.
- (4) Includes Water and Wastewater Fund principal of \$8,450 and interest of 3,037.
- (5) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

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

In September 2006, the City issued \$31,585,000 of Public Improvement Bonds, Series 2006. The proceeds from the issue will be used as follows: sidewalk projects (\$5,000,000); bikeways (\$2,000,000); street improvements (\$8,002,000); Colorado River park (\$5,500,000); Rundberg recreation center (\$4,168,000) and libraries (\$6,915,000). These bonds will be amortized serially on September 1 of each year from 2009 to 2026. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2007. Total interest requirements for these bonds, at rates ranging from 4% to 5.38%, are \$22,290,004.

In September 2006, the City issued \$24,150,000 of Certificates of Obligation, Series 2006. The proceeds from the issue will be used as follows: Rutherford Lane facility (\$22,150,000) and Avery Ranch fire station (\$2,000,000). These certificates of obligation will be amortized serially on September 1 of each year from 2007 to 2026. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2007. Total interest requirements for these obligations, at rates ranging from 4% to 5%, are \$12,597,820.

In September 2006, the City issued \$14,120,000 of Public Property Finance Contractual Obligations, Series 2006. The proceeds from the issue will be used as follows: public works capital equipment (\$2,000,000); solid waste services capital equipment (\$7,700,000); water vehicle capital equipment (\$1,135,000) and wastewater vehicle capital equipment (\$3,285,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2007 to 2013. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2007. The total interest requirements for these obligations, at rates ranging from 4% to 4.25%, are \$2,387,291. Business-type activities comprise \$12,120,000 of this issue.

In September 2006, the City issued \$12,000,000 of Mueller Local Government Corporation Contract Revenue Bonds, Series 2006. The proceeds from the issue will be used to finance infrastructure projects for the redevelopment of the Mueller site. The bonds are reported with the governmental contractual obligations and amortized serially on September 1 of each year from 2009 to 2026. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2007. The total interest requirements for these obligations, at rates ranging from 4% to 6% are \$6,836,605.

General obligation bonds authorized and unissued amounted to \$74,935,000 at September 30, 2006. Bond ratings at September 30, 2006, were Aa1 (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, 2006, exclusive of discounts, premiums and loss on refundings consists of \$734,914,135 prior lien bonds and \$252,179,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$716,070,755 at September 30, 2006. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2006, for the prior lien and subordinate lien bonds were, respectively, A1 and A1 (Moody's Investor Services, Inc.), AA- and A+ (Standard & Poor's), and AA- and AA- (Fitch).

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

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

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

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

**Combined Utility Systems Debt -- Bonds Issued and Outstanding -** The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2006 (in thousands):

		Original		Aggregate Interest	Interest Rates	
		Amount	Principal	Requirements	of Debt	Maturity Dates
Series	Date Issued	Issued	Outstanding	Outstanding	Outstanding	of Serial Debt
1990B Refunding	February 1990	\$ 236,009	3,668	20,502 (1)	7.35%	11/15/2014-2017
1992 Refunding	March 1992	265,806	30,116	78,049 (1)	6.80 - 6.85%	11/15/2009-2012
1992A Refunding	May 1992	351,706	108,111	117,049 (1)	6.00-12.50%	11/15/2006-2011
1993 Refunding	February 1993	203,166	67,721	40,542 (1)	5.80 - 6.30%	11/15/2006-2014
1993A Refunding	June 1993	263,410	12,814	19,601 (1)	5.85 - 5.95%	05/15/2008-2010
1994 Refunding	October 1994	142,559	26,894	96,961 (1)	6.60%	05/15/2017-2019
1996AB Refunding	September 1996	249,235	141,905	29,202 (1)	4.90 - 6.00%	11/15/2006-2016
1997 Refunding	August 1997	227,215	218,210	93,260 (1)	4.80 - 5.13%	11/15/2008-2020
1998 Refunding	August 1998	180,000	125,475	29,195 (1)	6.50 -6.75%	11/15/2006-2012
1998 Refunding	November 1998	139,965	139,390	104,218 (1)	3.9 - 5.25%	05/15/2007-2025
1998A Refunding	November 1998	105,350	105,350	85,766 (1)	4.25 - 5.00%	05/15/2007-2028
1998B	November 1998	10,000	7,440	1,726 (1)	3.05 - 3.75%	11/15/2006-2017
			\$ 987,094			

<sup>(1)</sup> Interest is paid semiannually on May 15 and November 15.

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, 2006, were P-1 (Moody's Investor Services, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch). The notes are in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of the City's Electric Fund and Wastewater Fund.

At September 30, 2006, the Electric Fund had outstanding commercial paper notes of \$26,415,000 and the Water and Wastewater Fund had \$185,632,000 of commercial paper notes outstanding. Interest rates on the notes range from 2.4% to 3.75%, 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 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, 2006 were P-1 (Moody's Investor Services, Inc.) A-1+ (Standard & Poor's) and F1+ (Fitch).

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

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

At September 30, 2006, the Electric Fund had outstanding taxable notes of \$27,911,000 (net of discount of \$241,641), and the Water and Wastewater Fund had no taxable notes outstanding. Interest rates on the taxable notes range from 3.77% to 5.43%. 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.

**Electric Utility Systems Revenue Debt -- Revenue Bond Refunding Issues -** In June 2006, the City issued \$150,000,000 of Electric Utility System Revenue Refunding Bonds, Series 2006. Proceeds from the bonds were used to refund \$154,500,000 of the City's outstanding tax-exempt commercial paper issued for the electric system. The refunding resulted in future interest requirements to service the debt of \$140,302,500, with interest rates from 4% to 5%. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

Bond ratings at September 30, 2006, were A1 (Moody's Investor Services, Inc.), A+ (Standard & Poor's), and AA- (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, 2006 (in thousands):

		Original Amount	P	rincipal		ite Interest rements	Interest Rates of Debt	Maturity Dates
Series	Date Issued	Issued	Ou	tstanding	Outs	tanding	Outstanding	of Serial Debt
2001 Refunding	February 2001	\$ 126,700		125,200	1	101,621 (1)	5.00 - 7.25%	11/15/2006-2030
2002 Refunding	March 2002	74,750		71,070		20,954 (1)	3.75 - 5.50%	11/15/2006-2014
2002A Refunding	August 2002	172,880		121,180		44,116 (1)	4.00 - 5.50%	11/15/2006-2016
2003 Refunding	March 2003	182,100		182,100	1	126,368 (1)	2.00 - 5.25%	11/15/2006-2028
2006 Refunding	June 2006	150,000		150,000	1	140,303 (1)	4.00 - 5.00%	11/15/2008-2035
			\$	649,550				

(1) Interest is paid semiannually on May 15 and November 15.

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 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 tax-exempt 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 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 FASB Statement No. 71, was recognized on this refunding.

In August 2006, the City issued \$63,100,000 of Water and Wastewater System, Revenue Refunding Bonds. Series 2006. Proceeds from the bond refunding were used to refund \$63,360,000 of the City's outstanding Combined Utility System Revenue Refunding Bonds, Series 1996A and Series 1996B issued for the water and wastewater utility system. The debt service requirements on the refunding bonds were \$96,846,972, with an interest rate of 5%. The City realized an economic gain of \$4,436,246 on this transaction. The change in net cash flows that resulted was a decrease of \$4,938,559. An accounting loss of \$492,838, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on this refunding.

Bond ratings at September 30, 2006 were A1 (Moody's Investor Services, Inc.), A (Standard & Poor's), and AA- (Fitch).

### c -- Business-Type Activities Long-Term 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, 2006 (in thousands):

Carrier	Deta la sua d	Original Amount	Principal	Aggregate Interest Requirements	Interest Rates of Debt	Maturity Dates
Series	Date Issued	Issued	Outstanding	Outstanding	Outstanding	of Serial Debt
North Austin MUD #1, 2003 RFD	August 2003	\$ 4,510	3,165	207 (1)	3.00 - 3.25%	11/15/2006-2009
2000 Refunding	June 2000	100,000	8,000	1,345 (1)	6.50%	11/15/2006-2010
2001A Refunding	June 2001	152,180	90,860	84,558 (1)	4.38 - 6.00%	11/15/2006-2031
2001B Refunding	June 2001	73,200	43,535	40,881 (1)	5.13 - 6.00%	11/15/2006-2031
2001C Refunding	December 2001	95,380	55,060	8,565 (1)	3.70 - 5.38%	11/15/2006-2015
2002A Refunding	August 2002	139,695	103,965	37,068 (1)	4.00 - 5.50%	11/15/2006-2016
2003 Refunding	March 2003	121,500	92,400	65,441 (1)	2.50 - 5.25%	11/15/2006-2028
2004 Refunding	August 2004	132,475	123,575	47,492 (2)	3.78%	11/15/2006-2024
2004A Refunding	October 2004	165,145	165,145	120,580 (1)	5.00%	11/15/2007-2029
2005 Refunding	November 2005	198,485	198,485	136,575 (1)	4.00 - 5.00%	05/15/2012-2030
2005A Refunding	June 2005	142,335	142,335	119,069 (1)	4.00 - 5.00%	05/15/2006-2035
2006 Refunding	August 2006	63,100	63,100	33,747 (1)	5.00%	11/15/2006-2025
			\$ 1,089,625			

<sup>(1)</sup> Interest is paid semiannually on May 15 and November 15.

**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, 2006, the total airport system obligation for prior lien bonds is \$355,100,000 exclusive of discounts, premiums and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$151,825,832 at September 30, 2006. Revenue bonds authorized and unissued amount to \$735,795,000.

**Airport -- Revenue Bond Defeasance -** In August 2006, the City paid \$1,000,000 to call Airport System Prior Lien Revenue Bonds, Series 1989 prior to maturity. The bonds are considered to be legally defeased and the liability has been removed from these financial statements. There was no economic gain or loss recognized on this transaction; no accounting loss on the defeasance was recognized.

Bond ratings at September 30, 2006, 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, 2006 (in thousands):

Series	Date Issued	Original Amount Issued		Principal Outstanding		Aggregate Interest Requirements Outstanding		Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt	
2003 Refunding	December 2003	\$ 54,250		54,250		25,023		3.00 - 5.25%	11/15/2006-2018	
2005 Refunding	August 2005	306,225		300,850		126,803	(2)	3.65%	11/15/2006-2025	
			\$	355,100						

<sup>(1)</sup> Interest is paid semiannually on May 15 and November 15.

<sup>(2)</sup> Interest is paid monthly and is based on a variable rate.

<sup>(2)</sup> Interest is paid monthly and is based on a variable rate.

# 10 – DEBT AND NON-DEBT LIABILITIES, continued c -- Business-Type Activities Long-Term 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, 2006, 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 \$9,903,980, including accrued interest, at September 30, 2006 and was restricted within the airport system. During fiscal year 2006, interest rates on the notes ranged from 2.66% to 4.05%, 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, 2006, 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, 2006, the total convention center obligation for prior and subordinate lien bonds is \$235,660,000, exclusive of discounts, premiums and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$133,630,779 at September 30, 2006. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2006.

Bond ratings at September 30, 2006, for the revenue bonds were NUR (Moody's Investor Services, Inc.), A- (Standard & Poor's), and NUR (Fitch).

The following table summarizes Convention Center original and refunding revenue bonds outstanding at September 30, 2006 (in thousands):

Series	Date Issued	4	Original Amount Issued		Amount Principal		•	Aggregate Interest Requirements Outstanding		5	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt	
1999A	June 1999	\$	25,000		23,635		18,559	(1)	4.80 - 5.50%	11/15/2006-2029			
1999	November 1999		40,000		3,300		462	(1)	6.75%	11/15/2006-2009			
2004 Refunding	February 2004		52,715		52,715		20,926	(1)	2.00 - 5.00%	11/15/2007-2019			
2005 Refunding	May 2005		36,720		36,720		28,831	(1)	3.30 - 5.00%	11/15/2011-2029			
2005 Refunding	August 2005		119,290		119,290		64,853	(2)	3.75%	11/15/2009-2029			
				\$	235,660								

<sup>(1)</sup> Interest is paid semiannually on May 15 and November 15.

<sup>(2)</sup> Interest is paid monthly and is based on a variable rate.

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

# **Governmental Activities** (in thousands)

Fiscal	Year
oou.	

Ended	General Obli	gation Bonds	Certificates	of Obligation	Contractual Obligations		
September 30	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 48,540	33,205	6,412	4,708	5,001	1,289	
2008	45,727	30,770	6,733	4,344	4,713	1,121	
2009	44,979	28,630	7,103	4,026	5,258	991	
2010	47,432	26,449	6,616	3,688	4,957	828	
2011	48,203	24,234	6,970	3,378	4,153	670	
2012-2016	221,423	88,281	31,007	12,178	5,332	2,203	
2017-2021	179,817	39,126	23,855	5,985	3,455	1,449	
2022-2026	63,298	7,059	12,619	1,470	4,355	608	
	699,419	277,754	101,315	39,777	37,224	9,159	
Less: Unamortized bond discounts	(848)	_	_			_	
Unamortized gain(loss) on bond refundings	(9,862)					_	
Add: Unamortized bond premiums	20,463	-	19		5		
Net debt service requirements	709,172	277,754	101,334	39,777	37,229	9,159	

Fiscal Year	Capital	Lease		Total Governmental  Debt Service Requirements				
Ended	Obliga	itions	Del					
September 30	Principal	Interest	Principa	Interest	Total			
2007	197	18	60,15	0 39,220	99,370			
2008	317	12	57,49	0 36,247	93,737			
2009			57,34	0 33,647	90,987			
2010			59,00	5 30,965	89,970			
2011			59,32	28,282	87,608			
2012-2016			257,76	102,662	360,424			
2017-2021			207,12	7 46,560	253,687			
2022-2026			80,27	2 9,137	89,409			
	514	30	838,47	2 326,720	1,165,192			
Less: Unamortized bond discounts			(84	- (8)	(848)			
Unamortized gain(loss) on bond refundings			(9,86	52)	(9,862)			
Add: Unamortized bond premiums			20,48		20,487			
Net debt service requirements	\$ 514	30	848,24	9 326,720	1,174,969			

# d -- Debt Service Requirements, continued

# Electric Business-Type Activities (in thousands)

Fiscal Year	G	eneral Ob	•			Commercial Paper Notes (1)		
Ended		Bon	ds	Contractual	Obligations			
September 30	Pri	ncipal	Interest	Principal	Interest	Principal	Interest	
2007	\$	53	61	202	19	54,568	249	
2008		12	58	140	14			
2009		18	57	146	11			
2010		53	56	152	6	_		
2011		63	54	79	2			
2012-2016		608	197					
2017-2021		403	43					
		1,210	526	719	52	54,568	249	
Less: Unamortized bond discount		(4)		_		(242)		
Add: Unamortized bond premium		87						
Net debt service requirements		1,293	526	719	52	54,326	249	

Fiscal Year			Capital	Lease	1	Total Electric	
Ended	Revenue	Bonds	Obliga	ations	Debt Se	rvice Require	ements
September 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
2007	101,312	66,337	2,012	202	158,147	66,868	225,015
2008	87,067	66,507	29	61	87,248	66,640	153,888
2009	78,557	83,078	31	60	78,752	83,206	161,958
2010	73,935	88,212	32	58	74,172	88,332	162,504
2011	76,158	80,212	34	57	76,334	80,325	156,659
2012-2016	416,259	220,652	197	255	417,064	221,104	638,168
2017-2021	169,708	107,201	253	200	170,364	107,444	277,808
2022-2026	159,948	59,434	325	128	160,273	59,562	219,835
2027-2031	113,000	23,110	340	37	113,340	23,147	136,487
2032-2036	41,600	5,392			41,600	5,392	46,992
	1,317,544	800,135	3,253	1,058	1,377,294	802,020	2,179,314
Less: Unamortized bond discounts	(6,899)				(7,145)		(7,145)
Unamortized gain(loss) on bond refundings	(85,340)				(85,340)		(85,340)
Add: Unamortized bond premiums	34,869				34,956		34,956
Net debt service requirements	\$ 1,260,174	800,135	3,253	1,058	1,319,765	802,020	2,121,785

<sup>(1)</sup> 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		neral Oblig	ation Bonds	Contractual	Obligations	Tax Supported Debt	
September 30	Principal		Interest	Principal	Interest	Principal	Interest
2007	\$	1,143	291	1,537	303	642	430
2008		739	232	1,668	305	594	401
2009		471	194	1,633	250	532	374
2010		589	170	1,550	196	564	348
2011		562	138	1,557	141	596	319
2012-2016		1,617	305	2,525	133	4,031	1,057
2017-2021		454	60			1,491	108
2022-2026		14	2				
		5,589	1,392	10,470	1,328	8,450	3,037
Less: Unamortized bond discounts		(25)				(45)	
Unamortized gain(loss) on bond refundings		(2,036)					
Add: Unamortized bond premiums		282					
Net debt service requirements		3,810	1,392	10,470	1,328	8,405	3,037

Fiscal Year Ended		mmercial Paper Notes Revenue (1) Bonds				Municipal Utility District Contract Revenue Bonds		
September 30	Principal	Interest	Principal	Interest	Principal	Interest		
2007	185,632	710	45,208	63,371	720	86		
2008			60,395	64,559	750	64		
2009			56,190	71,828	780	41		
2010			48,792	79,147	915	16		
2011			44,831	74,978				
2012-2016			363,357	282,504				
2017-2021			268,062	273,916				
2022-2026			277,450	96,704				
2027-2031			210,904	33,840				
2032-2036			30,371	3,772				
	185,632	710	1,405,560	1,044,619	3,165	207		
Less: Unamortized bond discounts			(10,505)		(16)			
Unamortized gain(loss) on bond refundings			(63,248)		(38)			
Add: Unamortized bond premiums			47,028		23			
Net debt service requirements	\$ 185,632	710	1,378,835	1,044,619	3,134	207		

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

# d -- Debt Service Requirements, continued

# Water and Wastewater Business-Type Activities (in thousands)

Fiscal Year Capital Lease				Total Water and Wastewater				
	Obliga	itions		Debt Service Requirements				
Pr	incipal	Interest		Principal	Interest	Total		
\$	1,239	155		236,121	65,346	301,467		
	1,327	53		65,473	65,614	131,087		
				59,606	72,687	132,293		
				52,410	79,877	132,287		
				47,546	75,576	123,122		
				371,530	283,999	655,529		
				270,007	274,084	544,091		
				277,464	96,706	374,170		
				210,904	33,840	244,744		
				30,371	3,772	34,143		
	2,566	208		1,621,432	1,051,501	2,672,933		
				(10,591)		(10,591)		
				(65,322)		(65,322)		
				47,333		47,333		
\$	2,566	208		1,592,852	1,051,501	2,644,353		
		Obliga Principal \$ 1,239 1,327 2,566	Obligations           Principal         Interest           \$ 1,239         155           1,327         53                               2,566         208	Obligations           Principal         Interest           \$ 1,239         155           1,327         53                           2,566         208	Obligations         Debt Serminary           Principal         Interest         Principal           \$ 1,239         155         236,121           1,327         53         65,473             59,606             52,410             47,546             270,007             277,464             30,371           2,566         208         1,621,432             (65,322)             47,333	Obligations         Debt Service Requires           Principal         Interest         Principal         Interest           \$ 1,239         155         236,121         65,346           1,327         53         65,473         65,614             59,606         72,687             52,410         79,877             47,546         75,576             371,530         283,999             270,007         274,084             210,904         33,840             30,371         3,772           2,566         208         1,621,432         1,051,501             (65,322)              47,333		

# d -- Debt Service Requirements, continued

# Airport Business-Type Activities (in thousands)

Fiscal Year	<b>General Obligation</b>						
Ended		Bon	ıds	Contractual	Obligations	Revenue Notes (1)	
September 30	Pri	ncipal	Interest	Principal	Interest	Principal	Interest
2007	\$	49	19	12			1,067
2008		23	16				1,067
2009		16	15				1,067
2010		23	14				1,067
2011		26	13				1,067
2012-2016		148	41				5,335
2017-2021		78	9			28,000	1,602
2022-2026		2					
		365	127	12		28,000	12,272
Less: Unamortized bond discounts		(1)					
Unamortized gain(loss) on bond refundings		1					
Add: Unamortized bond premiums		21					
Net debt service requirements		386	127	12		28,000	12,272

Fiscal Year			Capital Lease		Total Airport			
Ended	Revenue Bonds		Obliga	itions	<b>Debt Service Requirements</b>			
September 30	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2007	9,555	13,397	149	4	9,765	14,487	24,252	
2008	11,780	13,010			11,803	14,093	25,896	
2009	12,325	12,567			12,341	13,649	25,990	
2010	12,910	12,095			12,933	13,176	26,109	
2011	13,515	11,600			13,541	12,680	26,221	
2012-2016	78,020	49,269			78,168	54,645	132,813	
2017-2021	103,070	30,359			131,148	31,970	163,118	
2022-2026	113,925	9,529			113,927	9,529	123,456	
	355,100	151,826	149	4	383,626	164,229	547,855	
Less: Unamortized bond discounts	(1,273)				(1,274)		(1,274)	
Unamortized gain(loss) on bond refundings	(18,759)				(18,758)		(18,758)	
Add: Unamortized bond premiums	3,510				3,531	<u></u>	3,531	
Net debt service requirements	\$ 338,578	151,826	149	4	367,125	164,229	531,354	

<sup>(1)</sup> These are variable rate notes with an assumed interest rate of 3.65%.

# d -- Debt Service Requirements, continued

# Nonmajor Business-Type Activities (in thousands)

Fiscal Year Ended	General Obligation Bonds			Certific Obliga		Contractual Obligations	
September 30	Prir	ncipal	Interest	Principal	Interest	Principal	Interest
2007	\$	995	680	2,258	2,252	2,720	661
2008		1,221	632	2,372	2,165	3,504	678
2009		1,064	570	2,497	2,073	3,658	562
2010		1,604	515	2,204	1,975	3,411	435
2011		1,450	434	2,305	1,891	3,141	318
2012-2016		5,462	1,195	14,643	7,654	5,876	309
2017-2021		1,746	201	16,015	3,930		
2022-2026		4		6,483	583		
		13,546	4,227	48,777	22,523	22,310	2,963
Less: Unamortized bond discounts		(48)					
Unamortized gain(loss) on bond refundings		(1,003)					
Add: Unamortized bond premiums		812		983		3	
Net debt service requirements		13,307	4,227	49,760	22,523	22,313	2,963

Fiscal Year			Capital	Lease	Total Nonmajor			
Ended	Revenue	Bonds	Obliga	itions	Debt Service Requirements			
September 30	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2007	1,260	10,025	16	2	7,249	13,620	20,869	
2008	3,440	9,926			10,537	13,401	23,938	
2009	4,720	9,781			11,939	12,986	24,925	
2010	7,935	9,510			15,154	12,435	27,589	
2011	8,265	9,202			15,161	11,845	27,006	
2012-2016	52,985	39,754			78,966	48,912	127,878	
2017-2021	60,640	26,592			78,401	30,723	109,124	
2022-2026	49,175	15,078			55,662	15,661	71,323	
2027-2031	47,240	3,763			47,240	3,763	51,003	
	235,660	133,631	16	2	320,309	163,346	483,655	
Less: Unamortized bond discounts	(1,130)				(1,178)		(1,178)	
Unamortized gain(loss) on bond refundings	(19,194)				(20,197)		(20,197)	
Add: Unamortized bond premiums	5,073				6,871		6,871	
Net debt service requirements	\$ 220,409	133,631	16	2	305,805	163,346	469,151	

# 10 - DEBT AND NON-DEBT LIABILITIES, continued d -- Debt Service Requirements, continued

# Business-Type Activities (in thousands)

Fiscal Yo	ear
-----------	-----

Ended September 30		neral Oblig	ation Bonds	Certificates o	f Obligation	Contractual Obligations	
		incipal	Interest	Principal	Interest	Principal	Interest
2007	\$	2,240	1,051	2,258	2,252	4,471	983
2008		1,995	938	2,372	2,165	5,312	997
2009		1,569	836	2,497	2,073	5,437	823
2010		2,269	755	2,204	1,975	5,113	637
2011		2,101	639	2,305	1,891	4,777	461
2012-2016		7,835	1,738	14,643	7,654	8,401	442
2017-2021		2,681	313	16,015	3,930		
2022-2026		20	2	6,483	583		
		20,710	6,272	48,777	22,523	33,511	4,343
Less: Unamortized bond discounts		(78)					
Unamortized gain(loss) on bond refundings		(3,038)					
Add: Unamortized bond premiums		1,202		983		3	
Net debt service requirements		18,796	6,272	49,760	22,523	33,514	4,343

Fiscal Year Ended	Tax Supported Debt		Commercial Pa	per Notes (1)	Revenue Notes (2)		
September 30	Prin	cipal	Interest	Principal	Interest	Principal	Interest
2007		642	430	240,200	959		1,067
2008		594	401				1,067
2009		532	374				1,067
2010		564	348				1,067
2011		596	319				1,067
2012-2016		4,031	1,057				5,335
2017-2021		1,491	108			28,000	1,602
		8,450	3,037	240,200	959	28,000	12,272
Less: Unamortized bond discounts		(45)		(242)			
Unamortized gain(loss) on bond refundings							
Add: Unamortized bond premiums							
Net debt service requirements	\$	8,405	3,037	239,958	959	28,000	12,272

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

<sup>(2)</sup> These are variable rate notes with an assumed interest rate of 3.65%.

# 10 - DEBT AND NON-DEBT LIABILITIES, continued d -- Debt Service Requirements, continued

# Business-Type Activities (in thousands)

Fiscal Year Ended	Reve Bor		Municipal Uti	-	Capital Lease Obligations		
September 30	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 157,335	153,130	720	86	3,416	363	
2008	162,682	154,002	750	64	1,356	114	
2009	151,792	177,254	780	41	31	60	
2010	143,572	188,964	915	16	32	58	
2011	142,769	175,992			34	57	
2012-2016	910,621	592,179			197	255	
2017-2021	601,480	438,068			253	200	
2022-2026	600,498	180,745			325	128	
2027-2031	371,144	60,713			340	37	
2032-2036	71,971	9,164					
	3,313,864	2,130,211	3,165	207	5,984	1,272	
Less: Unamortized bond discounts	(19,807)		(16)				
Unamortized gain(loss) on bond refundings	(186,541)		(38)				
Add: Unamortized bond premiums	90,480		23				
Net debt service requirements	3,197,996	2,130,211	3,134	207	5,984	1,272	

#### **Fiscal Year Total Business-Type Activities Ended Debt Service Requirements** Principal September 30 Interest Total 2007 411,282 160,321 571,603 2008 175,061 159,748 334,809 2009 162,638 182,528 345,166 2010 154,669 193,820 348,489 2011 152,582 180,426 333,008 2012-2016 945,728 608,660 1,554,388 2017-2021 649,920 444,221 1,094,141 2022-2026 607,326 181,458 788,784 2027-2031 371,484 60,750 432,234 2032-2036 71,971 9,164 81,135 3,702,661 2,181,096 5,883,757 Less: Unamortized bond discounts (20,188)(20,188)Unamortized gain(loss) on bond refundings (189,617)(189,617)Add: Unamortized bond premiums 92,691 92,691 Net debt service requirements \$3,585,547 2,181,096 5,766,643

#### 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. The City has \$83 million in bonds of various series outstanding as of September 30, 2006 that had an original issue value of \$84.4 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international 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 entities and various third parties. In 2006, \$260.2 of refunding bonds was issued to retire \$252.3 million of the previously outstanding convention center facility revenue bonds. The refunding and remaining original issues total \$375.3 million, with \$363.8 million outstanding at September 30, 2006.

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, 2006, are as follows (in thousands):

		Amount			
Receivable Fund	Payable Fund	Current	Long-Term		
Governmental funds:					
Nonmajor governmental funds	General Fund	\$ 2			
	Nonmajor governmental funds	34,015			
	Water and Wastewater		3,781		
	Nonmajor enterprise funds		3,220		
	Internal service funds		207		
General Fund	Nonmajor governmental funds	282			
Internal Service funds:					
Wireless	Internal service funds	207			
Business-type funds:					
Electric	Nonmajor enterprise funds		2,891		
	Nonmajor governmental funds		4		
Water and Wastewater (restricted)	Internal service funds	27	107		
Airport (restricted)	General Fund	617	617		
	Nonmajor governmental funds		191		
Nonmajor enterprise funds	Nonmajor governmental funds		287		
	Nonmajor enterprise funds	333			
		\$ 35,483	11,305		

Interfund receivables and payables reflect loans between funds. Of the above current amount, \$18.0 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 \$16.0 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 2006 were as follows (in thousands):

	Transfers In						
Transfers Out	(	General Fund	Nonmajor Governmental	Electric	Nonmajor Enterprise	Internal Service Funds	Total
General Fund	\$		11,450	221	4,940		16,611
Nonmajor governmental funds			22,689		32,523		55,212
Electric		77,420					77,420
Water and Wastewater		20,238	3,264				23,502
Nonmajor enterprise funds			2,736				2,736
Internal service funds			4,267			949	5,216
Total transfers out	\$	97,658	44,406	221	37,463	949	180,697

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, 2006. 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 \$42 million as of September 30, 2006. 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, 2006, Austin Energy's investment in the STP was approximately \$530 million, net of accumulated depreciation.

## b -- South Texas Project, 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, 2006, Austin Energy funded its share of the estimated decommissioning liability as follows:

	20	006	
Estimated cost to decommission STP	\$ 271,1	96,520	-
Decommissioning trust assets	117,8	78,146	(Includes other restricted assets of \$10.9 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 2006, Austin Energy collected \$4,957,967 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>	Credit Rating
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, 2006, Austin Energy's options, futures, and swaps, valued at mark-to-market, net to an unrealized loss of \$28,593,669. This reflects the difference between the cost and the fair value of these contracts on September 30, 2006. 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, 2006.

## d -- Energy Risk Management Program, continued

**Futures** 

Contracts effective date September 2005 through September 2006

Contracts maturity date Through January 2007

Fair value \$300 Unrealized Gain/ (Loss) 300

**Options** 

Contracts effective date

June 2005 through September 2006

Contracts maturity date Through July 2011 Fair value \$(35,037,739) Unrealized Gain/ (Loss) (35,037,739)

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.

Swaps

Contracts effective date

June 2005 through September 2006

Contracts maturity date Through October 2011

Cost \$450,729,200 Fair value 457,172,970 Unrealized Gain/ (Loss) 6,443,770

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.

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.

## e -- Derivative Instruments, continued

The counterparty to the swap is JPMorgan Chase Bank. A summary of the terms and fair value of the swap, as of September 30, 2006, is as follows:

			CP Rating by	Variable Rate	Fixed Rate	Fair
Related Bonds	Maturity	Counterparty	Moody's/S&P/Fitch	Received	Paid	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%	\$ (1,516,296)

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, 2006, of \$(1,516,296). 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, 2006, 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) and 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 were 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.

## e -- Derivative Instruments, continued

Swap payments and associated debt. As of September 30, 2006, 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	١	Vater and V Variable-Ra			
Ended		(in thou	sands)	Interest Rate	
September 30	F	Principal	Interest	Swaps, Net	Total
2007	\$	7,000	4,511	(147)	4,364
2008		1,200	4,391	(143)	4,248
2009			4,361	(142)	4,219
2010			4,361	(142)	4,219
2011		830	4,351	(142)	4,209
2012-2016		70,940	17,414	(567)	16,847
2017-2021		19,830	6,653	(216)	6,437
2022-2026		23,775	1,449	(47)	1,402
Total	\$	123,575	47,491	(1,546)	45,945

#### **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, 2006, is as follows:

Related Bonds	Maturity	Counterparty	Moody's/S&P/Fitch	Variable Rate Received	Paid Paid	Fair Value
Airport System						
Subordinate Lien						
Variable Rate Reveni	ue					
Refunding Bonds,				71% of 1-month		
Series 2005	Nov 15, 2025	Morgan Stanley	Aa3/A+/AA-	LIBOR	4.051%	\$ (9,332,035)

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, 2006, of \$(9,332,035). 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.

## e -- Derivative Instruments, 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, 2006, 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 were 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, 2006, 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	Airp Variable-Ra (in thou	ate Bonds	Interest Rate	
September 30	 Principal	Interest	Swaps, Net	Total
2007	\$ 9,550	10,699	1,182	11,881
2008	10,000	10,338	1,142	11,480
2009	10,475	9,959	1,101	11,060
2010	10,975	9,563	1,056	10,619
2011	11,500	9,147	1,011	10,158
2012-2016	66,425	39,246	4,335	43,581
2017-2021	68,000	28,322	3,129	31,451
2022-2026	113,925	9,529	1,052	10,581
Total	\$ 300,850	126,803	14,008	140,811

## e -- Derivative Instruments, continued

#### **Swaps for the Hotel Occupancy Tax**

Objective of the swaps. In order to lower its borrowing costs, the City entered into 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, 2006:

			CP Rating by	Variable Rate	Fixed Rate	Fair
Related Bonds	Maturity	Counterparty	Moody's/S&P/Fitch	Received	Paid	Value
Hotel Occupancy Tax Subordinate Lein 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%	\$ 1,060,434
Hotel Occupancy Tax Subordinate Lein 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, 2006, of \$1,060,434. 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, 2006, the City was exposed to credit risk on its outstanding swaps since the swaps had a positive fair value of \$1,060,434. 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.

## e -- Derivative Instruments, 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, CIFG, 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 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 swaps' fair value if it were 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, 2006, 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):

	Conventio	n Center		
Fiscal Year	Variable-Ra	ate Bonds		
Ended	(in thou	sands)	Interest Rate	
September 30	Principal	Interest	Swaps, Net	Total
2007	\$	4,473	(416)	4,057
2008		4,473	(416)	4,057
2009		4,473	(416)	4,057
2010	3,045	4,378	(408)	3,970
2011	4,145	4,230	(394)	3,836
2012-2016	22,935	18,638	(1,736)	16,902
2017-2021	27,015	13,918	(1,297)	12,621
2022-2026	32,020	8,334	(776)	7,558
2027-2031	30,130	1,936	(182)	1,754
Total	\$ 119,290	64,853	(6,041)	58,812

#### 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 Electric Utility Office Project, Series 1987 \$ 14,000,000 Water and Wastewater Utility Office Project, Series 1987

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

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

The following table presents information regarding these certificates:

		Water and
	Electric Fund	<b>Wastewater Fund</b>
Description	Office Project (1)	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	May 15 and
	September 15	November 15
Maturity dates	September 15	November 15
	1988 – 2007	1989 - 2007
Present value of lease payments	\$ 1,987,716	\$ 2,631,885
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 the excess amounts to the federal government. The estimated amounts payable at September 30, 2006, are as follows (in thousands):

			Business-typ	e Activities	
Gover	nmental		Water and		
Act	ivities	Electric	Wastewater	Airport	Total
\$	44	910	324	43	\$ 1.277

## 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 2007 Capital Budget includes new appropriations of \$665.8 million for the City's enterprise funds and \$45.7 million for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

The key projects in progress include improvements to and development of the transportation infrastructure, electric system, water and wastewater systems, airport, and urban growth management activities as shown below (in thousands). Remaining commitments represent current unspent budget and future costs required to complete projects.

			Remaining
Project	Sp	ent-to-Date	Commitment
Governmental activities:			
General government	\$	105,747	16,388
Public safety		5,969	6,000
Transportation		209,222	32,102
Public health		4,652	400
Public recreation and culture		130,446	8,646
Urban growth management		54,233	7,326
Business-type activities:			
Electric		2,879,124	248,060
Water		817,844	837,202
Wastewater		645,811	538,086
Airport		93,623	118,127
Convention		21,805	4,100
Environmental and health services		29,282	21,741
Urban growth management		133,839	528,961
Total	\$	5,131,597	2,367,139

## 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 \$8.4 million reported as accrued landfill closure and postclosure costs at September 30, 2006, represents the cumulative amount reported to date based on the use of 85.3% of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of \$1.4 million as the remaining estimated capacity is filled over the next seven years. The total estimated costs of \$9.8 million include costs of closure in 2013 of \$2.5 million and postclosure costs over the subsequent thirty years of \$7.3 million. These amounts are based on current cost estimates to perform closure and postclosure care in 2006. 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 30% of city employees and 50% of retirees use the HMO option; approximately 70% of city employees and 50% 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.

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 2006, no claim exceeded the stop-loss limit of \$500,000; during fiscal year 2005, two claims exceeded the stop-loss limit of \$500,000; and during fiscal year 2004, no claim exceeded the stop-loss limit of \$500,000. 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, 2006. Possible losses are estimated to range from \$21.2 to \$35.9 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		Liability		Workers'			
		Benefits		Reserve			Compensation	
		2006	2005	2006	2005		2006	2005
Liability balances, beginning of year	\$	4,940	4,940	13,919	13,158		9,959	9,342
Claims and changes in estimates Claim payments		2,786 (3,344)	3,252 (3,252)	(3,126) (3,931)	6,091 (5,330)		3,113 (3,107)	4,295 (3,678)
Liability balances, end of year	\$	4,382	4,940	6,862	13,919	_	9,965	9,959

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$3.5 million discounted at 4.55% in 2006 and \$4.0 million discounted at 4.72% in 2005.

#### 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 approximately \$16 million at September 30, 2006. 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 2007 and future years. In addition, the Electric Fund anticipates an additional amount up to \$3.6 million, for environmental remediation of the Seaholm site. This amount has not been recorded in the financial statements of the Electric Fund, as a type 2 subsequent event.

The EPA issued an administrative order to Austin Water on April 29, 1999, which requires the utility to perform a series of activities designed to result in an improved wastewater collection system free from sanitary sewer overflows. These activities include Infiltration/Inflow studies, sanitary sewer evaluation studies, as well as subsequent design and construction of necessary improvements to the wastewater collection system to eliminate overflows by June 30, 2009. Construction costs are estimated to be \$400 million, and Austin Water is on schedule to comply with the administrative order.

Austin Water is planning to close the Green Water Treatment Plant (GWTP) by November 2008. The estimated decommissioning cost to close the GWTP is \$16 million. The financial statements include a decommissioning liability of approximately \$5 million at September 30, 2006.

The Airport Fund may also incur costs for the environmental remediation of certain sites and has recorded an estimated liability of \$732,000 as of September 30, 2006.

### 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 709 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, a regional retail shopping center, and two office buildings. Streets, greenways, and other infrastructure in the northwest quadrant of the property have been constructed, and work is progressing on a major feature of the development, a lake park and visitor center. With the signing of a 99-year ground lease with the University of Texas in October 2006, the project will also become home to the Dell Pediatric Research Institute.

In August 2005, the developer filed a site plan for the regional retail portion of the property. This action triggered a requirement that the City or the Mueller Local Government Corporation (MLGC), created by the City for this development, issue debt to be supported by the estimated sales tax revenue generated from the retail property. Debt was issued in the amount of \$12 million by the MLGC in September 2006. Debt service payments will be funded through an economic development grant from the City of Austin and supported by sales tax proceeds from the development.

# n -- Other Commitments and Contingencies

## i -- Leases

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2006, was \$18.1 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 to finance personal computers and other equipment for both governmental and business-type activities. As mentioned in a preceding section of this note, certificates of participation have been issued by the Electric Fund and Water and Wastewater Fund for financing certain office buildings. 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.

n -- Other Commitments and Contingencies, continued

i - Leases, continued

The following summarizes assets recorded at September 30, 2006, under capital lease obligations (in thousands):

			Business-type Activities					
	Gove	ernmental		Water and				
Assets	Ac	tivities	Electric	Wastewater	Airport	Nonmajor	Total	
Building and improvements	\$		21,604	13,429			35,033	
Equipment		1,500	146	111	868	200	1,325	
Accumulated depreciation		(794)	(10,408)	(4,873)	(312)	(140)	(15,733)	
Net assets	\$	706	11,342	8,667	556	60	20,625	

## ii -- Other Litigation

The City is currently in litigation related to the Convention Center, a non-major enterprise fund. Anticipated costs are estimated at \$4 million.

### 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 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 or their dependents. Allocation of city funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget approval 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:

Years of Service	Retiree only	<b>Dependent only</b>
Less than 5 years	16% - 17%	11% - 12%
5 to 9 years	24% - 26%	17%
10 to 14 years	41% - 43%	28% - 29%
15 to 20 years	57% - 60%	39% - 41%
Greater than 20 years	81% - 85%	56% - 58%

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.

#### 15 - OTHER POST-EMPLOYMENT BENEFITS, continued

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 2,682 retirees was \$15.7 million in 2006 and \$13.3 million in 2005 for 2,554 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, 2005, the City's portion of this obligation, \$9.9 million, is not reflected in the financial statements of the Electric Fund.

## 16 - SUBSEQUENT EVENTS

#### a -- Bond Election

On November 7, 2006, Austin voters approved the following bond propositions totaling \$567 million:

	Amount
Proposition	(in thousands)
1 – Street improvements	\$103,100
2 – Drainage and water quality improvements	145,000
3 – Parkland acquisition, construction and improvements	84,700
4 – Community and cultural facilities construction and improvement	31,500
5 – Affordable housing facilities acquisition, construction and improvement	55,000
6 - New Central Library construction	90,000
7 – Public safety facilities construction and improvement	58,100

Projects associated with each bond proposition will be funded with the issuance of general obligation bonds.

## b -- Electric System Revenue Bond Refunding Issue

In November 2006, the City issued \$137,800,000 of Electric Utility System Revenue Refunding Bonds, Series 2006A. Proceeds from the bond refunding were used to refund Combined Utility System Revenue Refunding Bonds, Series 1996A in the amount of \$74,585,000, Electric Utility System Revenue Refunding Bonds, Series 2001 in the amount of \$48,500,000 and Electric Utility System Revenue Refunding Bonds, Series 2003 in the amount of \$18,800,000. The debt service requirements on the refunding bonds were \$197,506,917, with an interest rate of 5%. The City realized an economic gain of \$6,277,592 on this transaction. The change in net cash flows that resulted was a decrease of \$8,024,020. An accounting loss of \$3,864,566, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on this refunding.

In August 2007, the City issued \$146,635,000 of Electric Utility System Revenue Refunding Bonds, Series 2007. Proceeds from the bond refunding were used to refund Combined Utility System Revenue Refunding Bonds, Series 1997 in the amount of \$151,990,000. The debt service requirements on the refunding bonds are \$199,169,492, with an interest rate of 5%. The City realized an economic gain of \$8,784,770 on this transaction. The change in net cash flows that resulted was a decrease of \$10,068,568. An accounting loss of \$16,568,803, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on this refunding.

## c -- Water and Wastewater System Revenue Bond Refunding Issue

In December 2006, the City issued \$135,000,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2006A. Proceeds from the bond refunding were used to refund \$ 134,200,000 of the City's outstanding commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds were \$250,027,850, with interest rates ranging from 3.5% to 5%. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

# 16 - SUBSEQUENT EVENTS, continued

## d - General Obligation Bond Issues

In October 2007, the City delivered \$97,525,000 of Public Improvement Bonds, Series 2007. The proceeds from the issue will be used as follows: streets and signals (\$62,000,000); parks and recreation (\$8,675,000); affordable housing (\$5,000,000); and public safety facilities (\$21,850,000). These bonds will be amortized serially on September 1 of each year from 2008 to 2027. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2008. Total interest requirements for these bonds, at rates ranging from 4.64% to 4.80%, are \$71,596,615.

In October 2007, the City delivered \$3,820,000 of Certificates of Obligation, Series 2007. The proceeds from the issue will be used for the Circle C Metro Park (\$2,500,000) and for a Compressed Natural Gas Facility (\$1,320,000). These certificates of obligation will be amortized serially on September 1 of each year from 2008 to 2027. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2008. Total interest requirements for these bonds, at a rate of 4.88%, are \$2,241,864.

In October 2007, the City delivered \$9,755,000 of Public Property Finance Contractual Obligations, Series 2007. The proceeds from the issue will be used as follows: fire trucks (\$4,035,000); public works transportation equipment (\$1,500,000); water utility capital equipment (\$2,173,000); and wastewater utility capital equipment (\$2,047,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2008 to 2017. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2008. Total interest requirements for these obligations, at a rate of 3.656%, are \$1,680,905.

## e - Convention Center Investigation

The Travis County District Attorney's office is pursuing a criminal investigation of the former director of the City's Convention Center. The City does not anticipate the results of the investigation to have a material effect on the financial statements.





	2006					
			Actual-			Variance (3)
		Adjustments	Budget	Buc	lget	Positive
	Actual	(1) (2)	Basis	Original	Final	(Negative)
REVENUES						
Taxes	\$ 294,344		294,344	284,198	284,198	10,146
Franchise fees	30,677		30,677	29,425	29,425	1,252
Fines, forfeitures and penalties	18,832		18,832	17,897	17,897	935
Licenses, permits and inspections	22,131		22,131	15,768	15,768	6,363
Charges for services/goods	24,453		24,453	23,698	23,698	755
Interest and other	15,882	(850)	15,032	12,069	12,070	2,962
Total revenues	406,319	(850)	405,469	383,055	383,056	22,413
EXPENDITURES						
General government						
Municipal Court	9,018	373	9,391	9,524	9,544	153
Public safety						
Police	186,762	(1,338)	185,424	184,317	184,575	(849)
Fire	97,418	(814)	96,604	91,706	96,014	(590)
Emergency Medical Services	34,943	356	35,299	35,995	36,151	852
Public Safety & Emergency Mgmt	3,883	(197)	3,686	3,696	3,693	7
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	262		262	160	160	(102)
Public health:						
Health	29,824	(153)	29,671	29,632	29,760	89
Public recreation and culture						
Parks and Recreation	28,214	76	28,290	27,676	27,726	(564)
Austin Public Library	19,385	(79)	19,306	19,691	19,772	466
Urban growth management						
Neighborhood Planning and Zoning	3,758	(49)	3,709	4,227	4,300	591
Development Services and	40040	(100)	40.000		40.000	
Watershed Protection	12,943	(123)	12,820	12,657	12,892	72
General city responsibilities (4)	54,494	(45,584)	8,910	14,402	9,534	624
Total expenditures	480,904	(47,532)	433,372	433,683	434,121	749
Excess (deficiency) of revenues						
over expenditures	(74,585)	46,682	(27,903)	(50,628)	(51,065)	23,162
OTHER FINANCING SOURCES (USES)						
Transfers in	97,658	25,850	123,508	98,508	140,400	(16,892)
Transfers out	(16,611)	(47,033)	(63,644)	(63,966)	(105,536)	41,892
Total other financing sources (uses)	81,047	(21,183)	59,864	34,542	34,864	25,000
Excess (deficiency) of revenues and						
other sources over expenditures						
and other uses	6,462	25,499	31,961	(16,086)	(16,201)	
Fund balance at beginning of year	105,342	(37,785)	67,557	34,245	32,945	34,612
Fund balance at end of year	\$ 111,804	(12,286)	99,518	18,159	16,744	82,774

<sup>(1)</sup> Includes adjustments to expenditures for current year encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences, and amounts budgeted as operating transfers.

<sup>(2)</sup> Includes adjustments to revenues/transfers required for adjusted budget basis presentation.

<sup>(3)</sup> Variance is actual-budget basis to final budget.

<sup>(4)</sup> 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 (\$679,000), expenditures for workers' compensation (\$3,027,009), liability reserve (\$2,500,000) and public safety (\$2,625,850).

## 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	\$	6,462	
Adjustments - increases (decreases) due to:			
Accrued payroll expenditures		2,441	
Net compensated absences accrual		(2)	
Outstanding encumbrances established in current year		(4,045)	
Payments against prior year encumbrances		3,002	
Transfer to Airport Fund		(700)	
Transfer from Budget Stabilization reserve		25,000	
Other		(197)	
Excess (deficiency) of revenues and other sources over			
expenditures and other uses - budget basis	\$	31,961	

# c -- Budget Amendments

The original budget of the General Fund was amended several times during fiscal year 2006 primarily for increased public safety and urban growth management costs. These increases were offset by decreases in general city responsibilities. 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			, ,		<b>,</b>	
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%
2005	1,398,800	1,794,200	395,400	78.0%	348,600	113.4%
Police Officers						
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%
2005	371,505	494,641	123,136	75.1%	93,429	131.8%
Fire Fighters (2)						
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%
2005	493,567	580,054	86,487	85.1%	65,885	131.3%

<sup>(1)</sup> UAAL – Unfunded Actuarial Accrued Liability (Excess)

Information on where to obtain financial statements and supplementary information for each plan can be found in Footnote 8.

<sup>(2)</sup> The actuarial study for the Fire Fighters' plan is performed biannually.

COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION



			2006		
		Adjustments	Actual- Budget		Variance- Positive
	Actual	(1)	Basis	Budget	(Negative)
Taxes					
Property taxes:					
Current	\$ 148,172		148,172	147,396	776
Delinquent	1,342		1,342	500	842
Penalty and interest	936		936	800	136
Sales taxes	139,289		139,289	131,178	8,111
Other taxes	4,605		4,605	4,324	281
Total taxes	 294,344		294,344	284,198	10,146
Franchise fees	 30,677		30,677	29,425	1,252
Fines, forfeitures, and penalties					
Library fines	672		672	664	8
Traffic fines	8,863		8,863	7,963	900
Parking violations	2,447		2,447	2,476	(29)
Weights and measures	162		162	146	16
Other	6,688		6,688	6,648	40
Total fines, forfeitures, and penalties	18,832		18,832	17,897	935
Licenses, permits, and inspections					
Alarm permits	1,254		1,254	1,261	(7)
Commercial solid waste	836		836	805	31
Public health	2,203		2,203	2,069	134
Development	4,925		4,925	3,925	1,000
Building safety	12,188		12,188	7,060	5,128
Beer and wine permits	256		256	255	1
Other	469		469	393	76
Total licenses, permits, and inspections	22,131		22,131	15,768	6,363
Charges for services/goods					
Recreation and culture	2,667		2,667	2,389	278
Public health	1,688		1,688	1,245	443
Emergency medical services	18,446		18,446	18,873	(427)
General government	1,652		1,652	1,191	461
Total charges for services/goods	 24,453		24,453	23,698	755
Interest and other					
Interest	7,340		7,340	5,012	2,328
Rental income	2,009		2,009	1,820	189
Sale of property	205		205	609	(404)
Other	6,328	(850)	5,478	4,629	849
Total interest and other	15,882	(850)	15,032	12,070	2,962
Total revenues	\$ 406,319	(850)	405,469	383,056	22,413

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

			2006		
			Actual-		Variance-
		Adjustments	Budget		Positive
	 Actual	(1)	Basis	Budget	(Negative)
Administration					
Municipal Court:					
Salaries and fringe benefits	\$ 7,427	(41)	7,386	7,326	(60)
Contractual services	1,453	406	1,859	2,003	144
Commodities	183	8	191	201	10
Expense refunds	(49)		(49)	(34)	15
Capital outlay	 4		4	48	44
Total administration	 9,018	373	9,391	9,544	153
Public safety					
Police:					
Salaries and fringe benefits	176,038	(1,249)	174,789	171,642	(3,147)
Contractual services	16,151	109	16,260	15,819	(441)
Commodities	2,899	(141)	2,758	3,322	564
Expense refunds	(8,753)	(103)	(8,856)	(7,042)	1,814
Capital outlay	 427	46	473	834	361
	 186,762	(1,338)	185,424	184,575	(849)
Fire:					
Salaries and fringe benefits	96,480	(774)	95,706	93,304	(2,402)
Contractual services	4,620	(38)	4,582	5,374	792
Commodities	1,145	17	1,162	1,435	273
Indirect cost	268		268	248	(20)
Expense refunds	(5,296)		(5,296)	(4,530)	766
Capital outlay	 201	(19)	182	183	1
	 97,418	(814)	96,604	96,014	(590)
Emergency Medical Services:					
Salaries and fringe benefits	29,856	(371)	29,485	30,474	989
Contractual services	3,361	(161)	3,200	3,252	52
Commodities	2,123	(139)	1,984	1,773	(211)
Expense refunds	(677)	128	(549)	(264)	285
Capital outlay	 280	899	1,179	916	(263)
	 34,943	356	35,299	36,151	852
Public Safety & Emerg Mgmt:					
Salaries and fringe benefits	8,617	(233)	8,384	8,071	(313)
Contractual services	376	(2)	374	234	(140)
Commodities	144	38	182	185	3
Expense refunds	(5,261)		(5,261)	(4,810)	451
Capital outlay	 7		7	13	6
	3,883	(197)	3,686	3,693	7
Total public safety	\$ 323,006	(1,993)	321,013	320,433	(580)

(Continued)

(Continued)

	2006					
				Actual-		Variance-
		A -41	Adjustments	Budget	Decident	Positive
		Actual	(1)	Basis	Budget	(Negative)
Transportation, planning, and sustainability						
Transportation, Planning, and Sustainability: Contractual services	æ	262		262	160	(102)
Contractual services	\$					(102)
Tatal to a manufaction of a minute of		262		262	160	(102)
Total transportation, planning,		000		000	400	(400)
and sustainability		262		262	160	(102)
Public health						
Salaries and fringe benefits		14,339	(229)	14,110	14,060	(50)
Contractual services		15,259	(17)	15,242	15,467	225
Commodities		1,028	103	1,131	901	(230)
Expense refunds		(822)		(822)	(705)	117
Capital outlay		20	(10)	10	37	27
Total public health		29,824	(153)	29,671	29,760	89
Public recreation and culture						
Parks and Recreation:						
Salaries and fringe benefits		20,590	(82)	20,508	20,760	252
Contractual services		9,052	69	9,121	7,168	(1,953)
Commodities		1,898	(3)	1,895	1,842	(53)
Indirect cost		248		248	269	21
Expense refunds		(3,851)		(3,851)	(2,654)	1,197
Capital outlay		277	92	369	341	(28)
		28,214	76	28,290	27,726	(564)
Austin Public Library:						
Salaries and fringe benefits		15,436	(129)	15,307	15,784	477
Contractual services		2,328	105	2,433	2,365	(68)
Commodities		1,722	5	1,727	1,694	(33)
Expense refunds		(167)		(167)	(84)	83
Capital outlay		66	(60)	6	13	7
		19,385	(79)	19,306	19,772	466
Total public recreation			•			
and culture	\$	47,599	(3)	47,596	47,498	(98)

(Continued)

(Continued)

	2006				
_	Actual-			Variance-	
		Adjustments Budget			Positive
	Actual	(1)	Basis	Budget	(Negative)
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits \$	3,996	(29)	3,967	4,456	489
Contractual services	742	(27)	715	778	63
Commodities	47	7	54	54	
Expense refunds	(1,027)		(1,027)	(988)	39
_	3,758	(49)	3,709	4,300	591
Development Services and Watershed Protection:					
Salaries and fringe benefits	11,388	(101)	11,287	11,409	122
Contractual services	2,502	(22)	2,480	2,461	(19)
Commodities	172	(9)	163	181	18
Expense refunds	(1,122)		(1,122)	(1,178)	(56)
Capital outlay	3	9	12	19	7
	12,943	(123)	12,820	12,892	72
Total urban growth management	16,701	(172)	16,529	17,192	663
General city responsibilities (2)	54,494	(45,584)	8,910	9,534	624
Total expenditures	480,904	(47,532)	433,372	434,121	749
General fund expenditures					
Salaries	384,167	(3,238)	380,929	377,286	(3,643)
Contractuals	56,106	422	56,528	55,081	(1,447)
Commodities	11,361	(114)	11,247	11,588	341
Indirect cost	516		516	517	1
Expense refunds	(27,025)	25	(27,000)	(22,289)	4,711
Capital outlay	1,285	957	2,242	2,404	162
General city responsibilities	54,494	(45,584)	8,910	9,534	624
Total expenditures \$	480,904	(47,532)	433,372	434,121	749

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

			2006		
			Actual-		Variance-
		Adjustments	Budget		Positive
	 Actual	(1)	Basis	Budget	(Negative)
Transfers in					
General fund:					
Emergency reserve	\$ 	25,000	25,000	25,000	
Health reimbursement				49	(49)
Contingency reserve				321	(321)
One-time expenditure				16,522	(16,522)
Enterprise funds:					
Electric	77,420		77,420	77,420	
Water and Wastewater	 20,238	850	21,088	21,088	
Total transfers in	 97,658	25,850	123,508	140,400	(16,892)
Transfers out					
General fund:					
Contingency reserve				321	321
Budget stabilization reserve				25,049	25,049
Critical one-time				16,522	16,522
Special revenue funds:					
Neighborhood Housing and					
Conservation	1,280		1,280	1,280	
Barton Springs Conservation	45		45	45	
Sustainability Fund	2,096		2,096	2,096	
Tax Increment Finance	100		100	100	
Tourism and Promotion	125		125	125	
Capital project funds	8,025		8,025	8,025	
Enterprise funds:					
Electric		1,924	1,924	1,924	
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		6,342	6,342	6,342	
Fleet Maintenance		4,139	4,139	4,139	
Information Systems		12,291	12,291	12,291	
Support Services		19,123	19,123	19,123	
Wireless Communication		1,249	1,249	1,249	
Fiduciary funds:					
Voluntary Utility Assistance		152	152	152	
Total transfers out	16,611	47,033	63,644	105,536	41,892
Net transfers	\$ 81,047	(21,183)	59,864	34,864	25,000

<sup>(1)</sup> Includes adjustments to actual transfers required for adjusted budget basis presentation.







	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total	
ASSETS						
Cash	\$ 5				5	
Pooled investments and cash	62,999	218	84,931	1,483	149,631	
Investments, at fair value		15,199			15,199	
Cash held by trustee-restricted	11,945				11,945	
Property taxes receivable		4,882			4,882	
Less allowance for uncollectible taxes		(1,085)			(1,085)	
Net property taxes receivable		3,797			3,797	
Accounts and other receivables	14,719		59,840		74,559	
Less allowance for doubtful accounts	(247)		(73)		(320)	
Net accounts receivable	14,472		59,767		74,239	
Receivables from other governments	17,782				17,782	
Notes receivable, net of allowance	8,226				8,226	
Due from other funds	17,953	2	16,062		34,017	
Advances to other funds		7,208			7,208	
Real property held for resale	12,530				12,530	
Prepaid expenses	2				2	
Other assets	691		543		1,234	
Total assets	146,605	26,424	161,303	1,483	335,815	
LIABILITIES AND FUND BALANCES						
Accounts payable	5,683		4,612		10,295	
Accrued payroll	978				978	
Due to other funds	17,953	282	16,062		34,297	
Deferred revenue	3,952	3,554			7,506	
Advances from other funds		482			482	
Deposits and other liabilities	42,888		1,632		44,520	
Total liabilities	71,454	4,318	22,306		98,078	
Fund balances						
Reserved:						
Encumbrances	4,373		34,788		39,161	
Inventories and prepaid items	2				2	
Notes receivable	8,226				8,226	
Advances receivable		7,208			7,208	
Real property held for resale	12,530	·			12,530	
Debt service	·	14,898			14,898	
Permanent funds				1,040	1,040	
Unreserved, undesignated:				•	•	
Special revenue	50.020				50.020	
Capital projects			104,209		104,209	
Permanent funds				443	443	
Total fund balances	75,151	22,106	138,997	1,483	237,737	
Total liabilities and fund balances	\$ 146.605	26.424	161,303	1,483	335,815	
i otal nasinties and fund salances	φ 140,000	20,724	101,000	1,700	333,013	

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$	84,105			84,105
Franchise fees and other taxes	44,473				44,473
Fines, forfeitures and penalties	4,865				4,865
Charges for services/goods	64,336				64,336
Intergovernmental	77,872		17,083		94,955
Property owners' participation and contributions	3,973		5,513		9,486
Interest and other	3,342	9,575	5,476	111	18,504
Total revenues	198,861	93,680	28,072	111	320,724
EXPENDITURES					
Current:					
General government	1,485				1,485
Public safety	25,588				25,588
Transportation, planning, and sustainability	4,366				4,366
Public health	63,605				63,605
Public recreation and culture	5,254				5,254
Urban growth management	59,230				59,230
Debt service:					
Principal		57,651			57,651
Interest		39,023			39,023
Fees and commissions		10			10
Capital outlay			87,931		87,931
Total expenditures	159,528	96,684	87,931		344,143
Excess (deficiency) of revenues over	<u> </u>				
expenditures	39,333	(3,004)	(59,859)	111	(23,419)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	12,000		55,735		67,735
Bond premiums		11			11
Transfers in	19,840	4,143	20,423		44,406
Transfers out	(47,612)		(7,600)		(55,212)
Total other financing sources (uses)	(15,772)	4,154	68,558		56,940
Net change in fund balances	23,561	1,150	8,699	111	33,521
Fund balances at beginning of year	51,590	20,956	130,298	1,372	204,216
Fund balances at end of year	\$ 75,151	22,106	138,997	1,483	237,737





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 Juvenile Case Manager - Accounts for the collection of fees associated with fine only misdemeanor charges.

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.

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.

#### **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.

## Other Special Revenue Funds

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.

 $\ensuremath{\textit{Performance Contracting}}$  - Accounts for the energy conservation measures that reduce energy consumption.

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.

Rutherford Lane Facility Fund - Accounts for the revenue, expenditures and debt service requirements associated with the Rutherford Lane facilities.

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 affect by Hurricane Katrina.

*Mueller Development Fund* - Accounts for the costs of overseeing the life of the redevelopment project, Robert Mueller Municipal Airport site.

*Mueller Land Development Corporation - Established* for the purpose of financing projects required for the development of the former site of Mueller Airport.

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.

	Federal, Stat and Other Special Rever Grants	Other Special	Housing Assistance	2006 Total
ASSETS				
Cash	\$	5		5
Pooled investments and cash	4,9		3,610	62,999
Cash held by trustee-restricted		11,945		11,945
Accounts and other receivables		14,008	711	14,719
Less allowance for doubtful accounts			(247)	(247)
Net accounts receivable	4	14,008	464	14,472
Receivables from other governments	17,7	32		17,782
Notes receivable, net of allowance			8,226	8,226
Due from other funds		17,953	 10 F20	17,953
Real property held for resale		 2	12,530	12,530 2
Prepaid expenses Other assets		2 20 568	103	691
Total assets	22,7		24,933	146,605
LIABILITIES AND FUND BALANCES				
Accounts payable	2,0	55 3,077	551	5,683
Accrued payroll		978		978
Due to other funds	16,3	36 1,617		17,953
Deferred revenue	3,9	14	38	3,952
Deposits and other liabilities	4	38 40,396	2,004	42,888
Total liabilities	22,7	93 46,068	2,593	71,454
Fund balances				
Reserved:				
Encumbrances		4,373		4,373
Inventories and prepaid items		2		2
Notes receivable			8,226	8,226
Real property held for resale			12,530	12,530
Unreserved, undesignated:				
Special revenue		48,436	1,584	50,020
Total fund balances		52,811	22,340	75,151
Total liabilities and fund balances	\$ 22,7	98,879	24,933	146,605

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2006 Total
REVENUES				
Franchise fees and other taxes	\$	44,473		44,473
Fines, forfeitures, and penalties		4,865		4,865
Charges for services/goods		64,336		64,336
Intergovernmental	65,846		12,026	77,872
Property owners' participation and contributions		1,161	2,812	3,973
Interest and other		2,745	597	3,342
Total revenues	65,846	117,580	15,435	198,861
EXPENDITURES				
Current:				
General government	104	1,381		1,485
Public safety	21,973	3,615		25,588
Transportation, planning, and sustainability	664	3,702		4,366
Public health	22,633	40,972		63,605
Public recreation and culture	903	4,351		5,254
Urban growth management	19,569	28,237	11,424	59,230
Total expenditures	65,846	82,258	11,424	159,528
Excess of revenues over expenditures OTHER FINANCING SOURCES (USES)		35,322	4,011	39,333
Issuance of tax supported debt		12,000		12,000
Transfers in		19,840		19,840
Transfers out		(47,612)		(47,612)
Total other financing sources (uses)		(15,772)		(15,772)
Net change in fund balances		19,550	4,011	23,561
Fund balances at beginning of year		33,261	18,329	51,590
Fund balances at end of year	\$	52,811	22,340	75,151

		Assets					Liabili	ties and Fu	nd Balances	3	
		Receivables									Total
	Pooled	from				Due to					Liabilities
	Investments	Other	Other	Total	Accounts	Other	Deferred	Other	Total	Fund	and Fund
	and Cash	Governments	Assets	Assets	Payable	Funds	Revenue	Liabilities	Liabilities	Balances	Balances
Federal grants											
U.S. Department of Agriculture	\$	1,024	8	1,032	397	635			1,032		1,032
Corporation for National and Community Service	1			1	1				1		1
Environmental Protection Agency		2		2		2			2		2
Equal Employment Opportunity Commission											
U.S. Department of Interior	528			528			528		528		528
U.S. Department of Justice		3,739		3,739	258	3,481			3,739		3,739
U.S. Department of Labor		47		47	1	46			47		47
U.S. Department of Transportation	17	279		296		279	17		296		296
U.S. Health & Human Services	1,113	4,219	12	5,344	489	3,736	1,095	24	5,344		5,344
U.S. Department of Homeland Security	504	2,517		3,021	807	1,605	432	177	3,021		3,021
U.S. Housing/Urban Development	2,551	5,123		7,674	86	5,723	1,582	283	7,674		7,674
U.S. National Foundation on the Arts and Humanities	20	225		245	1	225	19		245		245
Total federal grants	4,734	17,175	20	21,929	2,040	15,732	3,673	484	21,929		21,929
State grants											
Texas Governor's Office Criminal											
Justice Division		23		23		23			23		23
State Health Services	6	212		218		212	6		218		218
Texas Commission of the Arts	3			3			3		3		3
Texas Comptroller of Public Accounts	40	3		43	6		33	4	43		43
Texas Department of Transportation		139		139		139			139		139
Texas State Library and											
Archives Commission		31		31		31			31		31
State Energy Conservation Office	5			5			5		5		5
Total state grants	54	408		462	6	405	47	4	462		462
Other special revenue grants	203	199		402	9	199	194		402		402
Total all grants	\$ 4,991	17,782	20	22,793	2,055	16,336	3,914	488	22,793		22,793

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2006
(In thousands)

				Excess		
				(Deficiency)		
	R	evenues	Expenditures	Of Revenues	Fund Balances	Fund Balances
		Inter-	Special	Over	at Beginning	at End
	gov	ernmental	Projects	Expenditures	of Year	of Year
Federal grants						
U.S. Department of Agriculture	\$	4,590	4,590			
Corporation for National and Community Service	•	303	303			
Environmental Protection Agency		9	9			
Equal Employment Opportunity Commission		86	86			
U.S. Department of Justice		4,106	4,106			
U.S. Department of Labor		282	282			
U.S. Department of Transportation		1,048	1,048			
U.S. Health & Human Services		15,634	15,634			
U.S. Department of Homeland Security		15,981	15,981			
U.S. Housing/Urban Development		21,008	21,008			
U.S. National Foundation on the Arts and Humanities		345	345			
Total federal grants		63,392	63,392			
State grants						
Texas Governor's Office Criminal Justice Division		125	125			
State Health Services		976	976			
Texas Commission of the Arts		27	27			
Texas Comptroller of Public Accounts		163	163			
Texas Department of Transportation		341	341			
Texas State Library and Archives Commission		116	116			
State Energy Conservation Office		26	26			
Total state grants		1,774	1,774			
Other special revenue grants		680	680			
Total all grants	\$	65,846	65,846			

_	
_	

		Expenditu		Curren	t Year		Expenditur End of Year			Budget	
		In-Kind	-		In-Kind		In-Kind			In-Kind	
	Grant	Match	Total	Grant	Match	Grant	Match	Total	Grant	Match	Total
Federal grants											
U.S. Department of Agriculture	\$ 3,614		3,614	4,590	25	8,204	25	8,229	8,588	25	8,613
Corporation for National and Community Service	844	225	1,069	303	21	1,147	246	1,393	748	166	914
Environmental Protection Agency				9	11	9	11	20	43	29	72
Equal Employment Opportunity Commission				86		86		86	171		171
U.S. Department of Interior											
U.S. Department of Justice	985	233	1,218	4,106	384	5,091	617	5,708	14,121	8,863	22,984
U.S. Department of Labor	66		66	282		348		348	410		410
U.S. Department of Transportation	8,672	1,862	10,534	1,048	252	9,720	2,114	11,834	16,720	4,378	21,098
U.S. Health & Human Services	11,909		11,909	15,634	218	27,543	218	27,761	36,406	887	37,293
U.S. Department of Homeland Security	6,811	41	6,852	15,981		22,792	41	22,833	28,925	214	29,139
U.S. Housing/Urban Development	106,015	1,208	107,223	21,008	139	127,023	1,347	128,370	138,907	2,610	141,517
U.S. National Foundation on the Arts and Humanities	109		109	345		454		454	602		602
Total federal grants	139,025	3,569	142,594	63,392	1,050	202,417	4,619	207,036	245,641	17,172	262,813
State grants											
Texas Governor's Office Criminal Justice Division	14	3	17	125	34	139	37	176	224	66	290
State Health Services	282		282	976		1,258		1,258	1,838		1,838
Texas Commission of the Arts				27		27		27	30		30
Texas Comptroller of Public Accounts	886		886	163		1,049		1,049	824		824
Texas Department of Transportation	342	383	725	341	260	683	643	1,326	703	863	1,566
Texas State Library and Archives Commission	3		3	116		119		119	167		167
State Energy Conservation Office	116	19	135	26		142	19	161	93	19	112
Total state grants	1,643	405	2,048	1,774	294	3,417	699	4,116	3,879	948	4,827
Other special revenue grants	686		686	680		1,366		1,366	1,656		1,656
Total all grants	\$ 141,354	3,974	145,328	65,846	1,344	207,200	5,318	212,518	251,176	18,120	269,296

	Assets									
			Cash							
		Pooled	Held by	Net	Due from					
	Cash	Investments and Cash		Accounts Receivable	Other Funds	Prepaid Expenses	Other	Total Assets		
	Casi	and Cash	Restricted	Receivable	ruilus	Expenses	ASSEIS	Assets		
General government										
Municipal Court:										
Municipal Court Building Security	\$	208						208		
Municipal Court Juvenile Case Manager		001						304		
Municipal Court Technology		626						626		
Total general government		1,138						1,138		
Public safety										
Police:										
APD Incident Management										
Auto Theft Interdiction		. 35						35		
Aviation Asset Forfeiture		100						158		
Police Benefit		. 17						17		
Police Federal Seized Funds	4	4 262						266		
Police Seized Money		110		-				118		
Total Police		590						594		
Fire:		0.4					(4)	00		
Fire Miscellaneous		. 21					(1)	20		
Total Fire		. 21					(1)	20		
Emergency Medical Services:		50						50		
EMS Travis County Reimbursed								53		
Total Emergency Medical Services		53						53		
Total public safety		4 664					(1)	667		
Transportation, planning, and sustainability										
Public Works and Transportation:										
Fiscal Surety - Land Development		18,808			17,953			36,761		
Office of Emergency Management Miscellaneous		. 6						6		
Recycle Bins	-	. 5						5		
RMD Conservation		97						97		
RMD Loan							113	978		
Total Public Works and Transportation		19,781			17,953		113	37,847		
Transportation, Planning, and Sustainability:				700				700		
Austin Transportation Study				793				793		
Child Safety		444						444		
Environmental Remediation		623						623		
Pavement Life Recovery	-	. 15		14				29		
Railroad Right of Way	-	· 6 · 4,744						6 4,744		
Subdivision Participation			<u></u>							
Total Transportation, Planning, and Sustainability <b>Total transportation, planning, and</b>		5,832		807				6,639		
sustainability	\$	25,613		807	17,953		113	44,486		
Sustaniusmity	Ψ	20,010	- <del>-</del>	001	17,000		113	++,+00		

		Liab	ilities				Fund E	Balances		
		Accrued	Due	Deposits		Reserved	Reserved			Total
		Compen-	to	and		for	for	Unreserved,	Total	Liabilities
Accounts	Accrued	sated	Other	Other	Total	Encum-	Inventories	Undesignated	Fund	and Fund
Payable	Payroll	Absences	Funds	Liabilities	Liabilities	brances	and Prepaids	(Deficit)	Balances	Balances
<u> </u>							•			
									400	
15					15	2		191	193	208
				3	3			301	301	304
80					80	84		462	546	626
95				3	98	86		954	1,040	1,138
			200		200	2		(202)	(200)	
			290		290	3		(293)	(290)	
				31	31			4	4 156	35 150
2					2			156	156	158
37					37	 172		17	17	17
								57	229	266
2					2	114		2	116	118
41			290	31	362	289		(57)	232	594
						5		15	20	20
-				-	-	5	-	15	20	20
6				4	10	2		41	43	53
6				4	10	2		41	43	53
47			290	35	372	296		(1)	295	667
				37,081	37,081			(320)	(320)	36,761
								6	6	6
								5	5	5
								97	97	97
118					118			860	860	978
118				37,081	37,199			648	648	37,847
140			649	43	832			(39)	(39)	793
3	60				63	5		376	381	444
				49	49			574	574	623
								29	29	29
								6	6	6
				1,443	1,443			3,301	3,301	4,744
143	60		649	1,535	2,387	5		4,247	4,252	6,639
261	60		649	38,616	39,586	5		4,895	4,900	44,486

					Assets	5			
	C;	ash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	Total Assets
Public health									
Health and Human Services:									
CCSD Operations-Travis County Hospital District	\$		3,888		1,261			31	5,180
Disproportionate Share			126						126
Health and Human Services Travis County									
Reimbursed			239		202		2		443
Health Miscellaneous			121						121
Medicaid Administrative Claims			18						18
Total Health and Human Services			4,392		1,463		2	31	5,888
Other public health:									
Animal Services Fund			338						338
Animal Shelter Building			13		-				13
Total other public health			351						351
Total public health			4,743		1,463		2	31	6,239
Public recreation and culture									
Austin Public Library:									
Austin History Center			161						161
Julia Cousins Trust			1						1
Miscellaneous Library			1						1
Special Library			532						532
Total Austin Public Library			695						695
Parks and Recreation:									
Adaptive Programs			50						50
Austin Creeks and Trails			23						23
Balcones Canyonlands			75						75
Friends of East Austin Youth			10						10
PARD Cultural Projects			1,730						1,730
PARD Miscellaneous			664						664
PARD Police Asset Forfeitures			2 215						2 215
Planting for the Future			4						4
Republic Square Rifle Class			1						1
Senior Nutrition			10		<u></u>				10
Summer Musical			1.112						1,112
Teen Activity			43						43
Tennis League					<u></u>				5
Town Lake Beautification			52						52
Total Parks and Recreation	_		3,996						3,996
Total public recreation and culture	\$		4,691						4,691
•			·						

### City of Austin, Texas Exhibit E-11

# (Continued)

Accounts Payable		Accrued	Due	Deposits		D	_			<b></b> .				
				Dehosits		Reserved	Reserved			Total				
		Compen-	to	and		for	for	Unreserved,	Total	Liabilities				
Payable	Accrued	sated	Other	Other	Total	Encum-	Inventories	Undesignated	Fund	and Fund				
	Payroll	Absences	Funds	Liabilities	Liabilities	brances	and Prepaids	(Deficit)	Balances	Balances				
								,						
763	907				1,670	150		3,360	3,510	5,180				
								126	126	126				
158			58	1	217	10	2	214	226	443				
				80	80			41	41	121				
				714	714			(696)	(696)	18				
921	907		58	795	2,681	160	2	3,045	3,207	5,888				
6				150	156	17	<u></u>	165	182	338				
								13	13	13				
6				150	156	17		178	195	351				
927	907		58	945	2,837	177	2	3,223	3,402	6,239				
ULI	001			040	2,007			0,220	0,402	0,200				
								161	161	161				
								161 1	161 1	161 1				
				<u></u>				1	1	1				
1					1	1		530	531	532				
1					1	1		693	694	695				
									50	50				
								50	50	50				
								23	23	23				
								75 10	75 10	75 10				
 67					 67	245		1,418	1,663	10 1,730				
1					1	35		628	663	664				
								2	2	2				
						 		215	215	215				
				<u></u>				4	4	4				
						 		1	1	1				
				10	10		<u></u>			10				
		<u></u>				14	<u></u>	1,098	1,112	1,112				
		<u></u>			<u></u>	10	<u></u>	33	43	43				
								5	5	5				
						9		43	52	52				
68				10	78	313		3,605	3,918	3,996				
69				10	79	314		4,298	4,612	4,691				

				Assets	i			
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	Total Assets
Urban growth management								
Neighborhood Housing & Community Development	t:							
Housing Miscellaneous	 \$	45						45
Housing Trust Social Equity		1,833						1,833
Neighborhood Housing and Conservation	1	1,891						1,892
UNO Housing Trust Fund		215						215
Total Neighborhood Housing & Community	-	2.10						
Development	1	3,984						3,985
Development Services and Watershed Protection:		0,004						0,000
Austin Industrial Development Corporation (AIDC)		161						161
Austin Inner City Redevelopment Corporation		2						2
East Sixth Street Public Improvement District		13		5				18
Energy Conservation Rebates and Incentives		3,269						3,269
Fee Waiver		27						27
Performance Contracting Fund								
Planning, Environmental Conservation Services		108						108
Public Improvement District		1,145		23				1,168
Urban Forest Replenishment		601						601
Total Development Services and Watershed		001						
Protection		5,326		28				5,354
		0,020		20				0,004
Other urban growth management: Austin Clean Water Program		134						134
Barton Springs Conservation		22						22
Cable TV		417						417
Rutherford Lane Facility Fund		514						514
City Hall Fund								
City Hall Retail Tenant Improvement		173						173
Downtown Development		199						173
Hotel-Motel Occupancy Tax		24		9,693				9,717
I-35 Parking Program		359		9,093		-		359
Katrina Disaster Relief		185				-		185
Mueller Development Fund		105		458				458
Mueller Local Government Corporation			11,945					11,945
Music Loan Program		261	11,343					261
One Texas Center		201						201
RMMA Reimbursement		16						16
Strategic Planning Investment		6						6
Sustainability		592						592
Tax Increment Finance		353						353
Tourism and Promotion		1,118					425	1,543
Turner Robertson O&M		314						314
Vehicle Rental Tax				1,559				1,559
Wildland Conservation		3,552						3,552
Total other urban growth management		8,239	11,945	11,710			425	32,319
•		·	·					
Total urban growth management	1	17,549	11,945	11,738			425	41,658
2006 Total	\$ 5	54,398	11,945	14,008	17,953	2	568	98,879

		Liabi	ilities				Fund E	Balances		
Accounts Pavable		Accrued Compen- sated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encum- brances	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	Total Liabilities and Fund Balances
Tuyubic	ruyron	Absolices	Tunus	Liabilities	Liabilities	brunces	ини г горина	(Bellott)	Bulances	Dalanoco
								45	45	45
				3	3			1,830	1,830	1,833
	11 			355 41	366 41	220		1,306 174	1,526 174	1,892 215
	11			399	410	220		3,355	3,575	3,985
								161	161	161
								2	2	2
								18	18	18
1,023					1,023	1,639		607	2,246	3,269
								27	27	27
						76		(76)		
						3		105	108	108
						701		467	1,168	1,168
								601	601	601
1,023					1,023	2,419		1,912	4,331	5,354
				8	8			126	126	134
								22	22	22
						10		407	417	417
30				2	32	1		481	482	514
12			217		229	31		(260)	(229)	
				8	8	12		153	165	173
								199	199	199
				24	24			9,693	9,693	9,717
5				336	341			18	18	359
3				10	13	170		2	172	185
						24		434	458	458
								11,945	11,945	11,945
								261	261	261
			402		402	40		(442)	(402)	
16					16	76		(76)		16
								6	6	6
180					180	387		25	412	592
					400	4		349	353	353
409					409			1,134	1,134	1,543
								314	314	314
			1		1			1,558	1,558	1,559
 655				200	1 662	101		3,451	3,552	3,552
655			620	388	1,663	856		29,800	30,656	32,319
1,678	11		620	787	3,096	3,495		35,067	38,562	41,658
3,077	978		1,617	40,396	46,068	4,373	2	48,436	52,811	98,879

			Rever	nues		
	Gross Receipts	Fines, Forfeitures	Charges for Services/		Interest and	Total
	Taxes	and Penalties	Goods	Contributions	Other	Revenues
General government						
Municipal Court:						
Municipal Court Building Security	\$	451			10	461
Municipal Court Juvenile Case Manager		301				301
Municipal Court Technology		594			27	621
Total general government		1,346			37	1,383
Public safety						
Police:						
APD Incident Management					587	587
Auto Theft Interdiction					1	1
Aviation Asset Forfeiture					6	6
Police Benefit			16			16
Police Federal Seized Funds		886			19	905
Police Seized Money		193			10	203
Total Police		1,079	16		623	1,718
Fire: Fire Miscellaneous			8		13	21
Total Fire			8		13	21
Emergency Medical Services:		<del></del>	0	<del>-</del> _	13	
EMS Travis County Reimbursed			1,351			1,351
Total Emergency Medical Services			1,351			1,351
- ,						
Total public safety		1,079	1,375		636	3,090
Transportation, planning and sustainability						
Public Works and Transportation:						
Fiscal Surety - Land Development					276	276
Office of Emergency Management Miscellaneous						
Recycle Bins						
RMD Conservation						
RMD Loan			<u></u>		1	1
Total Public Works and Transportation Transportation, Planning and Sustainability:					277	277
Austin Transportation Study			1,665			1,665
Child Safety		1.485	1,005		10	1,005
Environmental Remediation					24	24
Pavement Life Recovery		36				36
Railroad Right of Way						
Subdivision Participation					176	176
Total Transportation, Planning and						
Sustainability		1,521	1,665		210	3,396
Total transportation, planning and	•					
sustainability	\$	1,521	1,665		487	3,673

<sup>(1)</sup> Expenditures include capital outlay of \$1,211

	Excess (Deficiency)		Financing ces (Uses)		_ Net Fund		Fund	
Expenditures (1)	Of Revenues Over Expenditures	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Change in Fund Balances	Balances at Beginning of Year	Balances at End of Year	
452	9				9	184	193	
	301				301		301	
929	(308)				(308)	854	546	
1,381	2				2	1,038	1,040	
592	(5)				(5)	(285)	(290)	
	1				1	3	4	
33	(27)				(27)	183	156	
14	(570)				(570)	15	17 229	
1,484 162	(579) 41				(579) 41	808 75	116	
2,285	(567)				(567)	799	232	
	(00.)				(66.)			
20	1				1	19	20	
20	1		-		1	19	20	
1,310	41				41	2	43	
1,310	41				41	2	43	
3,615	(525)				(525)	820	295	
	276				276	(596)	(320)	
4	(4)				(4)	10	6	
						5	5	
						97	97	
4	1 273	<del></del>			273	859 375	860	
4	213	<del></del>		<del></del>	2/3	3/5	648	
1,704	(39)				(39)		(39)	
1,369	126				126	255	381	
625	(601)		724	(78)	45	529	574	
	36				36	(7)	29	
	 176				176	6 2.125	6 2 201	
	176		<del>-</del>	<del>-</del>	176	3,125	3,301	
3,698	(302)		724	(78)	344	3,908	4,252	
3,702	(29)		724	(78)	617	4,283	4,900	

Public health         Fines of the properties of th				Rever	nues		
Public health   Health and Human Services:   CCSD Operations-Travis County Hospital District   Support Contact Share   Support Share		Receipts	Forfeitures	Services/		and	
Health and Human Services:    CCSD Operations-Travis County Hospital District   S		Tuxos	una i chanco	Coous	Contributions	Other	Itovonuos
CCSD Operations-Travis County Hospital District         -         40,203         -         333         40,536           Disproportionate Share         -							
Disproprofrontae Share		•					
Reimbursed		\$		40,203			40,536
Reimbursed	• •						
Health Miscellaneous	· · · · · · · · · · · · · · · · · · ·			4 540			4.540
Medicaid Administrative Claims         -         -         -         -         1         1           Total Health and Human Services         -         41,719         -         338         42,057           Other public health:         -         -         -         103         12         115           Animal Shelter Building         -         -         -         -         103         12         115           Total other public health         -         -         -         -         103         351         42,173            -         -         -         -         103         351         42,173           Austin Public Library         -				*			,
Total Health and Human Services         -         41,719         -         338         42,057           Other public health:         -         -         -         103         12         115           Animal Shelter Bullding         -         -         -         -         103         12         115           Total other public health         -         -         -         -         103         13         116           Total public health         -         -         41,719         103         351         42,173           Public recreation and culture           Austin Public Library         -         -         4         -         4         2,173           Public recreation and culture           Austin Public Library         -         -         -         4         -         4         2,173         4           Austin Public Library         - <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>							
Other public health:   Animal Services Fund						-	
Animal Services Fund         -         -         -         103         12         115           Animal Shelter Building         -         -         -         -         1         1           Total other public health         -         -         -         103         13         116           Total public health         -         -         41,719         103         351         42,173           Public recreation and culture           Austin Public Library         -         -         4         -         4         1         4         1				41,719		338	42,057
Animal Shelter Building         -         -         -         -         1         1           Total other public health         -         -         -         -         103         13         116           Total public health         -         -         -         -         -         103         351         42,173           Public recreation and culture           Austin Public Library:         -         -         -         4         -         4         -         4         -         4         -         4         -         4         -         4         -	•						
Total other public health         -         -         -         103         13         116           Total public health         -         -         41,719         103         351         42,173           Public recreation and culture           Austin Public Library:         -         -         -         4         -         4           Austin Public Library:         - <td< td=""><td></td><td></td><td></td><td></td><td>103</td><td></td><td></td></td<>					103		
Total public health         -         41,719         103         351         42,173           Public recreation and culture           Austin Public Library:         Second Seco	Animal Shelter Building					1	1
Public recreation and culture           Austin Public Library:         — — — — 4 4 — 4           Austin History Center         — — — — — 4 4 — 4           Julia Cousins Trust         — — — — — — — — — — — — — — — — — — —	Total other public health				103	13	116
Austin Public Library:         Austin History Center          4        4         Julia Cousins Trust   <	Total public health			41,719	103	351	42,173
Austin History Center         -         -         -         4         -         4           Julia Cousins Trust         -	Public recreation and culture						
Julia Cousins Trust         -	Austin Public Library:						
Miscellaneous Library         -         -         -         -         -         -         -         -         -         -         -         134         -         134           Special Library         -         -         -         -         138         -         138           Total Austin Public Library         -         -         -         -         138         -         138           Parks and Recreation:         -	Austin History Center				4		4
Special Library         -         -         -         134         -         134           Total Austin Public Library         -         -         -         138         -         138           Parks and Recreation:         - <t< td=""><td>Julia Cousins Trust</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Julia Cousins Trust						
Total Austin Public Library     138   -   138	Miscellaneous Library						
Parks and Recreation:       Adaptive Programs       -	Special Library				134		134
Adaptive Programs	Total Austin Public Library				138		138
Austin Creeks and Trails          3        3         Balcones Canyonlands               Friends of East Austin Youth               PARD Cultural Projects	Parks and Recreation:						•
Balcones Canyonlands <td< td=""><td>Adaptive Programs</td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Adaptive Programs						
Friends of East Austin Youth	Austin Creeks and Trails				3		3
PARD Cultural Projects           35       35         PARD Miscellaneous          34       13       47         PARD Police Asset Forfeitures <td>Balcones Canyonlands</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Balcones Canyonlands						
PARD Miscellaneous          34       13       47         PARD Police Asset Forfeitures	Friends of East Austin Youth						
PARD Police Asset Forfeitures	PARD Cultural Projects					35	35
Planting for the Future          27        27         Republic Square	PARD Miscellaneous				34	13	47
Republic Square </td <td>PARD Police Asset Forfeitures</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	PARD Police Asset Forfeitures						
Rifle Class	Planting for the Future				27		27
Senior Nutrition                 316        316        316        316        316        316        316        11        12       12       12       12       12       12       12       12	Republic Square						
Summer Musical          316        316         Teen Activity          11        11         Tennis League                    78        78         Total parks and recreation          469       48       517	Rifle Class						
Teen Activity          11        11         Tennis League                  78        78         Total parks and recreation          469       48       517	Senior Nutrition						
Tennis League                78          78           Total parks and recreation            469         48         517	Summer Musical				316		316
Town Lake Beautification            78          78           Total parks and recreation            469         48         517	Teen Activity				11		11
Total parks and recreation 469 48 517	Tennis League						
· · · · · · · · · · · · · · · · · · ·	<u> </u>				78		78
Total public recreation and culture \$ 607 48 655	Total parks and recreation				469	48	517
	Total public recreation and culture	\$			607	48	655

<sup>(1)</sup> Expenditures include capital outlay of \$1,211

	Excess (Deficiency)	Sourc	Financing ces (Uses)		Net	Fund	Fund Balances
Expenditures (1)	Of Revenues Over Expenditures	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Change in Fund Balances	Balances at Beginning of Year	Balances at End of Year
39,146 	1,390 	 	 	(1,200) 	190 	3,320 126	3,510 126
1,716	(200)				(200)	426	226
	4				4 1	37 (697)	41 (696)
40,862	1,195			(1,200)	(5)	3,212	3,207
,	.,			(1,200)	(0)		0,20.
110	5				5	177	182
	1				1	12	13
110	6				6	189	195
40,972	1,201			(1,200)	1	3,401	3,402
3	1				1	160	161
						1	1
						1	1
75 78	59 60	<del></del>			59 60	472 634	531 694
	- 00				60	034	094
						50	50
4	(1)				(1)	24	23
						75	75
	(0.045)		4.075			10	10
3,650 34	(3,615)		4,275		660 13	1,003 650	1,663
3 <del>4</del> 	13 					2	663 2
119	(92)				(92)	307	215
	(02)				(02)	4	4
						1	1
8	308				308	804	1,112
114	(103)				(103)	146	43
						5	5
344	(266)				(266)	318	52
4,273	(3,756)		4,275		519	3,399	3,918
4,351	(3,696)		4,275		579	4,033	4,612

			Rever	nues		
	Gross	Fines,	Charges for	,	Interest	
	Receipts	Forfeitures	Services/		and	Total
	Taxes	and Penalties	Goods	Contributions	Other	Revenues
Urban growth management						
Neighborhood Housing & Community Development:						
Housing Miscellaneous	\$				2	2
Housing Trust Social Equity					87	87
Neighborhood Housing and Conservation			5		64	69
UNO Housing Trust Fund				174		174
Total Neighborhood Housing & Community						
Development			5	174	153	332
Development Services and Watershed Protection:						
Austin Industrial Development Corporation (AIDC)					6	6
Austin Inner City Redevelopment Corporation						
East Sixth Street Public Improvement District			40	44	3	87
Energy Conservation Rebates and Incentives			14,204			14,204
Fee Waiver					1	1
Performance Contracting Fund						
Planning, Environmental Conservation Services						
Public Improvement District			1,338		66	1,404
Urban Forest Replenishment				233	17	250
Total Development Services and Watershed	-			200		200
Protection			15,582	277	93	15,952
Other urban growth management:			10,002	211		10,002
Austin Clean Water Program						
Barton Springs Conservation					2	2
Cable TV			755		7	762
Rutherford Lane Facility Fund			732			732
City Hall Fund						
City Hall Retail Tenant Improvement					182	182
Downtown Development					7	7
Hotel-Motel Occupancy Tax	38,578	74			9	38,661
I-35 Parking Program			87		11	98
Katrina Disaster Relief					2	2
Mueller Development Fund					458	458
Mueller Local Government Corporation					72	72
Music Loan Program					10	10
One Texas Center			2,416		(29)	2,387
RMMA Reimbursement			2,110			2,001
Strategic Planning Investment						
Sustainability						
Tax Increment Finance					13	13
Tourism and Promotion					28	28
Turner Robertson O&M						
Vehicle Rental Tax	5,895				73	5,968
Wildland Conservation		845			95	940
Total other urban growth management	44,473	919	3,990		940	50,322
Total urban growth management	44,473	919	19,577	451	1,186	66,606
2006 Total	\$ 44,473	4,865	64,336	1,161	2,745	117,580

<sup>(1)</sup> Expenditures include capital outlay of \$1,211

	Excess (Deficiency)	Source	Financing ces (Uses)		Net	Fund	Fund
	Of Revenues	Issuance of			Change	Balances	Balances
Expenditures	Over	Tax Supported Debt	Transfers In	Transfers Out	in Fund	at Beginning	
(1)	Expenditures	Debt	ın	Out	Balances	of Year	of Year
_	2	_		_	2	43	45
1,143	(1,056)	 	1,000		(56)	1,886	1,830
763	(694)		1,280		586	940	1,526
	174				174		174
1,906	(1,574)		2,280		706	2,869	3,575
	6				6	155	161
						2	2
97	(10)				(10)	28	18
14,040	164				164	2,082	2,246
	1				1	26	27
 1,315			150			108	108
1,315	89 250		150 		239 250	929 351	1,168 601
15,452	500		150		650	3,681	4,331
						126	126
90	(88)		45		(43)	65	22
669	93				93	324	417
250	482				482		482
116	(116)				(116)	(113)	
17	165				165		165
	7				7	192	199
	38,661			(36,632)	2,029	7,664	9,693
86 86	12				12	6 256	18
	(84) 458				(84) 458	200	172 458
 127	(55)	12,000			11,945		11,945
	10				10	251	261
148	2,239			(1,227)	1,012	(1,414)	
(5)	5				5	(5)	
						6	6
3,816	(3,816)		6,239	(2,486)	(63)	475	412
74	(61)		100		39	314	353
5,398	(5,370)		6,027		657	477	1,134
						314	314
	5,968			(5,989)	(21)	1,579	1,558
7	933				933	2,619	3,552
10,879	39,443	12,000	12,411	(46,334)	17,520	13,136	30,656
28,237	38,369	12,000	14,841	(46,334)	18,876	19,686	38,562
82,258	35,322	12,000	19,840	(47,612)	19,550	33,261	52,811

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers Budget and Actual-Budget Basis
Year ended September 30, 2006
(In thousands)

	I	Fund Balances			Other Fi	•	Excess of Sources	Fund Balances
	at 	Beginning of Year	Revenues	Expenditures	Transfer In	Transfer Out	Over Uses	at End of Year
General government								
Municipal Court:								
Municipal Court Building Security								
Actual-budget basis	\$	108	461	462			(1)	107
Budget		(322)	443	470			(27)	(349)
Variance-Positive (Negative)		430	18	8			26	456
Municipal Court Technology								
Actual-budget basis		586	621	748			(127)	459
Budget		(2,547)	625	739			(114)	(2,661)
Variance-Positive (Negative)		3,133	(4)	(9)			(13)	3,120
Public safety								
Police:								
Aviation Asset Forfeiture								
Actual-budget basis		171	6	33			(27)	144
Budget		(566)	53	85			(32)	(598)
Variance-Positive (Negative)		737	(47)	52			5	742
Police Federal Seized Funds								
Actual-budget basis		302	905	1,236			(331)	(29)
Budget		(2,477)	374	925			(551)	(3,028)
Variance-Positive (Negative)		2,779	531	(311)			220	2,999
Police Seized Money				` ,				
Actual-budget basis		15	203	225			(22)	(7)
Budget		(551)	133	275			(142)	(693)
Variance-Positive (Negative)		`566 <sup>°</sup>	70	50			120	686
Emergency Medical Services:								
EMS Travis County Reimbursed								
Actual-budget basis		(41)	1,351	1,314			37	(4)
Budget		(171)	1,351	1,351				(171)
Variance-Positive (Negative)		130		37			37	167
								(Continued)

Ю

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers Budget and Actual-Budget Basis
Year ended September 30, 2006
(In thousands)

133

		Fund			Other Fig		Excess of	Fund
		alances Seginning		-	Sources Transfer	Transfer	Sources Over	Balances at End
		of Year	Revenues	Expenditures	In	Out	Uses	of Year
Transportation, planning and sustainability								
Transportation, planning and sustainability								
Child Safety								
Actual-budget basis	\$	150	1,495	1,369			126	276
Budget	•	(758)	1,420	1,604			(184)	(942)
Variance-Positive (Negative)		908	75	235			310	1,218
Environmental Remediation								.,
Actual-budget basis		523	24	12	724	691	45	568
Budget		(277)	8	50	724	691	(9)	(286)
Variance-Positive (Negative)		800	16	38			54	854
Public health								
CCSD Operations-Travis County Hospital District								
Actual-budget basis		2,755	40,536	38,963		1,200	373	3,128
Budget		(1,724)	44,717	43,517		1,200		(1,724)
Variance-Positive (Negative)		4,479	(4,181)	4,554			373	4,852
Health and Human Services Travis County Reimbursed								
County Reimbursed								
Actual-budget basis		(156)	1,516	1,722			(206)	(362)
Budget		(1,863)	1,825	1,825			`	(1,863)
Variance-Positive (Negative)		1,707	(309)	103			(206)	1,501
Public recreation and culture								
PARD Cultural Projects								
Actual-budget basis		600	35	3,714	4,275		596	1,196
Budget		41	4	3,800	3,471		(325)	(284)
Variance-Positive (Negative)		559	31	86	804		921	1,480
PARD Police Asset Forfeiture								
Actual-budget basis		2						2
Budget		(16)		2			(2)	(18)
Variance-Positive (Negative)		18		2			2	20
								(Continued)

(Continued)

		Fund Salances			Other Fi Sources	(Uses)	Excess of Sources	Fund Balances
		Beginning of Year	Revenues	Expenditures	Transfer In	Transfer Out	Over Uses	at End of Year
	_	oi fear	Revenues	Expenditures	ın	Out	Uses	or rear
Urban growth management								
Neighborhood Planning and Zoning:								
Neighborhood Housing and Conservation	_							
Actual-budget basis	\$	608	69	937	1,280	90	322	930
Budget		(2,182)	38	1,295	1,280	99	(76)	(2,258)
Variance-Positive (Negative)		2,790	31	358		9	398	3,188
Development Services and Watershed Protection:								
East Sixth Street Public Improvement District								
Actual-budget basis		6	87	75			12	18
Budget		4	79	75			4	8
Variance-Positive (Negative)		2	8				8	10
Energy Conservation Rebates and Incentives								
Actual-budget basis		(1,611)	14,204	15,048			(844)	(2,455)
Budget		(1,162)	16,774	17,374			(600)	(1,762)
Variance-Positive (Negative)		(449)	(2,570)	2,326			(244)	(693)
Performance Contracting Fund		` ,	, ,				` ,	` ,
Actual-budget basis								
Budget			5,000	5,000				
Variance			(5,000)	5,000				
Public Improvement District			(-,,	,,,,,,				
Actual-budget basis		314	1,404	1,401	150		153	467
Budget		(893)	1,501	1,401	150		250	(643)
Variance-Positive (Negative)		1,207	(97)				(97)	1,110
		1,201	(01)				(01)	1,110
Other								
City Hall Fund							(4.40)	(222)
Actual-budget basis		(144)		116			(116)	(260)
Budget			20	200			(180)	(180)
Variance-Positive (Negative)		(144)	(20)	84			64	(80)
Rutherford Lane Facility Fund								
Actual-budget basis			732	252			480	480
Budget			732	835			(103)	(103)
Variance-Positive (Negative)				583			583	583
Hotel-Motel Occupancy Tax								
Actual-budget basis			36,632			36,632		
Budget			29,751			29,751		
Variance-Positive (Negative)			6,881			(6,881)		
, ,			•			, , ,		

134

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers Budget and Actual-Budget Basis
Year ended September 30, 2006
(In thousands)

Part			Fund Balances			Other Fi	_	Excess of Sources	Fund Balances
Company   Comp		at	Beginning		•	Transfer	Transfer	Over	at End
Parking Program			of Year	Revenues	Expenditures	In	Out	Uses	of Year
State   Stat	Other con't								
Budget         —         204         400         —         —         (196)         (198)           Variance-Positive (Negative)         5         (106)         313         —         —         (196)         212           Mueller Development Fund         —         458         24         —         —         434         434           Budget         —         458         458         —         —         434         434           Variance-Positive (Negative)         —         —         458         458         —         —         434         434           One Texas Center         —         —         458         137         —         1,227         606         (2,311)           Actual-budget basis         (1,478)         2,388         137         —         1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)         —         1,227         606         (2,311)           Variance-Positive (Negative)         (2,917)         1,833         —         —         1,227         606         (2,311)           Actual-budget basis         (18)         —         3,805         6,239         2,486	I-35 Parking Program								
Variance-Positive (Negative)         5         (106)         313         -         -         207         212           Mueller Development Fund         458         24         -         -         434         434           Actual-budget basis         -         458         458         -         -         434         434           Budget         -         438         458         -         -         -         434         434           One Texas Center         -         438         137         -         1,227         606         (2,311)           Actual-budget basis         (1,478)         2,388         137         -         1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)         -         1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)         -         1,227         606         (2,311)           Actual-budget basis         18         -         3,805         6,239         2,486         (52)         (70)           Budget         49         -         3         805         6,239         2,486         (52) <th< td=""><td>Actual-budget basis</td><td>\$</td><td>5</td><td>98</td><td>87</td><td></td><td></td><td>11</td><td>16</td></th<>	Actual-budget basis	\$	5	98	87			11	16
Mueller Development Fund   Actual-budget basis	Budget			204	400			(196)	(196)
Actual-budget basis         -         458         24         -         -         434         438           Budget         -         458         458         -         -         43         -         -         -         -           Variance-Positive (Negative)         -         -         458         458         -         -         -         434         434           One Texas Center         -         -         -         -         1,024         458         434         -         -         1,024         434         434           Budget         (2,917)         1,833         -         -         1,227         606         (2,311)         Variance-Positive (Negative)         1,439         555         (137)         -         -         406         (2,311)         Variance-Positive (Negative)         1,439         555         (137)         -         -         406         (2,311)         Natural-budget basis         (18)         -         3,805         6,239         2,486         (52)         (709         434         7         -         -         -         -         -         -         -         -         -         -         -         -         -	Variance-Positive (Negative)		5	(106)	313			207	212
Budget Variance-Positive (Negative)         -         458         458         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         -         434         433         137	·								
Variance-Positive (Negative)         -         -         434         -         -         434         434           One Texas Center         -         -         -         1,227         1,024         (454)           Budget         (2,917)         1,833         -         -         1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)         -         -         418         1,857           Sustainability         Actual-budget basis         (18)         -         3,805         6,239         2,486         (52)         (70)           Budget         (42)         -         3,805         6,239         2,486         (52)         (70)           Budget (Negative)         24         -         -         -         -         -         2         94           Variance-Positive (Negative)         24         -         -         -         -         657         1,150           Budget         (578)         4         5,690         4,919         -         (570         1,150           Budget (Negative)         1,071         24         292         1,10         -         (576)         1,150 <td>Actual-budget basis</td> <td></td> <td></td> <td>458</td> <td>24</td> <td></td> <td></td> <td>434</td> <td>434</td>	Actual-budget basis			458	24			434	434
Variance-Positive (Negative)         -         -         434         -         -         434         434           One Texas Center         Actual-budget basis         (1,478)         2,388         137         -         1,227         1,024         (454)           Budget         (2,917)         1,833         -         -         1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)         -         -         418         1,857           Sustainability         Actual-budget basis         (18)         -         3,805         6,239         2,486         (52)         (70)           Budget         (42)         -         -         -         -         -         -         657         1,150           Actual-budget basis         493         28         5,398         6,0	Budget			458	458				
One Texas Center         Cone Texas Center	-				434			434	434
Budget         (2,917)         1,833           1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)           418         1,857           Sustainability          3,805         6,239         2,486         (52)         (70)           Budget         (42)          3,805         6,239         2,486         (52)         (94)           Variance-Positive (Negative)         24              24           Tourism and Promotion         Actual-budget basis         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         4         5,899          5,989          5,989          4,958          (2,190)           Budget         (5,107)         4,958	, <u> </u>								
Budget         (2,917)         1,833           1,227         606         (2,311)           Variance-Positive (Negative)         1,439         555         (137)           418         1,857           Sustainability          3,805         6,239         2,486         (52)         (70)           Budget         (42)          3,805         6,239         2,486         (52)         (94)           Variance-Positive (Negative)         24              24           Tourism and Promotion         Actual-budget basis         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         4         5,899          5,989          5,989          4,958          (2,190)           Budget         (5,107)         4,958	Actual-budget basis		(1,478)	2,388	137		1,227	1,024	(454)
Variance-Positive (Negative)         1,439         555         (137)           418         1,857           Sustainability          3,805         6,239         2,486         (52)         (70)           Actual-budget basis         (42)          3,805         6,239         2,486         (52)         (94)           Variance-Positive (Negative)         24              24           Tourism and Promotion         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          667         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         (2,190)         5,989          -         5,989          (2,190)           Budget         (5,107)         4,958          -         -         5,989          (5,			, ,	1,833			1,227		(2,311)
Sustainability	Variance-Positive (Negative)		1,439	555	(137)			418	1,857
Budget Variance-Positive (Negative)         (42)          3,805         6,239         2,486         (52)         (94)           Variance-Positive (Negative)         24              24           Tourism and Promotion         Actual-budget basis         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         Actual-budget basis         (2,190)         5,989           5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           4,958           4,958          2,917           Wildland Conservation         2,446         940         75           865         3,780					, ,				•
Budget Variance-Positive (Negative)         (42)          3,805         6,239         2,486         (52)         (94)           Variance-Positive (Negative)         24              24           Tourism and Promotion         Actual-budget basis         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         Actual-budget basis         (2,190)         5,989           5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           4,958           4,958          2,917           Wildland Conservation         2,446         940         75           865         3,780	Actual-budget basis		(18)		3,805	6,239	2,486	(52)	(70)
Variance-Positive (Negative)         24             24           Tourism and Promotion         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         4         292         1,108          1,424         2,495           Vehicle Positive (Negative)         (2,190)         5,989           5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           4,958          (5,107)           Wildland Conservation         2,446         940         75           865         3,311           Budget         (469)         250         250            (469)			, ,		3,805		2,486	(52)	(94)
Tourism and Promotion           Actual-budget basis         493         28         5,398         6,027          657         1,150           Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         Actual-budget basis         (2,190)         5,989           5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           (1,031)          2,917           Wildland Conservation         Actual-budget basis         2,446         940         75           865         3,311           Budget         (469)         250         250           865         3,780           Variance-Positive (Negative)         2,915         690         175           865         3,780	-								
Budget         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         Actual-budget basis         (2,190)         5,989           5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           4,958          2,917           Wildland Conservation         2,917         1,031           4,958           2,917           Wildland Conservation         Actual-budget basis         2,446         940         75           865         3,311           Budget         (469)         250         250            469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total	, <u> </u>								
Budget Variance-Positive (Negative)         (578)         4         5,690         4,919          (767)         (1,345)           Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax            5,989          (2,190)           Budget Actual-budget basis         (2,190)         5,989           5,989          (2,190)           Budget Variance-Positive (Negative)         2,917         1,031           4,958          (5,107)           Wildland Conservation         2,917         1,031            4,958          2,917           Wildland Conservation         2,446         940         75           865         3,311           Budget (469)         250         250            469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total          2,915         690         175 <td>Actual-budget basis</td> <td></td> <td>493</td> <td>28</td> <td>5,398</td> <td>6,027</td> <td></td> <td>657</td> <td>1,150</td>	Actual-budget basis		493	28	5,398	6,027		657	1,150
Variance-Positive (Negative)         1,071         24         292         1,108          1,424         2,495           Vehicle Rental Tax         Actual-budget basis         (2,190)         5,989           5,989          5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           (1,031)          2,917           Wildland Conservation         Actual-budget basis         2,446         940         75           865         3,311           Budget         (469)         250         250            (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412 <td< td=""><td></td><td></td><td>(578)</td><td>4</td><td>•</td><td>4,919</td><td></td><td>(767)</td><td>(1,345)</td></td<>			(578)	4	•	4,919		(767)	(1,345)
Vehicle Rental Tax           Actual-budget basis         (2,190)         5,989           5,989          (2,190)           Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           (1,031)          2,917           Wildland Conservation         2,446         940         75           865         3,311           Budget         (469)         250         250            (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)	•			24	292	1,108		, ,	2,495
Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           (1,031)          2,917           Wildland Conservation         Actual-budget basis         2,446         940         75           865         3,311           Budget         (469)         250         250             (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)						•			•
Budget         (5,107)         4,958           4,958          (5,107)           Variance-Positive (Negative)         2,917         1,031           (1,031)          2,917           Wildland Conservation         Actual-budget basis         2,446         940         75           865         3,311           Budget         (469)         250         250             (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)	Actual-budget basis		(2,190)	5,989			5,989		(2,190)
Variance-Positive (Negative)         2,917         1,031           (1,031)          2,917           Wildland Conservation         Actual-budget basis         2,446         940         75           865         3,311           Budget         (469)         250         250             (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)			, ,				-		, ,
Wildland Conservation         Actual-budget basis       2,446       940       75         865       3,311         Budget       (469)       250       250           (469)         Variance-Positive (Negative)       2,915       690       175         865       3,780         Total         Actual-budget basis       \$ 3,446       110,182       77,153       18,695       48,315       3,409       6,855         Budget       (24,577)       112,555       91,426       16,783       40,412       (2,500)       (27,077)			, ,						
Budget Variance-Positive (Negative)         (469)         250         250             (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)	, <u> </u>		•	•			( , ,		•
Budget         (469)         250         250             (469)           Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)	Actual-budget basis		2.446	940	75			865	3.311
Variance-Positive (Negative)         2,915         690         175           865         3,780           Total           Actual-budget basis         \$ 3,446         110,182         77,153         18,695         48,315         3,409         6,855           Budget         (24,577)         112,555         91,426         16,783         40,412         (2,500)         (27,077)			,	250	250			<u></u>	,
Total       Actual-budget basis     \$ 3,446     110,182     77,153     18,695     48,315     3,409     6,855       Budget     (24,577)     112,555     91,426     16,783     40,412     (2,500)     (27,077)	<u> </u>		, ,	690	175			865	, ,
Budget (24,577) 112,555 91,426 16,783 40,412 (2,500) (27,077)									
Budget (24,577) 112,555 91,426 16,783 40,412 (2,500) (27,077)		\$	3,446	110,182	77,153	18,695	48,315	3,409	6,855
		•			•	-	-		•
	· ·		, ,				(7,903)	, , ,	, ,





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.



	General Obligation		HUD Section 108 Loans	2006 Total
ASSETS				
Pooled investments and cash	\$	218		218
Investments, at fair value		15,199		15,199
Property taxes receivable		4,882		4,882
Less allowance for uncollectible taxes		(1,085)		(1,085)
Net property taxes receivable		3,797		3,797
Due from other funds		2		2
Advances to other funds		7,208		7,208
Total assets		26,424		26,424
LIABILITIES AND FUND BALANCES				
Due to other funds		282		282
Deferred revenue		3,554		3,554
Advances from other funds		482		482
Total liabilities		4,318		4,318
Fund balances				
Reserved:				
Advances to other funds		7,208		7,208
Debt service		14,898		14,898
Total fund balances		22,106		22,106
Total liabilities and fund balances	\$	26,424		26,424

	General Obligation		HUD Section 108 Loans	2006 Total
REVENUES	-			
Property taxes				
Current	\$	83,556		83,556
Penalty and interest		549		549
Interest and other		7,628	1,947	9,575
Total revenues		91,733	1,947	93,680
EXPENDITURES				
Debt service:				
Principal		56,681	970	57,651
Interest		38,046	977	39,023
Fees and commissions		10		10
Total expenditures		94,737	1,947	96,684
Excess (deficiency) of revenues over		,		
expenditures		(3,004)		(3,004)
OTHER FINANCING SOURCES (USES)				
Bond premiums		11		11
Transfers in		4,143		4,143
Total other financing sources (uses)		4,154		4,154
Net change in fund balances		1,150		1,150
Fund balances at beginning of year		20,956		20,956
Fund balances at end of year	\$	22,106		22,106

Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the year ended September 30, 2006
(In thousands)

	General Obligation				HUD			
		Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	2006 Actual-Budget Basis Total
REVENUES			•					
General property taxes	\$	84,105	83,297	808				84,105
Interest		2,765	1,387	1,378				2,765
Other revenue		3,795	3,692	103	1,947	2,050	(103)	5,742
Total revenues		90,665	88,376	2,289	1,947	2,050	(103)	92,612
EXPENDITURES								
Principal retirement		68,302	72,182	3,880	970	970		69,272
Interest and other		42,825	44,343	1,518	977	1,050	73	43,802
Fees and commissions		10	15	5_		30	30	10
Total expenditures		111,137	116,540	5,403	1,947	2,050	103	113,084
Excess (deficiency) of revenues over expenditures		(20,472)	(28,164)	7,692				(20,472)
OTHER FINANCING SOURCES (USES)								
Transfers in		22,260	23,748	(1,488)				22,260
Total other financing								
sources (uses)		22,260	23,748	(1,488)				22,260
Excess (deficiency) of revenues and other sources over								
expenditures and other uses		1,788	(4,416)	6,204				1,788
Fund balances at beginning of year		11,310	12,146	(836)				11,310
Fund balances at end of year	\$	13,098	7,730	5,368				13,098



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.



	2006	
ASSETS		
Pooled investments and cash	\$	84,931
Accounts and other receivables		59,840
Less allowance for doubtful accounts		(73)
Net accounts receivable		59,767
Due from other funds		16,062
Other assets		543
Total assets		161,303
LIABILITIES AND FUND DALANGES		
LIABILITIES AND FUND BALANCES		4.040
Accounts payable		4,612
Due to other funds		16,062
Deposits and other liabilities		1,632
Total liabilities		22,306
Fund balances		
Reserved:		
Encumbrances		34,788
Capital projects		104,209
Total fund balances		138,997
Total liabilities and fund balances	\$	161,303

	2006	
REVENUES		
Intergovernmental	\$	17,083
Property owners' participation and contributions		5,513
Interest and other		5,476
Total revenues		28,072
EXPENDITURES		
Capital outlay		87,931
Total expenditures		87,931
Excess (deficiency) of revenues over		
expenditures		(59,859)
OTHER FINANCING SOURCES (USES)		
Issuance of tax supported debt		55,735
Transfers in		20,423
Transfers out		(7,600)
Total other financing sources (uses)		68,558
Net change in fund balances		8,699
Fund balances at beginning of year		130,298
Fund balances at end of year	\$	138,997

				Assets			
	Pooled Investment and Cash	Accounts s 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 Police and courts	•	 2					2
Street improvements							
Library							
Library		2				<del></del>	2
Funds Authorized August 29, 1981	<u> </u>						
Street and drainage							
Fire stations							
EMS buildings	30	0					300
9	30						300
Funds Authorized September 11, 1982		<u> </u>					
Flood prevention							
Parksvarious							
Environmental resources							
Fire/EMS building							
3	-						
Funds Authorized October 22, 1983							
Jollyville road improvements							
Energy improvements - city facilities							
Total Prior to 1984	30	2					302
Funds Authorized September 8, 1984							
PARD pools							
Parkland acquisition		2					2
Parks/Old Bakery							
Drainage and flood improvements	3,89	0					3,890
Street improvements	1,54	0 13		13			1,553
Fire improvements		6					6
Libraries							
Police facilities							
Traffic signals							
EMS/Fire facility							 5 454
	\$ 5,43	8 13		13			5,451

	Liabi	lities			Fund Balances			
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	Total Liabilities and Fund Balances	
					 2	2		
							2	
					2	2	2	
				1	299	300	300	
				1	299	300	300	
	<u></u>							
							-	
				1	301	302	302	
	<u></u>							
					2	2	2	
							-	
				12	3,878	3,890	3,890	
	<del></del>			80	1,473	1,553	1,553	
					6	6	6	
	·						-	
					 5 250	 E 4E1	E 151	
				92	5,359	5,451	5,451	

	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	\$ 1,358					414	1,772		
Downtown art museum									
	1,358					414	1,772		
Funds Authorized									
July 26, 1985									
Neighborhood park and recreation	6,015						6,015		
Funds Authorized									
September 26, 1985									
Art in public places									
Funds Authorized									
December 14, 1985									
Senior activity center									
South Austin parkland Parks Oak Hill									
Faiks Oak Hill		<u></u>							
Total Funds Authorized									
in 1985	7,373					414	7,787		
Funds Authorized September 3, 1987	<u> </u>						·		
Street resurfacing	110	73	(73)				110		
Funds Authorized									
August 10, 1992									
EMS facility									
Fire stations									
Police substations	52						52		
Asbestos abatement/ADA compliance/									
East Austin health clinic					335		335		
Erosion & flood control					648		648		
Street & traffic signals	8						8		
Neighborhood sidewalks	2						2		
Parks and recreation facilities									
Libraries									
Balcones Canyonlands									
Conservation Plan									
Barton Creek greenway	38 100				287 1,270		325 1,370		
Funds Authorized May 3, 1997	100				1,210		1,370		
Radio Trunking		1,117		1,117			1,117		
I AUJU I I U I KII I U									

	Liabil	ities	_	Fund Balances			
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	Total Liabilities and Fund Balances
					1,772	1,772	1,772
					1,772	1,772	1,772
38			38	112	5,865	5,977	6,015
38	<u></u>		38	112	7,637	7,749	7,787
					.,	.,	.,
					110	110	110
					52	52	52
2			2	7	326	333	335
5			5	23	620	643	648
					8	8	8
					2	2	2
	250		250	49	(299)	(250)	
				17	(17)		
					325	325	325
7	250		257	96	1,017	1,113	1,370
459	3,876		4,335	7,207	(10,425)	(3,218)	1,117
459			4,335	7,207	(10,425)	(3,218)	1,117

	Assets							
	Pooled Investments	Accounts	Allowance for Doubtful	Net Accounts	Due from	Other	Total	
	and Cash	Receivable	Accounts	Receivable	Other Funds	Assets	Assets	
Funds Authorized								
November 3, 1998								
Cultural arts and land	\$ 3,553	6,915		6,915			10,468	
Drainage and flood control	581						581	
Traffic signals	14,561	63		63	4,177		18,801	
Public safety facilities	1,077						1,077	
Parks and recreation facilities	14,364	9,668		9,668	4 177		24,032	
	34,136	16,646		16,646	4,177		54,959	
Funds Authorized 2000								
Transportation Mobility Improvement	12,430	15,002		15,002			27,432	
Open Spaces	423						423	
	12,853	15,002		15,002			27,855	
Other funds								
Travis County Hospital District projects	2,286						2,286	
Community Health Center	365						365	
Planning & development improvements	180						180	
TPSD general improvements		36		36	7,956		7,992	
Parks-1992								
Library automation system	2,318						2,318	
Fire/EMS/NW Austin MUD #1	669						669	
General government projects		22,150		22,150	1,418		23,568	
Health projects	80						80	
Build Austin		11		11			11	
Build Central Texas								
CMTA Mobility	2,617						2,617	
Forsythia Drive								
Central City Entertainment Center								
Park improvements	6,337				1,241		7,578	
Police and courts	371						371	
Neighborhood centers								
Loan star improvements								
Fire - general	909	2,000		2,000			2,909	
Capital reserve	2,849	2,773		2,773			5,622	
Public Works								
One Texas Center								
Watershed Protection		1		1			1	
Great Streets	598						598	
City Hall, plaza, parking garage						30	30	
Conservation Land								
Colony Park	1,173						1,173	
Economic Development	539						539	
Interest income fund	3,328	18		18		99	3,445	
Total other funds	24,619	26,989		26,989	10,615	129	62,352	
2006 Totals	\$ 84,931	59,840	(73)	59,767	16,062	543	161,303	

	Liabil	lities					
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	Total Liabilities and Fund Balances
766			766	2,415	7,287	9,702	10,468
				26	555	581	581
191			191	2,066	16,544	18,610	18,801
				128	949	1,077	1,077
85			85	507	23,440	23,947	24,032
1,042	<del></del>		1,042	5,142	48,775	53,917	54,959
562			562	1,570	25,300	26,870	27,432
					423	423	423
562			562	1,570	25,723	27,293	27,855
				15	2,271	2,286	2,286
				25	340	365	365
34			34	94	52	146	180
13	197		210	2,320	5,462	7,782	7,992
30			30	930	1,358	2,288	2,318
					669	669	669
1,025	49	412	1,486	4,600	17,482	22,082	23,568
				194	(114)	80	80
27	666		693	969	(1,651)	(682)	11
	304		304	<del></del>	(304)	(304)	<del></del>
588			588	2,824	(795)	2,029	2,617
				<del></del>			
				1	(1)		
72			72	5,220	2,286	7,506	7,578
					371	371	371
235			235	616	2,058	2,674	2,909
455	2,763		3,218	2,313	91	2,404	5,622
25	377		402	219	(621)	(402)	
					(000)	 (550)	
	560		560	41	(600)	(559)	1
	7 020		7 020		598 (7.004)	598	598
	7,020	 4 <i>E</i>	7,020	104	(7,094)	(6,990)	30
		15	15		(15)	(15)	 1 172
				83	1,090 539	1,173 539	1,173
		 1,205	 1,205		2,240	2,240	539 3,445
2,504	11,936	1,632	16,072	20,568	25,712	46,280	62,352
2,004	11,000	1,002	10,012	20,000	20,112	70,200	52,002
4,612	16,062	1,632	22,306	34,788	104,209	138,997	161,303

		Revenues					
	Int govern Reve	mental	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						189	
						189	
Funds Authorized							
September 11, 1982							
Flood prevention							
Parksvarious							
Environmental resources							
Fire/EMS building							
Funds Authorized October 22, 1983							
Jollyville road improvements							
Energy improvements - city facilities							
T / I D : / 4004							
Total Prior to 1984						189	
Funds Authorized							
September 8, 1984							
PARD pools							
Parkland acquisition							
Parks/Old Bakery							
Drainage and flood improvements						313	
Street improvements						127	
Fire improvements						5	
Libraries							
Police facilities							
Traffic signals							
EMS/Fire facility							
· · · <b>v</b>	\$					445	
	*						

_		Other Financing	Sources (Use	s)			Fund Balances at End of Year
Excess (Deficiency) of Revenues Over Expenditures	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Total Other Financing Sources (Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	
			(177)	(177)	(177)	177	
						2	2
			(57)	(57)	(57)	57	
			(7)	(7)	(7)	7	
			(241)	(241)	(241)	243	2
			(3)	(3)	(3)	3	
			(24)	(24)	(24)	24	
(189)		283		283	94	206	300
(189)		283	(27)	256	67	233	300
			(106)	(106)	(106)	106	
			(127)	(127)	(127)	127	
			(2)	(2)	(2)	2	
			(43)	(43)	(43)	43	
			(278)	(278)	(278)	278	
<del></del>	<u></u>		(27)	(27)	(27)	27	
		82		82	82	(82)	
		82	(27)	55	55	(55)	
(189)		365	(573)	(208)	(397)	699	302
			(5)	(5)	(5)	5	
						2	2
(040)		206		206	206	(206)	
(313)					(313)	4,203	3,890
(127)					(127)	1,680	1,553
(5)			(1)	 (1)	(5)	11 1	6
		14	(1)	(1)	(1) 14	(14)	
		14	(4)	(4)	(4)	(14)	
			(3)	(3)	(3)	3	
(445)		220	(13)	207	(238)	5,689	5,451
(440)		220	(13)	201	(200)	5,003	٠,٦٥

		Revenues					
	gover	ter- nmental enues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay	
Funds Authorized January 19, 1985							
Cultural arts	\$		<u></u>	90	90		
Downtown art museum							
Funds Authorized				90	90		
July 26, 1985							
Neighborhood park and recreation			1,113	127	1,240	870	
Funds Authorized			1,110	127	1,240	010	
September 26, 1985							
Art in public places							
Funds Authorized	_						
December 14, 1985							
Senior activity center							
South Austin parkland							
Parks Oak Hill							
Total Funds Authorized							
in 1985			1,113	217	1,330	870	
Funds Authorized							
September 3, 1987							
Street resurfacing			18	9	27	125	
Funds Authorized							
August 10, 1992							
EMS facility							
Fire stations							
Police substations						7	
Asbestos abatement/ADA compliance/							
East Austin health clinic						114	
Erosion & flood control						407	
Street & traffic signals						163	
Neighborhood sidewalks						41	
Parks and recreation facilities						395	
Libraries							
Balcones Canyonlands							
Conservation Plan							
Barton Creek greenway			<del></del>			1 107	
Funds Authorized					<del></del>	1,127	
May 3, 1997							
Radio Trunking			2,949		2,949	2,975	
radio Hulliding	\$		2,949		2,949	2,975	
	φ		2,349		2,349	2,910	

_		Other Financing	Sources (Use	s)				
Excess (Deficiency) of Revenues Over Expenditures	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year	
90			(89)	(89)	1	1,771	1,772	
			(168)	(168)	(168)	168		
90			(257)	(257)	(167)	1,939	1,772	
370					370	5,607	5,977	
			(12)	(12)	(12)	12		
			(3)	(3)	(3)	3		
			(11)	(11)	(11)	11		
			(2)	(2)	(2)	2		
	-		(16)	(16)	(16)	16		
460			(285)	(285)	175	7,574	7,749	
(98)					(98)	208	110	
			(49)	(49)	(49)	49		
			(12)	(12)	(12)	12		
(7)					(7)	59	52	
(114)					(114)	447	333	
(407)					(407)	1,050	643	
(163)					(163)	171	8	
(41)					(41)	43	2	
(395)					(395)	145	(250)	
			(30)	(30)	(30)	30		
			(3)	(3)	(3)	3		
						325	325	
(1,127)			(94)	(94)	(1,221)	2,334	1,113	
(26)		2,933		2,933	2,907	(6,125)	(3,218)	
(26)		2,933		2,933	2,907	(6,125)	(3,218)	

		Revenue	S		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	\$				9,551
Drainage and flood control					155
Traffic signals					8,829
Public safety facilities					172
Parks and recreation facilities		-			6,963
					25,670
Funds Authorized 2000 Transportation Mobility Improvement					3,998
Open Spaces					31
·					4,029
Other funds					
Travis County Hospital District improvements					186
Community Health Center		794		794	429
Planning & development improvements					557
TPSD general improvements		257		257	4,086
Parks-1992					
Library automation system					699
Fire/EMS/NW Austin MUD #1			24	24	
General government projects		•		97	18,183
Health projects	(60	,		(60)	1,161
Build Austin	46			46	445
Build Central Texas	1,060			1,060	1,364
CMTA Mobility	14,893		17	14,910	13,905
Forsythia Drive			1	1	
Central City Entertainment Center					
Park improvements	541	147	341	1,029	2,358
Police and courts					
Neighborhood centers					
Loan star improvements					
Fire - general					2,460
Capital reserve		()		(220)	3,929
Public Works	603			603	783
One Texas Center					
Watershed Protection					273
Great Streets					
City Hall, plaza, parking garage		180		180	98
Conservation Land			2	2	
Colony Park		178		178	1,585
Economic Development					
Interest income fund			4,865	4,865	
Total other funds	17,083	1,433	5,250	23,766	52,501
2006 Totals	\$ 17,083	5,513	5,476	28,072	87,931

		Other Financing	Sources (Uses	s)			
Excess (Deficiency) of Revenues Over Expenditures	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
(9,551) (155)	6,915 			6,915 	(2,636) (155)	12,338 736	9,702 581
(8,829) (172)					(8,829) (172)	27,439 1,249	18,610 1,077
(6,963)	9,668			9,668	2,705	21,242	23,947
(25,670)	16,583			16,583	(9,087)	63,004	53,917
(3,998)	15,002			15,002	11,004	15,866	26,870
(31)	15,002		<u></u>	15.002	(31)	454	423
(4,029)	15,002	<del></del>		15,002	10,973	16,320	27,293
(186)		1,200		1,200	1,014	1,272	2,286
365				<del></del>	365	703	365
(557) (3,829)		 1,745		 1,745	(557) (2,084)	9,866	146 7,782
(5,629)		225		225	225	(225)	7,702
(699)		865		865	166	2,122	2,288
24					24	645	669
(18,086)	22,150	4,250	(2,370)	24,030	5,944	16,138	22,082
(1,221)					(1,221)	1,301	80
(399)					(399)	(283)	(682)
(304)					(304)		(304)
1,005					1,005	1,024	2,029
1			(4)	(4)	(3)	3	
		1		1	1	(1)	
(1,329)		2,073		2,073	744	6,762 371	7,506 371
		<del></del>	(8)	(8)	(8)	8	3/1
			(331)	(331)	(331)	331	
(2,460)	2,000		(001)	2,000	(460)	3,134	2,674
(4,149)	_,000	4,401		4,401	252	2,152	2,404
(180)		,			(180)	(222)	(402)
			(187)	(187)	(187)	187	`
(273)			·	· -	(273)	(286)	(559)
		482	(400)	82	82	516	598
82					82	(7,072)	(6,990)
2			(18)	(18)	(16)	1	(15)
(1,407)		1,576		1,576	169	1,004	1,173
4 965		 07	(2.217)	(2.220)	 1 625	539	539
4,865 (28,735)	24,150	87 16,905	(3,317) (6,635)	(3,230) 34,420	1,635 5,685	605 40,595	2,240 46,280
(59,859)	55,735	20,423	(7,600)	68,558	8,699	130,298	138,997





# **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.



	 3M			
	enance wment	Ellis Library Trust	Perpetual Care	2006 Total
ASSETS				
Pooled investments and cash	\$ 50	25	1,408	1,483
Total assets	50	25	1,408	1,483
LIABILITIES AND FUND BALANCES				
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds		16	427	443
Total fund balances	50	25	1,408	1,483
Total liabilities and fund balances	\$ 50	25	1,408	1,483

### Permanent Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances For the year ended September 30, 2006 (In thousands)

	3M Maintenance Endowment		Ellis Library Trust	Perpetual Care	2006 Total
REVENUES					_
Interest and other	\$		1	110	111
Total revenues			1	110	111
Net change in fund balances			1	110	111
Fund balances at beginning of year		50	24	1,298	1,372
Fund balances at end of year	\$	50	25	1,408	1,483





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



	Convention Center		Drainage	Golf	Hospital
ASSETS					
Current assets:					
Cash	\$	15	2	1	
Pooled investments and cash		29,209	45,121		465
Pooled investments and cash - restricted		35,725	10,396	759	
Total pooled investments and cash		64,934	55,517	759	465
Investments, at fair value		1,237			
Investments, at fair value - restricted		2,265			
Accounts receivable		937	3,808	20	3,310
Less allowance for doubtful accounts		(14)	(103)		(3,094)
Net accounts receivable		923	3,705	20	216
Due from other funds			333		
Inventories, at cost					
Prepaid expenses		3	4		
Other assets					
Other receivables - restricted			41		
Total current assets	<u>-</u>	69,377	59,602	780	681
Noncurrent assets:					
Advances to other funds - restricted			287		
Capital assets					
Land and other nondepreciable assets		26,650	7,498	357	
Property, plant, and equipment in service	2	267,911	69,463	15,780	
Less accumulated depreciation		(48,215)	(13,308)	(5,531)	
Net property, plant, and equipment in service		219,696	56,155	10,249	
Construction in progress		10,146	26,299	218	
Total capital assets		256,492	89,952	10,824	
Deferred costs and expenses, net of amortization		2,830	7	14	
Total noncurrent assets		259,322	90,246	10,838	
Total assets	-	328,699	149,848	11,618	681

			Solid		
	Parks and	Primary	Waste	Trans-	2006
	Recreation	Care	Services	portation	Total
ASSETS					
Current assets:					
Cash		2	3	2	25
Pooled investments and cash	289	1,343	10,791	7,379	94,597
Pooled investments and cash - restricted	1		9,963	2,032	58,876
Total pooled investments and cash	290	1,343	20,754	9,411	153,473
Investments, at fair value					1,237
Investments, at fair value - restricted					2,265
Accounts receivable			5,166	1,855	15,096
Less allowance for doubtful accounts			(127)	(689)	(4,027)
Net accounts receivable			5,039	1,166	11,069
Due from other funds					333
Inventories, at cost		357		469	826
Prepaid expenses				4	11
Other assets			5		5
Other receivables - restricted			7,700	2,000	9,741
Total current assets	290	1,702	33,501	13,052	178,985
Noncurrent assets:					
Advances to other funds - restricted					287
Capital assets					
Land and other nondepreciable assets			18,517	2,389	55,411
Property, plant and equipment in service	160		53,461	15,893	422,668
Less accumulated depreciation	(107)		(29,918)	(8,478)	(105,557)
Net property, plant and equipment in service	53		23,543	7,415	317,111
Construction in progress			2,113	30	38,806
Total capital assets	53		44,173	9,834	411,328
Deferred costs and expenses, net of amortization			32		2,883
Total noncurrent assets	53		44,205	9,834	414,498
Total assets	343	1,702	77,706	22,886	593,483

Name					
Accounts payable			Drainage	Golf	Hospital
Accounts payable         \$ 504         390         3         3           Accounts and retainage payable from restricted assets         2,117         1,344         17            Accrued payroll         371         783         92         3           Accrued compensated absences         397         1,223         115         4           Due to other funds	LIABILITIES				
Accounts and retainage payable from restricted assets         2,117         1,344         17	Current liabilities:				
Accounts and retainage payable from restricted assets         2,117         1,344         17	Accounts payable	\$ 504	390	3	3
Accrued payroll         371         783         92         3           Accrued compensated absences         397         1,223         115         4           Due to other funds         -         -         307         -           Accrued interest payable from restricted assets         2,382         -         -         -           Interest payable on other debt         -         48         35         -           General obligation bonds payable and other tax supported debt         -         651         591         -           General obligation bonds payable from restricted assets         957         -         -         -           Revenue bonds payable from restricted assets         957         -         -         -           Revenue bonds payable from restricted assets         1,260         -         -         -           Capital lease obligations payable from restricted assets         1,765         263         -         -           Capital lease obligation bonds payable from restricted assets         1,765         263         -         -           Deferred credits and other liabilities         131         43         5         -           Nocurrent liabilities         182         187         79         2		2 117	1 344		
Accrued compensated absences         397         1,223         115         4           Due to other funds           307            Accrued interest payable from restricted assets         2,382              Interest payable on other debt          651         591            General obligation bonds payable and other          651         591            General obligation bonds payable from restricted assets         957              Revenue bonds payable from restricted assets         1,260              Capital lease obligations payable from restricted assets         1,765         263             Customer and escrow deposits payable from restricted assets         1,765         263             Customer and escrow deposits payable from restricted assets         1,765         263             Deferred credits and other liabilities         9,889         4,752         1,165         10           Noncurrent liabilities, net of current portion:         2,891          946            Accrued assets from other funds         2,891<		•	•	92	3
Due to other funds         —         —         307         —           Accrued interest payable interest payable on other debt Interest payable on other debt General obligation bonds payable and other tax supported debt General obligation bonds payable and other tax supported debt assets General obligation bonds payable and other tax supported debt payable from restricted assets PST					_
Accrued interest payable from restricted assets         2,382         -         -         -           Interest payable on other debt         -         48         35         -           General obligation bonds payable and other tax supported debt payable from restricted assets         957         -         -         -           Revenue bonds payable from restricted assets         1,260         -         -         -           Revenue bonds payable from restricted assets         1,260         -         -         -           Capital lease obligations payable from restricted assets         1,765         263         -         -           Customer and escrow deposits payable from restricted assets         1,765         263         -         -           Deferred credits and other liabilities         131         43         5         -           Deferred credits and other liabilities         9,889         4,752         1,165         10           Noncurrent liabilities, net of current portion:         -         -         946         -           Acvarued compensated absences         182         187         79         2           Advances from other funds         2,891         -         946         -           General obligation bonds payable and other tax supported	·		.,220		· .
Interest payable on other debt   General obligation bonds payable and other tax supported debt   General obligation bonds payable and other		2 382			
General obligation bonds payable and other tax supported debt         -         651         591         -           General obligation bonds payable and other         tax supported debt payable from restricted assets         957              Revenue bonds payable from restricted assets         1,260              Capital lease obligations payable         5         7             Customer and escrow deposits payable from restricted assets         1,765         263             Deferred credits and other liabilities         131         43         5            Total current liabilities, net of current portion:               Accrued compensated absences         182         187         79         2           Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149              Pension obligation payable         361         874         112		2,302			
General obligation bonds payable and other         4x supported debt payable from restricted assets         957             Revenue bonds payable from restricted assets         1,260              Capital lease obligations payable         5         7             Customer and escrow deposits payable from restricted assets         1,765         263             Deferred credits and other liabilities         131         43         5            Total current liabilities, net of current portion:               Noncurrent liabilities, net of current portion:           946            Noncurrent function other funds         2,891          946            Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149              Pension obligation payable         361         874         112	. ,				
tax supported debt payable from restricted assets         957              Revenue bonds payable from restricted assets         1,260              Capital lease obligations payable from restricted assets         1,765         263             Customer and escrow deposits payable from restricted assets         1,765         263             Deferred credits and other liabilities         131         43         5            Total current liabilities         9,889         4,752         1,165         10           Noncurrent liabilities, net of current portion:           946            Accrued compensated absences         182         187         79         2           Advances from other funds         2,891          946            General obligation bonds payable and other tax supported         debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149               Pension obligation payable         361         874         112			001	591	
Revenue bonds payable from restricted assets         1,260         -         -         -           Capital lease obligations payable         5         7         -         -           Customer and escrow deposits payable from restricted assets         1,765         263         -         -           Deferred credits and other liabilities         131         43         5         -           Total current liabilities         9,889         4,752         1,165         10           Noncurrent liabilities, net of current portion:         -         -         946         -           Accrued compensated absences         182         187         79         2           Advances from other funds         2,891         -         946         -           General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204         -           Revenue bonds payable, net of discount and inclusive of premium         219,149         -         -         -         -           Pension obligation payable         361         874         112         -         -           Accrued landfill closure and postclosure costs         -         -         -         -         -         -         -	, ,	0.57			
Capital lease obligations payable         5         7             Customer and escrow deposits payable from restricted assets         1,765         263             Deferred credits and other liabilities         131         43         5            Total current liabilities, net of current portion:              Accrued compensated absences         182         187         79         2           Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149              Revenue bonds payable, net of discount and inclusive of premium         361         874         112            Pension obligation payable         361         874         112            Accrued landfill closure and postclosure costs                Deferred credits and other liabilities         246,194         12,938         7,341         3           Total i	., . , ,				
Customer and escrow deposits payable from restricted assets         1,765         263	· ·	,	 7		
Deferred credits and other liabilities         131         43         5            Total current liabilities         9,889         4,752         1,165         10           Noncurrent liabilities, net of current portion:         Accrued compensated absences         182         187         79         2           Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149               Pension obligation payable         361         874         112             Accrued landfill closure and postclosure costs              1           Accrued landfill closure and postclosure costs             1           Total noncurrent liabilities         246,194         12,938         7,341         3         3           NET ASSETS         34,610         77,767         4,086             Invested in capit		-			
Total current liabilities         9,889         4,752         1,165         10           Noncurrent liabilities, net of current portion:         4,752         1,165         10           Accrued compensated absences         182         187         79         2           Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149               Pension obligation payable         361         874         112             Pension obligation payable and other liabilities                Accrued landfill closure and postclosure costs                Deferred credits and other liabilities            1         1           Total noncurrent liabilities         246,194         12,938         7,341         3         3           Invested in capital assets, net of related debt         34,610         77,767 <td< td=""><td></td><td>•</td><td></td><td>5</td><td></td></td<>		•		5	
Noncurrent liabilities, net of current portion:   Accrued compensated absences   182   187   79   2     Advances from other funds   2,891   946       General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium   23,611   11,877   6,204       Revenue bonds payable, net of discount and inclusive of premium   219,149           Pension obligation payable   361   874   112       Accrued landfill closure and postclosure costs             Deferred credits and other liabilities   246,194   12,938   7,341   3     Total noncurrent liabilities   246,194   12,938   7,341   3     Total liabilities   256,083   17,690   8,506   13      NET ASSETS   Invested in capital assets, net of related debt   34,610   77,767   4,086       Restricted for:   Debt service   2,265           Capital projects     8,487   699       Renewal and replacement   1,709           Convention Center operating reserve   1,022           Unrestricted   33,010   45,904   (1,673)   668					10
Accrued compensated absences         182         187         79         2           Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149               Pension obligation payable         361         874         112             Accrued landfill closure and postclosure costs             1           Deferred credits and other liabilities            1         1           Total noncurrent liabilities         246,194         12,938         7,341         3         3           Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:          8,487         699            Capital projects          8,487         699         <		0,000	4,702	1,100	
Advances from other funds         2,891          946            General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149              Pension obligation payable         361         874         112            Pension obligation payable         361         874         112            Accrued landfill closure and postclosure costs                Deferred credits and other liabilities             1           Total noncurrent liabilities         246,194         12,938         7,341         3           Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265              Capital projects          8,487         699            Rene		182	187	79	2
debt, net of discount and inclusive of premium         23,611         11,877         6,204            Revenue bonds payable, net of discount and inclusive of premium         219,149              Pension obligation payable         361         874         112            Accrued landfill closure and postclosure costs               Deferred credits and other liabilities            1           Total noncurrent liabilities         246,194         12,938         7,341         3           Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265              Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668<	•	2,891		946	
Revenue bonds payable, net of discount and inclusive of premium         219,149              Pension obligation payable         361         874         112            Accrued landfill closure and postclosure costs              1           Deferred credits and other liabilities            1         1           Total noncurrent liabilities         246,194         12,938         7,341         3         3           Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265               Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	General obligation bonds payable and other tax supported				
Revenue bonds payable, net of discount and inclusive of premium         219,149              Pension obligation payable         361         874         112            Accrued landfill closure and postclosure costs              1           Deferred credits and other liabilities            1         1           Total noncurrent liabilities         246,194         12,938         7,341         3         3           Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265               Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	debt, net of discount and inclusive of premium	23,611	11,877	6,204	
inclusive of premium         219,149              Pension obligation payable         361         874         112            Accrued landfill closure and postclosure costs                Deferred credits and other liabilities         246,194         12,938         7,341         3           Total noncurrent liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         Debt service         2,265              Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668					
Accrued landfill closure and postclosure costs              1           Deferred credits and other liabilities         246,194         12,938         7,341         3           Total noncurrent liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265              Capital projects         2,265              Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668		219,149			
Accrued landfill closure and postclosure costs              1           Deferred credits and other liabilities         246,194         12,938         7,341         3           Total noncurrent liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265              Capital projects         2,265              Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Pension obligation payable	361	874	112	
Total noncurrent liabilities         246,194         12,938         7,341         3           Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         2,265              Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Accrued landfill closure and postclosure costs				
Total liabilities         256,083         17,690         8,506         13           NET ASSETS           Invested in capital assets, net of related debt         34,610         77,767         4,086            Restricted for:         Use service         2,265              Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Deferred credits and other liabilities				1
NET ASSETS         Invested in capital assets, net of related debt       34,610       77,767       4,086          Restricted for:       Debt service       2,265            Capital projects        8,487       699          Renewal and replacement       1,709            Convention Center operating reserve       1,022            Unrestricted       33,010       45,904       (1,673)       668	Total noncurrent liabilities	246,194	12,938	7,341	3
Invested in capital assets, net of related debt   34,610   77,767   4,086     Restricted for:	Total liabilities	256,083	17,690	8,506	13
Invested in capital assets, net of related debt   34,610   77,767   4,086					
Restricted for:         Debt service       2,265            Capital projects        8,487       699          Renewal and replacement       1,709            Convention Center operating reserve       1,022            Unrestricted       33,010       45,904       (1,673)       668	NET ASSETS				
Debt service         2,265              Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Invested in capital assets, net of related debt	34,610	77,767	4,086	
Capital projects          8,487         699            Renewal and replacement         1,709              Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Restricted for:				
Renewal and replacement       1,709             Convention Center operating reserve       1,022             Unrestricted       33,010       45,904       (1,673)       668	Debt service	2,265			
Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Capital projects		8,487	699	
Convention Center operating reserve         1,022              Unrestricted         33,010         45,904         (1,673)         668	Renewal and replacement	1,709			
	Convention Center operating reserve	1,022			
Total net assets         \$ 72,616         132,158         3,112         668	Unrestricted	33,010	45,904	(1,673)	668
	Total net assets	\$ 72,616	132,158	3,112	668

			Solid		
	Parks and	Primary	Waste	Trans-	2006
	Recreation	Care	Services	portation	Total
LIABILITIES	Recreation	Care	<u> Jei vices</u>	portation	Total
Current liabilities:					
	22	222	700	4 705	2.040
Accounts payable	33		706	1,785	3,646
Accounts and retainage payable from restricted assets			583		4,061
Accrued payroll	82		885	739	2,955
Accrued compensated absences	45		1,174	953	3,911
Due to other funds	26				333
Accrued interest payable from restricted assets					2,382
Interest payable on other debt			174	65	322
General obligation bonds payable and other tax supported debt			2,960	814	5,016
General obligation bonds payable and other					
tax supported debt payable from restricted assets					957
Revenue bonds payable from restricted assets					1,260
Capital lease obligations payable	2			2	16
Customer and escrow deposits payable from restricted assets	1		611		2,640
Deferred credits and other liabilities			111		290
Total current liabilities	189	222	7,204	4,358	27,789
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	11	865		191	1,517
Advances from other funds			2,274		6,111
General obligation bonds payable and other tax supported					
debt, net of discount and inclusive of premium			31,679	6,036	79,407
Revenue bonds payable, net of discount and					
inclusive of premium					219,149
Pension obligation payable	24		884	709	2,964
Accrued landfill closure and postclosure costs			8,379		8,379
Deferred credits and other liabilities					1
Total noncurrent liabilities	35	865	43,216	6,936	317,528
Total liabilities	224	1,087	50,420	11,294	345,317
NET ASSETS					
Invested in capital assets, net of related debt	52		26,026	7,015	149,556
Restricted for:					
Debt service					2,265
Capital projects					9,186
Renewal and replacement					1.709
Convention Center operating reserve					1,022
Unrestricted	67	615	1,260	4,577	84,428
Total net assets	119	615	27,286	11,592	248,166
				,002	5,105

	Convention Center	Drainage	Golf	Hospital
OPERATING REVENUES				
User fees and rentals	\$ 14,692	50,224	4,960	452
Total operating revenues	14,692	50,224	4,960	452
OPERATING EXPENSES				
Operating expenses before depreciation	23,092	30,931	4,263	252
Depreciation and amortization	6,800	2,310	597	
Total operating expenses	29,892	33,241	4,860	252
Operating income (loss)	(15,200)	16,983	100	200
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	2,960	1,962	26	19
Interest on revenue bonds and other debt	(11,733)	(566)	(363)	
Interest capitalized during construction	938	1,284	10	
Amortization of bond issue cost	(175)	(1)	(1)	
Other nonoperating revenue (expense)	(1,063)	(225)	1	
Total nonoperating revenues (expenses)	(9,073)	2,454	(327)	19
Income (loss) before contributions and transfers	(24,273)	19,437	(227)	219
Capital contributions	276	1,881	257	
Transfers in	32,445	377		
Transfers out	(75)	(738)		
Change in net assets	8,373	20,957	30	219
Total net assets - beginning	64,243	111,201	3,082	449
Total net assets - ending	\$ 72,616	132,158	3,112	668

	Danier and	Dulana	Solid	<b>T</b>	0000
	Parks and Recreation	Primary Care	Waste Services	Trans- portation	2006 Total
OPERATING REVENUES	Recreation	Care	Services	portation	TOTAL
User fees and rentals	4,008		44.626	07.157	146 110
	4,008		44,626 44,626	27,157	146,119
Total operating revenues	4,006		44,020	27,157	146,119
OPERATING EXPENSES					
Operating expenses before depreciation	4,001	40	43,366	29,248	135,193
Depreciation and amortization	20		4,327	1,324	15,378
Total operating expenses	4,021	40	47,693	30,572	150,571
Operating income (loss)	(13)	(40)	(3,067)	(3,415)	(4,452)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	16	5	894	241	6,123
Interest on revenue bonds and other debt			(1,248)	(158)	(14,068)
Interest capitalized during construction			147		2,379
Amortization of bond issue cost			(2)		(179)
Other nonoperating revenue (expense)		(1,400)	298	(59)	(2,448)
Total nonoperating revenues (expenses)	16	(1,395)	89	24	(8,193)
Income (loss) before contributions and transfers	3	(1,435)	(2,978)	(3,391)	(12,645)
Capital contributions			1,272	2,412	6,098
Transfers in			969	3,672	37,463
Transfers out			(673)	(1,250)	(2,736)
Change in net assets	3	(1,435)	(1,410)	1,443	28,180
Total net assets - beginning	116	2,050	28,696	10,149	219,986
Total net assets - ending	119	615	27,286	11,592	248,166

	Convention Center		Drainage	Golf	Hospital
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 14.	085	49,829	4,960	424
Cash payments to suppliers for goods and services		517)	(12,038)	(2,031)	(173)
Cash payments to employees for services	,	042)	(18,357)	(2,199)	(81)
Net cash provided (used) by operating activities		474)	19,434	730	170
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Transfers in	32.	445	377		
Transfers out		(75)	(738)		
Interest paid on revenue notes and other debt					
Loans to other funds			(448)		
Loans from other funds		172	`	594	
Loan repayments from other funds					
Net cash provided (used) by noncapital					
financing activities	32,	542	(809)	594	
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds					
and other tax-supported debt				860	
Principal paid on long-term debt	(3,	287)	(638)	(1,111)	
Purchased interest received				4	
Interest paid on revenue bonds and other debt	(11,	144)	(568)	(362)	
Acquisition and construction of capital assets	(4,	597)	(11,998)	(235)	
Contributions (to) from municipality					
Contributions in aid of construction		605	1,889	252	
Bond issuance costs		20			
Bond premiums				1	
Net cash provided (used) by capital and related					
financing activities	\$ (18,	403)	(11,315)	(591)	

	-		0-114		
	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2006 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	4,008	132	44,755	27,091	145,284
Cash payments to suppliers for goods and services	(1,531)	(228)	(21,799)	(11,447)	(63,764)
Cash payments to employees for services	(2,442)	40	(20,937)	(16,767)	(68,785)
Net cash provided (used) by operating activities	35	(56)	2,019	(1,123)	12,735
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Transfers in			969	3,672	37,463
Transfers out			(673)	(1,250)	(2,736)
Interest paid on revenue notes and other debt			(3)	` <u></u>	(3)
Loans to other funds					(448)
Loans from other funds	26		2		794
Loan repayments from other funds	159				159
Net cash provided (used) by noncapital					
financing activities	185		295	2,422	35,229
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds					
and other tax-supported debt			3,635	3,300	7,795
Principal paid on long-term debt	(4)		(2,336)	(472)	(7,848)
Purchased interest received			20		24
Interest paid on revenue bonds and other debt			(1,230)	(119)	(13,423)
Acquisition and construction of capital assets	(1)	463	(4,857)	(1,909)	(23,134)
Contributions (to) from municipality		(1,257)			(1,257)
Contributions in aid of construction			1,187		3,933
Bond issuance costs					20
Bond premiums			4		5
Net cash provided (used) by capital and related					
financing activities	(5)	(794)	(3,577)	800	(33,885)

		vention enter	Drainage	Golf	Hospital
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	\$	(10,310)			
Proceeds from sale and maturities of investment					
securities		12,363			
Interest on investments		2,960	1,961	26	19
Net cash provided (used) by investing activities		5,013	1,961	26	19
Net increase (decrease) in cash and cash equivalents		10,678	9,271	759	189
Cash and cash equivalents, October 1		54,271	46,248	1	276
Cash and cash equivalents, September 30		64,949	55,519	760	465
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	٠.				
Operating income (loss)		(15,200)	16,983	100	200
Adjustments to reconcile operating income to net cash		(10,200)	10,505	100	200
provided by operating activities:					
Depreciation		6,800	2,310	597	
Change in assets and liabilities:		-,	_,-,-		
Decrease in working capital advances		124			
(Increase) decrease in accounts receivable		(643)	(246)		(2)
Increase (decrease) in allowance for doubtful accounts		` (1)	(192)		
Decrease in inventory			`´		
(Increase) decrease in prepaid expenses and					
other assets		(3)	1		
Increase (decrease) in accounts payable		41	(140)	(49)	(3)
Increase (decrease) in accrued payroll and					
compensated absences		149	215	34	1
Increase in pension obligations payable		175	460	48	
Increase (decrease) in deferred credits and					
other liabilities		47			(26)
Increase in customer deposits		37	43		
Total adjustments		6,726	2,451	630	(30)
Net cash provided (used) by operating activities	\$	(8,474)	19,434	730	170
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
	œ				
(Increase) decrease in deferred assets/expenses Capital assets contributed from (to) other funds	\$	 170		<b></b>	
Amortization of bond issue costs		(175)	(1)	(1)	
Amortization of bond discounts and premiums		(333)	(11)	(32)	
Amortization of deferred loss on refundings		1,053	13	28	
Loss on disposal of assets		(1,252)	(225)	(2)	
Capital lease obligations		(1,202)	(223)	( <del>-</del> )	
General obligation bonds and other tax supported debt			,		
proceeds receivable					
F. 2.2.200 1000110010					

			Solid		
	Parks and	Primary	Waste	Trans-	2006
	Recreation	Care	Services	portation	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					(40.240)
Purchase of investment securities Proceeds from sale and maturities of investment			<del></del>		(10,310)
securities					12,363
Interest on investments	16	5	892	241	6,120
Net cash provided (used) by investing activities	16	5	892	241	8,173
p. c (acca, ay g acg					3,
Net increase (decrease) in cash and cash equivalents	231	(845)	(371)	2,340	22,252
Cash and cash equivalents, October 1	59	2,190	21,128	7,073	131,246
Cash and cash equivalents, September 30	290	1,345	20,757	9,413	153,498
DECONOR INTON OF OPERATING INCOME TO NET					
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(40)	(2.007)	(2.445)	(4.450)
Operating income (loss)  Adjustments to reconcile operating income to net cash	(13)	(40)	(3,067)	(3,415)	(4,452)
provided by operating activities:					
Depreciation	20		4,327	1,324	15,378
Change in assets and liabilities:	20		1,021	1,021	10,010
(Increase) decrease in working capital advances					124
(Increase) decrease in accounts receivable		132	(3)	(67)	(829)
Increase (decrease) in allowance for doubtful accounts			(52)	(18)	(263)
Decrease in inventory		(311)	`	(209)	(520)
(Increase) decrease in prepaid expenses and					
other assets			27	(4)	21
Increase (decrease) in accounts payable	(5)	123	(413)	544	98
Increase (decrease) in accrued payroll and			0-0		
compensated absences	11	40	278	334	1,062
Increase in pension obligations payable	22		459	388	1,552
Increase (decrease) in deferred credits and other liabilities			280		301
Increase in customer deposits	<del></del>		183		263
Total adjustments	48	(16)	5,086	2,292	17,187
Net cash provided (used) by operating activities	35	(56)	2,019	(1,123)	12,735
. , , , , ,					
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
(Increase) decrease in deferred assets/expenses			2		2
Capital assets contributed from (to) other funds				2,412	2,582
Amortization of bond issue costs			(2)	·	(179)
Amortization of bond discounts and premiums			( <del>5</del> 1)		(427)
Amortization of deferred loss on refundings			49		1,143
Loss on disposal of assets			298	(59)	(1,240)
Capital lease obligations	1				8
General obligation bonds and other tax supported debt					
proceeds receivable			7,700	2,000	9,700





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.



Current assets:   Cash   \$ 2		Capital Projects Management		CTECC	Employee Benefits	Fleet Maintenance	Information Systems
Cash         \$         2         —         —         3         —           Pooled investments and cash         1,221         —         25,695         4,800         18,609           Total pooled investments and cash         1,221         —         25,695         4,800         18,609           Cash held by trustee         —         —         —         775         —         —           Accounts receivable         325         918         85         237         —           Less allowance for doubtful accounts         —         —         —         —         (222)         —           Net accounts receivable         325         918         85         15         —           Due from other funds         —         —         —         —         (222)         —           Inventories, at cost         —         —         —         —         894         —           Inventories, at cost         —         —         —         —         894         —           Prepaid expenses         —         —         —         —         —         —         —           Inventories, at cost         —         —         —         —         — <th>ASSETS</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	ASSETS						
Pooled investments and cash   1,221   25,695   4,800   18,609     Total pooled investments and cash   1,221   25,695   4,800   18,609     Cash held by trustee   775       Accounts receivable   325   918   85   237       Less allowance for doubtful accounts     (222)       Net accounts receivable   325   918   85   15       Due from other funds     (222)       Inventories, at cost     894       Inventories, at cost     894       Prepaid expenses     894       Total current assets   1,548   918   26,555   5,712   18,609     Noncurrent assets     191       Property, plant, and equipment in service   1,112   463     14,754   43,583     Less accumulated depreciation   (614)   (91)     (7,154)   (14,508)     Net property, plant, and equipment in service   498   372     334   7,263     Total capital assets   498   372     8,125   36,338     Deferred costs and expenses, net of amortization         14       Total noncurrent assets   498   372     8,139   36,338     Total concurrent assets   498   372     8,139   36,338     Total noncurrent assets   498   372     8,139   36,338     Total concurrent assets   498   372     8,139   36,338	Current assets:						
Total pooled investments and cash         1,221         -         25,695         4,800         18,609           Cash held by trustee         -         -         775         -         -           Accounts receivable         325         918         85         237         -           Less allowance for doubtful accounts         -         -         -         -         (222)         -           Net accounts receivable         325         918         85         15         -           Due from other funds         - <t< td=""><td>Cash</td><td>\$</td><td>2</td><td></td><td></td><td>3</td><td></td></t<>	Cash	\$	2			3	
Cash held by trustee         -         -         775         -         -           Accounts receivable         325         918         85         237         -           Less allowance for doubtful accounts         -         -         -         -         (222)         -           Net accounts receivable         325         918         85         15         -           Due from other funds         -	Pooled investments and cash		1,221		25,695	4,800	18,609
Accounts receivable         325         918         85         237         —           Less allowance for doubtful accounts         —	Total pooled investments and cash	1,221			25,695	4,800	18,609
Less allowance for doubtful accounts            (222)            Net accounts receivable         325         918         85         15            Due from other funds	Cash held by trustee				775		
Net accounts receivable         325         918         85         15            Due from other funds                 Inventories, at cost            894            Prepaid expenses                Total current assets              18,609           Noncurrent assets   <	Accounts receivable		325	918	85	237	
Due from other funds                                     191              191             191              191               191                191                191 <t< td=""><td>Less allowance for doubtful accounts</td><td></td><td></td><td></td><td></td><td>(222)</td><td></td></t<>	Less allowance for doubtful accounts					(222)	
Inventories, at cost	Net accounts receivable		325	918	85	15	
Prepaid expenses                             191            197	Due from other funds						
Total current assets         1,548         918         26,555         5,712         18,609           Noncurrent assets:         Capital assets           Land and other nondepreciable assets            191            Property, plant, and equipment in service         1,112         463          14,754         43,583           Less accumulated depreciation         (614)         (91)          (7,154)         (14,508)           Net property, plant, and equipment in service         498         372          7,600         29,075           Construction in progress            334         7,263           Total capital assets         498         372          8,125         36,338           Deferred costs and expenses, net of amortization             8,139         36,338	Inventories, at cost					894	
Noncurrent assets:         Capital assets          191          Property, plant, and equipment in service       1,112       463        14,754       43,583         Less accumulated depreciation       (614)       (91)        (7,154)       (14,508)         Net property, plant, and equipment in service       498       372        7,600       29,075         Construction in progress          334       7,263         Total capital assets       498       372        8,125       36,338         Deferred costs and expenses, net of amortization          14          Total noncurrent assets       498       372        8,139       36,338	Prepaid expenses						
Capital assets           191          Property, plant, and equipment in service       1,112       463        14,754       43,583         Less accumulated depreciation       (614)       (91)        (7,154)       (14,508)         Net property, plant, and equipment in service       498       372        7,600       29,075         Construction in progress          334       7,263         Total capital assets       498       372        8,125       36,338         Deferred costs and expenses, net of amortization          14          Total noncurrent assets       498       372        8,139       36,338	Total current assets		1,548	918	26,555	5,712	18,609
Land and other nondepreciable assets          191          Property, plant, and equipment in service       1,112       463        14,754       43,583         Less accumulated depreciation       (614)       (91)        (7,154)       (14,508)         Net property, plant, and equipment in service       498       372        7,600       29,075         Construction in progress          334       7,263         Total capital assets       498       372        8,125       36,338         Deferred costs and expenses, net of amortization          14          Total noncurrent assets       498       372        8,139       36,338	Noncurrent assets:	·					
Property, plant, and equipment in service       1,112       463        14,754       43,583         Less accumulated depreciation       (614)       (91)        (7,154)       (14,508)         Net property, plant, and equipment in service       498       372        7,600       29,075         Construction in progress           334       7,263         Total capital assets       498       372        8,125       36,338         Deferred costs and expenses, net of amortization          14          Total noncurrent assets       498       372        8,139       36,338	Capital assets						
Less accumulated depreciation       (614)       (91)        (7,154)       (14,508)         Net property, plant, and equipment in service       498       372        7,600       29,075         Construction in progress           334       7,263         Total capital assets       498       372        8,125       36,338         Deferred costs and expenses, net of amortization          14          Total noncurrent assets       498       372        8,139       36,338	Land and other nondepreciable assets					191	
Net property, plant, and equipment in service       498       372        7,600       29,075         Construction in progress          334       7,263         Total capital assets       498       372        8,125       36,338         Deferred costs and expenses, net of amortization          14          Total noncurrent assets       498       372        8,139       36,338	Property, plant, and equipment in service		1,112	463		14,754	43,583
Construction in progress            334         7,263           Total capital assets         498         372          8,125         36,338           Deferred costs and expenses, net of amortization            14            Total noncurrent assets         498         372          8,139         36,338	Less accumulated depreciation		(614)	(91)		(7,154)	(14,508)
Total capital assets         498         372          8,125         36,338           Deferred costs and expenses, net of amortization            14            Total noncurrent assets         498         372          8,139         36,338	Net property, plant, and equipment in service	•	498	372		7,600	29,075
Deferred costs and expenses, net of amortization            14            Total noncurrent assets         498         372          8,139         36,338	Construction in progress					334	7,263
Total noncurrent assets 498 372 8,139 36,338	Total capital assets		498	372		8,125	36,338
	Deferred costs and expenses, net of amortization					14	
Total assets \$ 2,046 1,290 26,555 13,851 54,947	Total noncurrent assets		498	372		8,139	36,338
	Total assets	\$	2,046	1,290	26,555	13,851	54,947

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2006 Total
ASSETS					
Current assets:					
Cash		12	1		18
Pooled investments and cash	15,669	8,623	1,119	17,630	93,366
Total pooled investments and cash	15,669	8,623	1,119	17,630	93,366
Cash held by trustee					775
Accounts receivable		26	90		1,681
Less allowance for doubtful accounts					(222)
Net accounts receivable		26	90		1,459
Due from other funds			207		207
Inventories, at cost			177		1,071
Prepaid expenses		22			22
Total current assets	15,669	8,683	1,594	17,630	96,918
Noncurrent assets:					
Capital assets					
Land and other nondepreciable assets		521			712
Property, plant, and equipment in service		8,250	4,515		72,677
Less accumulated depreciation		(3,807)	(1,810)		(27,984)
Net property, plant, and equipment in service		4,443	2,705		44,693
Construction in progress					7,597
Total capital assets		4,964	2,705		53,002
Deferred costs and expenses, net of amortization		35			49
Total noncurrent assets		4,999	2,705		53,051
Total assets	15,669	13,682	4,299	17,630	149,969
			·		(Continued)

	Pr	apital ojects agement	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
LIABILITIES						
Current liabilities:						
Accounts payable	\$	58	192	4,191	2,089	1,038
Accrued payroll		580	118		456	703
Accrued compensated absences		944	179		646	1,156
Claims payable				4,382		
Due to other funds			207			27
Interest payable on other debt					19	66
General obligation bonds payable and other						
tax supported debt					260	3,002
Capital lease obligations payable		2				4
Deferred credits and other liabilities				671		
Total current liabilities		1,584	696	9,244	3,470	5,996
Noncurrent liabilities, net of current portion:			_			
Accrued compensated absences		198				46
Claims payable						
Advances from other funds					176	107
General obligation bonds payable and other tax supported						
debt, net of discount and inclusive of premium					4,545	13,202
Other liabilities payable from restricted assets			19			
Total noncurrent liabilities		198	19		4,721	13,355
Total liabilities		1,782	715	9,244	8,191	19,351
NET ASSETS						
Invested in capital assets, net of related debt		496	372		2,809	20,130
Restricted for:					,	,
Capital projects					3,540	
Unrestricted		(232)	203	17,311	(689)	15,466
Total net assets	\$	264	575	17,311	5,660	35,596

# (Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2006 Total
LIABILITIES					
Current liabilities:					
Accounts payable	442	1,009	374	114	9,507
Accrued payroll		1,789	97		3,743
Accrued compensated absences		2,495	105		5,525
Claims payable	2,749			4,978	12,109
Due to other funds					234
Interest payable on other debt		2			87
General obligation bonds payable and other					
tax supported debt		57			3,319
Capital lease obligations payable		5	1		12
Deferred credits and other liabilities		45	546		1,262
Total current liabilities	3,191	5,402	1,123	5,092	35,798
Noncurrent liabilities, net of current portion:					_
Accrued compensated absences		468	39		751
Claims payable	4,113			4,987	9,100
Advances from other funds		31			314
General obligation bonds payable and other tax supported					
debt, net of discount and inclusive of premium		513			18,260
Other liabilities payable from restricted assets					19
Total noncurrent liabilities	4,113	1,012	39	4,987	28,444
Total liabilities	7,304	6,414	1,162	10,079	64,242
NET ASSETS					
Invested in capital assets, net of related debt		3,903	2,704		30,414
Restricted for:					
Capital projects					3,540
Unrestricted	8,365	3,365	433	7,551	51,773
Total net assets	8,365	7,268	3,137	7,551	85,727
•					

	Р	Capital rojects nagement	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES						
Billings to departments	\$	16,058	6,342	73,412	34,025	28,480
Employee contributions				28,009		
Operating revenues from other governments			1,572			
Other operating revenues		417			103	172
Total operating revenues		16,475	7,914	101,421	34,128	28,652
OPERATING EXPENSES						
Operating expenses before depreciation		17,661	8,044	103,488	31,538	22,485
Depreciation and amortization		287	75		1,729	6,119
Total operating expenses		17,948	8,119	103,488	33,267	28,604
Operating income (loss)		(1,473)	(205)	(2,067)	861	48
NONOPERATING REVENUES (EXPENSES)						
Interest and other revenues		57	19		467	168
Interest on bonds and other debt					(232)	(354)
Amortization of bond issue cost						
Other nonoperating revenue (expense)		(435)			(5,378)	(2,634)
Total nonoperating revenues (expenses)		(378)	19		(5,143)	(2,820)
Income (loss) before contributions and transfers		(1,851)	(186)	(2,067)	(4,282)	(2,772)
Capital contributions		199	108			21,025
Transfers in						939
Transfers out		(845)			(10)	
Change in net assets		(2,497)	(78)	(2,067)	(4,292)	19,192
Total net assets - beginning		2,761	653	19,378	9,952	16,404
Total net assets - ending	\$	264	575	17,311	5,660	35,596

Liability Support Wireless Workers' Reserve Services Communication Compensation	2006 Total
OPERATING REVENUES	
Billings to departments 4,500 50,214 4,123 7,199	224,353
Employee contributions	28,009
Operating revenues from other governments 314	1,886
Other operating revenues 5 1,292	1,989
Total operating revenues         4,500         50,219         5,729         7,199	256,237
OPERATING EXPENSES	
Operating expenses before depreciation 905 47,256 5,736 7,887	245,000
Depreciation and amortization 726 195	9,131
Total operating expenses         905         47,982         5,931         7,887	254,131
Operating income (loss)         3,595         2,237         (202)         (688)	2,106
NONOPERATING REVENUES (EXPENSES)	
Interest and other revenues 222 59	992
Interest on bonds and other debt (30)	(616)
Amortization of bond issue cost (2)	(2)
Other nonoperating revenue (expense) (161) (1)	(8,609)
Total nonoperating revenues (expenses) 29 58	(8,235)
Income (loss) before contributions and transfers 3,595 2,266 (144) (688)	(6,129)
Capital contributions 3,384 2,394	27,110
Transfers in 10	949
Transfers out (3,216) (1,145)	(5,216)
Change in net assets         3,595         2,434         1,115         (688)	16,714
<b>Total net assets - beginning</b> 4,770 4,834 2,022 8,239	69,013
Total net assets - ending         8,365         7,268         3,137         7,551	85,727

	Р	Capital rojects nagement	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$	16,365	7,675	101,336	34,119	28,736
Cash payments to suppliers for goods and services		(3,383)	(5,102)	(47,518)	(21,189)	(5,285)
Cash payments to employees for services		(14,055)	(2,706)		(10,624)	(16,476)
Cash payments to claimants/beneficiaries				(54,792)		
Net cash provided (used) by operating activities		(1,073)	(133)	(974)	2,306	6,975
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
						000
Transfers in						939
Transfers out		(845)			(10)	
Loan repayments to other funds  Loan repayments from other funds			207			(27)
Net cash provided (used) by noncapital			201			
financing activities		(845)	207		(10)	912
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal paid on long-term debt		(12)			(237)	(2,891)
Interest paid on revenue bonds and other debt		(12)			(240)	(502)
Acquisition and construction of capital assets		(155)	(220)		(6,125)	(3,520)
Contributions from municipality		(133)	108		(0,123)	(3,320)
. ,			100			2
Bond premiums						
Net cash provided (used) by capital and related financing activities	\$	(167)	(112)		(6,602)	(6,911)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2006 Total
CASH FLOWS FROM OPERATING ACTIVITIES:	·				
Cash received from customers	7,280	50,208	5,698	7,199	258,616
Cash payments to suppliers for goods and services	(3,734)	(5,134)	(3,256)	(12,520)	(107,121)
Cash payments to employees for services		(41,908)	(2,219)		(87,988)
Cash payments to claimants/beneficiaries	(3,931)			4,540	(54,183)
Net cash provided (used) by operating activities	(385)	3,166	223	(781)	9,324
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in			10		949
Transfers out		(2.246)			
Loan repayments to other funds		(3,216)	(1,145)		(5,216) (27)
Loan repayments from other funds	<u></u>	34	<u></u>		241
Net cash provided (used) by noncapital					
financing activities		(3,182)	(1,135)		(4,053)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt		(73)	(3)		(3,216)
Interest paid on revenue bonds and other debt		(31)	( <del>-</del>		(773)
Acquisition and construction of capital assets		(95)	(63)		(10,178)
Contributions from municipality					108
Bond premiums					2
Net cash provided (used) by capital and related					
financing activities		(199)	(66)		(14,057)

(Continued)

	Conital				
	Capital		Employee	Fleet	Information
	Projects Management	CTECC	Employee Benefits	Maintenance	
CARL EL OMO EROM INIVERTINO A CTIVITIES	Management	CIECC	Dellellis	Walliterlance	Systems
CASH FLOWS FROM INVESTING ACTIVITIES:	Φ 57	40		407	470
Interest on investments	\$ 57	19		467	170
Net cash provided (used) by investing activities	57	19		467	170
Net increase (decrease) in cash and cash equivalents	(2,028)	(19)	(974)	(3,839)	1,146
Cash and cash equivalents, October 1	3,251	19	27,444	8,642	17,463
Cash and cash equivalents, September 30	1,223		26,470	4,803	18,609
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITION		(005)	(0.007)	004	40
Operating income (loss)	(1,473)	(205)	(2,067)	861	48
Adjustments to reconcile operating income to net cash					
provided by operating activities:	007	7.5		4.700	0.440
Depreciation	287	75		1,729	6,119
Change in assets and liabilities:	(110)	(220)	(05)	44	0.4
(Increase) decrease in accounts receivable	(110)	(239)	(85)	11	84
Increase (decrease) in due from other funds					
Increase (decrease) in inventory				22	
Increase in prepaid expenses and					
other assets	20				
Decrease in deferred costs and other expenses					
Increase in other long-term assets					
Increase (decrease) in accounts payable	30	146	1,662	(420)	609
Increase in accrued payroll and					
compensated absences	173	92	<del></del>	162	115
Increase (decrease) in claims payable			(558)		
Decrease in advances from other funds				(20)	
Increase (decrease) in deferred credits and					
other liabilities		(2)	74	(39)	
Total adjustments	400	72	1,093	1,445	6,927
Net cash provided (used) by operating activities	\$ (1,073)	(133)	(974)	2,306	6,975
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	\$			4,762	(317)
Amortization of bond issue costs	Ψ				(017)
Amortization of bond discounts and premiums	 			(3)	(1)
Amortization of deferred loss on refundings				11	(1)
Gain (loss) on disposal of assets	(435)			(615)	2,634
Contributions from other funds	199			(013)	2,004
Decrease in deferred credits and other liabilities	199				
Capital lease obligations				 -	8
Capital lease Obligations					O

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2006 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments		222	59		994
Net cash provided (used) by investing activities		222	59	<del></del>	994
Net increase (decrease) in cash and cash equivalents	(385)	7	(919)	(781)	(7,792)
Cash and cash equivalents, October 1	16,054	8,628	2,039	18,411	101,951
Cash and cash equivalents, September 30	15,669	8,635	1,120	17,630	94,159
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITI	FS:				
Operating income (loss)	3,595	2,237	(202)	(688)	2,106
Adjustments to reconcile operating income to net cash provided by operating activities:	0,000	2,207	(232)	(000)	2,100
Depreciation		726	195		9,131
Change in assets and liabilities:					•
(Increase) decrease in accounts receivable	2,780	(11)	(11)		2,419
Increase (decrease) in due from other funds		188	(207)		(19)
Increase (decrease) in inventory			(18)		4
Increase in prepaid expenses and					
other assets		18			38
Decrease in deferred costs and other expenses		(34)			(34)
Increase in other long-term assets		(50)			(50)
Increase (decrease) in accounts payable	297	(371)	247	(99)	2,101
Increase in accrued payroll and					
compensated absences		509	32		1,083
Increase (decrease) in claims payable	(7,057)			6	(7,609)
Decrease in advances from other funds					(20)
Increase (decrease) in deferred credits and		(40)	407		474
other liabilities		(46)	187		174
Total adjustments	(3,980)	929	425	(93)	7,218
Net cash provided (used) by operating activities	(385)	3,166	223	(781)	9,324
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds		3,384			7,829
Amortization of bond issue costs		(2)			(2)
Amortization of bond discounts and premiums		(1)			(5)
Amortization of deferred loss on refundings		37			48
Gain (loss) on disposal of assets		(161)			1,423
Contributions from other funds		`			199
Decrease in deferred credits and other liabilities			187		187
Capital lease obligations					8





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**

Austin Energy Combined Charity - Purpose is to account for Austin Energy's combined charities fund raising events.

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

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.

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

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, 2006
(In thousands)

	Assets				Liabilities			
	Inve	ooled stments d Cash	Other Assets	Total Assets	Accounts Payable	Other Liabilities	Total Liabilities	Assets Held in Trust
General government								
Unclaimed Property	\$	488		488		466	466	22
Total general government		488		488		466	466	22
Transportation, planning, and sustainability								
COA Customer Service								
Voluntary Utility Assistance		148		148				148
Total transportation, planning, and sustainability		148		148				148
Public recreation and culture								
Science Fest		61		61				61
Austin Energy Combined Charity		7		7				7
Barbara Jordan Memorial		1		1				1
First Step - A Community Project		17		17				17
Library City Literacy Program		3		3				3
Total public recreation								
and culture		89		89				89
Urban growth management								
Leveraged Loan Pool		389	121	510				510
Telecommunity Partnership		14		14				14
Total urban growth								
management		403	121	524				524
2006 Total	\$	1,128	121	1,249		466	466	783

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2006
(In thousands)

		Additions Interest		Deductions	Net	Net Assets	Net Assets
		and	Total	Benefit	Increase	at Beginning	at End
	Contributions	Other	Additions	Payments	(Decrease)	of Year	of Year
General government							
Unclaimed Property	\$	18	18	4	14	8	22
Total general government		18	18	4	14	8	22
Transportation, planning, and sustainability							
COA Customer Service	(1)		(1)		(1)	1	
Voluntary Utility Assistance	211	6	217	199	18	130	148
Total transportation, planning,							
and sustainability	210	6	216	199	17	131	148
Public recreation and culture							
Science Fest	62	2	64	30	34	27	61
Austin Energy Combined Charity	7		7		7		7
Barbara Jordan Memorial						1	1
First Step - A Community Project				5	(5)	22	17
Library City Literacy Program						3	3
Total public recreation							
and culture	69	2	71	35	36	53	89
Urban growth management							
Leveraged Loan Pool		14	14		14	496	510
Telecommunity Partnership		1	1		1	13	14
Total urban growth							
management		15	15		15	509	524
2006 Total	\$ 279	41	320	238	82	701	783

# Fiduciary Funds Agency Funds Combining Statement of Changes in Assets and Liabilities For the year ended September 30, 2006 (In thousands)

	Balance			Balance
	at Beginning of Year	Additions	Deductions	at End of Year
	- 01 1001	Additions	Deddotions	Of Four
BCCP Permit Fund				
Assets	\$ 572	2 107	0.574	105
Pooled investments and cash Total assets	\$ 572 572	2,107 2,107	2,574 2,574	105 105
Liabilities				
Accounts payable		97		97
Due to other governments  Total liabilities	572 572	4 101	568 568	8 105
Campaign Financing Fund				
Assets				
Pooled investments and cash  Total assets	7	26 26	1 1	32 32
Liabilities				
Deposits and other liabilities	7	25		32
Total liabilities	7	25		32
Municipal Courts Assets				
Pooled investments and cash	2.803	11,378	11,480	2,701
Total assets	2,803	11,378	11,480	2,701
Liabilities				
Accounts payable	193	997	1,104	86
Due to other governments	2,345	11,166	11,144	2,367
Deposits and other liabilities  Total liabilities	265 2,803	244 12,407	261 12,509	248 2,701
Neighborhood Revitalization				
Assets Pooled investments and cash	244	5	9	240
Total assets	244	5	9	240
Liabilities				
Deposits and other liabilities	244	13	17	240
Total liabilities	244	13	17	240
Total Agency Funds Assets				
Pooled investments and cash	3,626	13,516	14,064	3,078
Total assets	3,626	13,516	14,064	3,078
Liabilities				
Accounts payable	193	1,094	1,104	183
Due to other governments	2,917	11,170	11,712	2,375
Deposits and other liabilities	\$16 \$ 2.636	282	278	520
Total liabilities	\$ 3,626	12,546	13,094	3,078





Enterprise Related Grants Combining Balance Sheet September 30, 2006 (In thousands)

			Assets			Lia	bilities and Fun	d Balances	
	Pooled Investme and Cas	l nts	Receivables from Other overnments	Total Assets	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
ELECTRIC RELATED U.S. Environmental Protection Agency	\$		12	12	12		12		12
U.S. Department of Energy	Ψ								
State Energy Conservation Office			21	21	20	1	21		21
Capital Area Metropolitan Planning Organization	ı								
Total Electric			33	33	32	1	33		33
WATER AND WASTEWATER RELATED									
U.S. Environmental Protection Agency U.S. Fish and Wildlife									<b></b>
Total Water and Wastewater		<del></del>							
AIRPORT RELATED U.S. Department of Transportation U.S. Department of Homeland Security Federal Bureau of Investigation Internal Revenue Service Propane Education and Research Council Total Airport		    	3,999 139 1 1  4,140	3,999 139 1 1  4.140	3,999 139 1 1  4,140	   	3,999 139 1 1  4.140	    	3,999 139 1 1 1 
·			1,110	1,110	1,110		1,110		1,110
U.S. Environmental Protection Agency U.S. Department of Homeland Security		157 	3 38	160 38	3 38	157 	160 38	 	160 38
Texas Water Development Board		4		4		4	4		4
Total Drainage		161	41	202	41	161	202		202
CONVENTION CENTER RELATED U.S. Housing and Urban Development Total Convention Center		 			 		 		 
Total grants, enterprise related	\$	161	4,214	4,375	4,213	162	4,375		4,375

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

## Enterprise Related Grants Combining Schedule of Expenditures From Inception to September 30, 2006 (In thousands)

		Expenditure inning of Ye In-Kind		Curren	t Year In-Kind		Expenditure Ind of Year In-Kind	es at		Budget In-Kind	
	Grant	Match	Total	Grant	Match	Grant	Match	Total	Grant	Match	Total
ELECTRIC RELATED	Orant	Maton	Total	Orani	Match	Orant	Maton	Total	Orani	Materi	Total
U.S. Environmental Protection Agency	\$ 3		3	18	19	21	19	40	60	40	100
U.S. Department of Energy	382	745	1,127	73	15	455	760	1,215	733	792	1,525
State Energy Conservation Office				34	42	34	42	76	44		44
Capital Area Metropolitan Planning Organization				5		5		5	5		5
Total Electric	385	745	1,130	130	76	515	821	1,336	842	832	1,674
WATER AND WASTEWATER RELATED											
U.S. Environmental Protection Agency				2,018	1.696	2,018	1.696	3.714	2,018	1.696	3.714
U.S. Fish and Wildlife	7		7	2,010		7		7	25		25
Total Water and Wastewater	7		7	2,018	1,696	2,025	1,696	3,721	2,043	1,696	3,739
AIRPORT RELATED											
U.S. Department of Transportation	16,179	4,526	20,705	15,303	4,648	31,482	9,174	40,656	47,380	13,845	61,225
Federal Bureau of Investigation	23		23			23		23	22		22
Internal Revenue Service	5		5	5		10		10	7		7
Propane Education and Research Council	297		297	3		300		300	300		300
U.S. Department of Homeland Security	2,542		2,542	751		3,293		3,293	3,093		3,093
Total Airport	19,046	4,526	23,572	16,062	4,648	35,108	9,174	44,282	50,802	13,845	64,647
DRAINAGE RELATED											
U.S. Environmental Protection Agency	801		801	32		833		833	1,050		1,050
U.S. Department of Homeland Security				38		38		38	6,256	2,085	8,341
Texas Water Development Board	298	125	423	25		323	125	448	399	200	599
Total Drainage	1,099	125	1,224	95		1,194	125	1,319	7,705	2,285	9,990
CONVENTION CENTER RELATED											_
U.S. Housing and Urban Development	322		322	316		638		638	646		646
Total Convention Center	322		322	316		638		638	646		646
Total grants, enterprise related	\$ 20,859	5,396	26,255	18,621	6,420	39,480	11,816	51,296	62,038	18,658	80,696

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

Date Authorized	Purpose	Original uthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2006
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	39,475	6,915	
11-07-00	Street improvements	 150,000	75,000	15,002	59,998
		\$ 352,575	246,055	31,585	74,935

Source: Bond Sale Official Statements

<sup>(1)</sup> 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 General Long-Term Debt Account Group and in proprietary funds.

Section   Color	Date Authorized	l Purpose	Original	Deauthorized		Unissued September 30, 2006
10-22-83   Hydrogeneration power plant and electric system		·	Additionized	Deddillollzed	155464 (1)	2000
System   System   System   System   System   System   System   System   System   South Texas Nuclear   Project   605,000   - 315,232   289,77   System   S						
D3-01-84   Electric system, South Texas Nuclear	10-22-83				40.000	00.000
Project   606,000   - 315,232   289,77	02 04 04		\$ 39,000		10,620	28,380
09-08-84   Electric improvements (gas turbines)   32,775   - 31,237   1,51	03-01-84		605.000		215 222	200 760
September   Sept	00-08-84					
						16,526
Improvements			47,725		31,199	10,520
12-14-85   Transmission lines and substations   175,130   96,017   79,11-12-14-85   Miscellaneous   25,891   10,443   15,44   08-10-92   Electrical distribution and street lighting   82,500   82,51   15,400   10,443   15,44   15,4	00 00 04		39 945		20 040	19,905
12-14-85   Overhead and underground distribution   76,055   -46,845   29,2     12-14-85   Miscellaneous   25,891   -10,443   15,4     15-14-85   Selectrical distribution and street lighting   82,500   82,51     Total Electric Utility   1,124,021   - 561,633   562,31     WATER UTILITY   O9-11-82   Green water treatment plant, water lines and reservoir   40,300   - 28,885   11,4     09-11-82   Ullrich water treatment plant, water lines and reservoir   49,100   - 42,210   6,81     09-11-82   Davis water treatment plant, water lines and reservoir   49,100   - 32,274   8,51     09-11-82   Waterworks system rehabilitation and improvements   12,800   - 9,164   3,61     09-11-82   Waterworks system rehabilitation and improvements   12,800   - 9,164   3,61     09-08-84   Waterworks north central, northeast, and east service area   39,385   17,000   3,990   18,31     09-08-84   Waterworks northwest service area   14,970   - 11,430   3,51     09-08-84   Waterworks northwest service area   14,470   - 2,745   11,7     09-08-84   Waterworks system improvements to south corridor area   12,570   - 6,585   5,91     09-08-84   Water ines, pump station improvements to North Austin area   7,945   - 7,765   11     09-08-84   Water ines, pump station improvements to North Austin area   7,945   - 7,765   11     09-08-84   Waterworks system rehabilitation and improvements   26,500   - 3,665   22,81     12-14-85   South/southeast area improvements   37,950   10,000   7,493   20,41     12-14-85   South/southeast area improvements   20,000   - 3,665   22,81     12-14-85   South/southeast area improvements   37,950   10,000   7,493   20,41     12-14-85   South/southeast area improvements   37,950   10,000   7,493   20,41     12-14-85   South/southeast area improvements   37,950   10,000   7,493   20,41     19-09-98   Water works and material more placement of deteriorated water system facilities and water system faciliti	12-14-85	•				79,113
12-14-85   Miscellaneous   25,891   - 10,443   15,4-   08-10-92   Electrical distribution and street lighting   82,500   82,56    Total Electric Utility   1,124,021   - 561,633   562,31    WATER UTILITY   09-11-82   Green water treatment plant, water lines and reservoir   40,300   - 28,885   11,4-   09-11-82   Ulfrich water treatment plant, water lines and reservoir   49,100   - 42,210   6,81-   09-11-82   Davis water treatment plant, water lines and reservoir   40,800   - 32,274   8,51-   09-11-82   Waterworks system rehabilitation and improvements   12,800   - 9,164   3,61-   09-08-84   Waterworks north central, northeast, and east service area   14,970   - 11,430   3,51-   09-08-84   Waterworks northwest service area   14,970   - 11,430   3,51-   09-08-84   Waterworks system improvements   144,70   - 2,745   11,77-   09-08-84   Waterworks system improvements   141,110   - 36,513   104,51-   09-08-84   Water innes, reservoir improvements   147,870   - 23,245   24,62-   09-08-84   Water lines, reservoir improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements to south corridor area   12,570   - 6,585   5,91-   09-08-84   Water lines, pump station improvements   5,000   - 3,665   22,81-   09-08-84   Water lines, pump station improvements   5,000   - 3,665   22,81-   09-08-84   Water lines, pump station improvements   5,000   - 3,665   22,81-   09-08-84   Water lines, pump station improvements   5,000   - 3,665   22,81-   09-08-84   Wate					,	29,210
Total Electrical distribution and street lighting   82,500			-			15,448
Nate   Page						82,500
### WATER UTILITY    19-11-82   Green water treatment plant, water lines and reservoir   40,300   28,885   11,41     19-11-82   Ullrich water treatment plant, water lines and reservoir   40,300   42,210   6,81     19-11-82   Davis water treatment plant, water lines and reservoir   40,800   32,274   8,51     19-11-82   Waterworks system rehabilitation and improvements   12,800   9,164   3,61     19-11-82   Waterworks system rehabilitation and improvements   12,800   9,164   3,61     19-08-84   Waterworks north central, northeast, and east service area   39,385   17,000   3,990   18,31     19-08-84   Waterworks northwest service area   14,970   11,430   3,50     19-08-84   Waterworks system improvements   14,470   2,745   11,77     19-08-84   Waterworks system improvements   141,110   36,513   104,51     19-08-84   Water interpretation improvements to South Austin   47,870   23,245   24,61     19-08-84   Water lines, pump station improvements to South Austin   47,870   23,245   24,61     19-08-84   Water lines, reservoir improvements to South Corridor area   12,570   6,585   5,91     19-08-84   Water lines, pump station improvements   12,570   6,585   5,91     19-08-84   Water lines, system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,81     19-08-84   Waterworks system rehabilitation and improvements   26,500   3,665   22,8					561 633	
09-11-82   Green water treatment plant, water lines and reservoir   40,300   28,885   11,4	Total Lie	cure duncy	1,124,021		301,000	302,300
Teservoir   40,300   28,885   11,4	WATER UT	<b>FILITY</b>				
O9-11-82   Ullrich water treatment plant, water lines and reservoir   49,100   - 42,210   6,88	09-11-82	Green water treatment plant, water lines and				
Page		reservoir	40,300		28,885	11,415
09-11-82   Davis water treatment plant, water lines and reservoir   40,800   - 32,274   8,50	09-11-82	Ullrich water treatment plant, water lines and				
reservoir   40,800		reservoir	49,100		42,210	6,890
09-01-82   Waterworks system rehabilitation and improvements   12,800   - 9,164   3,60   09-08-84   Waterworks north central, northeast, and east service area   39,385   17,000   3,990   18,36   09-08-84   Water improvements in north central and northwest service area   14,970   - 11,430   3,5   09-08-84   Water improvements in north central and northwest service area   14,470   - 2,745   11,77   09-08-84   Water improvements   141,110   - 36,513   104,55   09-08-84   Ullrich water treatment plant improvements to South Austin   47,870   - 23,245   24,67   09-08-84   Water lines, perservoir improvements to south corridor area   12,570   - 6,585   5,91   09-08-84   Water lines, pump station improvements to North Austin area   7,945   - 7,765   18   09-08-84   Waterworks system rehabilitation and improvements   26,500   - 3,665   22,87   12-14-85   Northeast area improvements   37,950   10,000   7,493   20,41   12-14-85   South/southeast area improvements   42,090   14,000   6,035   22,00   12-14-85   South/southeast area improvements   42,090   14,000   6,035   22,00   12-14-85   Improvements of the tendency water act   23,000     3,689   6,00   23,000     23,000   23,0	09-11-82	Davis water treatment plant, water lines and				
improvements			40,800		32,274	8,526
09-08-84   Waterworks north central, northeast, and east service area   39,385   17,000   3,990   18,30   10,000   3,990   3,500   3	09-11-82					
Service area   39,385   17,000   3,990   18,36   17,000   3,990   18,36   17,000   3,990   18,36   17,000   3,990   18,36   10,000   11,430   3,55   11,430   3,55   11,430			12,800		9,164	3,636
09-08-84         Waterworks northwest service area         14,970	09-08-84	· · · · · · · · · · · · · · · · · · ·				
09-08-84         Water improvements in north central and northwest service area         14,470         2,745         11,77           09-08-84         Waterworks system improvements         141,110         36,513         104,55           09-08-84         Ullrich water treatment plant improvements to South Austin         47,870         23,245         24,67           09-08-84         Water lines, reservoir improvements to south corridor area         12,570         6,585         5,96           09-08-84         Water lines, pump station improvements to North Austin area         7,945         7,765         18           09-08-84         Waterworks system rehabilitation and improvements         26,500         3,665         22,83           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,41           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,03           12-14-85         Improvements/extensions         9,775         3,689         6,00           08-10-92         Improvements to meet EPA safe drinking water act         23,000         5,00           08-10-92         General utility relocation         2,000         5,00           05-03-97         Improvements/extensions to				17,000	,	18,395
northwest service area   14,470   2,745   11,77			14,970		11,430	3,540
09-08-84         Waterworks system improvements to 09-08-84         Ullrich water treatment plant improvements to South Austin         47,870         23,245         24,67           09-08-84         Water lines, reservoir improvements to south corridor area         12,570         6,585         5,98           09-08-84         Water lines, pump station improvements to North Austin area         7,945         7,765         18           09-08-84         Waterworks system rehabilitation and improvements         26,500         3,665         22,88           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,48           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,03           12-14-85         Improvements/extensions         9,775         3,689         6,03           08-10-92         Improvements to meet EPA safe drinking water act         23,000         23,089         6,03           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000         23,00         23,00           08-10-92         General utility relocation         2,000         36,00         35,00           08-10-92         General utility relocation         2,000         35,00<	09-08-84	•	44 470		0.745	44 705
09-08-84         Ullrich water treatment plant improvements to South Austin         47,870         23,245         24,67           09-08-84         Water lines, reservoir improvements to corridor area         12,570         6,585         5,96           09-08-84         Water lines, pump station improvements to North Austin area         7,945         7,765         18           09-08-84         Waterworks system rehabilitation and improvements         26,500         3,665         22,81           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,44           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,00           12-14-85         Improvements/extensions         9,775         3,689         6,00           08-10-92         Improvements and replacement of deteriorated water system facilities         23,000         23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000         3,689         6,00           08-0-9-92         General utility relocation         2,000         3,689         6,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         35,000         3,689         3,68	00 00 04		,		,	11,725
South Austin   47,870   23,245   24,67			141,110		36,513	104,597
09-08-84         Water lines, reservoir improvements to south corridor area         12,570         6,585         5,96           09-08-84         Water lines, pump station improvements to North Austin area         7,945         7,765         18           09-08-84         Waterworks system rehabilitation and improvements         26,500         3,665         22,8           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,48           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,00           12-14-85         Improvements/extensions         9,775         3,689         6,00           08-10-92         Improvements to meet EPA safe drinking water act         23,000         23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000         20,00           08-10-92         General utility relocation         2,000         20,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000         35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000         65,00           11-03-98         Water improvements, upgrade, replace<	09-08-84		47.070		00.045	04.005
Corridor area   12,570   6,585   5,98	00 00 04		47,070		23,245	24,023
09-08-84         Water lines, pump station improvements to North Austin area         7,945         7,765         18           09-08-84         Waterworks system rehabilitation and improvements         26,500         3,665         22,83           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,48           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,03           12-14-85         Improvements/extensions         9,775         3,689         6,08           08-10-92         Improvements to meet EPA safe drinking water act         23,000         23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000         5,00           08-10-92         General utility relocation         2,000         23,00           08-10-92         Improvements/extensions to City's waterworks and wastewater system         35,000         35,00           08-10-92         Improvements/extensions to City's waterworks and wastewater system         36,000         35,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         65,000         65,00           11-03-98         Water improvements, upgrade, replace	09-06-64		12.570		6 505	E 00E
North Austin area   7,945   7,765   18	00 08 84		12,570		0,505	5,905
09-08-84         Waterworks system rehabilitation and improvements         26,500         3,665         22,83           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,44           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,03           12-14-85         Improvements/extensions         9,775         3,689         6,08           08-10-92         Improvements to meet EPA safe drinking water act         23,000         23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000         5,00           08-10-92         General utility relocation         2,000         2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000         35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000         65,00           11-03-98         Water improvements, upgrade, replace         64,900         64,90           11-03-98         Water expansion and improvement         49,940         49,94           11-03-98         Water improvements and extensions         19,800         19,80	09-00-04		7 0/15		7 765	180
improvements         26,500          3,665         22,83           12-14-85         Northeast area improvements         37,950         10,000         7,493         20,44           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,03           12-14-85         Improvements/extensions         9,775          3,689         6,08           08-10-92         Improvements to meet EPA safe drinking water act         23,000            23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000           5,00           08-10-92         General utility relocation         2,000           5,00           08-10-92         Improvements/extensions to City's waterworks and wastewater system         35,000           35,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         65,000           35,00           10-3-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940	09-08-84		7,343		1,105	100
12-14-85         Northeast area improvements         37,950         10,000         7,493         20,48           12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,08           12-14-85         Improvements/extensions         9,775          3,689         6,08           08-10-92         Improvements to meet EPA safe drinking water act         23,000            23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000            5,00           08-10-92         General utility relocation         2,000            2,00           08-10-92         General utility relocation         2,000            2,00           08-10-92         Improvements/extensions to City's waterworks and wastewater system         35,000            35,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         65,000            65,00           11-03-98         Water improvements, upgrade, replace         64,900            <	03-00-04		26 500		3 665	22,835
12-14-85         South/southeast area improvements         42,090         14,000         6,035         22,03           12-14-85         Improvements/extensions         9,775          3,689         6,03           08-10-92         Improvements to meet EPA safe drinking water act         23,000            23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000            5,00           08-10-92         General utility relocation         2,000           2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000           35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000           65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800            19,80           Total Water Utility	12-14-85			10 000	,	20,457
12-14-85         Improvements/extensions         9,775         3,689         6,08           08-10-92         Improvements to meet EPA safe drinking water act         23,000         23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000         5,00           08-10-92         General utility relocation         2,000         2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000         35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000         65,00           11-03-98         Water improvements, upgrade, replace         64,900         64,90           11-03-98         Water expansion and improvement         49,940         49,94           11-03-98         Water improvements and extensions         19,800         19,80           Total Water Utility         \$802,275         41,000         225,688         535,58						22,055
08-10-92         Improvements to meet EPA safe drinking water act         23,000           23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000           5,00           08-10-92         General utility relocation         2,000            2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000            35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000           65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800           19,80           Total Water Utility         \$802,275         41,000         225,688         535,58						6,086
water act         23,000           23,00           08-10-92         Improvements and replacement of deteriorated water system facilities         5,000           5,00           08-10-92         General utility relocation         2,000            2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000            35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000            65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800            19,80           Total Water Utility         \$802,275         41,000         225,688         535,58			0,		0,000	0,000
08-10-92         Improvements and replacement of deteriorated water system facilities         5,000           5,00           08-10-92         General utility relocation         2,000           2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000            35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000            65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800            19,80           Total Water Utility         \$802,275         41,000         225,688         535,58			23.000			23,000
08-10-92         General utility relocation         2,000           2,00           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000            35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000            65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800           19,80           Total Water Utility         \$802,275         41,000         225,688         535,58	08-10-92					
08-10-92         General utility relocation         2,000           2,000           05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000            35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000            65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800           19,80           Total Water Utility         \$802,275         41,000         225,688         535,58						5,000
05-03-97         Improvements/extensions to City's waterworks and wastewater system         35,000           35,00           05-06-98         Improvements/extensions to City's waterworks and wastewater system         65,000           65,00           11-03-98         Water improvements, upgrade, replace         64,900           64,90           11-03-98         Water expansion and improvement         49,940           49,94           11-03-98         Water improvements and extensions         19,800           19,80           Total Water Utility         \$802,275         41,000         225,688         535,58	08-10-92					2,000
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 41,000 225,688 535,560						,
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     19,800   19,						35,000
and wastewater system       65,000         65,00         11-03-98       Water improvements, upgrade, replace       64,900         64,90         11-03-98       Water expansion and improvement       49,940          49,94         11-03-98       Water improvements and extensions       19,800         19,80         Total Water Utility       \$802,275       41,000       225,688       535,58	05-06-98					,
11-03-98       Water improvements, upgrade, replace       64,900         64,99         11-03-98       Water expansion and improvement       49,940         49,94         11-03-98       Water improvements and extensions       19,800         19,80         Total Water Utility       \$ 802,275       41,000       225,688       535,58						65,000
11-03-98       Water expansion and improvement       49,940         49,94         11-03-98       Water improvements and extensions       19,800         19,80         Total Water Utility       \$ 802,275       41,000       225,688       535,50	11-03-98					64,900
<b>Total Water Utility</b> \$ 802,275 41,000 225,688 535,58			49,940			49,940
	11-03-98	Water improvements and extensions	19,800			19,800
	Total Wa	ter 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.

(Continued)

					Unissued
Date		Original		Previously	September 30,
Authorized	Purpose	Authorized	Deauthorized	Issued (1)	2006
NA/A CTENA/A	TED LITH ITY				
_	TER UTILITY	\$ 46,920		38,920	8,000
	Sewer system improvements Govalle sewage treatment plant, sewer lines	φ 40,920		30,920	0,000
09-11-62	and improvements to Canterbury lift station	28,300		24,658	3,642
00-11-82	Onion Creek sewage treatment plant and	20,300		24,030	3,042
09-11-02	sewer lines	57,000		49,345	7,655
09-11-82	Sewer lines for north central and northwest	37,000		40,040	7,000
00 11 02	Austin	20,700		17,975	2,725
09-11-82	Walnut Creek sewage treatment plant	_0,. 00		,	_,0
	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
	Sewer system improvements	54,000		33,106	20,894
	Advanced wastewater treatment	34,500			34,500
	Northeast area improvements	47,035	32,300	1,857	12,878
	Southeast area improvements	9,200	4,200	757	4,243
	Improvements/extensions	24,725		12,621	12,104
12-14-85	Walnut Creek WWTP expansion	46,000		13,717	32,283
	Bear Creek interceptor	1,840	1,511	265	64
08-10-92	Improvement to Hornsby Bend beneficial	44.000			44.000
00 10 00	re-use program	11,000			11,000
08-10-92	Replacement and rehabilitation of	0.000			0.000
44.02.00	deteriorated wastewater facilities	3,000			3,000
11-03-98	Wastewater improvements, upgrades	77.000			77.000
44.02.00	and replacements	77,000			77,000
	Wastewater improvements and expansion	121,000			121,000
	stewater Utility	741,960	38,011	309,281	394,668
Total Utility	1	2,668,256	79,011	1,096,602	1,492,643
AIRPORT					
	Relocation/construction of new airport	728,000		30,000	698,000
	Construction of new municipal airport	0,000		00,000	000,000
00 0 . 00	at Bergstrom AFB site	400,000		362,205	37,795
Total Air	3	1,128,000		392,205	735,795
		1,120,000		002,200	700,700
	ON CENTER				
	New convention center	69,000		68,240	760
Total Cor	nvention Center	69,000		68,240	760
Total reven	ue bonds	\$3,865,256	79,011	1,557,047	2,229,198

Source: Bond sale official statements





This section of the City of Austin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

#### Contents

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Pages 196 – 201)

#### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Pages 202 – 208)

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Pages 209 – 213)

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Pages 214-215)

### **Operating Information**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Pages 216 – 220)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



# Net Assets by Component Last Five Fiscal Years (In thousands) (Accrual basis of accounting)

	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$
Governmental activities					
Invested in capital assets, net of related debt	1,111,491	1,204,877	1,333,779	1,360,509	1,399,316
Restricted	28,492	100,469	53,482	68,848	84,218
Unrestricted	107,454	42,781	51,244	65,561	77,564
Total governmental activities net assets	1,247,437	1,348,127	1,438,505	1,494,918	1,561,098
Business-type activities					
Invested in capital assets, net of related debt	1,196,098	1,505,479	1,569,489	1,563,831	1,538,572
Restricted	202,651	216,459	197,174	410,975	469,238
Unrestricted	757,955	575,473	477,081	378,537	551,838
Total business-type activities net assets	2,156,704	2,297,411	2,243,744	2,353,343	2,559,648
Primary government					
Invested in capital assets, net of related debt	2,307,589	2,710,356	2,903,268	2,924,340	2,937,888
Restricted	231,143	316,928	250,656	479,823	553,456
Unrestricted	865,409	618,254	528,325	444,098	629,402
Total primary government net assets	3,404,141	3,645,538	3,682,249	3,848,261	4,120,746

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.

Until ten years of data are available, the City will report only the available years.

	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$
Expenses					
Governmental activities					
General government	75,941	43,405	46,607	73,233	84,693
Public safety	279,533	292,411	292,678	320,942	373,361
Transportation, planning and sustainability	15,694	17,119	15,879	17,247	25,426
Public Health	75,033	80,808	48,733	104,361	94,697
Public recreation and culture	71,863	58,199	56,408	58,962	65,453
Urban growth management	54,287	59,949	64,631	77,340	81,439
Unallocated depreciation expense	34,074	35,414	35,833	58,722	35,357
Interest on debt	35,771	39,296	40,199	41,331	38,766
Total governmental activities expenses	642,196	626,601	600,968	752,138	799,192
Business-Type activities:	<u> </u>				
Electric	610,374	754,393	774,702	804,658	918,369
Water	132,665	130,119	155,472	142,061	161,516
Wastewater	118,506	115,284	137,227	122,176	132,005
Airport	76,546	79,558	77,541	87,538	78,487
Convention	36,344	40,621	52,336	38,844	41,992
Environmental and health services	61,764	63,527	100,343	45,739	50,290
Public recreation	10,433	9,107	9,294	9,408	9,225
Urban growth management	43,321	47,129	48,204	60,562	63,981
Total business-type expenses	1,089,953	1,239,738	1,355,120	1,310,986	1,455,865
Total primary government expenses	1,732,149	1,866,339	1,956,088	2,063,124	2,255,057
Program Revenues					
Governmental activities					
Charges for services:					
General government	12,964	4,791	210	7,334	9,718
Public safety	36,226	36,579	37,071	37,825	40,314
Transportation, planning and sustainability	4,948	5,142	5,027	2,689	3,186
Public health	6,969	8,100	7,617	59,948	45,610
Public recreation and culture	2,499	2,551	2,716	3,208	3,339
Urban growth management	20,743	18,306	22,020	31,953	37,609
Operating grants and contributions	53,374	55,122	52,068	67,494	77,923
Capital grants and contributions	1,203	3,956	2,546	5,702	1,111
Total governmental activities program revenues	138,926	134,547	129,275	216,153	218,810
Business-type activities:					
Charges for services:					
Electric	745,095	921,649	829.018	972,846	1,070,606
Water	122,035	130,424	119,254	140,356	164,561
Wastewater	107,499	111,941	114,710	129,314	141,676
	,	,	,		(Continued)
					(Continued)

	2002		2003	2004		2005		2006
	\$		\$	\$		\$		\$
Airport	72,777		71,693	65,361		82,220		87,473
Convention	10,376		15,040	10,404		11,169		14,692
Environmental and health services	61,969		56,368	60,883		44,550		45,078
Public recreation	10,210		9,323	8,955		9,117		8,968
Urban growth management	44,794		52,178	60,425		69,859		77,381
Capital grants and contributions	43,537		48,325	47,570		48,544		69,804
Total business-type revenues	1,218,292		1,416,941	1,316,580	_	1,507,975	_	1,680,239
Total Primary government revenues	1,357,218		1,551,488	1,445,855	-	1,724,128	_	1,899,049
Net (Expense)/Revenue				·	_			<u> </u>
Governmental activities	(503,270)		(492,054)	(471,693)		(535,985)		(580,382)
Business-type activities	128,339		177,203	(38,540)		196,989		224,374
Total primary government net expense	(374,931)		(314,851)	(510,233)		(338,996)	_	(356,008)
General Revenues and Other Changes in Net Assets Governmental activities:								
Taxes								
Property taxes	224,396		233,130	240,536		220,304		236,146
Sales tax	115,441		110,454	117,725		123,617		139,289
Franchise fees and gross receipts tax	62,576		63,049	63,509		69,120		79,755
Grants and contributions not restricted to specific programs	19,137		94,210	81,937		83,365		90,083
Interest and other	23,746		24,975	26,799		24,753		35,315
Special items	(4,000)	(1)		(7,700)	(2)	(2,639)	(2)	
Transfers	104,519		66,926	39,264	_	73,879	_	65,974
Total general revenues and transfers	545,815		592,744	562,070		592,399		646,562
Business-type activities:					_		_	
Interest and other	58,180		30,430	16,582		23,932		47,905
Special items				(3,000)	(2)	(37,443)	(2)	
Transfers	(104,519)		(66,926)	(39,264)	_	(73,879)	_	(65,974)
Total business-type activities	(46,339)		(36,496)	(25,682)	_	(87,390)	_	(18,069)
Total primary government	499,476		556,248	536,388	: =	505,009	_	628,493
Change in Net Assets								
Governmental activities	42,545		100,690	90,377		56,414		66,180
Business-type activities	82,000		140,707	(64,222)		109,599	_	206,305
Total primary government	124,545		241,397	26,155	: =	166,013	=	272,485

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.

Until ten years of data are available, the City will report only the available years.

<sup>(1) 2002</sup> Purchases land lease rights

<sup>(2)</sup> Travis County Hospital District reserve payments

$\rightarrow$
9

	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$
Function/Program					
Governmental activities:					
General government	13,286	5,084	586	7,755	10,933
Public safety	41,227	42,903	42,847	48,596	62,287
Transportation, planning and sustainability	5,649	6,319	5,828	7,055	3,246
Public health	22,862	27,095	27,444	82,395	67,839
Public recreation and culture	8,283	6,225	5,620	6,593	4,849
Urban growth management	47,619	46,921	46,950	63,759	69,656
Subtotal governmental activities	138,926	134,547	129,275	216,153	218,810
Business-type activities:					
Electric	748,831	925,086	833,302	978,115	1,083,758
Water	137,928	148,638	139,156	154,837	182,801
Wastewater	119,019	129,412	131,303	138,652	157,973
Airport	81,682	79,217	82,033	97,786	103,490
Convention	10,376	15,040	10,404	11,459	14,968
Environmental and health services	62,270	56,411	60,246	44,887	46,350
Public recreation	10,049	9,408	9,038	9,230	9,225
Urban growth management	48,137	53,729	61,653	73,009	81,674
Subtotal business-type activities	1,218,292	1,416,941	1,327,135	1,507,975	1,680,239
Total primary government	1,357,218	1,551,488	1,456,410	1,724,128	1,899,049

Note: The City implemented GASB Statement No. 34 in fiscal year 2002. Until ten years of data are available, the City will report only the available years.

	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$
General Fund					
Reserved	6,052	5,112	5,534	6,504	6,761
Unreserved	87,566	88,094	100,753	98,838	105,043
Total general fund	93,618	93,206	106,287	105,342	111,804
All Other Governmental Funds					
Reserved (1)	101,490	122,106	97,372	75,227	83,065
Unreserved, reported in:					
Special revenue fund	23,686	25,388	26,010	27,994	50,020
Debt service funds (1)	16,451				
Capital projects funds	147,876	104,442	79,152	100,663	104,209
Permanent funds	284	313	370	332	443
Total all other governmental funds	289,787	252,249	202,904	204,216	237,737

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.

Until ten years of data are available, the City will report only the available years.

<sup>(1)</sup> The debt service funds classification was changed from unreserved designated to reserved in 2003.

# Changes in Fund Balances, Governmental Funds Last Five Fiscal Years (In thousands) (Modified accural basis of accounting)

	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$
Revenues					
Property taxes	215,838	232,573	243,370	220,694	234,555
Sales taxes	115,441	110,454	117,725	123,617	139,289
Franchise fees and other taxes	62,435	63,050	63,509	69,168	79,755
Fine, forfeitures and penalties	21,690	20,966	21,774	21,932	23,697
Licenses, permits and inspections	14,670	14,737	15,317	17,399	22,131
Charges for services/goods	40,799	39,866	42,279	100,099	88,789
Intergovernmental	62,141	74,392	73,428	88,661	94,955
Property owners' participation and contributions	13,214	10,937	3,798	6,152	9,486
Interest and other	25,401	29,745	26,544	23,192	34,386
Total revenues	571,629	596,720	607,744	670,914	727,043
Expenditures					
Other (non-departmental & special projects)					
General government	55,441	44,295	41,411	44,044	50,825
Public safety	263,258	278,297	288,152	324,815	359,613
Transportation, planning and sustainability	13,818	14,113	13,208	8,623	4,839
Public health	75,053	80,470	49,676	101,917	93,725
Public recreation and culture	59,655	52,836	50,567	53,315	54,865
Urban growth management	57,520	59,561	63,581	76,142	76,565
Debt service:					
Principal	44,382	49,340	48,862	50,608	57,651
Interest	36,566	38,529	40,109	41,233	39,023
Fees and commissions	7	8	14	10	10
Capital outlay	174,239	155,517	151,768	81,507	87,931
Total expenditures	779,939	772,966	747,348	782,214	825,047
Excess (deficiency) of revenues over	(200, 240)	(470.040)	(420,004)	(444.200)	(00.004)
expenditures	(208,310)	(176,246)	(139,604)	(111,300)	(98,004)
Other financing sources (uses)					
Issuance of tax supported debt	254,505	70,323	70,040	26,940	67,735
Issuance of refunding bonds	14,685	62,514		148,125	
Bond premiums			28	13,750	11
Payment to escrow agent	(14,685)	(62,514)		(161,875)	
Capital leases		891	646	932	
Transfers in	176,878	129,258	128,874	142,404	142,064
Transfers out	(67,464)	(62,176)	(88,548)	(58,609)	(71,823)
Total other financing sources (uses)	363,919	138,296	111,040	111,667	137,987
Net change in fund balances	155,609	(37,950)	(28,564)	367	39,983
Debt service as a percentage					
of noncapital expenditures	13.4%	14.2%	14.9%	13.1%	13.1%

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.

Until ten years of data are available, the City will report only the available years.

Fiscal Year	Property Tax \$	Sales Tax \$	Mixed Drink <u>Tax</u> \$	Franchise Fees and Gross Receipts Tax	Total
2002	215,838	۳ 115,441	<b>3</b> .693	58,742	393,714
2002	210,000	110,441	3,033	50,742	000,714
2003	232,573	110,454	3,679	59,371	406,077
2004	243.370	117,725	3.946	59,563	424.604
_00.		,0	3,3 .3	55,555	,00 .
2005	220,694	123,617	4,242	64,926	413,479
2006	234,555	139,289	4,605	75,150	453,599
Change 2002-2006	8.67%	20.66%	24.70%	27.93%	

Note: The City implemented GASB Statement No. 34 in fiscal year 2002. Until ten years of data are available, the City will report only the available years.

Fiscal		Ratio of	Total			Percent		Tax Rate (per \$	100 Valuation)	
Year	Valuation	Taxable	Appraised	Less	Total	of Growth		Debt		Percentage
Ended	Date	Value to	Value	Exemptions	Taxable Value	In Taxable	General	Service		Change in
Sept. 30	(January 1)	Appraised Value	at January 1	(October 1)	(October 1)	Value	Fund	Fund	Total	Tax Rate
		%	\$	\$	\$	%	\$	\$	\$	%
1997	1996	92.20	28,007,132,772	2,183,747,515	25,823,385,257	10.82	0.3117	0.2134	0.5251	(3.69)
1998	1997	92.69	29,660,428,949	2,167,370,214	27,493,058,735	6.47	0.3304	0.2097	0.5401	2.78
1999	1998	92.36	35,141,501,704	2,683,151,949	32,458,349,755	18.06	0.3265	0.1877	0.5142	(5.04)
2000	1999	93.26	38,174,620,330	2,571,780,004	35,602,840,326	9.69	0.3222	0.1812	0.5034	(2.15)
2001	2000	91.14	45,443,558,474	4,024,244,188	41,419,314,286	16.34	0.3011	0.1652	0.4663	(7.96)
2002	2001	89.28	53,519,128,940	5,736,255,844	47,782,873,096	15.36	0.3041	0.1556	0.4597	(1.44)
2003	2002	91.33	55,579,008,513	4,819,357,845	50,759,650,668	6.23	0.2969	0.1628	0.4597	
2004	2003	93.53	52,348,646,852	3,384,371,844	48,964,275,008	(3.54)	0.3236	0.1692	0.4928	6.72
2005 (1)	2004	93.31	53,268,024,350	3,565,117,828	49,702,906,522	1.51	0.2747	0.1683	0.4430	(11.24)
2006	2005	85.47	61,246,465,280	8,896,822,983	52,349,642,297	5.33	0.2841	0.1589	0.4430	0.00
2007 (2)	2006	85.08	71,515,572,939	10,670,668,214	60,844,904,725	16.23	0.2760	0.1366	0.4126	(7.37)

Fiscal Year	Valuation		Collected v Fiscal Year o		Collections		Total ns to Date	Tot Outstan Delinqu	ding
Ended	Date	Total Tax Levy		Percentage	in Subsequent		Percentage		Percentage
Sept. 30	(January 1)	(October 1)	Amount	of Levy	Years	Amount	of Levy	Amount	of Levy
		\$	\$	%	\$	\$	%	\$	%
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	2005	231,908,915	230,867,812	99.55	1,772,470	232,640,282	100.32	9,867,232	4.25
2007 (2)	2006	251,046,077	**	**	**	**	**	**	**

<sup>\*\*</sup> Information not yet available for fiscal year 2007.

Note: Appraisal district appraises property at market value.

<sup>(1)</sup> Tax rate decreased by 6.35 cents per \$100 valuation for the value of services transferred to the Travis County Hospital District.

<sup>(2)</sup> Appraised value at January 1, 2007, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

Fiscal Year	Single Family Property	Multi- Family Property	Land	Commercial Property	Personal Property	Total Assessed Taxable Value	Tax Rates (per \$100 Assessed Value)
	\$	\$	\$	\$	\$	\$	
1997	10,366,760	3,323,513	846,898	6,824,030	4,402,031	25,763,232	0.5251
1998	10,870,183	3,713,052	889,264	7,240,456	4,823,035	27,535,990	0.5401
1999	13,021,920	4,206,573	1,112,536	8,855,633	5,299,723	32,496,385	0.5142
2000	14,227,062	4,638,146	1,168,399	10,030,605	5,433,851	35,498,063	0.5034
2001	16,497,153	5,360,050	1,268,012	12,121,113	6,121,057	41,367,385	0.4663
2002	19,448,909	6,019,972	1,548,993	12,897,940	7,031,967	46,947,781	0.4597
2003	22,403,879	6,744,964	1,652,991	13,775,926	6,563,965	51,141,725	0.4597
2004	23,075,733	6,152,987	1,520,231	12,319,063	6,131,395	49,199,409	0.4928
2005	24,636,792	6,234,367	1,520,474	11,469,167	6,135,499	49,996,299	0.4430
2006	25,951,700	6,635,199	1,352,469	12,585,937	5,880,307	52,405,612	0.4430

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

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

			Tax Rate	s (per \$100 As	ssessed Value	) for Fiscal Ye	ear Ended Sep	tember 30		
Government	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4430	0.4430	0.4928	0.4597	0.4597	0.4663	0.5034	0.5142	0.5401	0.5251
Austin Community College	0.0991	0.0900	0.0771	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Austin Independent School District	1.6230	1.6230	1.6137	1.5964	1.5486	1.5486	1.5486	1.4319	1.4010	1.3110
North Austin MUD #1	0.4500	0.4500	0.5000	0.5000	0.5100	0.5500	0.5803	0.7100	0.7500	0.7500
Northwest Austin MUD #1	0.3000	0.2600	0.2632	0.3150	0.3577	0.3620	0.3620	0.4000	0.4000	0.3926
Northwest Travis County RD #3	0.1650	0.1800	0.1660	0.1500	0.1646	0.1600	0.2248	0.2500	0.2700	0.3500
Travis County (1)	0.4993	0.4872	0.4918	0.4660	0.4460	0.4670	0.4988	0.5143	0.4938	0.4950
Travis County Hospital District	0.0779	0.0779								

	Tax Levies (in 000's) for Fiscal Year Ended September 30									
Government	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	231,909	220,184	241,296	233,342	219,658	193,138	179,225	166,901	148,490	135,599
Austin Community College	49,521	44,345	37,321	24,863	23,323	20,571	19,209	15,255	13,971	13,900
Austin Independent School District	636,792	627,876	627,876	644,948	593,189	525,477	455,559	385,064	348,753	321,567
North Austin MUD #1	1,196	2,753	2,736	2,808	2,856	2,855	2,375	2,372	2,372	2,390
Northwest Austin MUD #1	1,105	867	883	874	1,093	1,046	136	659	645	125
Northwest Travis County RD #3	627	621	611	626	654	590	670	607	539	576
Travis County (1)	320,020	293,753	293,345	287,478	256,710	231,415	209,688	196,160	168,089	157,852
Travis County Hospital District	60,798	50,416								

Note: 2005 was initial year for Travis County Hospital District tax levy .

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

Source: Travis Central Appraisal District and taxing entities.

N
σ

			2006			1997	
Taxpayer	Type of Property	January 1, 2005 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$52,349,642,297	January 1, 1996 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$25,823,385,257
		\$		%	\$		%
Dell Computer Corp	Manufacturing	620,369,997	1	1.19	82,744,819	9	0.32
Freescale Semiconductor, Inc. (1)	Manufacturing	566,525,585	2	1.08			
Applied Materials Inc	Manufacturing	542,313,633	3	1.04	157,702,168	6	0.61
Samsung	Manufacturing	458,880,201	4	0.88			
Southwestern Bell	Telephone Utility	314,705,200	5	0.60	281,567,605	4	1.09
Spansion LLC (2)	Manufacturing	272,427,532	6	0.52			
IBM Corporation	Manufacturing	262,831,799	7	0.50	638,343,331	3	2.47
Cresent Real Estate	Commercial	154,968,057	8	0.30	96,544,524	7	0.37
Columbia/St Davids Health Care	Health Care	138,375,186	9	0.26			
National Instruments	Manfacturing	134,124,040	10	0.26			
Motorola, Inc.	Manufacturing				1,007,177,690	1	3.90
Advanced Micro Devices, Inc.	Manufacturing				646,247,349	2	2.50
Minnesota Mining & Manufacturing	Manufacturing				163,610,776	5	0.63
Metropolitan Life Insurance Company	Commercial				85,025,000	8	0.33
Security Capital Pacific Trust	Commercial				78,259,656	10	0.30
Total Assessed Valuation		3,465,521,230		6.62	3,237,222,918		12.54

Source: Travis Central Appraisal District
Williamson County Appraisal District

(1) Created from the Semiconductor Products Sector of Motorola in 2004.

(2) Formed by the integration of AMD's and Fujitsu's Flash memory operations in 2003.

Fiscal Year	City Direct Rate (1)	Capital Metro Rate (2)	State of Texas Rate (3)
	%	%	%
1997	1.00	1.00	6.25
1998	1.00	1.00	6.25
1999	1.00	1.00	6.25
2000	1.00	1.00	6.25
2001	1.00	1.00	6.25
2002	1.00	1.00	6.25
2003	1.00	1.00	6.25
2004	1.00	1.00	6.25
2005	1.00	1.00	6.25
2006	1.00	1.00	6.25

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

- (1) City of Austin 1% sales tax levy effective January 1, 1968.
- (2) Capital Metro 1% sales tax levy effective October 1, 1995.
- (3) State of Texas 6.25% sales tax levy effective July 1, 1990.

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
										(1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	66,218	67,772	75,286	88,278	99,878	94,626	91,035	88,098	87,406	82,520
Mining	699	474	143	60				7,454	7,322	8,447
Construction	236,714	262,636	278,893	343,974	362,703	270,754	225,272	244,371	248,855	285,312
Manufacturing	340,630	386,983	375,876	423,823	462,283	364,428	358,854	364,835	441,837	432,948
Transportation, communications, utilities	482,379	565,854	667,213	688,341	787,612	1,096,929	1,279,673	1,186,160	1,059,334	1,106,840
Wholesale trade	671,581	754,593	843,679	1,079,271	840,042	731,186	666,449	735,016	860,424	1,002,181
Retail trade	4,798,848	5,227,904	5,728,728	6,405,092	6,489,980	6,172,911	6,145,320	6,423,031	6,737,422	7,170,604
Finance, insurance, real estate	15,375	16,663	23,400	29,313	24,367	26,770	22,497	20,806	20,571	26,936
Services	1,007,498	1,143,038	1,251,053	1,363,167	1,438,068	1,339,693	1,228,253	1,210,421	1,265,656	1,302,531
Public administration	4,338	6,210	4,065	1,691	1,591	1,481	1,995	1,592	1,139	1,508
Nonclassifiable establishments	1,494	2,100	2,274	2,116	2,384	1,903	2,441	267	210	240
Other	289	672	425	360	4	788		36,373	220,423	666,034
	7,626,063	8,434,899	9,251,035	10,425,486	10,508,912	10,101,469	10,021,789	10,318,424	10,950,599	12,086,101

Source: State of Texas Comptroller of Public Accounts

<sup>(1)</sup> Estimate of yearly total based on 3 quarters of actual data.

	Governmental Activities								
Fiscal Year Ended Sept. 30 (1)	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capital Lease Obligations	Total Governmental Activities				
	\$	\$	\$	\$					
2002	671,300	99,309	24,593		795,202				
2003	708,200	95,328	26,230	793	830,551				
2004	738,533	91,021	33,970	813	864,337				
2005	727,011	82,549	31,077	960	841,597				
2006	709,172	101,334	37,229	514	848,249				

					Business-Type	Activities				
Fiscal				Other						
Year	General	Certificates		Tax	Commercial			Contract	Capital	Total
Ended	Obligation	of	Contractual	Supported	Paper	Revenue	Revenue	Revenue	Lease	Business-Type
Sept. 30 (1)	Bonds	Obligation	Obligations	Debt	Notes	Notes	Bonds	Bonds	Obligations	Activities
	\$	\$	\$	\$	\$	\$	\$	\$	\$	_
2002	21,654	36,856	11,136	12,761	358,351	28,000	2,965,902	22,755	16,637	3,474,052
2003	23,019	34,701	9,640	11,527	128,484	28,000	3,201,903	16,177	15,165	3,468,616
2004	20,240	58,616	14,575	10,369	315,616	28,000	2,969,758	13,740	12,753	3,443,667
2005	21,277	52,006	23,198	9,261	356,923	28,000	3,026,009	11,708	9,367	3,537,749
2006	18,796	49,760	33,514	8,405	239,958	28,000	3,197,996	3,134	5,984	3,585,547

Fiscal Year Ended Sept. 30 (1)	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	\$	%	_
2002	4,269,254	1.37	636
2003	4,299,167	1.37	637
2004	4,308,004	1.33	630
2005	4,379,346	1.29	629
2006	4,433,796	1.25	621

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

Note: During fiscal year 2002, the City repaid \$15.4 million in tax notes sold in fiscal year 2001.

Note: Population and personal income statistics can be found in Table 18.

(1) Data not available prior to 2002.

		Genera	al Bonded Debt Outs	standing			
				Resources		Percentage of	
Fiscal				Restricted for		Actual	Net General
Year	General	Other Tax		Repayment of	Net	Taxable	<b>Bonded Debt</b>
Ended	Obligation	Supported		Outstanding	General	Value (1) of	Per
Sept. 30 (1)	Bonds	Debt	Total	Debt Principal	Bonded Debt	Property	Capita (2)
	\$	\$	\$	\$	\$	%	\$
2002	692,954	184,655	877,609	16,451	861,158	1.80	1,283.31
2003	731,219	177,426	908,645	17,311	891,334	1.76	1,321.04
2004	758,773	208,551	967,324	18,327	948,997	1.94	1,388.33
2005	748,288	198,091	946,379	20,956	925,423	1.86	1,329.86
2006	727,968	230,242	958,210	22,106	936,104	1.79	1,310.63

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

<sup>(1)</sup> See Table 7 for property value data.

<sup>(2)</sup> Population data can be found in Table 18

	Net Debt		Amount
	Outstanding as	Percent	Applicable to
Name of	of September 30, 2006	Applicable to	City of Austin
Governmental Unit	(in 000's)	City of Austin	(in 000's)
	\$	%	\$
Governmental activities debt			
General obligation bonds	709,172		
Certificates of obligation	101,334		
Contractural obligations	37,229_		
Total governmental activities debt	847,735 (1)	100.00	847,735
Greater than 10%			
Austin Community College	97,910	81.70	79,992
Austin Independent School District	521,727	78.95	411,903
North Austin MUD #1	6,742	100.00	6,742
Northwest Austin MUD #1	14,083	100.00	14,083
Northwest Travis County RD #3	4,230	100.00	4,230
Travis County	466,020	71.00	330,874
Subtotal greater than 10%	1,110,712		847,824
Less than 10%			
Del Valle Independent School District	101,595	2.73	2,774
Eanes Independent School District	147,715	3.95	5,835
Leander Independent School District	617,308	1.54	9,507
Manor Independent School District	75,600	1.75	1,323
Pflugerville Independent School District	255,760	4.38	11,202
Round Rock Independent School District	322,810	5.84	18,852
Williamson County	523,620	4.07	21,311
Subtotal less than 10%	2,044,408		70,804
Total direct and overlapping debt	4,002,855		1,766,363
Ratio of total direct and overlapping debt to			
assessed valuation (2)		3.37 %	
Per capita overlapping debt (3)		\$ 2,473.08	

Source: Outstanding debt and percentage of overlapping area within the City are provided by the taxing jurisdictions.

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

- (1) Excludes general obligation debt reported in proprietary funds. See Footnote 10.
- (2) Based on assessed valuation of \$52,349,642,297 provided by the Travis Central Appraisal District and Williamson County Appriasal District.
- (3) Based on 2006 estimated population of 714,237.

## Legal Debt Margin Calculation for Fiscal Year 2006

Assessed taxable value (1)	51,826,146
Debt limit (2)	7,632,549
Debt applicable to limit:	
General obligation debt  Less: Amount set aside for  repayment of general	958,210
obligation debt	(22,106)
Total net debt applicable to limit	936,104
Legal debt margin	6,696,445

	\$ \$ \$ \$ 3,765,034 4,008,475 4,732,406 5,19 508,877 509,137 564,524 59 3,136,768 3,346,489 4,031,444 4,44				riscai i	ear				
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	\$	\$		\$	\$	\$	\$	\$	\$	\$
Debt limit	3,765,034	4,008,475	4,732,406	5,190,874	6,038,917	6,966,722	7,400,733	7,138,962	7,246,657	7,632,549
Total net debt applicable to limit	508,877	509,137	564,524	596,407	608,190	851,443	872,917	931,297	906,446	936,104
Legal debt margin	3,136,768	3,346,489	4,031,444	4,440,863	5,248,709	5,922,613	6,313,239	6,040,147	6,169,474	6,696,445
Total net debt applicable to the limit as a percentage of debt limit	13.52%	12.70%	11.93%	11.49%	10.07%	12.22%	11.80%	13.05%	12.51%	12.26%

Note - Ad valorem tax limitations:

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

Fiscal Voor

<sup>(1)</sup> Assessed value 100% of estimated market value as of January 1, 2005 of \$52,349,642 at a 99% collection rate.

<sup>(2)</sup> Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2005 for collections of \$51,826,146, results in tax revenues of \$777,392. This revenue could service the debt on \$7,632,549 issued as 8% - 20-year serial bonds with level debt service payments.

		Electric Revenue Bonds					Water and Wastewater Revenue Bonds							
Fiscal Year Ended	Utility Service	Less: Operating	Net Available	Debt Ser	vice (3)		Utility Service	Less: Operating	Net Available	Debt Se	rvice (3)			
Sept. 30	Charges (1)	Expenses (2)	Revenue	Principal	Interest	Coverage (4)	Charges (1)	Expenses (2)	Revenue	Principal	Interest	Coverage (4)		
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$			
1997	621,884	308,090	313,794	71,872	104,058	1.78	190,302	75,031	115,271	10,669	42,940	2.15		
1998	703,102	332,986	370,116	76,989	99,260	2.10	215,407	80,953	134,454	16,934	41,281	2.31		
1999	703,929	342,914	361,015	83,661	90,470	2.07	222,762	87,012	135,750	16,423	41,157	2.36		
2000	820,608	420,075	400,533	78,899	96,155	2.29	249,950	96,366	153,584	17,892	43,972	2.48		
2001	854,090	458,686	395,404	83,724	86,192	2.33	233,451	102,412	131,039	17,633	46,863	2.03		
2002	783,811	401,439	382,372	80,449	93,890	2.19	239,177	112,340	126,837	18,426	61,755	1.58		
2003	943,729	554,235	389,494	67,746	83,352	2.58	245,943	109,416	136,527	19,080	58,370	1.76		
2004	841,541	516,857	324,684	93,374	80,927	1.86	234,970	109,555	125,415	28,337	63,066	1.37		
2005	989,534	614,219	375,315	89,949	67,907	2.38	270,867	116,478	154,389	40,796	59,135	1.54		
2006	1,103,665	695,271	408,394	75,905	63,057	2.94	309,188	129,599	179,589	42,585	63,258	1.70		
			Airport Reve	enue Bonds				Conventi	on Center Re	venue Bond	s			
Fiscal		1	Nat				Haan Faas		Nat					

riscai												
Year		Less:	Net				User Fees	Less:	Net			
Ended	Service	Operating	Available	Debt Ser	vice (3)		and Revenue	Operating	Available	Debt Se	rvice (3)	
Sept. 30	Charges (1)	Expenses (2)	Revenue	Principal	Interest	Coverage (5)	Transfers (6)	Expenses (2)	Revenue	Principal	Interest	Coverage (5)
	\$	\$	\$	\$	\$	,	\$	\$	\$	\$	\$	
1997	60,688	16,205	44,483		23,939	1.86	17,835	9,134	8,701		4,091	2.13
1998	63,312	22,878	40,434		24,466	1.65	21,643	10,306	11,337	1,885	4,055	1.91
1999	62,530	27,640	34,890		24,843	1.40	29,287	12,207	17,080	1,960	4,748	2.55
2000	80,537	33,325	47,212		25,065	1.88	42,758	12,527	30,231	2,670	10,043	2.38
2001	84,610	39,363	45,247		23,754	1.90	54,311	15,646	38,665	4,642	12,076	2.31
2002	76,816	37,265	39,551	3,255	23,131	1.50	37,262	18,927	18,335	3,090	13,626	1.10
2003	74,177	40,786	33,391	5,630	22,793	1.17	39,193	21,778	17,415	3,255	13,466	1.04
2004	77,832	38,517	39,315	7,195	21,685	1.36	34,015	18,192	15,823	5,210	12,062	0.92
2005	85,769	41,320	44,449	7,650	22,097	1.49	39,055	19,468	19,587	3,520	12,599	1.22
2006	93,245	45,714	47,531	14,790	17,326	1.48	49,711	23,092	26,619	2,330	9,899	2.18

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

- (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 serbice divided by total principal and interest payments made during each fiscal year. Coverage includes prior subordinate, and separate lien bonds only.
- (5) 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.
- (6) Operating revenue, rental tax revenue, hotel tax revenue and interest income.

Year	City of Austin Population (1)	Area of Incorporation (Sq. Miles) (1)	Population MSA (2) (3)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (2)	Capita Personal Income MSA(2)	Unemployment Rate (MSA) (3)	
				\$		\$	%	
1997	560,939	232	1,111,264	28,191,969	31,362	25,369	3.1	
1998	608,214	254	1,155,579	33,116,579	33,690	28,658	2.9	
1999	619,038	252	1,205,898	37,408,615	36,532	31,021	2.3	
2000	628,667	265	1,249,763	41,157,290	36,321	32,548	3.0	
2001	661,639	266	1,319,000	42,489,015	39,811	32,213	4.9	
2002	671,044	273	1,346,332	41,908,425	47,089	31,128	5.7	
2003	674,719	276	1,376,005	43,142,172	41,909	31,353	5.9	
2004	683,551	291	1,411,199	45,854,868	39,227	32,494	4.7	
2005	695,881	294	1,452,529	49,394,000	40,335	34,005	4.3	
2006	714,237	296	1,533,308 (4)	53,024,459 (4)	40,888	(4) 35,413	3.9	
1997-2006 Change	21.46%	21.49%	27.53%	46.83%	23.30%	28.36%		

<sup>(1)</sup> Source: City Demographer, City of Austin, Neighborhood Planning and Zoning Department based on full purpose area as of September 30.

 <sup>(2)</sup> Source: Bureau of Economic Analysis
 (3) Source: Bureau of Labor Statistics, Texas A&M University

<sup>(4)</sup> Data not available for 2006. Figures are estimated.

			2006		1997			
				Percent			Percent	
			<b>Employees</b>	of MSA		<b>Employees</b>	of MSA	
10 Largest Employers	Industry	Rank	(1)	Total (2)	Rank	(1)	Total(2)	
				%			%	
State Government (3)	Government	1	36,216	4.50				
The University of Texas at Austin	Education	2	22,450	2.79	1	18,000	2.98	
Dell Computer Corporation	Computers	3	17,000	2.12	6	6,000	0.99	
City of Austin	Government	4	11,425	1.42	2	10,148	1.67	
Federal Government	Government	5	10,624	1.32				
Austin Independent School District	Education	6	10,617	1.32	4	8,920	1.48	
Seton Healthcare Network	Healthcare	7	7,538	0.94				
IBM Corporation	Computers	8	6,200	0.77	5	7,000	1.16	
St. David's Healthcare Partnership	Healthcare	9	5,712	0.71				
Wal-Mart	Retail	10	5,648	0.70				
Motorola Inc.	Electronic Components				3	10,000	1.65	
Internal Revenue Service	Government				7	5,700	0.94	
Texas Department of Health (3)	Government				8	5,634	0.93	
Advanced Micro Devices, Inc.	Electronic Components				9	4,200	0.69	
Texas Department of Public Safety (3)	Government				10	4,000	0.66	
			133,430	16.61	<u> </u>	79,602	13.16	

<sup>(1)</sup> Source: Austin ISD Annual Report 05-06, Austin Business Journal, Austin Chamber of Commerce, City of Austin Budget Documents, University of Texas at Austin, Texas State Auditor's Office

<sup>(2)</sup> Total refers to a Metropolitan Statictical Area (MSA) work force of 802,221 for 2006 and 604,581 for 1997. Source: Bureau of Labor Statistics, Texas A&M University.

<sup>(3)</sup> FY 2006 MSA data not available by department. FY 1997 data not available by MSA totals.

_	Full-time Equivalent Employees as of Ended September 30											
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997		
Program/Function												
Governmental activities												
General government	147	152	151	169	181	183	183	180	178	178		
Public safety	3,790	3,591	3,581	3,519	3,535	3,377	3,209	3,102	2,988	2,834		
Transportation, planning and sustainability	5	5	3	3	3	3	3	3	3	3		
Public health	893	836	799	828	837	819	805	861	874	902		
Public recreation and culture	703	694	690	763	853	861	820	776	749	711		
Urban growth management	314	308	402	451	554	551	369	383	359	352		
Total governmental functions	5,852	5,586	5,626	5,733	5,963	5,794	5,389	5,305	5,151	4,980		
Business-type activities												
Electric	1,561	1,538	1,472	1,459	1,449	1,373	1,315	1,325	1,155	1,454		
Water	460	462	470	504	493	474	519	519	521	522		
Wastewater	573	558	535	540	551	558	526	526	529	529		
Airport	328	372	377	393	387	374	330	320	215	198		
Convention	203	202	224	228	228	154	127	118	111	110		
Environmental and health services	423	414	447	450	377	385	376	373	372	367		
Public recreation	71	76	89	102	105	108	83	76	59	54		
Urban growth management	631	611	489	485	454	438	600	605	600	559		
Total proprietary programs	4,250	4,233	4,103	4,161	4,044	3,864	3,876	3,862	3,562	3,793		
Internal services (1)	1,323	1,283	1,306	1,412	1,458	1,397	1,313	1,265	1,159	1,131		
Total full-time equivalent employees	11,425	11,102	11,035	11,306	11,465	11,055	10,578	10,432	9,872	9,904		

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

	Fiscal Year Ended September 30											
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997		
Governmental activities												
General government												
Municipal court cases filed	414,018	402,243	410,924	437,561	436,000	431,678	448,830	462,488	469,241	460,745		
Central booking cases magistrated/arraigned	86,067	93,071	95,831	89,443	88,831	65,533	67,951	71,183	84,025	21,283		
Warrants issued	118,949	125,284	128,741	120,652	100,368	127,209	111,203	113,241	113,599	84,150		
Number of warrants prepared	77,687	117,022	120,114	130,358	122,550	145,166	129,534	126,018	128,118	N/A		
Jail cases prepared	106,379	109,613	111,070	100,894	97,307	66,723	75,034	81,843	88,309	N/A		
Public safety												
Number of law offenses	160,316	146,457	169,221	130,478	125,474	117,927	116,192	112,367	106,195	101,269		
Physical arrests	58,759	54,472	56,462	51,774	52,253	51,359	55,457	60,018	56,907	45,952		
Traffic violations	266,954	262,544	230,823	233,571	228,291	234,156	215,462	233,766	235,937	231,864		
Fire emergency responses	68,335	64,771	58,943	58,988	59,108	59,307	55,569	49,543	46,660	40,988		
Fires responses	2,799	2,295	2,186	2,262	2,402	2,291	2,752	N/A	N/A	N/A		
Fire inspections	26,663	28,527	26,627	26,895	28,680	26,911	14,972	16,327	N/A	N/A		
EMS response units dispatched	107,162	103,325	85,562	80,285	80,217	81,246	76,203	70,123	61,288	58,846		
EMS 911 calls received	100,796	97,254	85,453	81,368	80,535	84,240	76,084	69,636	58,032	58,846		
EMS ground patient transports	50,631	48,787	42,495	41,402	43,939	41,402	40,181	34,850	34,337	N/A		
Transportation, planning and sustainability												
Engineering studies completed in school zones	51	52	87	50	54	13	62	40	62	N/A		
Number of children receiving safety training	45,028	44,880	29,987	19,277	16,552	6,288	16,646	18,957	16,664	19,556		
Injuries to children in school zones	0	2	1	0	0	0	0	1	0	N/A		
Public health												
Environmental and consumer health permits issued	5,091	4,477	4,410	4,430	3,875	5,400	5,193	N/A	N/A	N/A		
Number of animals sheltered	24,357	25,489	24,800	23,960	21,877	23,534	23,347	24,939	24,446	19,234		
Birth and death certificates	122,525	122,525	131,205	122,089	119,151	108,225	104,033	98,252	119,139	48,665		
STD patient clinic visits	13,046	12,463	12,007	11,498	14,781	11,000	10,879	10,213	9,777	N/A		
Immunizations shots administered	41,464	39,542	46,786	46,694	45,012	20,000	20,000	19,256	25,881	122,697		
Women and children service encounters	352,540	349,210	336,142	323,331	300,861	260,430	247,893	239,613	229,595	N/A		
Participants receiving basic needs services	9,938	10,691	9,394	10,855	N/A	18,048	13,467	12,304	13,467	N/A		
Mobile food vendor permits issued	9,131	7,450	7,523	6,656	5,577	7,699	3,718	5,748	443	N/A		
Food establishment permits issued	4,634	4,803	4,760	N/A	4,150	4,095	3,489	3,509	3,342	N/A		
Pregnancy rate/1000 female teens (13-17 years old)	32	32	27	34	37	44	44	41	47	N/A		
HIV clients	3,732	3,411	3,267	1,562	2,858	6,722	3,582	N/A	N/A	N/A		
HIV client visits	18,825	28,190	26,378	35,282	28,500	27,200	29,726	36,975	55,616	N/A		

	Fiscal Year Ended September 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Public recreation and culture										
Volumes in library collection	1,705,805	1,652,303	1,614,460	1,550,145	1,477,881	1,416,044	1,375,246	1,332,754	1,271,290	1,538,929
Library volumes borrowed	3,373,408	3,355,351	3,230,357	3,332,645	3,282,517	3,164,580	3,076,001	2,989,256	2,983,854	2,669,296
Registered library borrowers	456,009	420,461	516,666	484,075	446,272	410,102	367,854	450,788	419,640	386,194
Meals served to senior citizens	114,770	118,066	126,311	143,000	142,040	148,100	152,188	153,453	145,053	132,579
Participant hours in Nature Center program	118,994	142,709	149,103	140,463	122,487	242,000	282,614	244,540	106,752	119,086
Visitors to Garden Center	392,181	385,160	402,645	388,549	426,357	633,500	586,470	505,209	211,386	247,289
Participant hours in Summer Playground Program	151,230	151,230	157,272	189,185	210,365	245,700	214,098	203,571	224,752	236,200
Urban growth management										
One-stop shop customers served development assistance	20,702	23,421	N/A							
Neighborhood plans adopted	9	5	7	8	8	1	3	2	1	N/A
Zoning applications processed	268	259	186	179	201	231	N/A	N/A	N/A	N/A
Building inspections performed-development and regulation	207,389	177,909	155,360	157,461	150,946	173,573	195,190	177,735	155,954	N/A
One-stop shop building permits issued	98,827	82,439	N/A							
Households served by community development activities	12,419	11,688	16,408	N/A						
Renters assisted through S.M.A.R.T. construction/rehabilitation units	272	284	221	321	N/A	N/A	N/A	N/A	N/A	N/A
Homebuyers assisted through S.M.A.R.T. housing	122	218	294	262	266	213	441	441	337	290
S.M.A.R.T. housing units completed	1,692	1,725	1,612	1,694	400	49	N/A	N/A	N/A	N/A
Owner-occupied homes retained through rehabilitation/construction	903	995	980	717	926	816	1,079	1,164	1,156	890
Business-type activities										
Electric										
Electric sales (in millions of KWH)	11,248	10,904	10,262	10,321	10,153	10,430	10,726	9,995	9,545	8,808
Number of metered customers	380,696	372,735	365,874	359,526	353,072	346,795	333,903	363,178	356,282	340,540
Water		-		•	-					•
Actual water pumpage (in millions of gallons)	56,603	51,374	48,469	51,111	50,883	50,185	52,326	46,679	46,669	42,802
Water main breaks	783	454	473	556	480	786	856	448	376	388
Average daily consumption (thousands of gallons)	135,537	120,179	113,826	119,020	122,024	121,222	134,216	113,047	116,575	99,430
Average daily consumption per capita	165	150	145	155	159	172	194	179	180	153
Peak daily capacity (thousands of gallons)	260,000	260,000	260,000	260,000	260,000	250,000	250,000	227,000	227,000	215,000
Wastewater	,	•	ŕ	•	•	•	•	•	,	•
Average daily sewage treatment (millions of gallons)	77.805	85.436	81.431	87.165	93.942	93,942	83,836	93,968	68.671	65,357
Combined daily capacity (thousands of gallons)	135,000	135,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	120,000
Airport	,	,	,	,	,	,	,	,	,	-,
Enplanements	4 211 309	2,920,431	3 707 864	3 436 944	3 439 302	3 690 835	3 938 644	3 363 069	3,037,566	2 957 553
Deplanements									3,028,407	
Cargo (in millions of pounds)	230	242	254	252	286	321	357	276	240	199
Convention	_00	= · <b>=</b>	_0.		_00			•		. 30
Convention contracts executed	300	261	257	276	242	235	155	170	219	192
Pre-event plans produced	705	577	438	343	315	235	206	190	219	N/A
Vehicles parked	345,896	284,070	218,669	250,504	233,666	211,913	176,467	75,769	108,973	117,194
	0.0,000	201,070	0,000	200,004	200,000	,	,	. 5,. 65	100,010	,

	Fiscal Year Ended September 30										
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	
Environment and health services											
Refuse collected (tons per day)	641	623	587	570	519	535	522	513	514	532	
Recyclables collected (tons per day)	129	123	123	125	106	100	109	106	106	100	
Public recreation											
Golf rounds played	260,000	253,479	270,767	287,244	308,950	258,607	314,154	305,255	298,511	298,611	
Sports teams	2,000	1,678	N/A	N/A	3,200	3,162	2,206	2,165	2,202	1,954	
Swimmer hours	960,000	960,000	953,857	957,666	1,023,060	1,025,406	1,094,265	1,006,188	1,053,126	1,034,873	
Estimated participant hours for community recreation program	2,210,843	3,335,339	2,461,425	3,241,960	3,455,493	2,862,738	2,829,957	2,314,564	1,288,754	2,015,459	
Urban growth management											
Discharge permits issued to businesses	1,165	1,194	1,151	1,207	1,244	N/A	1,200	1,498	1,048	898	
Water quality master planning assessments coordinated - cumulative	83	81	81	81	80	80	67	54	51	38	
Residential ponds provided vegetation control	500	481	409	384	370	350	297	700	825	468	
Residential ponds maintained	555	522	244	220	161	160	153	56	57	N/A	
Residential ponds to be maintained	599	577	491	480	479	451	419	398	382	298	
Acres treated with stormwater improvements (cumulative)	4,868	4,676	4,559	4,667	4,559	4,667	4,492	3,957	2,668	2,884	
Litter and debris collection on Town Lake (in tons)	222	251	231	215	222	371	225	197	233	198	
Properties receiving increased flood hazard protection	17	17	8	25	34	34	12	39	88	67	
Miles of creeks maintained	64	63	63	63	63	65	62	N/A	77	N/A	
Stormwater sites successfully sampled and analyzed	871	1,009	1,002	727	681	837	662	N/A	N/A	N/A	
Feet of pipeline cleaned	87,770	81,040	53,013	40,893	51,900	50,000	43,131	51,247	N/A	N/A	
Street resurfaced (miles)	590	551	569	543	555	675	560	438	426	284	
Potholes repaired	672	1,072	1,478	3,231	2,203	4,620	2,003	2,770	2,814	6,749	
Signal studies	270	277	250	266	246	254	219	350	200	NA*	
Signal modifications	52	86	35	93	59	74	117	91	76	32	
Traffic sign installations	33,709	18,784	20,540	15,361	14,280	13,707	15,057	18,092	17,291	13,783	
Citizen requests for traffic improvement completed	1,227	1,319	1,303	1,151	966	1,229	1,645	1,634	1,114	1,420	
Parking tickets	130,267	117,004	123,160	132,775	137,232	133,654	140,717	157,641	160,347	154,616	
Internal services activities (1)											
Internal services											
Vehicles sold	224	230	150	282	423	522	425	293	395	483	
Rental units	1,580	1,547	740	1,780	1,934	2,800	2,531	2,856	2,314	2,205	
Payment transactions processed	306,783	262,282	249,435	250,993	274,980	269,506	296,000	272,084	309,100	314,721	
Payroll payments	492,846	328,819	323,754	327,328	332,725	212,753	346,736	231,789	267,800	269,036	
Units of mail processed	2,003,607			2,505,959							
Employees enrolled in medical benefit plans	7,046	7,051	7,111	7,710	8,619	8,256	7,323	9,020	8,699	8,747	
Requests for council action processed	2,300	2,242	2,161	2,235	1,063	250	680	1,416	N/A	N/A	
Active construction projects managed in-house	338	310	297	293	50	50	24	71	63	83	
Asbestos work requests completed	258	289	448	675	515	450	565	648	728	N/A	
Land parcels acquired	148	130	176	127	184	75	111	203	120	148	

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

	Fiscal Year Ended September 30									
Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Governmental activities										
Public safety										
Police stations	4	4	4	3	3	3	3	3	3	3
Police zone offices	9	9	9	7	7	7	6	6	6	6
Patrol units	351	333	340	318	290	232	280	260	263	224
Fire stations	43	42	41	41	40	40	40	38	36	36
EMS stations	30	30	29	28	28	26	23	21	17	14
Public health										
Health facilities (sq. ft. )	318,462	341,607	334,419	362,155	362,155	291,465	299,819	299,819	321,239	210,458
Program vehicles	61	59	57	66	66	65	65	65	N/A	N/A
Public recreation and culture										
Libraries	22	22	22	22	22	21	21	21	21	21
District parks	11	11	11	11	11	11	11	12	12	12
Metropolitan parks	11	18	11	11	10	10	10	9	9	9
Natural preserves	13	15	15	15	15	14	14	10	10	10
Greenbelts	26	32	25	25	25	25	25	23	23	23
Neighborhood parks	90	85	85	85	84	80	80	77	77	70
Special parks (museums, etc.)	30	27	27	26	27	23	22	22	22	22
Youth entertainment complexes	1	1	1	1	1	1	1	1	0	0
Recreation centers	17	17	17	17	17	16	18	15	15	15
Senior activity sites	21	21	18	20	20	20	20	20	20	20
Open fields	90	89	89	89	88	88	88	88	88	88
Senior activity centers	3	3	3	3	3	3	3	3	3	3
Veloway (miles)	3	3	3	3	3	3	3	3	3	3
Hike and bike trails (miles)	117	117	117	75	51	51	44	44	N/A	N/A
Business-type activities										
Electric	5.540	5 5 40	F F40	F F00	F 400	E 40E	F 470	F 407	F 440	E 407
Overhead distribution (miles)	5,540 5,236	5,549 5,011	5,546 4,762	5,532	5,493 4,140	5,485 3,943	5,478 3,824	5,437 3,608	5,418 3,462	5,487 3,189
Underground distribution (miles) Water	5,236	5,011	4,762	4,517	4,140	3,943	3,024	3,000	3,402	3,169
Treatment plants	3	3	3	3	3	3	3	3	3	3
Water mains (miles)	3,449	2,791	2,871	2,995	2,872	2,825	3,709	3,580	3,230	3,171
Booster pumps	3,449	2,791 47	2,07 T	2,995 45	2,672 46	42	3,709	3,360	3,230	3,171 25
Fire hydrants	29,204	28,115	27,134	27,647	26,303	25,838	24,794	23,391	18,640	19,881
Wastewater	29,204	20,113	۷,۱۵4	۱,U41	20,303	20,000	∠ <del>+</del> ,13 <del>4</del>	20,081	10,040	10,001
Sanitary sewers (miles)	2,490	2,200	2,265	2,311	2,226	2,202	2,723	2,635	2,277	2,367
Connections	181,330	178,574	174,593	169,330	168,159	173,000	160,744	159,157	149,663	143,249
	,	,	,000	,	,	,,,,,,	,		,	,

	Fiscal Year Ended September 30											
Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997		
Business-type activities, continued												
Airport												
Buildings maintained (sq. ft.)	2,306,130	2,288,130	2,288,130	2,288,130	2,290,563	3,130,000	3,130,000	2,900,000	N/A	N/A		
Facility (terminal) maintained (sq. ft.)	1,016,000	754,000	754,000	754,000	754,000	720,000	720,000	720,000	209,878	206,690		
Acres I Air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	771	711		
Convention												
Convention facilities (sq. ft.)	2,126,249	2,126,249	1,877,000	1,877,000	1,877,000	1,732,298	1,651,941	1,484,520	381,106	353,395		
Environment and health services												
Refuse collection trucks	93	96	102	88	97	103	90	83	78	68		
Recycle collection trucks	30	34	34	44	42	51	45	41	38	38		
Public recreation												
Golf courses	6	6	6	6	6	6	6	5	5	5		
Tennis courts	102	102	102	102	102	106	106	106	106	106		
Swimming pools	47	47	47	47	47	47	47	47	47	55		
Athletic fields	176	87	87	87	87	87	87	88	88	88		
Softball fields	16	16	16	16	16	16	16	16	16	16		
Urban growth management												
Residential detention ponds	599	577	491	480	442	480	434	398	350	298		
Street (miles)	7,037	6,908	6,789	6,599	6,502	6,277	6,251	6,080	6,030	5,482		
Bridges	323	323	310	302	N/A	N/A	N/A	N/A	N/A	N/A		
Traffic signals	827	824	811	798	772	750	712	681	662	637		
Metered parking spaces	3,859	3,805	3,747	3,675	3,586	3,408	3,410	3,629	3,295	3,800		
Internal Services (1)												
Fleet facilities (sq. ft.)	123,117	123,117	11,860	11,860	11,860	11,860	11,860	N/A	N/A	N/A		
Secured computer workstations	7,700	7,542	6,200	8,000	8,000	8,000	8,000	N/A	N/A	N/A		
Number of network end use devices	6,030	5,994	5,892	5,186	5,277	5161	5161	N/A	N/A	N/A		
City facilities insured	1,110	1,102	1,113	1,077	1,100	1,076	1,063	1,011	925	N/A		
Facilities maintained (sq. ft.)	1,621,921	1,448,379	1,250,994	962,994	967,194	967,194	790,522	785,522	N/A	N/A		

Sources: Various city departments; budget documents and performance reports

N/A Information not available

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