

THE CITY OF AUSTIN, TEXAS

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



*for the year ended*  
**SEPTEMBER 30, 2010**







# *Comprehensive Annual Financial Report*



*City of Austin,  
Texas*

*For the year ended  
September 30, 2010*

*Prepared by:  
Financial and Administrative Services Department*

Leslie Browder, CPA  
*Chief Financial Officer*

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*Deputy Chief Financial Officer*

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*Controller*

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





## **City Council**

**Lee Leffingwell**

*Mayor*

Term expires June 15, 2012

**Mike Martinez**

*Mayor Pro Tem*

Term expires June 15, 2012

### ***Council Members***

<b>Sheryl Cole</b>	June 15, 2012
<b>Laura Morrison</b>	June 25, 2011
<b>Chris Riley</b>	June 25, 2011
<b>Randi Shade</b>	June 25, 2011
<b>Bill Spelman</b>	June 15, 2012

**Marc A. Ott**

*City Manager*



**CITY OF AUSTIN, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended September 30, 2010**

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# INTRODUCTION









# City of Austin

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

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March 30, 2011

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas for the fiscal year ended September 30, 2010. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers.

City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. 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. These financial statements have been prepared by the Financial and Administrative Services Department, Controller's Office, in accordance with generally accepted accounting principles (GAAP) for local governments.

The basic financial statements and related notes have been audited by the independent firm of Certified Public Accountants Deloitte & Touche LLP. 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. Grant awards are being audited under the provisions of the Single Audit Act of 1996, as amended, and the *State of Texas Uniform Grants Management Standards*. The Single Audit reports will be issued separately.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. It provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

## **REPORTING ENTITY**

This CAFR includes all funds of the City, including those organizations required to be included because the City is financially accountable for them. 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 financial statements include these separate legal entities (and the fund where reported): Austin Housing Finance Corporation (Housing Assistance Fund), Austin Industrial Development Corporation (Austin Industrial Development Corporation Fund), and Mueller Local Government Corporation (Mueller Local Government Corporation Fund). These entities are reported as governmental activities.

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

### **General Information**

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. 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 an estimated population approaching 780,000 in 2010. Over the past ten years, Austin's population has increased by approximately 117,000 residents or 17.7 percent. Geographically, Austin consists of approximately 306 square miles. The current estimated median household income and per capita income for Austin residents is \$48,460 and \$35,798 respectively.

Austin is nationally recognized as a great place to live due in part to its diverse and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. Austin draws its special character from its physical setting along the Balcones Escarpment, a city wedged between coastal plain and dramatic cliffs, canyons and juniper-carpeted rolling hills; it sits on the edge of the Chihuahuan desert existing as a physical and cultural oasis where talented, entrepreneurial, hard-working people are drawn from all over the world. Austin's quality of life has become its biggest economic development engine, and the city's diverse demographic structure serves to support and enrich its quality of life.

The City of Austin is fortunate to offer a host of broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with approximately 43.5 percent of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 27.5 percent for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area. The Austin metropolitan area's seven institutions of higher learning experienced a 4.8 percent increase in enrollment; educating nearly 136,000 students. The University of Texas at Austin (UT), the fifth largest public university in the nation, is known as a world-class center of education and research and was nationally ranked 13<sup>th</sup> among public universities in 2010 by US News and World Report. U.S. News and World Report ranked 43 UT graduate programs and specialties in the top 10 nationally, and 53 others ranked in the top 25.

The Texas economy outperformed the U.S. economy during 2010. According to the *Monthly Review of the Texas Economy* report for December 2010 published by The Real Estate Center at Texas A&M University, the Texas economy gained 231,700 jobs from December 2009 to December 2010, an annual growth rate of 2.3 percent. Over the same time period, U.S non-farm employment rose 0.8 percent. Texas' private sector continues to play a key role in creating jobs by achieving an annual employment growth rate of 2.7 percent compared with 1.2 percent for the U.S. private sector. According to the Bureau of Labor Statistics, Texas experienced little change in the unemployment rate during that same time period, increasing slightly from 8.1 percent in December 2009 to 8.3 percent in December 2010, while the U.S. rate showed improvement by falling a half percentage point from 9.9 percent in December 2009 to 9.4 percent in December 2010. The Bureau of Labor Statistics reports the December 2010 Austin MSA employment base at 840,000, a gain of more than 13,000 from 2009, or a 0.5 percent increase; unemployment was relatively flat, increasing from 7.0 percent in 2009 to 7.1 percent in 2010, which is well below both the state and national levels of 8.2 and 9.6 percent respectively.

### **Local Economy**

During 2010, Austin's economy was able to sustain and build upon the improvement that began in 2009. Newsweek compiled a list of the 10 American cities best situated for economic recovery and according to the article, "For sheer economic promise, no place beats Texas." Austin boasted the strongest job growth in Newsweek's Top 10, both last year and over the decade. Newsweek noted Austin's private sector growth, both from an expanding roster of homegrown firms and outside companies, including an increasing array of multinational firms such as Samsung, Nokia, Siemens, and Fujitsu. In May 2010, Kiplinger's Personal Finance magazine named Austin the "Best City for the Next Decade" because of the City's innovative and dynamic thinking that leads to job creation. In picking the top cities, Kiplinger's looked for livability and a good business environment for entrepreneurs and job seekers.

The 2010 Milken Institute Best-Performing Cities Index ranks U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. The components include job, wage and salary, and technology growth. Five of the top ten metropolitan areas on the list were located in the State of Texas. Austin ranked second in 2010, behind the first place Metropolitan Statistical Area (MSA) of Killeen-Temple-Fort Hood, Texas. Austin previously ranked first in both 2000 and 2009, the first metropolitan area to ever be ranked number one twice on the index.



Austin has had tremendous success this year in diversifying and growing its economic base into four distinct sectors – technology, green energy, legal services, and social media. During 2010, the City concentrated on recruiting technology companies, with an emphasis of diversification into medical technology, digital technology, and clean-energy technology that achieves a goal of enhancing livability and economic viability in a manner that preserves the character of Austin and its environment. Economic development was a coordinated regional effort between the City, the Chamber of Commerce, the State of Texas, and other regional partners, with noteworthy success occurring with the announcement of Samsung's multi-billion dollar expansion. The expansion will create 500 new jobs along with 1,000 construction jobs while the project is under way. During 2010, several high-profile entities chose to locate their businesses in Austin, including:

- Hanger Orthopedic Group, Inc., the nation's largest provider of orthotic and prosthetic patient care services, announced the relocation of its corporate headquarters to Austin.
- Facebook, Inc. celebrated the opening of its Austin office this past October. When asked "why Austin?", company executives referenced Austin's world-class university with a creative, technologically savvy population, where people actually like to live. "Austin was a great fit for us because it provided us with a pool of exceptional talent and it has a great history of innovation and entrepreneurship."
- SunPower Corporation, a Silicon Valley-based manufacturer of high-efficiency solar cells, solar panels, and solar systems, announced plans to expand operations in Austin with the creation of 450 jobs in the region over the next four years.
- LegalZoom, a Los Angeles-based online legal services company, announced the creation of a regional office in Austin, adding 600 jobs over the next five years.

During 2010, Austin was ranked as the number one place in the United States in which to open a small business by Portfolio.com. Approximately 94 percent of small businesses located in Austin employ 50 or fewer employees, which is much larger than the national average of 86 percent. According to Portfolio.com, Austin's 19.5 percent population growth between 2003 and 2008 attributed to the region's ability to weather the recent national economic downturn. The number of small business started between 2006 and 2007 outpaced other metropolitan areas with a 5.6 percent increase.

Forbes.com ranked Austin first on its list of America's Best Cities for Young Adults, citing Austin's bustling tech community and trendsetting music scene as contributing factors. The criteria for a great city included assessment of job markets, average salaries for college-educated adults ages 20 – 29, cost of maintaining a household, median age, and evaluation of nightlife opportunities. Forbes.com also recognized Austin as being one of "America's Most Innovative Cities", stating that Austin's culture of innovation may be boosted by well-known tech credentials like the South by Southwest Web startup and music festival held annually in March, as well as the nearby headquarters of hardware industry giants Dell and Freescale Semiconductor. The article also cited the University of Texas's Cockrell School of Engineering and IBM's Austin research lab as being contributors to Austin's innovation arsenal. Austin also ranked in the top 10 "Best Places for Military Retirement" in a first-of-its-kind ranking by USAA, a leading financial services provider focused on serving the military, and Military.com, the country's largest military and veteran membership organization.

Home sales are an important indicator of the local and national economy. Although annual home sales declined overall in the Austin market during 2010, signs of improvement were evident as the average price increased 4 percent. Data compiled by the Real Estate Research Center at Texas A&M shows Austin home sale volume declined 4 percent in 2010 with an ending inventory of 5.6 months compared to a 9 percent decline in 2009, with a year-end inventory of 5.4 months. Existing single-family home sales in Texas showed improvement during 2010 with annual home sales increasing by 2 percent and median sales price increasing by 1.6 percent. Mortgage foreclosures decreased 21.9 percent in Texas, compared to 17.2 percent for the nation. Texas ended 2010 with an ending inventory of 7.3 months compared to an ending inventory of 6.3 months in 2009. National sales of existing homes were 2.9 percent below 2009 levels, with a 2009 year-end supply of 8.1 months of housing inventory.

The Texas Comptroller's Office reports that job growth and sales tax collections – both from business and consumer purchases – as well as automobile sales, signal that the Texas economy has emerged from the recent recession. Entering 2011, more than half the jobs shed by employers during Texas' shorter recession have already been recovered as our economy recovers more quickly than the U.S. as a whole. Nationally, only 13.4 percent of recession-hit jobs had been recovered by the end of 2010.



### **Long-term Financial Planning**

A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a planning tool in developing the following year's operating budget. The City's budgeting approach emphasizes fiscal responsibility by limiting spending in a given year to projected revenue collections.

In August 2010, all three major U.S. financial rating agencies reaffirmed Austin's 'AAA' long-term rating, the highest attainable bond rating that a city can achieve, and also reaffirmed the stable outlook on the City of Austin's existing general obligation debt. Standard and Poor's report noted that key factors supporting the 'AAA' rating included Austin's strong and diverse economic base, strong financial management and moderate overall debt levels. Fitch Ratings noted that one of the key factors driving affirmation of the 'AAA' rating was the City's experienced management team and its sound fiscal and budgetary practices. Moody's Investors Services, Inc. described Austin's financial policies, expenditure controls, and conservative budget assumptions as "credit positives."

### **Budgetary Information**

The Fiscal Year 2010-2011 Approved Budget totals \$2.8 billion and includes \$650.2 million for the General Fund to provide public safety, recreation, culture, and other needed services to the Austin community. It is a structurally balanced budget, maintaining the high quality core services that our residents expect and contribute to Austin's top ranked quality of life. In keeping Austin's property tax rate the lowest of any of the major Texas cities, tough decisions made over the last two years have addressed budgetary shortfalls by making structural budget reductions instead of relying on one-time fixes.

The 2010-2011 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. Input was gathered and evaluated to address the many issues, concerns, and priorities identified by Austin's citizens, employees, and Council Members. Those top priorities, as identified through public engagement efforts, are addressed in the FY 2010-2011 Budget and include enhanced funding for public safety, libraries, and homeless services. Also included are moderate pay increases for employees, supplemental funding for the municipal employee retirement system to help ensure long-term viability, and additional funding to pay for rising health care costs. The FY 2010-2011 Budget also authorizes the use of approximately \$14.4 million of the budget stabilization reserves to address capital replacement and other critical needs. The Approved Budget projects budget reserves of \$33.3 million at the end of FY 2010-2011.

Austin includes several enterprise activities, including a municipal owned electric utility, water/wastewater utility, airport, and other miscellaneous operations. The City's largest enterprise department, Austin Energy, is the ninth largest community-owned electric utility in the United States in terms of customers served. Austin Energy serves more than 400,000 customers with a service territory of approximately 437 square miles and an approved budget for Fiscal Year 2010-2011 of \$1.23 billion in annual revenues. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and renewable energy sources. Austin Energy's capital improvement spending plan of \$237 million includes projects for power production and delivery of reliable energy services, completion of the scrubber installation at Fayette Power Plant, upgrades at Decker Power Plant, and replacement of the Customer Information Billing System.

The City's enterprise activities also include the Austin Water Utility, which provides water and wastewater services to more than 211,000 customers within Austin and surrounding areas. The FY 2010-2011 budget projects revenues from the sale of water and wastewater service along with miscellaneous other revenue to be \$428.9 million. This budget includes a 4.5 percent combined water and wastewater rate increase which was included in the Utility's 5-year rate plan to help fund system capital improvements, including new service extensions and rehabilitation of aging infrastructure.

Other enterprise funds and their FY 2010-2011 expense budgets include Aviation (\$98.2 million), Convention Center (\$53.4 million), and Solid Waste Services (\$82 million).



## Major Initiatives

The City of Austin's vision of being the most livable city in the country means that Austin must also be the best managed city in the country where all residents can participate in its opportunities, its vibrancy, and its richness of culture and diversity.

Austin's City Council began defining its policy priorities in the early 1990s. Adopted in April 2007 and amended in 2009, the Council established the following priorities:

- Rich Social and Cultural Community
- Vibrant Urban Fabric
- Healthy, Safe, and Family-Friendly City
- Sustainable Economic Development and Financial Health

These Council priorities serve as an organizing framework for how the City does business, providing the continuity and direction needed to develop business plans that build upon each other, year after year, to help achieve longer-ranging goals. The current status of a few key initiatives are described below:

Waller Creek Tunnel Project. This project began as an underground storm water bypass tunnel to alleviate risk of severe flooding along a stretch of Waller Creek from Waterloo Park to Lady Bird Lake. After an intense design process that included survey and geotechnical work, computer model analysis, public input, and presentations to City Council, the project has been divided into 12 smaller projects, including the tunnel itself, a boathouse, inlet, outlet, and the creek side inlets. On February 17, 2011, the Austin City Council approved the award of a \$49.5 million construction contract to build the main shaft of the Waller Creek Tunnel Project. Ground breaking is planned for April 2011; project completion is expected in 2014. The tunnel project is primarily funded through the Waller Creek Tax Increment Financing Zone.

Comprehensive Plan. According to the City Charter, the Comprehensive Plan contains the Council's policies for growth, development and beautification of the land within the corporate limits and the extraterritorial jurisdiction of the City. "Imagine Austin" is a two-year process designed to help shape community input to lay out a vision for what Austin will look like in the future. The process will create the new Comprehensive Plan and address key themes currently at the center of civic debate such as growth and development, sustainability and climate change, environmental protection, neighborhood preservation, affordable housing, economic development, and local and regional mobility. Phase One kicked off in August 2009 and Phase Two, which consists of the vision and plan framework, was recently approved by the City Council on March 10, 2011. Phase 3, which began in March 2011, will define specific strategies and actions to implement the framework. Stakeholders will begin meeting to develop the policies to fulfill the framework objectives and will be organized around the following areas: land use and transportation, economy, housing and neighborhoods, conservation and environmental resources, City facilities and services, society, and culture.

Accelerate Austin. Accelerate Austin, which began in April 2009, is a major transportation initiative aimed at addressing Austin's critical transportation infrastructure issues while assisting in jump-starting Austin's economy by creating up to 300 jobs locally. Accelerate Austin will bring forward \$69.1 million in road improvement projects ahead of schedule within eighteen months, accelerating the timelines called for in the 2006 bond program approved by Austin voters. Major projects recently under way include the reconstruction of Rio Grande Street from Martin Luther King Jr. Blvd. to 24<sup>th</sup> Street and the reconstruction of 32<sup>nd</sup> Street from Red River to Duval.

Affordable Housing. The Rental Housing Development Assistance (RHDA) program provides funding for non-profit and for-profit developers to acquire, rehabilitate, or construct affordable rental housing for low-income households. On November 7, 2006, Austin voters approved \$55 million in General Obligation Bonds to be issued for the development and retention of affordable housing, \$33 million of which is expected to be used in the RHDA Program. The program exceeded its annual goal in Fiscal Year 2009-2010 by 12 percent. A major factor in exceeding the goal included the preservation of 130 project-based Section 8 units using Private Activity Bonds and General Obligation Bond funding. Accomplishments include completion of 262 units expending \$19.7 million in GO Bond funding and \$1.8 million in grant and other funding sources.



CityWorks Academy. In December of 2009, 28 Austin residents graduated in the inaugural class of CityWorks Academy, a 10-week program created with the idea of providing Austin residents a unique opportunity to learn about the City's governmental processes, its procedures, the services it provides, and the people who deliver those services. The program has proven to be a huge success. The city received approximately 200 applications from residents interested in participating in a second session. Thirty-two Austinites, representing a cross-section of the community, were chosen for the second CityWorks Academy that began September 7, 2010. The City plans to offer the academy each year in the fall.

#### **American Recovery and Reinvestment Act (ARRA)**

In 2009, the City established a Recovery Office to coordinate its efforts in applying for and reporting on funding received through ARRA. As of March 2011, the City of Austin has been awarded \$83 million in stimulus funds across multiple federal government programs and has either expended or encumbered approximately \$53 million of those awarded funds.

In February of 2010, Austin Water broke ground on green infrastructure improvements at the Hornsby Bend Biosolids Management Plant with \$31.8 million of ARRA funding. The first phase of the project, the composting pad expansion, achieved substantial completion in January 2011 – one year ahead of schedule and accounted for approximately 15 – 20 full-time equivalent positions monthly.

Austin Energy was awarded \$5.8 million for its Weatherization Assistance for Low-Income Persons Program. The program's goal is to address issues with a personal residence that may impact the energy, health or safety of the dwelling and its occupants. As of February 2011, 741 total units have been reported as completed to Texas Department of Housing and Community Affairs.

The Health Department received \$1.4 million in Community Services Block Grant funds to support activities and services designed to address the needs of low-income communities through neighborhood centers and community partners. In total, 230 households actively participated in the case management program; a total of 1,274 households received rent and utility assistance, 467 individuals received some level of workforce development services and 20 children received childcare services.

Other approved ARRA-funded projects include road, traffic signal and sidewalk improvements, police department technology improvements, crime victims assistance service enhancements, financial assistance for new homeowners, clean energy and energy efficiency, and homeless prevention.

#### **Financial Policies**

The City has adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are managed in a prudent manner. These policies dictate that current revenue will be sufficient to support current expenditures (defined as "structural balance"). Unreserved fund balances in excess of what is required shall normally be used to fund capital items in the operating and capital budgets. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the Austin community. These policies are reviewed as part of the annual budget process and are published in the Approved Budget.

#### **Internal Controls**

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

#### **Budgetary Control**

The annual operating budget is proposed by the City Manager and approved by the City Council after public discussion. Annual updates to the Capital Improvements Program budgets follow a similar process. 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 2010 CAFR, the City continues to meet its responsibility for sound financial management.



## **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report that meets the GFOA program standards. GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2009 CAFR. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2010 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for review.

## **ACKNOWLEDGMENTS**

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Controller's Office of the Financial and Administrative Services Department. Other departments and offices of the City have also contributed directly or indirectly to the preparation of this report: the Budget Office of the Financial and Administrative Services Department, the Office of the City Auditor, the financial staff at Austin Energy and other financial staff throughout the City. We would like to express our appreciation to all who assisted in this effort.

We acknowledge the thorough, professional, and timely manner in which our independent auditor, Deloitte & Touche LLP, 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.

A handwritten signature in black ink, appearing to read 'Marc A. Ott'.

Marc A. Ott  
City Manager

A handwritten signature in black ink, appearing to read 'Leslie Browder'.

Leslie Browder, CPA  
Chief Financial Officer



# City of Austin



Austin Residents

Mayor and City Council

City Manager

City Auditor

City Clerk

Municipal Court

Municipal Court Judge

Austin Energy

Integrity Office

Law

Office of Police Monitor

Chief of Staff

Agenda Office

Communications and Public Information  
Office

Government Relations

Human Resources

Neighborhood Housing and Community  
Development

Chief Financial Officer

Financial and Administrative Services

Budget Office  
Building Services  
Capital Planning Office  
Communications and Technology Management  
Controller's Office  
Fleet Services  
Purchasing  
Telecommunications and Regulatory Affairs  
Treasury

Development/Environment Services

Assistant City Manager

Economic Growth and  
Redevelopment Services Office

Planning and Development  
Review

Sustainability Office

Watershed Protection

Capital Improvement Projects

Assistant City Manager

Austin Convention Center

Austin Water Utility

Contract and Land Management

Office of Real Estate Services

Small and Minority Business  
Resources

Transportation Services

Assistant City Manager

Aviation

Code Compliance

Public Works

Solid Waste Services

Transportation

Community Services

Assistant City Manager

Animal Services Office

Health and Human Services

Library

Parks and Recreation

Public Safety Services

Assistant City Manager

Community Court

Emergency Medical Services

Fire

Office of Homeland Security and  
Emergency Management

Police



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, 2009.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2010 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

# 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, 2009

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



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**FINANCIAL SECTION**







## 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 (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the 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. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 14, the City implemented GASB Statement No. 51 "Accounting and Financial Reporting for Intangible Assets" and GASB Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments" and restated the beginning net assets of the Austin Water and Waster Fund and total Business-Type Activities to reflect the retroactive impact of implementing GASB Statement No. 51.

Management's Discussion and Analysis, the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual-Budget Basis, the Retirement Plans – Trend Information, and the Other Post Employment Benefits – Trend Information, as described in the table of contents, 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. This supplementary information is the responsibility of the City's management. 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 individual fund financial statements and schedules, supplemental schedules and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City's management. The combining and individual 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 the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Deloitte & Touche LLP*

March 30, 2011



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, 2010.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 53, and No. 55 through No. 58.

## **FINANCIAL HIGHLIGHTS**

### **Government-wide financial statements**

The assets of the City exceeded its liabilities at the end of the fiscal year 2010, resulting in \$4.5 billion of net assets. Net assets associated with governmental activities are approximately \$1.6 billion, or 35% of the total net assets of the City. Net assets associated with business-type activities are approximately \$2.9 billion, or 65% 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 \$3.5 billion, or 79% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, are \$345.3 million, or 8% of the City's total net assets. Unrestricted net assets for governmental activities are a deficit of \$58.0 million, while unrestricted net assets for business-type activities are approximately \$403.3 million, or 14% of total business-type net assets. The deficit in governmental unrestricted net assets is largely due to the recognition of \$169.4 million in other post employment benefit liabilities for governmental activities in accordance with GASB Statement No. 45.

During fiscal year 2010, total net assets for the City of Austin decreased \$11.3 million or 0.3% before a restatement of Water and Wastewater Fund water rights and accounting for regulated operations associated with the implementation of GASB Statement No. 51 (see Note 2). Of this amount, governmental activities decreased \$25.3 million, or 1.6% from the previous year and business-type activities increased \$14 million, or 0.5% from the previous year.

Total revenues for the City decreased \$75.9 million; revenues for governmental activities decreased \$2.8 million; revenues for business-type activities decreased \$73.1 million. Total expenses for the City decreased \$2.3 million; expenses for governmental activities increased \$15.3 million; expenses for business-type activities decreased \$17.6 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 three of the City's 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 Communications Center; Employee Benefits; Fleet Maintenance; Information Systems; Liability Reserve; Support Services; Wireless Communication; and Workers' Compensation. Because these services predominantly benefit governmental operations rather than business-type functions, they have been included in governmental activities in the government-wide financial statements.

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:

<b>Fund Types / Other</b>	<b>Government-wide</b>	<b>Fund Financials</b>
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 Required Supplementary Information (RSI) section immediately follows the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund. 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 and other post employment benefits plans is presented in RSI. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds.



**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

**a -- Net assets**

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

Condensed Statement of Net Assets as of September 30 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 606,064	674,926	1,094,991	1,463,251	1,701,055	2,138,177
Capital assets	2,372,210	2,303,263	6,576,192	6,339,459	8,948,402	8,642,722
Other noncurrent assets	10,566	5,669	848,606	507,636	859,172	513,305
Deferred outflows of resources	--	--	212,884	--	212,884	--
Total assets and deferred outflows	2,988,840	2,983,858	8,732,673	8,310,346	11,721,513	11,294,204
Current liabilities	279,013	272,454	618,289	479,524	897,302	751,978
Noncurrent liabilities	1,151,279	1,127,518	5,202,364	4,944,693	6,353,643	6,072,211
Deferred inflows of resources	--	--	7,710	--	7,710	--
Total liabilities and deferred inflows	1,430,292	1,399,972	5,828,363	5,424,217	7,258,655	6,824,189
Net assets:						
Invested in capital assets, net of related debt	1,544,834	1,545,216	1,998,753	1,902,398	3,543,587	3,447,614
Restricted	71,716	95,641	502,211	488,413	573,927	584,054
Unrestricted (deficit)	(58,002)	(56,971)	403,346	495,318	345,344	438,347
Total net assets	\$ 1,558,548	1,583,886	2,904,310	2,886,129	4,462,858	4,470,015

In the current fiscal year, total assets and deferred outflows of the City increased by \$427.3 million before restatement (see Note 2). Total liabilities and deferred inflows increased by \$434.5 million. Governmental-type total assets increased by \$5.0 million and business-type increased \$422.3 million, while governmental-type liabilities increased by \$30.3 million and business-type increased \$404.2 million.

Significant factors in the increase of governmental total assets and deferred outflows include a decrease in cash and investments of \$90.1 million, an increase in capital assets of \$68.9 million, and the recognition of a net pension asset of \$4.9 million. Factors in the increase of governmental-type liabilities and deferred inflows include increases in the pension obligation payable of \$10.7 million and other post employment benefits of \$59.6 million offset by a decrease in general obligation bonds payable of \$53.2 million.

Significant factors in the increase of business-type total assets and deferred outflows include an increase in capital assets of \$236.7 million and the addition of deferred outflows of resources of \$212.9 million with the implementation of GASB Statement No. 53. Significant increases in total liabilities and deferred inflows include revenue bonds payable of \$200 million, the addition of derivative instruments of \$212.9 million with the implementation of GASB Statement No. 53, and other post employment benefits of \$35.4 million. Significant decreases include commercial paper notes payable of \$40.2 million, and capital appreciation bonds payable of \$41.6 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 \$4.5 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 \$3.5 billion, or 79% 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, \$573.9 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, \$345.3 million of unrestricted net assets, may be used to meet the government's future obligations. Unrestricted net assets decreased \$93.0 million in the current fiscal year. A significant portion of the decrease in unrestricted net assets is due to the recognition of \$95.0 million in other post employment benefit expense in accordance with GASB Statement No. 45.



**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

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 business-type activities; however unrestricted net assets for governmental activities are a deficit of \$58.0 million.

**b -- Changes in net assets**

Total net assets of the City decreased by \$7.2 million in the current fiscal year after restatement (see Note 2). Governmental net assets decreased \$25.3 million. The decrease is attributable to expenses exceeding revenues by \$121.4 million before transfers from other funds of \$96 million. Business-type net assets increased by \$14.0 million due to revenues exceeding expenses by \$110.1 million, before transfers to other funds of \$96 million and restatement adjustment of \$4.1 million.

Changes in Net Assets September 30 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 109,136	140,989	1,814,907	1,833,856	1,924,043	1,974,845
Operating grants and contributions	66,831	54,022	--	--	66,831	54,022
Capital grants and contributions	50,546	85,085	31,703	71,819	82,249	156,904
General revenues:						
Property tax	341,812	309,888	--	--	341,812	309,888
Sales tax	144,710	139,795	--	--	144,710	139,795
Franchise fees and gross receipts tax	87,996	85,183	--	--	87,996	85,183
Interest and other	31,960	20,827	13,935	27,938	45,895	48,765
Total revenues	832,991	835,789	1,860,545	1,933,613	2,693,536	2,769,402
Program expenses:						
General government	89,315	80,819	--	--	89,315	80,819
Public safety	455,760	442,690	--	--	455,760	442,690
Transportation, planning and sustainability	65,565	79,840	--	--	65,565	79,840
Public health	63,215	81,773	--	--	63,215	81,773
Public recreation and culture	91,732	90,307	--	--	91,732	90,307
Urban growth management	143,884	121,237	--	--	143,884	121,237
Interest on debt	44,889	42,435	--	--	44,889	42,435
Electric	--	--	1,086,470	1,089,632	1,086,470	1,089,632
Water	--	--	169,708	200,162	169,708	200,162
Wastewater	--	--	166,979	160,962	166,979	160,962
Airport	--	--	92,780	98,403	92,780	98,403
Convention	--	--	51,818	52,219	51,818	52,219
Environmental and health services	--	--	66,380	67,097	66,380	67,097
Public recreation	--	--	9,715	10,274	9,715	10,274
Urban growth management	--	--	106,618	89,306	106,618	89,306
Total expenses	954,360	939,101	1,750,468	1,768,055	2,704,828	2,707,156
Excess (deficiency) before transfers	(121,369)	(103,312)	110,077	165,558	(11,292)	62,246
Transfers	96,031	82,686	(96,031)	(82,686)	--	--
Increase (decrease) in net assets	(25,338)	(20,626)	14,046	82,872	(11,292)	62,246
Beginning net assets, as previously reported	1,583,886	1,604,512	2,886,129	2,882,151	4,470,015	4,486,663
Restatement adjustment	--	--	4,135	(78,894)	4,135	(78,894)
Beginning net assets, as restated	1,583,886	1,604,512	2,890,264	2,803,257	4,474,150	4,407,769
Ending net assets	\$ 1,558,548	1,583,886	2,904,310	2,886,129	4,462,858	4,470,015



**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

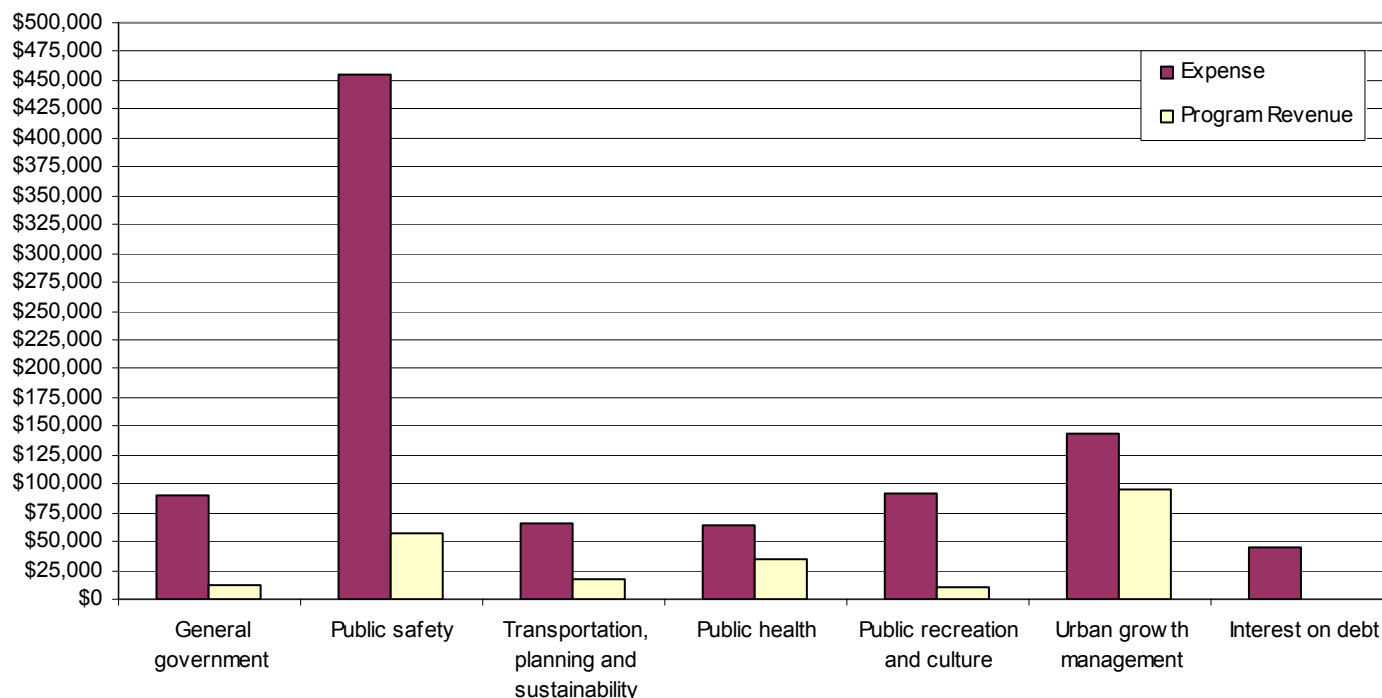
**c -- Program revenues and expenses -- governmental activities**

Governmental activities decreased the City's net assets by \$25.3 million in fiscal year 2010, a 1.6% decrease of governmental net assets from the previous year. Key factors for the change from fiscal year 2009 to 2010 are as follows:

- Charges for services decreased \$31.9 million primarily due to the transfer of hospital district activities to the Travis County Hospital District (\$17.6 million). Capital grants and contributions decreased \$34.5 million primarily due to decreases in contributed and annexed infrastructure.
- The City's property tax revenue increased by \$31.9 million from the previous year as a result of an increase in assessed property values and an increase in the City's tax rate from 40.12 cents to 42.09 per \$100 valuation.
- Sales tax collections for fiscal year 2010 were \$4.9 million more than fiscal year 2009. Franchise fees and gross receipts taxes increased \$2.8 million due largely to an increased service area for cable franchise fees.
- General government expenses increased \$8.5 million primarily due to increases in payments to internal service funds for services provided and public safety expenses increased \$13.1 million due to increases in salaries and contractual expenses. Transportation, planning and sustainability expenses decreased \$14.3 million, while public health expenses decreased \$18.6 million due to the transfer of hospital district activities to the Travis County Hospital District. Urban growth management expenses increased \$22.6 million.

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

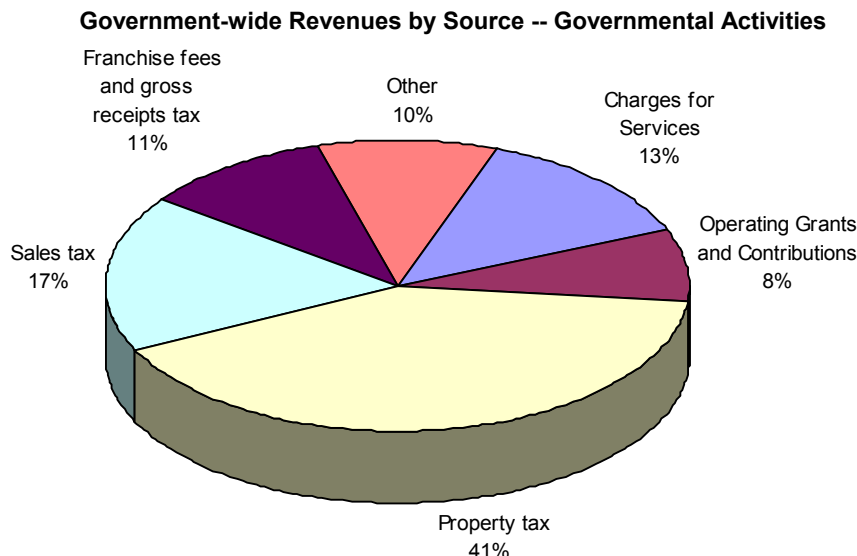
**Government-wide Program Expenses and Revenues – Governmental Activities**  
(in thousands)





**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

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



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

Business-type activities increased the City's net assets by approximately \$14 million, accounting for a 0.3% increase in the City's total net assets. Key factors include:

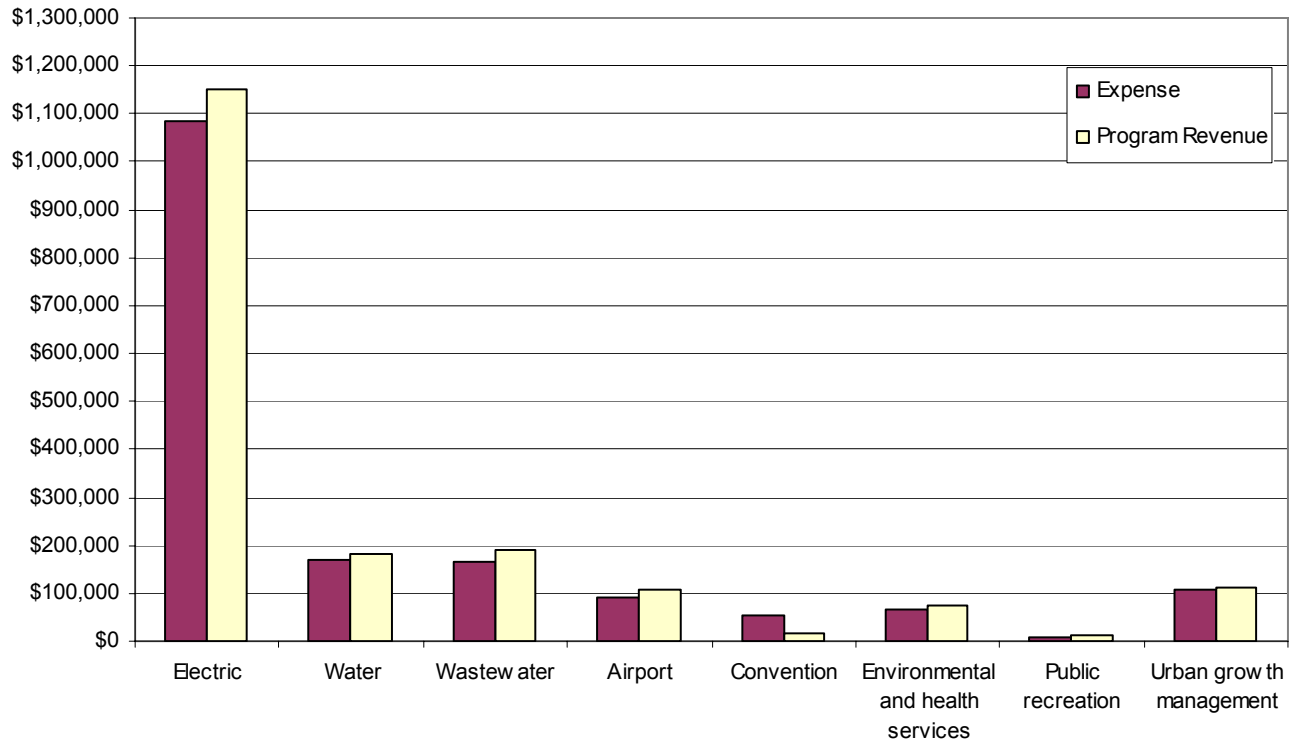
- Electric net assets decreased approximately \$25.2 million. Revenues decreased 1.3% largely due to lower fuel costs, which are passed through as fuel revenue. Expenses increased 2.1% as lower fuel costs were offset by an increase in other operating expenses.
- Water and Wastewater net assets increased approximately \$1.7 million. Revenues decreased 8.0% due primarily to greater than usual rainfall and mandatory water conservation during the period of wastewater winter averaging. Water revenue for 2010 decreased by approximately 12.3% and Wastewater revenue decreased 3.7% from the prior year.
- Airport net assets increased approximately \$16.7 million. Revenues increased 3.0% due to an increase in passenger traffic and expenses increased 6.2% due to an increase in operations and maintenance costs.
- Convention net assets decreased approximately \$1.9 million. Revenues and transfers from the Hotel Occupancy Tax Fund decreased 9.3% due primarily to fewer events and the slowed economy. Expenses increased due to increases in operations and maintenance costs.
- Environmental and health services activities are comprised of nonmajor enterprise funds that include the Solid Waste Services Fund and Hospital Fund. Net assets increased by approximately \$8.4 million. This increase is primarily attributed to increased revenues derived from an approved rate increase and customer growth.
- Public recreation activities are comprised of nonmajor enterprise funds that include the Golf Fund and Recreation Program Fund. Net assets increased by \$3.0 million as a result of the transfer of a portion of the Golf Fund debt to governmental activities.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and Transportation Fund. Net assets increased by approximately \$9.8 million. Drainage revenues increased 6.6% primarily due to an approved rate increase while Drainage expenses remained steady.

As shown in the following chart, the electric utility, with expenses of \$1.09 billion, is the City's largest business-type activity, followed by water (\$170 million), wastewater (\$167 million), urban growth management (\$107 million), airport (\$93 million), environmental and health services (\$66 million), convention (\$52 million), and public recreation (\$10 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention.



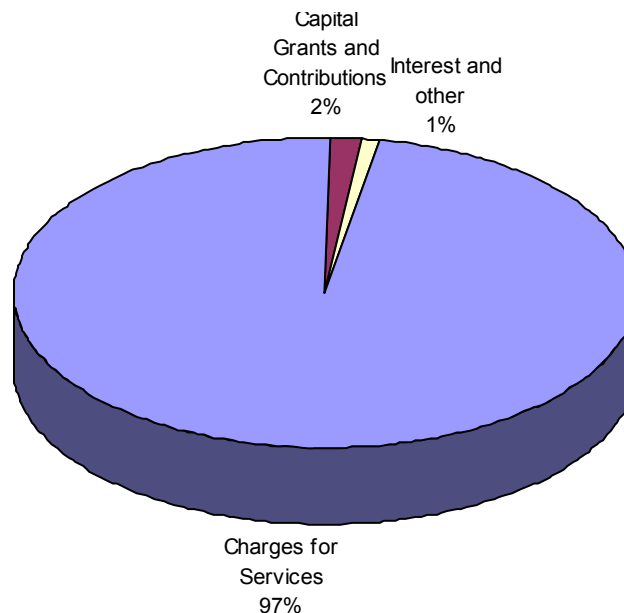
**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued**

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



For all business-type activities, charges for services provide the largest percentage of revenues (97%), followed by capital grants and contributions (2%), and interest and other revenues (1%).

**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 \$370.4 million, a decrease of \$81.5 million from the previous year. Approximately \$191.5 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 \$40.3 million in comparison to the prior year, primarily due to an increase in the reservation for encumbrances of \$37.0 million in capital projects funds authorized in 2006.

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 \$104.6 million, while total fund balance was \$108.7 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 17.6% of total General Fund expenditures of \$595.6 million, and total fund balance represents 18.3% of expenditures. The City's financial policies provide that surplus fund balance be designated for budget stabilization. This amount is a component of unreserved fund balance. The fund balance designated for budget stabilization was \$58.6 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 General Fund fund balance increased \$16.5 million during the fiscal year, while unreserved fund balance increased \$16.9 million. Significant differences from the previous year include:

- Property tax revenues increased \$25.7 million due to an increase in assessed property values and the City's property tax rate increased from 40.12 cents to 42.09 cents per \$100 valuation.
- Sales tax revenues increased \$4.9 million, while licenses, permits and inspections decreased \$4.8 million due to a decline in building permits.

General fund expenditures increased \$24.7 million, due primarily to an increase in public safety expenditures of \$13.8 million and general government expenditures of \$13.1. The increase in public safety expenditures is primarily due to increases in salaries and contractual expenditures. The increase in general government expenditures is due to increases in payments to internal service funds for services provided.

### **b -- Proprietary funds**

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net assets of the City's enterprise funds increased by \$9.0 million before consolidation of the internal service funds activities.

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 during fiscal year 2010 to increase public safety costs for the purchase of two ambulances.

During the year, revenues were \$12.9 million more than budgeted. Sales tax collections were \$12.7 million more than budgeted.

Actual General Fund budget-basis expenditures were \$13.9 million less than budgeted. Transportation, planning and sustainability expenditures exceeded budget by \$13 thousand and general city responsibilities exceeded budget by \$66 thousand; while all other General Fund departments were under budget. The total budget-basis fund balance at year-end was \$99.9 million.

**b -- Capital assets**

The City's capital assets for governmental and business-type activities as of September 30, 2010, total \$8.9 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, construction in progress, nuclear fuel, plant held for future use, and water rights. The total increase in the City's capital assets for the current fiscal year was \$307 million (3.6%), with an increase of 3.0% for governmental activities and an increase of 3.8% 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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land and improvements	\$ 332	324	464	449	796	773
Other assets not depreciated	20	20	1	1	21	21
Building and improvements	442	450	1,363	1,392	1,805	1,842
Equipment	64	73	3,867	3,555	3,931	3,628
Vehicles	35	36	63	58	98	94
Infrastructure	1,237	1,255	--	--	1,237	1,255
Construction in progress	242	145	667	747	909	892
Nuclear fuel, net of amortization	--	--	34	33	34	33
Plant held for future use	--	--	28	28	28	28
Water rights, net of amortization	--	--	89	75	89	75
Total net capital assets	<u>\$ 2,372</u>	<u>2,303</u>	<u>6,576</u>	<u>6,338</u>	<u>8,948</u>	<u>8,641</u>

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

- Governmental capital assets increased \$69 million primarily due to additions of new and on-going projects for facility and system improvements. Construction progressed on 2006 bond funded projects, which included flood mitigation, affordable housing, recreation center and park improvements, and a training facility for fire, police and EMS personnel. Other projects included a digital video system for police, street and pedestrian improvements, a new fire station, and infrastructure additions for the Mueller redevelopment.
- Business-type activities purchased or completed construction on capital assets of \$238 million. The increase was largely due to plant and equipment additions and land acquisitions for the Electric, Water and Wastewater, Convention Center, Drainage and Transportation funds. The Electric fund added power plant improvements, improvements to electric distribution and metering systems, and various substations. The Water and Wastewater fund continued rehabilitation and replacement activities under the Austin Clean Water Program and continued work on the Water Treatment Plant #4 projects. The Water and Wastewater fund also received ARRA funds for biosolids management and compost operations projects. Wastewater improvements included service extensions to annexed areas. Work also continued on the Convention Center Waller Creek Tunnel project and the parking meter replacement program.



**OTHER INFORMATION, continued**

**c -- Debt administration**

At the end of the current fiscal year, the City reported \$5.0 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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General obligation bonds and other tax supported debt, net	\$ 900	953	125	131	1,025	1,084
Commercial paper notes, net	--	--	300	340	300	340
Revenue notes	--	--	28	28	28	28
Revenue bonds, net	--	--	3,643	3,443	3,643	3,443
Capital lease obligations	1	--	2	2	3	2
Total	<u>\$ 901</u>	<u>953</u>	<u>4,097</u>	<u>3,944</u>	<u>4,998</u>	<u>4,897</u>

During fiscal year 2010, the City's total outstanding debt increased by \$101 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 decreased \$52 million due to debt service payments made during the year.
- Outstanding debt for business-type functions increased \$153 million. The City issued \$220.3 million of Electric Utility System separate lien revenue refunding bonds and \$166.6 million of Water and Wastewater Fund separate lien revenue refunding bonds to refund commercial paper (\$316 million) and existing debt (\$74 million).

During the year, the City's general obligation bonds and other tax supported debt received favorable bond rating upgrades from Moody's Investors Services, Inc and Fitch, Inc. The Water and Wastewater Utility revenue bonds received favorable bond rating upgrades from Moody's Investors Services, Inc. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2010 and 2009 are as follows:

<b>Debt</b>	<b>Moody's Investors Service, Inc</b>		<b>Standard &amp; Poor's</b>		<b>Fitch, Inc.</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General obligation bonds and other tax supported debt	Aaa	Aa1	AAA	AAA	AAA	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	A1	AA	AA	AA-	AA-
Utility revenue bonds - subordinate lien	A1	A1	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Electric	A1	A1	A+	A+	AA-	AA-
Water and Wastewater	Aa2	Aa3	AA	AA	AA-	AA-
Airport system revenue bonds	NUR(1)	NUR(1)	A-	A-	NUR(1)	NUR(1)
Airport variable rate bonds	NUR(1)	NUR(1)	A-	A-	NUR(1)	NUR(1)
Convention Center revenue bonds	A2	A2	A-	A-	NUR(1)	NUR(1)

(1) No underlying rating



**OTHER INFORMATION, continued**

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

The local economy experienced signs of recovery in 2010; a key indicator being an increase in sales tax revenues of 3.5 percent, compared to a 9.5 percent decline in the previous year. Austin's diverse economic base and national reputation as a great place to live continues to attract talented individuals and new employment opportunities. The Austin metro area ranked highest in employment growth of the five major metro areas in Texas, which includes Dallas-Fort Worth, Houston, San Antonio, El Paso, and Austin, and experienced the third highest growth rate in the state, gaining nearly 8,200 jobs in 2010.

The City's 2011 budget was developed in a manner true to the City Manager's unwavering commitment to openness, transparency, and public engagement. Input from Council, City employees, and Citizens played a major role in the development of a variety of structural applications designed to positively affect our City's fiscal sustainability over the long term and present a balanced budget for the City Council's review. 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 budget stability while at the same time maintaining affordability, investment in 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 take corrective actions to help mitigate any unfavorable economic events. The assessed taxable property values within the City decreased by 3.8% for 2010. The property tax rate for fiscal year 2011 is 45.71 cents per \$100 valuation, up from 42.09 cents per \$100 valuation in 2010. The tax rate consists of 32.62 cents for the General Fund and 13.09 cents for debt service.

Each 1 cent of the 2010 (Fiscal Year 2011) property tax rate is equivalent to \$7,789,686 of tax levy, as compared to \$8,096,541 in the previous year. Fiscal Year 2011 rate increases for the Water and Wastewater Fund are: 5.4% for Water and 3.6% for Wastewater for a combined increase of 4.5%. Austin Energy customer base rates remain unchanged.

**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 2920, Austin, Texas 78768, or (512) 974-2600 or on the web at <http://www.ci.austin.tx.us/controller/>.





## **BASIC FINANCIAL STATEMENTS**











**Statement of Net Assets**  
**September 30, 2010**  
(In thousands)

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total (†)</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 76	65	141
Pooled investments and cash	443,957	309,790	753,747
Pooled investments and cash - restricted	--	159,929	159,929
Total pooled investments and cash	443,957	469,719	913,676
Investments, at fair value	21,901	8,023	29,924
Investments, at fair value - restricted	--	231,561	231,561
Cash held by trustee - restricted	2,512	101	2,613
Working capital advances	--	6,554	6,554
Property taxes receivable	14,283	--	14,283
Less allowance for uncollectible taxes	(4,298)	--	(4,298)
Net property taxes receivable	9,985	--	9,985
Accounts and other receivables	181,671	205,840	387,511
Less allowance for doubtful accounts	(82,358)	(3,797)	(86,155)
Net accounts receivable	99,313	202,043	301,356
Receivables from other governments	15,359	--	15,359
Notes receivable, net of allowance of \$22,263	12,367	--	12,367
Internal balances	(8,060)	32,663	24,603
Internal balances - restricted	(189)	(24,414)	(24,603)
Inventories, at cost	1,951	79,160	81,111
Real property held for resale	5,419	--	5,419
Prepaid items	244	2,825	3,069
Other assets	1,229	27,764	28,993
Other receivables	--	6,209	6,209
Deferred costs and expenses, net of amortization	--	52,718	52,718
Total current assets	606,064	1,094,991	1,701,055
Noncurrent assets:			
Pooled investments and cash - restricted	--	149,301	149,301
Investments, at fair value - restricted	--	161,150	161,150
Investments held by trustee - restricted	--	168,033	168,033
Interest receivable - restricted	--	1,121	1,121
Capital assets			
Land and other nondepreciable assets	352,760	465,609	818,369
Property, plant, and equipment in service	2,864,249	8,675,336	11,539,585
Less accumulated depreciation	(1,086,457)	(3,382,591)	(4,469,048)
Net property, plant, and equipment in service	1,777,792	5,292,745	7,070,537
Construction in progress	241,658	666,564	908,222
Nuclear fuel, net of amortization	--	34,355	34,355
Plant held for future use	--	27,783	27,783
Water rights, net of amortization	--	89,136	89,136
Total capital assets	2,372,210	6,576,192	8,948,402
Derivative instruments - energy risk management	--	7,710	7,710
Net pension asset	4,943	--	4,943
Other long-term assets	--	62	62
Deferred costs and expenses, net of amortization	5,623	361,229	366,852
Total noncurrent assets	2,382,776	7,424,798	9,807,574
<b>Total assets</b>	<b>2,988,840</b>	<b>8,519,789</b>	<b>11,508,629</b>
Deferred outflows of resources	--	212,884	212,884
<b>Total assets and deferred outflows</b>	<b>\$ 2,988,840</b>	<b>8,732,673</b>	<b>11,721,513</b>

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

(Continued)

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



**Statement of Net Assets**  
**September 30, 2010**  
(In thousands)

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total (†)</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 41,582	62,060	103,642
Accounts and retainage payable from restricted assets	--	45,852	45,852
Accrued payroll	32,010	17,951	49,961
Accrued compensated absences	47,127	23,021	70,148
Claims payable	17,865	--	17,865
Accrued interest payable from restricted assets	--	96,317	96,317
Interest payable on capital appreciation bonds and other debt	3,730	50,318	54,048
Commercial paper notes payable	--	44,377	44,377
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	66,233	11,493	77,726
General obligation bonds payable and other tax supported debt payable from restricted assets, net of discount and inclusive of premium	--	4,931	4,931
Revenue bonds payable from restricted assets	--	147,804	147,804
Capital lease obligations payable	283	369	652
Customer and escrow deposits payable from restricted assets	--	36,662	36,662
Accrued landfill closure and postclosure costs	--	765	765
Deferred credits and other current liabilities	70,183	76,369	146,552
<b>Total current liabilities</b>	<b>279,013</b>	<b>618,289</b>	<b>897,302</b>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	65,371	1,338	66,709
Claims payable	15,570	--	15,570
Capital appreciation bond interest payable	--	103,295	103,295
Commercial paper notes payable, net of discount	--	255,420	255,420
Revenue notes payable	--	28,000	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	833,267	108,220	941,487
Revenue bonds payable, net of discount and inclusive of premium	--	3,495,307	3,495,307
Pension obligation payable	53,736	52,640	106,376
Other post employment benefits payable	169,432	100,716	270,148
Capital lease obligations payable	433	1,259	1,692
Accrued landfill closure and postclosure costs	--	7,175	7,175
Decommissioning liability payable from restricted assets	--	150,591	150,591
Derivative instruments - energy risk management	--	113,480	113,480
Derivative instruments - interest rate swaps	--	99,473	99,473
Deferred credits and other liabilities	13,470	684,519	697,989
Other liabilities payable from restricted assets	--	931	931
<b>Total noncurrent liabilities</b>	<b>1,151,279</b>	<b>5,202,364</b>	<b>6,353,643</b>
<b>Total liabilities</b>	<b>1,430,292</b>	<b>5,820,653</b>	<b>7,250,945</b>
Deferred inflows of resources	--	7,710	7,710
<b>Total liabilities and deferred inflows</b>	<b>1,430,292</b>	<b>5,828,363</b>	<b>7,258,655</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,544,834	1,998,753	3,543,587
Restricted for:			
Debt service	18,228	87,404	105,632
Strategic reserve	--	148,519	148,519
Capital projects	29,559	154,435	183,994
Renewal and replacement	--	10,948	10,948
Bond Reserve	--	62,283	62,283
Passenger facility charges	--	26,808	26,808
Operating reserve	--	11,814	11,814
Perpetual Care:			
Expendable	764	--	764
Nonexpendable	1,040	--	1,040
Other purposes	22,125	--	22,125
Unrestricted (deficit)	(58,002)	403,346	345,344
<b>Total net assets</b>	<b>\$ 1,558,548</b>	<b>2,904,310</b>	<b>4,462,858</b>

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

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



**Statement of Activities**  
**For the year ended September 30, 2010**  
(In thousands)

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 89,315	7,902	169	3,760	(77,484)	--	(77,484)
Public safety	455,760	47,530	9,593	12	(398,625)	--	(398,625)
Transportation, planning, and sustainability	65,565	3,792	--	14,136	(47,637)	--	(47,637)
Public health	63,215	7,561	23,313	3,495	(28,846)	--	(28,846)
Public recreation and culture	91,732	3,456	1,473	4,607	(82,196)	--	(82,196)
Urban growth management	143,884	38,895	32,283	24,536	(48,170)	--	(48,170)
Interest on debt	44,889	--	--	--	(44,889)	--	(44,889)
Total governmental activities	954,360	109,136	66,831	50,546	(727,847)	--	(727,847)
Business-type activities							
Electric	1,086,470	1,147,676	--	4,856	--	66,062	66,062
Water	169,708	171,457	--	9,461	--	11,210	11,210
Wastewater	166,979	189,192	--	1,433	--	23,646	23,646
Airport	92,780	100,223	--	7,799	--	15,242	15,242
Convention	51,818	14,784	--	--	--	(37,034)	(37,034)
Environmental and health services	66,380	74,399	--	634	--	8,653	8,653
Public recreation	9,715	8,864	--	3,945	--	3,094	3,094
Urban growth management	106,618	108,312	--	3,575	--	5,269	5,269
Total business-type activities	1,750,468	1,814,907	--	31,703	--	96,142	96,142
Total	\$ 2,704,828	1,924,043	66,831	82,249	(727,847)	96,142	(631,705)
General revenues:							
Property tax					341,812	--	341,812
Sales tax					144,710	--	144,710
Franchise fees and gross receipts tax					87,996	--	87,996
Interest and other					31,960	13,935	45,895
Transfers-internal activities					96,031	(96,031)	--
Total general revenues and transfers					702,509	(82,096)	620,413
Change in net assets					(25,338)	14,046	(11,292)
Beginning net assets, as restated (see Note 2)					1,583,886	2,890,264	4,474,150
Ending net assets					\$ 1,558,548	2,904,310	4,462,858

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







**Governmental Funds**  
**Balance Sheet**  
**September 30, 2010**  
**(In thousands)**

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

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 56	5	61
Pooled investments and cash	102,327	240,391	342,718
Investments, at fair value	--	21,901	21,901
Cash held by trustee-restricted	160	1,758	1,918
Property taxes receivable	9,025	5,258	14,283
Less allowance for uncollectible taxes	(2,789)	(1,509)	(4,298)
Net property taxes receivable	6,236	3,749	9,985
Accounts and other receivables	133,570	41,441	175,011
Less allowance for doubtful accounts	(82,099)	(259)	(82,358)
Net accounts receivable	51,471	41,182	92,653
Receivables from other governments	--	15,359	15,359
Notes receivable, net of allowance	--	12,367	12,367
Due from other funds	227	57,746	57,973
Advances to other funds	--	4,539	4,539
Inventories, at cost	916	--	916
Real property held for resale	--	5,419	5,419
Prepaid items	86	81	167
Other assets	60	1,169	1,229
Total assets	<u>161,539</u>	<u>405,666</u>	<u>567,205</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	4,768	30,699	35,467
Accrued payroll	26,028	144	26,172
Accrued compensated absences	768	--	768
Due to other funds	--	57,984	57,984
Deferred revenue	18,664	6,779	25,443
Advances from other funds	--	407	407
Deposits and other liabilities	2,601	47,928	50,529
Total liabilities	<u>52,829</u>	<u>143,941</u>	<u>196,770</u>
Fund balances			
Reserved:			
Encumbrances	3,133	129,416	132,549
Inventories and prepaid items	1,002	81	1,083
Notes receivable	--	12,367	12,367
Advances receivable	--	4,539	4,539
Real property held for resale	--	5,419	5,419
Debt service	--	21,958	21,958
Permanent funds	--	1,040	1,040
Unreserved, designated:			
Emergencies	40,000	--	40,000
Contingencies	5,958	--	5,958
Budget stabilization	58,617	--	58,617
Unreserved, undesignated:			
Special revenue	--	57,694	57,694
Capital projects	--	28,447	28,447
Permanent funds	--	764	764
Total fund balances	<u>108,710</u>	<u>261,725</u>	<u>370,435</u>
<b>Total liabilities and fund balances</b>	<u>\$ 161,539</u>	<u>405,666</u>	<u>567,205</u>

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



**Governmental Funds**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit B-1.1**

Total fund balances - Governmental funds \$ 370,435

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	3,381,534	
Less: accumulated depreciation	<u>(1,048,019)</u>	2,333,515

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

Accounts and other taxes receivable	16,985	
Deferred revenue - property taxes and interest	5,804	
Deferred costs and expenses	5,619	
Net Pension Asset	<u>4,943</u>	33,351

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	(894,434)	
Pension obligation payable	(53,736)	
Other post employment benefits payable	(169,432)	
Compensated absences	(104,444)	
Interest payable	(3,710)	
Deferred credits and other liabilities	<u>(20,730)</u>	(1,246,486)

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

Certain assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

67,733

Total net assets - Governmental activities

\$ 1,558,548

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



**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
**(In thousands)**

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

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 236,302	104,502	340,804
Sales taxes	144,710	--	144,710
Franchise fees and other taxes	41,013	47,308	88,321
Fines, forfeitures and penalties	18,692	5,879	24,571
Licenses, permits and inspections	15,716	--	15,716
Charges for services/goods	33,394	31,200	64,594
Intergovernmental	--	86,557	86,557
Property owners' participation and contributions	--	6,937	6,937
Interest and other	8,059	27,504	35,563
<b>Total revenues</b>	<b>497,886</b>	<b>309,887</b>	<b>807,773</b>
<b>EXPENDITURES</b>			
Current:			
General government	59,727	6,560	66,287
Public safety	417,798	4,160	421,958
Transportation, planning and sustainability	916	9,718	10,634
Public health	37,929	15,300	53,229
Public recreation and culture	61,311	12,778	74,089
Urban growth management	17,875	82,343	100,218
Debt service:			
Principal	--	70,424	70,424
Interest	--	44,590	44,590
Fees and commissions	--	17	17
Capital outlay-capital project funds	--	166,491	166,491
<b>Total expenditures</b>	<b>595,556</b>	<b>412,381</b>	<b>1,007,937</b>
Deficiency of revenues over expenditures	(97,670)	(102,494)	(200,164)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of tax supported debt	--	15,000	15,000
Transfers in	130,233	67,436	197,669
Transfers out	(16,014)	(77,943)	(93,957)
<b>Total other financing sources (uses)</b>	<b>114,219</b>	<b>4,493</b>	<b>118,712</b>
Net change in fund balances	16,549	(98,001)	(81,452)
Fund balances at beginning of year	92,161	359,726	451,887
<b>Fund balances at end of year</b>	<b>\$ 108,710</b>	<b>261,725</b>	<b>370,435</b>

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



**Governmental Funds**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**For the year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit B-2.1**

Net change in fund balances - Governmental funds \$ (81,452)

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

Capital outlay	171,734	
Depreciation expense	(93,994)	
Loss on disposal of capital assets	<u>(24,725)</u>	53,015

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

Property taxes	1,008	
Charges for services	287	
Interest and other	(365)	
Capital assets contribution	<u>14,999</u>	15,929

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.

Issuance of long-term debt	(15,000)	
Principal repayment on long-term debt	<u>70,424</u>	55,424

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

Compensated absences	(3,082)	
Pension obligation	(5,741)	
Other post employment benefits	(59,581)	
Interest and other	<u>3,099</u>	(65,305)

Internal services. A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. (2,949)

Change in net assets - Governmental activities \$ (25,338)

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



**Proprietary Funds**  
**Statement of Net Assets**  
**September 30, 2010**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 18	9	8
Pooled investments and cash	133,576	27,675	1,800
Pooled investments and cash - restricted	68,041	39,199	32,363
Total pooled investments and cash	201,617	66,874	34,163
Investments, at fair value	--	--	--
Investments, at fair value - restricted	100,568	106,247	14,174
Cash held by trustee - restricted	--	101	--
Working capital advances	6,554	--	--
Accounts receivable	134,988	53,040	3,638
Less allowance for doubtful accounts	(2,270)	(514)	(648)
Net accounts receivable	132,718	52,526	2,990
Due from other funds	442	--	--
Due from other funds - restricted	--	27	--
Inventories, at cost	75,011	1,565	1,396
Prepaid expenses	2,581	15	9
Other assets	27,764	--	--
Other receivables - restricted	1,670	423	1,612
Deferred costs and expenses, net of amortization	29,656	23,062	--
Total current assets	578,599	250,849	54,352
Noncurrent assets:			
Pooled investments and cash - restricted	14,874	--	134,427
Advances to other funds	26,876	--	--
Advances to other funds - restricted	--	--	107
Investments, at fair value - restricted	161,150	--	--
Investments held by trustee - restricted	168,033	--	--
Interest receivable - restricted	1,121	--	--
Capital assets			
Land and other nondepreciable assets	65,200	212,841	95,914
Property, plant, and equipment in service	4,019,644	3,439,485	690,294
Less accumulated depreciation	(1,895,660)	(1,121,365)	(191,785)
Net property, plant, and equipment in service	2,123,984	2,318,120	498,509
Construction in progress	328,196	253,410	29,133
Nuclear fuel, net of amortization	34,355	--	--
Plant held for future use	27,783	--	--
Water rights, net of amortization	--	89,136	--
Total capital assets	2,579,518	2,873,507	623,556
Derivative instruments - energy risk management	7,710	--	--
Other long-term assets	62	--	--
Deferred costs and expenses, net of amortization	170,713	183,280	2,929
Total noncurrent assets	3,130,057	3,056,787	761,019
Total assets	3,708,656	3,307,636	815,371
Deferred outflows of resources	113,411	34,606	48,227
<b>Total assets and deferred outflows</b>	<b>\$ 3,822,067</b>	<b>3,342,242</b>	<b>863,598</b>

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



	<b>Business-Type Activities</b>		<b>Governmental</b>
	<b>Nonmajor</b>		<b>Activities-</b>
	<b>Enterprise</b>		<b>Internal Service</b>
	<b>Funds</b>	<b>Total</b>	<b>Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash	30	65	15
Pooled investments and cash	146,739	309,790	101,239
Pooled investments and cash - restricted	20,326	159,929	--
Total pooled investments and cash	167,065	469,719	101,239
Investments, at fair value	8,023	8,023	--
Investments, at fair value - restricted	10,572	231,561	--
Cash held by trustee - restricted	--	101	594
Working capital advances	--	6,554	--
Accounts receivable	14,174	205,840	2,015
Less allowance for doubtful accounts	(365)	(3,797)	--
Net accounts receivable	13,809	202,043	2,015
Due from other funds	717	1,159	11
Due from other funds - restricted	--	27	--
Inventories, at cost	1,188	79,160	1,035
Prepaid expenses	220	2,825	77
Other assets	--	27,764	--
Other receivables - restricted	2,504	6,209	--
Deferred costs and expenses, net of amortization	--	52,718	--
Total current assets	204,128	1,087,928	104,986
Noncurrent assets:			
Pooled investments and cash - restricted	--	149,301	--
Advances to other funds	30	26,906	34
Advances to other funds - restricted	55	162	--
Investments, at fair value - restricted	--	161,150	--
Investments held by trustee - restricted	--	168,033	--
Interest receivable - restricted	--	1,121	--
Capital assets			
Land and other nondepreciable assets	91,654	465,609	751
Property, plant, and equipment in service	525,913	8,675,336	74,782
Less accumulated depreciation	(173,781)	(3,382,591)	(38,438)
Net property, plant, and equipment in service	352,132	5,292,745	36,344
Construction in progress	55,825	666,564	1,600
Nuclear fuel, net of amortization	--	34,355	--
Plant held for future use	--	27,783	--
Water rights, net of amortization	--	89,136	--
Total capital assets	499,611	6,576,192	38,695
Derivative instruments - energy risk management	--	7,710	--
Other long-term assets	--	62	--
Deferred costs and expenses, net of amortization	4,307	361,229	4
Total noncurrent assets	504,003	7,451,866	38,733
Total assets	708,131	8,539,794	143,719
Deferred outflows of resources	16,640	212,884	--
<b>Total assets and deferred outflows</b>	<b>724,771</b>	<b>8,752,678</b>	<b>143,719</b>

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

(Continued)



**Proprietary Funds**  
**Statement of Net Assets**  
**September 30, 2010**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 52,528	3,082	1,724
Accounts and retainage payable from restricted assets	11,425	27,521	3,763
Accrued payroll	8,181	4,011	1,179
Accrued compensated absences	10,681	5,520	1,500
Claims payable	--	--	--
Due to other funds	--	--	--
Accrued interest payable from restricted assets	49,594	42,698	1,851
Interest payable on capital appreciation bonds and other debt	29,690	20,000	1
Commercial paper notes payable	8,603	35,774	--
General obligation bonds payable and other tax supported debt	--	--	28
General obligation bonds payable and other tax supported debt payable from restricted assets	152	4,779	--
Revenue bonds payable from restricted assets	75,084	50,660	13,515
Capital lease obligations payable	38	--	331
Customer and escrow deposits payable from restricted assets	24,686	8,405	417
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	51,003	24,252	1,071
Total current liabilities	321,665	226,702	25,380
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	895	--	61
Claims payable	--	--	--
Advances from other funds	--	3,505	--
Advances from other funds payable from restricted assets	--	24,603	--
Capital appreciation bond interest payable	18,717	84,578	--
Commercial paper notes payable, net of discount	76,552	178,868	--
Revenue notes payable	--	--	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	1,040	22,600	234
Revenue bonds payable, net of discount and inclusive of premium	1,251,199	1,761,237	281,768
Pension obligation payable	23,617	11,823	3,570
Other post employment benefits payable	41,078	25,386	7,477
Capital lease obligations payable	1,259	--	--
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	150,591	--	--
Derivative instruments - energy risk management	113,480	--	--
Derivative instruments - interest rate swaps	--	34,606	48,227
Deferred credits and other liabilities	214,709	465,587	--
Other liabilities payable from restricted assets	--	307	62
Total noncurrent liabilities	1,893,137	2,613,100	369,399
<b>Total liabilities</b>	<b>2,214,802</b>	<b>2,839,802</b>	<b>394,779</b>
Deferred inflows of resources	7,710	--	--
<b>Total liabilities and deferred inflows</b>	<b>\$ 2,222,512</b>	<b>2,839,802</b>	<b>394,779</b>

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



(Continued)

	<b>Business-Type Activities</b>		<b>Governmental Activities-</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	4,726	62,060	6,115
Accounts and retainage payable from restricted assets	3,143	45,852	--
Accrued payroll	4,580	17,951	5,838
Accrued compensated absences	5,320	23,021	6,725
Claims payable	--	--	17,865
Due to other funds	1,023	1,023	163
Accrued interest payable from restricted assets	2,174	96,317	--
Interest payable on capital appreciation bonds and other debt	627	50,318	20
Commercial paper notes payable	--	44,377	--
General obligation bonds payable and other tax supported debt	11,465	11,493	480
General obligation bonds payable and other tax supported debt payable from restricted assets	--	4,931	--
Revenue bonds payable from restricted assets	8,545	147,804	--
Capital lease obligations payable	--	369	283
Customer and escrow deposits payable from restricted assets	3,154	36,662	--
Accrued landfill closure and postclosure costs	765	765	--
Deferred credits and other liabilities	43	76,369	5,095
Total current liabilities	45,565	619,312	42,584
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	382	1,338	561
Claims payable	--	--	15,570
Advances from other funds	2,640	6,145	486
Advances from other funds payable from restricted assets	--	24,603	--
Capital appreciation bond interest payable	--	103,295	--
Commercial paper notes payable, net of discount	--	255,420	--
Revenue notes payable	--	28,000	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	84,346	108,220	4,586
Revenue bonds payable, net of discount and inclusive of premium	201,103	3,495,307	--
Pension obligation payable	13,630	52,640	--
Other post employment benefits payable	26,775	100,716	--
Capital lease obligations payable	--	1,259	433
Accrued landfill closure and postclosure costs	7,175	7,175	--
Decommissioning liability payable from restricted assets	--	150,591	--
Derivative instruments - energy risk management	--	113,480	--
Derivative instruments - interest rate swaps	16,640	99,473	--
Deferred credits and other liabilities	4,223	684,519	--
Other liabilities payable from restricted assets	562	931	--
Total noncurrent liabilities	357,476	5,233,112	21,636
<b>Total liabilities</b>	<b>403,041</b>	<b>5,852,424</b>	<b>64,220</b>
Deferred inflows of resources	--	7,710	--
<b>Total liabilities and deferred inflows</b>	<b>403,041</b>	<b>5,860,134</b>	<b>64,220</b>

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

(Continued)



**Proprietary Funds**  
**Statement of Net Assets**  
**September 30, 2010**  
**(In thousands)**

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	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 1,118,770	379,995	302,606
Restricted for:			
Debt service	50,974	20,721	13,634
Strategic reserve	141,695	--	--
Capital projects	33,534	--	110,397
Renewal and replacement	64	--	10,000
Bond reserve	19,455	42,828	--
Passenger facility charges	--	--	26,808
Operating reserve	--	--	9,158
Unrestricted	235,063	58,896	(3,784)
<b>Total net assets</b>	<b>\$ 1,599,555</b>	<b>502,440</b>	<b>468,819</b>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	5,309	2,480	1,006
Total net assets - Business-type activities	<b>\$ 1,604,864</b>	<b>504,920</b>	<b>469,825</b>

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



(Continued)

	<b>Business-Type Activities</b>		<b>Governmental</b>
	<b>Nonmajor</b>		<b>Activities-</b>
	<b>Enterprise</b>		<b>Internal Service</b>
	<b>Funds</b>	<b>Total</b>	<b>Funds</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	197,382	1,998,753	32,917
Restricted for:			
Debt service	2,075	87,404	--
Strategic reserve	6,824	148,519	--
Capital projects	10,504	154,435	1,952
Renewal and replacement	884	10,948	--
Bond reserve	--	62,283	--
Passenger facility charges	--	26,808	--
Operating reserve	2,656	11,814	--
Unrestricted	101,405	391,580	44,630
<b>Total net assets</b>	<b>321,730</b>	<b>2,892,544</b>	<b>79,499</b>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	2,971	11,766	
Total net assets - Business-type activities	<b>324,701</b>	<b>2,904,310</b>	

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



**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>OPERATING REVENUES</b>			
Utility services	\$ 1,147,676	360,649	--
User fees and rentals	--	--	83,277
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
<b>Total operating revenues</b>	<b>1,147,676</b>	<b>360,649</b>	<b>83,277</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	887,152	171,171	60,843
Depreciation and amortization	121,570	85,705	19,154
<b>Total operating expenses</b>	<b>1,008,722</b>	<b>256,876</b>	<b>79,997</b>
<b>Operating income (loss)</b>	<b>138,954</b>	<b>103,773</b>	<b>3,280</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	9,740	287	1,452
Interest on revenue bonds and other debt	(80,029)	(94,468)	(14,396)
Interest capitalized during construction	--	--	1,370
Passenger facility charges	--	--	16,946
Amortization of bond issue cost	(1,027)	(717)	(229)
Cost (recovered) to be recovered in future years	(428)	18,375	--
Other nonoperating revenue (expense)	1,593	(4,057)	235
<b>Total nonoperating revenues (expenses)</b>	<b>(70,151)</b>	<b>(80,580)</b>	<b>5,378</b>
<b>Income (loss) before contributions and transfers</b>	<b>68,803</b>	<b>23,193</b>	<b>8,658</b>
Capital contributions	4,856	10,894	7,799
Transfers in	--	--	--
Transfers out	(101,000)	(33,429)	--
<b>Change in net assets</b>	<b>(27,341)</b>	<b>658</b>	<b>16,457</b>
<b>Total net assets - beginning, as restated (See Note 2)</b>	<b>1,626,896</b>	<b>501,782</b>	<b>452,362</b>
<b>Total net assets - ending</b>	<b>\$ 1,599,555</b>	<b>502,440</b>	<b>468,819</b>
Reconciliation to government-wide Statement of Activities			
Change in net assets	(27,341)	658	16,457
Adjustment to consolidate internal service activities	2,143	1,056	237
<b>Change in net assets - Business-type activities</b>	<b>\$ (25,198)</b>	<b>1,714</b>	<b>16,694</b>

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



	<b>Business-Type Activities</b>		<b>Governmental</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Activities- Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Utility services	--	1,508,325	--
User fees and rentals	206,359	289,636	--
Billings to departments	--	--	291,411
Employee contributions	--	--	36,888
Operating revenues from other governments	--	--	2,643
Other operating revenues	--	--	3,478
<b>Total operating revenues</b>	<b>206,359</b>	<b>1,797,961</b>	<b>334,420</b>
<b>OPERATING EXPENSES</b>			
Operating expenses before depreciation	195,132	1,314,298	312,912
Depreciation and amortization	22,054	248,483	8,516
<b>Total operating expenses</b>	<b>217,186</b>	<b>1,562,781</b>	<b>321,428</b>
<b>Operating income (loss)</b>	<b>(10,827)</b>	<b>235,180</b>	<b>12,992</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and other revenues	2,456	13,935	409
Interest on revenue bonds and other debt	(14,367)	(203,260)	(299)
Interest capitalized during construction	2,559	3,929	--
Passenger facility charges	--	16,946	--
Amortization of bond issue cost	(304)	(2,277)	8
Cost (recovered) to be recovered in future years	--	17,947	--
Other nonoperating revenue (expense)	(6,834)	(9,063)	(6,921)
<b>Total nonoperating revenues (expenses)</b>	<b>(16,490)</b>	<b>(161,843)</b>	<b>(6,803)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(27,317)</b>	<b>73,337</b>	<b>6,189</b>
Capital contributions	8,154	31,703	3,580
Transfers in	41,928	41,928	--
Transfers out	(3,530)	(137,959)	(7,681)
<b>Change in net assets</b>	<b>19,235</b>	<b>9,009</b>	<b>2,088</b>
<b>Total net assets - beginning, as restated (See Note 2)</b>	<b>302,495</b>	<b>2,883,535</b>	<b>77,411</b>
<b>Total net assets - ending</b>	<b>321,730</b>	<b>2,892,544</b>	<b>79,499</b>
Reconciliation to government-wide Statement of Activities			
Change in net assets	19,235	9,009	
Adjustment to consolidate internal service activities	1,601	5,037	
Change in net assets - Business-type activities	<b>20,836</b>	<b>14,046</b>	

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



**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,203,742	359,640	85,838
Cash payments to suppliers for goods and services	(728,298)	(81,894)	(34,843)
Cash payments to employees for services	(151,914)	(77,059)	(22,427)
Cash payments to claimants/beneficiaries	--	--	--
Taxes collected and remitted to other governments	(35,269)	--	--
<b>Net cash provided by operating activities</b>	<b>288,261</b>	<b>200,687</b>	<b>28,568</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	--	--	--
Transfers out	(101,000)	(33,429)	--
Interest paid on revenue notes and other debt	(221)	--	--
Increase in deferred assets	(970)	--	--
Loans to other funds	(12)	--	--
Loans from other funds	--	24,603	--
Loan repayments to other funds	--	(380)	--
Loan repayments from other funds	442	27	11
Collections from other governments	--	--	724
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(101,761)</b>	<b>(9,179)</b>	<b>735</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of commercial paper notes	94,130	181,350	--
Proceeds from the sale of revenue bonds	--	10,840	--
Principal paid on long-term debt	(66,073)	(59,753)	(13,449)
Purchased interest received	1,157	710	--
Interest paid on revenue bonds and other debt	(99,910)	(104,438)	(13,632)
Passenger facility charges	--	--	16,946
Acquisition and construction of capital assets	(205,299)	(199,435)	(13,885)
Contributions to municipality	--	--	--
Contributions in aid of construction	4,856	5,635	7,799
Bond issuance costs	(2,205)	(1,476)	--
Bond discounts	(59)	--	--
Bond premiums	7,620	6,695	--
Bonds issued for advanced refundings of debt	220,245	166,575	--
Cash paid for bond refunding escrow	(226,150)	(171,795)	--
Cash paid for nuclear fuel inventory	(14,801)	--	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$ (286,489)</b>	<b>(165,092)</b>	<b>(16,221)</b>

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



	<b>Business-Type Activities</b>		<b>Governmental Activities-</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	206,260	1,855,480	334,943
Cash payments to suppliers for goods and services	(102,647)	(947,682)	(71,230)
Cash payments to employees for services	(90,335)	(341,735)	(107,114)
Cash payments to claimants/beneficiaries	--	--	(130,783)
Taxes collected and remitted to other governments	--	(35,269)	--
<b>Net cash provided by operating activities</b>	<b>13,278</b>	<b>530,794</b>	<b>25,816</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	41,928	41,928	--
Transfers out	(3,530)	(137,959)	(7,681)
Interest paid on revenue notes and other debt	(4)	(225)	--
Increase in deferred assets	--	(970)	--
Loans to other funds	(7)	(19)	--
Loans from other funds	40	24,643	--
Loan repayments to other funds	(898)	(1,278)	(253)
Loan repayments from other funds	85	565	--
Collections from other governments	24	748	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>37,638</b>	<b>(72,567)</b>	<b>(7,934)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from the sale of commercial paper notes	--	275,480	--
Proceeds from the sale of revenue bonds	--	10,840	--
Principal paid on long-term debt	(18,608)	(157,883)	280
Purchased interest received	--	1,867	--
Interest paid on revenue bonds and other debt	(13,206)	(231,186)	(301)
Passenger facility charges	--	16,946	--
Acquisition and construction of capital assets	(39,048)	(457,667)	(8,619)
Contributions to municipality	(15)	(15)	--
Contributions in aid of construction	1,897	20,187	--
Bond issuance costs	--	(3,681)	--
Bond discounts	--	(59)	--
Bond premiums	--	14,315	--
Bonds issued for advanced refundings of debt	--	386,820	--
Cash paid for bond refunding escrow	--	(397,945)	--
Cash paid for nuclear fuel inventory	--	(14,801)	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(68,980)</b>	<b>(536,782)</b>	<b>(8,640)</b>

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

(Continued)



**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	\$ (464,157)	(158,182)	(30,298)
Proceeds from sale and maturities of investment securities	391,201	131,957	30,692
Interest on investments	8,269	287	1,452
<b>Net cash provided (used) by investing activities</b>	<b>(64,687)</b>	<b>(25,938)</b>	<b>1,846</b>
Net increase (decrease) in cash and cash equivalents	(164,676)	478	14,928
Cash and cash equivalents, October 1	381,185	66,506	153,670
<b>Cash and cash equivalents, September 30</b>	<b>216,509</b>	<b>66,984</b>	<b>168,598</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	138,954	103,773	3,280
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	121,570	84,717	19,154
Amortization	--	988	--
Change in assets and liabilities:			
Increase in working capital advances	(3,161)	--	--
(Increase) decrease in accounts receivable	(982)	(226)	1,736
Increase (decrease) in allowance for doubtful accounts	55	(201)	121
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	13,693	219	213
Decrease in prepaid expenses and other assets	5,668	(2)	19
(Increase) decrease in deferred costs and other expenses	(8,491)	25	--
(Increase) decrease in other long-term assets	5	--	--
Increase (decrease) in accounts payable	(5,482)	4	(379)
Increase in accrued payroll and compensated absences	885	197	135
Decrease in claims payable	--	--	--
Increase in pension obligations payable	5,793	2,843	835
Increase in other post employment benefits payable	14,445	8,927	2,629
Increase (decrease) in deferred credits and other liabilities	2,154	(1,766)	846
Increase (decrease) in customer deposits	3,155	1,189	(21)
<b>Total adjustments</b>	<b>149,307</b>	<b>96,914</b>	<b>25,288</b>
<b>Net cash provided by operating activities</b>	<b>\$ 288,261</b>	<b>200,687</b>	<b>28,568</b>

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



(Continued)

	<b>Business-Type Activities</b>		<b>Governmental Activities-Internal Service Funds</b>
	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investment securities	(20,810)	(673,447)	--
Proceeds from sale and maturities of investment securities	19,294	573,144	--
Interest on investments	2,456	12,464	409
<b>Net cash provided (used) by investing activities</b>	<b>940</b>	<b>(87,839)</b>	<b>409</b>
Net increase (decrease) in cash and cash equivalents	(17,124)	(166,394)	9,651
Cash and cash equivalents, October 1	184,219	785,580	92,197
<b>Cash and cash equivalents, September 30</b>	<b>167,095</b>	<b>619,186</b>	<b>101,848</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	(10,827)	235,180	12,992
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	22,054	247,495	8,516
Amortization	--	988	--
Change in assets and liabilities:			
Increase in working capital advances	--	(3,161)	--
(Increase) decrease in accounts receivable	(118)	410	138
Increase (decrease) in allowance for doubtful accounts	74	49	(222)
Decrease in due from other funds	--	--	11
(Increase) decrease in inventory	(758)	13,367	179
Decrease in prepaid expenses and other assets	488	6,173	461
(Increase) decrease in deferred costs and other expenses	--	(8,466)	276
(Increase) decrease in other long-term assets	--	5	--
Increase (decrease) in accounts payable	(13)	(5,870)	(622)
Increase in accrued payroll and compensated absences	284	1,501	655
Decrease in claims payable	--	--	3,158
Increase in pension obligations payable	3,210	12,681	--
Increase in other post employment benefits payable	9,416	35,417	--
Increase (decrease) in deferred credits and other liabilities	(10,564)	(9,330)	274
Increase (decrease) in customer deposits	32	4,355	--
<b>Total adjustments</b>	<b>24,105</b>	<b>295,614</b>	<b>12,824</b>
<b>Net cash provided by operating activities</b>	<b>13,278</b>	<b>530,794</b>	<b>25,816</b>

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

(Continued)



**Proprietary Funds**  
**Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water and Wastewater</b>	<b>Airport</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
(Increase) decrease in deferred assets/expenses	\$ (9,807)	6,142	--
Capital appreciation bonds interest accreted	7,304	11,970	--
Capital assets contributed from other funds	--	--	--
Increase in contributed facilities	--	5,259	--
Increase (decrease) in the fair value of investments	(1,238)	(406)	427
Amortization of bond issue costs	1,027	(717)	(229)
Amortization of bond discounts and premiums	(5,077)	(3,709)	260
Amortization of deferred gain (loss) on refundings	9,986	3,804	(1,085)
Gain (loss) on disposal of assets	1,593	(4,057)	(490)
Deferred gain (loss) on bond refunding	(2,792)	--	--
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	1,357	--	--
Deferred costs (recovered) to be recovered	3,487	18,375	--
Increase (decrease) in deferred credits and other liabilities	150,705	(32,999)	--
Capital lease obligations	1,258	--	486
Bonds assumed with debt transfer	--	(8,046)	--
Contributions	--	--	--
Debt obligations transferred to other funds	--	--	--

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



(Continued)

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Nonmajor</u>		<u>Activities-</u>
	<u>Enterprise</u>		<u>Internal Service</u>
	<u>Funds</u>	<u>Total</u>	<u>Funds</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING</b>			
<b>ACTIVITIES:</b>			
(Increase) decrease in deferred assets/expenses	221	(3,444)	--
Capital appreciation bonds interest accreted	--	19,274	--
Capital assets contributed from other funds	173	173	2,254
Increase in contributed facilities	--	5,259	--
Increase (decrease) in the fair value of investments	(967)	(2,184)	--
Amortization of bond issue costs	(304)	(223)	4
Amortization of bond discounts and premiums	(789)	(9,315)	--
Amortization of deferred gain (loss) on refundings	1,612	14,317	--
Gain (loss) on disposal of assets	(2,748)	(5,702)	(102)
Deferred gain (loss) on bond refunding	--	(2,792)	--
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	--	1,357	--
Deferred costs (recovered) to be recovered	--	21,862	--
Increase (decrease) in deferred credits and other liabilities	--	117,706	323
Capital lease obligations	--	1,744	--
Bonds assumed with debt transfer	(4,522)	(12,568)	--
Contributions	375	375	--
Debt obligations transferred to other funds	3,339	3,339	--

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



**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**September 30, 2010**  
(In thousands)

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

	<b>Private-purpose Trust</b>	<b>Agency</b>
<b>ASSETS</b>		
Pooled investments and cash	\$ 1,410	3,644
Other assets	121	--
<b>Total assets</b>	<u>1,531</u>	<u>3,644</u>
<b>LIABILITIES</b>		
Accounts payable	--	11
Due to other governments	--	2,799
Deposits and other liabilities	663	834
<b>Total liabilities</b>	<u>663</u>	<u>3,644</u>
<b>NET ASSETS</b>		
Held in trust	868	
<b>Total net assets</b>	<u>\$ 868</u>	

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



**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the year ended September 30, 2010**  
**(In thousands)**

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

	<u>Private-purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ 431
Interest and other	19
<b>Total additions</b>	<u>450</u>
 <b>DEDUCTIONS</b>	
Benefit payments	<u>396</u>
<b>Total deductions</b>	<u>396</u>
<b>Net additions (deductions)</b>	<u>54</u>
 <b>Total net assets - beginning</b>	 814
<b>Total net assets - ending</b>	<u><u>\$ 868</u></u>

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



## 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The City of Austin's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 53, and No. 55 through No. 58. In fiscal year 2010, the City implemented GASB Statement No. 51 entitled "Accounting and Financial Reporting for Intangible Assets" (see Note 2 for impact), GASB Statement No. 53 entitled "Accounting and Financial Reporting for Derivative Instruments" (see Note 14 for impact), GASB Statement No. 57 entitled "OPEB Measurements by Agent Employers and Agent Multiple Employer Plans", and GASB Statement No. 58 entitled "Accounting and Financial Reporting for Chapter 9 Bankruptcies". Implementation of the GASB Statement No. 57 and No. 58 did not have a significant impact on the City's financial statements. The more significant accounting and reporting policies and practices used by the City are described below.

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

### a -- Reporting Entity

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 Mental 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.



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**a -- Reporting Entity, continued**

- 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.

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 No. 34; the City has elected to present the Airport Fund as a major fund even though it does 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 nonmajor governmental, nonmajor enterprise, or internal service fund groupings.

The City's fiduciary funds are presented in the fund financial statements by type (private-purpose and agency). By definition, fiduciary fund assets are held for the benefit of a third party and cannot be used to address activities or obligations of the primary government; therefore, they are not included in the government-wide statements. 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 Statement No. 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.



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

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

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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

Proprietary Funds: Consist of enterprise funds and internal service funds.

Enterprise Funds: Account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. In accordance with GASB Statement No. 20, the City applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The City reports the following major enterprise funds:

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

Water and Wastewater Fund: Accounts for the activities of the City-owned water and wastewater utility, doing business as Austin Water™.

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

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

Convention: Accounts for convention center and public events activities.

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

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

Urban growth management: Accounts for drainage and transportation activities.

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

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

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

Agency Funds: Account for resources held by the City in a custodial capacity for permit fees; campaign financing donations and fees; Municipal Court service fees; 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 payroll accruals, employee training, and other fund-level expenditures are budgeted as general city responsibilities.

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



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**  
**d -- Budget, continued**

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 carry a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

**Investments --** Certain investments are required to be reported at fair value, 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, 2010. Investments in local government investment pools are carried at amortized cost, which approximates fair value.

**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, 2010 (in thousands):

	Charges for Services	Fines	Taxes	Other Govern- ments	Other	Total
<b>Governmental activities</b>						
General Fund	\$ 79,001	25,907	33,307	--	--	138,215
Nonmajor governmental funds	599	16	11,751	28,356	719	41,441
Internal service funds	2,015	--	--	--	--	2,015
Allowance for doubtful accounts	(70,487)	(11,612)	--	(259)	--	(82,358)
Total	<u>\$ 11,128</u>	<u>14,311</u>	<u>45,058</u>	<u>28,097</u>	<u>719</u>	<u>99,313</u>

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



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**e -- Financial Statement Elements, continued**

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

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

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

**Restricted assets** -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Since the Electric Fund and Water and Wastewater Fund report in accordance with accounting for regulated operations (formerly 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):

	Electric	Water and Wastewater	Airport	Nonmajor Enterprise	Total Restricted Assets
Strategic reserve	\$ 141,695	--	--	--	141,695
Capital projects	44,960	31,038	121,054	10,154	207,206
Customer and escrow deposits	24,686	8,405	417	3,154	36,662
Debt service	100,568	106,247	13,634	2,130	222,579
Federal grants	--	307	1,612	2,480	4,399
Plant decommissioning	184,029	--	--	--	184,029
Revenue bond reserve	19,455	--	--	8,497	27,952
Operating reserve account	--	--	9,158	6,158	15,316
Passenger facility charge account	--	--	26,808	--	26,808
Renewal and replacement account	64	--	10,000	884	10,948
	<u>\$ 515,457</u>	<u>145,997</u>	<u>182,683</u>	<u>33,457</u>	<u>877,594</u>

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

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



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**e -- Financial Statement Elements, continued**

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 accounting for regulated operations.

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

Assets	Governmental Activities (1)	Business-type Activities			
		Electric	Water and Wastewater	Airport	Nonmajor Enterprise
Buildings	5-40	15-50	15-50	15-40	12-40
Plant and equipment	5-50	6-40	5-60	4-50	5-40
Vehicles	3-20	3-40	3-20	3-20	3-30
Communication equipment	7-15	7-18	7	7	7
Furniture and fixtures	7-12	12-40	12	10-12	7-12
Computers and EDP equipment	3-7	3-7	3-7	3-7	3-7
Water rights	--	--	101	--	--
Infrastructure					
Streets and roads	30	--	--	--	--
Bridges	50	--	--	--	--
Drainage systems	50	--	--	--	--
Pedestrian facilities	20	--	--	--	--
Traffic signals	25	--	--	--	--

(1) Includes internal service funds

Depreciation of assets is classified by functional component. The City considers land, arts and treasures, and library collections to be inexhaustible; therefore, these assets are reported as nondepreciable. The true value of arts, treasures, and library collections is expected to be maintained over time and, thus, is not depreciated.

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

Water rights represent the amortized cost of a \$100 million contract, net of accumulated amortization of \$10.9 million between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

**Deferred Expenses or Credits --** In accordance with accounting for regulated operations, 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 debt issuance costs, pension, other post employment benefits, interest, decommission, fuel recovery, etc. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the 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.



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**e -- Financial Statement Elements, continued**

**Deferred (Inflows) Outflows of Resources** -- In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, derivative instruments are reported in the statement of net assets at fair value, as either assets or liabilities. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred inflows or outflows in the statement of net assets, as an offset to the related hedging derivative instrument.

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

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

	<b>Work- week</b>	<b>Non-Civil Service Employees (1)</b>	<b>Civil Service Police (2)</b>	<b>Civil Service Fire (3)</b>
Vacation	0-40	240	240	240
	42	270	N/A	N/A
	48	309	N/A	N/A
	53	N/A	N/A	360
Exception vacation (4)	0-40	160	160	176
	42	160	N/A	N/A
	48	160	N/A	N/A
	53	N/A	N/A	264
Sick leave	0-40	720	1,400	720
	42	756	N/A	N/A
	48	926	N/A	N/A
	53	N/A	N/A	1080

(1) Non-civil service employees are eligible for accumulated sick leave payout if hired before October 1, 1986.

(2) Civil service police employees with 10 years of actual service are eligible for accumulated sick leave payout.

(3) Civil service fire employees are eligible for accumulated sick leave payout regardless of hire date.

(4) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.

**Other Post Employment Benefits** -- The City provides certain health care benefits for its retired employees and their families as more fully described in Note 16. The City implemented GASB Statement No. 45 and reports the actuarially determined cost of these post-employment benefits, other than pensions. At September 30, 2010, the City's total actuarial accrued liability for these retiree benefits was approximately \$1.1 billion. The City funds the costs of these benefits on a pay-as-you-go basis.

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

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

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from 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.



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

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 the Water and Wastewater Fund.

For proprietary funds and for governmental activities in the government-wide financial statements, the City defers and amortizes gains and losses realized on refundings of debt and reports both the new debt liability and the related deferred amount on the statement of net assets. The Electric Fund and Water and Wastewater Fund recognize gains and losses on debt defeasance in accordance with accounting for regulated operations.

**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 report revenues net of bad debt expense, as follows (in thousands):

	<b>Bad Debt Expense</b>
Electric	\$ 4,166
Water and Wastewater	1,469
Airport	120
Nonmajor Enterprise	1,184

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 a fuel cost adjustment clause that permits recovery of fuel costs in the month incurred or in future months. The City reports fuel costs on the same basis as it recognizes revenue. Unbilled revenue is recorded in the Electric Fund by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2010. The amount of unbilled revenue recorded, as of September 30, 2010, for the Electric Fund was \$40.4 million. The Water and Wastewater Fund records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2010. The amount of unbilled revenue recorded as of September 30, 2010 was \$11.2 million for water and \$10.7 million for wastewater.

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

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



**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**e -- Financial Statement Elements, continued**

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

Revenues received for activities normally accounted for within the nonmajor governmental fund groupings include: Federal grant funds, State grant funds, and other special revenue grant funds. Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable capital projects funds. Revenues received for operating activities of proprietary funds or revenues that may be used for either operations or capital 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 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 15).

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/expenses during the reporting period. Actual results could differ from those estimates.



## 2 – RESTATEMENT AS A RESULT OF THE IMPLEMENTATION OF A NEW ACCOUNTING STANDARD

During fiscal year 2010, the City implemented a new accounting standard, GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which established standards of accounting and reporting for intangible assets. GASB Statement No. 51 requires a restatement of prior financial statements for prior period impacts of implementation. The statement addresses the basis of the useful life of an intangible asset. The City assessed the useful life of the Water and Wastewater Fund's water rights agreement and determined that the useful life should be adjusted from 40 years to 101.25 years to reflect the time period of the contract, including the renewal period. In accordance with accounting for regulated operations, the City also assessed the effect of the implementation of GASB Statement No. 51 on the regulatory accounting for the portion of the water rights funded by debt. The City has restated the beginning net assets in 2010 for the Water and Wastewater Fund and Business-type activities to reflect this implementation as follows:

	Exhibit A-2 Business-Type Activities	Exhibit C-2 Water and Wastewater	Exhibit C-2 Business-Type Activities
Net assets at September 30, 2009, as previously reported	\$ 2,886,129	497,647	2,879,400
Adjustments to properly record:			
Implementation of GASB Statement No. 51	15,125	15,125	15,125
Implementation effect on accounting for regulated operations	(10,990)	(10,990)	(10,990)
Net assets at September 30, 2009, as restated	<u>\$ 2,890,264</u>	<u>501,782</u>	<u>2,883,535</u>

## 3 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2010, the following funds reported deficits in fund balances/net assets (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issues.

<u>Nonmajor Governmental Special Revenue Funds:</u>	<u>Deficit</u>
Medicaid Administrative Claims	\$ 696
PARD Police Asset Forfeitures	2
Senior Nutrition	10
Performance Contracting	1,051
City Hall	117
Mueller Tax Increment Financing	212
One Texas Center	600
RMMA Reimbursement	18
Rutherford Lane Facility	792
<b>Capital Projects Funds:</b>	
Street & traffic signals	8
Parks and recreation facilities	288
Libraries	17
Radio Trunking	537
Affordable Housing	22,038
Central Library	225
TPSD general improvements	1,916
Build Austin	281
CMTA Mobility	458
Police and courts	5,584
Public Works	184
Watershed Protection	663
City Hall, plaza, parking garage	7,055
Conservation Land	15
<b>Nonmajor Enterprise</b>	
Parks and recreation	326



#### 4 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2010 (in thousands):

	<b>Pooled Investments and Cash</b>	
	<b>Unrestricted</b>	<b>Restricted</b>
General Fund	\$ 102,327	--
Nonmajor governmental funds	240,391	--
Electric	133,576	82,915
Water and Wastewater	27,675	39,199
Airport	1,800	166,790
Nonmajor enterprise funds	146,739	20,326
Internal service funds	101,239	--
Fiduciary funds	5,054	--
Subtotal pooled investments and cash	<u>758,801</u>	<u>309,230</u>
Total pooled investments and cash	<u>\$ 1,068,031</u>	

#### 5 – INVESTMENTS AND DEPOSITS

##### a -- Investments

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

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. The report details the investment position of the City and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas state law.

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

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas;
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities;
4. Obligations of other states, cities, counties or other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;
5. Bankers' acceptances so long as each such acceptance has a stated maturity of 270 days or less from the date of its issuance, will be liquidated in full at maturity, is eligible collateral for borrowing from a Federal Reserve Bank and is accepted by a domestic bank whose short-term obligations are rated at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated;
6. Commercial paper with a stated maturity of 270 days or less from the date of its issuance that is either rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies or is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof;



**5 – INVESTMENTS AND DEPOSITS, continued**

**a -- Investments, continued**

7. Collateralized repurchase agreements having a defined termination date and described in more detail in the Investment Policy;
8. Certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or as further described in the Investment Policy;
9. Certificates of deposit issued by savings banks domiciled in Texas;
10. Share certificates issued by a state or federal credit unions domiciled in Texas;
11. Money market mutual funds; and
12. Local government investment pools (LGIPs).

The City participates in three local government investment pools: TexPool, TexasDAILY, and TexStar. The State Comptroller oversees TexPool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees maintains oversight responsibility for TexasDAILY. PFM Asset Management LLC manages the daily operations of the pool under a contract with the advisory board. JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar under an agreement with the TexStar board of directors.

The City invests in TexPool, TexasDAILY, and TexStar to provide its liquidity needs. TexPool, TexasDAILY, and TexStar 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, TexasDAILY, and TexStar 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, TexasDAILY, and TexStar are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2010, TexPool, TexasDAILY, and TexStar had a weighted average maturity of 30 days, 52 days and 46 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.

The City did not participate in any reverse repurchase agreements or security lending agreements during fiscal year 2010.

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 investments of the City at September 30, 2010 (in thousands):

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Non-pooled investments:				
Local Government Investment Pools	\$ 21,901	291,270	--	313,171
Money Market Funds	--	54,276	--	54,276
US Treasury Notes	--	79,344	--	79,344
US Agency Bonds	--	138,882	--	138,882
US Agency Bonds-Step	--	4,995	--	4,995
Total non-pooled investments	21,901	568,767	--	590,668
Pooled investments:				
Local Government Investment Pools	204,394	284,992	2,327	491,713
US Agency Bonds	239,453	333,921	2,680	576,054
US Agency Bonds-Step	4,156	5,794	47	9,997
Total pooled investments	448,003	624,707	5,054	1,077,764
Total investments	\$ 469,904	1,193,474	5,054	1,668,432



## 5 – INVESTMENTS AND DEPOSITS, continued

### a -- Investments, continued

#### Concentration of Credit Risk

At September 30, 2010, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in millions): Federal Farm Credit Bank (\$176.6 or 11%), Federal Home Loan Bank (\$166.6 or 10%), Federal Home Loan Mortgage Corporation (\$205.3 or 12%), and Federal National Mortgage Association (\$181.4 or 11%).

### b -- Investment categories

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

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

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.

#### Operating Funds

As of September 30, 2010, the City operating funds had the following investments:

Investment Type	Fair Value (in thousands)				Weighted Average Maturity (days)
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Local Government Investment Pools	\$ 204,394	284,992	2,327	491,713	1
US Agency Bonds	239,453	333,921	2,680	576,054	538
US Agency Bonds-Step	4,156	5,794	47	9,997	1,057
Total	<u>\$ 448,003</u>	<u>624,707</u>	<u>5,054</u>	<u>1,077,764</u>	<u>296</u>

#### Credit Risk

None of the portfolio consists of direct obligations of the US government. As of September 30, 2010, Standard and Poor's issued the following ratings for other investments:

Local Government Investment Pools	46%	AAAm
US Agencies	54%	AAA

#### Concentration of Credit Risk

At September 30, 2010, the operating funds held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$141.5 or 13%), Federal Home Loan Bank (\$117.1 or 11%), Federal Home Loan Mortgage Corporation (\$166.2 or 15%), and Federal National Mortgage Association (\$161.3 or 15%).

#### 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, 2010, less than half 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 obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity of all securities was 296 days, which was less than the threshold of 365 days.



**5 – INVESTMENTS AND DEPOSITS, continued**

**b -- Investment categories, continued**

**Debt Service Funds**

As of September 30, 2010, the City's debt service funds had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>		<u>Final Maturity</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<b>General Obligation Debt Service</b>			
Local Government Investment Pools	\$ 21,901	--	N/A
<b>Enterprise-Utility (1)</b>			
Local Government Investment Pools	--	182,213	N/A
<b>Enterprise-Airport</b>			
Local Government Investment Pools	--	14,097	N/A
<b>Nonmajor Enterprise-Convention Center</b>			
Local Government Investment Pools	--	18,596	N/A
Total	<u>\$ 21,901</u>	<u>214,906</u>	

(1) Includes combined pledge debt service

**Credit Risk**

As of September 30, 2010, Standard and Poor's rated TexPool 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.

**Special Project Fund**

**Airport Construction**

As of September 30, 2010, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Final Maturity</u>
	<u>Business-type Activities</u>	
Local Government Investment Pools	\$ 76	N/A

**Credit Risk**

As of September 30, 2010, 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.

**Special Purpose Funds**

**Austin Energy Strategic Reserve Fund**

As of September 30, 2010, the City's Special Purpose Fund (Austin Energy Strategic Reserve Fund) had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (days)</u>
Local Government Investment Pools	\$ 32,231	1
US Treasury Notes	32,719	1,030
US Agency Bonds	71,747	1,002
US Agency Bonds-Step	4,998	990
Total	<u>\$ 141,695</u>	<u>773</u>



## 5 – INVESTMENTS AND DEPOSITS, continued

### b -- Investment categories, continued

#### Credit Risk

At September 30, 2010, the Austin Energy 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.

#### Concentration of Credit Risk

At September 30, 2010, the Austin Energy Strategic Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$15.2 or 11%), Federal Home Loan Bank (\$21.4 or 15%), Federal Home Loan Mortgage Corporation (\$20.0 or 14%), and Federal National Mortgage Association (\$20.1 or 14%).

#### 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, 2010, 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 773 days (2.12 years).

#### Austin Energy Nuclear Decommissioning Trust Funds

As of September 30, 2010, the City's Special Purpose Fund (Nuclear Decommissioning Trust Funds, NDTF) had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (years)</u>
US Treasury Notes	\$ 46,625	4.06
US Agency Bonds	67,132	3.14
Money Market Funds	54,276	1 day
Total	<u>\$ 168,033</u>	<u>2.52</u>

#### Credit Risk

As of September 30, 2010, Standard and Poor's rated the US Agency Bonds AAA and the Money Market Fund AAAM. The remaining securities are direct obligations of the US government.

#### Concentration of Credit Risk

At September 30, 2010, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$19.8 or 12%), Federal Home Loan Bank (\$28.2 or 17%), and Federal Home Loan Mortgage Corporation (\$19.1 or 11%).

#### Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the Nuclear Decommissioning Trust Funds 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, 2010, the dollar weighted average maturity was 2.52 years.

#### Combined Utility Reserve

As of September 30, 2010, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands) Business-type Activities</u>	<u>Final Maturity</u>
Local Government Investment Pools	\$ 44,057	N/A

#### Credit Risk

As of September 30, 2010, Standard and Poor's rated TexPool AAAM.



**5 – INVESTMENTS AND DEPOSITS, continued**  
**b -- Investment categories, continued**

**Interest Rate Risk**

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

**c -- Investments and Deposits**

Investments and deposits portfolio balances at September 30, 2010, are as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Non-pooled investments and cash	\$ 24,489	568,933	--	593,422
Pooled investments and cash	451,379	629,415	5,054	1,085,848
Total investments and cash	<u>475,868</u>	<u>1,198,348</u>	<u>5,054</u>	<u>1,679,270</u>
Unrestricted cash	76	65	--	141
Restricted cash	2,512	101	--	2,613
Pooled investments and cash	451,379	629,415	5,054	1,085,848
Investments	21,901	568,767	--	590,668
Total investments and cash	<u>\$ 475,868</u>	<u>1,198,348</u>	<u>5,054</u>	<u>1,679,270</u>

A difference of \$17.8 million exists between portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

**Deposits**

The September 30, 2010, carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash			
Unrestricted	\$ 76	65	141
Cash held by trustee			
Restricted	2,512	101	2,613
Pooled cash	3,376	4,708	8,084
Total deposits	<u>\$ 5,964</u>	<u>4,874</u>	<u>10,838</u>

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2010.

**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, 2009, upon which the 2010 levy was based, was \$80,960,540,976.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2010, 98.97% of the current tax levy (October 1, 2009) 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, the Williamson Central Appraisal District, and the Hays Central Appraisal District. The appraisal districts are required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every two years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District and the Hays Central Appraisal District have chosen to review the value of property in their respective districts every two years, while the Williamson Central Appraisal District has chosen to review the value of property on an annual basis. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

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

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

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2010, was \$.2950 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.7050 per \$100 assessed valuation, and could levy approximately \$570,771,814 in additional taxes from the assessed valuation of \$80,960,540,976 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 2010 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

<b>Enterprise Funds</b>	
Major fund:	
Airport	\$ 1,370
Nonmajor enterprise funds:	
Convention Center	962
Drainage	1,278
Golf	3
Solid Waste Services	220
Transportation	96

Interest is not capitalized on governmental capital assets. In accordance with accounting for regulated operations, interest is also not capitalized on electric and water and wastewater capital assets.



7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 324,546	13,262	(5,351)	332,457
Arts and treasures	5,724	201	(11)	5,914
Library collections	14,069	340	(20)	14,389
Total	<u>344,339</u>	<u>13,803</u>	<u>(5,382)</u>	<u>352,760</u>
Depreciable property, plant, and equipment in service				
Building and improvements	633,147	14,719	(3,221)	644,645
Plant and equipment	153,341	9,427	(6,187)	156,581
Vehicles	94,017	6,730	(7,485)	93,262
Infrastructure	1,930,110	39,833	(182)	1,969,761
Total	<u>2,810,615</u>	<u>70,709</u>	<u>(17,075)</u>	<u>2,864,249</u>
Less accumulated depreciation for				
Building and improvements	(183,644)	(18,901)	5	(202,540)
Plant and equipment	(80,293)	(17,933)	5,188	(93,038)
Vehicles	(57,522)	(8,096)	7,089	(58,529)
Infrastructure	(674,838)	(57,580)	68	(732,350)
Total	<u>(996,297)</u>	<u>(102,510) (2)</u>	<u>12,350</u>	<u>(1,086,457)</u>
Net property, plant, and equipment in service	<u>1,814,318</u>	<u>(31,801)</u>	<u>(4,725)</u>	<u>1,777,792</u>
Other capital assets				
Construction in progress	144,606	170,095	(73,043)	241,658
Total capital assets	<u>\$ 2,303,263</u>	<u>152,097</u>	<u>(83,150)</u>	<u>2,372,210</u>

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

(2) Depreciation expense was charged to functions and internal service funds as follows (in thousands):

Governmental activities:

General government	\$ 5,489
Public safety	12,574
Transportation, planning, and sustainability	48,704
Public health	1,327
Public recreation and culture	9,974
Urban growth management	15,926
Internal service funds	8,516
Total increases in accumulated depreciation	<u>\$ 102,510</u>



7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Electric Fund

Capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 64,007	1,193	--	65,200
Total	64,007	1,193	--	65,200
Depreciable property, plant, and equipment in service				
Building and improvements	652,394	2,981	(102)	655,273
Plant and equipment	3,111,288	251,791	(27,877)	3,335,202
Vehicles	28,190	3,081	(2,102)	29,169
Total	3,791,872	257,853	(30,081)	4,019,644
Less accumulated depreciation for				
Building and improvements	(343,288)	(17,826)	98	(361,016)
Plant and equipment	(1,438,308)	(101,136)	21,756	(1,517,688)
Vehicles	(16,385)	(2,608)	2,037	(16,956)
Total	(1,797,981)	(121,570) (1)	23,891	(1,895,660)
Net property, plant, and equipment in service	1,993,891	136,283	(6,190)	2,123,984
Other capital assets				
Construction in progress	385,600	201,877	(259,281)	328,196
Nuclear fuel, net of amortization	33,117	14,800	(13,562)	34,355
Plant held for future use	27,783	--	--	27,783
Total capital assets	\$ 2,504,398	354,153	(279,033)	2,579,518
(1) Components of accumulated depreciation increases:				
Current year depreciation	\$ 121,570			



7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Water and Wastewater Fund

Capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 205,569	7,375	(103)	212,841
Total	205,569	7,375	(103)	212,841
Depreciable property, plant, and equipment in service				
Building and improvements	536,428	11,089	(180)	547,337
Plant and equipment	2,629,053	235,230	(5,173)	2,859,110
Vehicles	30,923	3,738	(1,623)	33,038
Total	3,196,404	250,057	(6,976)	3,439,485
Less accumulated depreciation for				
Building and improvements	(174,704)	(12,041)	--	(186,745)
Plant and equipment	(848,338)	(70,038)	2,782	(915,594)
Vehicles	(17,879)	(2,638)	1,491	(19,026)
Total	(1,040,921)	(84,717) (2)	4,273	(1,121,365)
Net property, plant, and equipment in service	2,155,483	165,340	(2,703)	2,318,120
Other capital assets				
Construction in progress	288,694	210,681	(245,965)	253,410
Water rights, net of amortization	90,124	--	(988) (3)	89,136
Total capital assets	\$ 2,739,870	383,396	(249,759)	2,873,507

(1) Increases and decreases do not include transfers (at net book value) between Water and Wastewater activities.

(2) Components of accumulated depreciation increases:

Current year depreciation

Water	\$ 35,566
Wastewater	49,151
	<u>\$ 84,717</u>

(3) Components of water rights, net of amortization decreases:

Current year amortization - Water	<u>\$ 988</u>
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7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 94,155	937	--	95,092
Arts and treasures	822	--	--	822
Total	94,977	937	--	95,914
Depreciable property, plant, and equipment in service				
Building and improvements	649,650	12,473	--	662,123
Plant and equipment	23,341	1,476	(2,187)	22,630
Vehicles	5,678	473	(610)	5,541
Total	678,669	14,422	(2,797)	690,294
Less accumulated depreciation for				
Building and improvements	(160,720)	(17,175)	--	(177,895)
Plant and equipment	(10,160)	(1,587)	886	(10,861)
Vehicles	(3,108)	(392)	471	(3,029)
Total	(173,988)	(19,154) (1)	1,357	(191,785)
Net property, plant, and equipment in service	504,681	(4,732)	(1,440)	498,509
Other capital assets				
Construction in progress	27,054	15,315	(13,236)	29,133
Total capital assets	\$ 626,712	11,520	(14,676)	623,556
(1) Components of accumulated depreciation increases:				
Current year depreciation	\$ 19,154			



7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 84,922	6,120	--	91,042
Arts and treasures	612	--	--	612
Total	85,534	6,120	--	91,654
Depreciable property, plant, and equipment in service				
Building and improvements	320,777	301	(315)	320,763
Plant and equipment	121,709	13,321	(2,247)	132,783
Vehicles	65,682	10,674	(3,989)	72,367
Total	508,168	24,296	(6,551)	525,913
Less accumulated depreciation for				
Building and improvements	(88,058)	(9,392)	134	(97,316)
Plant and equipment	(33,151)	(5,615)	519	(38,247)
Vehicles	(34,840)	(7,047)	3,669	(38,218)
Total	(156,049)	(22,054) (2)	4,322	(173,781)
Net property, plant, and equipment in service	352,119	2,242	(2,229)	352,132
Other capital assets				
Construction in progress	45,950	37,578	(27,703)	55,825
Total capital assets	\$ 483,603	45,940	(29,932)	499,611

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

(2) Components of accumulated depreciation increases:

Current year depreciation	
Convention Center	\$ 8,307
Environmental and health services	6,157
Public recreation	669
Urban growth management	6,921
Total increases in accumulated depreciation	\$ 22,054



7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2010, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 448,653	15,625	(103)	464,175
Arts and treasures	1,434	--	--	1,434
Total	450,087	15,625	(103)	465,609
Depreciable property, plant, and equipment in service				
Building and improvements	2,159,249	26,844	(597)	2,185,496
Plant and equipment	5,885,391	501,803	(37,469)	6,349,725
Vehicles	130,473	17,951	(8,309)	140,115
Total	8,175,113	546,598	(46,375)	8,675,336
Less accumulated depreciation for				
Building and improvements	(766,770)	(56,434)	232	(822,972)
Plant and equipment	(2,329,957)	(178,376)	25,943	(2,482,390)
Vehicles	(72,212)	(12,685)	7,668	(77,229)
Total	(3,168,939)	(247,495) (2)	33,843	(3,382,591)
Net property, plant, and equipment in service	5,006,174	299,103	(12,532)	5,292,745
Other capital assets				
Construction in progress	747,298	465,451	(546,185)	666,564
Nuclear fuel, net of amortization	33,117	14,800	(13,562)	34,355
Plant held for future use	27,783	--	--	27,783
Water rights, net of amortization	90,124	--	(988) (3)	89,136
Total capital assets	\$ 6,354,583	794,979	(573,370)	6,576,192

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

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

Business-type activities:

Electric	\$ 121,570
Water	35,566
Wastewater	49,151
Airport	19,154
Convention Center	8,307
Environmental and health services	6,157
Public recreation	669
Urban growth management	6,921
Total increases in accumulated depreciation	\$ 247,495

(3) Components of water rights, net of amortization decreases:

Current year amortization - Water	\$ 988
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## 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, 2009. Membership in the plans at December 31, 2009, 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	5,061	534	539	6,134
Current employees	8,142	1,651	1,025	10,818
Total	13,203	2,185	1,564	16,952

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

### b -- Funding Policy

	City of Austin Employees' Retirement And Pension Fund	City of Austin Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund
Authority establishing contributions obligation	State Legislation	State Legislation	State Legislation
Frequency of contribution	Biweekly	Biweekly	Biweekly
Employee's contribution (percent of earnings)	8.0%	13.0%	15.7%
City's contribution (percent of earnings)	12% (1)	18.63% (2)	18.05% (3)

(1) The City contribution includes an 8% employee match plus a subsidy contribution of 4%. The City contributes two-thirds of the cost of prior service benefit payments.

(2) A rate of 18.63% was effective October 1, 2009. This rate increased to 19.63% effective October 1, 2010.

(3) This rate increased to 19.05% effective October 1, 2010.



**8 – RETIREMENT PLANS, continued**  
**b -- Funding Policy, continued**

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted. Contributions for fiscal year ended September 30, 2010, are as follows (in thousands):

	<b>City Employees</b>	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>Total</b>
City	\$ 50,877	22,878	13,621	87,376
Employees	33,784	15,959	11,847	61,590
Total contributions	<u>\$ 84,661</u>	<u>38,837</u>	<u>25,468</u>	<u>148,966</u>

**c -- Annual Pension Cost and Net Pension Obligation (Asset)**

The City's annual pension cost of \$109,226,000 for fiscal year ended September 30, 2010, was \$21,850,000 more than the City's actual contributions. Three-year trend information is as follows (in thousands):

	<b>City Employees</b>	<b>Police Officers</b>	<b>Fire Fighters</b>	<b>Total</b>
City's Annual Pension Cost (APC):				
2008	\$ 56,848	19,872	14,835	91,555
2009	59,067	19,909	10,102	89,078
2010	78,559	20,609	10,058	109,226
Percentage of APC contributed:				
2008	65%	100%	87%	N/A
2009	69%	97%	135%	N/A
2010	69%	112%	133%	N/A
Net Pension Obligation (Asset):				
2008	\$ 63,740	--	3,709	67,449
2009	82,146	646	218	83,010
2010	106,376	(1,799)	(3,144)	101,433

The Net Pension Obligation associated with the City Employees' Retirement and Pension Fund, the Police Officers' Retirement and Pension Fund, and the Fire Fighters' Relief and Retirement Fund is as follows (in thousands):

	<b>City Employees</b>	<b>Police Officers</b>	<b>Fire Fighters</b>
Annual required contribution	\$ 77,163	20,600	10,051
Interest in net pension obligation	6,099	37	32
Adjustment to annual required contribution	(4,703)	(28)	(25)
Annual pension cost	78,559	20,609	10,058
Employer contributions	(54,329)	(23,054)	(13,420)
Change in net pension obligation	24,230	(2,445)	(3,362)
Beginning net pension obligation	82,146	646	218
Net pension obligation (asset)	<u>\$ 106,376</u>	<u>(1,799)</u>	<u>(3,144)</u>



**8 – RETIREMENT PLANS, continued**

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

The latest actuarial valuations for the City Employees' Retirement and Pension Fund, the Police Officers' Retirement and Pension Fund, and the Austin Fire Fighters' Relief and Retirement Fund were completed as of December 31, 2009. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
Actuarial Cost Method	Entry Age Normal	Entry Age	Entry Age Normal
Asset Valuation Basis	5-year smoothed market	5-year adjusted market value	20% of market value plus 80% of expected actuarial value
Inflation Rate	3.25%	4%	3.5%
Projected Annual Salary Increases	5% to 6%	6.8% average	1% to 13.1%
Post retirement benefit increase	None	None	1% per year
Assumed Rate of Return on Investments	7.75%	8%	7.75%
Amortization method	Level percent of projected pay, open	Level percent of projected payroll, open	Level percent of projected pay, open
Remaining Amortization Period	30 years	30 years	30 years

**d -- Schedule of funding progress**

Information pertaining to the schedule of funding progress for each plan is as follows (in thousands):

<u>Valuation Date, December 31st</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>UAAL(1)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Percentage of UAAL to Covered Payroll</u>
City Employees						
2009	\$ 1,672,470	2,330,937	658,467	71.8%	442,539	148.8%
Police Officers						
2009	518,112	733,635	215,523	70.6%	122,928	175.3%
Fire Fighters (2)						
2009	589,261	664,185	74,924	88.7%	78,980	94.9%

(1) UAAL – Unfunded Actuarial Accrued Liability

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

The schedule of funding progress, presented as RSI, presents multiyear trend information regarding the ratio of the actuarial value of assets and actuarial accrued liabilities.



## 9 – SELECTED REVENUES

### a -- Major enterprise funds

#### Electric and Water and Wastewater

The Texas Public Utility Commission (PUC) has jurisdiction over electric utility wholesale transmission rates. On June 9, 2006, the PUC approved the City's most recent wholesale transmission rate of \$1.002466/kW. Transmission revenues totaled approximately \$60.7 million in 2010. 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 reviewed 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 2010, the Airport Fund revenues included minimum concession guarantees of \$8,458,468.

The following is a schedule by year of minimum future rentals on noncancelable operating leases with remaining terms of up to fifteen years for the Airport Fund as of September 30, 2010 (in thousands):

<b>Fiscal Year Ended September 30</b>	<b>Enterprise Airport Lease Receipts</b>
2011	\$ 11,568
2012	11,425
2013	11,420
2014	8,745
2015	3,559
2016-2020	5,152
2021-2023	209
Totals	<u>\$ 52,078</u>

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, 2009 through April 30, 2014. 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

Payments on bonds for governmental activities will be made from 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, 2010 (in thousands):

Description	October 1, 2009	Increases	Decreases	September 30, 2010	Amounts Due Within One Year
<b>Governmental activities (1)</b>					
General obligation bonds, net	\$ 845,741	--	(56,122)	789,619	53,247
Certificates of obligation, net	78,525	--	(6,939)	71,586	7,750
Contractual obligations, net	28,456	15,000	(5,161)	38,295	5,236
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	952,722	15,000	(68,222)	899,500	66,233
Capital lease obligations	468	248	--	716	283
<b>Debt service requirements total</b>	953,190	15,248	(68,222)	900,216	66,516
<b>Other long-term obligations</b>					
Accrued compensated absences	109,460	3,258	(220)	112,498	47,127
Claims payable	30,277	4,162	(1,004)	33,435	17,865
Pension obligation payable	43,052	10,684	--	53,736	--
Other post employment benefits	109,851	59,581	--	169,432	--
Other liabilities	90,266	1,644	(8,257)	83,653	70,183
<b>Governmental activities total</b>	1,336,096	94,577	(77,703)	1,352,970	201,691
<b>Business-type activities:</b>					
<b>Electric activities</b>					
General obligation bonds, net	1,186	--	(73)	1,113	73
Contractual obligations	231	--	(152)	79	79
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	1,417	--	(225)	1,192	152
Commercial paper notes, net	140,707	94,448	(150,000)	85,155	8,603
Revenue bonds, net	1,236,140	220,245	(130,102)	1,326,283	75,084
Capital lease obligations	1,164	133	-	1,297	38
<b>Debt service requirements total</b>	1,379,428	314,826	(280,327)	1,413,927	83,877
<b>Other long-term obligations</b>					
Accrued compensated absences	11,644	776	(844)	11,576	10,681
Decommissioning expense payable	167,001	--	(16,410)	150,591	--
Pension obligation payable	17,824	5,793	--	23,617	--
Other post employment benefits	26,633	14,445	--	41,078	--
Deferred credits and other liabilities	231,569	58,829	--	290,398	75,689
<b>Electric activities total</b>	1,834,099	394,669	(297,581)	1,931,187	170,247
<b>Water and Wastewater activities</b>					
General obligation bonds, net	1,682	--	(503)	1,179	569
Contractual obligations, net	15,312	--	(2,941)	12,371	3,189
Other tax supported debt, net	6,650	8,122	(943)	13,829	1,021
<b>General obligation bonds</b>					
<b>and other tax supported debt total</b>	23,644	8,122	(4,387)	27,379	4,779
Commercial paper notes, net	199,292	181,350	(166,000)	214,642	35,774
Revenue bonds, net	1,682,182	177,415	(47,700)	1,811,897	50,660
Contract revenue bonds, net	914	--	(914)	--	--
<b>Debt service requirements total</b>	1,906,032	366,887	(219,001)	2,053,918	91,213
<b>Other long-term obligations</b>					
Accrued compensated absences	5,701	464	(645)	5,520	5,520
Pension obligation payable	8,980	2,843	--	11,823	--
Other post employment benefits	16,459	8,927	--	25,386	--
Deferred credits and other liabilities	515,393	17,621	(34,463)	498,551	32,657
<b>Water and Wastewater activities total</b>	2,452,565	396,742	(254,109)	2,595,198	129,390

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



**10 – DEBT AND NON-DEBT LIABILITIES, continued**

**a -- Long-Term Liabilities, continued**

**Business-type activities (continued):**

Description	October 1, 2009	Increases	Decreases	September 30, 2010	Amounts Due Within One Year
<b>Airport activities</b>					
General obligation bonds, net	289	--	(27)	262	28
<b>General obligation bonds and other tax supported debt total</b>	289	--	(27)	262	28
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	307,365	--	(12,082)	295,283	13,515
Capital lease obligations	817	--	(486)	331	331
<b>Debt service requirements total</b>	336,471	--	(12,595)	323,876	13,874
<b>Other long-term obligations</b>					
Accrued compensated absences	1,572	114	(125)	1,561	1,500
Pension obligation payable	2,736	834	--	3,570	--
Other post employment benefits	4,848	2,629	--	7,477	--
Deferred credits and other liabilities	746	846	(42)	1,550	1,488
<b>Airport activities total</b>	346,373	4,423	(12,762)	338,034	16,862
<b>Nonmajor activities</b>					
General obligation bonds, net	18,353	--	(4,674)	13,679	1,546
Certificates of obligation, net	42,877	--	(2,708)	40,169	2,319
Contractual obligations	44,652	--	(7,038)	37,614	7,360
Other tax supported debt, net	--	4,564	(215)	4,349	240
<b>General obligation bonds and other tax supported debt total</b>	105,882	4,564	(14,635)	95,811	11,465
Revenue bonds, net	216,655	--	(7,007)	209,648	8,545
<b>Debt service requirements total</b>	322,537	4,564	(21,642)	305,459	20,010
<b>Other long-term obligations</b>					
Accrued compensated absences	5,811	265	(374)	5,702	5,320
Accrued landfill closure and postclosure costs	18,212	--	(10,272)	7,940	765
Pension obligation payable	10,418	3,212	--	13,630	--
Other post employment benefits	17,360	9,415	--	26,775	--
Deferred credits and other liabilities	7,682	698	(398)	7,982	3,197
<b>Nonmajor activities total</b>	382,020	18,154	(32,686)	367,488	29,292
<b>Total business-type activities</b>					
General obligation bonds, net	21,510	--	(5,277)	16,233	2,216
Certificates of obligation, net	42,877	--	(2,708)	40,169	2,319
Contractual obligations, net	60,195	--	(10,131)	50,064	10,628
Other tax supported debt, net	6,650	12,686	(1,158)	18,178	1,261
<b>General obligation bonds and other tax supported debt total</b>	131,232	12,686	(19,274)	124,644	16,424
Commercial paper notes, net	339,999	275,798	(316,000)	299,797	44,377
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	3,442,342	397,660	(196,891)	3,643,111	147,804
Contract revenue bonds, net	914	--	(914)	--	--
Capital lease obligations	1,981	133	(486)	1,628	369
<b>Debt service requirements total</b>	3,944,468	686,277	(533,565)	4,097,180	208,974
<b>Other long-term obligations</b>					
Accrued compensated absences	24,728	1,619	(1,988)	24,359	23,021
Accrued landfill closure and postclosure costs	18,212	--	(10,272)	7,940	765
Decommissioning expense payable	167,001	--	(16,410)	150,591	--
Pension obligation payable	39,958	12,682	--	52,640	--
Other post employment benefits	65,300	35,416	--	100,716	--
Deferred credits and other liabilities	755,390	77,994	(34,903)	798,481	113,031
<b>Business-type activities total</b>	5,015,057	813,988	(597,138)	5,231,907	345,791
<b>Total liabilities (2)</b>	\$ 6,351,153	908,565	(674,841)	6,584,877	547,482

(2) This schedule excludes select short-term liabilities of \$77,322 for governmental activities; and for business-type activities, select short-term liabilities of \$272,498, capital appreciation bond interest payable of \$103,295, and derivative instruments of \$212,953.



**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, 2010, including those reported in certain proprietary funds (in thousands):

Series	Date Issued	Original Amount Issue	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
Assumed MUD Debt	December 1997	\$ 33,135	18,790	6,691 (1)(3)(4)	3.00 - 7.00%	9/01/2011-2026
Series 2000	September 2000	6,060	295	15 (1)	5.00%	9/1/2011
Series 2001 Refunding	June 2001	123,445	18,825	3,222 (1)	4.75 - 5.50%	9/1/2011-2022
Series 2001	August 2001	79,650	8,530	656 (1)	5.00 - 5.25%	9/1/2011-2012
Series 2001	August 2001	65,335	18,920	4,412 (1)	4.38 - 5.00%	9/1/2011-2021
Series 2002 Refunding	June 2002	12,190	9,745	1,571 (1)	4.13 - 5.00%	3/1/2011-2017
Series 2002	August 2002	99,615	61,800	19,972 (1)	3.63 - 5.00%	9/1/2011-2022
Series 2002	August 2002	34,095	17,500	4,952 (1)	3.63 - 5.38%	9/1/2011-2022
Series 2003 Refunding	May 2003	62,585	10,005	881 (1)	5.00%	9/1/2011-2013
Series 2003 Refunding	September 2003	68,855	56,395	20,732 (1)	3.75 - 5.00%	9/1/2011-2023
Series 2003A Refunding	September 2003	2,530	995	100 (1)	4.75 - 5.00%	9/1/2011-2013
Series 2003	September 2003	4,450	3,335	1,159 (1)	4.00 - 4.80%	9/1/2011-2023
Series 2003	September 2003	8,610	705	12 (2)	3.38%	11/1/2010
Series 2004 Refunding	September 2004	67,835	57,040	21,008 (1)	3.50 - 5.00%	9/1/2011-2024
Series 2004A Refunding	September 2004	2,430	1,315	172 (1)	4.40 - 4.75%	9/1/2011-2014
Series 2004	September 2004	25,000	18,400	7,575 (1)	4.63 - 5.00%	9/1/2011-2024
Series 2004	September 2004	21,830	5,505	186 (2)	3.10 - 3.35%	11/1/2010-2011
Series 2005 Refunding	February 2005	145,345	137,785	37,827 (1)	5.00%	9/1/2011-2020
Series 2005 Refunding	August 2005	19,535	14,240	6,876 (1)	4.00 - 4.50%	9/1/2011-2025
Series 2005	August 2005	7,185	6,010	2,212 (1)	3.50 - 5.85%	9/1/2011-2025
Series 2005	August 2005	14,940	5,550	308 (2)	3.50 - 3.75%	11/1/2010-2012
Series 2006	August 2006	31,585	31,385	16,670 (1)	4.00 - 5.38%	9/1/2011-2026
Series 2006	August 2006	24,150	21,005	8,629 (1)	4.00 - 5.00%	9/1/2011-2026
Series 2006	August 2006	14,120	7,635	642 (2)	4.00 - 4.25%	11/1/2010-2013
Series 2006	August 2006	12,000	11,080	4,685 (1)(5)	4.00 - 6.00%	9/1/2011-2026
Series 2007	August 2007	97,525	93,425	58,801 (1)	4.64%	9/1/2011-2027
Series 2007	August 2007	3,820	3,460	1,717 (1)	4.88%	9/1/2011-2027
Series 2007	August 2007	9,755	7,090	855 (2)	3.66%	11/1/2010-2017
Series 2008 Refunding	January 2008	172,505	137,675	37,167 (1)	5.00%	9/1/2011-2021
Series 2008	August 2008	76,045	65,045	40,069 (1)	3.50 - 5.00%	9/1/2011-2028
Series 2008	August 2008	10,700	10,070	4,926 (1)	3.00 - 5.00%	9/1/2011-2028
Series 2008	August 2008	26,715	21,785	2,291 (2)	3.00% - 3.50%	11/1/2010-2015
Series 2009A	September 2009	20,905	11,450	1,960 (1)	3.00 - 5.00%	9/1/2011-2016
Series 2009B	September 2009	78,460	78,460	52,545 (1)	4.15 - 5.31%	9/1/2017-2029
Series 2009	September 2009	12,500	11,935	6,794 (1)	3.00 - 4.75%	9/1/2011-2039
Series 2009	September 2009	13,800	13,150	1,639 (2)	2.00% - 3.25%	11/1/2010-2019
Series 2009	October 2009	15,000	15,000	6,693 (1)(5)	2.50 - 4.25%	9/1/2011-2029
			<u>\$ 1,011,335</u>			

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

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

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

(4) Includes Water and Wastewater principal (\$13,806) and interest (\$4,726) and Drainage principal (\$4,321) and interest (\$1,822).

(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 October 2009, the City issued \$15,000,000 of Mueller Local Government Corporation Tax Increment Contract Revenue Bonds, Series 2009. The Mueller Local Government Corporation is a not-for-profit local government corporation acting on behalf of the City of Austin, Texas. The proceeds from the issue will be used to provide funds for certain public infrastructure improvements within the Reinvestment Zone Number Sixteen, City of Austin, Texas, a tax increment reinvestment zone created by the City. These bonds will be amortized serially on September 1 of each year from 2011 to 2029. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2010. Total interest requirements for these bonds, at rates ranging from 2.5% to 4.25%, are \$7,221,066.

General obligation bonds authorized and unissued amounted to \$369,180,000 at September 30, 2010. Bond ratings at September 30, 2010, were Aaa (Moody's Investor Services, Inc.), AAA (Standard & Poor's), and AAA (Fitch).

*Build America Bonds.* The City issued \$78,460,000 of Public Improvement Bonds, Taxable Series 2009B in August 2009. These bonds are Build America Bonds (BABs) and are part of the Federal American Recovery and Reinvestment Act of 2009. Upon the City's request each year, the U.S. Treasury Department will make a direct payment to the City in an amount equal to 35% of the interest payment on the BABs, lowering the City's net borrowing cost. In 2010, the City recorded \$1,290,686 of tax credits for subsidies received from the U.S. Treasury Department. In order for the City to continue to receive the subsidy, the bonds have to maintain their Build America Bonds status, the City has to comply with the investment of the proceeds and the use of the property financed there from, and the City has to file the necessary tax return no later than 45 days prior to the interest payment date. The City was in compliance with these requirements as of September 30, 2010.

**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, 2010, exclusive of discounts, premiums, and loss on refundings consists of \$168,211,746 prior lien bonds and \$236,454,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$397,046,479 at September 30, 2010. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2010, for the prior lien and subordinate lien bonds were, respectively, A1 and A1 (Moody's Investor Services, Inc.), AA and AA (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.

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 shorter of the life of the refunding bonds or the life of the bonds refunded by the straight-line method. However, a gain or loss on refunded bonds is recognized when funds from current operations are used.



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

**Combined Utility Systems Debt -- Revenue Bond Retirement Reserve Account** - In January 2010, the City established a City of Austin Combined Utility Reserve Account with a transfer of \$44 million from Austin Energy operating funds to satisfy its bond ordinance requirements. As allowed by the bond ordinance provision for the Bond Retirement Reserve Fund, the City had previously funded the required reserve with an insurance policy issued by an insurance company rated in the highest rating category by the rating agencies. As a result of the financial market distress in late 2008 and 2009, the credit rating of the insurance company holding the City's policy fell below the rating required by the bond ordinance. As of February 2009, there were no insurance companies with the required rating; therefore, the City had twelve months to remedy the provision of the bond ordinance by funding a cash reserve. The required reserve of \$44 million is based on the average annual debt service and will decline as the bonds are paid off.

Of the \$44 million, approximately \$19 million is allocated to Austin Energy and \$25 million is allocated to Austin Water based on their portion of the outstanding combined utility system revenue bonds. Austin Energy funded the entire reserve and an interfund payable from Austin Water to Austin Energy was created for Austin Water's portion.

**Combined Utility Systems Debt -- Bonds Issued and Outstanding** - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2010 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1990B Refunding	February 1990	\$ 236,009	3,668	20,502 (1)(3)	7.35%	11/15/2014-2017
1992 Refunding	March 1992	265,806	21,752	59,348 (1)(3)	6.85%	11/15/2010-2012
1992A Refunding	May 1992	351,706	22,530	57,105 (1)(3)	6.80%	11/15/2010-2011
1993 Refunding	January 1993	203,166	36,564	6,038 (1)(3)	6.13 - 6.30%	11/15/2010-2013
1993A Refunding	June 1993	263,410	1,763	3,121 (1)(3)	5.95%	11/15/2010
1994 Refunding	September 1994	142,559	26,894	96,961 (1)(3)	6.60%	05/15/2017-2019
1998 Refunding	July 1996	180,000	55,040	5,739 (1)(2)	6.75%	11/15/2010-2012
1998 Refunding	October 1998	139,965	135,980	75,175 (1)	5.25%	5/15/2011-2025
1998A Refunding	October 1998	105,350	95,125	72,235 (1)(3)	4.25 - 5.00%	5/15/2011-2028
1998B	August 1998	10,000	5,350	822 (1)	3.35 - 3.75%	11/15/2010-2017
			<u>\$ 404,666</u>			

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

(2) Series 1998 Refunding had a delayed delivery.

(3) Interest requirements include accreted interest.

**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 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, 2010, 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 Water and Wastewater Fund.



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

At September 30, 2010, the Electric Fund had outstanding commercial paper notes of \$51,615,000 and the Water and Wastewater Fund had \$214,642,000 of commercial paper notes outstanding. Interest rates on the notes range from 0.29% to 0.36%, 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. The notes have the following terms:

Note Series	Liquidity Provider	Commitment Fee Rate	Credit Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
various	JP Morgan Chase	1.15%	1.25%	Goldman Sachs	0.075%	\$ 108,981	3/28/2011
various	Bank of America	1.15%	1.25%	Goldman Sachs	0.075%	68,381	3/28/2011
various	State Street	1.15%	1.25%	Goldman Sachs	0.075%	88,895	3/28/2011
						<u>\$ 266,257</u>	

These notes are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by the respective liquidity providers and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

**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, 2010, 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.

At September 30, 2010, the Electric Fund had outstanding taxable commercial paper notes of \$33,568,000 (net of discount of \$28,266), and the Water and Wastewater Fund had no taxable notes outstanding. Interest rates on the taxable notes range from 0.33% to 0.43%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The notes have the following terms:

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
various	Landesbank Hessen-Thüringen Girozentrale	0.50%	Goldman Sachs	0.075%	<u>\$ 33,568</u>	12/31/2015

These notes are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by Landesbank Hessen-Thüringen Girozentrale and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate.

The Notes are secured by a direct-pay Letter of Credit issued by Landesbank Hessen-Thüringen Girozentrale which permits draws for the payment of the Notes. Draws made under the Letter of Credit are immediately due and payable by the City from the resources more fully described in the Ordinance. No term loan feature is provided by the Agreement.



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

**Electric Utility System Revenue Debt -- General** - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Electric Fund. Bond ratings at September 30, 2010, were A1 (Moody's Investor Services, Inc.), A+ (Standard & Poor's), and AA- (Fitch).

**Electric Utility System Revenue Debt -- Revenue Bond Refunding Issues** - In June 2010, the City issued \$119,255,000 of Electric Utility System Revenue Refunding Bonds, Series 2010A. Proceeds from the bond refunding were used to refund \$50,000,000 of the City's outstanding commercial paper issued for the electric utility system; Combined Utility System Revenue Refunding Bonds, Series 1993 in the amount of \$5,190,000; and Electric Utility System Revenue Refunding Bonds, Series 2001 in the amount of \$69,200,000. The debt service requirements on the refunding bonds are \$208,317,117, with interest rates ranging from 2% to 5%. The City realized an economic gain of \$4,014,573 on this transaction. The change in net cash flows that resulted was a decrease of \$6,179,632. An accounting loss of \$2,791,807, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on the refunding.

In June 2010, the City issued \$100,990,000 of Electric Utility System Revenue Refunding Bonds, Series 2010B. Proceeds from the bond refunding were used to refund \$100,000,000 of the City's outstanding commercial paper issued for the electric utility system. The debt service requirements on the refunding bonds are \$221,496,231, with interest rates ranging from 4.54% to 5.72%. No change in net cash flows resulted from this transaction, and no gain or loss was recognized on this refunding. These bonds are Build America Bonds (BABs) and are part of the Federal American Recovery and Reinvestment Act of 2009. Upon the City's request each year, the U.S. Treasury Department will make a direct payment to the City in an amount equal 35% of the interest payment on the BABs, lowering the City's net borrowing cost. The City did not receive subsidies for Series 2010B from the U.S. Treasury Department during the fiscal year. In order for the City to receive the subsidy, the bonds have to maintain their Build America Bonds status, the City has to comply with the investment of the proceeds and the use of the property financed there from, and the City has to file the necessary tax return no later than 45 days prior to the interest payment date. The City was in compliance with these requirements as of September 30, 2010.

**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, 2010 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2001 Refunding	January 2001	\$ 126,700	3,100	112 (1)	7.25%	11/15/2010
2002 Refunding	February 2002	74,750	52,770	8,022 (1)	4.00 - 5.50%	11/15/2010-2014
2002A Refunding	July 2002	172,880	91,135	21,389 (1)	4.00 - 5.50%	11/15/2010-2016
2003 Refunding	February 2003	182,100	144,300	79,448 (1)	5.00 - 5.25%	11/15/2010-2028
2006 Refunding	May 2006	150,000	144,100	110,668 (1)	5.00%	11/15/2010-2035
2006A Refunding	October 2006	137,800	120,730	35,444 (1)	5.00%	11/15/2010-2022
2007 Refunding	August 2007	146,635	143,320	32,849 (1)	5.00%	11/15/2010-2020
2008 Refunding	March 2008	50,000	48,915	41,971 (1)	3.23 - 6.26%	11/15/2010-2032
2008A Refunding	July 2008	175,000	175,000	177,742 (1)	4.00 - 6.00%	11/15/2010-2038
2010A Refunding	June 2010	119,255	119,255	89,062 (1)	2.00 - 5.00%	11/15/2012-2040
2010B Refunding	June 2010	100,990	100,990	120,506 (1)	4.54 - 5.72%	11/15/2019-2040
			<u>\$ 1,143,615</u>			

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



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

**Electric Utility System Revenue Debt -- Pledged Revenues** - The net revenue of the Electric Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2010 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,159,295	866,914	292,381	165,609	176.5%

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation.

(3) Excludes unfunded other post employment benefit and pension obligation expenses.

**Water and Wastewater System Debt -- Northwest Austin Municipal Utility District Number One** - In February 2010, the City Council voted to approve the abolishment of the Northwest Austin Municipal Utility District Number One (the District). The City had the authority to abolish the District under Section 43.074 as the District was created from an area that, at the time of the Districts creation, was located wholly within the municipal boundaries of the City of Austin. Upon abolition of the District, the City assumed all of the assets and liabilities of the District, including the District's debt service for utility bonds.

\$110,000 of Northwest Austin MUD No. 1 Unlimited Tax Bonds, Series 2001 were assumed. The debt service requirements on the bonds are \$128,565, with interest rates ranging from 4.5% to 5.15%. Principal and interest payments are due March 1 and September 1 of each year from 2010 to 2016.

\$2,215,000 of Northwest Austin MUD No. 1 Unlimited Tax Refunding Bonds, Series 2004 were assumed. The debt service requirements on the bonds are \$2,761,594, with interest rates ranging from 3.125% to 4.3%. Principal and interest payments are due March 1 and September 1 of each year from 2010 to 2020.

\$7,677,403 of Northwest Austin MUD No. 1 Unlimited Tax Refunding and Improvement Bonds, Series 2006 were assumed. The debt service requirements on the bonds are \$12,140,683, with interest rates ranging from 3.9% to 4.262%. Principal and interest payments are due March 1 and September 1 of each year from 2010 to 2026.

\$2,760,000 of Northwest Austin MUD No. 1 Unlimited Tax Refunding Bonds, Series 2009 were assumed. The debt service requirements on the bonds are \$3,202,400, with interest rates ranging from 3% to 4.25%. Principal and interest payments are due March 1 and September 1 of each year from 2010 to 2018.

Of the \$12,762,403 total debt assumed, 64.02% is allocated to water and wastewater systems and 35.98% is allocated to drainage. Water and wastewater systems allocation by series is \$70,422 for Series 2001, \$1,418,043 for Series 2004, \$4,915,073 for Series 2006, and \$1,766,952 for Series 2009. The debt service requirement on the bonds for water and wastewater systems is \$11,672,921.

**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 November 2009, the City issued \$166,575,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2009A. Proceeds from the bond refunding were used to refund \$166,000,000 of the City's outstanding commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds are \$317,854,463, with interest rates ranging 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.



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

In January 2010, the City issued \$31,815,000 of Water and Wastewater System Revenue Bonds, Series 2010 as a private placement with the Texas Water Development Board. This zero-interest issuance is part of the American Recovery and Reinvestment Act. Proceeds from the issuance will be used for green infrastructure improvements at the Hornsby Bend Biosolids Management Plant. The debt service requirements on the bonds are \$31,815,000. Principal payments are due November 15 of each year from 2012 to 2041. As of September 30, 2010, the City has drawn \$10,840,000 on the bonds.

Bond ratings at September 30, 2010, were Aa2 (Moody's Investor Services, Inc.), AA (Standard & Poor's), and AA- (Fitch).

**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, 2010 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2001A Refunding	April 2001	\$ 152,180	13,055	7,692 (1)	4.50 - 5.75%	11/15/2010-2031 (3)
2001B Refunding	April 2001	73,200	9,595	6,731 (1)	5.13 - 5.75%	5/15/2011-2031
2001C Refunding	November 2001	95,380	14,610	2,311 (1)	4.20 - 5.38%	11/15/2010-2015 (3)
2002A Refunding	July 2002	139,695	71,705	18,397 (1)	4.00 - 5.50%	11/15/2010-2016
2003 Refunding	February 2003	121,500	79,400	48,700 (1)	4.00 - 5.25%	11/15/2010-2028
2004 Refunding	August 2004	132,475	115,375	28,750 (2)	0.19% - .40%	5/16/2011-2024
2004A Refunding	September 2004	165,145	152,580	88,473 (1)	5.00%	11/15/2010-2029
2005 Refunding	May 2005	198,485	198,485	96,890 (1)	4.00 - 5.00%	5/15/2012-2030
2005A Refunding	October 2005	142,335	127,375	92,807 (1)	4.00 - 5.00%	5/15/2011-2035
2006 Refunding	August 2006	63,100	51,440	22,867 (1)	5.00%	11/15/2010-2025
2006A Refunding	November 2006	135,000	130,650	94,136 (1)	3.50 - 5.00%	11/15/2010-2036
2007 Refunding	November 2007	135,000	132,765	111,985 (1)	4.00-5.25%	11/15/2010-2037
2008 Refunding	May 2008	170,605	166,875	68,466 (2)	0.16% - 0.45%	11/15/2010-2031 (3)
2009 Refunding	January 2009	175,000	175,000	102,243 (1)	3.00-5.13%	11/15/2011-2029
2009A Refunding	November 2009	166,575	166,575	146,973 (1)	4.00-5.00%	11/15/2011-2039
2010	January 2010	10,840	10,840	-	0.00%	11/15/2012-2022
			<u>\$ 1,616,325</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate in effect at the end of the fiscal year.

(3) Series matures on May 15th of the final year

The Series 2004 and 2008 refunding bonds are variable rate demand bonds. The bonds have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2004	Landesbank Baden-Wurtemberg	0.75%	JP Morgan	0.075%	\$ 115,375	12/29/2015
2008	DEXIA	0.35%	Goldman Sachs	0.050%	166,875	5/15/2011
					<u>\$ 282,250</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by the respective liquidity providers and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.



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

**Water and Wastewater System Revenue Debt -- Pledged Revenues** - The net revenue of the Water and Wastewater Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2010 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 361,342	159,402	201,940	155,678	129.7%

(1) Gross revenue includes revenues from operations and interest income.

(2) Excludes depreciation.

(3) Excludes unfunded other post employment benefit and pension obligation expenses.

**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, 2010, the total airport system obligation for prior lien bonds is \$308,530,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$110,255,210 at September 30, 2010. Revenue bonds authorized and unissued amount to \$735,795,000.

The bond rating at September 30, 2010, for the prior lien bonds is A- (Standard & Poor's).

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2010 (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	48,680	14,513 (1)	4.00 - 5.25%	11/15/2010-2018
2008 Remarketing	April 2008	281,300	259,850	95,742 (2)	0.18 - 0.50%	11/15/2010-2025
			<u>\$ 308,530</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate in effect at the end of the fiscal year.

The Series 2008 remarketing bonds are variable rate demand bonds. These bonds are separated into 4 subseries with a total principal amount of \$259,850,000. The bonds have the following terms (in thousands):

Bond Sub- Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2005-1	DEXIA	0.60%	Morgan Stanley	0.10%	\$ 64,950	5/2/2011
2005-2	DEXIA	0.60%	Morgan Stanley	0.10%	64,925	5/2/2011
2005-3	DEXIA	0.60%	Morgan Stanley	0.10%	64,975	5/2/2011
2005-4	DEXIA	0.60%	Morgan Stanley	0.10%	65,000	5/2/2011
					<u>\$ 259,850</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by Dexia and become bank bonds with principal to be paid in annual installments over the remaining life of the bond series. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum 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 by ordinance to issue airport system variable rate revenue notes. At September 30, 2010, 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 \$10,935,526 including accrued interest, at September 30, 2010, and was restricted within the airport system. During fiscal year 2010, interest rates on the notes ranged from 0.16% to 0.33%, 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 Series 1998 revenue notes are variable rate demand notes. The notes have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
1998	State Street	1.75%	Citi	0.125%	\$ 28,000	2/20/2012

These notes are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the notes, the notes will be purchased by State Street and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate.

The bond rating at September 30, 2010, for the airport variable rate notes was A- (Standard & Poor's).

**Airport Revenue Debt -- Pledged Revenues** - The net revenue of the Airport Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding (including revenue bonds and revenue notes). The table below represents the pledged amounts at September 30, 2010 (in thousands):

Gross Revenue (1)	Other available funds (2)	Operating Expense (3)(4)	Net Revenue and Other Available Funds	Debt Service Requirement (5)	Revenue Bond Coverage
\$ 85,156	7,930	57,379	35,707	14,690	243.1%

(1) Gross revenue includes revenues from operations and interest income.

(2) In addition to gross revenue, the Airport is authorized by bond ordinance to use "other available funds" in the calculation of revenue bond coverage.

(3) Excludes depreciation.

(4) Excludes unfunded other post employment benefit and pension obligation expenses.

(5) Excludes debt service amounts paid with passenger facility charge revenues.

**Nonmajor fund:**

**Drainage -- Northwest Austin Municipal Utility District Number One** - In February 2010, the City Council voted to approve the abolishment of the Northwest Austin Municipal Utility District Number One (the District). Upon abolition of the District, the City assumed all of the assets and liabilities of the District, including the District's debt service for utility bonds.

Of the \$12,762,403 total debt assumed, 64.02% is allocated to water and wastewater systems and 35.98% is allocated to drainage. Drainage allocation by series is \$39,578 for Series 2001, \$796,957 for Series 2004, \$2,762,330 for Series 2006, and \$993,048 for Series 2009. The debt service requirement on the bonds for drainage is \$6,560,320.



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

**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, 2010, the total convention center obligation for prior and subordinate lien bonds is \$224,015,000, exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$89,903,235 at September 30, 2010. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2010.

Bond ratings at September 30, 2010, for the revenue bonds were A2 (Moody's Investor Services, Inc.), and A- (Standard & Poor's).

The following table summarizes Convention Center original and refunding revenue bonds outstanding at September 30, 2010 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1999A	June 1999	\$ 25,000	21,450	13,707 (1)	5.05 - 5.50%	11/15/2010-2029
2004 Refunding	February 2004	52,715	43,890	11,831 (1)	3.00 - 5.00%	11/15/2010-2019
2005 Refunding	May 2005	36,720	36,720	21,796 (1)	3.30 - 5.00%	11/15/2011-2029
2008AB Refunding	August 2008	125,280	121,955	42,570 (2)	0.15% - 0.55%	11/15/2010-2029
			<u>\$ 224,015</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement is calculated utilizing the rate in effect at the end of the fiscal year.

The Series 2008 A and B refunding bonds are variable rate demand bonds. The bonds have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008-A	DEXIA	0.70%	Morgan Keegan	0.060%	\$ 60,975	8/15/2011
2008-B	DEXIA	0.70%	BofA/Merrill Lynch	0.050%	60,980	8/15/2011
					<u>\$ 121,955</u>	

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by Dexia and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.



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

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 53,247	36,603	7,750	3,136	5,236	1,444
2012	48,423	34,147	7,839	2,785	3,735	1,276
2013	50,349	31,877	3,549	2,437	2,165	1,169
2014	48,685	29,478	5,116	2,302	2,161	1,097
2015	50,519	27,190	3,529	2,100	2,688	1,009
2016-2020	256,556	100,423	18,956	8,125	8,551	3,809
2021-2025	165,772	45,989	19,898	3,489	8,400	2,199
2026-2030	103,555	10,200	4,830	350	5,060	484
	<u>777,106</u>	<u>315,907</u>	<u>71,467</u>	<u>24,724</u>	<u>37,996</u>	<u>12,487</u>
Less: Unamortized bond discounts	(932)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(12,001)	--	--	--	--	--
Add: Unamortized bond premiums	25,446	--	119	--	299	--
Net debt service requirements	<u>789,619</u>	<u>315,907</u>	<u>71,586</u>	<u>24,724</u>	<u>38,295</u>	<u>12,487</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2011	283	11	66,516	41,194	107,710
2012	274	8	60,271	38,216	98,487
2013	159	3	56,222	35,486	91,708
2014	--	--	55,962	32,877	88,839
2015	--	--	56,736	30,299	87,035
2016-2020	--	--	284,063	112,357	396,420
2021-2025	--	--	194,070	51,677	245,747
2026-2030	--	--	113,445	11,034	124,479
	<u>716</u>	<u>22</u>	<u>887,285</u>	<u>353,140</u>	<u>1,240,425</u>
Less: Unamortized bond discounts	--	--	(932)	--	(932)
Unamortized gain(loss) on bond refundings	--	--	(12,001)	--	(12,001)
Add: Unamortized bond premiums	--	--	25,864	--	25,864
Net debt service requirements	<u>\$ 716</u>	<u>22</u>	<u>900,216</u>	<u>353,140</u>	<u>1,253,356</u>



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

Electric Business-Type Activities  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Commercial Paper Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 73	53	79	1	85,183	35
2012	79	49	--	--	--	--
2013	125	46	--	--	--	--
2014	131	39	--	--	--	--
2015	139	33	--	--	--	--
2016-2020	509	71	--	--	--	--
2021-2025	4	--	--	--	--	--
	<u>1,060</u>	<u>291</u>	<u>79</u>	<u>1</u>	<u>85,183</u>	<u>35</u>
Less: Unamortized bond discount	(2)	--	--	--	(28)	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	55	--	--	--	--	--
Net debt service requirements	<u>1,113</u>	<u>291</u>	<u>79</u>	<u>1</u>	<u>85,155</u>	<u>35</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Electric Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	75,084	98,704	38	78	160,457	98,871	259,328
2012	75,773	92,959	40	76	75,892	93,084	168,976
2013	105,092	69,013	42	74	105,259	69,133	174,392
2014	123,006	53,912	44	72	123,181	54,023	177,204
2015	79,754	50,964	47	69	79,940	51,066	131,006
2016-2020	227,490	208,792	272	308	228,271	209,171	437,442
2021-2025	227,345	144,169	349	231	227,698	144,400	372,098
2026-2030	194,010	87,416	448	133	194,458	87,549	282,007
2031-2035	136,130	43,521	17	2	136,147	43,523	179,670
2036-2040	91,860	12,586	--	--	91,860	12,586	104,446
2041-2045	8,325	232	--	--	8,325	232	8,557
	<u>1,343,869</u>	<u>862,268</u>	<u>1,297</u>	<u>1,043</u>	<u>1,431,488</u>	<u>863,638</u>	<u>2,295,126</u>
Less: Unamortized bond discounts	(2,734)	--	--	--	(2,764)	--	(2,764)
Unamortized gain(loss) on bond refundings	(54,402)	--	--	--	(54,402)	--	(54,402)
Add: Unamortized bond premiums	39,550	--	--	--	39,605	--	39,605
Net debt service requirements	<u>\$ 1,326,283</u>	<u>862,268</u>	<u>1,297</u>	<u>1,043</u>	<u>1,413,927</u>	<u>863,638</u>	<u>2,277,565</u>

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The underlying liquidity agreement expires within one year; therefore, the financial statements reflect amounts due in one year in accordance with GASB Interpretation No. 1.



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

Water and Wastewater Business-Type Activities  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Other Tax Debt		Supported Debt
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 569	138	3,189	393	1,021		626
2012	533	107	3,011	282	1,069		582
2013	593	79	2,627	182	1,128		532
2014	165	47	1,909	90	1,327		475
2015	174	39	805	38	1,389		410
2016-2020	548	89	725	22	4,453		1,582
2021-2025	55	3	--	--	2,840		494
2026-2030	--	--	--	--	629		24
	<u>2,637</u>	<u>502</u>	<u>12,266</u>	<u>1,007</u>	<u>13,856</u>		<u>4,725</u>
Less: Unamortized bond discounts	(13)	--	--	--	(27)		--
Unamortized gain(loss) on bond refundings	(1,538)	--	--	--	--		--
Add: Unamortized bond premiums	93	--	105	--	--		--
Net debt service requirements	<u>1,179</u>	<u>502</u>	<u>12,371</u>	<u>1,007</u>	<u>13,829</u>		<u>4,725</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds (2)(3)		Total Water and Wastewater Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	214,642	52	50,660	101,110	270,081	102,319	372,400
2012	--	--	67,296	97,761	71,909	98,732	170,641
2013	--	--	81,481	88,321	85,829	89,114	174,943
2014	--	--	103,799	73,610	107,200	74,222	181,422
2015	--	--	95,237	78,079	97,605	78,566	176,171
2016-2020	--	--	397,891	400,962	403,617	402,655	806,272
2021-2025	--	--	405,624	195,854	408,519	196,351	604,870
2026-2030	--	--	389,600	102,414	390,229	102,438	492,667
2031-2035	--	--	128,010	40,831	128,010	40,831	168,841
2036-2040	--	--	101,140	10,468	101,140	10,468	111,608
	<u>214,642</u>	<u>52</u>	<u>1,820,738</u>	<u>1,189,410</u>	<u>2,064,139</u>	<u>1,195,696</u>	<u>3,259,835</u>
Less: Unamortized bond discounts	--	--	(7,808)	--	(7,848)	--	(7,848)
Unamortized gain(loss) on bond refundings	--	--	(46,510)	--	(48,048)	--	(48,048)
Add: Unamortized bond premiums	--	--	45,477	--	45,675	--	45,675
Net debt service requirements	<u>\$ 214,642</u>	<u>52</u>	<u>1,811,897</u>	<u>1,189,410</u>	<u>2,053,918</u>	<u>1,195,696</u>	<u>3,249,614</u>

- (1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The underlying liquidity agreement expires within one year; therefore, the financial statements reflect amounts due in one year in accordance with GASB Interpretation No. 1.
- (2) Portions of these bonds are variable rate bonds with rates of 0.16% to 0.45%.
- (3) The underlying liquidity agreement expires within one year; therefore, the financial statements reflect amounts due in one year in accordance with GASB Interpretation No. 1. This schedule reflects the debt schedules as of September 30, 2010.



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

Airport Business-Type Activities  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Revenue Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 28	13	--	980	13,515	12,609
2012	30	11	--	980	14,165	12,033
2013	39	10	--	980	14,795	11,466
2014	26	8	--	980	15,610	10,699
2015	27	6	--	980	16,345	10,043
2016-2020	98	14	28,000	2,450	98,450	38,040
2021-2025	3	--	--	--	110,900	15,159
2026-2030	--	--	--	--	24,750	206
	<u>251</u>	<u>62</u>	<u>28,000</u>	<u>7,350</u>	<u>308,530</u>	<u>110,255</u>
Less: Unamortized bond discounts	(1)	--	--	--	(840)	--
Unamortized gain(loss) on bond refundings	1	--	--	--	(14,419)	--
Add: Unamortized bond premiums	11	--	--	--	2,012	--
Net debt service requirements	<u>262</u>	<u>62</u>	<u>28,000</u>	<u>7,350</u>	<u>295,283</u>	<u>110,255</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Airport Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2011	331	4	13,874	13,606	27,480
2012	--	--	14,195	13,024	27,219
2013	--	--	14,834	12,456	27,290
2014	--	--	15,636	11,687	27,323
2015	--	--	16,372	11,029	27,401
2016-2020	--	--	126,548	40,504	167,052
2021-2025	--	--	110,903	15,159	126,062
2026-2030	--	--	24,750	206	24,956
	<u>331</u>	<u>4</u>	<u>337,112</u>	<u>117,671</u>	<u>454,783</u>
Less: Unamortized bond discounts	--	--	(841)	--	(841)
Unamortized gain(loss) on bond refundings	--	--	(14,418)	--	(14,418)
Add: Unamortized bond premiums	--	--	2,023	--	2,023
Net debt service requirements	<u>\$ 331</u>	<u>4</u>	<u>323,876</u>	<u>117,671</u>	<u>441,547</u>

(1) These are variable rate notes with rates ranging from 0.16% to 0.33%.

(2) Portions of these bonds are variable rate bonds with rates ranging from 0.18% to 0.50%.



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

Nonmajor Business-Type Activities  
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,546	689	2,319	1,803	7,360	1,176
2012	1,458	610	2,436	1,698	7,358	926
2013	1,595	537	1,936	1,587	6,653	681
2014	1,383	456	2,684	1,501	5,460	466
2015	1,314	387	2,131	1,382	4,737	296
2016-2020	5,994	910	11,024	5,597	5,590	271
2021-2025	432	22	11,861	2,441	--	--
2026-2030	--	--	2,245	940	--	--
2031-2035	--	--	1,405	543	--	--
2036-2040	--	--	1,420	173	--	--
	<u>13,722</u>	<u>3,611</u>	<u>39,461</u>	<u>17,665</u>	<u>37,158</u>	<u>3,816</u>
Less: Unamortized bond discounts	(46)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,010)	--	--	--	--	--
Add: Unamortized bond premiums	1,013	--	708	--	456	--
Net debt service requirements	<u>13,679</u>	<u>3,611</u>	<u>40,169</u>	<u>17,665</u>	<u>37,614</u>	<u>3,816</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Revenue Bonds (1)(2)		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	240	173	8,545	8,817	20,010	12,658	32,668
2012	248	164	9,450	8,483	20,950	11,881	32,831
2013	255	155	10,555	8,077	20,994	11,037	32,031
2014	263	144	11,000	7,635	20,790	10,202	30,992
2015	272	134	11,455	7,164	19,909	9,363	29,272
2016-2020	1,123	760	65,040	27,929	88,771	35,467	124,238
2021-2025	1,595	278	48,700	16,196	62,588	18,937	81,525
2026-2030	353	14	59,270	5,603	61,868	6,557	68,425
2031-2035	--	--	--	--	1,405	543	1,948
2036-2040	--	--	--	--	1,420	173	1,593
	<u>4,349</u>	<u>1,822</u>	<u>224,015</u>	<u>89,904</u>	<u>318,705</u>	<u>116,818</u>	<u>435,523</u>
Less: Unamortized bond discounts	--	--	(679)	--	(725)	--	(725)
Unamortized gain(loss) on bond refundings	--	--	(16,948)	--	(17,958)	--	(17,958)
Add: Unamortized bond premiums	--	--	3,260	--	5,437	--	5,437
Net debt service requirements	<u>\$ 4,349</u>	<u>1,822</u>	<u>209,648</u>	<u>89,904</u>	<u>305,459</u>	<u>116,818</u>	<u>422,277</u>

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.15 to 0.55%.

(2) The underlying liquidity agreement expires within one year; therefore, the financial statements reflect amounts due in one year in accordance with GASB Interpretation No. 1. This schedule reflects the debt schedules as of September 30, 2010.



**DEBT AND NON-DEBT LIABILITIES, continued**  
**d -- Debt Service Requirements, continued**

**Business-Type Activities**  
**(in thousands)**

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 2,216	893	2,319	1,803	10,628	1,570
2012	2,100	777	2,436	1,698	10,369	1,208
2013	2,352	672	1,936	1,587	9,280	863
2014	1,705	550	2,684	1,501	7,369	556
2015	1,654	465	2,131	1,382	5,542	334
2016-2020	7,149	1,084	11,024	5,597	6,315	293
2021-2025	494	25	11,861	2,441	--	--
2026-2030	--	--	2,245	940	--	--
2031-2035	--	--	1,405	543	--	--
2036-2040	--	--	1,420	173	--	--
	<u>17,670</u>	<u>4,466</u>	<u>39,461</u>	<u>17,665</u>	<u>49,503</u>	<u>4,824</u>
Less: Unamortized bond discounts	(62)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(2,547)	--	--	--	--	--
Add: Unamortized bond premiums	1,172	--	708	--	561	--
Net debt service requirements	<u>16,233</u>	<u>4,466</u>	<u>40,169</u>	<u>17,665</u>	<u>50,064</u>	<u>4,824</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	1,261	799	299,825	87	--	980
2012	1,317	746	--	--	--	980
2013	1,383	687	--	--	--	980
2014	1,590	619	--	--	--	980
2015	1,661	544	--	--	--	980
2016-2020	5,576	2,342	--	--	28,000	2,450
2021-2025	4,435	772	--	--	--	--
2026-2030	982	38	--	--	--	--
2031-2035	--	--	--	--	--	--
2036-2040	--	--	--	--	--	--
	<u>18,205</u>	<u>6,547</u>	<u>299,825</u>	<u>87</u>	<u>28,000</u>	<u>7,350</u>
Less: Unamortized bond discounts	(27)	--	(28)	--	--	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premiums	--	--	--	--	--	--
Net debt service requirements	<u>\$ 18,178</u>	<u>6,547</u>	<u>299,797</u>	<u>87</u>	<u>28,000</u>	<u>7,350</u>

(1) The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt. The underlying liquidity agreement expires within one year; therefore, the financial statements reflect amounts due in one year in accordance with GASB Interpretation No. 1.

(2) These are variable rate notes with rates ranging from 0.16% to 0.33%.



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

Fiscal Year Ended September 30	Business-Type Activities (in thousands)						
	Revenue Bonds (3)(4)		Capital Lease Obligations		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	\$ 147,804	221,240	369	82	464,422	227,454	691,876
2012	166,684	211,236	40	76	182,946	216,721	399,667
2013	211,923	176,877	42	74	226,916	181,740	408,656
2014	253,415	145,856	44	72	266,807	150,134	416,941
2015	202,791	146,250	47	69	213,826	150,024	363,850
2016-2020	788,871	675,723	272	308	847,207	687,797	1,535,004
2021-2025	792,569	371,378	349	231	809,708	374,847	1,184,555
2026-2030	667,630	195,639	448	133	671,305	196,750	868,055
2031-2035	264,140	84,352	17	2	265,562	84,897	350,459
2036-2040	193,000	23,054	--	--	194,420	23,227	217,647
2041-2045	8,325	232	--	--	8,325	232	8,557
	<u>3,697,152</u>	<u>2,251,837</u>	<u>1,628</u>	<u>1,047</u>	<u>4,151,444</u>	<u>2,293,823</u>	<u>6,445,267</u>
Less: Unamortized bond discounts	(12,061)	--	--	--	(12,178)	--	(12,178)
Unamortized gain(loss) on bond refundings	(132,279)	--	--	--	(134,826)	--	(134,826)
Add: Unamortized bond premiums	90,299	--	--	--	92,740	--	92,740
Net debt service requirements	<u>\$ 3,643,111</u>	<u>2,251,837</u>	<u>1,628</u>	<u>1,047</u>	<u>4,097,180</u>	<u>2,293,823</u>	<u>6,391,003</u>

(3) A portion of these bonds are variable rate bonds with rates ranging from 0.15 to 0.55%.

(4) The underlying liquidity agreement expires within one year; therefore, the financial statements reflect amounts due in one year in accordance with GASB Interpretation No. 1. This schedule reflects the debt schedules as of September 30, 2010.

**e -- Defeased Debt**

Over time, the City has issued refunding bonds to advance refund certain public improvement bonds, certificates of obligation, and enterprise revenue bonds. The proceeds of the sale of the refunding bonds were deposited with an escrow agent in an amount necessary to accomplish the discharge and final payment of the refunded obligations. These funds are held by the escrow agent in an escrow fund and used to purchase direct obligations of the United States of America to be held in the escrow fund. The escrow fund is irrevocably pledged to the payment of the principal and interest on the refunded obligations.

On September 30, 2010, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity	Balance
<b>General Obligation</b>		
Certificates of Obligations, Series 2001	9/1/2011	\$ 13,685
Public Improvement Bonds, Series 2001	9/1/2011	51,280
Certificates of Obligations, Series 2002	9/1/2012	6,750
Public Improvement Bonds, Series 2002	9/1/2012	13,100
Certificates of Obligations, Series 2004	9/1/2014	1,355
<b>Electric</b>		
Series 2001	11/15/2010	117,700
Series 2003	5/15/2013	18,800
<b>Water and Wastewater</b>		
Series 2001A	5/15/2011	118,265
Series 2001B	5/15/2011	53,605
Series 2003	5/15/2013	29,100
		<u>\$ 423,640</u>



## 11 – CONDUIT DEBT

The City has issued several series of housing and industrial development revenue bonds to provide for low cost housing and for acquisition and construction of industrial and commercial facilities. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Prior to September 30, 1997, the City issued several series of bonds. The aggregate principal amount outstanding of these bonds could not be determined; however, their original issue amounts totaled \$310.2 million. Subsequent to September 30, 1997, the City has issued \$104 million in various series of housing revenue bonds that have an outstanding balance of \$101.4 million as of September 30, 2010.

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. As of September 30, 2010, \$350.3 million in revenue and revenue refunding bonds was outstanding that had an original issue value of \$382.2 million.

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, payables, and advances at September 30, 2010, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Long-Term
Governmental funds:			
General Fund	Nonmajor governmental funds	\$ 227	--
Nonmajor governmental funds	Nonmajor governmental funds	57,746	--
	Water and Wastewater	--	3,505
	Nonmajor enterprise funds	--	1,006
	Internal service funds	--	28
Internal Service funds	Nonmajor governmental funds	11	34
Business-type funds:			
Electric	Internal service funds	136	458
	Nonmajor enterprise funds	306	1,634
	Water and Wastewater	--	24,603
	Nonmajor governmental funds	--	181
Water and Wastewater (restricted)	Internal service funds	27	--
Airport (restricted)	Nonmajor governmental funds	--	107
Nonmajor enterprise funds (restricted)	Nonmajor governmental funds	--	55
Nonmajor enterprise funds	Nonmajor governmental funds	--	30
	Nonmajor enterprise funds	717	--
		<u>\$ 59,170</u>	<u>31,641</u>

Interfund receivables, payables, and advances reflect loans between funds. Of the above current amount, \$15.1 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 \$42.6 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 2010 were as follows (in thousands):

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	
General Fund	\$ --	9,716	6,298	16,014
Nonmajor governmental funds	--	42,313	35,630	77,943
Electric	101,000	--	--	101,000
Water and Wastewater	28,967	4,462	--	33,429
Nonmajor enterprise funds	266	3,264	--	3,530
Internal service funds	--	7,681	--	7,681
Total transfers out	\$ 130,233	67,436	41,928	239,597

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, and the transfer of hotel occupancy and vehicle rental tax collections from the Hotel-Motel Occupancy Tax and the Vehicle Rental Tax funds to other nonmajor governmental funds and the Convention Center Fund.

## 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, 2010. These liabilities include amounts for lawsuits settled subsequent to year-end, which are reported in the government-wide statement of net assets.

## 14 – DERIVATIVE INSTRUMENTS

The City has derivatives in two hedging programs: Energy Risk Management Program and Variable Rate Debt Management Program.

The City implemented Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, in fiscal year 2010, which addresses the recognition, measurement, and disclosure related to derivative instruments. In accordance with GASB Statement No. 53, the City is required to report the fair value of all derivative instruments on the statement of net assets. In addition, GASB Statement No. 53 requires that all derivatives be categorized into two basis types – (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net assets; and changes in fair value of investment derivative instruments are recognized as gains or losses on the statement of activities.

### a -- 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.



**14 – DERIVATIVE INSTRUMENTS, continued**  
**a -- Energy Risk Management Program, continued**

**Hedging Derivative Instruments**

Natural Gas Derivatives

Austin Energy purchases financial contracts on the New York Mercantile Exchange (NYMEX) to provide a hedge against the physical delivery price of natural gas from its various hubs. Austin Energy enters into basis swaps to protect delivery price differences between Henry Hub and its natural gas delivery points, Western Area Hub Association (WAHA), Katy, and the Houston Ship Channel (HSC).

The fair value of futures, swaps, and basis swap contracts is determined using the NYMEX closing settlement prices as of the last day of the reporting period. The fair value is calculated by deriving the difference between the closing futures price on the last day of the reporting period and purchase price at the time the positions were established. The fair value of the options are calculated using the Black/Scholes valuation method utilizing implied volatility based on the NYMEX closing settlement prices of the options as of the last day of the reporting period, risk free interest rate, time to maturity, and the NYMEX forward price of the underlier as of the last day of the reporting period.

Premiums paid for options are deferred until the contract is settled. As of September 30, 2010, \$12.7 million in premiums was deferred. As of September 30, 2010, the fair value of Austin Energy's futures, options, swaptions, and swaps, was an unrealized loss of \$105.7 million, of which \$113.4 million is reported as derivative instruments in liabilities and \$7.7 million is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the balance sheet using deferred outflows and deferred inflows.

Congestion Rights Derivatives

Preassigned Congestion Rights (PCRs) and Transmission Congestion Rights (TCRs) function as financial hedges against the cost of resolving zonal congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. TCRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRs annually at 15% of the cost of TCRs. The instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments.

As of September 30, 2010, PCRs had a fair value of \$247 thousand and TCRs had a fair value of \$1.3 million and are reported as derivative instruments. The market value for TCRs and PCRs is calculated using the implied market value (the difference between future zonal prices of the applicable zones) multiplied by the number of open positions. The difference in the zonal prices represents what the expected cost of congestion will be for that given point in time.



**14 – DERIVATIVE INSTRUMENTS, continued**  
**a -- Energy Risk Management Program, continued**

On September 30, 2010, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction	Reference Index	Fair Value at September 30, 2010			Change in Fair Value	Premiums Deferred
		Maturity Dates	Notional Volumes	Fair Value		
Long OTC Call Options	Henry Hub	Oct 2010 - Oct 2013	20,445,013 (1)	\$ 1,819	(8,555)	19,159
Long Options	Henry Hub	Apr 2013 - Oct 2013	2,140,000 (1)	373	(875)	-
Long Basis Swaps	WAHA	Oct 2010 - Dec 2013	8,980,000 (1)	3,939	1,482	-
n/a Congestion Rights	ICE (2)	Oct 2010 - Dec 2010	560,117 (3)	1,579	(364)	-
Derivative instruments (assets)				7,710	(8,312)	19,159
Short OTC Call Options	Henry Hub	Oct 2010 - Jun 2012	(6,410,000) (1)	(702)	1,874	-
Short OTC Put Options	Henry Hub	Oct 2010 - Dec 2014	(24,885,000) (1)	(49,286)	(27,115)	(6,440)
Long Futures	Henry Hub	Apr 2011 - Jul 2013	1,375,000 (1)	(4,050)	(2,300)	-
Short Options	Henry Hub	Apr 2013 - Oct 2014	(2,140,000) (1)	(4,827)	(2,012)	-
Long OTC Swaps	Henry Hub	Oct 2010 - Jun 2015	35,427,500 (1)	(47,600)	(46,446)	-
Short OTC Swaptions	Henry Hub	Apr 2011 - Oct 2011	(3,210,000) (1)	(6,946)	(4,054)	-
Derivative instruments (liabilities)				(113,411)	(80,053)	(6,440)
Total				\$ (105,701)	(88,365)	12,719

(1) Volume in MMBTUs

(2) IntercontinentalExchange

(3) Volume in MWHs

Austin Energy routinely purchases derivative instruments. The outstanding hedging derivative instruments were purchased at various dates.

The realized gains and losses related to the hedging activity derivative instruments are netted to fuel expense in the period realized.

**Risks**

**Credit Risk.** Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative contracts expose Austin Energy to custodial credit risk on Exchange Traded derivative positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected. However, Austin Energy does not expect the brokerages to fail to meet their obligations given their high credit ratings and the strict and deep credit requirements upheld by NYMEX, which these brokerage houses are members. At September 30, 2010, the brokerages had credit ratings of A and BBB.

The over-the-counter agreements expose Austin Energy to credit risk. In the event of default Austin Energy's operations will not be materially affected. However, Austin Energy does not expect the counterparties to fail to meet their obligations given their high credit rating. At September 30, 2010, the two counterparties had credit ratings of AA- and A. The contractual provisions under the ISDA (International Swaps and Derivatives Association) agreement applied to these contracts include collateral provisions. At September 30, 2010 no collateral was required under these provisions.

The congestion rights expose Austin Energy to custodial credit risk in the event of default or nonperformance by ERCOT. In the event of default of nonperformance Austin Energy's operations will not be materially affected. However, Austin Energy does not expect ERCOT to fail in meeting their obligations as they are a regulatory entity of the State of Texas.



**14 – DERIVATIVE INSTRUMENTS, continued**  
**a -- Energy Risk Management Program, continued**

*Termination Risk.* Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. 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. Austin Energy's exposure to termination risk for over-the counter agreements 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. Termination risk is associated with all of Austin Energy's derivatives up to the fair value of the instrument.

*Netting Arrangements.* Austin Energy enters into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by or owed to the non-defaulting party.

*Basis Risk.* Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub). As of September 30, 2010, the NYMEX price was \$3.81 per MMBTU, the WAHA Hub price was \$3.67 per MMBTU, Katy was \$3.785 per MMBTU, and the HSC Hub price was \$3.83 per MMBTU.

**Investment Derivative Instruments**

In fiscal year 2010, some derivative instruments were closed out resulting in an ineffective hedge classification, accordingly a loss of \$69 thousand was reported. However, this loss was deferred under the accounting requirements for regulated operations.

On September 30, 2010, Austin Energy had the following closed out investment derivative instruments (in thousands):

Type of Transaction	Reference Index	Fair Value at September 30, 2010				Change in Fair Value
		Maturity Dates	Volumes in MMBTU	Fair Value		
Long OTC Call Options	Henry Hub	Apr 2011 - Oct 2011	3,210,000	\$ --		--
Short OTC Call Options	Henry Hub	Apr 2011 - Oct 2011	(3,210,000)	--		890
Long Futures	Henry Hub	Aug 2013 - Oct 2013	230,000	(846)		(397)
Short Futures	Henry Hub	Aug 2013 - Oct 2013	(230,000)	777		397
Long OTC Swaps	Henry Hub	Apr 2011	300,000	(750)		(692)
Short OTC Swaps	Henry Hub	Apr 2011	(300,000)	750		692
				<u>\$ (69)</u>		<u>890</u>

At September 30, 2010, Austin Energy recorded an unrealized loss of \$49 thousand on outstanding emission investment instruments.

Risks

As of September 30, 2010, Austin Energy was not exposed to credit, interest or foreign currency risk on its investment derivative instruments.

**b -- Variable Rate Debt Management Program**

**Hedging Derivative Instruments**

The intention of the City's swap portfolio is to change variable interest rate bonds to synthetically fixed rate bonds. As a means to lower its borrowing costs when compared against fixed rate bonds at the time of issuance, the City executed pay-fixed, receive-variable swaps in connection with its issuance of variable rate bonds.



**14 – DERIVATIVE INSTRUMENTS, continued**  
**b -- Variable Rate Debt Management Program, continued**

As of September 30, 2010, the City has 4 outstanding swap transactions with initial and outstanding notional amounts totaling \$734.6 million and \$664.1 million, respectively. The mark-to-market or fair value for each swap is estimated using the zero-coupon 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 swaps.

On September 30, 2010, the City had the following outstanding interest rate swap hedging derivative instruments (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
<b>Business-Type Activities - Hedging derivatives:</b>						
WW1	Water & Wastewater Revenue Refunding Bonds, Series 2004	Pay 3.657%, receive 68% of LIBOR	8/27/2004	5/15/2024	\$ 115,375	(16,476)
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	166,875	(18,130)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Pay 4.051%, receive 71% of LIBOR	8/17/2005	11/15/2025	259,850	(48,227)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive SIFMA swap index until 11/15/09 and 67% of LIBOR thereafter	8/14/2008	11/15/2029	121,955	(16,640)
					<u>\$ 664,055</u>	<u>(99,473)</u>

All swaps are pay-fixed interest rate swaps. All were entered into with the objective of hedging changes in the cash flows on the related variable rate debt.

The fair value of the City's interest rate swap hedging derivative instruments is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreements as of September 30, 2010 (in thousands).

		Fair Value and Classification as of September 30, 2010		Change in fair value for the year ended September 30, 2010	
	Outstanding Notional Amount	Amount	Classification	Deferred Outflows	Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW1	\$ 115,375	(16,476)	Non-current liability	(4,368)	--
WW2	166,875	(18,130)	Non-current liability	(7,918)	--
AIR1	259,850	(48,227)	Non-current liability	(12,034)	--
HOT1	121,955	(16,640)	Non-current liability	(6,060)	--
	<u>\$ 664,055</u>	<u>(99,473)</u>		<u>(30,380)</u>	<u>--</u>

Due to the continued decline in interest rates during fiscal year 2010, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2010. 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.



**14 – DERIVATIVE INSTRUMENTS, continued**  
**b -- Variable Rate Debt Management Program, continued**

Risks

*Credit risk.* As of September 30, 2010, the City was not exposed to credit risk on any of its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

The counterparty credit ratings for the City's interest rate swap hedging derivative instruments at September 30, 2010 are included in the table below.

		Counterparty Ratings		
		Moody's Investors Service, Inc	Standard & Poor's	Fitch, Inc
Item	Related Variable Rate Bonds			
Business-Type Activities:				
WW1	Water & Wastewater Revenue Refunding Bonds, Series 2004	Aa1	AA-	AA-
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Aa3	A	A+
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	A2	A	A
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Aa3	A+	AA-

Swap agreements for all four swaps contain collateral agreements with the counterparties. These swap agreements require collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreements. For Swap WW1, 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/A by Moody's/Standard & Poor's (S&P). For Swap AIR1, 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/A by Moody's/S&P. For Swap HOT1, the credit support provider of MKFP is Deutsche Bank AG, New York Branch (DBAG). This swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

*Swap payments and associated debt.* The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2010 are included in table below (in thousands).

		Counterparty Swap Interest			Interest to Bondholders	Net Interest Payments
Item	Related Variable Rate Bonds	Pay	Receive	Net		
Business-Type Activities:						
WW1	Water & Wastewater Revenue Refunding Bonds, Series 2004	\$ (4,219)	213	(4,006)	(367)	(4,373)
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	(6,023)	438	(5,585)	(498)	(6,083)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	(10,551)	503	(10,048)	(857)	(10,905)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(3,982)	246	(3,736)	(370)	(4,106)
		\$ (24,775)	1,400	(23,375)	(2,092)	(25,467)



**14 – DERIVATIVE INSTRUMENTS, continued**  
**b -- Variable Rate Debt Management Program, continued**

*Basis and interest rate 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 does not bear basis risk on Swap WW2. At September 30, 2010, the City bears basis risk on the three remaining swaps. These swaps have basis risk since the City receives a percentage of LIBOR to offset the actual variable rate the City pays on the related bonds. The City is exposed to basis risk should the floating rate that it receives on a swap drop below the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

*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 Swap WW1, 71% of LIBOR on AIR1, and 67% of LIBOR on Swap HOT1 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 counterparties may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. 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 swap insurance on the Swap WW1 and Swap AIR1 to further reduce the possibility of termination risk.

*Rollover risk.* The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instrument. The City is currently not exposed to rollover risk on its hedging derivative instruments.

**Investment Derivative Instruments**

At September 30, 2010, the City did not have any investment derivative instruments related to interest rate swaps.

**c -- Swap Payments and Associated Debt**

As of September 30, 2010, debt service requirements of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total Interest
	Principal	Interest		
2011	\$ 22,890	624	23,387	24,011
2012	29,905	597	22,418	23,015
2013	23,750	574	21,507	22,081
2014	54,920	538	20,017	20,555
2015	43,465	490	17,539	18,029
2016-2020	154,910	1,833	72,418	74,251
2021-2025	210,235	869	41,434	42,303
2026-2030	110,000	85	10,892	10,977
2031	13,980	2	333	335
Total	<u>\$ 664,055</u>	<u>5,612</u>	<u>229,945</u>	<u>235,557</u>



## 15 – 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 LCRA. Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. 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.

FPP's Flexible Air permit received from the Texas Commission on Environmental Quality in 2002 requires that Austin Energy and LCRA install new SO<sub>2</sub> scrubbers on FPP Units 1 and 2 by 2012. It is estimated that the project cost will be in the range of \$225 million for Austin Energy's share. The scrubber on Unit 1 began operation in January 2011 and the Unit 2 scrubber is expected to go online in the spring of 2011.

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 pro-rata interest in FPP was \$209.9 million as of September 30, 2010. The increase in the pro-rata interest from 2009 is primarily due to the scrubbers. The pro-rata 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 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.

### 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 NRG South Texas LP 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, 2010, Austin Energy's investment in the STP was approximately \$469 million, net of accumulated depreciation.

Effective November 17, 1997, the participation agreement among the owners of STP was amended and restated, and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its 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.

NRG South Texas LP has applied for an expansion at STP to include Units 3 and 4 at the STP site. While it is unknown whether this application for expansion will be approved, Austin Energy recommended and City Council resolved not to participate in the expansion as currently proposed.

### c -- South Texas Project Decommissioning

Austin Energy began collecting in rates and accumulating funds for decommissioning STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted cash and restricted investments held by trustee. The related liability is reported as decommissioning liability payable. Excess or unfunded liabilities related to decommissioning STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2010, the trust's assets were in excess of the estimated liability by \$23.8 million which is reported as part of deferred revenue and other liabilities (in thousands):

Decommissioning trust assets	\$ 159,602
Pro rata decommissioning liability	(135,765)
	<u>\$ 23,837</u>



**15 – COMMITMENTS AND CONTINGENCIES, continued**  
**c -- South Texas Project Decommissioning, continued**

STP is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. The most recent annual calculation of financial assurance filed on December 31, 2008 showed that the trust assets exceeded the minimum required assurance by \$38.6 million.

**d -- Purchased Power**

Austin Energy has commitments totaling \$3.2 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2027, landfill power through 2020, biomass through 2032, and solar through 2035.

**e -- Decommissioning and Environmental/Pollution Remediation Contingencies**

Austin Energy may incur costs for environmental/pollution remediation of certain sites including the Holly, Fayette, and Seaholm Power Plants. The financial statements include a liability of approximately \$23 million at September 30, 2010. Austin Energy anticipates payment of these costs in 2011 and future years. The amount is based on 2010 cost estimates to perform remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Austin Water closed the Green Water Treatment Plant (GWTP) on September 23, 2008. The estimated decommissioning cost to close the GWTP is \$11 million. The financial statements include a liability of approximately \$2.1 million at September 30, 2010. The amount is based on 2010 cost estimates. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Plant decommissioning reached substantial completion in February 2011, with final completion expected to occur in fiscal year 2011.

**f -- Texas Water Development Board**

In November 2009, the City delivered \$31,815,000 of initial Water and Wastewater System Revenue Bonds, Series 2010 as a private placement with the Texas Water Development Board (TWDB). This zero-interest issuance is part of the American Recovery and Reinvestment Act. As part of that program, the initial bonds, in \$5,000 increments, are replaced with definitive bonds as the City requests reimbursement for expenditures related to the approved project: green infrastructure improvements at the Hornsby Bend Biosolids Management plant. The City recognizes a liability once the definitive bonds have been issued. The remaining commitment will be recognized as future definitive bonds are issued. At year end, the liability recognized by the Water and Wastewater System Revenue Bonds, Series 2010 and the remaining commitment are as follows (in thousands):

Total bonds authorized	\$ 31,815
Definitive bonds issued to date	<u>(10,840)</u>
Remaining commitment	<u>\$ 20,975</u>

The City intends to issue definitive bonds for the remaining commitment. If the full amount of bonds authorized is not converted to definitive bonds, the TWDB and the City would agree to cancel any remaining initial bonds authorized but not converted. The City's liability in the financial statements represents the amount of definitive bonds outstanding.

**g -- Arbitrage Rebate Payable**

The City's arbitrage consultant 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, 2010, was \$139 thousand for governmental activities, \$7 thousand for water and wastewater, and \$19 thousand for other nonmajor enterprise activities.



**15 – COMMITMENTS AND CONTINGENCIES, continued**  
**h -- 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.

**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 2010 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

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

<b>Project</b>	<b>(in thousands)</b>	<b>Remaining Commitment</b>
Governmental activities:		
General government		\$ 11,509
Transportation		25,034
Public recreation and culture		106,387
Urban growth management		1,134
Business-type activities:		
Electric		299,047
Water		585,811
Wastewater		426,193
Airport		189,325
Environmental and health services		42,402
Urban growth management		245,121
Total		<u>\$ 1,931,963</u>

**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. Closure is expected to occur in May 2011. The amount of costs reported, based on landfill capacity as of the City's fiscal year-end, is as follows (in thousands):

	<b>Closure</b>	<b>Postclosure</b>	<b>Total</b>
Total estimated costs	\$ 10,035	7,297	17,332
% capacity used through FY10	99.04%	99.04%	99.04%
Cumulative liability accrued through FY10	9,938	7,227	17,165
Costs incurred through FY10	(9,225)	--	(9,225)
Closure and post-closure liability at 9/30/10	713	7,227	7,940
Estimated FY11 costs	713	52	765
Estimated costs for remaining years	<u>\$ --</u>	<u>7,175</u>	<u>7,175</u>

These amounts are based on the 2010 cost estimates to perform closure and postclosure care. 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.



**15 – COMMITMENTS AND CONTINGENCIES, continued**

**k -- Risk-Related Contingencies**

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

<u>Fund name</u>	<u>Description</u>
Employee Benefits	City employees and retirees may choose a self-insured PPO or HMO for health coverage. Approximately 30% of city employees and 41% of retirees use the HMO option; approximately 70% of city employees and 59% 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 the number of full-time equivalent (FTE) employees per fund.

The City purchases stop-loss insurance for the City's PPO and HMO. This stop-loss insurance covers individual claims that exceed \$500,000 per calendar year, up to a maximum of \$2 million. In fiscal year 2010, six claims exceeded the stop-loss limit of \$500,000; during fiscal year 2009, five claims exceeded the stop-loss limit of \$500,000; during fiscal year 2008, no claims exceeded the stop-loss limit of \$500,000. City coverage is limited to \$2 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 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. Possible losses are estimated to range from \$33.4 to \$47.5 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):

	<b>Employee Benefits</b>		<b>Liability Reserve</b>		<b>Workers' Compensation</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Liability balances, beginning of year	\$ 9,260	4,796	6,965	7,848	14,052	13,818
Claims and changes in estimates	9,480	9,807	3,270	2,784	3,908	3,391
Claim payments	(8,182)	(5,343)	(2,659)	(3,667)	(2,659)	(3,157)
Liability balances, end of year	<u>\$ 10,558</u>	<u>9,260</u>	<u>7,576</u>	<u>6,965</u>	<u>15,301</u>	<u>14,052</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$4.9 million discounted at 4.22% in 2010 and \$5.0 million discounted at 4.45% in 2009.



**15 – COMMITMENTS AND CONTINGENCIES, continued**

**l -- Redevelopment of Robert Mueller Municipal Airport**

In December 2004, City Council approved a master development agreement with Catellus Development Group (Catellus) to develop approximately 700 acres at the former site of the City's municipal airport into a mixed-use urban village near downtown Austin. Catellus will develop and market the property. The Mueller Local Government Corporation (MLGC), created by the City for this development, 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.

In September 2006, the MLGC issued debt in the amount of \$12 million. Proceeds of the debt have been used to reimburse the developer for eligible infrastructure such as streets, drainage, and parks. 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.

In October 2009, the MLGC issued debt in the amount of \$15 million. Proceeds of the debt have been used to reimburse the developer for additional eligible infrastructure for the residential portion of the development. Debt service payments will be funded through an economic development grant from the City of Austin, and supported by property tax proceeds from the development.

The development contains Class A office space which hosts over 40 employers providing more than 3,000 jobs at Mueller. The development has more than 350,000 sq. ft. of retail space. From the start of home sales in 2007, the community has been well received. As of September 30, 2010, approximately 661 single-family homes were either complete or under construction. In addition, 477 apartment units were complete. Catellus also completed the infrastructure for an additional 49 single-family homes and initiated the development of 52 multi-family residences.

**m -- Other Commitments and Contingencies**

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2010, was \$21.8 million. The City expects these leases to be replaced with similar leases in the ordinary course of business. Future minimum lease payments for these leases will remain approximately the same.

The City has entered into certain lease agreements to finance equipment for both governmental and business-type activities. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. Refer to Note 10 for the debt service requirements on these leases.

The following summarizes capital assets recorded at September 30, 2010, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Business-type Activities		
		Electric	Airport	Total
Building and improvements	\$ --	1,405	--	1,405
Equipment	1,051	--	2,320	2,320
Accumulated depreciation	(297)	(281)	(1,753)	(2,034)
Net capital assets	<u>\$ 754</u>	<u>1,124</u>	<u>567</u>	<u>1,691</u>



## 16 – 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, dental, and vision 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, dental, and vision plan(s) in which they participate. The City's other post-employment benefits plan is a single employer plan.

The City is under no obligation to pay any portion of the cost of other post-employment benefits for retirees or their dependents. Allocation of city funds to pay other post-employment benefits is determined on an annual basis by the City Council as part of the budget approval process 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; no separate plan report is available. The City pays actual claims for medical and 100% of the retiree's life insurance premium. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium.

Medical, dental, vision, and life insurance expenses are reported in the Employee Benefits Fund. The estimated pay-as-you-go cost of providing medical and life benefits for 3,118 retirees was \$21.7 million in 2010 and \$19.6 million in 2009 for 3,115 retirees.

### Annual Other Post Employment Benefits (OPEB) Cost and Net OPEB (Obligation) Asset

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2010, is as follows (in thousands):

	OPEB
Annual required contribution	\$ 119,299
Interest on net OPEB obligation	7,374
Adjustment to annual required contribution	(9,969)
Annual OPEB cost	116,704
Contributions made	(21,707)
Change in net OPEB obligation	94,997
Beginning net OPEB obligation	175,151
Net OPEB obligation	\$ 270,148

### Schedule of Funding Progress (in thousands):

Year Ended September 30	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2010	\$ --	1,134,864	1,134,864	0.0%	620,526	182.9%

(1) UAAL – Unfunded Actuarial Accrued Liability

The schedule of funding progress, presented as RSI, presents multiyear trend information regarding the ratio of the actuarial value of assets and actuarial accrued liabilities.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years are as follows (in thousands):

Year Ended September 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 108,574	19%	87,507
2009	107,207	18%	175,150
2010	116,704	18%	270,148



## 16 – OTHER POST-EMPLOYMENT BENEFITS, continued

The actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

	<b>OPEB</b>
Actuarial Valuation Date	October 1, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization method	Level Percentage Open
Remaining Amortization Period	30 years
Inflation Rate	N/A
Salary Increase	None
Payroll Increase	None
Assumed Rate of Return on Investments	4.21%
Health Care Cost Trend Rate	10% in 2009, decreasing 1% per year for five years to an ultimate trend of 5% in 2014

## 17 – SUBSEQUENT EVENTS

### a -- General Obligation Bond Issue

In October 2010, the City issued \$79,528,000 of Public Improvement Bonds, Series 2010A. The proceeds from the issue will be used as follows: street improvements (\$16,998,000), streets and signals (\$15,800,000), drainage improvements (\$24,000,000), park improvements (\$20,130,000), cultural arts (\$100,000), central library (\$1,000,000), and public safety facility (\$1,500,000). These bonds will be amortized serially on September 1 of each year from 2011 to 2030. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2011. Total interest requirements for these bonds, at rates ranging from 2.00% to 4.00%, are \$37,170,378.

In October 2010, the City issued \$26,400,000 of Public Improvement Bonds, Taxable Series 2010B. The proceeds from the issue will be used as follows: affordable housing (\$26,400,000). These bonds will be amortized serially on September 1 of each year from 2011 to 2030. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2011. Total interest requirements for these bonds, at rates ranging from 3.00% to 4.65%, are \$16,225,123.

In October 2010, the City issued \$22,300,000 of Certificates of Obligation, Series 2010. The proceeds from this issue will be used as follows: public safety facilities (\$3,850,000), solid waste services landfill closure (\$8,100,000), public works transportation projects (\$9,000,000), and improvements (\$1,350,000). These certificates of obligation will be amortized serially on September 1 of each year from 2011 to 2030. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2011. Total interest requirements for these certificates of obligation, at rates ranging from 2.00% to 3.50%, are \$8,237,625.

In October 2010, the City issued \$16,450,000 of Public Property Finance Contractual Obligations, Series 2010. The proceeds from this issue will be used as follows: solid waste services capital equipment (\$8,600,000), parking meter pay stations (\$2,600,000), golf capital equipment (\$1,070,000), public works transportation capital equipment (\$2,505,000), wastewater utility capital equipment (\$1,016,000), and water utility capital equipment (\$659,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2011 to 2017. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2011. Total interest requirements for these obligations, at rates ranging from 1.00% to 1.75%, are \$897,315.



**17 – SUBSEQUENT EVENTS, continued**

**b -- Public Improvement Refunding Bond Issue**

In November 2010, the City issued \$91,560,000 of Public Improvement Refunding Bonds, Series 2010. The net proceeds of \$108,587,889 (after issue costs, discounts, and premiums) from the refunding were used to refund \$41,500,000 of Public Improvement Bonds, Series 2002; \$31,785,000 of Public Improvement Refunding Bonds, Series 2003; \$20,010,000 of Certificates of Obligation, Series 2001 and 2002; \$2,090,000 of Circle C MUD #3 and Circle C MUD #4 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1996; \$4,040,000 of Davenport Ranch MUD #1 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1997 and Series 1997B; and \$70,000 of Northwest Austin MUD #1 Unlimited Tax Bonds, Series 2001. The refunding resulted in future interest requirements to service the debt of \$40,480,158 with interest rates ranging from 4% to 5%. An economic gain of \$9,426,174 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$11,427,089.

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

In November 2010, the City issued \$76,855,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2010A. Proceeds from the bond refunding were used to refund \$75,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds are \$153,171,897, with interest rates ranging from 4% to 5.125%. Interest payments are due May 15 and November 15 of each year from 2011 to 2040. Principal payments are due November 15 of each year from 2013 to 2040. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

In November 2010, the City issued \$100,970,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2010B. These bonds are Build America Bonds (BABs) and are part of the Federal American Recovery and Reinvestment Act of 2009. Proceeds from the bond refunding were used to refund \$100,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds are \$213,428,131, with interest rates ranging from 2.494% to 6.018%. Interest payments are due May 15 and November 15 of each year from 2011 to 2040. Principal payments are due November 15 of each year from 2013 to 2040. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

**d -- Texas Water Development Board**

As of January 28, 2011, the City has converted an additional \$9,130,000 of initial bonds to definitive Water and Wastewater System Revenue Bonds, Series 2010 over six separate draw requests. With these issuances, the outstanding commitment with the TWDB is now reduced to \$11,845,000.





## **REQUIRED SUPPLEMENTARY INFORMATION**











**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances--Budget and Actual-Budget Basis**  
**For the year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**RSI**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
<b>REVENUES</b>						
Taxes	\$ 387,061	--	387,061	371,138	371,138	15,923
Franchise fees	34,964	--	34,964	34,082	34,082	882
Fines, forfeitures and penalties	18,692	(1)	18,691	18,999	18,999	(308)
Licenses, permits and inspections	15,716	--	15,716	18,028	18,028	(2,312)
Charges for services/goods	33,394	(84)	33,310	36,590	36,590	(3,280)
Interest and other	8,059	(1,191)	6,868	4,910	4,910	1,958
<b>Total revenues</b>	<b>497,886</b>	<b>(1,276)</b>	<b>496,610</b>	<b>483,747</b>	<b>483,747</b>	<b>12,863</b>
<b>EXPENDITURES</b>						
General government						
Municipal Court	11,768	(41)	11,727	11,954	11,954	227
Public safety						
Police	235,223	(1,403)	233,820	241,176	241,176	7,356
Fire	119,575	(831)	118,744	120,246	120,246	1,502
Emergency Medical Services	44,132	(30)	44,102	43,777	44,107	5
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	363	--	363	350	350	(13)
Public health:						
Health	37,464	172	37,636	38,974	38,974	1,338
Public recreation and culture						
Parks and Recreation	35,945	(140)	35,805	36,810	36,810	1,005
Austin Public Library	24,095	9	24,104	24,543	24,543	439
Urban growth management						
Neighborhood Planning and Zoning	17,588	(74)	17,514	19,604	19,604	2,090
Development Services and						
Watershed Protection	(53)	53	--	--	--	--
General city responsibilities (4)	69,456	(52,630)	16,826	16,760	16,760	(66)
<b>Total expenditures</b>	<b>595,556</b>	<b>(54,915)</b>	<b>540,641</b>	<b>554,194</b>	<b>554,524</b>	<b>13,883</b>
Excess (deficiency) of revenues over expenditures	(97,670)	53,639	(44,031)	(70,447)	(70,777)	26,746
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	130,233	1,182	131,415	131,167	131,167	248
Transfers out	(16,014)	(56,052)	(72,066)	(68,424)	(68,424)	(3,642)
<b>Total other financing sources (uses)</b>	<b>114,219</b>	<b>(54,870)</b>	<b>59,349</b>	<b>62,743</b>	<b>62,743</b>	<b>(3,394)</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,549	(1,231)	15,318	(7,704)	(8,034)	23,352
Fund balance at beginning of year	92,161	(7,560)	84,601	49,948	46,994	37,607
<b>Fund balance at end of year</b>	<b>\$ 108,710</b>	<b>(8,791)</b>	<b>99,919</b>	<b>42,244</b>	<b>38,960</b>	<b>60,959</b>

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

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

(3) Variance is actual-budget basis to final budget.

(4) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs, budgeted payroll accrual, and amounts budgeted as fund-level expenditures.



## 1 – BUDGET BASIS REPORTING

### a -- General

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

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes the following: tuition reimbursement (\$340,000), accrued payroll (\$2,599,000), expenditures for workers' compensation (\$5,006,746), liability reserve (\$1,740,000), and public safety (\$2,325,759).

### 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):

	<b>General Fund</b>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 16,549
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	(76)
Net compensated absences accrual	30
Outstanding encumbrances established in current year	(2,442)
Payments against prior year encumbrances	1,952
Other	(695)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ 15,318</u>

### c -- Budget Amendments

The original expenditure budget of the General Fund was amended during fiscal year 2010 primarily for increased public safety costs. 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						
2007	\$1,653,500	2,112,800	459,300	78.3%	417,451	110.0%
2008	1,481,377	2,246,903	765,526	65.9%	448,740	170.6%
2009	1,672,470	2,330,937	658,467	71.8%	442,539	148.8%
Police Officers						
2007	482,303	637,560	155,257	75.6%	111,809	138.9%
2008	464,230	693,202	228,972	67.0%	122,735	186.6%
2009	518,112	733,635	215,523	70.6%	122,928	175.3%
Fire Fighters (2)						
2005	493,567	580,054	86,487	85.1%	65,885	131.3%
2007	584,420	586,802	2,382	99.6%	76,556	3.1%
2009	589,261	664,185	74,924	88.7%	78,980	94.9%

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

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

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

**OTHER POST EMPLOYMENT BENEFITS-TREND INFORMATION**

Under GASB Statement No. 45, the City is required to have an actuarial valuation of its other post employment benefits program every other year. The Schedule of Funding Progress for other post employment benefits is as follows (in thousands):

Fiscal Year Ended Sept. 30	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2008	October 1, 2006	\$ --	1,035,766	1,035,766	0.0%	618,214	167.5%
2009	October 1, 2006	--	1,035,766	1,035,766	0.0%	629,822	164.5%
2010	October 1, 2008	--	1,134,864	1,134,864	0.0%	620,526	182.9%





# **COMBINING FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**









**GENERAL FUND**







**General Fund**  
**Schedule of Revenues - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2010**  
(In thousands)

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

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Taxes</b>					
Property taxes:					
Current	\$ 234,079	--	234,079	231,216	2,863
Delinquent	1,101	--	1,101	1,000	101
Penalty and interest	1,122	--	1,122	900	222
Sales taxes	144,710	--	144,710	132,051	12,659
Other taxes	6,049	--	6,049	5,971	78
<b>Total taxes</b>	<b>387,061</b>	<b>--</b>	<b>387,061</b>	<b>371,138</b>	<b>15,923</b>
<b>Franchise fees</b>	<b>34,964</b>	<b>--</b>	<b>34,964</b>	<b>34,082</b>	<b>882</b>
<b>Fines, forfeitures, and penalties</b>					
Library fines	503	--	503	523	(20)
Traffic fines	10,117	--	10,117	10,740	(623)
Parking violations	2,465	--	2,465	2,605	(140)
Other	5,607	(1)	5,606	5,131	475
<b>Total fines, forfeitures, and penalties</b>	<b>18,692</b>	<b>(1)</b>	<b>18,691</b>	<b>18,999</b>	<b>(308)</b>
<b>Licenses, permits, and inspections</b>					
Alarm permits	2,064	--	2,064	2,140	(76)
Public health	2,856	--	2,856	2,459	397
Development	2,620	--	2,620	4,176	(1,556)
Building safety	7,584	--	7,584	8,765	(1,181)
Beer and wine permits	330	--	330	290	40
Other	262	--	262	198	64
<b>Total licenses, permits, and inspections</b>	<b>15,716</b>	<b>--</b>	<b>15,716</b>	<b>18,028</b>	<b>(2,312)</b>
<b>Charges for services/goods</b>					
Recreation and culture	2,953	(17)	2,936	3,085	(149)
Public health	4,733	(9)	4,724	5,289	(565)
Emergency medical services	24,375	(58)	24,317	26,879	(2,562)
General government	1,333	--	1,333	1,337	(4)
<b>Total charges for services/goods</b>	<b>33,394</b>	<b>(84)</b>	<b>33,310</b>	<b>36,590</b>	<b>(3,280)</b>
<b>Interest and other</b>					
Interest	2,807	--	2,807	3,002	(195)
Rental income	2,811	(12)	2,799	1,255	1,544
Sale of property	656	--	656	356	300
Other	1,785	(1,179)	606	297	309
<b>Total interest and other</b>	<b>8,059</b>	<b>(1,191)</b>	<b>6,868</b>	<b>4,910</b>	<b>1,958</b>
<b>Total revenues</b>	<b>\$ 497,886</b>	<b>(1,276)</b>	<b>496,610</b>	<b>483,747</b>	<b>12,863</b>

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



**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2010**  
**(In thousands)**

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

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>General government</b>					
Municipal Court:					
Salaries and fringe benefits	\$ 9,116	(66)	9,050	9,290	240
Contractual services	2,685	17	2,702	2,640	(62)
Commodities	145	--	145	134	(11)
Expense refunds	(201)	--	(201)	(143)	58
Capital outlay	23	8	31	33	2
<b>Total general government</b>	<b>11,768</b>	<b>(41)</b>	<b>11,727</b>	<b>11,954</b>	<b>227</b>
<b>Public safety</b>					
Police:					
Salaries and fringe benefits	225,001	(1,386)	223,615	227,719	4,104
Contractual services	19,955	19	19,974	20,597	623
Commodities	2,915	102	3,017	3,687	670
Expense refunds	(12,825)	(54)	(12,879)	(10,943)	1,936
Capital outlay	177	(84)	93	116	23
	<b>235,223</b>	<b>(1,403)</b>	<b>233,820</b>	<b>241,176</b>	<b>7,356</b>
Fire:					
Salaries and fringe benefits	116,589	(850)	115,739	117,464	1,725
Contractual services	6,913	172	7,085	6,589	(496)
Commodities	2,116	(153)	1,963	1,718	(245)
Indirect cost	287	--	287	295	8
Expense refunds	(6,388)	--	(6,388)	(5,878)	510
Capital outlay	58	--	58	58	--
	<b>119,575</b>	<b>(831)</b>	<b>118,744</b>	<b>120,246</b>	<b>1,502</b>
Emergency Medical Services:					
Salaries and fringe benefits	38,192	(196)	37,996	37,949	(47)
Contractual services	3,566	(17)	3,549	3,764	215
Commodities	2,535	(110)	2,425	2,089	(336)
Expense refunds	(460)	--	(460)	(393)	67
Capital outlay	299	293	592	698	106
	<b>44,132</b>	<b>(30)</b>	<b>44,102</b>	<b>44,107</b>	<b>5</b>
<b>Total public safety</b>	<b>\$ 398,930</b>	<b>(2,264)</b>	<b>396,666</b>	<b>405,529</b>	<b>8,863</b>

(Continued)



**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2010**  
(In thousands)

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

(Continued)

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
<b>Transportation, planning, and sustainability</b>					
Transportation, Planning, and Sustainability:					
Contractual services	\$ 363	--	363	350	(13)
<b>Total transportation, planning, and sustainability</b>	363	--	363	350	(13)
<b>Public health</b>					
Salaries and fringe benefits	19,137	(120)	19,017	19,654	637
Contractual services	18,084	80	18,164	18,704	540
Commodities	1,572	72	1,644	1,162	(482)
Expense refunds	(1,348)	--	(1,348)	(619)	729
Capital outlay	19	140	159	73	(86)
<b>Total public health</b>	37,464	172	37,636	38,974	1,338
<b>Public recreation and culture</b>					
Parks and Recreation:					
Salaries and fringe benefits	28,395	(278)	28,117	28,965	848
Contractual services	9,140	(1)	9,139	8,922	(217)
Commodities	2,179	128	2,307	2,013	(294)
Indirect cost	520	--	520	453	(67)
Expense refunds	(4,473)	(34)	(4,507)	(3,788)	719
Capital outlay	184	45	229	245	16
	35,945	(140)	35,805	36,810	1,005
Austin Public Library:					
Salaries and fringe benefits	19,033	(97)	18,936	19,245	309
Contractual services	2,804	19	2,823	2,841	18
Commodities	2,304	60	2,364	2,334	(30)
Expense refunds	(159)	--	(159)	(92)	67
Capital outlay	113	27	140	215	75
	24,095	9	24,104	24,543	439
<b>Total public recreation and culture</b>	\$ 60,040	(131)	59,909	61,353	1,444

(Continued)



**General Fund**  
**Schedule of Expenditures - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2010**  
**(In thousands)**

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

**(Continued)**

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Urban growth management</b>					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	\$ 21,324	(85)	21,239	22,390	1,151
Contractual services	3,179	7	3,186	3,985	799
Commodities	149	2	151	335	184
Expense refunds	(7,064)	--	(7,064)	(7,111)	(47)
Capital outlay	--	2	2	5	3
	<u>17,588</u>	<u>(74)</u>	<u>17,514</u>	<u>19,604</u>	<u>2,090</u>
Development Services and Watershed Protection:					
Salaries and fringe benefits	(76)	76	--	--	--
Contractual services	23	(23)	--	--	--
	<u>(53)</u>	<u>53</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total urban growth management</b>	<u>17,535</u>	<u>(21)</u>	<u>17,514</u>	<u>19,604</u>	<u>2,090</u>
<b>General city responsibilities (2)</b>	<u>69,456</u>	<u>(52,630)</u>	<u>16,826</u>	<u>16,760</u>	<u>(66)</u>
<b>Total expenditures</b>	<u>595,556</u>	<u>(54,915)</u>	<u>540,641</u>	<u>554,524</u>	<u>13,883</u>
<b>General fund expenditures</b>					
Salaries	476,711	(3,002)	473,709	482,676	8,967
Contractuals	66,712	273	66,985	68,392	1,407
Commodities	13,915	101	14,016	13,472	(544)
Indirect cost	807	--	807	748	(59)
Expense refunds	(32,918)	(88)	(33,006)	(28,967)	4,039
Capital outlay	873	431	1,304	1,443	139
General city responsibilities	69,456	(52,630)	16,826	16,760	(66)
<b>Total expenditures</b>	<u>\$ 595,556</u>	<u>(54,915)</u>	<u>540,641</u>	<u>554,524</u>	<u>13,883</u>

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

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



**General Fund**  
**Schedule of Transfers - Budget and Actual-Budget Basis**  
**For the year ended September 30, 2010**  
(In thousands)

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

	<b>Actual</b>	<b>Adjustments (1)</b>	<b>Actual- Budget Basis</b>	<b>Budget</b>	<b>Variance- Positive (Negative)</b>
<b>Transfers in</b>					
Enterprise funds:					
Electric	\$ 101,000	--	101,000	101,000	--
Hospital	18	(18)	--	--	--
Recreation	166	--	166	--	166
Softball	82	--	82	--	82
Water and Wastewater	28,967	1,200	30,167	30,167	--
<b>Total transfers in</b>	<b>130,233</b>	<b>1,182</b>	<b>131,415</b>	<b>131,167</b>	<b>248</b>
<b>Transfers out</b>					
General fund:					
Critical One-Time	--	511	511	511	--
Special revenue funds:					
Barton Springs Conservation	45	--	45	45	--
Housing Trust	281	--	281	281	--
Tax Increment Finance	100	--	100	100	--
Economic Incentive	8,757	--	8,757	5,511	(3,246)
Capital project funds	533	--	533	--	(533)
Enterprise funds:					
Electric	--	1,000	1,000	1,000	--
Drainage	299	--	299	299	--
Softball	186	--	186	186	--
Solid Waste Services	831	--	831	831	--
Transportation	4,982	--	4,982	4,982	--
Internal service funds:					
CTECC	--	7,044	7,044	7,181	137
Fleet Maintenance	--	6,474	6,474	6,474	--
Information Systems	--	12,401	12,401	12,401	--
Support Services	--	27,019	27,019	27,019	--
Wireless Communication	--	1,603	1,603	1,603	--
<b>Total transfers out</b>	<b>16,014</b>	<b>56,052</b>	<b>72,066</b>	<b>68,424</b>	<b>(3,642)</b>
<b>Net transfers</b>	<b>\$ 114,219</b>	<b>(54,870)</b>	<b>59,349</b>	<b>62,743</b>	<b>(3,394)</b>

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









**NONMAJOR GOVERNMENTAL  
FUNDS**











**Nonmajor Governmental Funds  
Combining Balance Sheet  
September 30, 2010  
(In thousands)**

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

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash	\$ 5	--	--	--	5
Pooled investments and cash	91,592	523	146,472	1,804	240,391
Investments, at fair value	--	21,901	--	--	21,901
Cash held by trustee-restricted	1,758	--	--	--	1,758
Property taxes receivable	--	5,258	--	--	5,258
Less allowance for uncollectible taxes	--	(1,509)	--	--	(1,509)
Net property taxes receivable	--	3,749	--	--	3,749
Accounts and other receivables	14,677	--	26,764	--	41,441
Less allowance for doubtful accounts	(247)	--	(12)	--	(259)
Net accounts receivable	14,430	--	26,752	--	41,182
Receivables from other governments	15,359	--	--	--	15,359
Notes receivable, net of allowance	12,367	--	--	--	12,367
Due from other funds	15,087	--	42,659	--	57,746
Advances to other funds	--	4,539	--	--	4,539
Real property held for resale	5,419	--	--	--	5,419
Prepaid expenses	81	--	--	--	81
Other assets	1,070	--	99	--	1,169
Total assets	<u>157,168</u>	<u>30,712</u>	<u>215,982</u>	<u>1,804</u>	<u>405,666</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	10,724	--	19,975	--	30,699
Accrued payroll	144	--	--	--	144
Due to other funds	15,087	238	42,659	--	57,984
Deferred revenue	3,209	3,570	--	--	6,779
Advances from other funds	--	407	--	--	407
Deposits and other liabilities	47,501	--	427	--	47,928
Total liabilities	<u>76,665</u>	<u>4,215</u>	<u>63,061</u>	<u>--</u>	<u>143,941</u>
<b>Fund balances</b>					
<b>Reserved:</b>					
Encumbrances	4,942	--	124,474	--	129,416
Inventories and prepaid items	81	--	--	--	81
Notes receivable	12,367	--	--	--	12,367
Advances receivable	--	4,539	--	--	4,539
Real property held for resale	5,419	--	--	--	5,419
Debt service	--	21,958	--	--	21,958
Permanent funds	--	--	--	1,040	1,040
<b>Unreserved, undesignated:</b>					
Special revenue	57,694	--	--	--	57,694
Capital projects	--	--	28,447	--	28,447
Permanent funds	--	--	--	764	764
Total fund balances	<u>80,503</u>	<u>26,497</u>	<u>152,921</u>	<u>1,804</u>	<u>261,725</u>
<b>Total liabilities and fund balances</b>	<u>\$ 157,168</u>	<u>30,712</u>	<u>215,982</u>	<u>1,804</u>	<u>405,666</u>



**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-5**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Permanent Funds</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes	\$ 2,660	101,842	--	--	104,502
Franchise fees and other taxes	47,308	--	--	--	47,308
Fines, forfeitures and penalties	5,879	--	--	--	5,879
Charges for services/goods	31,200	--	--	--	31,200
Intergovernmental	67,607	--	18,950	--	86,557
Property owners' participation and contributions	2,719	--	4,218	--	6,937
Interest and other	2,451	7,786	17,247	20	27,504
<b>Total revenues</b>	<b>159,824</b>	<b>109,628</b>	<b>40,415</b>	<b>20</b>	<b>309,887</b>
<b>EXPENDITURES</b>					
Current:					
General government	6,560	--	--	--	6,560
Public safety	4,160	--	--	--	4,160
Transportation, planning, and sustainability	9,718	--	--	--	9,718
Public health	15,300	--	--	--	15,300
Public recreation and culture	12,703	--	--	75	12,778
Urban growth management	82,343	--	--	--	82,343
Debt service:					
Principal	470	69,954	--	--	70,424
Interest	1,214	43,376	--	--	44,590
Fees and commissions	--	17	--	--	17
Capital outlay	--	--	166,491	--	166,491
<b>Total expenditures</b>	<b>132,468</b>	<b>113,347</b>	<b>166,491</b>	<b>75</b>	<b>412,381</b>
Excess (deficiency) of revenues over expenditures	27,356	(3,719)	(126,076)	(55)	(102,494)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of tax supported debt	15,000	--	--	--	15,000
Transfers in	31,465	6,266	29,705	--	67,436
Transfers out	(73,123)	--	(4,820)	--	(77,943)
<b>Total other financing sources (uses)</b>	<b>(26,658)</b>	<b>6,266</b>	<b>24,885</b>	<b>--</b>	<b>4,493</b>
Net change in fund balances	698	2,547	(101,191)	(55)	(98,001)
Fund balances at beginning of year	79,805	23,950	254,112	1,859	359,726
<b>Fund balances at end of year</b>	<b>\$ 80,503</b>	<b>26,497</b>	<b>152,921</b>	<b>1,804</b>	<b>261,725</b>







## SPECIAL REVENUE FUNDS

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

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

### General Government

#### Municipal Court:

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

*Municipal Court Juvenile Case Manager Fund* - 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:

*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 Dept. of Treasury Asset Forfeiture Fund* - Records all Dept. of Treasury federal seized funds generated by police enforcement activities.

*Police Federal Dept. of Justice Asset Forfeiture Fund* - Records all Dept. of Justice federal seized funds generated by police enforcement activities.

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

*Texas State Forfeiture Gambling Fund* - Accounts for proceeds from the sale of property forfeited through the courts for illegal gambling operations.

*Municipal Court Traffic Safety Fund* - Collection of fees associated with red light camera program penalties.

##### 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 Fund* - 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.

*Friends of Austin Public Library Fund* - Accounts for proceeds of book sales.

*Special Library Fund* - Accounts for donations received to purchase books or special equipment.

#### Parks and Recreation:

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

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

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

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

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

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



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

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

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

*Rifle Class Fund* - Accounts for fee revenue received from individuals for instruction, materials, and supplies for rifle classes.

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

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

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

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

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

#### **Urban Growth Management**

##### Neighborhood Housing & Community Development:

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

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

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

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

##### Development Services and Watershed Protection:

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

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

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

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

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

*Performance Contracting Fund* - 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.

*Block 21 Austin Chidiren's Museum Fund* - Accounts for proceeds from the sale of Block 21.

*New Central Library Fund* - Accounts for proceeds from the sale of Block 21 and the interest income earned from those proceeds. Interest income along with matching funds to be used for operating costs of the new central library.

*Business Retention and Enhancement Fund* - Accounts for funds to retain and enhance downtown businesses.

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

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

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

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

*Economic Incentives Reserve Fund* - Accounts for the monitoring of the economic incentive agreements that the City maintains.

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

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

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

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

*Mueller Local Government Corporation Fund* - Established for the purpose of financing projects required for the development of the former site of Mueller Airport.

*Mueller Tax Increment Financing Fund* - Accounts for property tax revenue that is collected in the Mueller Tax increment Financing reinvestment Zone No. 16.

*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.

*Public Arts Fund* - Provides for preservation and conservation of the City of Austin public art collection.

*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.

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

*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.

*Waller Creek Reserve Fund* - Provides reserve funding for the proposed Waller Creek tunnel project.

*Waller Creek Tax Increment Finance Fund* - Accounts for property tax revenue that is collected in the Waller Creek Tax Increment Financing Reinvestment Zone No. 17.

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



**Special Revenue Funds**  
**Combining Balance Sheet**  
**For the year ended September 30, 2010**  
**(In thousands)**

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

	<b>Federal, State, and Other Special Revenue Grants</b>	<b>Other Special Revenue Funds</b>	<b>Housing Assistance</b>	<b>Total</b>
<b>ASSETS</b>				
Cash	\$ --	5	--	5
Pooled investments and cash	530	90,057	1,005	91,592
Cash held by trustee-restricted	1,721	37	--	1,758
Accounts and other receivables	--	13,705	972	14,677
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	13,705	725	14,430
Receivables from other governments	15,359	--	--	15,359
Notes receivable, net of allowance	--	--	12,367	12,367
Due from other funds	--	15,087	--	15,087
Real property held for resale	--	--	5,419	5,419
Prepaid expenses	--	81	--	81
Other assets	12	955	103	1,070
<b>Total assets</b>	<b>17,622</b>	<b>119,927</b>	<b>19,619</b>	<b>157,168</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable	1,520	9,193	11	10,724
Accrued payroll	--	144	--	144
Due to other funds	11,915	3,172	--	15,087
Deferred revenue	3,013	196	--	3,209
Deposits and other liabilities	1,174	44,338	1,989	47,501
<b>Total liabilities</b>	<b>17,622</b>	<b>57,043</b>	<b>2,000</b>	<b>76,665</b>
<b>Fund balances</b>				
Reserved:				
Encumbrances	--	4,932	10	4,942
Inventories and prepaid items	--	81	--	81
Notes receivable	--	--	12,367	12,367
Real property held for resale	--	--	5,419	5,419
Unreserved, undesignated:				
Special revenue	--	57,871	(177)	57,694
<b>Total fund balances</b>	<b>--</b>	<b>62,884</b>	<b>17,619</b>	<b>80,503</b>
<b>Total liabilities and fund balances</b>	<b>\$ 17,622</b>	<b>119,927</b>	<b>19,619</b>	<b>157,168</b>



**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-7**

	<b>Federal, State, and Other Special Revenue Grants</b>	<b>Other Special Revenue Funds</b>	<b>Housing Assistance</b>	<b>Total</b>
<b>REVENUES</b>				
Property taxes	\$ --	2,660	--	2,660
Franchise fees and other taxes	--	47,308	--	47,308
Fines, forfeitures, and penalties	--	5,879	--	5,879
Charges for services/goods	--	31,163	37	31,200
Intergovernmental	56,684	--	10,923	67,607
Property owners' participation and contributions	--	2,719	--	2,719
Interest and other	--	2,399	52	2,451
<b>Total revenues</b>	<b>56,684</b>	<b>92,128</b>	<b>11,012</b>	<b>159,824</b>
<b>EXPENDITURES</b>				
Current:				
General government	5,336	1,224	--	6,560
Public safety	1,971	2,189	--	4,160
Transportation, planning, and sustainability	5,439	4,279	--	9,718
Public health	16,056	(756)	--	15,300
Public recreation and culture	7,381	5,322	--	12,703
Urban growth management	20,501	52,093	9,749	82,343
Debt service:				
Principal	--	470	--	470
Interest	--	1,214	--	1,214
<b>Total expenditures</b>	<b>56,684</b>	<b>66,035</b>	<b>9,749</b>	<b>132,468</b>
Excess of revenues over expenditures	--	26,093	1,263	27,356
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of tax supported debt	--	15,000	--	15,000
Transfers in	--	31,465	--	31,465
Transfers out	--	(73,123)	--	(73,123)
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>(26,658)</b>	<b>--</b>	<b>(26,658)</b>
Net change in fund balances	--	(565)	1,263	698
Fund balances at beginning of year	--	63,449	16,356	79,805
<b>Fund balances at end of year</b>	<b>\$ --</b>	<b>62,884</b>	<b>17,619</b>	<b>80,503</b>



**Special Revenue Funds**  
**Combining Balance Sheet - All Special Revenue Grants**  
**September 30, 2010**  
(In thousands)

**City of Austin, Texas**  
**Exhibit E-8**

	Assets					Liabilities and Fund Balances						
	Receivables											Total
	Pooled Investments and Cash	Cash held by trustee	Other from Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Deferred Revenue	Other Liabilities	Total Liabilities	Fund Balances	Liabilities and Fund Balances
<b>Federal grants</b>												
U.S. Department of Agriculture	\$ --	--	969	--	969	83	798	75	13	969	--	969
Equal Employment Opportunity Commission	--	--	71	--	71	--	71	--	--	71	--	71
U.S. Department of Justice	--	--	2,027	--	2,027	35	1,992	--	--	2,027	--	2,027
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	10
U.S. Department of Transportation	--	--	3,156	--	3,156	9	3,130	17	--	3,156	--	3,156
U.S. Health & Human Services	--	--	2,909	12	2,921	577	1,266	699	379	2,921	--	2,921
U.S. Department of Homeland Security	--	--	1,454	--	1,454	--	1,215	182	57	1,454	--	1,454
U.S. Housing/Urban Development	--	1,721	3,570	--	5,291	786	2,729	1,770	6	5,291	--	5,291
U.S. National Foundation on the Arts and Humanities	--	--	244	--	244	--	224	20	--	244	--	244
U.S. Department of Interior	250	--	--	--	250	--	--	250	--	250	--	250
U.S. Department of Education	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total federal grants</b>	250	1,721	14,410	12	16,393	1,490	11,435	3,013	455	16,393	--	16,393
<b>State grants</b>												
Texas Governor's Office Criminal Justice Division	2	--	11	--	13	--	--	--	13	13	--	13
State Health Services	--	--	94	--	94	8	82	--	4	94	--	94
Texas Commission of the Arts	--	--	4	--	4	--	1	--	3	4	--	4
Texas Comptroller of Public Accounts	122	--	--	--	122	2	--	--	120	122	--	122
Texas Parks and Wildlife	--	--	107	--	107	--	107	--	--	107	--	107
Texas Department of Transportation	--	--	115	--	115	1	66	--	48	115	--	115
Texas State Library and Archives Commission	--	--	145	--	145	--	145	--	--	145	--	145
Texas Commission on Environmental Quality	--	--	--	--	--	--	--	--	--	--	--	--
Texas Department of Housing and Community Affairs	--	--	392	--	392	14	79	--	299	392	--	392
<b>Total state grants</b>	124	--	868	--	992	25	480	--	487	992	--	992
<b>Other special revenue grants</b>	156	--	81	--	237	5	--	--	232	237	--	237
<b>Total all grants</b>	\$ 530	1,721	15,359	12	17,622	1,520	11,915	3,013	1,174	17,622	--	17,622



**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - All Special Revenue Grants**  
**For the year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-9**

	<b>Revenues</b>	<b>Expenditures</b>	<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>Fund Balances at Beginning of Year</b>	<b>Fund Balances at End of Year</b>
	<b>Inter- governmental</b>	<b>Special Projects</b>			
<b>Federal grants</b>					
U.S. Department of Agriculture	\$ 5,991	5,991	--	--	--
Equal Employment Opportunity Commission	140	140	--	--	--
U.S. Department of Justice	4,954	4,954	--	--	--
U.S. Department of Labor	--	--	--	--	--
U.S. Department of Transportation	5,014	5,014	--	--	--
U.S. Health & Human Services	15,148	15,148	--	--	--
U.S. Department of Homeland Security	1,971	1,971	--	--	--
U.S. Housing/Urban Development	19,927	19,927	--	--	--
U.S. National Foundation on the Arts and Humanities	357	357	--	--	--
U.S. Department of Interior	--	--	--	--	--
U.S. Department of Education	18	18	--	--	--
<b>Total federal grants</b>	<b>53,520</b>	<b>53,520</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>State grants</b>					
Texas Governor's Office Criminal Justice Division	--	--	--	--	--
State Health Services	908	908	--	--	--
Texas Commission of the Arts	49	49	--	--	--
Texas Comptroller of Public Accounts	195	195	--	--	--
Texas Parks and Wildlife	86	86	--	--	--
Texas Department of Transportation	425	425	--	--	--
Texas State Library and Archives Commission	305	305	--	--	--
Texas Commission on Environmental Quality	29	29	--	--	--
Texas Department of Housing and Community Affairs	574	574	--	--	--
<b>Total state grants</b>	<b>2,571</b>	<b>2,571</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other special revenue grants</b>	<b>593</b>	<b>593</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total all grants</b>	<b>\$ 56,684</b>	<b>56,684</b>	<b>--</b>	<b>--</b>	<b>--</b>



**Special Revenue Funds**  
**Combining Schedule of Expenditures - All Special Revenue Grants**  
**From Inception to September 30, 2010**  
(In thousands)

**City of Austin, Texas**  
**Exhibit E-10**

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	In-Kind			In-Kind		In-Kind			In-Kind		
	Grant	Match	Total	Grant	Match	Grant	Match	Total	Grant	Match	Total
<b>Federal grants</b>											
U.S. Department of Agriculture	\$ 14,034	--	14,034	5,991	--	20,025	--	20,025	21,388	--	21,388
Equal Employment Opportunity Commission	355	--	355	140	--	495	--	495	496	--	496
U.S. Department of Justice	14,096	3,793	17,889	4,954	846	19,050	4,639	23,689	23,466	4,685	28,151
U.S. Department of Labor	68	--	68	--	--	68	--	68	82	--	82
U.S. Department of Transportation	7,333	2,385	9,718	5,014	418	12,347	2,803	15,150	22,333	4,368	26,701
U.S. Health & Human Services	46,508	155	46,663	15,148	--	61,656	155	61,811	84,850	259	85,109
U.S. Department of Homeland Security	27,135	415	27,550	1,971	135	29,106	550	29,656	38,843	671	39,514
U.S. Housing/Urban Development	168,218	933	169,151	19,927	329	188,145	1,262	189,407	194,613	2,003	196,616
U.S. National Foundation on the Arts and Humanities	938	5	943	357	42	1,295	47	1,342	1,695	76	1,771
U.S. Department of Interior	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Education	24	--	24	18	--	42	--	42	46	--	46
<b>Total federal grants</b>	<b>278,709</b>	<b>7,686</b>	<b>286,395</b>	<b>53,520</b>	<b>1,770</b>	<b>332,229</b>	<b>9,456</b>	<b>341,685</b>	<b>387,812</b>	<b>12,062</b>	<b>399,874</b>
<b>State grants</b>											
Texas Governor's Office Criminal Justice Division	353	157	510	--	--	353	157	510	353	157	510
State Health Services	966	58	1,024	908	103	1,874	161	2,035	3,384	272	3,656
Texas Commission of the Arts	67	--	67	49	--	116	--	116	116	--	116
Texas Comptroller of Public Accounts	519	--	519	195	--	714	--	714	811	--	811
Texas Parks and Wildlife	--	--	--	86	21	86	21	107	1,196	549	1,745
Texas Department of Transportation	446	118	564	425	173	871	291	1,162	1,320	413	1,733
Texas State Library and Archives Commission	425	--	425	305	--	730	--	730	758	--	758
Texas Commission on Environmental Quality	--	--	--	29	--	29	--	29	29	--	29
Texas Department of Housing and Community Affairs	--	--	--	574	109	574	109	683	1,922	192	2,114
<b>Total state grants</b>	<b>2,776</b>	<b>333</b>	<b>3,109</b>	<b>2,571</b>	<b>406</b>	<b>5,347</b>	<b>739</b>	<b>6,086</b>	<b>9,889</b>	<b>1,583</b>	<b>11,472</b>
<b>Other special revenue grants</b>	<b>1,702</b>	<b>2</b>	<b>1,704</b>	<b>593</b>	<b>--</b>	<b>2,295</b>	<b>2</b>	<b>2,297</b>	<b>3,175</b>	<b>2</b>	<b>3,177</b>
<b>Total all grants</b>	<b>\$ 283,187</b>	<b>8,021</b>	<b>291,208</b>	<b>56,684</b>	<b>2,176</b>	<b>339,871</b>	<b>10,197</b>	<b>350,068</b>	<b>400,876</b>	<b>13,647</b>	<b>414,523</b>



**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2010**  
(In thousands)

	Assets							
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	Total Assets
<b>General government</b>								
Municipal Court:								
Municipal Court Building Security	\$ --	120	--	--	--	--	--	120
Municipal Court Juvenile Case Manager	--	1,750	--	--	--	--	--	1,750
Municipal Court Technology	--	963	--	--	--	--	--	963
<b>Total general government</b>	--	2,833	--	--	--	--	--	2,833
<b>Public safety</b>								
Police:								
Auto Theft Interdiction	--	40	--	--	--	--	--	40
Aviation Asset Forfeiture	--	--	--	--	--	--	--	--
Police Benefit	--	58	--	--	--	--	--	58
Police Federal Dept. of Treasury Asset Forfeiture	4	2,174	--	--	--	--	--	2,178
Police Federal Dept. of Justice Asset Forfeiture	--	1,209	--	--	--	--	--	1,209
Police State Contraband Asset Forfeiture	--	560	--	--	--	--	--	560
Texas State Forfeiture Gambling	--	736	--	--	--	--	--	736
Municipal Court Traffic Safety	--	321	--	--	--	--	--	321
Total Police	4	5,098	--	--	--	--	--	5,102
Fire:								
Fire Miscellaneous	--	36	--	--	--	--	--	36
Total Fire	--	36	--	--	--	--	--	36
Emergency Medical Services:								
EMS Travis County Reimbursed	--	57	--	--	--	--	--	57
Total Emergency Medical Services	--	57	--	--	--	--	--	57
<b>Total public safety</b>	4	5,191	--	--	--	--	--	5,195
<b>Transportation, planning, and sustainability</b>								
Public Works and Transportation:								
Fiscal Surety - Land Development	--	26,639	--	--	15,087	--	--	41,726
Office of Emergency Management Miscellaneous	--	13	--	--	--	--	--	13
Recycle Bins	--	6	--	--	--	--	--	6
RMD Conservation	--	97	--	--	--	--	--	97
RMD Loan	--	866	--	--	--	--	113	979
Total Public Works and Transportation	--	27,621	--	--	15,087	--	113	42,821
Transportation, Planning, and Sustainability:								
Austin Transportation Study	--	46	--	441	--	--	--	487
Child Safety	--	828	--	--	--	--	--	828
Environmental Remediation	--	292	--	--	--	--	--	292
Pavement Life Recovery	--	216	--	16	--	--	--	232
Railroad Right of Way	--	6	--	--	--	--	--	6
Subdivision Participation	--	5,290	--	--	--	--	--	5,290
Total Transportation, Planning, and Sustainability	--	6,678	--	457	--	--	--	7,135
<b>Total transportation, planning, and sustainability</b>	\$ --	34,299	--	457	15,087	--	113	49,956



Liabilities						Fund Balances				Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encum- brances	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	
15	--	--	--	--	15	--	--	105	105	120
--	16	--	--	--	16	--	--	1,734	1,734	1,750
35	--	--	--	--	35	29	--	899	928	963
50	16	--	--	--	66	29	--	2,738	2,767	2,833
--	--	--	--	31	31	--	--	9	9	40
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	58	58	58
--	--	--	--	--	--	435	--	1,743	2,178	2,178
4	--	--	--	--	4	--	--	1,205	1,205	1,209
--	--	--	--	--	--	--	--	560	560	560
--	--	--	--	--	--	16	--	720	736	736
133	2	--	--	186	321	--	--	--	--	321
137	2	--	--	217	356	451	--	4,295	4,746	5,102
--	--	--	--	1	1	--	--	35	35	36
--	--	--	--	1	1	--	--	35	35	36
--	--	--	--	5	5	--	--	52	52	57
--	--	--	--	5	5	--	--	52	52	57
137	2	--	--	223	362	451	--	4,382	4,833	5,195
--	--	--	--	41,378	41,378	--	--	348	348	41,726
--	--	--	--	--	--	--	--	13	13	13
--	--	--	--	--	--	--	--	6	6	6
--	--	--	--	--	--	--	--	97	97	97
119	--	--	--	--	119	--	--	860	860	979
119	--	--	--	41,378	41,497	--	--	1,324	1,324	42,821
103	--	--	186	197	486	1	--	--	1	487
--	84	--	--	--	84	21	--	723	744	828
--	--	--	--	49	49	14	--	229	243	292
--	--	--	--	--	--	--	--	232	232	232
--	--	--	--	--	--	--	--	6	6	6
--	--	--	--	1,440	1,440	--	--	3,850	3,850	5,290
103	84	--	186	1,686	2,059	36	--	5,040	5,076	7,135
222	84	--	186	43,064	43,556	36	--	6,364	6,400	49,956

(Continued)



**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2010**  
(In thousands)

	Assets						
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets
							Total Assets
<b>Public health</b>							
Health and Human Services:							
CCSD Operations-Travis County Hospital District	\$ --	--	--	629	--	--	629
Disproportionate Share	--	126	--	--	--	--	126
Health and Human Services Travis County							
Reimbursed	--	493	--	2	--	2	497
Health Miscellaneous	--	150	--	--	--	--	150
Medicaid Administrative Claims	--	20	--	--	--	--	20
Total Health and Human Services	--	789	--	631	--	2	1,422
Other public health:							
Animal Services	--	189	--	--	--	--	189
Animal Shelter Building	--	14	--	--	--	--	14
Total other public health	--	203	--	--	--	--	203
<b>Total public health</b>	--	992	--	631	--	2	1,625
<b>Public recreation and culture</b>							
Austin Public Library:							
Austin History Center	--	143	--	--	--	--	143
Friends of Austin Public Library	--	257	--	--	--	--	257
Special Library	--	582	--	--	--	--	582
Total Austin Public Library	--	982	--	--	--	--	982
Parks and Recreation:							
Adaptive Programs	--	10	--	--	--	--	10
Austin Creeks and Trails	--	34	--	--	--	--	34
Balcones Canyonlands	--	77	--	--	--	--	77
Friends of East Austin Youth	--	10	--	--	--	--	10
PARD Cultural Projects	--	432	--	--	--	--	432
PARD Miscellaneous	--	534	--	--	--	--	534
PARD Police Asset Forfeitures	--	--	--	--	--	--	--
Planting for the Future	--	218	--	--	--	--	218
Republic Square	--	1	--	--	--	--	1
Rifle Class	--	1	--	--	--	--	1
Senior Nutrition	--	--	--	--	--	--	--
Summer Musical	--	402	--	--	--	--	402
Teen Activity	--	11	--	--	--	--	11
Tennis League	--	7	--	--	--	--	7
Town Lake Beautification	--	146	--	--	--	--	146
Total Parks and Recreation	--	1,883	--	--	--	--	1,883
<b>Total public recreation and culture</b>	\$ --	2,865	--	--	--	--	2,865



(Continued)

Liabilities						Fund Balances				Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encum- brances	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	619	--	--	619	43	--	(33)	10	629
--	--	--	--	--	--	--	--	126	126	126
152	--	58	--	24	234	--	2	261	263	497
--	--	--	--	106	106	--	--	44	44	150
--	--	--	--	716	716	--	--	(696)	(696)	20
152	--	677	--	846	1,675	43	2	(298)	(253)	1,422
20	--	--	--	52	72	1	--	116	117	189
--	--	--	--	--	--	--	--	14	14	14
20	--	--	--	52	72	1	--	130	131	203
172	--	677	--	898	1,747	44	2	(168)	(122)	1,625
--	--	--	--	--	--	--	--	143	143	143
--	--	--	--	8	8	1	--	248	249	257
--	--	--	--	--	--	11	--	571	582	582
--	--	--	--	8	8	12	--	962	974	982
--	--	--	--	--	--	--	--	10	10	10
--	--	--	--	--	--	--	--	34	34	34
--	--	--	--	2	2	--	--	75	75	77
--	--	--	--	--	--	--	--	10	10	10
169	--	--	--	--	169	212	--	51	263	432
--	--	--	--	--	--	1	--	533	534	534
--	--	2	--	--	2	--	--	(2)	(2)	--
--	--	--	--	--	--	39	--	179	218	218
--	--	--	--	--	--	--	--	1	1	1
--	--	--	--	--	--	--	--	1	1	1
--	--	--	10	--	10	--	--	(10)	(10)	--
--	--	--	--	--	--	--	--	402	402	402
--	--	--	--	--	--	1	--	10	11	11
--	--	--	--	--	--	--	--	7	7	7
--	--	--	--	--	--	--	--	146	146	146
169	--	2	10	2	183	253	--	1,447	1,700	1,883
169	--	2	10	10	191	265	--	2,409	2,674	2,865

(Continued)



**Special Revenue Funds - Other**  
**Combining Balance Sheet**  
**September 30, 2010**  
(In thousands)

	Assets						
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets
							Total Assets
<b>Urban growth management</b>							
Neighborhood Housing & Community Development:							
Housing Miscellaneous	\$ --	50	--	--	--	--	50
Housing Trust Social Equity	--	1,770	--	--	--	--	1,770
Neighborhood Housing and Conservation	1	614	--	--	--	79	694
UNO Housing Trust	--	278	--	--	--	--	278
Total Neighborhood Housing & Community Development	1	2,712	--	--	--	79	2,792
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	181	--	--	--	--	181
Austin Inner City Redevelopment Corporation	--	2	--	--	--	--	2
East Sixth Street Public Improvement District	--	94	--	25	--	--	119
Energy Conservation Rebates and Incentives	--	2,624	--	--	--	--	2,624
Fee Waiver	--	30	--	--	--	--	30
Performance Contracting	--	--	--	--	--	--	--
Planning, Environmental Conservation Services	--	108	--	--	--	--	108
Public Improvement District	--	1,447	--	89	--	--	1,536
Urban Forest Replenishment	--	1,228	--	--	--	--	1,228
Total Development Services and Watershed Protection	--	5,714	--	114	--	--	5,828
Other urban growth management:							
Austin Clean Water Program	--	150	--	--	--	--	150
Barton Springs Conservation	--	23	--	--	--	--	23
Block 21 Austin Childrens Museum	--	--	--	--	--	--	--
New Central Library (1)	--	10,418	--	--	--	--	10,418
Business Retention & Enhancement	--	744	--	146	--	417	1,307
Cable TV	--	459	--	--	--	--	459
City Hall	--	--	--	12	--	--	12
City Hall Retail Tenant Improvement	--	116	--	--	--	--	116
Downtown Development	--	224	--	--	--	--	224
Economic Incentives Reserve	--	11,082	--	--	--	--	11,082
Hotel-Motel Occupancy Tax	--	79	--	10,084	--	--	10,163
I-35 Parking Program	--	155	--	--	--	--	155
Katrina Disaster Relief	--	--	--	--	--	--	--
Mueller Development	--	--	--	708	--	--	708
Mueller Local Government Corporation	--	1,516	37	--	--	--	1,553
Mueller Tax Increment Financing	--	--	--	--	--	--	--
Music Loan Program	--	293	--	--	--	--	293
One Texas Center	--	--	--	--	--	--	--
Public Arts	--	10	--	--	--	--	10
RMMA Reimbursement	--	--	--	--	--	--	--
Rutherford Lane Facility	--	--	--	--	--	--	--
Strategic Planning Investment	--	7	--	--	--	--	7
Sustainability	--	1,976	--	--	--	--	1,976
Tax Increment Finance	--	409	--	--	--	--	409
Tourism and Promotion	--	228	--	--	--	425	653
Turner Robertson O&M	--	314	--	--	--	--	314
Vehicle Rental Tax	--	--	--	1,553	--	--	1,553
Waller Creek Reserve	--	4,477	--	--	--	--	4,477
Waller Creek Tax Increment Finance	--	1,102	--	--	--	--	1,102
Wildland Conservation	--	1,669	--	--	--	--	1,669
Total other urban growth management	--	35,451	37	12,503	--	--	48,833
<b>Total urban growth management</b>	1	43,877	37	12,617	--	79	57,453
<b>Total</b>	\$ 5	90,057	37	13,705	15,087	81	119,927

(1) Formerly reported as Block 21 Sale Proceeds.



(Continued)

Liabilities						Fund Balances				Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encum- brances	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	--	--	--	50	50	50
13	--	--	--	--	13	--	--	1,757	1,757	1,770
44	42	--	--	1	87	351	79	177	607	694
--	--	--	--	--	--	--	--	278	278	278
57	42	--	--	1	100	351	79	2,262	2,692	2,792
--	--	--	--	--	--	--	--	181	181	181
--	--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	63	--	56	119	119
1,247	--	--	--	--	1,247	40	--	1,337	1,377	2,624
--	--	--	--	--	--	--	--	30	30	30
220	--	831	--	--	1,051	999	--	(2,050)	(1,051)	--
--	--	--	--	--	--	3	--	105	108	108
--	--	--	--	--	--	1,306	--	230	1,536	1,536
--	--	--	--	--	--	--	--	1,228	1,228	1,228
1,467	--	831	--	--	2,298	2,411	--	1,119	3,530	5,828
--	--	--	--	24	24	--	--	126	126	150
--	--	--	--	--	--	--	--	23	23	23
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	10,418	10,418	10,418
--	--	--	--	--	--	--	--	1,307	1,307	1,307
--	--	--	--	--	--	--	--	459	459	459
59	--	67	--	3	129	--	--	(117)	(117)	12
--	--	--	--	23	23	2	--	91	93	116
--	--	--	--	--	--	--	--	224	224	224
5,718	--	--	--	--	5,718	255	--	5,109	5,364	11,082
--	--	--	--	79	79	--	--	10,084	10,084	10,163
3	--	--	--	--	3	--	--	152	152	155
--	--	--	--	--	--	--	--	--	--	--
2	--	12	--	--	14	68	--	626	694	708
--	--	--	--	--	--	--	--	1,553	1,553	1,553
--	--	212	--	--	212	--	--	(212)	(212)	--
--	--	--	--	--	--	--	--	293	293	293
--	--	600	--	--	600	29	--	(629)	(600)	--
--	--	--	--	10	10	--	--	--	--	10
--	--	18	--	--	18	--	--	(18)	(18)	--
36	--	753	--	3	792	24	--	(816)	(792)	--
--	--	--	--	--	--	--	--	7	7	7
448	--	--	--	--	448	562	--	966	1,528	1,976
5	--	--	--	--	5	7	--	397	404	409
621	--	--	--	--	621	--	--	32	32	653
--	--	--	--	--	--	--	--	314	314	314
--	--	--	--	--	--	--	--	1,553	1,553	1,553
--	--	--	--	--	--	--	--	4,477	4,477	4,477
--	--	--	--	--	--	--	--	1,102	1,102	1,102
27	--	--	--	--	27	398	--	1,244	1,642	1,669
6,919	--	1,662	--	142	8,723	1,345	--	38,765	40,110	48,833
8,443	42	2,493	--	143	11,121	4,107	79	42,146	46,332	57,453
9,193	144	3,172	196	44,338	57,043	4,932	81	57,871	62,884	119,927



**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
(In thousands)

	Revenues						
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	Total Revenues
<b>General government</b>							
Municipal Court:							
Municipal Court Building Security	\$ --	--	475	--	--	1	476
Municipal Court Juvenile Case Manager	--	--	613	--	--	17	630
Municipal Court Technology	--	--	634	--	--	9	643
<b>Total general government</b>	--	--	1,722	--	--	27	1,749
<b>Public safety</b>							
Police:							
Auto Theft Interdiction	--	--	--	--	--	1	1
Aviation Asset Forfeiture	--	--	--	--	--	2	2
Police Benefit	--	--	--	--	3	34	37
Police Federal Dept. of Treasury Asset Forfeiture	--	--	898	--	--	29	927
Police Federal Dept. of Justice Asset Forfeiture	--	--	756	--	--	9	765
Police State Contraband Asset Forfeiture	--	--	126	--	--	9	135
Texas State Forfeiture Gambling	--	--	--	329	--	10	339
Municipal Court Traffic Safety	--	--	796	--	--	81	877
Total Police	--	--	2,576	329	3	175	3,083
Fire:							
Fire Miscellaneous	--	--	--	2	--	1	3
Total Fire	--	--	--	2	--	1	3
Emergency Medical Services:							
EMS Travis County Reimbursed	--	--	--	--	--	--	--
Total Emergency Medical Services	--	--	--	--	--	--	--
<b>Total public safety</b>	--	--	2,576	331	3	176	3,086
<b>Transportation, planning and sustainability</b>							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	--	--	--	--	(509)	(509)
Office of Emergency Management Miscellaneous	--	--	--	--	--	3	3
Recycle Bins	--	--	--	--	--	--	--
RMD Conservation	--	--	--	--	--	--	--
RMD Loan	--	--	--	--	--	--	--
Total Public Works and Transportation	--	--	--	--	--	(506)	(506)
Transportation, Planning and Sustainability:							
Austin Transportation Study	--	--	--	2,255	--	--	2,255
Child Safety	--	--	1,535	--	--	6	1,541
Environmental Remediation	--	--	--	--	--	3	3
Pavement Life Recovery	--	--	--	2	--	2	4
Railroad Right of Way	--	--	--	--	--	--	--
Subdivision Participation	--	--	--	--	--	41	41
Total Transportation, Planning and Sustainability	--	--	1,535	2,257	--	52	3,844
<b>Total transportation, planning and sustainability</b>	\$ --	--	1,535	2,257	--	(454)	3,338

(1) Expenditures include capital outlay of \$3.2 million.



Expenditures (1)	Principal	Interest	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
				Issuance of Tax Supported Debt	Transfers In	Transfers Out			
487	--	--	(11)	--	--	--	(11)	116	105
288	--	--	342	--	--	--	342	1,392	1,734
449	--	--	194	--	--	--	194	734	928
1,224	--	--	525	--	--	--	525	2,242	2,767
--	--	--	1	--	--	--	1	8	9
213	--	--	(211)	--	--	--	(211)	211	--
37	--	--	--	--	--	--	--	58	58
841	--	--	86	--	--	(535)	(449)	2,627	2,178
95	--	--	670	--	535	--	1,205	--	1,205
21	--	--	114	--	--	--	114	446	560
95	--	--	244	--	--	--	244	492	736
877	--	--	--	--	--	--	--	--	--
2,179	--	--	904	--	535	(535)	904	3,842	4,746
10	--	--	(7)	--	--	--	(7)	42	35
10	--	--	(7)	--	--	--	(7)	42	35
--	--	--	--	--	--	--	--	52	52
--	--	--	--	--	--	--	--	52	52
2,189	--	--	897	--	535	(535)	897	3,936	4,833
--	--	--	(509)	--	--	--	(509)	857	348
--	--	--	3	--	--	--	3	10	13
--	--	--	--	--	--	--	--	6	6
--	--	--	--	--	--	--	--	97	97
--	--	--	--	--	--	--	--	860	860
--	--	--	(506)	--	--	--	(506)	1,830	1,324
2,251	--	--	4	--	--	--	4	(3)	1
1,381	--	--	160	--	--	--	160	584	744
647	--	--	(644)	--	725	--	81	162	243
--	--	--	4	--	--	--	4	228	232
--	--	--	--	--	--	--	--	6	6
--	--	--	41	--	--	--	41	3,809	3,850
4,279	--	--	(435)	--	725	--	290	4,786	5,076
4,279	--	--	(941)	--	725	--	(216)	6,616	6,400

(Continued)



**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
**(In thousands)**

		Revenues					
	Property	Gross	Fines,	Charges for	Interest	Total	
	Taxes	Receipts	Forfeitures	Services/	and	Revenues	
		Taxes	and Penalties	Goods	Other		
<b>Public health</b>							
Health and Human Services:							
CCSD Operations-Travis County Hospital District	\$	--	--	38	--	30	68
Disproportionate Share		--	--	--	--	--	--
Health and Human Services Travis County							
Reimbursed		--	--	(71)	--	--	(71)
Health Miscellaneous		--	--	--	--	2	2
Medicaid Administrative Claims		--	--	--	--	--	--
Total Health and Human Services		--	--	(33)	--	32	(1)
Other public health:							
Animal Services		--	--	--	133	2	135
Animal Shelter Building		--	--	--	--	--	--
Total other public health		--	--	--	133	2	135
<b>Total public health</b>		--	--	(33)	133	34	134
<b>Public recreation and culture</b>							
Austin Public Library:							
Austin History Center		--	--	--	7	--	7
Friends of Austin Public Library		--	--	--	130	--	130
Special Library		--	--	--	168	--	168
Total Austin Public Library		--	--	--	305	--	305
Parks and Recreation:							
Adaptive Programs		--	--	--	--	--	--
Austin Creeks and Trails		--	--	--	3	--	3
Balcones Canyonlands		--	--	--	--	--	--
Friends of East Austin Youth		--	--	--	--	--	--
PARD Cultural Projects		--	--	--	--	4	4
PARD Miscellaneous		--	--	--	152	6	158
PARD Police Asset Forfeitures		--	--	--	--	--	--
Planting for the Future		--	--	--	85	--	85
Republic Square		--	--	--	--	--	--
Rifle Class		--	--	--	--	--	--
Senior Nutrition		--	--	--	--	--	--
Summer Musical		--	--	--	53	--	53
Teen Activity		--	--	--	1	--	1
Tennis League		--	--	--	2	--	2
Town Lake Beautification		--	--	--	8	--	8
Total parks and recreation		--	--	--	304	10	314
<b>Total public recreation and culture</b>	\$	--	--	--	609	10	619

(1) Expenditures include capital outlay of \$3.2 million.



(Continued)

Expenditures (1)	Principal	Interest	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
				Issuance of Tax Supported Debt	Transfers In	Transfers Out			
(964)	--	--	1,032	--	604	--	1,636	(1,626)	10
--	--	--	--	--	--	--	--	126	126
--	--	--	(71)	--	--	--	(71)	334	263
--	--	--	2	--	--	--	2	42	44
--	--	--	--	--	--	--	--	(696)	(696)
(964)	--	--	963	--	604	--	1,567	(1,820)	(253)
208	--	--	(73)	--	--	--	(73)	190	117
--	--	--	--	--	--	--	--	14	14
208	--	--	(73)	--	--	--	(73)	204	131
(756)	--	--	890	--	604	--	1,494	(1,616)	(122)
39	--	--	(32)	--	--	--	(32)	175	143
5	--	--	125	--	--	--	125	124	249
147	--	--	21	--	--	--	21	561	582
191	--	--	114	--	--	--	114	860	974
--	--	--	--	--	--	--	--	10	10
--	--	--	3	--	--	--	3	31	34
--	--	--	--	--	--	--	--	75	75
--	--	--	--	--	--	--	--	10	10
4,983	--	--	(4,979)	--	4,633	--	(346)	609	263
53	--	--	105	--	--	--	105	429	534
4	--	--	(4)	--	--	--	(4)	2	(2)
23	--	--	62	--	--	--	62	156	218
2	--	--	(2)	--	--	--	(2)	3	1
--	--	--	--	--	--	--	--	1	1
--	--	--	--	--	--	--	--	(10)	(10)
18	--	--	35	--	--	--	35	367	402
21	--	--	(20)	--	--	--	(20)	31	11
--	--	--	2	--	--	--	2	5	7
27	--	--	(19)	--	--	--	(19)	165	146
5,131	--	--	(4,817)	--	4,633	--	(184)	1,884	1,700
5,322	--	--	(4,703)	--	4,633	--	(70)	2,744	2,674

(Continued)



**Special Revenue Funds - Other**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
**(In thousands)**

	Revenues						
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	Total Revenues
<b>Urban growth management</b>							
Neighborhood Housing & Community Development:							
Housing Miscellaneous	\$ --	--	--	--	--	1	1
Housing Trust Social Equity	--	--	--	--	--	21	21
Neighborhood Housing and Conservation	--	--	--	--	--	35	35
UNO Housing Trust	--	--	--	--	--	4	4
Total Neighborhood Housing & Community Development	--	--	--	--	--	61	61
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	--	--	--	--	2	2
Austin Inner City Redevelopment Corporation	--	--	--	--	--	--	--
East Sixth Street Public Improvement District	--	--	--	72	44	1	117
Energy Conservation Rebates and Incentives	--	--	--	21,000	--	--	21,000
Fee Waiver	--	--	--	--	--	--	--
Performance Contracting	--	--	--	--	--	1,590	1,590
Planning, Environmental Conservation Services	--	--	--	--	--	--	--
Public Improvement District	--	--	--	2,563	--	29	2,592
Urban Forest Replenishment	--	--	--	--	146	15	161
Total Development Services and Watershed Protection	--	--	--	23,635	190	1,637	25,462
Other urban growth management:							
Austin Clean Water Program	--	--	--	--	--	--	--
Barton Springs Conservation	--	--	--	--	--	--	--
Block 21 Austin Childrens Museum	--	--	--	--	--	--	--
New Central Library (2)	--	--	--	--	--	119	119
Business Retention & Enhancement	--	--	--	82	--	250	332
Cable TV	--	708	--	--	--	4	712
City Hall	--	--	--	273	--	38	311
City Hall Retail Tenant Improvement	--	--	--	--	--	--	--
Downtown Development	--	--	--	--	--	3	3
Economic Incentives Reserve	--	--	--	--	--	55	55
Hotel-Motel Occupancy Tax	--	40,600	--	--	--	--	40,600
I-35 Parking Program	--	--	--	140	--	1	141
Katrina Disaster Relief	--	--	--	--	--	--	--
Mueller Development	--	--	--	21	--	--	21
Mueller Local Government Corporation	--	--	--	--	1,784	316	2,100
Mueller Tax Increment Financing	1,779	--	--	--	--	5	1,784
Music Loan Program	--	--	--	--	--	3	3
One Texas Center	--	--	--	1,723	--	--	1,723
Public Arts	--	--	--	--	--	--	--
RMMA Reimbursement	--	--	--	--	--	--	--
Rutherford Lane Facility	--	--	--	2,734	--	--	2,734
Strategic Planning Investment	--	--	--	--	--	--	--
Sustainability	--	--	--	--	--	--	--
Tax Increment Finance	--	--	--	--	--	5	5
Tourism and Promotion	--	--	--	--	--	2	2
Turner Robertson O&M	--	--	--	--	--	--	--
Vehicle Rental Tax	--	6,000	--	--	--	19	6,019
Waller Creek Reserve	--	--	--	--	--	51	51
Waller Creek Tax Increment Finance	881	--	--	--	--	5	886
Wildland Conservation	--	--	46	--	--	32	78
Total other urban growth management	2,660	47,308	46	4,973	1,784	908	57,679
<b>Total urban growth management</b>	2,660	47,308	46	28,608	1,974	2,606	83,202
<b>Total</b>	\$ 2,660	47,308	5,879	31,163	2,719	2,399	92,128

(1) Expenditures include capital outlay of \$3.2 million.

(2) Formerly reported as Block 21 Sale Proceeds.



(Continued)

Expenditures (1)	Principal	Interest	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)			Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
				Issuance of Tax Supported Debt	Transfers In	Transfers Out			
--	--	--	1	--	--	--	1	49	50
552	--	--	(531)	--	281	--	(250)	2,007	1,757
2,069	--	--	(2,034)	--	2,294	--	260	347	607
837	--	--	(833)	--	--	--	(833)	1,111	278
3,458	--	--	(3,397)	--	2,575	--	(822)	3,514	2,692
--	--	--	2	--	--	--	2	179	181
--	--	--	--	--	--	--	--	2	2
102	--	--	15	--	--	--	15	104	119
20,898	--	--	102	--	--	(100)	2	1,375	1,377
--	--	--	--	--	--	--	--	30	30
2,487	--	--	(897)	--	--	--	(897)	(154)	(1,051)
--	--	--	--	--	--	--	--	108	108
3,308	--	--	(716)	--	150	--	(566)	2,102	1,536
160	--	--	1	--	--	--	1	1,227	1,228
26,955	--	--	(1,493)	--	150	(100)	(1,443)	4,973	3,530
--	--	--	--	--	--	--	--	126	126
45	--	--	(45)	--	45	--	--	23	23
--	--	--	--	--	--	(4,950)	(4,950)	4,950	--
--	--	--	119	--	--	--	119	10,299	10,418
--	--	--	332	--	--	--	332	975	1,307
597	--	--	115	--	--	--	115	344	459
305	--	--	6	--	--	--	6	(123)	(117)
--	--	--	--	--	--	--	--	93	93
--	--	--	3	--	--	--	3	221	224
6,014	--	--	(5,959)	--	8,756	(982)	1,815	3,549	5,364
--	--	--	40,600	--	--	(39,697)	903	9,181	10,084
67	--	--	74	--	--	--	74	78	152
1	--	--	(1)	--	--	--	(1)	1	--
19	--	--	2	--	--	--	2	692	694
--	470	1,214	416	15,000	982	(15,068)	1,330	223	1,553
1,783	--	--	1	--	--	--	1	(213)	(212)
--	--	--	3	--	--	--	3	290	293
2	--	--	1,721	--	--	(2,416)	(695)	95	(600)
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	(18)	(18)
1,527	--	--	1,207	--	--	(1,357)	(150)	(642)	(792)
--	--	--	--	--	--	--	--	7	7
2,891	--	--	(2,891)	--	5,839	(2,294)	654	874	1,528
106	--	--	(101)	--	100	--	(1)	405	404
6,158	--	--	(6,156)	--	6,521	--	365	(333)	32
--	--	--	--	--	--	--	--	314	314
--	--	--	6,019	--	--	(5,724)	295	1,258	1,553
--	--	--	51	--	--	--	51	4,426	4,477
--	--	--	886	--	--	--	886	216	1,102
2,165	--	--	(2,087)	--	--	--	(2,087)	3,729	1,642
21,680	470	1,214	34,315	15,000	22,243	(72,488)	(930)	41,040	40,110
52,093	470	1,214	29,425	15,000	24,968	(72,588)	(3,195)	49,527	46,332
64,351	470	1,214	26,093	15,000	31,465	(73,123)	(565)	63,449	62,884



**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**Year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>General government</b>							
Municipal Court:							
Municipal Court Building Security							
Actual-budget basis	\$ (36)	477	487	--	--	(10)	(46)
Budget	108	474	515	--	--	(41)	67
Variance-Positive (Negative)	(144)	3	28	--	--	31	(113)
Municipal Court Technology							
Actual-budget basis	656	643	473	--	--	170	826
Budget	528	631	694	--	--	(63)	465
Variance-Positive (Negative)	128	12	221	--	--	233	361
Municipal Court Juvenile Case Manager							
Actual-budget basis	1,091	630	288	--	--	342	1,433
Budget	1,377	630	337	--	--	293	1,670
Variance-Positive (Negative)	(286)	--	49	--	--	49	(237)
<b>Public safety</b>							
Police:							
Aviation Asset Forfeiture							
Actual-budget basis	194	2	213	--	--	(211)	(17)
Budget	210	--	210	--	--	(210)	--
Variance-Positive (Negative)	(16)	2	(3)	--	--	(1)	(17)
Federal Dept. of Justice Asset Forfeiture							
Actual-budget basis	--	765	96	535	--	1,204	1,204
Budget	126	--	126	--	--	(126)	--
Variance-Positive (Negative)	(126)	765	30	535	--	1,330	1,204
Federal Dept. of Treasury Asset Forfeiture							
Actual-budget basis	2,409	926	1,160	--	535	(769)	1,640
Budget	1,741	--	1,741	--	--	(1,741)	--
Variance-Positive (Negative)	668	926	581	--	(535)	972	1,640
State Contraband Asset Forfeiture							
Actual-budget basis	390	136	20	--	--	116	506
Budget	232	--	232	--	--	(232)	--
Variance-Positive (Negative)	158	136	212	--	--	348	506
State Gambling Asset Forfeiture							
Actual-budget basis	492	339	111	--	--	228	720
Budget	442	--	442	--	--	(442)	--
Variance-Positive (Negative)	50	339	331	--	--	670	720

(Continued)



**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**Year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

**(Continued)**

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>Public Safety, continued</b>							
Traffic Safety							
Actual-budget basis	\$ 3	877	877	--	--	--	3
Budget	--	1,221	1,221	--	--	--	--
Variance-Positive (Negative)	3	(344)	344	--	--	--	3
Emergency Medical Services:							
EMS Travis County Reimbursed							
Actual-budget basis	12	--	--	--	--	--	12
Budget	--	--	--	--	--	--	--
Variance-Positive (Negative)	12	--	--	--	--	--	12
<b>Transportation, planning and sustainability</b>							
Transportation, planning and sustainability							
Child Safety							
Actual-budget basis	454	1,541	1,387	--	--	154	608
Budget	251	1,510	1,333	--	--	177	428
Variance-Positive (Negative)	203	31	(54)	--	--	(23)	180
Environmental Remediation							
Actual-budget basis	1,401	3	662	725	--	66	1,467
Budget	155	9	50	725	714	(30)	125
Variance-Positive (Negative)	1,246	(6)	(612)	--	714	96	1,342
<b>Public health</b>							
CCSD Operations-Travis County Hospital District							
Actual-budget basis	(2,083)	68	(964)	--	--	1,032	(1,051)
Budget	--	--	--	--	--	--	--
Variance-Positive (Negative)	(2,083)	68	964	--	--	1,032	(1,051)
<b>Public recreation and culture</b>							
PARD Police Asset Forfeitures							
Actual-budget basis	2	--	4	--	--	(4)	(2)
Budget	2	--	2	--	--	(2)	--
Variance-Positive (Negative)	--	--	(2)	--	--	(2)	(2)
PARD Cultural Projects							
Actual-budget basis	64	4	5,137	4,633	--	(500)	(436)
Budget	704	69	5,359	4,936	--	(354)	350
Variance-Positive (Negative)	(640)	(65)	222	(303)	--	(146)	(786)

(Continued)



**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**Year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

**(Continued)**

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>Urban growth management</b>							
Neighborhood Housing & Community Development							
Neighborhood Housing and Conservation							
Actual-budget basis	\$ 2,008	21	554	281	--	(252)	1,756
Budget	1,669	--	1,950	281	--	(1,669)	--
Variance-Positive (Negative)	339	21	1,396	--	--	1,417	1,756
Neighborhood Housing and Conservation							
Actual-budget basis	(133)	35	2,421	2,294	--	(92)	(225)
Budget	218	--	2,512	2,294	--	(218)	--
Variance-Positive (Negative)	(351)	35	91	--	--	126	(225)
UNO Housing Trust							
Actual-budget basis	1,111	4	838	--	--	(834)	277
Budget	997	161	1,158	--	--	(997)	--
Variance-Positive (Negative)	114	(157)	320	--	--	163	277
Development Services and Watershed Protection:							
East Sixth Street Public Improvement District							
Actual-budget basis	15	73	166	44	--	(49)	(34)
Budget	73	67	107	44	--	4	77
Variance-Positive (Negative)	(58)	6	(59)	--	--	(53)	(111)
Energy Conservation Rebates and Incentives							
Actual-budget basis	(3,008)	20,999	20,860	--	100	39	(2,969)
Budget	734	20,394	21,019	--	100	(725)	9
Variance-Positive (Negative)	(3,742)	605	159	--	--	764	(2,978)
Performance Contracting							
Actual-budget basis	(3,142)	1,589	582	--	--	1,007	(2,135)
Budget	(2,244)	5,777	3,533	--	--	2,244	--
Variance	(898)	(4,188)	2,951	--	--	(1,237)	(2,135)
Public Improvement District							
Actual-budget basis	820	2,592	3,333	150	--	(591)	229
Budget	818	2,461	3,333	150	--	(722)	96
Variance-Positive (Negative)	2	131	--	--	--	131	133

(Continued)



**Special Revenue Funds - Other**  
**Combining Schedule of Revenues, Expenditures, and Transfers -**  
**Budget and Actual-Budget Basis**  
**Year ended September 30, 2010**  
**(In thousands)**

**City of Austin, Texas**  
**Exhibit E-13**

**(Continued)**

	<b>Fund Balances at Beginning of Year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>		<b>Excess of Sources Over Uses</b>	<b>Fund Balances at End of Year</b>
				<b>Transfer In</b>	<b>Transfer Out</b>		
<b>Other</b>							
New Central Library (1)							
Actual-budget basis	\$ 10,299	118	--	--	--	118	10,417
Budget	10,320	300	--	--	--	300	10,620
Variance-Positive (Negative)	(21)	(182)	--	--	--	(182)	(203)
Business Retention and Enhancement							
Actual-budget basis	498	396	--	--	--	396	894
Budget	383	167	250	--	--	(83)	300
Variance-Positive (Negative)	115	229	250	--	--	479	594
Cable TV							
Actual-budget basis	344	713	597	--	--	116	460
Budget	136	684	689	--	--	(5)	131
Variance-Positive (Negative)	208	29	92	--	--	121	329
City Hall							
Actual-budget basis	(151)	311	306	--	--	5	(146)
Budget	(66)	427	361	--	--	66	--
Variance-Positive (Negative)	(85)	(116)	55	--	--	(61)	(146)
Economic Incentives Reserve							
Actual-budget basis	6,220	55	3,394	8,756	982	4,435	10,655
Budget	4,637	--	--	5,511	5,841	(330)	4,307
Variance-Positive (Negative)	1,583	55	(3,394)	3,245	4,859	4,765	6,348
Hotel-Motel Occupancy Tax							
Actual-budget basis	(480)	40,820	--	--	39,697	1,123	643
Budget	--	42,297	--	--	42,297	--	--
Variance-Positive (Negative)	(480)	(1,477)	--	--	2,600	1,123	643
I-35 Parking Program							
Actual-budget basis	73	141	67	--	--	74	147
Budget	126	208	126	--	--	82	208
Variance-Positive (Negative)	(53)	(67)	59	--	--	(8)	(61)
Mueller Development							
Actual-budget basis	623	22	43	--	--	(21)	602
Budget	637	250	250	--	--	--	637
Variance-Positive (Negative)	(14)	(228)	207	--	--	(21)	(35)
Mueller Tax Increment Financing							
Actual-budget basis	(213)	1,784	1,784	--	--	--	(213)
Budget	--	1,204	1,204	--	--	--	--
Variance-Positive (Negative)	(213)	580	(580)	--	--	--	(213)

(1) Formerly reported as Block 21 Sale Proceeds.

(Continued)



Special Revenue Funds - Other  
Combining Schedule of Revenues, Expenditures, and Transfers -  
Budget and Actual-Budget Basis  
Year ended September 30, 2010  
(In thousands)

City of Austin, Texas  
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
<b>Other, continued</b>							
One Texas Center							
Actual-budget basis	\$ 54	1,724	--	--	2,416	(692)	(638)
Budget	6	1,709	2,416	--	--	(707)	(701)
Variance-Positive (Negative)	48	15	2,416	--	(2,416)	15	63
Rutherford Lane Facility							
Actual-budget basis	(670)	2,734	1,550	--	1,357	(173)	(843)
Budget	(643)	2,719	2,994	--	--	(275)	(918)
Variance-Positive (Negative)	(27)	15	1,444	--	(1,357)	102	75
Sustainability							
Actual-budget basis	649	--	3,335	5,839	2,294	210	859
Budget	755	--	2,888	5,839	2,294	657	1,412
Variance-Positive (Negative)	(106)	--	(447)	--	--	(447)	(553)
Tourism and Promotion							
Actual-budget basis	(319)	1	6,158	6,521	--	364	45
Budget	--	30	6,970	6,940	--	--	--
Variance-Positive (Negative)	(319)	(29)	812	(419)	--	364	45
Vehicle Rental Tax							
Actual-budget basis	(2,489)	6,019	--	--	5,724	295	(2,194)
Budget	--	5,810	5,810	--	--	--	--
Variance-Positive (Negative)	(2,489)	209	5,810	--	(5,724)	295	(2,194)
Waller Creek Reserve							
Actual-budget basis	4,427	51	--	--	--	51	4,478
Budget	4,429	2,357	--	--	--	2,357	6,786
Variance-Positive (Negative)	(2)	(2,306)	--	--	--	(2,306)	(2,308)
Waller Creek Tax Increment Finance							
Actual-budget basis	216	886	--	--	--	886	1,102
Budget	217	870	--	--	--	870	1,087
Variance-Positive (Negative)	(1)	16	--	--	--	16	15
Wildland Conservation							
Actual-budget basis	3,094	77	2,165	--	--	(2,088)	1,006
Budget	2,922	225	2,200	--	--	(1,975)	947
Variance-Positive (Negative)	172	(148)	35	--	--	(113)	59
<b>Total</b>							
Actual-budget basis	\$ 24,895	87,576	58,104	29,778	53,105	6,145	31,040
Budget	32,000	92,661	72,032	26,720	51,246	(3,897)	28,103
Variance-Positive (Negative)	(7,105)	(5,085)	13,928	3,058	(1,859)	10,042	2,937





## **DEBT SERVICE FUNDS**

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

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

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











**Debt Service Funds**  
**Combining Balance Sheet**  
**September 30, 2010**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-14

	General Obligation	HUD Section 108 Loans	Total
<b>ASSETS</b>			
Pooled investments and cash	\$ 523	--	523
Investments, at fair value	21,901	--	21,901
Property taxes receivable	5,258	--	5,258
Less allowance for uncollectible taxes	(1,509)	--	(1,509)
Net property taxes receivable	3,749	--	3,749
Advances to other funds	4,539	--	4,539
Total assets	30,712	--	30,712
<b>LIABILITIES AND FUND BALANCES</b>			
Due to other funds	238	--	238
Deferred revenue	3,570	--	3,570
Advances from other funds	407	--	407
Total liabilities	4,215	--	4,215
Fund balances			
Reserved:			
Advances to other funds	4,539	--	4,539
Debt service	21,958	--	21,958
Total fund balances	26,497	--	26,497
<b>Total liabilities and fund balances</b>	<b>\$ 30,712</b>	<b>--</b>	<b>30,712</b>



**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the period ended September 30, 2010**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-15

	General Obligation	HUD Section 108 Loans	Total
<b>REVENUES</b>			
Property taxes			
Current	\$ 101,347	--	101,347
Penalty and interest	495	--	495
Interest and other	5,422	2,364	7,786
<b>Total revenues</b>	<u>107,264</u>	<u>2,364</u>	<u>109,628</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	68,549	1,405	69,954
Interest	42,427	949	43,376
Fees and commissions	7	10	17
<b>Total expenditures</b>	<u>110,983</u>	<u>2,364</u>	<u>113,347</u>
Excess (deficiency) of revenues over expenditures	(3,719)	--	(3,719)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,266	--	6,266
<b>Total other financing sources (uses)</b>	<u>6,266</u>	<u>--</u>	<u>6,266</u>
Net change in fund balances	2,547	--	2,547
Fund balances at beginning of year	23,950	--	23,950
<b>Fund balances at end of year</b>	<u>\$ 26,497</u>	<u>--</u>	<u>26,497</u>



**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget and Actual-Budget Basis**  
**For the period ended September 30, 2010**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-16

	General Obligation			HUD Section 108 Loans			
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual-Budget Basis
<b>REVENUES</b>							
General property taxes	\$ 101,842	100,263	1,579	--	--	--	101,842
Interest	166	193	(27)	--	--	--	166
Other revenue	4,759	4,077	682	2,364	2,384	(20)	7,123
Total revenues	106,767	104,533	2,234	2,364	2,384	(20)	109,131
<b>EXPENDITURES</b>							
Principal retirement	83,386	87,571	4,185	1,405	1,405	--	84,791
Interest and other	47,490	49,854	2,364	949	949	--	48,439
Fees and commissions	7	15	8	10	30	20	17
Total expenditures	130,883	137,440	6,557	2,364	2,384	20	133,247
Excess (deficiency) of revenues over expenditures	(24,116)	(32,907)	8,791	--	--	--	(24,116)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	27,681	28,718	(1,037)	--	--	--	27,681
Total other financing sources (uses)	27,681	28,718	(1,037)	--	--	--	27,681
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,565	(4,189)	7,754	--	--	--	3,565
Fund balances at beginning of year	53,959	13,187	40,772	--	--	--	53,959
<b>Fund balances at end of year</b>	<b>\$ 57,524</b>	<b>8,998</b>	<b>48,526</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>57,524</b>





## CAPITAL PROJECTS FUNDS

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

*Prior*

*to 1984:* Funds authorized prior to 1981, for police and court projects;

Funds authorized August 29, 1981, for emergency medical service projects;

*1984:* Funds authorized September 8, 1984, for parks and recreation, street and drainage improvements, and fire projects;

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

Funds authorized July 26, 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;

*2006:* Funds authorized November 7, 2006, for various purposes; and

*Other:* Other funds established for various purposes.











**Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2010**  
**(In thousands)**

	Assets						
	Pooled Investments and Cash	Accounts and Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Funds Authorized Prior to 1981							
Police and courts	\$ 2	--	--	--	--	--	2
Funds Authorized August 29, 1981							
EMS buildings	225	--	--	--	--	--	225
Total Funds Authorized Prior to 1984							
	227	--	--	--	--	--	227
Funds Authorized September 8, 1984							
Parkland acquisition	2	--	--	--	--	--	2
Drainage and flood improvements	2,482	--	--	--	--	--	2,482
Street improvements	1,526	12	--	12	--	--	1,538
Fire improvements	6	--	--	--	--	--	6
Total Funds Authorized in 1984	4,016	12	--	12	--	--	4,028
Funds Authorized January 19, 1985							
Cultural arts	888	--	--	--	--	--	888
Funds Authorized July 26, 1985							
Neighborhood park and recreation	9,267	--	--	--	--	--	9,267
Total Funds Authorized in 1985	10,155	--	--	--	--	--	10,155
Funds Authorized September 3, 1987							
Street resurfacing	201	--	--	--	--	--	201
Total Funds Authorized in 1987	201	--	--	--	--	--	201
Funds Authorized August 10, 1992							
Police substations	31	--	--	--	--	--	31
Asbestos abatement/ADA compliance/ East Austin health clinic	188	--	--	--	7	--	195
Erosion & flood control	1	--	--	--	--	--	1
Street & traffic signals	--	--	--	--	--	--	--
Neighborhood sidewalks	2	--	--	--	--	--	2
Parks and recreation facilities	--	--	--	--	--	--	--
Libraries	--	--	--	--	--	--	--
Barton Creek greenway	320	--	--	--	--	--	320
Total Funds Authorized in 1992	542	--	--	--	7	--	549
Funds Authorized May 3, 1997							
Radio Trunking	1	1,050	--	1,050	--	--	1,051
Total Funds Authorized in 1997	\$ 1	1,050	--	1,050	--	--	1,051



Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	2	2	2
--	--	--	--	1	224	225	225
--	--	--	--	1	226	227	227
--	--	--	--	--	2	2	2
--	--	--	--	--	2,482	2,482	2,482
--	--	--	--	13	1,525	1,538	1,538
--	--	--	--	1	5	6	6
--	--	--	--	14	4,014	4,028	4,028
79	--	--	79	--	809	809	888
103	--	--	103	830	8,334	9,164	9,267
182	--	--	182	830	9,143	9,973	10,155
--	--	--	--	--	201	201	201
--	--	--	--	--	201	201	201
--	--	--	--	--	31	31	31
--	--	--	--	75	120	195	195
--	--	--	--	--	1	1	1
--	8	--	8	--	(8)	(8)	--
--	--	--	--	--	2	2	2
--	288	--	288	29	(317)	(288)	--
--	17	--	17	--	(17)	(17)	--
--	--	--	--	--	320	320	320
--	313	--	313	104	132	236	549
512	1,076	--	1,588	511	(1,048)	(537)	1,051
512	1,076	--	1,588	511	(1,048)	(537)	1,051

(Continued)



**Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2010**  
(In thousands)

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
<b>Funds Authorized</b>							
<b>November 3, 1998</b>							
Cultural arts and land	\$ 1,223	--	--	--	--	--	1,223
Traffic signals	9,855	63	--	63	--	--	9,918
Public safety facilities	665	--	--	--	--	--	665
Parks and recreation facilities	8,835	--	--	--	1,382	--	10,217
<b>Total Funds Authorized in 1998</b>	<b>20,578</b>	<b>63</b>	<b>--</b>	<b>63</b>	<b>1,382</b>	<b>--</b>	<b>22,023</b>
<b>Funds Authorized</b>							
<b>November 7, 2000</b>							
Transportation Mobility Improvement	21,000	14,838	--	14,838	22,261	--	58,099
Open Spaces	2	3	--	3	--	--	5
<b>Total Funds Authorized in 2000</b>	<b>21,002</b>	<b>14,841</b>	<b>--</b>	<b>14,841</b>	<b>22,261</b>	<b>--</b>	<b>58,104</b>
<b>Funds Authorized</b>							
<b>November 7, 2006</b>							
Transportation	12,441	--	--	--	--	--	12,441
Drainage & Open Spaces	15,878	--	--	--	--	--	15,878
Parks	5,593	--	--	--	--	--	5,593
Cultural Facilities	1,388	--	--	--	--	--	1,388
Affordable Housing	--	--	--	--	--	--	--
Central Library	--	--	--	--	--	--	--
Public Safety	16,142	--	--	--	--	--	16,142
<b>Total Funds Authorized in 2006</b>	<b>51,442</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>51,442</b>
<b>Other funds</b>							
Travis County Hospital District projects	--	--	--	--	--	--	--
Community Health Center	--	--	--	--	--	--	--
Planning & development improvements	94	--	--	--	--	--	94
TPSD general improvements	--	11	--	11	--	--	11
Library automation system	444	--	--	--	--	--	444
Fire/EMS/NW Austin MUD #1	753	--	--	--	--	--	753
General government projects	8,918	--	--	--	10,170	--	19,088
Health projects	837	--	--	--	--	--	837
Build Austin	--	11	--	11	--	--	11
Build Central Texas	--	--	--	--	--	--	--
CMTA Mobility	--	10,637	--	10,637	--	--	10,637
Park improvements	1,618	--	--	--	--	--	1,618
Parks and Recreation	4,247	--	--	--	8,839	--	13,086
Police and courts	--	11	--	11	--	--	11
Fire - general	2,507	--	--	--	--	--	2,507
Capital reserve	1,495	91	(12)	79	--	--	1,574
CTM	3,052	7	--	7	--	--	3,059
Public Works	18	--	--	--	--	--	18
Watershed Protection	--	--	--	--	--	--	--
Great Streets	973	--	--	--	--	--	973
City Hall, plaza, parking garage	--	30	--	30	--	--	30
Conservation Land	--	--	--	--	--	--	--
Colony Park	3,364	--	--	--	--	--	3,364
Mueller redevelopment	--	--	--	--	--	--	--
NPZ General	3,455	--	--	--	--	--	3,455
Economic Development	144	--	--	--	--	--	144
Interest income fund	6,389	--	--	--	--	99	6,488
<b>Total other funds</b>	<b>38,308</b>	<b>10,798</b>	<b>(12)</b>	<b>10,786</b>	<b>19,009</b>	<b>99</b>	<b>68,202</b>
<b>Totals</b>	<b>\$ 146,472</b>	<b>26,764</b>	<b>(12)</b>	<b>26,752</b>	<b>42,659</b>	<b>99</b>	<b>215,982</b>



(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
81	--	--	81	200	942	1,142	1,223
245	--	--	245	2,201	7,472	9,673	9,918
--	--	--	--	103	562	665	665
110	--	--	110	5,986	4,121	10,107	10,217
436	--	--	436	8,490	13,097	21,587	22,023
1,527	--	--	1,527	17,068	39,504	56,572	58,099
--	--	--	--	1	4	5	5
1,527	--	--	1,527	17,069	39,508	56,577	58,104
1,546	--	--	1,546	24,759	(13,864)	10,895	12,441
1,018	--	--	1,018	9,567	5,293	14,860	15,878
672	--	--	672	6,372	(1,451)	4,921	5,593
30	--	--	30	862	496	1,358	1,388
56	21,982	--	22,038	3,521	(25,559)	(22,038)	--
17	208	--	225	6,923	(7,148)	(225)	--
2,593	--	--	2,593	14,508	(959)	13,549	16,142
5,932	22,190	--	28,122	66,512	(43,192)	23,320	51,442
--	--	--	--	81	(81)	--	--
--	--	--	--	27	(27)	--	--
--	--	--	--	94	--	94	94
1,323	604	--	1,927	736	(2,652)	(1,916)	11
117	--	--	117	261	66	327	444
--	--	--	--	--	753	753	753
292	--	412	704	4,724	13,660	18,384	19,088
--	--	--	--	734	103	837	837
--	292	--	292	27	(308)	(281)	11
--	--	--	--	42	(42)	--	--
5,313	5,782	--	11,095	7,449	(7,907)	(458)	10,637
183	--	--	183	1,176	259	1,435	1,618
418	--	--	418	2,602	10,066	12,668	13,086
2,457	3,138	--	5,595	3,214	(8,798)	(5,584)	11
161	--	--	161	914	1,432	2,346	2,507
6	1,489	--	1,495	434	(355)	79	1,574
418	--	--	418	1,300	1,341	2,641	3,059
175	27	--	202	2,235	(2,419)	(184)	18
--	663	--	663	--	(663)	(663)	--
2	--	--	2	--	971	971	973
--	7,085	--	7,085	26	(7,081)	(7,055)	30
--	--	15	15	--	(15)	(15)	--
17	--	--	17	683	2,664	3,347	3,364
--	--	--	--	--	--	--	--
489	--	--	489	4,184	(1,218)	2,966	3,455
--	--	--	--	--	144	144	144
15	--	--	15	--	6,473	6,473	6,488
11,386	19,080	427	30,893	30,943	6,366	37,309	68,202
19,975	42,659	427	63,061	124,474	28,447	152,921	215,982



**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**September 30, 2010**  
**(In thousands)**

	<b>Revenues</b>				<b>Expenditures</b>
	<b>Inter- governmental Revenues</b>	<b>Property Owners' Participation and Contributions</b>	<b>Interest and Other</b>	<b>Total Revenues</b>	<b>Capital Outlay</b>
<b>Funds Authorized Prior to 1981</b>					
Police and courts	\$ --	--	--	--	--
<b>Funds Authorized August 29, 1981</b>					
EMS buildings	--	--	--	--	--
<b>Total Funds Authorized Prior to 1984</b>	--	--	--	--	--
<b>Funds Authorized September 8, 1984</b>					
Parkland acquisition	--	--	--	--	--
Drainage and flood improvements	--	--	--	--	318
Street improvements	--	--	--	--	(28)
Fire improvements	--	--	--	--	--
<b>Total Funds Authorized in 1984</b>	--	--	--	--	290
<b>Funds Authorized January 19, 1985</b>					
Cultural arts	--	--	4	4	360
<b>Funds Authorized July 26, 1985</b>					
Neighborhood park and recreation	--	646	39	685	1,230
<b>Total Funds Authorized in 1985</b>	--	646	43	689	1,590
<b>Funds Authorized September 3, 1987</b>					
Street resurfacing	--	--	3	3	--
<b>Total Funds Authorized in 1987</b>	--	--	3	3	--
<b>Funds Authorized August 10, 1992</b>					
Police substations	--	--	--	--	--
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	7
Erosion & flood control	--	--	--	--	84
Street & traffic signals	--	--	--	--	7
Neighborhood sidewalks	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	--
Libraries	--	--	--	--	--
Barton Creek greenway	--	--	--	--	--
<b>Total Funds Authorized in 1992</b>	--	--	--	--	98
<b>Funds Authorized May 3, 1997</b>					
Radio Trunking	3,004	--	--	3,004	3,517
<b>Total Funds Authorized in 1997</b>	\$ 3,004	--	--	3,004	3,517



Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)			Total Other Financing Sources (Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Transfers In	Transfers Out					
--	--	--		--	--	2	2
--	--	--		--	--	225	225
--	--	--		--	--	227	227
--	--	--		--	--	2	2
(318)	--	--		--	(318)	2,800	2,482
28	--	--		--	28	1,510	1,538
--	--	--		--	--	6	6
(290)	--	--		--	(290)	4,318	4,028
(356)	--	--		--	(356)	1,165	809
(545)	1,597	(1,597)		--	(545)	9,709	9,164
(901)	1,597	(1,597)		--	(901)	10,874	9,973
3	--	--		--	3	198	201
3	--	--		--	3	198	201
--	--	--		--	--	31	31
(7)	--	--		--	(7)	202	195
(84)	--	--		--	(84)	85	1
(7)	--	--		--	(7)	(1)	(8)
--	--	--		--	--	2	2
--	--	--		--	--	(288)	(288)
--	--	--		--	--	(17)	(17)
--	--	--		--	--	320	320
(98)	--	--		--	(98)	334	236
(513)	--	--		--	(513)	(24)	(537)
(513)	--	--		--	(513)	(24)	(537)

(Continued)



**Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**September 30, 2010**  
**(In thousands)**

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
<b>Funds Authorized</b>					
<b>November 3, 1998</b>					
Cultural arts and land	\$ --	--	--	--	991
Traffic signals	--	--	--	--	1,306
Public safety facilities	--	--	--	--	9
Parks and recreation facilities	4	--	--	4	2,614
	4	--	--	4	4,920
<b>Funds Authorized</b>					
<b>November 7, 2000</b>					
Transportation Mobility Improvement	--	--	14,838	14,838	15,101
Open Spaces	--	--	--	--	38
<b>Total Funds Authorized in 2000</b>	--	--	14,838	14,838	15,139
<b>Funds Authorized</b>					
<b>November 7, 2006</b>					
Transportation	--	--	--	--	16,819
Drainage & Open Spaces	--	--	--	--	17,562
Parks	--	--	--	--	9,438
Cultural Facilities	--	--	--	--	2,255
Affordable Housing	--	--	--	--	22,461
Central Library	--	--	--	--	466
Public Safety	--	--	--	--	15,092
<b>Total Funds Authorized in 2006</b>	--	--	--	--	84,093
<b>Other funds</b>					
Travis County Hospital District improvements	--	--	--	--	1
Community Health Center	--	--	--	--	(1)
Planning & development improvements	--	--	--	--	--
TPSD general improvements	--	16	--	16	6,374
Library automation system	--	--	--	--	849
Fire/EMS/NW Austin MUD #1	--	--	9	9	--
General government projects	--	16	--	16	1,264
Health projects	--	--	--	--	117
Build Austin	1	--	--	1	1
Build Central Texas	--	--	--	--	--
CMTA Mobility	11,887	--	--	11,887	11,703
Park improvements	667	862	--	1,529	1,051
Parks and Recreation	--	2,428	--	2,428	2,658
Police and courts	--	12	--	12	5,898
Fire - general	--	--	--	--	3,210
Capital reserve	--	182	--	182	73
CTM	--	--	--	--	3,619
Public Works	2,195	--	--	2,195	2,488
Watershed Protection	--	--	--	--	--
Great Streets	--	--	--	--	--
City Hall, plaza, parking garage	--	--	--	--	(35)
Conservation Land	--	--	--	--	--
Colony Park	666	31	--	697	737
Mueller redevelopment	--	--	--	--	15,068
NPZ General	544	25	--	569	1,769
Economic Development	--	--	--	--	--
Interest income fund	(18)	--	2,354	2,336	--
<b>Total other funds</b>	15,942	3,572	2,363	21,877	56,844
<b>Totals</b>	\$ 18,950	4,218	17,247	40,415	166,491



(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)		Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Transfers In	Transfers Out				
(991)	--	--	--	(991)	2,133	1,142
(1,306)	--	--	--	(1,306)	10,979	9,673
(9)	--	--	--	(9)	674	665
(2,610)	--	--	--	(2,610)	12,717	10,107
(4,916)	--	--	--	(4,916)	26,503	21,587
(263)	--	--	--	(263)	56,835	56,572
(38)	--	--	--	(38)	43	5
(301)	--	--	--	(301)	56,878	56,577
(16,819)	--	--	--	(16,819)	27,714	10,895
(17,562)	--	--	--	(17,562)	32,422	14,860
(9,438)	--	--	--	(9,438)	14,359	4,921
(2,255)	--	--	--	(2,255)	3,613	1,358
(22,461)	--	--	--	(22,461)	423	(22,038)
(466)	--	--	--	(466)	241	(225)
(15,092)	--	--	--	(15,092)	28,641	13,549
(84,093)	--	--	--	(84,093)	107,413	23,320
(1)	--	(550)	(550)	(551)	551	--
1	--	(54)	(54)	(53)	53	--
--	--	--	--	--	94	94
(6,358)	--	--	--	(6,358)	4,442	(1,916)
(849)	--	--	--	(849)	1,176	327
9	--	--	--	9	744	753
(1,248)	2,450	(1,088)	1,362	114	18,270	18,384
(117)	588	--	588	471	366	837
--	--	--	--	--	(281)	(281)
--	--	--	--	--	--	--
184	--	--	--	184	(642)	(458)
478	--	--	--	478	957	1,435
(230)	3,913	--	3,913	3,683	8,985	12,668
(5,886)	--	--	--	(5,886)	302	(5,584)
(3,210)	--	--	--	(3,210)	5,556	2,346
109	--	--	--	109	(30)	79
(3,619)	3,738	--	3,738	119	2,522	2,641
(293)	--	--	--	(293)	109	(184)
--	--	--	--	--	(663)	(663)
--	787	(531)	256	256	715	971
35	--	--	--	35	(7,090)	(7,055)
--	--	--	--	--	(15)	(15)
(40)	--	--	--	(40)	3,387	3,347
(15,068)	15,068	--	15,068	--	--	--
(1,200)	1,564	--	1,564	364	2,602	2,966
--	--	--	--	--	144	144
2,336	--	(1,000)	(1,000)	1,336	5,137	6,473
(34,967)	28,108	(3,223)	24,885	(10,082)	47,391	37,309
(126,076)	29,705	(4,820)	24,885	(101,191)	254,112	152,921









## PERMANENT FUNDS

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

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

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

*Perpetual Care* - Accounts for revenues to be used for maintenance and care of cemeteries.











**Permanent Funds**  
**Combining Balance Sheet**  
**September 30, 2010**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-19

	3M			
	Maintenance	Ellis Library	Perpetual	
	Endowment	Trust	Care	Total
<b>ASSETS</b>				
Pooled investments and cash	\$ 50	27	1,727	1,804
Total assets	50	27	1,727	1,804
<b>LIABILITIES AND FUND BALANCES</b>				
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds	--	18	746	764
Total fund balances	50	27	1,727	1,804
<b>Total liabilities and fund balances</b>	<b>\$ 50</b>	<b>27</b>	<b>1,727</b>	<b>1,804</b>



**Permanent Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended September 30, 2010**  
**(In thousands)**

City of Austin, Texas  
 Exhibit E-20

	3M			
	Maintenance	Ellis Library	Perpetual	Total
	Endowment	Trust	Care	
<b>REVENUES</b>				
Interest and other	\$ --	--	20	20
<b>Total revenues</b>	--	--	20	20
<b>EXPENDITURES</b>				
Current:				
Public recreation and culture	--	--	75	75
<b>Total expenditures</b>	--	--	75	75
Net change in fund balances	--	--	(55)	(55)
Fund balances at beginning of year	50	27	1,782	1,859
<b>Fund balances at end of year</b>	\$ 50	27	1,727	1,804









## **NONMAJOR ENTERPRISE FUNDS**

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

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











**Nonmajor Enterprise Funds**  
**Combining Statement of Net Assets**  
**September 30, 2010**  
(In thousands)

	<b>Convention Center</b>	<b>Drainage</b>	<b>Golf</b>	<b>Hospital</b>
<b>ASSETS</b>				
Current assets:				
Cash	\$ 19	2	4	--
Pooled investments and cash	44,645	73,458	--	--
Pooled investments and cash - restricted	9,871	9,044	--	--
Total pooled investments and cash	54,516	82,502	--	--
Investments, at fair value	8,023	--	--	--
Investments, at fair value - restricted	10,572	--	--	--
Accounts receivable	331	3,696	--	--
Less allowance for doubtful accounts	(4)	(85)	--	--
Net accounts receivable	327	3,611	--	--
Due from other funds	--	717	--	--
Inventories, at cost	--	--	--	--
Prepaid expenses	170	9	36	--
Other receivables - restricted	--	2,480	--	--
Total current assets	73,627	89,321	40	--
Noncurrent assets:				
Advances to other funds	30	--	--	--
Advances to other funds - restricted	--	55	--	--
Capital assets				
Land and other nondepreciable assets	40,687	29,507	357	--
Property, plant, and equipment in service	282,184	119,825	17,793	--
Less accumulated depreciation	(79,538)	(28,192)	(7,924)	--
Net property, plant, and equipment in service	202,646	91,633	9,869	--
Construction in progress	24,911	21,899	216	--
Total capital assets	268,244	143,039	10,442	--
Deferred costs and expenses, net of amortization	3,984	75	1	--
Total noncurrent assets	272,258	143,169	10,443	--
Total assets	345,885	232,490	10,483	--
Deferred outflows of resources	16,640	--	--	--
<b>Total assets and deferred outflows</b>	<b>\$ 362,525</b>	<b>232,490</b>	<b>10,483</b>	<b>--</b>



**ASSETS**

Current assets:

	<b>Parks and Recreation</b>	<b>Solid Waste Services</b>	<b>Trans- portation</b>	<b>Total</b>
Cash	--	3	2	30
Pooled investments and cash	71	17,376	11,189	146,739
Pooled investments and cash - restricted	--	1,411	--	20,326
Total pooled investments and cash	71	18,787	11,189	167,065
Investments, at fair value	--	--	--	8,023
Investments, at fair value - restricted	--	--	--	10,572
Accounts receivable	--	6,869	3,278	14,174
Less allowance for doubtful accounts	--	(147)	(129)	(365)
Net accounts receivable	--	6,722	3,149	13,809
Due from other funds	--	--	--	717
Inventories, at cost	--	--	1,188	1,188
Prepaid expenses	--	--	5	220
Other receivables - restricted	--	24	--	2,504
Total current assets	71	25,536	15,533	204,128

Noncurrent assets:

Advances to other funds	--	--	--	30
Advances to other funds - restricted	--	--	--	55
Capital assets				
Land and other nondepreciable assets	--	18,714	2,389	91,654
Property, plant and equipment in service	216	74,672	31,223	525,913
Less accumulated depreciation	(168)	(44,005)	(13,954)	(173,781)
Net property, plant and equipment in service	48	30,667	17,269	352,132
Construction in progress	--	7,883	916	55,825
Total capital assets	48	57,264	20,574	499,611
Deferred costs and expenses, net of amortization	--	190	57	4,307
Total noncurrent assets	48	57,454	20,631	504,003
Total assets	119	82,990	36,164	708,131
Deferred outflows of resources	--	--	--	16,640
<b>Total assets and deferred outflows</b>	119	82,990	36,164	724,771



**Nonmajor Enterprise Funds**  
**Combining Statement of Net Assets**  
**September 30, 2010**  
**(In thousands)**

	<b>Convention Center</b>	<b>Drainage</b>	<b>Golf</b>	<b>Hospital</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 635	764	6	--
Accounts and retainage payable from restricted assets	775	635	209	--
Accrued payroll	736	1,065	144	--
Accrued compensated absences	768	1,411	135	--
Due to other funds	306	--	717	--
Accrued interest payable from restricted assets	2,174	--	--	--
Interest payable on other debt	--	52	4	--
General obligation bonds payable and other tax supported debt	1,595	1,022	110	--
Revenue bonds payable from restricted assets	8,545	--	--	--
Customer and escrow deposits payable from restricted assets	1,829	301	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred credits and other liabilities	--	43	--	--
Total current liabilities	<u>17,363</u>	<u>5,293</u>	<u>1,325</u>	<u>--</u>
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	33	105	92	--
Advances from other funds	1,634	--	--	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	23,830	13,063	177	--
Revenue bonds payable, net of discount and inclusive of premium	201,103	--	--	--
Pension obligation payable	1,905	3,727	370	--
Other post employment benefits payable	4,117	6,069	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Derivative instruments - interest rate swaps	16,640	--	--	--
Deferred credits and other liabilities	4,223	--	--	--
Other liabilities payable from restricted assets	--	562	--	--
Total noncurrent liabilities	<u>253,485</u>	<u>23,526</u>	<u>639</u>	<u>--</u>
<b>Total liabilities</b>	<u>\$ 270,848</u>	<u>28,819</u>	<u>1,964</u>	<u>--</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	37,114	129,113	10,156	--
Restricted for:				
Debt service	2,075	--	--	--
Strategic Reserve	6,824	--	--	--
Capital projects	--	10,504	--	--
Renewal and replacement	884	--	--	--
Operating reserve	2,656	--	--	--
Unrestricted	<u>42,124</u>	<u>64,054</u>	<u>(1,637)</u>	<u>--</u>
<b>Total net assets</b>	<u>\$ 91,677</u>	<u>203,671</u>	<u>8,519</u>	<u>--</u>



(Continued)

	<b>Parks and Recreation</b>	<b>Solid Waste Services</b>	<b>Trans- portation</b>	<b>Total</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	9	985	2,327	4,726
Accounts and retainage payable from restricted assets	--	1,524	--	3,143
Accrued payroll	55	1,366	1,214	4,580
Accrued compensated absences	99	1,538	1,369	5,320
Due to other funds	--	--	--	1,023
Accrued interest payable from restricted assets	--	--	--	2,174
Interest payable on other debt	--	426	145	627
General obligation bonds payable and other tax supported debt	--	6,525	2,213	11,465
Revenue bonds payable from restricted assets	--	--	--	8,545
Customer and escrow deposits payable from restricted assets	--	1,024	--	3,154
Accrued landfill closure and postclosure costs	--	765	--	765
Deferred credits and other liabilities	--	--	--	43
Total current liabilities	<u>163</u>	<u>14,153</u>	<u>7,268</u>	<u>45,565</u>
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	10	--	142	382
Advances from other funds	--	1,006	--	2,640
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	37,894	9,382	84,346
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	201,103
Pension obligation payable	272	4,113	3,243	13,630
Other post employment benefits payable	--	8,919	7,670	26,775
Accrued landfill closure and postclosure costs	--	7,175	--	7,175
Derivative instruments - interest rate swaps	--	--	--	16,640
Deferred credits and other liabilities	--	--	--	4,223
Other liabilities payable from restricted assets	--	--	--	562
Total noncurrent liabilities	<u>282</u>	<u>59,107</u>	<u>20,437</u>	<u>357,476</u>
<b>Total liabilities</b>	<u>445</u>	<u>73,260</u>	<u>27,705</u>	<u>403,041</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	48	11,915	9,036	197,382
Restricted for:				
Debt service	--	--	--	2,075
Strategic Reserve	--	--	--	6,824
Capital projects	--	--	--	10,504
Renewal and replacement	--	--	--	884
Operating reserve	--	--	--	2,656
Unrestricted	<u>(374)</u>	<u>(2,185)</u>	<u>(577)</u>	<u>101,405</u>
<b>Total net assets</b>	<u>(326)</u>	<u>9,730</u>	<u>8,459</u>	<u>321,730</u>



**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Convention Center</b>	<b>Drainage</b>	<b>Golf</b>	<b>Hospital</b>
<b>OPERATING REVENUES</b>				
User fees and rentals	\$ 14,784	57,482	4,880	--
<b>Total operating revenues</b>	<u>14,784</u>	<u>57,482</u>	<u>4,880</u>	<u>--</u>
<b>OPERATING EXPENSES</b>				
Operating expenses before depreciation	32,469	40,304	4,556	--
Depreciation and amortization	8,307	4,553	650	--
<b>Total operating expenses</b>	<u>40,776</u>	<u>44,857</u>	<u>5,206</u>	<u>--</u>
<b>Operating income (loss)</b>	<u>(25,992)</u>	<u>12,625</u>	<u>(326)</u>	<u>--</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and other revenues	1,082	919	7	--
Interest on revenue bonds and other debt	(11,631)	(662)	(141)	--
Interest capitalized during construction	962	1,278	3	--
Amortization of bond issue cost	(248)	(1)	(2)	--
Other nonoperating revenue (expense)	(277)	(6,583)	(2)	--
<b>Total nonoperating revenues (expenses)</b>	<u>(10,112)</u>	<u>(5,049)</u>	<u>(135)</u>	<u>--</u>
<b>Income (loss) before contributions and transfers</b>	<u>(36,104)</u>	<u>7,576</u>	<u>(461)</u>	<u>--</u>
Capital contributions	--	3,401	3,945	--
Transfers in	34,393	1,536	--	--
Transfers out	(200)	(918)	--	(18)
<b>Change in net assets</b>	<u>(1,911)</u>	<u>11,595</u>	<u>3,484</u>	<u>(18)</u>
<b>Total net assets - beginning</b>	<u>93,588</u>	<u>192,076</u>	<u>5,035</u>	<u>18</u>
<b>Total net assets - ending</b>	<u>\$ 91,677</u>	<u>203,671</u>	<u>8,519</u>	<u>--</u>



	<b>Parks and Recreation</b>	<b>Solid Waste Services</b>	<b>Trans- portation</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
User fees and rentals	3,984	74,399	50,830	206,359
<b>Total operating revenues</b>	<u>3,984</u>	<u>74,399</u>	<u>50,830</u>	<u>206,359</u>
<b>OPERATING EXPENSES</b>				
Operating expenses before depreciation	4,376	59,519	53,908	195,132
Depreciation and amortization	19	6,157	2,368	22,054
<b>Total operating expenses</b>	<u>4,395</u>	<u>65,676</u>	<u>56,276</u>	<u>217,186</u>
<b>Operating income (loss)</b>	<u>(411)</u>	<u>8,723</u>	<u>(5,446)</u>	<u>(10,827)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and other revenues	4	298	146	2,456
Interest on revenue bonds and other debt	--	(1,494)	(439)	(14,367)
Interest capitalized during construction	--	220	96	2,559
Amortization of bond issue cost	--	(42)	(11)	(304)
Other nonoperating revenue (expense)	--	83	(55)	(6,834)
<b>Total nonoperating revenues (expenses)</b>	<u>4</u>	<u>(935)</u>	<u>(263)</u>	<u>(16,490)</u>
<b>Income (loss) before contributions and transfers</b>	<u>(407)</u>	<u>7,788</u>	<u>(5,709)</u>	<u>(27,317)</u>
Capital contributions	--	634	174	8,154
Transfers in	186	831	4,982	41,928
Transfers out	(248)	(898)	(1,248)	(3,530)
<b>Change in net assets</b>	<u>(469)</u>	<u>8,355</u>	<u>(1,801)</u>	<u>19,235</u>
<b>Total net assets - beginning</b>	<u>143</u>	<u>1,375</u>	<u>10,260</u>	<u>302,495</u>
<b>Total net assets - ending</b>	<u><u>(326)</u></u>	<u><u>9,730</u></u>	<u><u>8,459</u></u>	<u><u>321,730</u></u>



**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Convention Center</b>	<b>Drainage</b>	<b>Golf</b>	<b>Hospital</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 14,750	57,380	4,880	--
Cash payments to suppliers for goods and services	(17,984)	(13,979)	(1,871)	--
Cash payments to employees for services	(12,274)	(22,769)	(2,572)	--
<b>Net cash provided (used) by operating activities</b>	<b>(15,508)</b>	<b>20,632</b>	<b>437</b>	<b>--</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	34,393	1,536	--	--
Transfers out	(200)	(918)	--	(18)
Interest paid on revenue notes and other debt	--	--	--	--
Loans to other funds	(7)	--	--	--
Loans from other funds	--	--	40	--
Loan repayments to other funds	(299)	--	(77)	--
Loan repayments from other funds	--	110	(25)	--
Collections from other governments	--	--	--	--
<b>Net cash provided (used) by noncapital financing activities</b>	<b>33,887</b>	<b>728</b>	<b>(62)</b>	<b>(18)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on long-term debt	(9,693)	(759)	(225)	--
Interest paid on revenue bonds and other debt	(10,527)	(473)	(13)	--
Acquisition and construction of capital assets	(10,898)	(15,398)	(860)	--
Contributions (to) from municipality	--	--	(15)	--
Contributions in aid of construction	--	924	138	--
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$ (31,118)</b>	<b>(15,706)</b>	<b>(975)</b>	<b>--</b>



	<b>Parks and Recreation</b>	<b>Solid Waste Services</b>	<b>Trans- portation</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	3,984	74,962	50,304	206,260
Cash payments to suppliers for goods and services	(1,089)	(40,509)	(27,215)	(102,647)
Cash payments to employees for services	(3,328)	(26,738)	(22,654)	(90,335)
<b>Net cash provided (used) by operating activities</b>	<b>(433)</b>	<b>7,715</b>	<b>435</b>	<b>13,278</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	186	831	4,982	41,928
Transfers out	(248)	(898)	(1,248)	(3,530)
Interest paid on revenue notes and other debt	--	(4)	--	(4)
Loans to other funds	--	--	--	(7)
Loans from other funds	--	--	--	40
Loan repayments to other funds	--	(522)	--	(898)
Loan repayments from other funds	--	--	--	85
Collections from other governments	--	24	--	24
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(62)</b>	<b>(569)</b>	<b>3,734</b>	<b>37,638</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on long-term debt	--	(6,054)	(1,877)	(18,608)
Interest paid on revenue bonds and other debt	--	(1,823)	(370)	(13,206)
Acquisition and construction of capital assets	(2)	(7,169)	(4,721)	(39,048)
Contributions (to) from municipality	--	--	--	(15)
Contributions in aid of construction	--	835	--	1,897
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(2)</b>	<b>(14,211)</b>	<b>(6,968)</b>	<b>(68,980)</b>

(Continued)



**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Convention Center</b>	<b>Drainage</b>	<b>Golf</b>	<b>Hospital</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investment securities	\$ (20,810)	--	--	--
Proceeds from sale and maturities of investment securities	19,294	--	--	--
Interest on investments	1,082	919	7	--
<b>Net cash provided (used) by investing activities</b>	<b>(434)</b>	<b>919</b>	<b>7</b>	<b>--</b>
Net increase (decrease) in cash and cash equivalents	(13,173)	6,573	(593)	(18)
Cash and cash equivalents, October 1	67,708	75,931	597	18
<b>Cash and cash equivalents, September 30</b>	<b>54,535</b>	<b>82,504</b>	<b>4</b>	<b>--</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>				
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	(25,992)	12,625	(326)	--
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	8,307	4,553	650	--
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	70	(97)	--	--
Increase (decrease) in allowance for doubtful accounts	3	(4)	--	--
Decrease in inventory	--	--	--	--
Decrease in prepaid expenses and other assets	(78)	556	--	--
Increase (decrease) in accounts payable	296	224	1	--
Increase in accrued payroll and compensated absences	37	(115)	29	--
Increase (decrease) in pension obligations payable	504	756	83	--
Increase in other post employment benefits payable	1,448	2,134	--	--
Increase in deferred credits and other liabilities	--	--	--	--
Increase in customer deposits	(103)	--	--	--
<b>Total adjustments</b>	<b>10,484</b>	<b>8,007</b>	<b>763</b>	<b>--</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (15,508)</b>	<b>20,632</b>	<b>437</b>	<b>--</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Decrease in deferred assets/expenses	\$ 248	(69)	--	--
Capital assets contributed from (to) other funds	--	--	(1)	--
Increase (decrease) in the fair value of investments	(967)	--	--	--
Amortization of bond issue costs	(248)	(1)	(2)	--
Amortization of bond discounts and premiums	(458)	(27)	(39)	--
Amortization of deferred (gain) loss on refundings	1,594	29	1	--
Gain (loss) on disposal of assets	(277)	(2,546)	(2)	--
Bonds assumed with debt transfer	--	(4,522)	--	--
Contributions	--	--	--	--
Debt obligations transferred to other funds	--	--	3,339	--



(Continued)

	Parks and Recreation	Solid Waste Services	Trans- portation	Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of investment securities	--	--	--	(20,810)
Proceeds from sale and maturities of investment securities	--	--	--	19,294
Interest on investments	4	298	146	2,456
<b>Net cash provided (used) by investing activities</b>	<u>4</u>	<u>298</u>	<u>146</u>	<u>940</u>
Net increase (decrease) in cash and cash equivalents	(493)	(6,767)	(2,653)	(17,124)
Cash and cash equivalents, October 1	564	25,557	13,844	184,219
<b>Cash and cash equivalents, September 30</b>	<u>71</u>	<u>18,790</u>	<u>11,191</u>	<u>167,095</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>				
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	(411)	8,723	(5,446)	(10,827)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	19	6,157	2,368	22,054
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	--	435	(526)	(118)
Increase (decrease) in allowance for doubtful accounts	--	(8)	83	74
Decrease in inventory	--	--	(758)	(758)
Decrease in prepaid expenses and other assets	--	--	10	488
Increase (decrease) in accounts payable	(7)	(1,626)	1,099	(13)
Increase in accrued payroll and compensated absences	(93)	42	384	284
Increase (decrease) in pension obligations payable	59	992	816	3,210
Increase in other post employment benefits payable	--	3,137	2,697	9,416
Increase in deferred credits and other liabilities	--	(10,272)	(292)	(10,564)
Increase in customer deposits	--	135	--	32
<b>Total adjustments</b>	<u>(22)</u>	<u>(1,008)</u>	<u>5,881</u>	<u>24,105</u>
<b>Net cash provided (used) by operating activities</b>	<u>(433)</u>	<u>7,715</u>	<u>435</u>	<u>13,278</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Decrease in deferred assets/expenses	--	42	--	221
Capital assets contributed from (to) other funds	--	--	174	173
Increase (decrease) in the fair value of investments	--	--	--	(967)
Amortization of bond issue costs	--	(42)	(11)	(304)
Amortization of bond discounts and premiums	--	(300)	35	(789)
Amortization of deferred (gain) loss on refundings	--	43	(55)	1,612
Gain (loss) on disposal of assets	--	77	--	(2,748)
Bonds assumed with debt transfer	--	--	--	(4,522)
Contributions	--	375	--	375
Debt obligations transferred to other funds	--	--	--	3,339









## INTERNAL SERVICE FUNDS

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

The internal service funds are as follows:

- Capital Projects Management Fund, which manages the City's capital improvement projects;
- Combined Transportation, Emergency and Communications 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 Communications and Technology Management Department;
- Liability Reserve Fund, which provides coverage of the City's major claims liabilities;
- Support Services Fund, which accounts for the activities of the various support service departments;
- Wireless Communication Fund, which accounts for communication support activities; and
- Workers' Compensation Fund, which accounts for workers' compensation costs.











**Internal Service Funds**  
**Combining Statement of Net Assets**  
**September 30, 2010**  
**(In thousands)**

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
<b>ASSETS</b>					
Current assets:					
Cash	\$ 2	--	--	1	--
Pooled investments and cash	3,631	1,876	27,802	9,535	5,723
Cash held by trustee - restricted	--	--	594	--	--
Accounts receivable	224	1,078	--	58	221
Due from other funds	--	--	--	--	--
Inventories, at cost	--	--	--	871	--
Prepaid expenses	9	4	--	--	48
Total current assets	3,866	2,958	28,396	10,465	5,992
Noncurrent assets:					
Advances to other funds	--	--	--	--	--
Capital assets					
Land and other nondepreciable assets	--	--	--	240	--
Property, plant, and equipment in service	1,329	12,286	--	16,165	22,096
Less accumulated depreciation	(823)	(3,995)	--	(9,137)	(13,139)
Net property, plant, and equipment in service	506	8,291	--	7,028	8,957
Construction in progress	--	--	--	1,600	--
Total capital assets	506	8,291	--	8,868	8,957
Deferred costs and expenses, net of amortization	--	--	--	4	--
Total noncurrent assets	506	8,291	--	8,872	8,957
<b>Total assets</b>	<b>\$ 4,372</b>	<b>11,249</b>	<b>28,396</b>	<b>19,337</b>	<b>14,949</b>



	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>ASSETS</b>					
Current assets:					
Cash	--	11	1	--	15
Pooled investments and cash	18,734	15,698	1,533	16,707	101,239
Cash held by trustee - restricted	--	--	--	--	594
Accounts receivable	--	30	404	--	2,015
Due from other funds	--	11	--	--	11
Inventories, at cost	--	13	151	--	1,035
Prepaid expenses	--	16	--	--	77
Total current assets	18,734	15,779	2,089	16,707	104,986
Noncurrent assets:					
Advances to other funds	--	34	--	--	34
Capital assets					
Land and other nondepreciable assets	--	511	--	--	751
Property, plant, and equipment in service	--	8,122	14,784	--	74,782
Less accumulated depreciation	--	(4,430)	(6,914)	--	(38,438)
Net property, plant, and equipment in service	--	3,692	7,870	--	36,344
Construction in progress	--	--	--	--	1,600
Total capital assets	--	4,203	7,870	--	38,695
Deferred costs and expenses, net of amortization	--	--	--	--	4
Total noncurrent assets	--	4,237	7,870	--	38,733
<b>Total assets</b>	18,734	20,016	9,959	16,707	143,719

(Continued)



**Internal Service Funds**  
**Combining Statement of Net Assets**  
**September 30, 2010**  
(In thousands)

	<b>Capital Projects Management</b>	<b>CTECC</b>	<b>Employee Benefits</b>	<b>Fleet Maintenance</b>	<b>Information Systems</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 48	386	218	1,423	276
Accrued payroll	1,162	168	--	621	1,001
Accrued compensated absences	1,178	170	--	767	1,305
Claims payable	--	--	10,558	--	--
Due to other funds	--	--	--	--	27
Interest payable on other debt	--	--	--	19	--
General obligation bonds payable and other tax supported debt	--	--	--	438	--
Capital lease obligations payable	--	--	--	--	283
Deferred credits and other liabilities	8	305	488	--	--
Total current liabilities	2,396	1,029	11,264	3,268	2,892
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	17	--	--	169
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	28	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	--	4,260	--
Capital lease obligations payable	--	--	--	--	433
Total noncurrent liabilities	--	17	--	4,288	602
<b>Total liabilities</b>	<b>2,396</b>	<b>1,046</b>	<b>11,264</b>	<b>7,556</b>	<b>3,494</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	506	8,291	--	4,174	8,241
Restricted for:					
Capital projects	--	--	--	1,952	--
Unrestricted	1,470	1,912	17,132	5,655	3,214
<b>Total net assets</b>	<b>\$ 1,976</b>	<b>10,203</b>	<b>17,132</b>	<b>11,781</b>	<b>11,455</b>



(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	78	3,052	481	153	6,115
Accrued payroll	--	2,738	148	--	5,838
Accrued compensated absences	--	3,157	148	--	6,725
Claims payable	2,801	--	--	4,506	17,865
Due to other funds	--	136	--	--	163
Interest payable on other debt	--	1	--	--	20
General obligation bonds payable and other tax supported debt	--	42	--	--	480
Capital lease obligations payable	--	--	--	--	283
Deferred credits and other liabilities	3,600	305	389	--	5,095
Total current liabilities	6,479	9,431	1,166	4,659	42,584
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	359	16	--	561
Claims payable	4,775	--	--	10,795	15,570
Advances from other funds	--	458	--	--	486
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	326	--	--	4,586
Capital lease obligations payable	--	--	--	--	433
Total noncurrent liabilities	4,775	1,143	16	10,795	21,636
<b>Total liabilities</b>	11,254	10,574	1,182	15,454	64,220
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	--	3,835	7,870	--	32,917
Restricted for:					
Capital projects	--	--	--	--	1,952
Unrestricted	7,480	5,607	907	1,253	44,630
<b>Total net assets</b>	7,480	9,442	8,777	1,253	79,499



**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the year ended September 30, 2010**  
**(In thousands)**

	<b>Capital Projects Management</b>	<b>CTECC</b>	<b>Employee Benefits</b>	<b>Fleet Maintenance</b>	<b>Information Systems</b>
<b>OPERATING REVENUES</b>					
Billings to departments	\$ 25,912	7,104	100,223	44,519	31,318
Employee contributions	--	--	36,888	--	--
Operating revenues from other governments	--	2,280	--	--	--
Other operating revenues	267	--	--	1,138	187
<b>Total operating revenues</b>	<b>26,179</b>	<b>9,384</b>	<b>137,111</b>	<b>45,657</b>	<b>31,505</b>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation	25,645	8,100	141,452	36,264	25,417
Depreciation and amortization	97	2,769	--	809	2,562
<b>Total operating expenses</b>	<b>25,742</b>	<b>10,869</b>	<b>141,452</b>	<b>37,073</b>	<b>27,979</b>
<b>Operating income (loss)</b>	<b>437</b>	<b>(1,485)</b>	<b>(4,341)</b>	<b>8,584</b>	<b>3,526</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and other revenues	30	1	--	364	3
Interest on bonds and other debt	--	--	--	(244)	(9)
Amortization of bond issue cost	--	--	--	5	--
Other nonoperating revenue (expense)	--	(48)	--	(6,733)	(52)
<b>Total nonoperating revenues (expenses)</b>	<b>30</b>	<b>(47)</b>	<b>--</b>	<b>(6,608)</b>	<b>(58)</b>
<b>Income (loss) before contributions and transfers</b>	<b>467</b>	<b>(1,532)</b>	<b>(4,341)</b>	<b>1,976</b>	<b>3,468</b>
Capital contributions	126	596	--	--	1,471
Transfers out	--	--	--	--	(3,738)
<b>Change in net assets</b>	<b>593</b>	<b>(936)</b>	<b>(4,341)</b>	<b>1,976</b>	<b>1,201</b>
<b>Total net assets - beginning</b>	<b>1,383</b>	<b>11,139</b>	<b>21,473</b>	<b>9,805</b>	<b>10,254</b>
<b>Total net assets - ending</b>	<b>\$ 1,976</b>	<b>10,203</b>	<b>17,132</b>	<b>11,781</b>	<b>11,455</b>



	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>OPERATING REVENUES</b>					
Billings to departments	3,661	64,070	4,949	9,655	291,411
Employee contributions	--	--	--	--	36,888
Operating revenues from other governments	--	--	363	--	2,643
Other operating revenues	--	559	1,327	--	3,478
<b>Total operating revenues</b>	<u>3,661</u>	<u>64,629</u>	<u>6,639</u>	<u>9,655</u>	<u>334,420</u>
<b>OPERATING EXPENSES</b>					
Operating expenses before depreciation	4,097	55,612	6,588	9,737	312,912
Depreciation and amortization	--	591	1,688	--	8,516
<b>Total operating expenses</b>	<u>4,097</u>	<u>56,203</u>	<u>8,276</u>	<u>9,737</u>	<u>321,428</u>
<b>Operating income (loss)</b>	<u>(436)</u>	<u>8,426</u>	<u>(1,637)</u>	<u>(82)</u>	<u>12,992</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and other revenues	--	8	3	--	409
Interest on bonds and other debt	--	(46)	--	--	(299)
Amortization of bond issue cost	--	3	--	--	8
Other nonoperating revenue (expense)	--	(50)	(38)	--	(6,921)
<b>Total nonoperating revenues (expenses)</b>	<u>--</u>	<u>(85)</u>	<u>(35)</u>	<u>--</u>	<u>(6,803)</u>
<b>Income (loss) before contributions and transfers</b>	(436)	8,341	(1,672)	(82)	6,189
Capital contributions	--	187	1,200	--	3,580
Transfers out	--	(3,943)	--	--	(7,681)
<b>Change in net assets</b>	<u>(436)</u>	<u>4,585</u>	<u>(472)</u>	<u>(82)</u>	<u>2,088</u>
<b>Total net assets - beginning</b>	<u>7,916</u>	<u>4,857</u>	<u>9,249</u>	<u>1,335</u>	<u>77,411</u>
<b>Total net assets - ending</b>	<u><u>7,480</u></u>	<u><u>9,442</u></u>	<u><u>8,777</u></u>	<u><u>1,253</u></u>	<u><u>79,499</u></u>



**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	\$ 26,181	9,471	137,111	45,701	31,498
Cash payments to suppliers for goods and services	(4,620)	(5,135)	(17,154)	(24,902)	(6,638)
Cash payments to employees for services	(20,796)	(2,827)	--	(11,263)	(18,815)
Cash payments to claimants/beneficiaries	--	--	(124,003)	--	--
<b>Net cash provided (used) by operating activities</b>	<b>765</b>	<b>1,509</b>	<b>(4,046)</b>	<b>9,536</b>	<b>6,045</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers out	--	--	--	--	(3,738)
Loan repayments to other funds	--	--	--	(95)	(27)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(95)</b>	<b>(3,765)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	--	--	--	(397)	716
Interest paid on revenue bonds and other debt	--	--	--	(246)	(9)
Acquisition and construction of capital assets	(165)	(291)	--	(6,661)	(1,364)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$ (165)</b>	<b>(291)</b>	<b>--</b>	<b>(7,304)</b>	<b>(657)</b>



	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers	3,661	64,605	7,060	9,655	334,943
Cash payments to suppliers for goods and services	(863)	(3,560)	(3,998)	(4,360)	(71,230)
Cash payments to employees for services	--	(50,861)	(2,552)	--	(107,114)
Cash payments to claimants/beneficiaries	(2,661)	--	--	(4,119)	(130,783)
<b>Net cash provided (used) by operating activities</b>	<b>137</b>	<b>10,184</b>	<b>510</b>	<b>1,176</b>	<b>25,816</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers out	--	(3,943)	--	--	(7,681)
Loan repayments to other funds	--	(131)	--	--	(253)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>--</b>	<b>(4,074)</b>	<b>--</b>	<b>--</b>	<b>(7,934)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal paid on long-term debt	--	(39)	--	--	280
Interest paid on revenue bonds and other debt	--	(46)	--	--	(301)
Acquisition and construction of capital assets	--	(123)	(15)	--	(8,619)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>--</b>	<b>(208)</b>	<b>(15)</b>	<b>--</b>	<b>(8,640)</b>

(Continued)



**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the year ended September 30, 2010**  
**(In thousands)**

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	\$ 30	1	--	364	3
<b>Net cash provided (used) by investing activities</b>	<u>30</u>	<u>1</u>	<u>--</u>	<u>364</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	630	1,219	(4,046)	2,501	1,626
Cash and cash equivalents, October 1	3,003	657	32,442	7,035	4,097
<b>Cash and cash equivalents, September 30</b>	<u><u>3,633</u></u>	<u><u>1,876</u></u>	<u><u>28,396</u></u>	<u><u>9,536</u></u>	<u><u>5,723</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	437	(1,485)	(4,341)	8,584	3,526
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	97	2,769	--	809	2,562
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(6)	(189)	--	266	(7)
Increase (decrease) in allowance for doubtful accounts	--	--	--	(222)	--
Decrease in due from other funds	--	--	--	--	--
Decrease in inventory	--	--	--	169	--
Decrease in prepaid expenses and other assets	(3)	--	--	--	461
Decrease in deferred costs and other expenses	--	276	--	--	--
Increase (decrease) in accounts payable	16	81	(998)	(148)	(566)
Increase in accrued payroll and compensated absences	216	57	--	78	69
Increase (decrease) in claims payable	--	--	1,298	--	--
Increase (decrease) in deferred credits and other liabilities	8	--	(5)	--	--
<b>Total adjustments</b>	<u>328</u>	<u>2,994</u>	<u>295</u>	<u>952</u>	<u>2,519</u>
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 765</u></u>	<u><u>1,509</u></u>	<u><u>(4,046)</u></u>	<u><u>9,536</u></u>	<u><u>6,045</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Capital assets contributed to other funds	\$ --	596	--	--	1,471
Amortization of bond issue costs	--	--	--	1	--
Loss on disposal of assets	--	--	--	--	(52)
Increase (decrease) in deferred credits and other liabilities	--	--	--	--	--



(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	--	8	3	--	409
<b>Net cash provided (used) by investing activities</b>	--	8	3	--	409
Net increase (decrease) in cash and cash equivalents	137	5,910	498	1,176	9,651
Cash and cash equivalents, October 1	18,597	9,799	1,036	15,531	92,197
<b>Cash and cash equivalents, September 30</b>	<b>18,734</b>	<b>15,709</b>	<b>1,534</b>	<b>16,707</b>	<b>101,848</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>					
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	(436)	8,426	(1,637)	(82)	12,992
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	591	1,688	--	8,516
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	(24)	98	--	138
Increase (decrease) in allowance for doubtful accounts	--	--	--	--	(222)
Decrease in due from other funds	--	11	--	--	11
Decrease in inventory	--	--	10	--	179
Decrease in prepaid expenses and other assets	--	3	--	--	461
Decrease in deferred costs and other expenses	--	--	--	--	276
Increase (decrease) in accounts payable	(38)	1,006	16	9	(622)
Increase in accrued payroll and compensated absences	--	223	12	--	655
Increase (decrease) in claims payable	611	--	--	1,249	3,158
Increase (decrease) in deferred credits and other liabilities	--	(52)	323	--	274
<b>Total adjustments</b>	<b>573</b>	<b>1,758</b>	<b>2,147</b>	<b>1,258</b>	<b>12,824</b>
<b>Net cash provided (used) by operating activities</b>	<b>137</b>	<b>10,184</b>	<b>510</b>	<b>1,176</b>	<b>25,816</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>					
Capital assets contributed to other funds	--	187	--	--	2,254
Amortization of bond issue costs	--	3	--	--	4
Loss on disposal of assets	--	(50)	--	--	(102)
Increase (decrease) in deferred credits and other liabilities	--	--	323	--	323









## FIDUCIARY FUNDS

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

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

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

See next page for descriptions of the individual funds.



## Private-Purpose Trust Funds

### General Government

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

### Transportation, Planning and Sustainability

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

### Public Recreation and Culture

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

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

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

### Urban Growth Management

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

*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.

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

*Neighborhood Revitalization Fund* - 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, 2010**  
(In thousands)

City of Austin, Texas  
Exhibit H-1

	Assets			Liabilities		Net
	Pooled	Other	Total	Other	Total	Assets
	Investments	Assets	Assets	Liabilities	Liabilities	Held in
	and Cash					Trust
<b>General government</b>						
Unclaimed Property	\$ 755	--	755	663	663	92
<b>Total general government</b>	755	--	755	663	663	92
<b>Transportation, planning, and sustainability</b>						
Voluntary Utility Assistance	143	--	143	--	--	143
<b>Total transportation, planning, and sustainability</b>	143	--	143	--	--	143
<b>Public recreation and culture</b>						
Science Fest	42	--	42	--	--	42
Barbara Jordan Memorial	2	--	2	--	--	2
First Step - A Community Project	14	--	14	--	--	14
<b>Total public recreation and culture</b>	58	--	58	--	--	58
<b>Urban growth management</b>						
Leveraged Loan Pool	438	121	559	--	--	559
Telecommunity Partnership	16	--	16	--	--	16
<b>Total urban growth management</b>	454	121	575	--	--	575
<b>Total</b>	<b>\$ 1,410</b>	<b>121</b>	<b>1,531</b>	<b>663</b>	<b>663</b>	<b>868</b>



**Fiduciary Funds**  
**Private-purpose Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**For the year ended September 30, 2010**  
**(In thousands)**

City of Austin, Texas  
 Exhibit H-2

	Additions			Deductions	Net	Net	Net
	Contributions	Interest and Other	Total Additions	Benefit Payments	Increase (Decrease)	Assets at Beginning of Year	Assets at End of Year
<b>General government</b>							
Unclaimed Property	\$ --	9	9	--	9	83	92
<b>Total general government</b>	--	9	9	--	9	83	92
<b>Transportation, planning, and sustainability</b>							
Voluntary Utility Assistance	344	2	346	308	38	105	143
<b>Total transportation, planning, and sustainability</b>	344	2	346	308	38	105	143
<b>Public recreation and culture</b>							
Science Fest	87	1	88	88	--	42	42
Barbara Jordan Memorial	--	1	1	--	1	1	2
First Step - A Community Project	--	--	--	--	--	14	14
<b>Total public recreation and culture</b>	87	2	89	88	1	57	58
<b>Urban growth management</b>							
Leveraged Loan Pool	--	5	5	--	5	554	559
Telecommunity Partnership	--	1	1	--	1	15	16
<b>Total urban growth management</b>	--	6	6	--	6	569	575
<b>Total</b>	\$ 431	19	450	396	54	814	868



**Fiduciary Funds**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the year ended September 30, 2010**  
(In thousands)

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

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
<b>BCCP Permit Fund</b>				
<b>Assets</b>				
Pooled investments and cash	\$ 13	78	82	9
Total assets	13	78	82	9
<b>Liabilities</b>				
Accounts payable	--	46	37	9
Due to other governments	--	108	108	--
Deposits and other liabilities	13	7	20	--
Total liabilities	13	161	165	9
<b>Campaign Financing Fund</b>				
<b>Assets</b>				
Pooled investments and cash	31	22	2	51
Total assets	31	22	2	51
<b>Liabilities</b>				
Deposits and other liabilities	31	45	25	51
Total liabilities	31	45	25	51
<b>Municipal Courts</b>				
<b>Assets</b>				
Pooled investments and cash	3,297	13,719	13,776	3,240
Total assets	3,297	13,719	13,776	3,240
<b>Liabilities</b>				
Accounts payable	92	12,607	12,697	2
Due to other governments	2,722	23,236	23,159	2,799
Deposits and other liabilities	483	3,234	3,278	439
Total liabilities	3,297	39,077	39,134	3,240
<b>Neighborhood Revitalization</b>				
<b>Assets</b>				
Pooled investments and cash	344	--	--	344
Total assets	344	--	--	344
<b>Liabilities</b>				
Deposits and other liabilities	344	--	--	344
Total liabilities	344	--	--	344
<b>Total Agency Funds</b>				
<b>Assets</b>				
Pooled investments and cash	3,685	13,819	13,860	3,644
Other Assets	--	--	--	--
Total assets	3,685	13,819	13,860	3,644
<b>Liabilities</b>				
Accounts payable	92	12,653	12,734	11
Due to other governments	2,722	23,344	23,267	2,799
Deposits and other liabilities	871	3,286	3,323	834
Total liabilities	\$ 3,685	39,283	39,324	3,644









**SUPPLEMENTAL SCHEDULES**







**Enterprise Related Grants**  
**Combining Balance Sheet**  
**September 30, 2010**  
(In thousands)

City of Austin, Texas  
Exhibit I-1

	Assets			Liabilities and Fund Balances			
	Pooled Investments and Cash	Receivables from Other Governments	Total Assets	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
<b>ELECTRIC RELATED</b>							
U.S. Department of Energy	\$ --	104	104	104	104	--	104
U.S. Environmental Protection Agency	--	--	--	--	--	--	--
Propane Education and Research Council	--	4	4	4	4	--	4
State Energy Conservation Office	--	19	19	19	19	--	19
Texas Commission of the Arts	--	--	--	--	--	--	--
Texas Department of Housing & Community Affairs	--	515	515	515	515	--	515
Leonardo Technologies, Inc.	--	4	4	4	4	--	4
Osborn & Barr Comm. Inc.	--	--	--	--	--	--	--
<b>Total Electric</b>	--	646	646	646	646	--	646
<b>AIRPORT RELATED</b>							
U.S. Department of Transportation	--	1,435	1,435	1,435	1,435	--	1,435
U.S. Department of Homeland Security	--	175	175	175	175	--	175
Internal Revenue Service	--	--	--	--	--	--	--
Federal Bureau of Investigation	--	1	1	1	1	--	1
Propane Education and Research Council	--	--	--	--	--	--	--
<b>Total Airport</b>	--	1,611	1,611	1,611	1,611	--	1,611
<b>WATERSHED-DRAINAGE RELATED</b>							
National Oceanic and Atmospheric Administration	--	37	37	37	37	--	37
U.S. Department of Agriculture	--	25	25	25	25	--	25
U.S. Environmental Protection Agency	--	24	24	24	24	--	24
U.S. Department of Homeland Security	--	2,367	2,367	2,367	2,367	--	2,367
U.S. Department of Interior	--	6	6	6	6	--	6
Texas Water Development Board	--	23	23	23	23	--	23
<b>Total Drainage</b>	--	2,482	2,482	2,482	2,482	--	2,482
<b>AUSTIN WATER RELATED</b>							
U.S. Environmental Protection Agency	307	--	307	307	307	--	307
<b>Total Austin Water</b>	307	--	307	307	307	--	307
<b>SOLID WASTE RELATED</b>							
Capital Area Council of Governments	--	--	--	--	--	--	--
<b>Total Solid Waste</b>	--	--	--	--	--	--	--
<b>Total grants, enterprise related</b>	\$ 307	4,739	5,046	5,046	5,046	--	5,046

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



**Enterprise Related Grants**  
**Combining Schedule of Expenditures**  
**From Inception to September 30, 2010**  
(In thousands)

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

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
<b>ELECTRIC RELATED</b>											
U.S. Department of Energy	\$ 330	243	573	1,175	5	1,505	248	1,753	18,695	344	19,039
U.S. Environmental Protection Agency	287	169	456	--	--	287	169	456	354	236	590
Propane Education & Research Council	87	2	89	36	7	123	9	132	127	15	142
State Energy Conservation Office	162	101	263	48	53	210	154	364	295	224	519
Texas Commission of the Arts	41	--	41	5	--	46	--	46	77	--	77
Texas Department of Housing & Community Affairs	--	--	--	882	--	882	--	882	5,883	--	5,883
Leonardo Technologies, Inc.	--	--	--	14	--	14	--	14	20	--	20
Osborn & Barr Comm. Inc.	17	--	17	--	--	17	--	17	18	--	18
<b>Total Electric</b>	<b>924</b>	<b>515</b>	<b>1,439</b>	<b>2,160</b>	<b>65</b>	<b>3,084</b>	<b>580</b>	<b>3,664</b>	<b>25,469</b>	<b>819</b>	<b>26,288</b>
<b>AIRPORT RELATED</b>											
U.S. Department of Transportation	40,278	11,853	52,131	8,069	2,475	48,347	14,328	62,675	85,592	25,324	110,916
U.S. Department of Homeland Security	4,949	--	4,949	724	--	5,673	--	5,673	7,091	--	7,091
Internal Revenue Service	10	--	10	--	--	10	--	10	19	--	19
Federal Bureau of Investigation	23	--	23	--	--	23	--	23	25	--	25
Propane Education and Research Council	300	--	300	--	--	300	--	300	300	--	300
<b>Total Airport</b>	<b>45,560</b>	<b>11,853</b>	<b>57,413</b>	<b>8,793</b>	<b>2,475</b>	<b>54,353</b>	<b>14,328</b>	<b>68,681</b>	<b>93,027</b>	<b>25,324</b>	<b>118,351</b>
<b>WATERSHED-DRAINAGE RELATED</b>											
National Oceanic and Atmospheric Administration	37	--	37	--	--	37	--	37	37	--	37
U.S. Department of Agriculture	50	50	100	--	--	50	50	100	50	50	100
U.S. Environmental Protection Agency	887	76	963	102	44	989	120	1,109	1,154	134	1,288
U.S. Department of Homeland Security	447	149	596	2,267	756	2,714	905	3,619	4,608	1,536	6,144
U.S. Department of Interior	17	6	23	--	--	17	6	23	25	9	34
Texas Water Development Board	99	--	99	--	--	99	--	99	401	198	599
<b>Total Drainage</b>	<b>1,537</b>	<b>281</b>	<b>1,818</b>	<b>2,369</b>	<b>800</b>	<b>3,906</b>	<b>1,081</b>	<b>4,987</b>	<b>6,275</b>	<b>1,927</b>	<b>8,202</b>
<b>AUSTIN WATER UTILITIES</b>											
U.S. Environmental Protection Agency	711	785	1,496	--	--	711	785	1,496	959	785	1,744
<b>Total Austin Water</b>	<b>711</b>	<b>785</b>	<b>1,496</b>	<b>--</b>	<b>--</b>	<b>711</b>	<b>785</b>	<b>1,496</b>	<b>959</b>	<b>785</b>	<b>1,744</b>
<b>SOLID WASTE RELATED</b>											
Capital Area Council of Governments	40	32	72	24	--	64	32	96	69	32	101
<b>Total Solid Waste</b>	<b>40</b>	<b>32</b>	<b>72</b>	<b>24</b>	<b>--</b>	<b>64</b>	<b>32</b>	<b>96</b>	<b>69</b>	<b>32</b>	<b>101</b>
<b>Total grants, enterprise related</b>	<b>\$ 48,772</b>	<b>13,466</b>	<b>62,238</b>	<b>13,346</b>	<b>3,340</b>	<b>62,118</b>	<b>16,806</b>	<b>78,924</b>	<b>125,799</b>	<b>28,887</b>	<b>154,686</b>

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



**Schedule of General Obligation Bonds  
Authorized and Unissued  
Year ended September 30, 2010  
(In thousands)**

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

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2010</b>
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
11-07-00	Street improvements	150,000	133,002	--	16,998
11-07-06	Transportation	103,100	49,860	--	53,240
11-07-06	Drainage improvements	145,000	83,000	--	62,000
11-07-06	Parks improvements	84,700	31,445	--	53,255
11-07-06	Cultural arts	31,500	11,000	--	20,500
11-07-06	Affordable housing	55,000	13,500	--	41,500
11-07-06	Central library	90,000	500	--	89,500
11-07-06	Public safety facility	58,100	40,850	--	17,250
		<u>\$ 797,660</u>	<u>428,480</u>	<u>--</u>	<u>369,180</u>

Source: Bond Sale Official Statements

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

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



**Schedule of Revenue Bonds Authorized,  
Deauthorized and Unissued  
Year ended September 30, 2010  
(In thousands)**

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

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Deauthorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2010</b>
<b>ELECTRIC UTILITY</b>						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
<b>Total Electric Utility</b>		<b>1,124,021</b>	<b>--</b>	<b>561,633</b>	<b>--</b>	<b>562,388</b>
<b>WATER UTILITY</b>						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
<b>Total Water Utility</b>		<b>\$ 802,275</b>	<b>41,000</b>	<b>225,688</b>	<b>--</b>	<b>535,587</b>

(Continued)

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



**Schedule of Revenue Bonds Authorized,  
Deauthorized and Unissued  
Year ended September 30, 2010  
(In thousands)**

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

**(Continued)**

<b>Date Authorized</b>	<b>Purpose</b>	<b>Original Authorized</b>	<b>Deauthorized</b>	<b>Previously Issued (1)</b>	<b>Issued During Current Year</b>	<b>Unissued September 30, 2010</b>
<b>WASTEWATER UTILITY</b>						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
<b>Total Wastewater Utility</b>		<b>741,960</b>	<b>38,011</b>	<b>309,281</b>	<b>--</b>	<b>394,668</b>
<b>Total Utility</b>		<b>2,668,256</b>	<b>79,011</b>	<b>1,096,602</b>	<b>--</b>	<b>1,492,643</b>
<b>AIRPORT</b>						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
<b>Total Airport</b>		<b>1,128,000</b>	<b>--</b>	<b>392,205</b>	<b>--</b>	<b>735,795</b>
<b>CONVENTION CENTER</b>						
07-29-89	New convention center	69,000	--	68,240	--	760
<b>Total Convention Center</b>		<b>69,000</b>	<b>--</b>	<b>68,240</b>	<b>--</b>	<b>760</b>
<b>Total revenue bonds</b>		<b>\$ 3,865,256</b>	<b>79,011</b>	<b>1,557,047</b>	<b>--</b>	<b>2,229,198</b>

Source: Bond sale official statements









# STATISTICAL SECTION - UNAUDITED

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. (Tables 1 - 5)

### **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. (Tables 6 - 12)

### **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. (Tables 13 - 17)

### **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. (Tables 18 - 19)

### **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. (Tables 20 - 22)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2002; schedules presenting government-wide and debt ratio information include information beginning in that year.











**Net Assets by Component**  
**Last Nine Fiscal Years (in thousands)**  
**(Accrual basis of accounting)**

**City of Austin, Texas**  
**Table 1**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	1,530,124	1,526,481	1,545,216	1,544,834
Restricted	28,492	100,469	53,482	68,848	84,218	69,982	76,478	95,641	71,716
Unrestricted (deficit)	107,454	42,781	51,244	65,561	77,564	28,115	1,553	(56,971)	(58,002)
Total governmental activities net assets	<u>1,247,437</u>	<u>1,348,127</u>	<u>1,438,505</u>	<u>1,494,918</u>	<u>1,561,098</u>	<u>1,628,221</u>	<u>1,604,512</u>	<u>1,583,886</u>	<u>1,558,548</u>
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	1,648,758	1,825,599	1,902,398	1,998,753
Restricted	202,651	216,459	197,174	410,975	469,238	492,356	497,927	488,413	502,211
Unrestricted	757,955	575,473	477,081	378,537	551,838	562,899	558,625	495,318	403,346
Total business-type activities net assets	<u>2,156,704</u>	<u>2,297,411</u>	<u>2,243,744</u>	<u>2,353,343</u>	<u>2,559,648</u>	<u>2,704,013</u>	<u>2,882,151</u>	<u>2,886,129</u>	<u>2,904,310</u>
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	3,178,882	3,352,080	3,447,614	3,543,587
Restricted	231,143	316,928	250,656	479,823	553,456	562,338	574,405	584,054	573,927
Unrestricted	865,409	618,254	528,325	444,098	629,402	591,014	560,178	438,347	345,344
Total primary government net assets	<u>3,404,141</u>	<u>3,645,538</u>	<u>3,682,249</u>	<u>3,848,261</u>	<u>4,120,746</u>	<u>4,332,234</u>	<u>4,486,663</u>	<u>4,470,015</u>	<u>4,462,858</u>

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.



**Changes in Net Assets**  
**Last Nine Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Austin, Texas**  
**Table 2**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>									
Governmental activities:									
General government	75,941	43,405	46,607	73,233	84,693	76,136	97,945	80,819	89,315
Public safety	279,533	292,411	292,678	320,942	373,361	397,583	440,345	442,690	455,760
Transportation, planning and sustainability	15,694	17,119	15,879	17,247	25,426	48,758	49,426	79,840	65,565
Public health	75,033	80,808	48,733	104,361	94,697	94,158	102,188	81,773	63,215
Public recreation and culture	71,863	58,199	56,408	58,962	65,453	72,082	87,975	90,307	91,732
Urban growth management	54,287	59,949	64,631	77,340	81,439	93,185	123,115	121,237	143,884
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	39,166	40,954	42,435	44,889
Total governmental activities expenses	642,196	626,601	600,968	752,138	799,192	821,068	941,948	939,101	954,360
Business-Type activities:									
Electric	610,374	754,393	774,702	804,658	918,369	929,057	1,070,999	1,089,632	1,086,470
Water	132,665	130,119	155,472	142,061	161,516	162,158	202,900	200,162	169,708
Wastewater	118,506	115,284	137,227	122,176	132,005	144,573	147,059	160,962	166,979
Airport	76,546	79,558	77,541	87,538	78,487	80,368	91,557	98,403	92,780
Convention	36,344	40,621	52,336	38,844	41,992	43,956	52,911	52,219	51,818
Environmental and health services	61,764	63,527	100,343	45,739	50,290	55,386	69,805	67,097	66,380
Public recreation	10,433	9,107	9,295	9,408	9,225	9,800	10,169	10,274	9,715
Urban growth management	43,321	47,129	48,204	60,562	63,981	69,293	84,886	89,306	106,618
Total business-type expenses	1,089,953	1,239,738	1,355,120	1,310,986	1,455,865	1,494,591	1,730,286	1,768,055	1,750,468
Total primary government expenses	1,732,149	1,866,339	1,956,088	2,063,124	2,255,057	2,315,659	2,672,234	2,707,156	2,704,828
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	12,964	4,791	210	7,334	9,718	2,633	9,572	11,319	7,902
Public safety	36,226	36,579	37,071	37,825	40,314	40,529	45,880	51,710	47,530
Transportation, planning and sustainability	4,948	5,142	5,027	2,689	3,186	3,260	3,531	3,960	3,792
Public health	6,969	8,100	7,617	59,948	45,610	40,238	43,122	25,181	7,561
Public recreation and culture	2,499	2,551	2,716	3,208	3,339	2,998	3,749	3,819	3,456
Urban growth management	20,743	18,306	22,020	31,953	37,609	43,012	43,840	45,000	38,895
Operating grants and contributions	53,374	55,122	52,068	67,494	77,923	57,331	65,782	54,022	66,831
Capital grants and contributions	1,203	3,956	2,546	5,702	1,111	2,942	3,652	85,085	50,546
Total governmental activities program revenues	138,926	134,547	129,275	216,153	218,810	192,943	219,128	280,096	226,513
Business-type activities:									
Charges for services:									
Electric	745,095	921,649	829,018	972,846	1,070,606	1,056,488	1,217,735	1,162,286	1,147,676
Water	122,035	130,424	119,254	140,356	164,561	138,350	181,515	195,480	171,457
Wastewater	107,499	111,941	114,710	129,314	141,676	154,118	183,608	196,416	189,192

(Continued)



**Changes in Net Assets**  
**Last Nine Fiscal Years (In thousands)**  
**(Accrual basis of accounting)**

**City of Austin, Texas**  
**Table 2**  
**(Continued)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airport	72,777	71,693	75,916	82,220	87,473	96,562	102,519	96,618	100,223
Convention	10,376	15,040	10,404	11,169	14,692	14,577	17,572	16,258	14,784
Environmental and health services	61,969	56,368	60,883	44,550	45,078	46,310	49,190	65,940	74,399
Public recreation	10,210	9,323	8,955	9,117	8,968	8,784	9,760	10,119	8,864
Urban growth management	44,794	52,178	60,425	69,859	77,381	79,252	83,779	90,739	108,312
Capital grants and contributions	43,537	48,325	47,570	48,544	69,804	50,898	76,881	71,819	31,703
Total business-type revenues	<u>1,218,292</u>	<u>1,416,941</u>	<u>1,327,135</u>	<u>1,507,975</u>	<u>1,680,239</u>	<u>1,645,339</u>	<u>1,922,559</u>	<u>1,905,675</u>	<u>1,846,610</u>
Total primary government revenues	<u>1,357,218</u>	<u>1,551,488</u>	<u>1,456,410</u>	<u>1,724,128</u>	<u>1,899,049</u>	<u>1,838,282</u>	<u>2,141,687</u>	<u>2,185,771</u>	<u>2,073,123</u>
<b>Net (Expense)/Revenue</b>									
Governmental activities	(503,270)	(492,054)	(471,693)	(535,985)	(580,382)	(628,125)	(722,820)	(659,005)	(727,847)
Business-type activities	128,339	177,203	(27,985)	196,989	224,374	150,748	192,273	137,620	96,142
Total primary government net expense	<u>(374,931)</u>	<u>(314,851)</u>	<u>(499,678)</u>	<u>(338,996)</u>	<u>(356,008)</u>	<u>(477,377)</u>	<u>(530,547)</u>	<u>(521,385)</u>	<u>(631,705)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental activities:									
Taxes									
Property taxes	224,396	233,130	240,536	220,304	236,146	258,943	268,802	309,888	341,812
Sales tax	115,441	110,454	117,725	123,617	139,289	153,098	154,445	139,795	144,710
Franchise fees and gross receipts tax	62,576	63,049	63,509	69,120	79,755	87,180	93,236	85,183	87,996
Grants and contributions not restricted to specific programs	19,137	94,210	81,937	83,365	90,083	73,711	80,178	-- (3)	--
Interest and other	23,746	24,975	26,799	24,753	35,315	54,963	29,287	20,827	31,960
Special items	(4,000) (1)	--	(7,700) (2)	(2,639) (2)	--	--	--	--	--
Transfers	104,519	66,926	39,264	73,879	65,974	67,353	73,163	82,686	96,031
Total general revenues and transfers	<u>545,815</u>	<u>592,744</u>	<u>562,070</u>	<u>592,399</u>	<u>646,562</u>	<u>695,248</u>	<u>699,111</u>	<u>638,379</u>	<u>702,509</u>
Business-type activities:									
Interest and other	58,180	30,430	16,582	23,932	47,905	60,970	59,028	27,938	13,935
Special items	--	--	(3,000) (2)	(37,443) (2)	--	--	--	--	--
Transfers	(104,519)	(66,926)	(39,264)	(73,879)	(65,974)	(67,353)	(73,163)	(82,686)	(96,031)
Total business-type activities	<u>(46,339)</u>	<u>(36,496)</u>	<u>(25,682)</u>	<u>(87,390)</u>	<u>(18,069)</u>	<u>(6,383)</u>	<u>(14,135)</u>	<u>(54,748)</u>	<u>(82,096)</u>
Total primary government	<u>499,476</u>	<u>556,248</u>	<u>536,388</u>	<u>505,009</u>	<u>628,493</u>	<u>688,865</u>	<u>684,976</u>	<u>583,631</u>	<u>620,413</u>
<b>Change in Net Assets</b>									
Governmental activities	42,545	100,690	90,377	56,414	66,180	67,123	(23,709)	(20,626)	(25,338)
Business-type activities	82,000	140,707	(53,667)	109,599	206,305	144,365	178,138	82,872	14,046
Total primary government	<u>124,545</u>	<u>241,397</u>	<u>36,710</u>	<u>166,013</u>	<u>272,485</u>	<u>211,488</u>	<u>154,429</u>	<u>62,246</u>	<u>(11,292)</u>

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.

(1) 2002 Purchases land lease rights

(2) Travis County Hospital District reserve payments

(3) Beginning in 2009, these amounts were assigned to the appropriate programs



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

**City of Austin, Texas**  
**Table 3**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Function/Program</b>									
Governmental activities:									
General government	13,286	5,084	586	7,755	10,933	5,678	13,338	15,524	11,831
Public safety	41,227	42,903	42,847	48,596	62,287	52,317	53,565	64,997	57,135
Transportation, planning and sustainability	5,649	6,319	5,828	7,055	3,246	3,260	3,531	57,178	17,928
Public health	22,862	27,095	27,444	82,395	67,839	61,221	66,680	42,750	34,369
Public recreation and culture	8,283	6,225	5,620	6,593	4,849	4,505	5,253	7,846	9,536
Urban growth management	47,619	46,921	46,950	63,759	69,656	65,962	76,761	91,801	95,714
Subtotal governmental activities	<u>138,926</u>	<u>134,547</u>	<u>129,275</u>	<u>216,153</u>	<u>218,810</u>	<u>192,943</u>	<u>219,128</u>	<u>280,096</u>	<u>226,513</u>
Business-type activities:									
Electric	748,831	925,086	833,302	978,115	1,083,758	1,065,001	1,228,542	1,168,242	1,152,532
Water	137,928	148,638	139,156	154,837	182,801	153,148	216,654	225,881	180,918
Wastewater	119,019	129,412	131,303	138,652	157,973	167,851	189,823	211,080	190,625
Airport	81,682	79,217	82,033	97,786	103,490	104,462	113,368	112,804	108,022
Convention	10,376	15,040	10,404	11,459	14,968	14,577	17,572	16,258	14,784
Environmental and health services	62,270	56,411	60,246	44,887	46,350	46,640	50,311	66,592	75,033
Public recreation	10,049	9,408	9,038	9,230	9,225	9,073	11,134	11,268	12,809
Urban growth management	48,137	53,729	61,653	73,009	81,674	84,587	95,155	93,550	111,887
Subtotal business-type activities	<u>1,218,292</u>	<u>1,416,941</u>	<u>1,327,135</u>	<u>1,507,975</u>	<u>1,680,239</u>	<u>1,645,339</u>	<u>1,922,559</u>	<u>1,905,675</u>	<u>1,846,610</u>
Total primary government	<u>1,357,218</u>	<u>1,551,488</u>	<u>1,456,410</u>	<u>1,724,128</u>	<u>1,899,049</u>	<u>1,838,282</u>	<u>2,141,687</u>	<u>2,185,771</u>	<u>2,073,123</u>

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.



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

**City of Austin, Texas**  
**Table 4**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund									
Reserved	6,052	5,112	5,534	6,504	6,761	9,458	3,566	4,510	4,135
Unreserved	87,566	88,094	100,753	98,838	105,043	97,352	85,124	87,651	104,575
Total general fund	<u>93,618</u>	<u>93,206</u>	<u>106,287</u>	<u>105,342</u>	<u>111,804</u>	<u>106,810</u>	<u>88,690</u>	<u>92,161</u>	<u>108,710</u>
All Other Governmental Funds									
Reserved (1)	101,490	122,106	97,372	75,227	83,065	108,338	106,399	134,194	174,820
Unreserved, reported in:									
Special revenue fund	23,686	25,388	26,010	27,994	50,020	48,916	56,008	56,385	57,694
Debt service funds (1)	16,451	--	--	--	--	--	--	--	--
Capital projects funds	147,876	104,442	79,152	100,663	104,209	46,054	77,469	168,328	28,447
Permanent funds	284	313	370	332	443	660	844	819	764
Total all other governmental funds	<u>289,787</u>	<u>252,249</u>	<u>202,904</u>	<u>204,216</u>	<u>237,737</u>	<u>203,968</u>	<u>240,720</u>	<u>359,726</u>	<u>261,725</u>

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.

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



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

**City of Austin, Texas**  
**Table 5**

	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Property taxes	215,838	232,573	243,370	220,694	234,555	251,470	277,886	308,292	340,804
Sales taxes	115,441	110,454	117,725	123,617	139,289	153,098	154,445	139,795	144,710
Franchise fees and other taxes	62,435	63,050	63,509	69,168	79,755	87,180	93,236	85,183	88,321
Fine, forfeitures and penalties	21,690	20,966	21,774	21,932	23,697	20,959	24,574	25,380	24,571
Licenses, permits and inspections	14,670	14,737	15,317	17,399	22,131	25,635	24,268	20,531	15,716
Charges for services/goods	40,799	39,866	42,279	100,099	88,789	87,936	96,076	84,905	64,594
Intergovernmental	62,141	74,392	73,428	88,661	94,955	73,886	91,765	62,802	86,557
Property owners' participation and contributions	13,214	10,937	3,798	6,152	9,486	2,639	7,065	12,161	6,937
Interest and other	25,401	29,745	26,544	23,192	34,386	55,522	31,830	31,187	35,563
Total revenues	571,629	596,720	607,744	670,914	727,043	758,325	801,145	770,236	807,773
<b>Expenditures</b>									
General government	55,441	44,295	41,411	44,044	50,825	59,043	67,597	53,000	66,287
Public safety	263,258	278,297	288,152	324,815	359,613	383,685	399,060	409,579	421,958
Transportation, planning and sustainability	13,818	14,113	13,208	8,623	4,839	5,559	9,370	7,675	10,634
Public health	75,053	80,470	49,676	101,917	93,725	90,719	91,863	70,762	53,229
Public recreation and culture	59,655	52,836	50,567	53,315	54,865	62,578	72,760	74,477	74,089
Urban growth management	57,520	59,561	63,581	76,142	76,565	77,928	101,492	106,149	100,218
Debt service:									
Principal	44,382	49,340	48,862	50,608	57,651	59,929	61,800	69,809	70,424
Interest	36,566	38,529	40,109	41,233	39,023	39,156	40,954	42,170	44,590
Fees and commissions	7	8	14	10	10	10	--	8	17
Capital outlay	174,239	155,517	151,768	81,507	87,931	94,228	119,290	96,342	166,491
Total expenditures	779,939	772,966	747,348	782,214	825,047	872,835	964,186	929,971	1,007,937
Excess (deficiency) of revenues over expenditures	(208,310)	(176,246)	(139,604)	(111,300)	(98,004)	(114,510)	(163,041)	(159,735)	(200,164)
<b>Other financing sources (uses)</b>									
Issuance of tax supported debt	254,505	70,323	70,040	26,940	67,735	--	104,060	191,310	15,000
Issuance of refunding bonds	14,685	62,514	--	148,125	--	--	156,038	--	--
Bond premiums	--	--	28	13,750	11	--	15,090	1,897	--
Payment to escrow agent	(14,685)	(62,514)	--	(161,875)	--	--	(171,128)	--	--
Capital leases	--	891	646	932	--	--	--	--	--
Transfers in	176,878	129,258	128,874	142,404	142,064	171,995	173,627	175,250	197,669
Transfers out	(67,464)	(62,176)	(88,548)	(58,609)	(71,823)	(96,248)	(96,014)	(86,245)	(93,957)
Total other financing sources (uses)	363,919	138,296	111,040	111,667	137,987	75,747	181,673	282,212	118,712
Net change in fund balances	155,609	(37,950)	(28,564)	367	39,983	(38,763)	18,632	122,477	(81,452)
Debt service as a percentage of noncapital expenditures	13.2%	14.4%	15.1%	13.3%	13.2%	12.7%	12.3%	13.6%	13.8%

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.



**Tax Revenue by Source, Governmental Funds**  
**Last Nine Fiscal Years (In thousands)**  
*(Modified accrual basis of accounting)*

**City of Austin, Texas**  
**Table 6**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Mixed Drink Tax</b>	<b>Franchise Fees and Gross Receipts Tax</b>	<b>Total</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
2002	215,838	115,441	3,693	58,742	393,714
2003	232,573	110,454	3,679	59,371	406,077
2004	243,370	117,725	3,946	59,563	424,604
2005	220,694	123,617	4,242	64,926	413,479
2006	234,555	139,289	4,605	75,150	453,599
2007	251,470	153,098	5,186	81,994	491,748
2008	277,886	154,445	5,541	87,695	525,567
2009	308,292	139,795	5,651	79,532	533,270
2010	340,804	144,710	6,049	82,272	573,835
Change 2002-2010	57.90%	25.35%	63.80%	40.06%	

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.



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

**City of Austin, Texas  
Table 7**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Taxable Value to Appraised Value %	Total Appraised Value at January 1 \$	Less Exemptions (October 1) \$	Total Taxable Value (October 1) \$	Percent of Growth In Taxable Value %	Tax Rate (per \$100 Valuation)			
							General Fund \$	Debt Service Fund \$	Total \$	Percentage Change in Tax Rate %
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	--
2007	2006	84.61	71,515,572,939	11,003,244,050	60,512,328,889	15.59	0.2760	0.1366	0.4126	(7.37)
2008	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.28)
2009	2008	86.54	88,688,319,460	11,936,311,723	76,752,007,737	11.66	0.2749	0.1263	0.4012	(0.55)
2010	2009	87.63	92,388,003,449	11,427,462,473	80,960,540,976	5.48	0.2950	0.1259	0.4209	4.68
2011 (2)	2010	88.29	88,232,801,061	10,335,941,876	77,896,859,185	(3.78)	0.3262	0.1309	0.4571	7.92

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Total Outstanding Delinquencies	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
		\$	\$	%	\$	\$	%	\$	%
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	2006	249,673,869	248,705,821	99.61	1,456,561	250,162,382	100.20	8,717,040	3.49
2008	2007	277,284,215	274,903,217	99.14	1,152,041	276,055,258	99.56	9,338,671	3.37
2009	2008	307,929,055	304,956,471	99.03	1,262,543	306,219,014	99.44	9,626,876	3.13
2010	2009	340,762,917	337,268,213	98.97	1,289,552	338,557,765	99.35	10,591,712	3.11
2011 (2)	2010	356,066,543	**	**	**	**	**	**	**

\*\* Information not yet available for fiscal year 2011.

Note: Appraisal district appraises property at market value.

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

(2) Appraised value at January 1, 2011, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.



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

**City of Austin, Texas  
Table 8**

<b>Fiscal Year</b>	<b>Single Family Property</b>	<b>Multi- Family Property</b>	<b>Land</b>	<b>Commercial Property</b>	<b>Personal Property</b>	<b>Total Assessed Taxable Value</b>	<b>Tax Rates (per \$100 Assessed Value)</b>
	\$	\$	\$	\$	\$	\$	\$
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
2007	28,790,589	7,888,961	1,532,388	15,684,225	6,333,882	60,230,045	0.4126
2008	33,316,022	8,839,048	1,524,308	17,725,306	6,779,068	68,183,752	0.4034
2009	37,453,292	9,896,356	1,389,608	19,800,799	7,915,406	76,455,461	0.4012
2010	40,713,121	10,145,319	1,419,091	19,957,214	7,942,287	80,177,032	0.4209

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.



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

**City of Austin, Texas  
Table 9**

Government	Tax Rates (per 000's Assessed Value) for Fiscal Year Ended September 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4663	0.4597	0.4597	0.4928	0.4430	0.4430	0.4126	0.4034	0.4012	0.4209
Austin Community College	0.0500	0.0500	0.0500	0.0771	0.0900	0.0991	0.0965	0.0958	0.0954	0.0946
Austin Independent School District	1.5486	1.5486	1.5964	1.6137	1.6230	1.6230	1.4930	1.1630	1.2020	1.2020
Del Valle Independent School District	1.6040	1.6949	1.7785	1.7968	1.8063	1.8700	1.7277	1.4800	1.4800	1.4800
Eanes Independent School District	1.6964	1.7485	1.7312	1.7778	1.6705	1.6610	1.5625	1.2025	1.2025	1.2025
Leander Independent School District	1.6211	1.6500	1.7220	1.8300	1.7900	1.7500	1.6438	1.3334	1.3792	1.4223
Manor Independent School District	1.4770	1.6954	1.7141	1.7291	1.8262	1.8000	1.7680	1.5150	1.5350	1.5150
North Austin MUD #1	0.5500	0.5100	0.5000	0.5000	0.4500	0.4500	0.4500	0.4180	0.4050	0.3801
Northwest Austin MUD #1	0.3620	0.3577	0.3150	0.2632	0.2600	0.3000	0.2900	0.2750	0.2525	0.2427
Northwest Travis County RD #3	0.1600	0.1646	0.1500	0.1660	0.1800	0.1650	0.1300	0.1100	0.1100	0.1250
Pflugerville Independent School District	1.3875	1.4700	1.6900	1.8500	1.8300	1.8500	1.6800	1.4700	1.4600	1.4600
Round Rock Independent School District	1.7086	1.7387	1.7924	1.8643	1.8572	1.8335	1.6406	1.3238	1.3324	1.3800
Travis County (1)	0.4670	0.4460	0.4660	0.4918	0.4872	0.4993	0.4499	0.4216	0.4122	0.4215
Travis County Healthcare District	--	--	--	--	0.0779	0.0779	0.0734	0.0693	0.0679	0.0674

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	193,138	219,658	233,342	241,296	220,184	231,909	249,674	277,284	307,929	340,763
Austin Community College	20,571	23,323	24,863	37,321	44,345	49,521	70,836	72,389	79,189	82,756
Austin Independent School District	525,477	593,189	644,948	627,876	627,876	636,792	702,291	732,434	704,839	735,582
Del Valle Independent School District	31,807	39,203	37,453	36,980	36,719	38,980	43,792	43,898	47,600	46,563
Eanes Independent School District	82,177	99,104	105,139	104,611	99,760	106,455	116,394	100,971	111,930	115,036
Leander Independent School District	61,759	79,203	101,605	114,260	123,587	129,115	140,287	142,085	173,078	185,502
Manor Independent School District	23,222	28,127	26,803	25,144	26,742	28,499	33,568	35,816	37,916	43,116
North Austin MUD #1	2,855	2,856	2,808	2,736	2,753	1,196	2,765	2,873	2,859	2,859
Northwest Austin MUD #1	1,046	1,093	874	883	867	1,105	1,226	1,230	1,216	1,173
Northwest Travis County RD #3	590	654	626	611	621	627	601	524	546	582
Pflugerville Independent School District	42,040	57,038	76,052	83,918	89,397	96,641	97,889	95,934	104,552	108,097
Round Rock Independent School District	171,110	214,202	239,813	247,373	254,174	268,176	268,063	247,325	272,758	284,082
Travis County (1)	231,415	256,710	287,478	293,345	293,753	320,020	339,590	361,662	391,696	417,426
Travis County Healthcare District	--	--	--	--	50,416	60,798	55,520	59,543	64,629	66,842

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

Note: 2005 was initial year for Travis County Healthcare District Levy.

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



**Principal Property Taxpayers  
Current Year and Nine Years Ago**

**City of Austin, Texas  
Table 10**

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Taxpayer	Type of Property	2010			2001		
		January 1, 2009 Assessed	Rank	Percent of Total Assessed Valuation of	January 1, 2000 Assessed	Rank	Percent of Total Assessed Valuation of
		Valuation		\$80,960,793,931	Valuation		\$41,419,314,286
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	1,389,941,494	1	1.72	366,983,973	5	0.89
TPG-300 West 6th Street LLC	Commercial	530,752,756	2	0.66			
Freescale Semiconductor, Inc. (1)	Manufacturing	358,196,892	3	0.44			
Columbia/St. Davids Health Care	Hospital/Medical	345,093,926	4	0.43			
Dell Computer Corporation	Manufacturing	338,765,215	5	0.42			
Advanced Micro Devices, Inc.	Manufacturing	281,357,924	6	0.35	579,717,695	3	1.40
IBM Corporation	Manufacturing	253,136,376	7	0.31	311,692,951	7	0.75
Spansion LLC (2)	Manufacturing	237,133,802	8	0.29			
Shopping Center at Gateway LP	Commercial	211,160,347	9	0.26			
Brandywine Acquisition Partners LP	Commercial	202,117,918	10	0.25			
Motorola, Inc.	Manufacturing				1,055,495,494	1	2.55
Applied Materials Inc.	Manufacturing				605,727,899	2	1.46
Solectron Texas	Manufacturing				369,192,946	4	0.89
AT & T (3)	Telephone Utility				332,933,573	6	0.80
Crescent Real Estate Equities	Commercial				180,836,215	8	0.44
Minnesota Mining & Manufacturing	Manufacturing				179,417,067	9	0.43
Blue Star Austin Investments	Commercial				154,271,800	10	0.37
Total Assessed Valuation		4,147,656,650		5.12	4,136,269,613		9.99

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.

(3) Formerly Southwestern Bell



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

**City of Austin, Texas  
Table 11**

<b>Fiscal Year</b>	<b>City Direct Rate (1)</b>	<b>Capital Metro Rate (2)</b>	<b>State of Texas Rate (3)</b>
	%	%	%
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
2007	1.00	1.00	6.25
2008	1.00	1.00	6.25
2009	1.00	1.00	6.25
2010	1.00	1.00	6.25

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

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

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

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



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

**City of Austin, Texas  
Table 12**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
		(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1) (2)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	99,878	30,183	1,630	4,002	3,004	4,822	6,850	7,609	6,929	6,107
Mining	--	--	6,106	7,667	7,615	10,401	8,709	6,537	4,034	2,065
Construction	362,703	239,625	204,815	254,371	259,845	358,782	436,157	452,770	349,956	356,247
Manufacturing	462,283	542,662	602,525	600,640	711,213	821,000	922,956	1,036,933	939,414	1,061,010
Transportation, communications, utilities	787,612	470,133	413,848	359,521	341,382	386,265	447,312	550,890	447,484	363,592
Wholesale trade	840,042	635,326	566,740	655,358	728,722	874,189	913,648	938,474	791,803	767,059
Retail trade	6,489,980	5,137,925	4,706,963	4,836,334	5,260,730	5,786,205	6,103,478	6,212,304	5,601,706	5,623,985
Finance, insurance, real estate	24,367	142,414	188,058	167,531	189,119	221,387	232,656	237,818	213,359	201,773
Services	1,438,068	1,090,947	957,924	971,989	1,024,088	1,144,477	1,251,260	1,354,534	1,228,525	1,187,138
Public administration	1,591	209,178	286,631	313,964	328,926	388,647	402,782	433,151	442,422	420,369
Unclassified establishments	2,384	412	8	240	28	--	--	--	--	--
Other	4	1,602,792	2,150,204	2,147,499	2,130,487	2,287,822	2,074,431	2,172,351	2,143,260	2,172,049
	10,508,912	10,101,597	10,085,452	10,319,116	10,985,159	12,283,997	12,800,239	13,403,371	12,168,892	12,161,394

Source: State of Texas Comptroller of Public Accounts

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

(1) Category methodology changed by State Comptrollers Office effective January 1, 2002.

(2) Data not available for fourth quarter FY2010. Figures are estimates.



**Ratios of Outstanding Debt by Type  
Last Nine Fiscal Years (In thousands)**

**City of Austin, Texas  
Table 13**

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					
2007	659,761	94,919	32,227	475	787,382					
2008	726,678	71,925	31,413	482	830,498					
2009	845,741	78,525	28,456	468	953,190					
2010	789,619	71,586	38,295	716	900,216					
Business-Type Activities										
Fiscal Year Ended Sept. 30 (1)	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Other Tax Supported Debt	Commercial Paper Notes	Revenue Notes	Revenue Bonds	Contract Revenue Bonds	Capital Lease Obligations	Total Business-Type Activities
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
2007	16,593	47,413	29,154	7,768	309,003	28,000	3,191,180	2,423	4,572	3,636,106
2008	24,370	34,971	29,211	7,178	213,200	28,000	3,406,897	1,683	2,782	3,748,292
2009	21,510	42,877	60,195	6,650	339,999	28,000	3,442,342	914	1,981	3,944,468
2010	16,233	40,169	50,064	18,178	299,797	28,000	3,643,111	--	1,628	4,097,180
Fiscal Year Ended Sept. 30 (1)	Total Primary Government	Percentage of Personal Income	Debt Per Capita	Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. During fiscal year 2002, the City repaid \$15.4 million in tax notes sold in fiscal year 2001. Population and personal income statistics can be found in Table 18.						
	\$	%	\$							
2002	4,269,254	0.14	6,362							
2003	4,299,167	0.14	6,372							
2004	4,308,004	0.13	6,302							
2005	4,379,346	0.13	6,293							
2006	4,433,796	0.12	6,208							
2007	4,423,488	0.12	6,040							
2008	4,578,790	0.12	6,137							
2009	4,897,658	0.13	6,358							
2010	4,997,396	0.14	6,419							

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
During fiscal year 2002, the City repaid \$15.4 million in tax notes sold in fiscal year 2001.  
Population and personal income statistics can be found in Table 18.

(1) Data not available prior to 2002.



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

**City of Austin, Texas  
Table 14**

Fiscal Year Ended Sept. 30 (1)	General Bonded Debt Outstanding					Percentage of Actual Taxable Value (1) of Property	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total	Resources			
				Restricted for Repayment of Outstanding Debt Principal	Net General Bonded Debt		
	\$	\$	\$	\$	\$	%	\$
2002	692,954	184,655	877,609	13,972	863,637	1.81	1,287.01
2003	731,219	177,426	908,645	12,634	896,011	1.77	1,327.98
2004	758,773	208,551	967,324	12,168	955,156	1.95	1,397.34
2005	748,288	198,091	946,379	13,199	933,180	1.88	1,341.01
2006	727,968	230,242	958,210	14,898	943,312	1.80	1,320.73
2007	676,354	211,481	887,835	17,861	869,974	1.44	1,187.87
2008	751,048	174,698	925,746	18,079	907,667	1.32	1,216.54
2009	867,251	216,703	1,083,954	18,389	1,065,565	1.39	1,383.32
2010	805,852	218,292	1,024,144	21,958	1,002,186	1.24	1,287.23

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

(1) See Table 7 for property value data.

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



**Direct and Overlapping Governmental Activities Debt  
As of September 30, 2010**

**City of Austin, Texas  
Table 15**

<b>Name of Governmental Unit</b>	<b>Net Debt Outstanding as of September 30, 2010 (in 000's)</b>	<b>Percent Applicable to City of Austin</b>	<b>Amount Applicable to City of Austin (in 000's)</b>
	\$	%	\$
<b>Direct debt: Governmental activities debt</b>			
General obligation bonds	789,619		
Certificates of obligation	71,586		
Contractual obligations	38,295		
Total direct debt	<u>899,500</u> (1)	100.00	<u>899,500</u>
<b>Overlapping debt</b>			
Greater than 10%			
Austin Community College	94,519	71.12	67,222
Austin Independent School District	809,188	93.97	760,394
Del Valle Independent School District	173,905	68.31	118,795
Eanes Independent School District	115,945	29.89	34,656
Leander Independent School District	1,280,258	11.07	141,725
Manor Independent School District	190,775	69.65	132,875
Northwest Travis County RD #3	2,780	100.00	2,780
Pflugerville Independent School District	358,635	38.48	138,003
Round Rock Independent School District	666,450	33.39	222,528
Travis County	523,199	69.92	365,821
Subtotal greater than 10%	<u>4,215,654</u>		<u>1,984,799</u>
Less than 10%			
Williamson County	767,347	9.85	75,584
Subtotal less than 10%	<u>767,347</u>		<u>75,584</u>
Total overlapping debt	<u>4,983,001</u>		<u>2,060,383</u>
<b>Total direct and overlapping debt</b>	<u><b>5,882,501</b></u>		<u><b>2,959,883</b></u>

Ratio of total direct and overlapping debt to assessed valuation (2)

3.66 %

Per capita overlapping debt (3)

\$ 3,801.74

Source: Taxing jurisdictions, Travis Central Appraisal District and Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule 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 \$80,960,540,976 provided by the Travis Central Appraisal District and Williamson County Appraisal District.

(3) Based on 2010 estimated population of 778,560.



**Legal Debt Margin Information**  
**Last Ten Fiscal Years (in thousands)**

**City of Austin, Texas**  
**Table 16**

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed taxable value (1)	<u>\$ 80,150,936</u>
Debt limit	11,804,005 (2)
Debt applicable to limit:	
General obligation debt	993,208
Less: Amount set aside for repayment of general obligation debt	<u>(21,958)</u>
Total net debt applicable to limit	<u>971,250</u>
Legal debt margin	<u>\$ 10,832,755</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	6,038,917	6,966,722	7,400,733	7,138,962	7,246,657	7,632,549	10,330,201	10,021,785	11,190,400	11,804,005
Total net debt applicable to limit	608,190	851,443	872,917	931,297	906,446	936,104	846,455	878,798	1,043,671	971,250
Legal debt margin	5,248,709	5,922,613	6,313,239	6,040,147	6,169,474	6,696,445	9,483,746	9,142,987	10,146,729	10,832,755
Total net debt applicable to the limit as a percentage of debt limit	10.07%	12.22%	11.80%	13.05%	12.51%	12.26%	8.19%	8.77%	9.33%	8.23%

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

(1) Assessed value 100% of estimated market value as of January 1, 2009, of \$80,960,541 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2009, for collections of \$80,150,936 results in tax revenues of \$1,202,264.

This revenue could service the debt on \$11,804,005 issued as 8% - 20-year serial bonds with level debt service payments.



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

**City of Austin, Texas**  
**Table 17**

Fiscal Year Ended Sept. 30	Electric Revenue Bonds						Water and Wastewater Revenue Bonds					
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
				Principal	Interest					Principal	Interest	
\$	\$	\$	\$	\$		\$	\$	\$	\$	\$		
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	515,597	325,944	93,374	80,927	1.87	234,970	108,907	126,063	28,337	63,066	1.38
2005	989,534	612,914	376,620	89,949	67,907	2.39	270,867	115,807	155,060	40,796	59,135	1.55
2006	1,103,665	692,583	411,082	75,906	63,057	2.96	309,188	128,235	180,953	42,585	63,258	1.71
2007	1,096,869	707,053	389,816	101,312	66,674	2.32	296,475	132,586	163,889	45,208	66,252	1.47
2008	1,260,817	840,753	420,064	81,366	61,834	2.93	367,444	144,018	223,426	56,091	87,544	1.56
2009	1,179,688	851,736	327,952	78,773	93,170	1.91	393,771	162,117	231,654	59,018	88,089	1.58
2010	1,159,295	866,914	292,381	65,823	99,786	1.77	361,342	159,402	201,940	54,413	101,265	1.30

Fiscal Year Ended Sept. 30	Airport Revenue Bonds							Convention Center Revenue Bonds					
	Service Charges (1)	Other Available Funds (5)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)	User Fees and Revenue Transfers (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage (4)
					Principal	Interest					Principal	Interest	
\$		\$	\$	\$			\$	\$	\$	\$	\$		
2001	84,610	n/a	39,363	45,247	--	14,973	3.02	54,311	15,646	38,665	4,642	12,076	2.31
2002	76,816	6,993	37,265	46,544	2,046	14,702	2.78	37,262	18,927	18,335	3,090	13,626	1.10
2003	74,177	7,332	40,786	40,723	3,615	14,756	2.22	39,193	21,778	17,415	3,255	13,466	1.04
2004	77,832	7,384	38,288	46,928	4,922	14,928	2.36	34,015	18,102	15,913	5,210	12,062	0.92
2005	85,769	7,327	41,091	52,005	4,415	12,266	3.12	39,055	19,371	19,684	3,520	12,599	1.22
2006	93,245	7,066	45,316	54,995	8,848	10,476	2.85	49,711	22,917	26,794	2,330	9,899	2.19
2007	104,110	6,820	46,677	64,253	13,724	9,834	2.73	55,932	23,787	32,145	1,260	9,829	2.90
2008	108,983	6,879	49,928	65,934	6,545	11,654	3.62	59,951	29,791	30,160	3,440	12,047	1.95
2009	100,798	7,146	54,256	53,688	6,843	12,851	2.73	54,491	30,058	24,433	4,720	11,330	1.52
2010	85,156	7,930	57,379	35,707	7,168	7,522	2.43	51,226	30,517	20,709	8,215	9,238	1.19

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

(1) Operating revenue, rental tax revenue, hotel tax revenue, and interest income.

(2) Operating expenses other than interest on debt, depreciation, amortization, and year-end unfunded other post employment benefit and pension expenses.

(3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements and excludes debt service amounts paid with passenger facility charge revenue.

(4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior, subordinate, and separate lien bonds only.

(5) Pursuant to bond ordinance, Airport is authorized to use "other available funds" in the calculation of revenue bond coverage.



**Demographic and Economic Statistics  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 18**

Year	City of Austin Population (1)	Area of Incorporation (Sq. Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Per Capita Personal Income MSA (2)	Unemployment Rate (MSA) (4)
				\$	\$	\$	%
2001	661,639	266	1,325,305	42,489,015	39,811	32,060	4.9
2002	671,044	273	1,355,241	41,908,425	47,089	30,923	5.8
2003	674,719	276	1,385,723	43,104,097	41,909	31,106	6.0
2004	683,551	291	1,423,161	46,134,871	39,227	32,417	4.9
2005	695,881	294	1,464,563	51,058,588	40,335	34,863	4.5
2006	714,237	296	1,528,958	56,105,872	40,888	36,695	4.0
2007	732,381	297	1,594,525	59,758,105	42,263	37,477	3.9
2008	746,105	298	1,654,100	61,800,403	46,340	37,362	4.7
2009	770,296	302	1,705,075	60,568,377	47,520	35,522	7.2
2010	778,560	306	1,703,994 (6)	60,999,640 (5)	48,460	35,798 (5)	6.8
2001-2010 Change	17.67%	15.04%	28.57%	43.57%	21.73%	11.66%	

Note: Prior year statistics are subject to change as more precise numbers become available.

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

(2) Source: Bureau of Economic Analysis for all years except 2010 which will not be available until first quarter 2011.

(3) Source: Claritas, a Nielsen company.

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

(5) Data not available for 2010. Figures are estimated.

(6) Source: Claritas, a Nielsen company who historically is less than the final numbers from Bureau of Economic Analysis.



**Principal Employers  
Current Year and Nine Years Ago**

**City of Austin, Texas  
Table 19**

		2010			2001		
10 Largest Employers	Industry	Rank	Employees	Percent	Rank	Employees	Percent
			(1)	of MSA		(1)	of MSA
			Total (2)	%		Total (2)	%
State Government (3)	Government	1	38,538	5.01			
The University of Texas at Austin	Education	2	24,864	3.23	1	20,211	3.01
Dell Computer Corporation	Computers	3	14,000	1.82	2	17,100	2.55
City of Austin	Government	4	11,815	1.54	3	10,914	1.63
Austin Independent School District	Education	5	11,570	1.50	4	9,417	1.40
Seton Healthcare Network	Healthcare	6	11,500	1.49	7	6,715	1.00
Federal Government	Government	7	11,100	1.44			
HEB Grocery	Grocery retail/distribution	8	10,904	1.42	6	7,000	1.04
St. David's Healthcare Partnership	Healthcare	9	6,600	0.86			
IBM Corporation	Computers	10	6,239	0.81	8	5,988	0.89
Motorola, Inc.	Electronic Components				5	8,900	1.33
Internal Revenue Service	Government				9	5,800	0.86
Sulzer Orthopedics, Inc	Medical				10	5,479	0.82
			147,130	19.13		97,524	14.52

(1) Source: Texas Education Agency 2009-10 District Performance Report, Austin Chamber of Commerce, City of Austin Budget Documents 2009-2010, University of Texas at Austin, and Texas State Auditor's Office

(2) Total refers to a Metropolitan Statistical Area (MSA) employed work force of 769,300 for 2010 and 671,500 for 2001. Source: Texas Workforce Commission

(3) FY 2010 MSA data not available by state agency. FY 2001 data not available by MSA totals.



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

**City of Austin, Texas  
Table 20**

Function/Program	Fiscal Year Ended September 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>										
General government	183	181	169	151	152	147	157	171	169	169
Public safety	3,377	3,535	3,519	3,581	3,591	3,790	3,844	3,959	3,938	3,938
Transportation planning and sustainability	3	3	3	3	5	5	5	5	5	4
Public health	819	837	828	799	836	893	913	953	484	517
Public recreation	861	853	763	690	694	703	796	838	865	846
Urban growth management	551	554	451	402	308	314	335	373	373	378
<b>Total governmental employees</b>	<b>5,794</b>	<b>5,963</b>	<b>5,733</b>	<b>5,626</b>	<b>5,586</b>	<b>5,852</b>	<b>6,050</b>	<b>6,299</b>	<b>5,834</b>	<b>5,852</b>
	5,794	5,963	5,733	5,626	5,586	5,852	6,050	6,299	5,834	5,852
<b>Business-type activities</b>										
Electric	1,373	1,449	1,459	1,472	1,538	1,561	1,605	1,679	1,719	1,738
Water	474	493	504	470	462	460	461	481	521	530
Wastewater	558	551	540	535	558	573	574	555	536	540
Airport	374	387	393	377	372	328	340	348	352	345
Convention	154	228	228	224	202	203	209	221	241	244
Environmental and health services	385	377	450	447	414	423	431	448	463	461
Public recreation	108	105	102	89	76	71	90	91	88	88
Urban growth management	438	454	485	489	611	631	645	661	659	632
<b>Total proprietary programs</b>	<b>3,864</b>	<b>4,044</b>	<b>4,161</b>	<b>4,103</b>	<b>4,233</b>	<b>4,250</b>	<b>4,355</b>	<b>4,484</b>	<b>4,579</b>	<b>4,578</b>
Internal Services (1)	1,397	1,458	1,412	1,306	1,283	1,323	1,390	1,453	1,502	1,451
<b>Total full-time equivalent employees</b>	<b>11,055</b>	<b>11,465</b>	<b>11,306</b>	<b>11,035</b>	<b>11,102</b>	<b>11,425</b>	<b>11,795</b>	<b>12,236</b>	<b>11,915</b>	<b>11,881</b>

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



**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**City of Austin, Texas**  
**Table 21**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>										
<b>General government</b>										
Municipal court cases filed	431,678	436,000	437,561	410,924	402,243	414,018	346,223	424,239	431,958	369,053
Central booking cases magistrated/arraigned	65,533	88,831	89,443	95,831	93,071	86,067	98,892	92,764	101,649	114,334
Warrants issued	127,209	100,368	120,652	128,741	125,284	118,949	121,704	139,831	159,038	158,597
Number of warrants prepared	145,166	122,550	130,358	120,114	117,022	77,687	70,651	109,239	140,668	138,379
Jail cases prepared	66,723	97,307	100,894	111,070	109,613	106,379	113,811	119,140	125,406	134,018
<b>Public safety</b>										
Number of law offenses	117,927	125,474	130,478	169,221	146,457	160,316	189,581	173,180	161,167	148,479
Physical arrests	51,359	52,253	51,774	56,462	54,472	58,759	60,983	59,000	46,762	45,783
Traffic violations	234,156	228,291	233,571	230,823	260,698	231,169	179,505	239,781	262,700	225,924
Fire emergency responses	59,307	59,108	58,988	58,943	64,771	68,335	75,748	76,347	74,211	75,676
Fire responses	2,291	2,402	2,262	2,186	2,295	2,799	2,241	2,767	2,816	2,172
Fire inspections	26,911	28,680	26,895	26,627	28,527	26,663	25,728	26,834	25,523	25,029
EMS response units dispatched	81,246	80,217	80,285	85,562	103,325	107,162	116,850	116,897	113,410	115,637
EMS 911 calls received	84,240	80,535	81,368	85,453	97,254	100,796	101,787	108,478	106,477	110,703
EMS ground patient transports	41,402	43,939	41,402	42,495	48,787	50,631	56,378	55,738	56,127	61,267
<b>Transportation, planning and sustainability</b>										
Engineering studies completed in school zones	13	54	50	87	52	51	76	118	35	39
Number of children receiving safety training	6,288	16,552	19,277	29,987	44,880	45,028	47,019	49,077	44,480	44,582
Injuries to children in school zones	0	0	0	1	2	0	1	0	0	0
<b>Public health</b>										
Number of permits issued (food, pools, temporary events)	N/A	N/A	N/A	N/A	N/A	N/A	9,805	10,858	10,586	12,464
Number of animals sheltered	23,534	21,877	23,960	24,800	25,489	24,357	27,163	24,663	22,150	24,026
Birth and death certificates	108,225	119,151	122,089	131,205	131,025	130,526	134,229	121,787	96,421	84,017
STD patient clinic visits	11,000	14,781	11,498	12,007	12,463	13,046	12,856	12,696	13,248	13,869
Immunizations shots administered	20,000	45,012	46,694	46,786	39,542	41,464	48,563	62,949	37,133	42,905
Women and children service encounters	260,430	300,861	323,331	336,142	349,210	352,540	363,624	375,008	433,133	458,580
Participants receiving basic needs services	18,048	N/A	10,855	9,394	10,691	7,587	7,965	8,291	1,098	7,635
Food establishment permits issued	4,095	4,150	N/A	4,760	4,803	4,634	5,016	5,355	5,783	5,909
Pregnancy rate/1000 female teens (13-17 years old)	44	37	34	27	32	32	32	28	30	29
HIV clients	6,722	2,858	1,562	3,267	3,411	3,732	3,950	4,110	4,299	4,413
HIV client visits	27,200	28,500	35,282	26,378	28,190	18,825	15,000	23,478	31,173	2,445

(Continued)



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

**City of Austin, Texas**  
**Table 21**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public recreation and culture</b>										
Volumes in library collection	1,416,044	1,477,881	1,550,145	1,614,460	1,652,303	1,705,805	1,490,814	1,469,288	1,455,793	1,465,765
Library volumes borrowed	3,164,580	3,282,517	3,332,645	3,230,357	3,355,351	3,373,408	3,552,013	3,791,515	4,197,963	4,316,785
Registered library borrowers	410,102	446,272	484,075	516,666	420,461	456,009	489,649	494,757	561,112	483,099
Meals served to senior citizens	148,100	142,040	143,000	126,311	118,066	114,770	107,101	119,224	64,821	64,032
Participant hours in nature center program	242,000	122,487	140,463	149,103	142,709	118,994	113,159	103,241	133,390	125,115
Visitors to garden center	633,500	426,357	388,549	402,645	385,160	392,181	411,540	426,032	463,095	374,661
Participant hours in summer playground program (3)	245,700	210,365	189,185	157,272	151,230	151,230	178,667	124,566	200,400	1,560,777
<b>Urban growth management</b>										
One-stop shop customers served development assistance	N/A	N/A	N/A	N/A	23,421	20,702	23,534	30,447	26,531	26,597
Neighborhood plans adopted	1	8	8	7	5	9	5	2	2	2
Zoning applications processed	231	201	179	186	259	268	222	232	101	149
Building inspections performed-development and regulation	173,573	150,946	157,461	155,360	177,909	207,389	213,799	226,841	177,854	150,228
One-stop shop building permits issued	N/A	N/A	N/A	N/A	82,439	98,827	75,078	111,735	92,396	91,996
Households served by community development activities	N/A	N/A	N/A	16,408	11,688	11,325	11,166	5,574	3,162	6,387
Renters assisted through S.M.A.R.T. construction/rehabilitation unit	N/A	N/A	321	221	284	270	294	2,110	1,026	273
Homebuyers assisted through S.M.A.R.T. housing	213	266	262	294	218	135	66	109	119	118
S.M.A.R.T. housing units completed	49	400	1,694	1,612	1,725	1,692	1,470	3,473	1,341	673
Owner-occupied homes retained through rehabilitation/construction	816	926	717	980	995	903	917	833	904	839
<b>Business-type activities</b>										
<b>Electric</b>										
Electric sales (in millions of KWH)	10,430	10,153	10,321	10,262	10,904	11,248	11,325	12,184	12,103	11,976
Number of metered customers	346,795	353,072	359,526	365,874	372,735	380,696	388,626	396,791	407,926	413,870
<b>Water</b>										
Actual water pumpage (in millions of gallons)	50,185	50,883	51,111	48,469	51,374	56,603	45,867	53,921	53,331	43,827
Average daily consumption (thousands of gallons)	121,222	122,024	119,020	113,826	120,179	135,537	112,394	145,386	129,600	108,600
Average daily consumption per capita	172	159	155	145	150	165	134	130	147	135
Peak daily capacity (thousands of gallons)	250,000	260,000	260,000	260,000	260,000	260,000	310,000	285,000	286,000	286,000
<b>Wastewater</b>										
Average daily sewage treatment (millions of gallons)	93,942	93,942	87,165	81,431	85,436	77,805	97,598	83,000	82,038	98,854
Combined daily capacity (thousands of gallons)	130,000	130,000	130,000	130,000	135,000	135,000	150,000	150,000	135,000	135,000
<b>Airport</b>										
Enplanements (1)	3,690,835	3,439,302	3,436,944	3,707,864	3,866,383	4,141,580	4,552,481	4,619,630	4,113,544	4,375,428
Deplanements (1)	3,508,487	3,281,366	3,270,137	3,530,781	3,704,881	3,984,670	4,332,910	4,419,445	4,107,354	4,318,280
Cargo (in millions of pounds) (1)	321	286	252	254	242	230	211	202	156	153

(Continued)



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

City of Austin, Texas  
Table 21

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Convention</b>										
Convention contracts executed	235	242	276	257	261	308	263	285	281	251
Pre-event plans produced	235	315	343	438	577	705	674	558	475	504
Vehicles parked	211,913	233,666	250,504	218,669	284,070	345,896	335,551	488,916	539,098	429,993
<b>Environment and health services</b>										
Tons of garbage collected	116,860	118,264	118,580	122,695	126,047	132,458	138,801	143,950	128,519	130,851
Tons of recyclables collected	34,000	35,420	N/A	N/A	N/A	30,058	31,877	34,691	49,811	52,479
Tons of brush collected	1,850	3,495	4,116	5,050	4,737	5,938	6,614	7,380	7,683	7,350
Tons of bulk items collected	6,750	8,739	8,293	7,687	7,697	8,035	7,434	7,792	8,219	7,710
Tons of yard trimmings collected	16,747	18,636	17,754	18,262	19,230	20,697	20,315	24,027	19,497	22,456
<b>Public recreation</b>										
Golf rounds played	258,607	308,950	287,244	270,767	253,479	226,172	194,289	231,231	230,852	200,446
Sports teams	3,162	3,200	N/A	N/A	1,678	1,813	2,133	2,379	2,051	2,204
Estimated participant hours for community recreation program	2,862,738	3,455,493	3,241,960	2,461,425	3,335,339	2,210,843	2,274,456	2,103,611	2,238,370	1,689,583
<b>Urban growth management</b>										
Storm Water Discharge permits issued to businesses	N/A	1,244	1,207	1,151	1,194	1,165	1,144	1,160	1,183	1,087
Residential ponds provided vegetation control	350	370	384	409	481	500	515	519	522	533
Residential ponds maintained (3)	160	161	220	244	522	555	531	575	733	196
Acres treated with stormwater improvements (cumulative)	4,667	4,559	4,667	4,559	4,676	4,868	5,283	5,327	5,947	6,489
Litter and debris collection on Lady Bird Town Lake (in tons)	371	222	215	231	251	222	243	209	270	374
Miles of creeks maintained	65	63	63	63	63	64	63	64	64	65
Stormwater sites successfully sampled and analyzed	837	681	727	1,002	1,009	871	1,503	1,312	903	1,370
Feet of pipeline cleaned	50,000	51,900	40,893	53,013	81,040	87,770	75,554	77,283	74,164	51,627
Potholes repaired	4,620	2,203	3,231	1,478	1,072	672	1,073	784	638	1,828
Signal studies	254	246	266	250	277	270	280	281	281	280
Signal modifications	74	59	93	35	86	52	38	32	22	9
Traffic sign installations	13,707	14,280	15,361	20,540	18,784	33,709	30,820	28,002	23,144	31,754
Citizen requests for traffic improvement completed	1,229	966	1,151	1,303	1,319	1,227	1,474	1,840	1,433	589
Parking tickets	133,654	137,232	132,775	123,160	117,004	130,267	118,663	126,941	115,837	89,851

(Continued)



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

City of Austin, Texas  
Table 21

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Internal services activities (2)</b>										
<b>Internal services</b>										
Vehicles sold	522	423	282	150	230	224	344	326	306	473
Rental units	2,800	1,934	1,780	740	1,547	1,580	1,426	1,537	1,436	1,292
Payment transactions processed	269,506	274,980	250,993	249,435	262,282	306,783	259,527	243,338	216,340	218,778
Payroll payments	212,753	332,725	327,328	323,754	328,819	492,843	420,985	434,578	435,034	425,679
Units of mail processed	3,076,920	2,844,605	2,505,959	1,804,358	1,977,488	2,003,607	2,003,607	2,251,672	1,939,554	1,849,811
Employees enrolled in medical benefit plans (3)	8,256	8,619	7,710	7,111	9,902	10,095	10,580	11,013	10,949	10,774
Requests for council action processed	250	1,063	2,235	2,161	2,242	2,300	2,074	2,685	2,114	2,126
Active construction projects managed in-house	50	50	293	297	310	338	319	300	312	366
Land parcels acquired	75	184	127	176	130	148	239	100	218	244

Source: Various city departments; budget documents and performance reports

N/A Information not available

(1) Data provided is based on a calendar year versus a fiscal year.

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

(3) The methodology for calculating the result changed.



**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

**City of Austin, Texas  
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>										
<b>Public safety</b>										
Police stations	3	3	3	4	4	4	4	5	8	5
Police zone offices	7	7	7	9	9	9	9	9	9	9
Patrol units	232	290	318	340	333	351	352	355	355	359
Fire stations	40	40	41	41	42	43	44	44	44	45
EMS stations	26	28	28	29	30	30	31	33	33	35
<b>Public health</b>										
Health facilities (sq. ft. )	291,465	362,155	362,155	334,419	341,607	318,462	331,462	331,462	331,726	400,426
Program vehicles	65	66	66	57	59	61	61	76	76	76
<b>Public recreation and culture</b>										
Libraries	21	22	22	22	22	22	22	22	22	23
District parks	11	11	11	11	11	11	11	11	13	13
Metropolitan parks	10	10	11	11	18	11	11	11	12	11
Natural preserves	14	15	15	15	15	13	13	13	13	15
Greenbelts	25	25	25	25	32	26	26	26	29	40
Neighborhood parks	80	84	85	85	85	90	90	90	96	96
Special parks (museums, etc.)	23	27	26	27	27	30	27	28	28	39
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	16	17	17	17	17	17	18	18	20	20
Open fields	88	88	89	89	89	90	90	90	89	93
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)	51	51	75	117	117	117	117	117	117	193
Tennis courts	106	102	102	102	102	102	102	102	114	110
Swimming pools	47	47	47	47	47	47	46	46	50	51
<b>Business-type activities</b>										
<b>Electric</b>										
Overhead distribution (miles)	5,485	5,493	5,532	5,546	5,549	5,540	5,527	5,489	5,493	5,475
Underground distribution (miles)	3,943	4,140	4,517	4,762	5,011	5,236	5,429	5,700	5,786	5,844
<b>Water</b>										
Treatment plants	3	3	3	3	3	3	3	2	2	2
Water mains (miles)	2,825	2,872	2,995	2,871	2,791	3,449	3,514	3,594	3,626	3,634
Booster pumps	42	46	45	47	47	45	44	45	45	46
Fire hydrants	25,838	26,303	27,647	27,134	28,115	29,204	30,479	31,348	32,232	32,576
<b>Wastewater</b>										
Sanitary sewers (miles)	2,202	2,226	2,311	2,265	2,200	2,490	2,544	2,607	2,634	2,650
Connections	173,000	168,159	169,330	174,593	178,574	181,330	186,675	191,297	196,842	198,116

(Continued)



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

**City of Austin, Texas**  
**Table 22**

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Business-type activities, continued</b>										
<b>Airport</b>										
Buildings maintained (sq. ft.)	3,130,000	2,290,563	2,288,130	2,288,130	2,288,130	2,288,130	2,306,130	2,306,130	2,306,130	2,306,130
Facility (terminal) maintained (sq. ft.)	720,000	754,000	754,000	754,000	754,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000
Acres I air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
<b>Convention</b>										
Convention facilities (sq. ft.)	1,732,298	1,877,000	1,877,000	1,877,000	2,126,249	2,126,249	2,126,249	2,126,249	2,126,249	2,126,249
<b>Environment and health services</b>										
Refuse collection trucks	103	97	88	102	96	93	108	64	62	89
Recycle collection trucks	51	42	44	34	34	30	34	53	31	38
<b>Public recreation</b>										
Golf courses	6	6	6	6	6	6	5	5	5	5
Athletic fields	87	87	87	87	87	176	176	176	185	174
Softball fields	16	16	16	16	16	16	16	16	35	37
<b>Urban growth management</b>										
Residential ponds	480	442	480	491	577	599	612	630	710	803
Street (miles)	6,277	6,502	6,599	6,789	6,908	7,037	7,266	7,349	7,626	7,348
Bridges	N/A	N/A	302	310	323	323	337	366	424	427
Traffic signals	750	772	798	811	824	827	836	852	865	902
Metered parking spaces	3,408	3,586	3,675	3,747	3,805	3,859	3,865	3,772	4,017	5,026
<b>Internal Services (1)</b>										
Fleet facilities (sq. ft.)	11,860	11,860	11,860	11,860	123,117	123,117	123,117	123,117	123,117	127,916
Secured computer workstations	8,000	8,000	8,000	6,200	7,542	7,700	8,963	5,614	8,000	6,200
Number of network end use devices	5,161	5,277	5,186	5,892	5,994	6,030	6,031	11,654	10,021	18,000
City facilities insured	1,076	1,100	1,077	1,113	1,102	1,074	1,111	1,101	1,129	1,193
Facilities maintained (sq. ft.)	967,194	967,194	962,994	1,250,994	1,448,379	1,621,921	1,621,921	1,621,921	1,539,244	1,539,244

Source: Various city departments; budget documents and performance reports

N/A Information not available

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

(2) For Fiscal Year 2010, amended budget estimate is used where final statistic is unavailable.









**THE CITY OF  
AUSTIN, TEXAS**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

P.O. BOX 2920, AUSTIN, TEXAS 78768 • 512-974-2600 • [www.cityofaustin.org](http://www.cityofaustin.org)

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