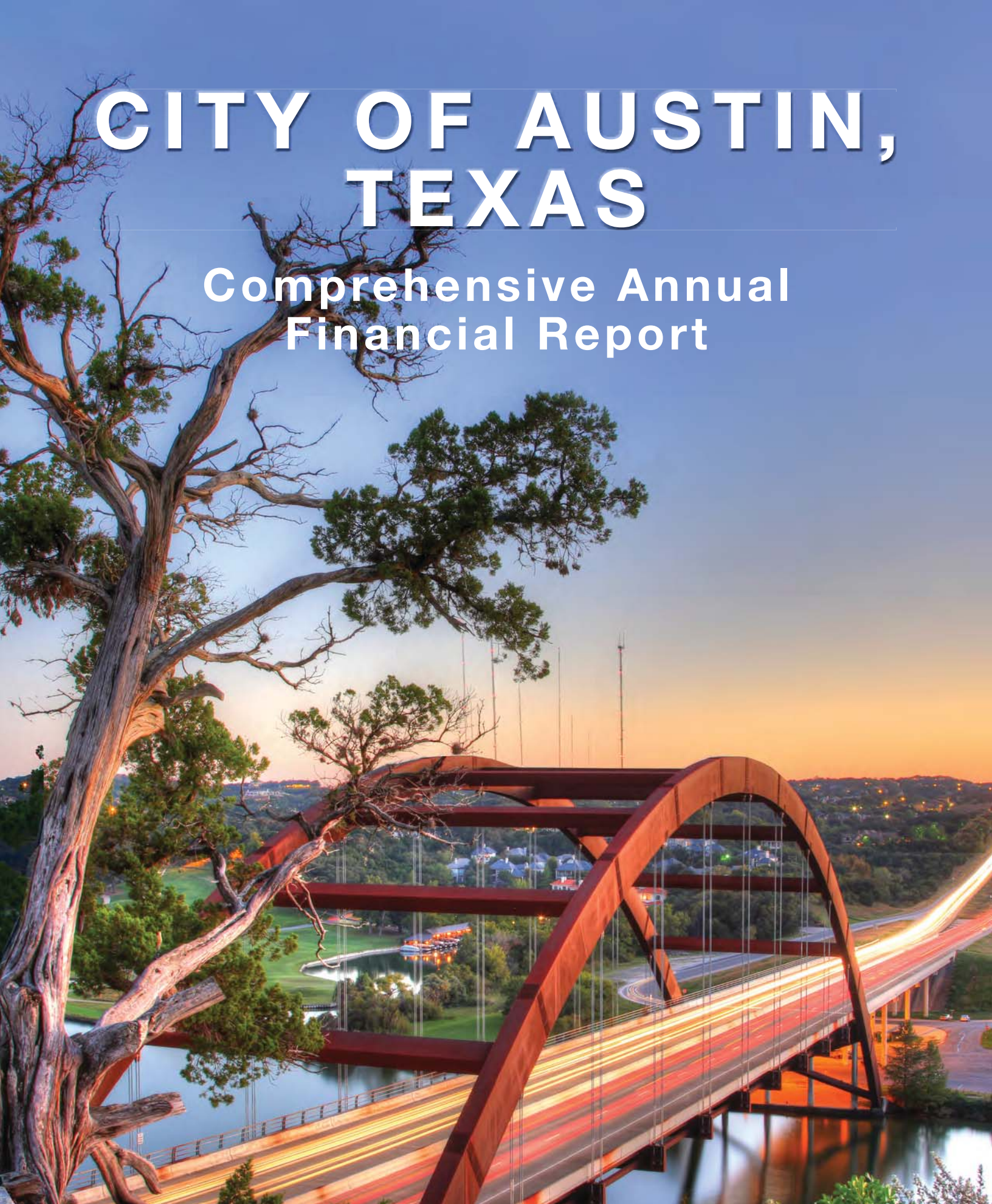
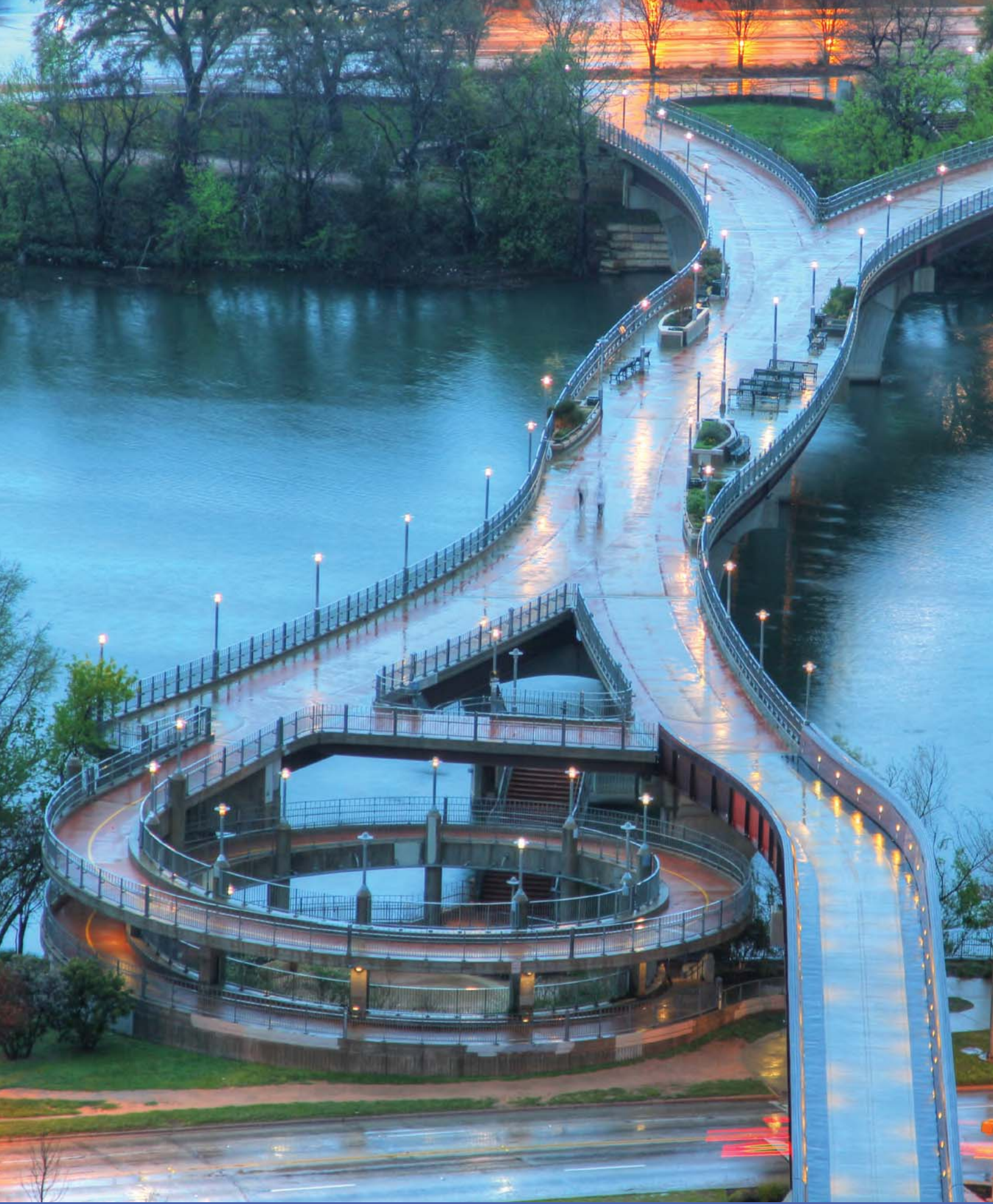


CITY OF AUSTIN, TEXAS

Comprehensive Annual Financial Report



For the year ended September 30, 2012



Photography by David Gottlieb

Comprehensive Annual Financial Report



*City of Austin,
Texas*

*For the year ended
September 30, 2012*

*Prepared by:
Financial Services Department*

*Elaine Hart, CPA
Chief Financial Officer*

*Greg Canally
Deputy Chief Financial Officer*

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Deputy Chief Financial Officer*

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Controller*

*Members of the Government Finance Officers Association
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City Council

Lee Leffingwell

Mayor

Term expires June 15, 2014

Sheryl Cole

Mayor Pro Tem

Term expires June 15, 2015

Council Members

Chris Riley	June 15, 2014
Mike Martinez	June 15, 2015
Kathie Tovo	June 15, 2014
Laura Morrison	June 15, 2014
Bill Spelman	June 15, 2015

Marc A. Ott

City Manager

CITY OF AUSTIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2012

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INTRODUCTION



City of Austin

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

March 29, 2013

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, 2012. 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 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): the Austin Housing Finance Corporation (Housing Assistance Fund), the Austin Industrial Development Corporation (Austin Industrial Development Corporation Fund), and the 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. With the passage of Propositions 1 – 3 on November 6, 2012, several changes to the Austin City Council will take place beginning with the November 2014 election. The Austin City Council will expand from 7 to 11 members; elections will move from May to November in even-numbered years, Council terms will lengthen from 3 years to 4, and 10 geographic districts will be established for City Council representation, mandating that a Council Member live within the district that he/she represents, with the Mayor still being elected citywide. The Citizens Redistricting process will be overseen by the City Auditor and will be submitted to the U.S. Justice Department for approval.

Austin, the capital of Texas, is the fourth largest city in the state (behind Houston, Dallas, and San Antonio) with a September 2012 population of 821,012, according to the City's estimates. Over the past ten years, Austin's population has increased by approximately 146,293 residents or 21.7%. Geographically, Austin consists of approximately 319 square miles. The current estimated median household income for Austin residents is \$46,436, according to Claritas, a Nielsen company. Austin's per capita income is estimated to be \$39,405 based on analysis of the Bureau of Economic Analysis information.

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 plains 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. According to the City Demographer, the City of Austin has crossed the threshold of becoming a Majority-Minority city, meaning no ethnic or demographic group exists as a majority of the city's population. The growth of other ethnic groups has outpaced the growth of Anglo households. The result is a reduction in the City's Anglo share of total population to below 50%, where it is expected to stay for the foreseeable future.

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 45 percent of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 28 percent for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area. The Austin metropolitan area is host to seven universities and six other institutions of higher learning. 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 ranked 45th nationally and 13th among public universities in the 2012 *U.S. News and World Report* survey of undergraduate programs.

Local Economy

The City of Austin's vision of being the most livable city in the country means that Austin is a place where all residents participate in its opportunities, vibrancy and richness of culture and diversity. Austin residents share a sense of community pride and a determination that the City's vision is not just a slogan, but a reality for everyone who lives here. Local government plays a critical role in determining a city's quality of life and Austinites clearly play a critical role in local government. In June 2012, the City Council unanimously voted to adopt Imagine Austin, the City's comprehensive plan for Austin's future. The plan defines where the City is today and where we want to go, setting a context to guide decision-makers for the next 30 years. This plan, headed by a 38-member Citizens' Advisory Task Force, took more than 2 years to develop, with tens of thousands of Austinites helping to shape it throughout the public process. The resulting plan adheres to 6 core principles established by our citizens:

1. Grow as a compact, connected city
2. Integrate nature into the city
3. Provide paths to prosperity for all
4. Develop as an affordable and healthy community
5. Sustainably manage water, energy, and other environmental resources
6. Think creatively and work together

Austin set the standard for community engagement with our public input process of the Imagine Austin Comprehensive Plan, with our efforts being cited by the Alliance for Innovation, the National League of Cities and the Texas Transportation Institute as a "best practice". Austin's success is attributable to the hard work, thoughtfulness, and passion of our Council, City employees, and Austinites themselves. Austin's rankings reflect a City government that keeps its vision in the forefront while planning for the future.

For the third year in a row, Austin topped Forbes' list of America's Fastest-Growing Cities, citing Austin as an economic powerhouse. The Austin metropolitan area ranked number 2 in the 2012 Milken Institute Best-Performing Cities Index, up 2 spots from number 4 in 2011. The 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 other Texas cities and metropolitan areas, including Houston, Fort Worth, Dallas, El Paso, Lubbock, and San Antonio were also included in the report's top 25 best performing large cities. NerdWallet listed

Austin as the clear winner as the best choice for job-seekers due to Austin's high percentage growth in population, income, low cost of living, and low unemployment rate.

Nearly all Texas metro areas had more jobs in December 2012 than in December 2011; the Austin metro area, with a 4.3% employment growth rate, ranked first in job creation. Austin's unemployment rate was at 5.0% in December 2012, down from 6.1% in December 2011; the State and National unemployment rates in December 2012 were 6.0% and 7.7%, respectively.

Austin-area home sales hit a six-year high for the month of December and saw 2012 end with increased sales volume, stable prices, and strong demand. Sales tax revenue has shown positive growth over the past three fiscal years. Fiscal year 2012 experienced a robust 8.6% increase over fiscal year 2011, which was a 4.4% increase over the previous fiscal year. During 2012, Austin-Bergstrom International Airport (ABIA) set an all-time record with 9.4 million passengers. The annual passenger total increased by 4% from the previous record year of 2011. ABIA has experienced consistent passenger growth for three consecutive years. The growing local economy in Austin relies on quality air service to foster business, government, and leisure travel.

Austin continues to be a destination for both business and recreational activities. The Austin metropolitan area is consistently recognized as among the most inventive, creative, wired, educated, fit, and loved cities in which to live and work. In 2012, the City's economic development efforts resulted in executed contracts with Apple, HID Global, and Visa, resulting in 4,705 new full-time jobs and capital investment of \$345.7 million. The City also launched a public/private Family Business Loan Program for small businesses and assisted in the startup of 45 new small businesses.

Austin is known around the world as the "Live Music Capital of the World". In March 2012, South by Southwest (SXSW) hosted its 26th annual music festival, conference, and trade show, providing a unique convergence of original music, independent films, and emerging technologies. According to economic impact analysis posted on the SXSW website and prepared by Greyhill Advisors, the festival was responsible for injecting more than \$190 million into the Austin economy. Austin earned the number 8 spot on the list of America's 50 Best Cities by Bloomberg BusinessWeek, indicating Austin as a major destination for top tech talent. Travel+Leisure Magazine gave Austin an overall ranking of number 12 on its list of America's Best Cities - ranking Austin second in the categories of active lifestyles and street foods, and third for music, barbecue, and singles scene.

There was much excitement throughout the City during 2012 as the City of Austin, in conjunction with the Circuit of the Americas™ (COTA), Federal agencies, the State of Texas, Travis County, Capital Metro, and other public and private partners put Austin on the international stage as we prepared for our inaugural United States Formula One™ Grand Prix race. The event weekend, November 16 – 18, consisted of various festivals and events in the downtown area and was capped off Sunday afternoon at the Circuit of the Americas Grand Prix facility with Austin's first ever Formula One™ race. The most obvious physical impact is the addition of the state-of-the art, \$400 million dollar complex erected at the Circuit Of The Americas™, a 375-acre motorsports and entertainment venue constructed on a 1,000 acre site in southeast Travis County. In addition to being the first purpose-built Grand Prix facility in the United States, the complex houses a 40,000 square foot conference/ media center, a 5,500 square foot medical center, and a 14,000 person capacity amphitheater, the largest of its kind in Texas. The facility will operate throughout the year, showcasing events such as Formula One™, Australian V8 Supercars, American LeMans series, Motocross, motorsport clubs, concerts, and foot and bicycle races.

Austin has ranked at the top of lists such as Forbes, Kiplinger's, Milken Institute, and others in regards to career choice, income, recreation opportunities, housing, and business start-up:

Top Ten Cities for Job-seekers
NerdWallet – January 2013

America's Best Cities ranking
Travel + Leisure – November 2012

Top Housing Markets From 2012
RealityPin – December 2012

2012 Best Cities For Working Mothers
Forbes – October 2012

America's Fastest Growing Cities
Forbes – January 2013

America's 50 Best Cities
Bloomberg BusinessWeek – September 2013

Long-term Financial Planning

Austin leaders are continually looking towards and planning for the future. The Austin approach of balancing the budget by not relying on one-time solutions, while at the same time making key investments in our community, our infrastructure, our economy, our sustainability, and our employees is providing a 21st century “best-managed” model for cities all around the country. 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 to develop 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.

After 18 years without a rate increase, Council approved a new rate structure for Austin Energy in June 2012 to ensure the financial sustainability of the utility for future generations. After much deliberation and discussion with customers and the Public Utility Commission, a settlement agreement was reached and unanimously approved by the Austin City Council in March 2013. The Austin Water utility also implemented a rate increase for FY12, as well as a new rate structure that will significantly reduce revenue volatility, while maintaining strong price incentives that encourage conservation of this limited resource.

On November 6, 2012, Austin voters approved a \$307 million bond program that will include transportation and mobility projects, as well as projects for open space and watershed protection, parks and recreation, public safety, health and human services, and library, museum and cultural arts facilities. This bond program will be overseen by the Council-appointed Bond Oversight Committee, which is charged with ensuring the efficiency, equity, timeliness, and accountability in the implementation of the program.

Maintaining sound financial and economic development policies within the City organization allows for a high level of services to the community. Because of our policies, the City's bond ratings for General Obligation bonds continue to be “AAA” for all three bond rating agencies, Moody's (Aaa), Standard & Poor's and Fitch Investors. In addition, our combined utility system revenue bonds were upgraded in June 2012 to Aa1 based on positive findings by Moody's of our sound financial practices, and the Aviation Department improved its Standard & Poor's credit rating from “A-” to “A”, which will assist with the airport's long-term sustainable growth plans and ability to secure funding at lower borrowing rates.

Budgetary Information

The structurally balanced fiscal year 2013 Approved Budget totals \$3.1 billion and includes \$742.5 million for the General Fund, providing for the continuation of high-quality public safety, health, library, parks, water, energy, infrastructure, development, and other services to the citizens of Austin.

The 2013 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. The process was enhanced this year by the addition of a Council Policy Retreat in February. The City's Budget is organized around activities and services. The budget development process integrates the City's finances with business planning, performance measurement, and resident input, thereby elevating budget discussions to meaningful conversations about outcomes that impact our residents. Input was gathered and evaluated to address the many issues, concerns, and priorities identified by Austin's citizens, employees, and Councilmembers.

The fiscal year 2013 Approved Budget was approved with an increase to the property tax rate of 2.18 cents, from 48.11 to 50.29 cents per \$100 of taxable value. The approved tax rate balances the tax impact to property owners with the need to invest in our community and continue providing the services Austinites have come to expect. Included in the approved budget are moderate pay increases of 3% for both uniformed and civilian personnel, as well as increases associated with step and longevity pay for sworn staff as required in the approved terms of our negotiated contracts. The approved budget enhances public safety by adding 22 new police officer positions to maintain a ratio of 2.0 officers per 1,000 residents and also includes annualized costs for 12 paramedics added in FY 2011-12 to staff the new Mueller station and 6 new paramedics for an additional peak-demand unit. The Fire

Department will achieve four-person staffing through award of the SAFER grant. Service enhancements will be achieved through the addition of positions to libraries, parks, and community centers, and the Planning Development & Review department.

Austin includes several enterprise activities, including a municipal owned electric utility, water/wastewater utility, airport, and other enterprise operations. The City's largest enterprise department, Austin Energy, is the eighth largest municipal-owned electric utility in the United States in terms of customers served. Austin Energy serves more than 420,000 customers with a service territory of approximately 437 square miles and an approved budget for fiscal year 2013 of \$1.28 billion in annual revenues, including transfers. 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 \$220.8 million includes funding for Power Production projects, Holly Power Plant decommissioning, Alternative Energy projects, Transmission projects, Customer Billing and Metering projects, and other utility-wide support projects.

The City's enterprise activities also include the Austin Water Utility, AWU, which provides water and wastewater services to nearly 212,000 customers within Austin and surrounding areas. The fiscal year 2013 budget projects revenues from the sale of water and wastewater service and other revenue to be \$513.9 million. AWU proposed a two-phase change to customer rates for Fiscal Year 2012-2013. The first phase, effective November 1, 2012 implemented a 6.0% system-wide increase for wastewater service and a 10.8% system-wide increase for reclaimed water. The second phase of the rate proposal, effective February 1, 2013, put into place updated rate structures to strengthen the financial stability of the Austin Water Utility as developed from recommendations of the Joint Subcommittee on AWU Financial Planning.

Other enterprise funds and their fiscal year 2013 revenue budgets include Aviation of \$108.4 million and the Convention Center Operating and Tax Funds of \$59.2 million.

Major Initiatives

The City of Austin's vision is to be the most livable City in the country. In April 2007 and amended in 2009, the Austin City Council adopted the following policy priorities:

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

Best Managed City

To achieve our vision of making Austin the most livable city in the country and to support City council's policies and initiatives, the employees of the City – whether they be executives, managers, or front-line service providers – have the singular mission of making the City of Austin the best managed city in the country. City staff is committed to creating a work environment that fosters creative thinking and innovation throughout the organization; thereby better positioning the workforce to more effectively respond to new challenges as well as new opportunities.

City employees take enormous pride in their work. PRIDE reflects the City's core values of public service and how employees relate to customers and each other. Being “best managed” means everybody in the organization is providing the best service possible to the community. The elements of PRIDE include Public Service & Engagement; Responsibility & Accountability; Innovation & Sustainability; Diversity & Inclusion; and Ethics & Integrity.

Energy Efficiency. Austin Energy was selected from a pool of 290 public power utilities to win the 2012 Public Power Utility of the Year award from the Solar Electric Power Association. Austin Energy was recognized for its efforts in researching and establishing the “value of solar”, a standard that measures solar power's financial contribution to generation requirements, environmental needs, and economic development. In September 2012, the U.S. Environmental Protection Agency (EPA) announced that the City of Austin was the recipient of a 2012 Green Power Leadership Award. The annual award program recognizes the country's leading green power buyers for their commitment and contribution to helping advance the nation's voluntary green power market.

Innovative. In January 2012, the City launched AustinTexas.gov, the official website of the City of Austin. Five months later, the website received the Best Website award for populations over 100,000 from the Texas Association of Municipal Information Officers. According to the judges, AustinTexas.gov is “easy to navigate”, the “design is simple and clean”, and “it’s a pleasure to surf”. The City also received awards for media relations, marketing, programming, and public service announcements. The Center for Digital Government awarded the City of Austin its Best of Texas Project Excellence Awards for The Best Application Serving an Agency’s Business Needs. This award recognized the upgrades made to the City’s Flood Early Warning System.

In Fiscal Year 2011, the City unveiled Austin Finance Online, a one-stop web-based portal containing financial documents, Online Contract Catalog, Vendor Connection, eCheckbook, and other financial information of the City. In recognition of the City’s efforts to achieve the highest standards in financial transparency, the Texas State Comptroller awarded this site its Gold Level Leadership Circle Award in both 2011 and 2012.

The City of Austin was selected as a 2012 partner with the groundbreaking program Code for America. As a partner city, Austin will work with talented developers and peer cities to find creative and innovative solutions to common City problems.

ARRA. In 2009, the City established a Recovery Office to coordinate the City’s efforts with other entities in applying for and reporting on funding received through the American Recovery and Reinvestment Act (ARRA). The City has successfully pursued various ARRA funding opportunities in areas ranging from transportation to energy to health care. At the end of fiscal year 2012, the City had been awarded a total of \$87.1 million either directly or as pass-through funds, including an award of \$31.8 million as a zero interest stimulus loan for Austin Water Utility’s Hornsby Bend Biosolids Management Plant upgrades. At fiscal year-end, 95% of total ARRA funds received had been obligated. Completed projects include adding solar power to the George Washington Carver Museum, establishment of a public computing center for job seekers at the Carver Library, conversion of 58 City fleet vehicles from unleaded gasoline to propane, street and sidewalk improvements in East Austin, the three S.T.O.P. Violence Against Women grants awarded to the Police department and the Public Works grant for the Loop 360 Bike and Pedestrian Improvements.

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”). Assigned and unassigned 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 2012 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. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2011 CAFR. The City has received this award for 5 consecutive years. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2012 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to the 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 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.

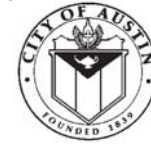


Marc A. Ott
City Manager

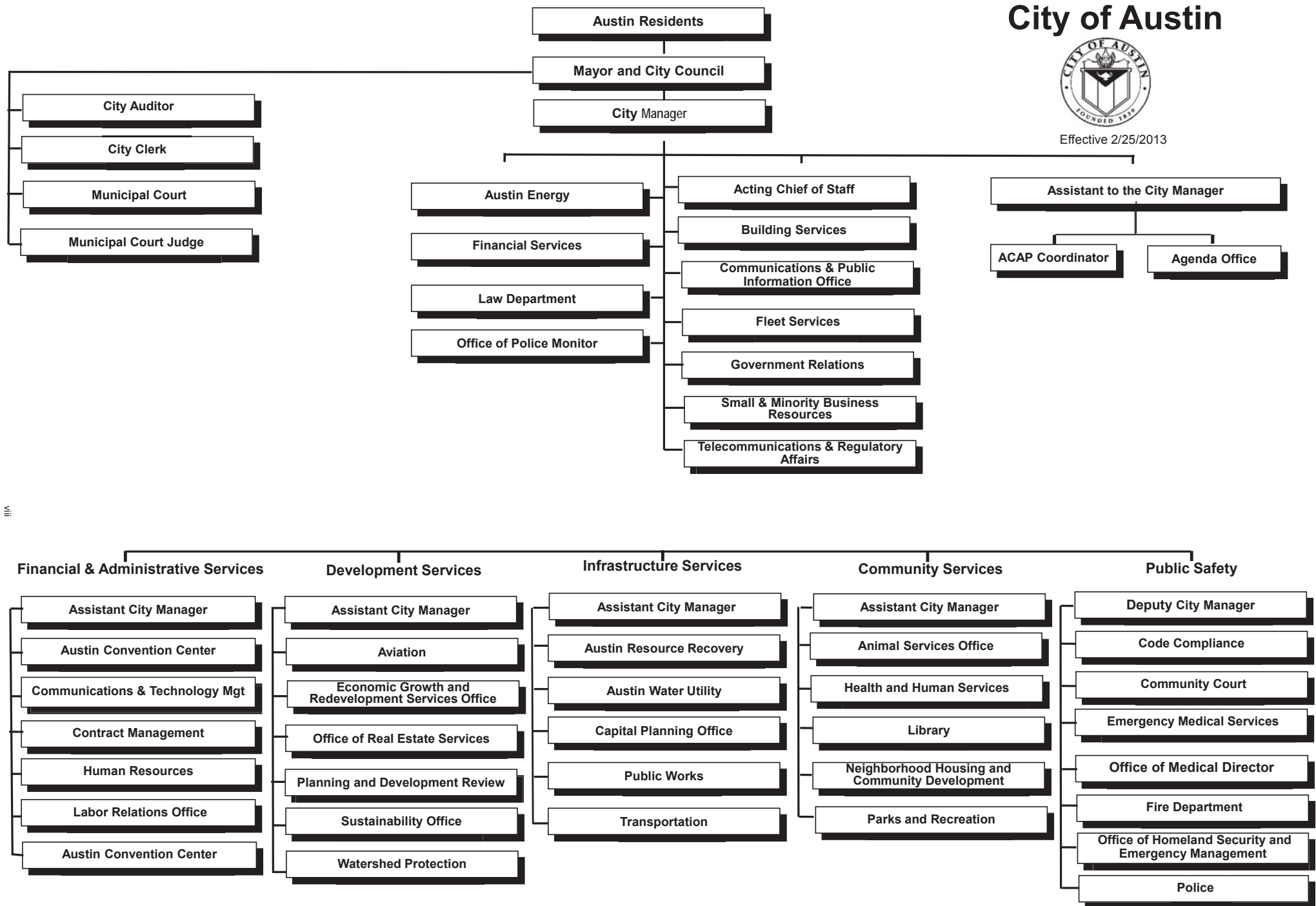


Elaine Hart, CPA
Chief Financial Officer

City of Austin



Effective 2/25/2013



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, 2011.

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 2012 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, 2011

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.



Christopher P. Moynell

President

Jeffrey R. Emer

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 aggregate remaining fund information of the City of Austin, Texas (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the respective 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 respective 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and supplemental schedules are presented for presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling certain information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City's basic financial statements. The introduction and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Deleitte & Touche LLP

March 29, 2013

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, 2012.

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. 59 and No. 64.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2012, resulting in \$4.5 billion of net assets. Net assets associated with governmental activities are approximately \$1.4 billion, or 32% of the total net assets of the City. Net assets associated with business-type activities are approximately \$3.1 billion, or 68% 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 \$3.7 billion, or 83% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, are \$58.6 million, or 1.3% of the City's total net assets. Unrestricted net assets for governmental activities are a deficit of \$334.3 million, while unrestricted net assets for business-type activities are approximately \$392.9 million, or 12.9% of total business-type net assets. The deficit in governmental unrestricted net assets is largely due to the recognition of \$301.1 million in other post employment benefit liabilities for governmental activities.

During fiscal year 2012, total net assets for the City of Austin decreased \$61.3 million or 1.4%. Of this amount, governmental activities decreased \$75.3 million, or 5.1% from the previous year and business-type activities increased \$14 million, or 0.5% from the previous year.

Total revenues for the City decreased \$17.9 million; revenues for governmental activities increased \$28.1 million; revenues for business-type activities decreased \$46 million. Total expenses for the City increased \$108.8 million; expenses for governmental activities increased \$42 million; expenses for business-type activities increased \$66.9 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 required supplementary information in addition to the basic financial statements.

a -- Government-wide financial statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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

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 funds 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, Austin EnergyTM, Austin Water Utility, and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.
- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City's internal service funds include: Capital Projects Management; Combined Transportation, Emergency and Communications Center (CTECC); 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.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

b -- Fund financial statements, continued

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:

Fund Types / Other	Government-wide	Fund Financials
General Fund	Governmental	Governmental - Major
Special revenue funds	Governmental	Governmental - Nonmajor
Debt service funds	Governmental	Governmental - Nonmajor
Capital project funds	Governmental	Governmental - Nonmajor
Permanent funds	Governmental	Governmental - Nonmajor
Internal service funds	Governmental	Proprietary
Governmental capital assets, including infrastructure assets	Governmental	Excluded
Governmental liabilities not expected to be liquidated with available expendable financial resources	Governmental	Excluded
Austin Energy	Business-type	Proprietary - Major
Austin Water Utility	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 plus four separately budgeted activities, all of which comprise the General Fund for GAAP reporting. 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	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 610,999	573,550	1,154,653	1,105,313	1,765,652	1,678,863
Capital assets	2,484,175	2,423,967	6,942,717	6,748,854	9,426,892	9,172,821
Other noncurrent assets	16,511	15,022	907,357	941,962	923,868	956,984
Total assets	3,111,685	3,012,539	9,004,727	8,796,129	12,116,412	11,808,668
Deferred outflows of resources	--	--	178,918	186,369	178,918	186,369
Current liabilities	273,024	246,696	537,372	519,251	810,396	765,947
Noncurrent liabilities	1,423,424	1,275,299	5,585,886	5,418,451	7,009,310	6,693,750
Total liabilities	1,696,448	1,521,995	6,123,258	5,937,702	7,819,706	7,459,697
Deferred inflows of resources	--	--	8,645	7,076	8,645	7,076
Net assets:						
Invested in capital assets, net of related debt	1,666,653	1,562,046	2,104,623	2,048,964	3,771,276	3,611,010
Restricted	82,916	92,650	554,215	550,516	637,131	643,166
Unrestricted (deficit)	(334,332)	(164,152)	392,904	438,240	58,572	274,088
Total net assets	\$ 1,415,237	1,490,544	3,051,742	3,037,720	4,466,979	4,528,264

In the current fiscal year, total assets increased \$307.7 million and deferred outflows of the City decreased by \$7.5 million. Total liabilities increased \$360 million and deferred inflows increased by \$1.6 million. Governmental-type total assets increased by \$99.1 million and business-type increased by \$208.6 million, while governmental-type liabilities increased by \$174.5 million and business-type increased by \$185.6 million.

Significant factors in the increase of governmental total assets include an increase in cash and investments of \$37.33 million and an increase in capital assets of \$60.2 million. Factors in the increase of governmental-type liabilities include increases in the pension obligation payable of \$6.2 million, other post employment benefits of \$67.1 million, and bonds payable of \$79.7 million.

Significant factors in the increase of business-type total assets include an increase in capital assets of \$193.9 million. Significant factors in the increase in total liabilities include an increase in other post employment benefits payable of \$42.8 million and an increase of bonds payable of \$250 million. Other significant factors include a decrease in commercial paper notes payable of \$54.8 million, a decrease in revenue notes payable of \$28 million, a decrease in accrued interest payable of \$18 million, and a decrease in capital appreciation bond interest payable of \$15 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 \$3.6 billion, or 84% 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, \$637.1 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, \$58.6 million of unrestricted net assets, may be used to meet the government's future obligations. Unrestricted net assets decreased \$215.5 million in the current fiscal year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for business-type activities. However, governmental activities report a deficit of \$334.3 million for unrestricted net assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net assets

Total net assets of the City decreased by \$61.3 million in the current fiscal year. Governmental net assets decreased by \$75.3 million. The decrease is attributable to expenses exceeding revenues by \$176.8 million before transfers from other funds of \$101.5 million. Business-type net assets increased by \$14 million due to revenues exceeding expenses by \$115.5 million, before transfers to other funds of \$101.5 million.

Changes in Net Assets September 30 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 113,747	101,735	1,960,312	2,019,742	2,074,059	2,121,477
Operating grants and contributions	57,818	66,348	10,950	--	68,768	66,348
Capital grants and contributions	35,880	51,182	50,064	47,850	85,944	99,032
General revenues:						
Property tax	381,582	355,185	--	--	381,582	355,185
Sales tax	164,193	151,125	--	--	164,193	151,125
Franchise fees and gross receipts tax	99,011	95,029	--	--	99,011	95,029
Interest and other	15,884	19,364	11,529	11,274	27,413	30,638
Total revenues	868,115	839,968	2,032,855	2,078,866	2,900,970	2,918,834
Program expenses:						
General government	124,735	99,780	--	--	124,735	99,780
Public safety	536,132	485,611	--	--	536,132	485,611
Transportation, planning, and sustainability	64,247	74,835	--	--	64,247	74,835
Public health	75,799	61,865	--	--	75,799	61,865
Public recreation and culture	104,026	106,488	--	--	104,026	106,488
Urban growth management	93,593	129,258	--	--	93,593	129,258
Interest on debt	46,417	45,154	--	--	46,417	45,154
Electric	--	--	1,133,951	1,136,850	1,133,951	1,136,850
Water	--	--	223,228	178,712	223,228	178,712
Wastewater	--	--	194,650	170,514	194,650	170,514
Airport	--	--	101,991	102,774	101,991	102,774
Convention	--	--	56,142	54,231	56,142	54,231
Environmental and health services	--	--	87,450	91,151	87,450	91,151
Public recreation	--	--	5,624	5,209	5,624	5,209
Urban growth management	--	--	114,270	110,996	114,270	110,996
Total expenses	1,044,949	1,002,991	1,917,306	1,850,437	2,962,255	2,853,428
Excess (deficiency) before transfers	(176,834)	(163,023)	115,549	228,429	(61,285)	65,406
Transfers	101,527	97,100	(101,527)	(97,100)	--	--
Increase (decrease) in net assets	(75,307)	(65,923)	14,022	131,329	(61,285)	65,406
Beginning net assets, as previously reported	1,490,544	1,558,548	3,037,720	2,904,310	4,528,264	4,462,858
Restatement adjustment	--	(2,081)	--	2,081	--	--
Beginning net assets, as restated	1,490,544	1,556,467	3,037,720	2,906,391	4,528,264	4,462,858
Ending net assets	\$ 1,415,237	1,490,544	3,051,742	3,037,720	4,466,979	4,528,264

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

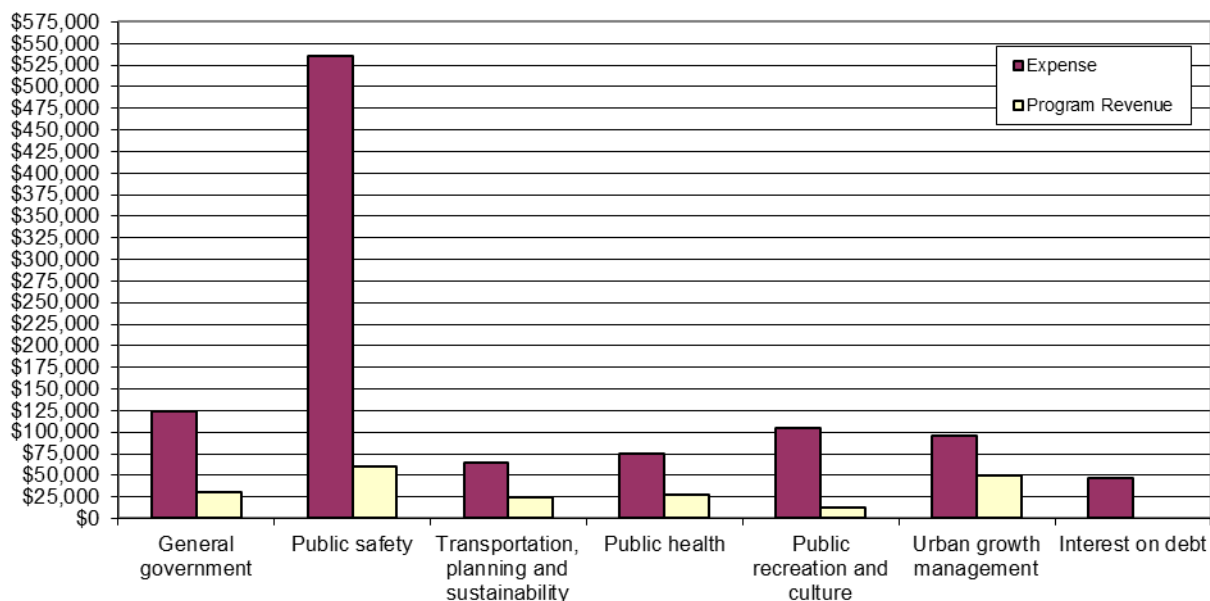
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City's net assets by \$75.3 million in fiscal year 2012, a 5.1% decrease of governmental net assets from the previous year. Key factors for the change from fiscal year 2011 to 2012 are as follows:

- The City's property tax revenue increased by \$26.4 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 45.71 cents to 48.11 per \$100 valuation.
- Sales tax collections for fiscal year 2012 were \$13.1 million more than fiscal year 2011.
- General government expenses increased \$25 million primarily due to increases in other post employment benefits expenses and increases to payments to internal service funds for services provided. Public safety expenses increased \$50.5 million primarily due to increase in salaries and urban growth management expenses decreased \$35.7 million primarily due to reduced expenditures in the affordable housing program.

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.

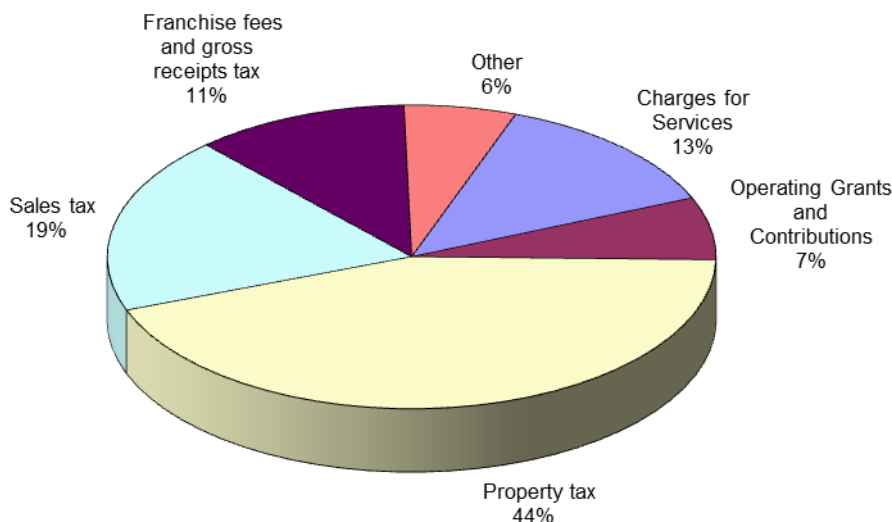
Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)



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.

Government-wide Revenues by Source -- Governmental Activities



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

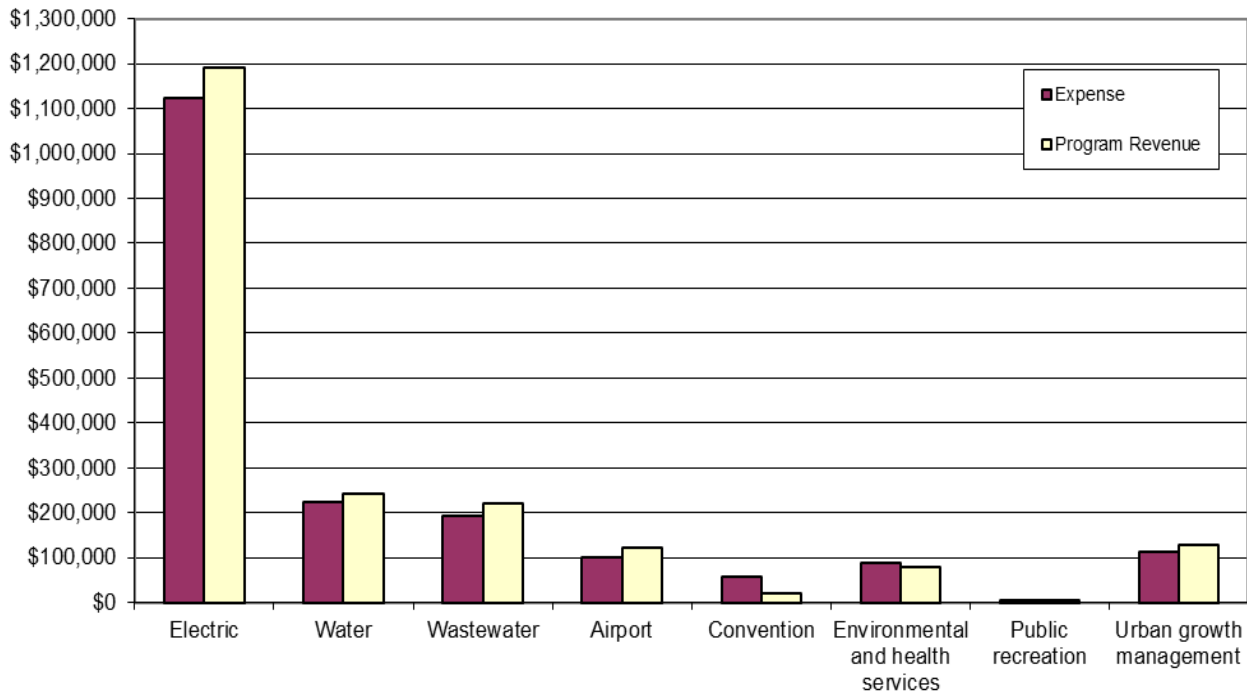
Business-type activities increase the City's net assets by approximately \$14 million, accounting for a 0.31% increase in the City's total net assets. Key factors include:

- Austin Energy net assets decreased approximately \$ 27.9 million. Revenues decreased by approximately 4.6% in fiscal year 2012. This was largely due to lower electric sales (base) due to milder temperatures and lower power supply revenue. Expenses decreased by 0.3% primarily due to lower power supply costs.
- Austin Water Utility net assets increased approximately \$14.7 million. Revenues decreased 1.7% due in part to conservation efforts, watering restrictions, and changes in rainfall. Expenses increased by 19.66% due largely to increases in energy, street cut repair, and personnel costs.
- Airport net assets increased approximately \$16.1 million. Revenues increased 10.3% due to an increase in passenger traffic. Expenses remained relatively constant.
- Convention net assets increased approximately \$4.1 million. Revenues and transfers from the Hotel Occupancy Tax Fund increased 7% due in part to an increase in events. Expenses increased 3.5% due to increases in operations and maintenance costs.
- Environmental activities are comprised of the Austin Resource Recovery nonmajor enterprise fund. Net assets decreased by approximately \$8.8 million. This decrease is primarily attributed to an increase in the accrual of environmental remediation costs during the year.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and Transportation Fund. Net assets increased by approximately \$16.2 million. Drainage revenues decreased 2.6% due primarily to lower capital grant revenue. Drainage expenses decreased 4.1% due primarily to fewer assets retirements than prior year. Transportation Fund revenues increased approximately 12.6% primarily due to increased license and permit fees and increased parking meter and pay station revenues.

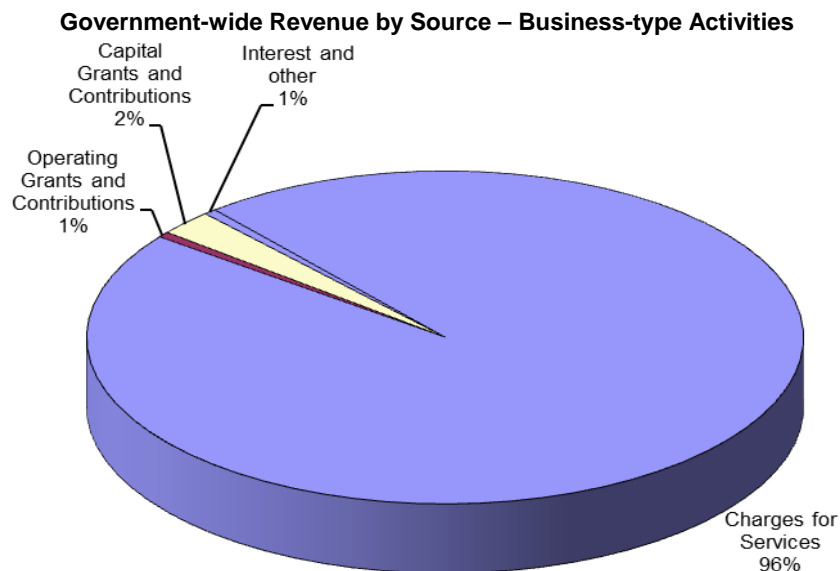
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

As shown in the following chart, the electric utility, with expenses of \$1.13 billion is the City's largest business-type activity, followed by water with \$223 million, wastewater with \$195 million, urban growth management with \$114 million, airport with \$102 million, environmental and health services with \$87 million, convention with \$56 million, and public recreation with \$6 million. For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention, environmental and health services, and public recreation.

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 (96%), followed by capital grants and contributions (2%), interest and other revenues (1%), and operating grants and contributions (1%).



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, unassigned 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 \$370.2 million, an increase of \$0.9 million from the previous year. Approximately \$1.9 million is nonspendable, \$174.8 million is restricted, \$33.1 million is committed, \$85.4 million is assigned, and \$75 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of \$0.9 million, committed fund balance of \$5.2 million, assigned fund balance of \$11 million, and unassigned fund balance of \$113 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.2% of total General Fund expenditures of \$696.7 million, and total fund balance represents 18.7% of expenditures. The City's financial policies provide that surplus fund balance be indentified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance indentified for budget stabilization was \$64.3 million. The balance indentified 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 indentified amount, with the other two-thirds indentified for budget stabilization in future years.

The fund balance of the General Fund decreased \$4.1 million during the fiscal year. Significant differences from the previous year include:

- Property tax revenues increased \$26.5 million due to an increase in assessed property values and the City's property tax rate increased from 45.71 cents to 48.11 cents per \$100 valuation.
- Sales tax revenues increased \$13.1 million, and fines, forfeitures, and penalties decreased \$2.3 million.

General Fund expenditures increased \$42.3 million, due primarily to an increase in public safety expenditures of \$29.5 million, an increase in general government of \$5 million, and an increase in urban growth management of \$4.2 million. The increase in public safety, public recreation and culture, and urban growth management expenditures is primarily due to increases in salaries and contractual expenditures.

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 \$8.4 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 revenue budget of the General Fund was amended during the fiscal year 2012 as a result of changes to development fees and charges. The original expenditure budget of the General Fund was amended during fiscal year 2012 to increase social services spending (\$1.1 million) and increase planning and development review services (\$1.1 million).

During the year, revenues were \$15.6 million more than budgeted. Sales tax collections were \$11.5 million more than budgeted.

Actual budget-basis expenditures were \$4.6 million less than budgeted. General city responsibilities exceeded budget by \$0.3 million, public health by \$27 thousand, fire department by \$1.4 million, emergency medical service by \$39 thousand, and public library by \$0.2 million; while all other departments were under budget. The total budget-basis fund balance at year-end was \$121.3 million.

OTHER INFORMATION, continued

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2012, total \$9.4 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, electric plant, non-electric plant, 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 \$253 million (2.8%), with an increase of 2.5% for governmental activities and an increase of 2.9% for business-type activities. Additional information on capital assets can be found in Note 5. Capital asset balances are as follows:

**Capital Assets, Net of Accumulated Depreciation
(in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and improvements	\$ 345	344	502	487	847	831
Other assets not depreciated	22	21	2	2	24	23
Building and improvements	508	479	1,109	1,076	1,617	1,555
Plant and Equipment	87	80	2,235	2,096	2,322	2,176
Vehicles	37	39	65	59	102	98
Electric plant	--	--	2,198	2,158	2,198	2,158
Nonelectric plant	--	--	132	124	132	124
Infrastructure	1,322	1,273	--	--	1,322	1,273
Construction in progress	163	188	548	591	711	779
Nuclear fuel, net of amortization	--	--	41	42	41	42
Plant held for future use	--	--	23	26	23	26
Water rights, net of amortization	--	--	87	88	87	88
Total net capital assets	<u>\$ 2,484</u>	<u>2,424</u>	<u>6,942</u>	<u>6,749</u>	<u>9,426</u>	<u>9,173</u>

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

- Governmental capital assets increased \$60 million primarily due to additions of new facilities and improvements to existing facilities. The African American Cultural and Heritage Facility, Mueller EMS Station 333, Zach Theatre, Rio Grande Bicycle Boulevard, Roy C. Guerrero Colorado River Park Development, Waller Creek Boathouse, Colony Park Recreation Center, and Deep Eddy Pool improvements were completed. Significant additions and improvements were also made to facilities, including streetscape, utility, and pedestrian, drainage systems, including Shoal Creek and Waller Creek, and communication equipment.
- Business-type activities purchased or completed construction on capital assets of \$193 million. The increase was largely due to plant additions and improvements and land acquisition for Austin Energy, Austin Water Utility, the Airport Fund, and the Drainage Fund. Austin Energy implemented a new customer billing system and improved other electric plant assets. Austin Water completed projects related to providing water and wastewater services to the Circuit of the Americas motor racing facility, various pump station improvements, provision of services to annexed areas, and the Downtown Wastewater Tunnel. Additionally, upgrades were made to the biosolids management plant. The Airport Fund expanded the Remain Overnight Apron for aircraft and renovated the Ground Transportation Staging Area. The Drainage Fund made improvements to mitigate roadway flooding, repair erosion on City right-of-way, and stabilize Williamson Creek.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported \$5.4 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

**Outstanding Debt
General Obligation and Revenue Debt
(in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds and other tax supported debt, net	\$ 1,018	938	132	132	1,150	1,070
Commercial paper notes, net	--	--	305	360	305	360
Revenue notes	--	--	--	28	--	28
Revenue bonds, net	--	--	3,945	3,694	3,945	3,694
Capital lease obligations	--	--	1	1	1	1
Total	\$ 1,018	938	4,383	4,215	5,401	5,153

During fiscal year 2012, the City's total outstanding debt increased by \$248 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities increased by \$80 million. The resulting net increase is a combination of the issuance of \$145 million in new debt to be used primarily for street improvements, streets and signals, drainage improvements, and the Waller creek tunnel project offset by the refinancing of existing debt and debt payments during the year.
- Outstanding debt for business-type functions increased by \$168 million. The City issued \$574.4 million of Austin Water Utility separate lien revenue refunding bonds to refund commercial paper, and \$20 million in Convention Center subordinate lien revenue refunding bonds to refund prior lien debt. The City also retired \$28 million of Airport revenue notes.

During the year, utility revenue bonds received favorable bond rating upgrades from Moody's Investors Services, Inc. Convention Center revenue bonds received favorable bond rating upgrades from Standard & Poor's. The City's commercial paper ratings are related to the ratings of the liquidity providers associated with those obligations, and the ratings of the provider of the tax exempt and taxable commercial paper notes were revised by Standard & Poor's from A-1+ to A-1, and by Fitch, Inc. from F1+ to F1. In addition, the rating of the provider of the tax exempt commercial paper notes was revised by Moody's Investors Services, Inc. from P-1 to P-2. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2012 and 2011 are as follows:

Debt	Moody's Investors Services, Inc.		Standard & Poor's		Fitch, Inc.	
	2012	2011	2012	2011	2012	2011
General obligation bonds and other tax supported debt	Aaa	Aaa	AAA	AAA	AAA	AAA
Commercial paper notes - tax exempt	P-2	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	Aa1	A1	AA	AA	AA-	AA-
Utility revenue bonds - subordinate lien	Aa2	A1	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Austin Energy	A1	A1	A+	A+	AA-	AA-
Austin Water Utility	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	NUR(1)	NUR(1)	A	A	NUR(1)	NUR(1)
Airport variable rate notes	NUR(1)	NUR(1)	NUR(1)	NUR(1)	NUR(1)	NUR(1)
Convention Center revenue bonds	A1	A1	A	A-	NUR(1)	NUR(1)

(1) No underlying rating

OTHER INFORMATION, continued

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

As the national economy struggles to emerge from the recession, the local economy continues to gain strength. Austin saw a 4.4 percent sales tax revenue increase in 2011 and a 8.6 percent increase in 2012. Austin's diverse economic base and national reputation as a great place to work and live continues to attract talented individuals and new employment opportunities. Partnerships between the City and the business community have been the key to Austin's economic success. The City's economic development efforts have been successful in attracting new green energy, new technology firms, and jobs to Austin.

The City's 2013 budget was developed in a manner true to the City Manager's unwavering commitment to openness, transparency, and public engagement. Input from City 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 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 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 continues to monitor the economy and take corrective actions to help mitigate any unfavorable economic events. The assessed taxable property values within the City increased by 5.73% in 2012 for fiscal year 2013. The property tax rate for fiscal year 2013 is 50.29 cents per \$100 valuation, up from 48.11 cents per \$100 valuation in 2012. The tax rate consists of 38.21 cents for the General Fund and 12.08 cents for debt service.

Each 1 cent of the 2012 (Fiscal Year 2013) property tax rate is equivalent to \$8,376,270 of tax levy, as compared to \$7,921,978 in the previous year. In June 2012, the City Council approved a new rate structure for Austin Energy that goes into effect October 2012. This new rate structure will average to a 7% rate increase overall for Austin Energy customers. In Fiscal Year 2013, Austin Water Utility will implement a 5% system average water rate increase including an updated rate structure which will take effect in February 2013.

e -- Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department of the City of Austin, P.O. Box 2920, Austin, Texas 78768, or (512) 974-2600 or on the web at: <https://www.ci.austin.tx.us/financeonline/finance/index.cfm>.



BASIC FINANCIAL STATEMENTS



Statement of Net Assets
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)
ASSETS			
Current assets:			
Cash	\$ 71	66	137
Pooled investments and cash	337,756	223,502	561,258
Pooled investments and cash - restricted	127,221	232,488	359,709
Total pooled investments and cash	464,977	455,990	920,967
Investments, at fair value - restricted	15,673	212,796	228,469
Cash held by trustee - restricted	6,636	1,911	8,547
Working capital advances	--	4,231	4,231
Property taxes receivable, net of allowance of \$4,887	10,305	--	10,305
Accounts receivable, net of allowance of \$179,991	91,606	259,618	351,224
Receivables from other governments	16,072	--	16,072
Notes receivable, net of allowance of \$29,839	17,829	--	17,829
Internal balances	(22,257)	22,257	--
Inventories, at cost	2,273	86,966	89,239
Real property held for resale	6,520	--	6,520
Other receivables - restricted	--	3,891	3,891
Deferred costs and expenses, net of amortization	--	54,964	54,964
Prepaid items	263	6,715	6,978
Other assets	1,031	45,248	46,279
Total current assets	610,999	1,154,653	1,765,652
Noncurrent assets:			
Cash - restricted	--	5,250	5,250
Pooled investments and cash - restricted	--	122,739	122,739
Investments, at fair value - restricted	--	199,723	199,723
Investments held by trustee - restricted	--	204,643	204,643
Interest receivable - restricted	--	1,086	1,086
Depreciable capital assets, net of accumulated depreciation	1,953,324	5,867,402	7,820,726
Nondepreciable capital assets	530,851	1,075,315	1,606,166
Derivative instruments - energy risk management	--	8,654	8,654
Net pension asset	7,184	--	7,184
Other long-term assets	--	52	52
Deferred costs and expenses, net of amortization	9,327	365,210	374,537
Total noncurrent assets	2,500,686	7,850,074	10,350,760
Total assets	3,111,685	9,004,727	12,116,412
Deferred outflows of resources			
	\$ --	178,918	178,918

(†) 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, 2012
(In thousands)

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

	Governmental Activities	Business-type Activities	Total (†)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 43,864	67,992	111,856
Accounts and retainage payable from restricted assets	10,227	46,108	56,335
Accrued payroll	15,458	8,043	23,501
Accrued compensated absences	50,754	22,829	73,583
Claims payable	16,546	--	16,546
Accrued interest payable from restricted assets	--	76,796	76,796
Interest payable on capital appreciation bonds and other debt	3,842	1,590	5,432
Bonds payable	47,432	14,242	61,674
Bonds payable from restricted assets	15,873	210,148	226,021
Capital lease obligations payable	159	42	201
Customer and escrow deposits payable from restricted assets	49,955	43,505	93,460
Accrued landfill closure and postclosure costs	--	1,119	1,119
Deferred credits and other current liabilities	18,914	38,594	57,508
Other current liabilities payable from restricted assets	--	6,364	6,364
Total current liabilities	273,024	537,372	810,396
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	73,595	429	74,024
Claims payable	17,673	--	17,673
Capital appreciation bond interest payable	--	101,929	101,929
Commercial paper notes payable, net of discount	--	305,026	305,026
Bonds payable, net of discount and inclusive of premium	954,502	3,852,425	4,806,927
Pension obligation payable	68,654	67,601	136,255
Other post employment benefits payable	301,110	191,941	493,051
Capital lease obligations payable	--	1,176	1,176
Accrued landfill closure and postclosure costs	--	10,914	10,914
Decommissioning liability payable from restricted assets	--	171,608	171,608
Derivative instruments - energy risk management	--	79,777	79,777
Derivative instruments - interest rate swaps	--	99,210	99,210
Deferred credits and other liabilities	7,890	699,730	707,620
Other liabilities payable from restricted assets	--	4,120	4,120
Total noncurrent liabilities	1,423,424	5,585,886	7,009,310
Total liabilities	1,696,448	6,123,258	7,819,706
Deferred inflows of resources	--	8,645	8,645
NET ASSETS			
Invested in capital assets, net of related debt	1,666,653	2,104,623	3,771,276
Restricted for:			
Debt service	12,031	131,698	143,729
Strategic reserve	--	116,483	116,483
Capital projects	14,246	199,114	213,360
Renewal and replacement	--	10,895	10,895
Bond reserve	--	46,602	46,602
Passenger facility charges	--	35,663	35,663
Operating reserve	--	13,760	13,760
Perpetual care:			
Expendable	381	--	381
Nonexpendable	1,040	--	1,040
Other purposes	55,218	--	55,218
Unrestricted (deficit)	(334,332)	392,904	58,572
Total net assets	\$ 1,415,237	3,051,742	4,466,979

(†) 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, 2012
(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	\$ 124,735	17,285	5,685	8,209	(93,556)	--	(93,556)
Public safety	536,132	51,009	8,988	--	(476,135)	--	(476,135)
Transportation, planning, and sustainability	64,247	4,158	929	19,855	(39,305)	--	(39,305)
Public health	75,799	5,106	23,016	--	(47,677)	--	(47,677)
Public recreation and culture	104,026	7,576	984	4,585	(90,881)	--	(90,881)
Urban growth management	93,593	28,613	18,216	3,231	(43,533)	--	(43,533)
Interest on debt	46,417	--	--	--	(46,417)	--	(46,417)
Total governmental activities	1,044,949	113,747	57,818	35,880	(837,504)	--	(837,504)
Business-type activities							
Electric	1,133,951	1,179,872	9,490	12,360	--	67,771	67,771
Water	223,228	229,454	--	11,751	--	17,977	17,977
Wastewater	194,650	213,253	--	8,308	--	26,911	26,911
Airport	101,991	114,318	694	9,030	--	22,051	22,051
Convention	56,142	19,200	--	34	--	(36,908)	(36,908)
Environmental and health services	87,450	75,499	--	3,195	--	(8,756)	(8,756)
Public recreation	5,624	5,239	--	165	--	(220)	(220)
Urban growth management	114,270	123,477	766	5,221	--	15,194	15,194
Total business-type activities	1,917,306	1,960,312	10,950	50,064	--	104,020	104,020
Total	\$ 2,962,255	2,074,059	68,768	85,944	(837,504)	104,020	(733,484)
General revenues:							
Property tax					381,582	--	381,582
Sales tax					164,193	--	164,193
Franchise fees and gross receipts tax					99,011	--	99,011
Interest and other					15,884	11,529	27,413
Transfers-internal activities					101,527	(101,527)	--
Total general revenues and transfers					762,197	(89,998)	672,199
Change in net assets					(75,307)	14,022	(61,285)
Beginning net assets					1,490,544	3,037,720	4,528,264
Ending net assets					\$ 1,415,237	3,051,742	4,466,979

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



Governmental Funds
Balance Sheet
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit B-1

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 54	4	58
Pooled investments and cash	122,949	228,172	351,121
Investments, at fair value	--	15,673	15,673
Cash held by trustee-restricted	160	5,362	5,522
Property taxes receivable, net of allowance	6,652	3,653	10,305
Accounts receivable, net of allowance	54,205	29,480	83,685
Receivables from other governments	--	16,059	16,059
Notes receivable, net of allowance	--	17,829	17,829
Due from other funds	226	44,942	45,168
Advances to other funds	--	2,777	2,777
Inventories, at cost	691	--	691
Real property held for resale	--	6,520	6,520
Prepaid items	171	--	171
Other assets	173	858	1,031
Total assets	185,281	371,329	556,610
LIABILITIES AND FUND BALANCES			
Accounts payable	17,268	24,547	41,815
Accrued payroll	12,667	56	12,723
Accrued compensated absences	392	--	392
Due to other funds	196	45,168	45,364
Deferred revenue	19,644	10,711	30,355
Advances from other funds	1,630	902	2,532
Deposits and other liabilities	3,321	49,917	53,238
Total liabilities	55,118	131,301	186,419
Fund balances			
Nonspendable:			
Inventories and prepaid items	862	--	862
Permanent funds	--	1,040	1,040
Restricted	--	174,773	174,773
Committed	5,220	27,899	33,119
Assigned	11,035	74,328	85,363
Unassigned	113,046	(38,012)	75,034
Total fund balances	130,163	240,028	370,191
Total liabilities and fund balances	\$ 185,281	371,329	556,610

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, 2012
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds \$ 370,191

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	3,682,139	
Less: accumulated depreciation	<u>(1,243,855)</u>	
		2,438,284

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

Deferred revenue - accounts and other taxes receivable	14,855	
Deferred revenue - property taxes and interest	5,699	
Deferred costs and expenses	9,315	
Net pension asset	<u>7,184</u>	
		37,053

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	(1,013,732)	
Pension obligation payable	(68,654)	
Other post employment benefits payable	(301,110)	
Compensated absences	(116,068)	
Interest payable	(3,826)	
Deferred credits and other liabilities	<u>(12,235)</u>	
		(1,515,625)

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.

85,334

Total net assets - Governmental activities

\$ 1,415,237

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, 2012
(In thousands)

City of Austin, Texas
Exhibit B-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 278,380	103,231	381,611
Sales taxes	164,193	--	164,193
Franchise fees and other taxes	38,542	60,361	98,903
Fines, forfeitures and penalties	15,784	4,467	20,251
Licenses, permits and inspections	22,664	--	22,664
Charges for services/goods	44,147	12,250	56,397
Intergovernmental	--	76,233	76,233
Property owners' participation and contributions	--	6,624	6,624
Interest and other	4,414	11,518	15,932
Total revenues	568,124	274,684	842,808
EXPENDITURES			
Current:			
General government	67,824	7,022	74,846
Public safety	472,487	10,971	483,458
Transportation, planning and sustainability	216	7,340	7,556
Public health	42,870	22,991	65,861
Public recreation and culture	74,031	6,787	80,818
Urban growth management	39,233	40,788	80,021
Debt service:			
Principal	--	71,906	71,906
Interest	--	46,188	46,188
Fees and commissions	--	16	16
Capital outlay-capital project funds	--	178,380	178,380
Total expenditures	696,661	392,389	1,089,050
Deficiency of revenues over expenditures	(128,537)	(117,705)	(246,242)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	145,175	145,175
Issuance of refunding bonds	--	58,347	58,347
Bond premiums	--	8,207	8,207
Payment to refunding bond escrow agent	--	(66,554)	(66,554)
Transfers in	144,208	34,560	178,768
Transfers out	(19,761)	(57,077)	(76,838)
Total other financing sources (uses)	124,447	122,658	247,105
Net change in fund balances	(4,090)	4,953	863
Fund balances at beginning of year	134,253	235,075	369,328
Fund balances at end of year	\$ 130,163	240,028	370,191

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, 2012
(In thousands)

City of Austin, Texas
Exhibit B-2.1

Net change in fund balances - Governmental funds \$ 863

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	170,595	
Depreciation expense	(115,474)	
Loss on disposal of capital assets	<u>(5,693)</u>	49,428

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

Property taxes	(29)	
Charges for services	(660)	
Interest and other	110	
Capital assets contribution	<u>14,913</u>	14,334

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	(145,175)	
Principal repayment on long-term debt	71,906	
Issuance of refunding bonds	(58,347)	
Refunding bond premiums	(8,207)	
Payment to refunding bond escrow agent	<u>66,554</u>	(73,269)

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	(7,615)	
Pension obligation	(7,076)	
Other post employment benefits	(67,092)	
Interest and other	<u>(4,972)</u>	(86,755)

A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities.

20,092

Change in net assets - Governmental activities	<u>\$ (75,307)</u>
--	--------------------

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

Proprietary Funds
Statement of Net Assets
September 30, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
ASSETS			
Current assets:			
Cash	\$ 21	6	7
Pooled investments and cash	48,648	13,162	6,998
Pooled investments and cash - restricted	81,100	82,055	23,515
Total pooled investments and cash	129,748	95,217	30,513
Investments, at fair value - restricted	101,775	85,353	15,427
Cash held by trustee	--	--	--
Cash held by trustee - restricted	1,815	96	--
Investments held by trustee	--	--	--
Working capital advances	4,231	--	--
Accounts receivable, net of allowance	161,894	70,094	5,213
Receivables from other governments	--	--	--
Due from other funds	794	--	--
Inventories, at cost	80,965	1,931	1,586
Other receivables - restricted	2,577	88	502
Deferred costs and expenses, net of amortization	30,629	24,335	--
Prepaid expenses	6,513	16	9
Other assets	45,248	--	--
Total current assets	566,210	277,136	53,257
Noncurrent assets:			
Cash - restricted	5,250	--	--
Pooled investments and cash - restricted	--	--	122,739
Advances to other funds	27,045	--	--
Advances to other funds - restricted	--	--	85
Investments, at fair value - restricted	129,536	59,924	--
Investments held by trustee - restricted	184,983	19,660	--
Interest receivable - restricted	1,086	--	--
Depreciable capital assets, net of accumulated depreciation	2,381,760	2,632,638	501,811
Nondepreciable capital assets	209,856	597,397	113,638
Derivative instruments - energy risk management	8,654	--	--
Other long-term assets	52	--	--
Deferred costs and expenses, net of amortization	187,787	170,452	2,480
Total noncurrent assets	3,136,009	3,480,071	740,753
Total assets	3,702,219	3,757,207	794,010
Deferred outflows of resources	\$ 79,708	26,424	52,418

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

	Business-Type Activities		Governmental
	Nonmajor		Activities-
	Enterprise		Internal Service
	Funds	Total	Funds
ASSETS			
Current assets:			
Cash	32	66	13
Pooled investments and cash	154,694	223,502	113,856
Pooled investments and cash - restricted	45,818	232,488	--
Total pooled investments and cash	200,512	455,990	113,856
Investments, at fair value - restricted	10,241	212,796	--
Cash held by trustee	--	--	--
Cash held by trustee - restricted	--	1,911	1,114
Investments held by trustee	--	--	--
Working capital advances	--	4,231	--
Accounts receivable, net of allowance	22,417	259,618	7,921
Receivables from other governments	--	--	13
Due from other funds	210	1,004	11
Inventories, at cost	2,484	86,966	1,582
Other receivables - restricted	724	3,891	--
Deferred costs and expenses, net of amortization	--	54,964	--
Prepaid expenses	177	6,715	92
Other assets	--	45,248	--
Total current assets	236,797	1,133,400	124,602
Noncurrent assets:			
Cash - restricted	--	5,250	--
Pooled investments and cash - restricted	--	122,739	--
Advances to other funds	45	27,090	179
Advances to other funds - restricted	325	410	--
Investments, at fair value - restricted	10,263	199,723	--
Investments held by trustee - restricted	--	204,643	--
Interest receivable - restricted	--	1,086	--
Depreciable capital assets, net of accumulated depreciation	351,193	5,867,402	44,844
Nondepreciable capital assets	154,424	1,075,315	1,047
Derivative instruments - energy risk management	--	8,654	--
Other long-term assets	--	52	--
Deferred costs and expenses, net of amortization	4,491	365,210	12
Total noncurrent assets	520,741	7,877,574	46,082
Total assets	757,538	9,010,974	170,684
Deferred outflows of resources	20,368	178,918	--

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 57,716	2,916	2,171
Accounts and retainage payable from restricted assets	12,642	27,992	3,364
Accrued payroll	3,483	1,790	536
Accrued compensated absences	10,385	5,387	1,471
Claims payable	--	--	--
Due to other funds	--	--	141
Accrued interest payable from restricted assets	30,389	43,767	723
Interest payable on other debt	20	26	865
Bonds payable	--	--	38
Bonds payable from restricted assets	105,216	79,932	14,795
Capital lease obligations payable	42	--	--
Customer and escrow deposits payable from restricted assets	23,481	16,339	410
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	15,541	22,270	507
Other liabilities payable from restricted assets	--	--	--
Total current liabilities	258,915	200,419	25,021
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	74	--	246
Claims payable	--	--	--
Advances from other funds	--	2,761	1,260
Advances from other funds payable from restricted assets	--	22,723	--
Capital appreciation bond interest payable	10,570	91,359	--
Commercial paper notes payable, net of discount	225,256	79,770	--
Bonds payable, net of discount and inclusive of premium	1,081,412	2,236,125	254,650
Pension obligation payable	30,615	15,143	4,580
Other post employment benefits payable	80,079	48,104	13,848
Capital lease obligations payable	1,176	--	--
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	171,608	--	--
Derivative instruments - energy risk management	79,777	--	--
Derivative instruments - interest rate swaps	--	26,424	52,418
Deferred credits and other liabilities	236,916	460,077	--
Other liabilities payable from restricted assets	--	--	56
Total noncurrent liabilities	1,917,483	2,982,486	327,058
Total liabilities	2,176,398	3,182,905	352,079
Deferred inflows of resources			
	\$ 8,645	--	--

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

(Continued)

	Business-Type Activities		Governmental
	Nonmajor		Activities-
	Enterprise		Internal Service
	Funds	Total	Funds
LIABILITIES			
Current liabilities:			
Accounts payable	5,189	67,992	12,276
Accounts and retainage payable from restricted assets	2,110	46,108	--
Accrued payroll	2,234	8,043	2,735
Accrued compensated absences	5,586	22,829	7,507
Claims payable	--	--	16,546
Due to other funds	530	671	148
Accrued interest payable from restricted assets	1,917	76,796	--
Interest payable on other debt	679	1,590	16
Bonds payable	14,204	14,242	346
Bonds payable from restricted assets	10,205	210,148	--
Capital lease obligations payable	--	42	159
Customer and escrow deposits payable from restricted assets	3,275	43,505	--
Accrued landfill closure and postclosure costs	1,119	1,119	--
Deferred credits and other liabilities	276	38,594	1,484
Other liabilities payable from restricted assets	6,364	6,364	--
Total current liabilities	53,688	538,043	41,217
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	109	429	383
Claims payable	--	--	17,673
Advances from other funds	1,013	5,034	167
Advances from other funds payable from restricted assets	--	22,723	--
Capital appreciation bond interest payable	--	101,929	--
Commercial paper notes payable, net of discount	--	305,026	--
Bonds payable, net of discount and inclusive of premium	280,238	3,852,425	3,729
Pension obligation payable	17,263	67,601	--
Other post employment benefits payable	49,910	191,941	--
Capital lease obligations payable	--	1,176	--
Accrued landfill closure and postclosure costs	10,914	10,914	--
Decommissioning liability payable from restricted assets	--	171,608	--
Derivative instruments - energy risk management	--	79,777	--
Derivative instruments - interest rate swaps	20,368	99,210	--
Deferred credits and other liabilities	2,737	699,730	--
Other liabilities payable from restricted assets	4,064	4,120	--
Total noncurrent liabilities	386,616	5,613,643	21,952
Total liabilities	440,304	6,151,686	63,169
Deferred inflows of resources	--	8,645	--

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,081,344	438,680	345,887
Restricted for:			
Debt service	71,386	37,394	14,632
Strategic reserve	116,483	--	--
Capital projects	46,851	47,862	90,026
Renewal and replacement	64	--	10,000
Bond reserve	13,054	26,279	--
Passenger facility charges	--	--	35,663
Operating reserve	--	--	10,235
Unrestricted	267,702	50,511	(12,094)
Total net assets	\$ 1,596,884	600,726	494,349
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	9,908	4,880	1,921
Total net assets - Business-type activities	\$ 1,606,792	605,606	496,270

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

(Continued)

	Business-Type Activities		Governmental
	Nonmajor		Activities-
	Enterprise		Internal Service
	Funds	Total	Funds
NET ASSETS			
Invested in capital assets, net of related debt	238,712	2,104,623	41,669
Restricted for:			
Debt service	8,286	131,698	--
Strategic reserve	--	116,483	--
Capital projects	14,375	199,114	2,721
Renewal and replacement	831	10,895	--
Bond reserve	7,269	46,602	--
Passenger facility charges	--	35,663	--
Operating reserve	3,525	13,760	--
Unrestricted	64,604	370,723	63,125
Total net assets	337,602	3,029,561	107,515
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	5,472	22,181	
Total net assets - Business-type activities	343,074	3,051,742	

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, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
OPERATING REVENUES			
Utility services	\$ 1,179,872	442,707	--
User fees and rentals	--	--	95,904
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,179,872	442,707	95,904
OPERATING EXPENSES			
Operating expenses before depreciation	896,396	190,987	69,201
Depreciation and amortization	144,909	95,392	20,398
Total operating expenses	1,041,305	286,379	89,599
Operating income (loss)	138,567	156,328	6,305
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	10,248	313	395
Interest on revenue bonds and other debt	(75,310)	(102,644)	(12,933)
Interest capitalized during construction	--	--	512
Passenger facility charges	--	--	18,414
Amortization of bond issue cost	(714)	(869)	(220)
Cost (recovered) to be recovered in future years	(4,607)	(32,509)	--
Other nonoperating revenue (expense)	(5,708)	3,466	537
Total nonoperating revenues (expenses)	(76,091)	(132,243)	6,705
Income (loss) before contributions and transfers	62,476	24,085	13,010
Capital contributions	12,360	20,059	9,030
Transfers in	319	6,505	--
Transfers out	(105,428)	(37,237)	(6,395)
Change in net assets	(30,273)	13,412	15,645
Total net assets - beginning	1,627,157	587,314	478,704
Total net assets - ending	\$ 1,596,884	600,726	494,349
Reconciliation to government-wide Statement of Activities			
Change in net assets	(30,273)	13,412	15,645
Adjustment to consolidate internal service activities	2,342	1,272	406
Change in net assets - Business-type activities	\$ (27,931)	14,684	16,051

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

	Business-Type Activities		Governmental Activities-Internal Service Funds
	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES			
Utility services	--	1,622,579	--
User fees and rentals	223,415	319,319	--
Billings to departments	--	--	311,362
Employee contributions	--	--	30,129
Operating revenues from other governments	--	--	3,464
Other operating revenues	--	--	12,330
Total operating revenues	223,415	1,941,898	357,285
OPERATING EXPENSES			
Operating expenses before depreciation	226,701	1,383,285	322,936
Depreciation and amortization	24,611	285,310	11,828
Total operating expenses	251,312	1,668,595	334,764
Operating income (loss)	(27,897)	273,303	22,521
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	573	11,529	43
Interest on revenue bonds and other debt	(12,086)	(202,973)	(229)
Interest capitalized during construction	1,528	2,040	--
Passenger facility charges	--	18,414	--
Amortization of bond issue cost	(346)	(2,149)	11
Cost (recovered) to be recovered in future years	--	(37,116)	--
Other nonoperating revenue (expense)	(3,142)	(4,847)	(11,672)
Total nonoperating revenues (expenses)	(13,473)	(215,102)	(11,847)
Income (loss) before contributions and transfers	(41,370)	58,201	10,674
Capital contributions	8,615	50,064	17,105
Transfers in	46,646	53,470	4,388
Transfers out	(4,318)	(153,378)	(6,410)
Change in net assets	9,573	8,357	25,757
Total net assets - beginning	328,029	3,021,204	81,758
Total net assets - ending	337,602	3,029,561	107,515
Reconciliation to government-wide Statement of Activities			
Change in net assets	9,573	8,357	
Adjustment to consolidate internal service activities	1,645	5,665	
Change in net assets - Business-type activities	11,218	14,022	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,214,955	448,392	93,947
Cash payments to suppliers for goods and services	(720,007)	(97,176)	(40,339)
Cash payments to employees for services	(161,077)	(81,327)	(24,958)
Cash payments to claimants/beneficiaries	--	--	--
Taxes collected and remitted to other governments	(38,236)	--	--
Net cash provided by operating activities	295,635	269,889	28,650
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	319	110	--
Transfers out	(105,428)	(37,237)	--
Interest paid on revenue notes and other debt	(219)	--	--
Increase in deferred assets	(3,304)	--	--
Contributions (to) from other funds	--	140	--
Loans to other funds	--	--	--
Loans from other funds	--	--	--
Loan repayments to other funds	--	(1,652)	--
Loan repayments from other funds	1,960	--	(135)
Collections from other governments	9,490	--	582
Net cash provided (used) by noncapital financing activities	(97,182)	(38,639)	447
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	72,674	237,560	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	1,965	--
Proceeds from the sale of revenue bonds	--	27,593	--
Principal paid on long-term debt	(75,851)	(72,194)	(42,196)
Purchased interest received	--	2,489	--
Interest paid on revenue bonds and other debt	(96,143)	(110,976)	(11,932)
Passenger facility charges	--	--	18,414
Acquisition and construction of capital assets	(164,240)	(275,647)	(21,515)
Contributions from municipality	--	--	--
Contributions in aid of construction	12,360	9,133	9,030
Bond issuance costs	--	(5,145)	--
Bond premiums	--	78,885	5
Bonds issued for advanced refundings of debt	--	575,625	48
Cash paid for bond refunding escrow	--	(270,480)	--
Cash paid to payoff commercial paper	--	(365,000)	--
Proceeds from municipal utility district reserves	--	--	(53)
Cash paid for nuclear fuel inventory	(4,084)	--	--
Net cash (used) by capital and related financing activities	\$ (255,284)	(166,192)	(48,199)

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	216,468	1,973,762	351,414
Cash payments to suppliers for goods and services	(106,419)	(963,941)	(95,777)
Cash payments to employees for services	(101,619)	(368,981)	(125,176)
Cash payments to claimants/beneficiaries	--	--	(99,884)
Taxes collected and remitted to other governments	--	(38,236)	--
Net cash provided by operating activities	8,430	602,604	30,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	46,646	47,075	4,388
Transfers out	(4,318)	(146,983)	(6,410)
Interest paid on revenue notes and other debt	(9)	(228)	--
Increase in deferred assets	--	(3,304)	--
Contributions (to) from other funds	620	760	--
Loans to other funds	(332)	(332)	--
Loans from other funds	16	16	--
Loan repayments to other funds	(879)	(2,531)	(141)
Loan repayments from other funds	139	1,964	--
Collections from other governments	697	10,769	--
Net cash provided (used) by noncapital financing activities	42,580	(92,794)	(2,163)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	310,234	--
Proceeds from the sale of general obligation bonds and other tax supported debt	17,275	19,240	--
Proceeds from the sale of revenue bonds	--	27,593	--
Principal paid on long-term debt	(23,859)	(214,100)	(774)
Purchased interest received	126	2,615	--
Interest paid on revenue bonds and other debt	(12,474)	(231,525)	(233)
Passenger facility charges	--	18,414	--
Acquisition and construction of capital assets	(30,174)	(491,576)	(12,334)
Contributions from municipality	--	--	--
Contributions in aid of construction	5,235	35,758	--
Bond issuance costs	(876)	(6,021)	--
Bond premiums	3,737	82,627	--
Bonds issued for advanced refundings of debt	31,800	607,473	--
Cash paid for bond refunding escrow	(32,907)	(303,387)	--
Cash paid to payoff commercial paper	--	(365,000)	--
Proceeds from municipal utility district reserves	--	(53)	--
Cash paid for nuclear fuel inventory	--	(4,084)	--
Net cash (used) by capital and related financing activities	(42,117)	(511,792)	(13,341)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (320,195)	(221,134)	(57,989)
Proceeds from sale and maturities of investment securities	338,682	182,456	58,136
Interest on investments	5,838	313	395
Net cash provided (used) by investing activities	24,325	(38,365)	542
Net increase (decrease) in cash and cash equivalents	(32,506)	26,693	(18,560)
Cash and cash equivalents, October 1	169,340	68,626	171,819
Cash and cash equivalents, September 30	136,834	95,319	153,259
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	138,567	156,328	6,305
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	144,909	94,404	20,398
Amortization	--	988	--
Change in assets and liabilities:			
Increase in working capital advances	3,711	--	--
(Increase) in accounts receivable	(15,473)	(1,778)	(1,995)
Increase in allowance for doubtful accounts	673	533	142
Decrease in due from other funds	--	--	11
(Increase) decrease in inventory	(5,847)	(213)	(220)
(Increase) decrease in prepaid expenses and other assets	4,296	(10)	(2)
(Increase) in advances to other funds	--	--	--
(Increase) decrease in deferred costs and other expenses	(1,541)	25	--
Decrease in other long-term assets	5	168	--
Increase (decrease) in accounts payable	(12,495)	241	395
Increase (decrease) in accrued payroll and compensated absences	(281)	249	221
Increase in claims payable	--	--	--
Increase in advances from other funds	--	--	--
Increase in pension obligations payable	2,878	1,378	426
Increase in other post employment benefits payable	17,843	10,718	3,085
Increase (decrease) in deferred credits and other liabilities	25,006	(72)	(94)
Increase (decrease) in customer deposits	(6,616)	6,930	(22)
Total adjustments	157,068	113,561	22,345
Net cash provided by operating activities	\$ 295,635	269,889	28,650

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

(Continued)

	Business-Type Activities		Governmental Activities-Internal Service Funds
	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(21,491)	(620,809)	--
Proceeds from sale and maturities of investment securities	19,371	598,645	--
Interest on investments	573	7,119	43
Net cash provided (used) by investing activities	(1,547)	(15,045)	43
Net increase (decrease) in cash and cash equivalents	7,346	(17,027)	15,116
Cash and cash equivalents, October 1	193,198	602,983	99,867
Cash and cash equivalents, September 30	200,544	585,956	114,983
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(27,897)	273,303	22,521
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	24,611	284,322	11,828
Amortization	--	988	--
Change in assets and liabilities:			
Increase in working capital advances	--	3,711	--
(Increase) in accounts receivable	(6,932)	(26,178)	(5,636)
Increase in allowance for doubtful accounts	174	1,522	--
Decrease in due from other funds	--	11	--
(Increase) decrease in inventory	(1,356)	(7,636)	52
(Increase) decrease in prepaid expenses and other assets	24	4,308	(10)
(Increase) in advances to other funds	--	--	(87)
(Increase) decrease in deferred costs and other expenses	--	(1,516)	(5)
Decrease in other long-term assets	19	192	--
Increase (decrease) in accounts payable	441	(11,418)	420
Increase (decrease) in accrued payroll and compensated absences	758	947	879
Increase in claims payable	--	--	358
Increase in advances from other funds	22	22	--
Increase in pension obligations payable	1,674	6,356	--
Increase in other post employment benefits payable	11,121	42,767	--
Increase (decrease) in deferred credits and other liabilities	5,981	30,821	257
Increase (decrease) in customer deposits	(210)	82	--
Total adjustments	36,327	329,301	8,056
Net cash provided by operating activities	8,430	602,604	30,577

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Business-Type Activities		
	Austin Energy	Austin Water Utility	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	\$ 122	36,418	--
Capital appreciation bonds interest accreted	1,866	9,346	--
Capital assets contributed (to) from other funds	--	1,396	--
Contributed facilities	--	9,530	--
Decrease in the fair value of investments	(681)	--	--
Amortization of bond issue costs	(714)	(869)	(220)
Amortization of bond (discounts) premiums	3,986	7,160	241
Amortization of deferred loss on refundings	(9,482)	(4,442)	(1,243)
Gain (loss) on disposal of assets	(17,169)	2,245	--
Deferred costs to be recovered	11,429	(32,509)	--
Increase (decrease) in deferred credits and other liabilities	13,734	(4,331)	--
Transfers (to) from other funds	--	6,395	(6,395)
Capitalized interest	--	--	512

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>
NONCASH INVESTING, CAPITAL AND FINANCING			
ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	(246)	36,294	--
Capital appreciation bonds interest accreted	--	11,212	--
Capital assets contributed (to) from other funds	(1,455)	(59)	17,082
Contributed facilities	--	9,530	--
Decrease in the fair value of investments	--	(681)	--
Amortization of bond issue costs	(346)	(2,149)	(11)
Amortization of bond (discounts) premiums	937	12,324	--
Amortization of deferred loss on refundings	(1,199)	(16,366)	--
Gain (loss) on disposal of assets	(443)	(15,367)	(11,672)
Deferred costs to be recovered	--	(21,080)	--
Increase (decrease) in deferred credits and other liabilities	--	9,403	--
Transfers (to) from other funds	--	--	--
Capitalized interest	1,528	2,040	--

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

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit D-1

	Private-purpose Trust	Agency
ASSETS		
Pooled investments and cash	\$ 1,452	2,276
Due from other funds	25	--
Other assets	120	--
Total assets	1,597	2,276
LIABILITIES		
Accounts payable	--	109
Due to other governments	--	1,622
Due to other funds	25	--
Deposits and other liabilities	701	545
Total liabilities	726	2,276
NET ASSETS		
Held in trust	871	
Total net assets	\$ 871	

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, 2012
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private-purpose Trust</u>
ADDITIONS	
Contributions	\$ 499
Interest and other	4
Total additions	<u>503</u>
 DEDUCTIONS	
Benefit payments	496
Total deductions	<u>496</u>
Net additions (deductions)	<u>7</u>
 Total net assets - beginning	<u>864</u>
Total net assets - ending	<u><u>\$ 871</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.

On November 6, 2012, City of Austin voters approved a Charter Amendment which provides for the election of City Councilmembers from 10 geographical single-member districts, with the mayor to be elected from the city at large. This new process will be effective with the November 2014 election. A 14-member Citizens Redistricting Commission will draw the boundaries for the 10 districts in compliance with federal and state requirements.

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. 59 and No. 64. In fiscal year 2012, the City implemented GASB Statement No. 64 titled "*Derivative Instruments: Application of Hedge Accounting Termination Provisions*," which had no material impact on the financial statements for fiscal year 2012. 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 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 Healthcare 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 Healthcare 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 7) 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 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.

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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds: Account for and report financial resources, and the accumulation of those financial resources, that are restricted, committed, or assigned to expenditure for principal and interest of general long-term debt and HUD Section 108 loans.

Capital Projects Funds: Account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). It is primarily funded 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 and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

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

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:

Austin Energy™: Accounts for the activities of the City-owned electric utility.

Austin Water Utility: Accounts for the activities of the City-owned water and wastewater utility.

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

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 solid waste services activities.

Public recreation: Accounts for golf activities.

Urban growth management: Accounts for drainage and transportation activities.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Internal Service Funds: Account for the financing of goods or services provided by one city department or agency to other city departments or to other governmental units on a cost-reimbursement basis. These activities include, but are not limited to, capital projects management, combined emergency 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 projects, 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 annual budgeted funds.

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

e -- Financial Statement Elements

Pooled Investments and Cash -- Cash balances of all city funds (except for certain funds shown in Note 2 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, 2012. Investments in local government investment pools are carried at net asset value per share calculated using the amortized cost method which approximates fair value.

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

Accounts Receivable -- Balances of accounts receivable, reported on the government-wide statement of net assets, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2012 (in thousands):

	Charges for Services	Fines	Taxes	Other Govern- ments	Other	Total
Governmental activities						
General Fund	\$ 169,501	23,385	36,253	--	--	229,139
Nonmajor governmental funds	1,026	64	13,590	13,090	1,969	29,739
Internal service funds	7,921	--	--	--	--	7,921
Allowance for doubtful accounts	(163,544)	(11,390)	--	(259)	--	(175,193)
Total	<u>\$ 14,904</u>	<u>12,059</u>	<u>49,843</u>	<u>12,831</u>	<u>1,969</u>	<u>91,606</u>

Receivables reported in business-type activities are primarily comprised of charges for services.

	Austin Energy	Austin Water	Airport	Nonmajor enterprise	Total
Accounts Receivable	\$ 164,479	70,864	6,132	22,941	264,416
Allowance for doubtful accounts	(2,585)	(770)	(919)	(524)	(4,798)
Total	<u>\$ 161,894</u>	<u>70,094</u>	<u>5,213</u>	<u>22,417</u>	<u>259,618</u>

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.”

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

Fund	Inventory Valuation Method
General Fund	Average cost; postage first-in, first out
Austin Energy	
Fuel oil	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 Austin Energy and Austin Water Utility report in accordance with accounting for regulated operations, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council. Restricted assets used to repay maturing debt and other current liabilities are classified as current.

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

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

	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Total Restricted Assets
Capital projects	\$ 46,853	95,189	90,022	24,599	256,663
Customer and escrow deposits	23,481	6,710	410	2,973	33,574
Debt service	101,775	81,161	15,436	10,566	208,938
Environmental and landfill	--	--	--	7,195	7,195
Federal grants	5,250	--	502	724	6,476
Operating reserve account	--	--	10,235	10,218	20,453
Passenger facility charge account	--	--	35,663	--	35,663
Plant decommissioning	201,162	--	--	--	201,162
Renewal and replacement account	64	--	10,000	833	10,897
Revenue bond reserve	13,054	64,116	--	10,263	87,433
Strategic reserve	116,483	--	--	--	116,483
	<u>\$ 508,122</u>	<u>247,176</u>	<u>162,268</u>	<u>67,371</u>	<u>984,937</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 \$5,000 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 or increase their value 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.

Interest is not capitalized on governmental capital assets. Enterprise funds, with the exception of the Austin Energy and Austin Water Utility, 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 Austin Energy and Austin Water Utility assets in accordance with accounting for regulated operations.

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

Assets	Governmental Activities (1)	Business-type Activities			
		Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise
Buildings	5-40	--	15-50	15-40	12-40
Plant and equipment	5-50	--	5-60	4-50	5-40
Vehicles	3-20	3-15	3-20	3-20	3-30
Electric plant	--	3-50	--	--	--
Non-electric plant	--	3-30	--	--	--
Communication equipment	7-15	--	7	7	7
Furniture and fixtures	12	--	12	12	12
Computers and EDP equipment	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

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

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 and treasures is expected to be maintained over time and, thus, is not depreciated. The initial investment of library collections for each library is capitalized. All subsequent expenditures related to the maintenance of the collection (replacement of individual items) are expensed, with the overall value of the collection being maintained, and therefore, 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 \$12.8 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 the 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.

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. 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 vacation, exception vacation, and sick leave at termination payable within 60 days of fiscal year-end.

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

	Work- week	Non-Civil Service Employees (1)	Civil Service Police (2)	Civil Service Fire (3)
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	1,080

(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.

As of January 1, 2011, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.

(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.

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

Other Post Employment Benefits (OPEB) -- The City provides certain health care benefits for its retired employees and their families as more fully described in Note 8. At September 30, 2012, the City's total actuarial accrued liability for these retiree benefits was approximately \$1.5 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 select revenues of these funds. Note 6 contains more information about pledged revenues by fund. The corresponding debt is recorded in the applicable fund.

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 other tax supported debt, whose principal and interest are payable primarily from the net revenues of Austin Water Utility.

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. Austin Energy and Austin Water Utility 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 principal and 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 Austin Resource Recovery 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):

	Bad Debt Expense
Austin Energy	\$ 3,483
Austin Water Utility	1,253
Airport	140
Nonmajor Enterprise	1,013

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read and bills 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 Austin Energy by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2012. The amount of unbilled revenue recorded, as of September 30, 2012, was \$34.9 million. Austin Water Utility records unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2012. The amount of unbilled revenue recorded as of September 30, 2012 was \$12.5 million for water and \$11.4 million for wastewater.

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

Interfund Revenues, Expenses, and Transfers -- Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds. 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.

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.

Fund Equity -- Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund type classifications are as follows:

Nonspendable: The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted: The portion of fund balance that is restricted to specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitution provisions or enabling legislation.

Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of a majority vote by City Council.

Assigned: The portion of fund balance that is constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Under the city charter, the City Manager and designees are authorized to assign individual amounts up to \$55,000 in fiscal year 2012 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average. The most recently published Consumer Price Index on May 4, 2002, shall be used as a base of 100 and the adjustment thereafter will be to the nearest one thousand dollars (\$1,000).

Unassigned: The portion of fund balance that is not restricted, committed, or assigned to specific purposes.

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

The constraints placed on the fund balances of the General Fund and the nonmajor governmental funds are presented below:

	General Fund	Nonmajor Governmental	Total
Nonspendable			
General government	\$ 108	50	158
Public safety	672	--	672
Public Health	2	--	2
Public recreation and culture	--	990	990
Urban growth management	80	--	80
Total Nonspendable	862	1,040	1,902
Restricted			
General government	--	20,646	20,646
Public safety	--	15,356	15,356
Transportation, planning, and sustainability	--	56,468	56,468
Public Health	--	281	281
Public recreation and culture	--	15,006	15,006
Urban growth management	--	67,016	67,016
Total Restricted	--	174,773	174,773
Committed			
General government	40	3,266	3,306
Public safety	1,478	47	1,525
Transportation, planning, and sustainability	31	178	209
Public Health	2,037	1	2,038
Public recreation and culture	390	6,135	6,525
Urban growth management	1,244	18,272	19,516
Total Committed	5,220	27,899	33,119
Assigned			
General government	--	24,713	24,713
Public safety	278	2,073	2,351
Transportation, planning, and sustainability	44	17,994	18,038
Public Health	207	203	410
Public recreation and culture	201	23,710	23,911
Urban growth management	10,305	5,635	15,940
Total Assigned	11,035	74,328	85,363
Unassigned	113,046	(38,012)	75,034
Total Fund Balance	\$ 130,163	\$ 240,028	370,191

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. In governmental funds, unrestricted resources would be utilized in order from committed to assigned and finally unassigned.

Budget stabilization -- By formal action of City Council, the General Fund maintains 3 reserve funds: a contingency reserve, an emergency reserve, and a budget stabilization reserve. These reserves are part of unassigned fund balance for the General Fund. As of September 30, 2012, the contingency reserve maintains a balance of 1 percent of departmental expenditures, or \$6.5 million, the emergency reserve remains fixed with a balance of \$40 million, and the budget stabilization reserve reports a balance of \$64.3 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other onetime costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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

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 7).

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 13).

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 9.

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

2 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2012 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	\$ 122,949	--
Nonmajor governmental funds	228,172	--
Austin Energy	48,648	81,100
Austin Water Utility	13,162	82,055
Airport	6,998	146,254
Nonmajor enterprise funds	154,694	45,818
Internal service funds	113,856	--
Fiduciary funds	3,728	--
Subtotal pooled investments and cash	692,207	355,227
Total pooled investments and cash	\$ 1,047,434	

3 – INVESTMENTS AND DEPOSITS

a -- Investments

Chapter 2256 of the Texas Government Code (the Public Fund 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.

3 – INVESTMENTS AND DEPOSITS, continued
a -- Investments, continued

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

The City Treasurer submits an investment report each quarter to the investment committee. 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, are eligible collateral for borrowing from a Federal Reserve Bank, and are accepted by a domestic bank whose short-term obligations are rated at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated;
6. Commercial paper with a stated maturity of 270 days or less from the date of its issuance that is either rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies or is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof;
7. Collateralized repurchase agreements having a defined termination date and described in more detail in the Investment Policy;
8. Certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or as further described in the Investment Policy;
9. Certificates of deposit issued by savings banks domiciled in Texas;
10. Share certificates issued by a state or federal credit unions domiciled in Texas;
11. Money market mutual funds; and
12. Local government investment pools (LGIPs).

The City participates in four local government investment pools: TexPool, TexasDAILY, TexStar, and Lone Star. 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 TexasDAILY 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. First Public, LLC serves as the administrator of Lone Star under an agreement with Lone Star's board of directors.

The City invests in TexPool, TexasDaily, TexStar, and Lone Star to provide its liquidity needs. TexPool, TexasDAILY, TexStar, and Lone Star 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, TexStar, and Lone Star 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, TexStar, and Lone Star are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2012, TexPool, TexasDAILY, TexStar, and Lone Star had a weighted average maturity of 41 days, 54 days, 44 days, and 45 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 arrangements during fiscal year 2012.

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.

3 – INVESTMENTS AND DEPOSITS, continued
a -- Investments, continued

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2012 (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments:				
Local Government Investment Pools	\$ 15,673	296,051	--	311,724
Money Market Funds	--	55,474	--	55,474
US Treasury Notes	--	52,998	--	52,998
US Agency Bonds	--	212,639	--	212,639
Total non-pooled investments	15,673	617,162	--	632,835
Pooled investments:				
Local Government Investment Pools	146,850	182,776	1,177	330,803
US Agency Bonds	322,837	401,853	2,551	727,241
Total pooled investments	469,687	584,629	3,728	1,058,044
Total investments	\$ 485,360	1,201,791	3,728	1,690,879

Concentration of Credit Risk

At September 30, 2012, 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 Home Loan Bank (\$397.3 or 24%), Federal Home Loan Mortgage Corporation (\$280.1 or 17%), and Federal National Mortgage Association (\$196.3 or 12%).

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.

The City's credit risk is controlled by complying with the Investment Policy, which includes qualification of the brokers and financial institutions with whom the City will transact, sufficient collateralization, portfolio diversification, and maturity limitations.

Operating Funds

As of September 30, 2012, 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	\$ 146,850	182,776	1,177	330,803	1
US Agency Bonds	322,837	401,853	2,551	727,241	421
Total	\$ 469,687	584,629	3,728	1,058,044	289

Credit Risk

None of the operating portfolio consists of direct obligations of the US government. As of September 30, 2012, Standard and Poor's issued the following ratings for other investments:

Local Government Investment Pools	31%	AAAm
US Agencies	69%	AA+

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

Concentration of Credit Risk

At September 30, 2012, the operating funds held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$341.0 or 33%), Federal Home Loan Mortgage Corporation (\$210.5 or 20%), and Federal National Mortgage Association (\$135.6 or 13%).

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, 2012, 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 289 days, which was less than the threshold of 365 days.

Debt Service Funds

As of September 30, 2012, the City's debt service funds had the following investments:

Investment Type	Fair Value (in thousands)		Final Maturity
	Governmental Activities	Business-type Activities	
General Obligation Debt Service			
Local Government Investment Pools	\$ 15,673	--	N/A
Enterprise-Utility (1)			
Local Government Investment Pools	--	182,936	N/A
Enterprise-Airport			
Local Government Investment Pools	--	15,351	N/A
Nonmajor Enterprise-Convention Center			
Local Government Investment Pools	--	10,241	N/A
Total	<u>\$ 15,673</u>	<u>208,528</u>	

(1) Includes combined pledge debt service

Credit Risk

As of September 30, 2012, 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

Utility Reserve

At September 30, 2012, the City's special project fund had the following investments:

Investment Type	Fair Value (in thousands)		Weighted Average Maturity (days)
	Business-type Activities		
Local Government Investment Pools	\$ 41,394		N/A

Credit Risk

As of September 30, 2012, 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.

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

Airport Construction

As of September 30, 2012, the City's special project fund had the following investments:

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

Credit Risk

As of September 30, 2012, 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.

Convention Center Reserve

At September 30, 2012, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u> <u>(in thousands)</u>	<u>Weighted Average</u> <u>Maturity (days)</u>
	<u>Business-type</u> <u>Activities</u>	
Local Government Investment Pools	\$ 10,263	N/A

Credit Risk

As of September 30, 2012, 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, 2012, the City's Special Purpose fund (Austin Energy Strategic Reserve Fund) had the following investments:

<u>Investment Type</u>	<u>Fair Value</u> <u>(in thousands)</u>	<u>Weighted Average</u> <u>Maturity (days)</u>
Local Government Investment Pools	\$ 14	1
US Treasury Notes	11,686	1,506
US Agency Bonds	104,783	1,252
Total	<u>\$ 116,483</u>	<u>1,274</u>

Credit risk

At September 30, 2012, 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 rated the US Agency Bonds AA+. The remaining securities are direct obligations of the US government.

Concentration of Credit Risk

At September 30, 2012, 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 (\$10.2 or 9%), Federal Home Loan Bank (\$14.0 or 12%), Federal Home Loan Mortgage Corporation (\$30.1 or 26%), and Federal National Mortgage Association (\$50.5 or 43%).

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.

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

At September 30, 2012, the portfolios held investments in TexPool, US Treasuries, and US Agencies with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 1,274 days (3.50 years).

Austin Energy Nuclear Decommissioning Trust Funds (NDF)

At September 30, 2012, the City's Special Purpose Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (years)</u>
Money Market Funds	\$ 35,815	1 day
US Treasury Notes	41,312	2.49
US Agency Bonds	107,856	3.08
Total	<u>\$ 184,983</u>	<u>2.33</u>

Credit Risk

At September 30, 2012, Standard and Poor's rated the US Agency Bonds AA+ and the Money Market Fund AAAM. The remaining securities are direct obligations of the US government.

Concentration of Credit Risk

At September 30, 2012, the NDF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$15.8 or 9%), Federal Home Loan Bank (\$42.3 or 23%), Federal Home Loan Mortgage Corporation (\$39.5 or 21%), Federal National Mortgage Association (\$10.3 or 6%).

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment policy for the NDF portfolios requires that the dollar weighted average maturity, using final state 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, 2012, the dollar weighted average maturity was 2.33 years.

Combined Utility Reserve

At September 30, 2012, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands) Business-type Activities</u>	<u>Weighted Average Maturity (days)</u>
Local Government Investment Pools	\$ 35,776	1

Credit Risk

At September 30, 2012, 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.

Investments Held by Trustee

At September 30, 2012, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (years)</u>
Money Market Funds	\$ 19,659	1 day

Credit Risk

At September 30, 2012, Standard and Poor's rated the Money Market Fund AAAM.

Interest Rate Risk

Investment objectives for these special project funds have as the primary objective the safety of principal and assurance of liquidity adequate to cover construction expense draws. As a means of minimizing risk of loss due to interest rate fluctuations, funds are being held in overnight money market funds until definitive construction cash flows are established.

3 – INVESTMENTS AND DEPOSITS, continued
c – Investments and Deposits

Investments and deposits portfolio balances at September 30, 2012, are as follows (in thousands):

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	\$ 22,380	624,389	--	646,769
Pooled investments and cash	473,576	589,470	3,728	1,066,774
Total investments and cash	<u>495,956</u>	<u>1,213,859</u>	<u>3,728</u>	<u>1,713,543</u>
Unrestricted cash	71	66	--	137
Restricted cash	6,636	7,161	--	13,797
Pooled investments and cash	473,576	589,470	3,728	1,066,774
Investments	15,673	617,162	--	632,835
Total	<u>\$ 495,956</u>	<u>1,213,859</u>	<u>3,728</u>	<u>1,713,543</u>

A difference of \$19.3 million exists between portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

Deposits

The September 30, 2012 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	Governmental Activities	Business-type Activities	Total
Cash			
Unrestricted	\$ 71	66	137
Restricted	--	5,250	5,250
Cash held by trustee			
Restricted	6,636	1,911	8,547
Pooled cash	3,889	4,841	8,730
Total deposits	<u>\$ 10,596</u>	<u>12,068</u>	<u>22,664</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, 2012.

4 – 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, 2011, upon which the 2012 levy was based, was \$79,219,780,879.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2012, 99.27% of the current tax levy (October 1, 2011) 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.

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.

4 – PROPERTY TAXES, continued

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, 2012, was \$.3551 per \$100 assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2012 was \$.1260 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.6449 per \$100 assessed valuation, and could levy approximately \$510,888,367 in additional taxes from the assessed valuation of \$79,219,780,879 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.

5 – CAPITAL ASSETS AND INFRASTRUCTURE

The City has recorded capitalized interest for fiscal year 2012 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

Enterprise Funds	
Major fund:	
Airport	\$ 512
Nonmajor enterprise funds:	
Convention Center	1,070
Drainage	458
Solid Waste Services	--

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.

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 343,852	5,991	(4,377)	345,466
Arts and treasures	6,950	651	--	7,601
Library collections	14,390	--	--	14,390
Total	<u>365,192</u>	<u>6,642</u>	<u>(4,377)</u>	<u>367,457</u>
Depreciable property, plant and equipment in service				
Building and improvements	702,041	55,415	(5,238)	752,218
Plant and equipment	188,680	60,371	(25,301)	223,750
Vehicles	103,152	18,956	(19,098)	103,010
Infrastructure	2,062,435	109,734	--	2,172,169
Total	<u>3,056,308</u>	<u>244,476</u>	<u>(49,637)</u>	<u>3,251,147</u>
Less accumulated depreciation for				
Building and improvements	(222,770)	(21,730)	757	(243,743)
Plant and equipment	(109,134)	(35,570)	7,493	(137,211)
Vehicles	(63,871)	(9,426)	7,045	(66,252)
Infrastructure	(790,041)	(60,576)	--	(850,617)
Total	<u>(1,185,816)</u>	<u>(127,302) (2)</u>	<u>15,295</u>	<u>(1,297,823)</u>
Net property, plant and equipment in service	<u>1,870,492</u>	<u>117,174</u>	<u>(34,342)</u>	<u>1,953,324</u>
Other capital assets				
Construction in progress	188,283	192,550	(217,439)	163,394
Total capital assets	<u>\$ 2,423,967</u>	<u>316,366</u>	<u>(256,158)</u>	<u>2,484,175</u>

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

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

Governmental activities:

General government	\$ 20,108
Public safety	14,511
Transportation, planning and sustainability	51,432
Public health	1,702
Public recreation and culture	11,463
Urban growth management	16,258
Internal service funds	11,828
Total increases in accumulated depreciation	<u>\$ 127,302</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 69,128	6,118	(263)	74,983
Total	69,128	6,118	(263)	74,983
Depreciable property, plant and equipment in service				
Vehicles	29,243	2,419	(1,070)	30,592
Electric plant	4,102,736	174,366	(8,797)	4,268,305
Non-electric plant	157,188	16,732	(443)	173,477
Total	4,289,167	193,517	(10,310)	4,472,374
Less accumulated depreciation for				
Vehicles	(18,058)	(2,765)	1,078	(19,745)
Electric plant	(1,945,006)	(133,604)	7,891	(2,070,719)
Non-electric plant	(32,767)	(8,540)	184	(41,123)
Total	(1,995,831)	(144,909) (1)	9,153	(2,131,587)
Net property, plant and equipment in service	2,293,336	48,608	(1,157)	2,340,787
Other capital assets				
Construction in progress	159,409	165,856	(213,507)	111,758
Nuclear fuel, net of amortization	41,499	--	(526)	40,973
Plant held for future use	26,205	--	(3,090)	23,115
Total capital assets	\$ 2,589,577	220,582	(218,543)	2,591,616

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 144,909
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water Utility

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 218,246	7,440	(2)	225,684
Total	218,246	7,440	(2)	225,684
Depreciable property, plant and equipment in service				
Building and improvements	573,986	54,416	(11,009)	617,393
Plant and equipment	2,981,130	203,374	(18,213)	3,166,291
Vehicles	33,347	1,913	(1,249)	34,011
Total	3,588,463	259,703	(30,471)	3,817,695
Less accumulated depreciation for				
Building and improvements	(199,144)	(13,084)	9,452	(202,776)
Plant and equipment	(989,731)	(78,487)	21,591	(1,046,627)
Vehicles	(21,288)	(2,833)	1,307	(22,814)
Total	(1,210,163)	(94,404) (2)	32,350	(1,272,217)
Net property, plant and equipment in service	2,378,300	165,299	1,879	2,545,478
Other capital assets				
Construction in progress	351,678	272,068	(252,033)	371,713
Water rights, net of amortization	88,148	--	(988) (3)	87,160
Total capital assets	\$ 3,036,372	444,807	(251,144)	3,230,035

(1) Increases and decreases do not include transfers (at net book value) between Austin Water Utility funds.

(2) Components of accumulated depreciation increases:

Current year depreciation	
Water	\$ 40,625
Wastewater	53,779
Total increases in accumulated depreciation	\$ 94,404

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

Current year amortization - Water	\$ 988
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 98,121	714	(3,249)	95,586
Arts and treasures	981	2	--	983
Total	99,102	716	(3,249)	96,569
Depreciable property, plant and equipment in service				
Building and improvements	679,434	19,602	(1,394)	697,642
Plant and equipment	22,942	3,350	(952)	25,340
Vehicles	5,475	2,474	(157)	7,792
Total	707,851	25,426	(2,503)	730,774
Less accumulated depreciation for				
Building and improvements	(195,393)	(18,162)	1,394	(212,161)
Plant and equipment	(12,155)	(1,615)	861	(12,909)
Vehicles	(3,340)	(621)	68	(3,893)
Total	(210,888)	(20,398) (1)	2,323	(228,963)
Net property, plant and equipment in service	496,963	5,028	(180)	501,811
Other capital assets				
Construction in progress	24,458	20,201	(27,590)	17,069
Total capital assets	\$ 620,523	25,945	(31,019)	615,449

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 20,398
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

	Beginning Balance	Increases	(1)Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 101,818	7,160	(3,031)	105,947
Arts and treasures	612	--	--	612
Total	<u>102,430</u>	<u>7,160</u>	<u>(3,031)</u>	<u>106,559</u>
Depreciable property, plant and equipment in service				
Building and improvements	323,511	4,332	(2,580)	325,263
Plant and equipment	136,317	17,604	(1,232)	152,689
Vehicles	78,617	13,135	(2,823)	88,929
Total	<u>538,445</u>	<u>35,071</u>	<u>(6,635)</u>	<u>566,881</u>
Less accumulated depreciation for				
Building and improvements	(106,622)	(9,528)	11	(116,139)
Plant and equipment	(42,510)	(7,122)	210	(49,422)
Vehicles	(44,786)	(7,961)	2,620	(50,127)
Total	<u>(193,918)</u>	<u>(24,611) (2)</u>	<u>2,841</u>	<u>(215,688)</u>
Net property, plant and equipment in service	<u>344,527</u>	<u>10,460</u>	<u>(3,794)</u>	<u>351,193</u>
Other capital assets				
Construction in progress	55,425	31,737	(39,297)	47,865
Total capital assets	<u>\$ 502,382</u>	<u>49,357</u>	<u>(46,122)</u>	<u>505,617</u>

(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	\$ 9,028
Environmental and health services	6,855
Public recreation	681
Urban growth management	8,047
Total increases in accumulated depreciation	<u>\$ 24,611</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2012, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 487,313	21,432	(6,545)	502,200
Arts and treasures	1,593	2	--	1,595
Total	488,906	21,434	(6,545)	503,795
Depreciable property, plant and equipment in service				
Building and improvements	1,576,931	78,350	(14,983)	1,640,298
Plant and equipment	3,140,389	224,328	(20,397)	3,344,320
Vehicles	146,682	19,941	(5,299)	161,324
Electric plant	4,102,736	174,366	(8,797)	4,268,305
Non-electric plant	157,188	16,732	(443)	173,477
Total	9,123,926	513,717	(49,919)	9,587,724
Less accumulated depreciation for				
Building and improvements	(501,159)	(40,774)	10,857	(531,076)
Plant and equipment	(1,044,396)	(87,224)	22,662	(1,108,958)
Vehicles	(87,472)	(14,180)	5,073	(96,579)
Electric plant	(1,945,006)	(133,604)	7,891	(2,070,719)
Non-electric plant	(32,767)	(8,540)	184	(41,123)
Total	(3,610,800)	(284,322)(2)	46,667	(3,848,455)
Net property, plant and equipment in service	5,513,126	229,395	(3,252)	5,739,269
Other capital assets				
Construction in progress	590,970	489,862	(532,427)	548,405
Nuclear fuel, net of amortization	41,499	--	(526)	40,973
Plant held for future use	26,205	--	(3,090)	23,115
Water rights, net of amortization	88,148	--	(988) (3)	87,160
Total capital assets	\$6,748,854	740,691	(546,828)	6,942,717

(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	\$ 144,909
Water	40,625
Wastewater	53,779
Airport	20,398
Convention Center	9,028
Environmental and health services	6,855
Public recreation	681
Urban growth management	8,047
Total increases in accumulated depreciation	284,322

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

Current year amortization - Water	\$ 988
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6 – 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 these funds are included in governmental activities.

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, 2012 (in thousands):

Description	October 1, 2011	Increases	Decreases	September 30, 2012	Amounts Due Within One Year
Governmental activities					
General obligation bonds, net	\$ 842,708	151,995	(116,892)	877,811	54,816
Certificates of obligation, net	62,426	43,450	(10,450)	95,426	4,219
Contractual obligations, net	32,994	16,284	(4,708)	44,570	4,270
General obligation bonds and other tax supported debt total	938,128	211,729	(132,050)	1,017,807	63,305
Capital lease obligations	433		(274)	159	159
Debt service requirements total	938,561	211,729	(132,324)	1,017,966	63,464
Other long-term obligations					
Accrued compensated absences	116,730	8,147	(528)	124,349	50,754
Claims payable	33,861	15,759	(15,401)	34,219	16,546
Pension obligation payable	62,447	6,207	--	68,654	--
Other post employment benefits	234,018	67,092	--	301,110	--
Deferred credits and other liabilities	79,263	4,867	(7,371)	76,759	68,869
Governmental activities total	1,464,880	313,801	(155,624)	1,623,057	199,633
Total business-type activities					
General obligation bonds, net	25,398	14,246	(4,983)	34,661	2,944
Certificates of obligation, net	40,903	8,843	(15,290)	34,456	2,521
Contractual obligations, net	54,854	10,688	(13,244)	52,298	12,958
Other tax supported debt, net	11,274	--	(669)	10,605	690
General obligation bonds and other tax supported debt total	132,429	33,777	(34,186)	132,020	19,113
Commercial paper notes, net	359,792	310,257	(365,023)	305,026	--
Revenue notes	28,000	--	(28,000)	--	--
Revenue bonds, net	3,694,277	675,558	(425,040)	3,944,795	205,277
Capital lease obligations	1,258	-	(40)	1,218	42
Debt service requirements total	4,215,756	1,019,592	(852,289)	4,383,059	224,432
Other long-term obligations					
Accrued compensated absences	23,857	801	(1,400)	23,258	22,829
Accrued landfill closure and postclosure costs	7,509	6,205	(1,681)	12,033	1,119
Decommissioning expense payable	166,556	5,052	--	171,608	--
Pension obligation payable	61,245	6,356	--	67,601	--
Other post employment benefits	149,174	42,767	--	191,941	--
Deferred credits and other liabilities	778,097	25,293	(11,077)	792,313	88,463
Business-type activities total	5,402,194	1,106,066	(866,447)	5,641,813	336,843
Total liabilities (1)	\$ 6,867,074	1,419,867	(1,022,071)	7,264,870	536,476

(1) This schedule excludes select short-term liabilities of \$73,391 for governmental activities; and for business-type activities select short-term liabilities of \$200,529, capital appreciation bond interest payable of \$101,929, and derivative instruments of \$178,987.

6 – DEBT AND NON-DEBT LIABILITIES, continued
a -- Long-Term Liabilities, continued

Description	October 1, 2011	Increases	Decreases	September 30, 2012	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	\$ 1,030	--	(88)	942	125
General obligation bonds and other tax supported debt total	<u>1,030</u>	<u>--</u>	<u>(88)</u>	<u>942</u>	<u>125</u>
Commercial paper notes, net	152,582	72,697	(23)	225,256	--
Revenue bonds, net	1,256,096	--	(70,410)	1,185,686	105,091
Capital lease obligations	1,258	--	(40)	1,218	42
Debt service requirements total	<u>1,410,966</u>	<u>72,697</u>	<u>(70,561)</u>	<u>1,413,102</u>	<u>105,258</u>
Other long-term obligations					
Accrued compensated absences	11,303	23	(867)	10,459	10,385
Decommissioning expense payable	166,556	5,052	--	171,608	--
Pension obligation payable	27,737	2,878	--	30,615	--
Other post employment benefits	62,236	17,843	--	80,079	--
Deferred credits and other liabilities	262,816	18,051	(4,929)	275,938	39,022
Electric activities total	<u>1,941,614</u>	<u>116,544</u>	<u>(76,357)</u>	<u>1,981,801</u>	<u>154,665</u>
Water and Wastewater activities					
General obligation bonds, net	5,974	1,404	(2,563)	4,815	1,190
Contractual obligations, net	10,750	1,983	(3,362)	9,371	3,114
Other tax supported debt, net	7,218	--	(428)	6,790	442
General obligation bonds and other tax supported debt total	<u>23,942</u>	<u>3,387</u>	<u>(6,353)</u>	<u>20,976</u>	<u>4,746</u>
Commercial paper notes, net	207,210	237,560	(365,000)	79,770	--
Revenue bonds, net	1,953,688	654,076	(312,683)	2,295,081	75,186
Debt service requirements total	<u>2,184,840</u>	<u>895,023</u>	<u>(684,036)</u>	<u>2,395,827</u>	<u>79,932</u>
Other long-term obligations					
Accrued compensated absences	5,490	265	(368)	5,387	5,387
Pension obligation payable	13,765	1,378	--	15,143	--
Other post employment benefits	37,386	10,718	--	48,104	--
Deferred credits and other liabilities	496,979	6,947	(5,240)	498,686	38,609
Water and Wastewater activities total	<u>2,738,460</u>	<u>914,331</u>	<u>(689,644)</u>	<u>2,963,147</u>	<u>123,928</u>
Airport activities					
General obligation bonds, net	232	53	(86)	199	38
General obligation bonds and other tax supported debt total	<u>232</u>	<u>53</u>	<u>(86)</u>	<u>199</u>	<u>38</u>
Revenue notes	28,000	--	(28,000)	--	--
Revenue bonds, net	282,603	--	(13,319)	269,284	14,795
Debt service requirements total	<u>310,835</u>	<u>53</u>	<u>(41,405)</u>	<u>269,483</u>	<u>14,833</u>
Other long-term obligations					
Accrued compensated absences	1,604	113	--	1,717	1,471
Pension obligation payable	4,154	426	--	4,580	--
Other post employment benefits	10,763	3,085	--	13,848	--
Deferred credits and other liabilities	1,089	--	(116)	973	917
Airport activities total	<u>328,445</u>	<u>3,677</u>	<u>(41,521)</u>	<u>290,601</u>	<u>17,221</u>
Nonmajor activities					
General obligation bonds, net	18,162	12,789	(2,246)	28,705	1,591
Certificates of obligation, net	40,903	8,843	(15,290)	34,456	2,521
Contractual obligations	44,104	8,705	(9,882)	42,927	9,844
Other tax supported debt, net	4,056	--	(241)	3,815	248
General obligation bonds and other tax supported debt total	<u>107,225</u>	<u>30,337</u>	<u>(27,659)</u>	<u>109,903</u>	<u>14,204</u>
Revenue bonds, net	201,890	21,482	(28,628)	194,744	10,205
Debt service requirements total	<u>309,115</u>	<u>51,819</u>	<u>(56,287)</u>	<u>304,647</u>	<u>24,409</u>
Other long-term obligations					
Accrued compensated absences	5,460	400	(165)	5,695	5,586
Accrued landfill closure and postclosure costs	7,509	6,205	(1,681)	12,033	1,119
Pension obligation payable	15,589	1,674	--	17,263	--
Other post employment benefits	38,789	11,121	--	49,910	--
Deferred credits and other liabilities	17,213	295	(792)	16,716	9,915
Nonmajor activities total	<u>\$ 393,675</u>	<u>71,514</u>	<u>(58,925)</u>	<u>406,264</u>	<u>41,029</u>

6 – 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, 2012, including those reported in certain proprietary funds (in thousands):

Series	Fiscal Year	Original Amount Issue	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
NW Austin MUD	2005	\$ 2,630	1,655	308 (1)(3)	3.65 - 4.30%	9/01/2013-2020
NW Austin MUD	2006	7,995	7,170	3,622 (1)(3)	3.90 - 4.25%	9/01/2013-2026
NW Austin MUD	2010	2,760	1,780	189 (1)(3)	4.00 - 4.25%	3/01/2013-2018
Series 2002 Refunding	2002	12,190	1,320	27 (1)	4.13%	3/1/2013
Series 2002	2002	99,615	5,200	202 (1)	3.88%	9/1/2013
Series 2002	2002	34,095	1,675	67 (1)	4.00%	9/1/2013
Series 2003 Refunding	2003	62,585	2,580	129 (1)	5.00%	9/1/2013
Series 2003 Refunding	2003	68,855	6,825	420 (1)	4.00%	9/1/2013-2014
Series 2003A Refunding	2003	2,530	350	18 (1)	5.00%	9/1/2013
Series 2003	2003	4,450	430	26 (1)	4.00 - 4.10%	9/1/2013-2014
Series 2004 Refunding	2004	67,835	46,020	13,714 (1)	4.00 - 4.55%	9/1/2013-2024
Series 2004A Refunding	2004	2,430	785	61 (1)	4.75%	9/1/2013-2014
Series 2004	2004	25,000	6,710	1,659 (1)	4.63 - 5.00%	9/1/2013-2024
Series 2005 Refunding	2005	145,345	119,015	24,498 (1)	5.00%	9/1/2013-2020
Series 2005 Refunding	2005	19,535	14,040	5,676 (1)	4.00 - 4.50%	9/1/2013-2025
Series 2005	2005	7,185	5,445	1,737 (1)	3.50 - 4.30%	9/1/2013-2025
Series 2005	2005	14,940	1,155	22 (2)	3.75%	11/1/2012
Series 2006	2006	31,585	31,185	13,909 (1)	4.00 - 5.38%	9/1/2013-2026
Series 2006	2006	24,150	19,185	6,863 (1)	4.00 - 5.00%	9/1/2013-2026
Series 2006	2006	14,120	3,410	144 (2)	4.00 - 4.25%	11/1/2012-2013
Series 2006	2006	12,000	10,080	3,719 (1)(4)	4.13 - 6.00%	9/1/2013-2026
Series 2007	2008	97,525	93,225	50,136 (1)	4.64%	9/1/2012-2027
Series 2007	2008	3,820	3,185	1,386 (1)	4.88%	9/1/2013-2027
Series 2007	2008	9,755	4,690	402 (2)	3.66%	11/1/2012-2017
Series 2008 Refunding	2008	172,505	107,675	24,175 (1)	5.00%	9/1/2013-2021
Series 2008	2009	76,045	61,155	34,336 (1)	3.50 - 5.00%	9/1/2013-2028
Series 2008	2009	10,700	9,370	4,061 (1)	3.25 - 5.00%	9/1/2013-2028
Series 2008	2009	26,715	14,440	1,017 (2)	3.25 - 3.50%	11/1/2012-2015
Series 2009A	2009	20,905	8,470	1,068 (1)	3.00 - 5.00%	9/1/2013-2016
Series 2009B	2009	78,460	78,460	44,849 (1)	4.15 - 5.31%	9/1/2017-2029
Series 2009	2009	12,500	10,695	5,910 (1)	3.00 - 4.75%	9/1/2013-2039
Series 2009	2009	13,800	9,970	952 (2)	2.00 - 3.25%	11/1/2012-2019
Series 2009	2010	15,000	13,783	5,557 (1)(4)	3.50 - 4.25%	9/1/2013-2029
Series 2010A	2011	79,528	69,240	32,269 (1)	2.00 - 4.00%	9/1/2013-2030
Series 2010B	2011	26,400	25,760	14,065 (1)	3.50 - 4.65%	9/1/2013-2030
Series 2010	2011	22,300	20,915	7,001 (1)	2.00 - 3.50%	9/1/2013-2030
Series 2010	2011	16,450	13,365	576 (2)	1.00 - 1.75%	11/1/2012-2017
Series 2010 Refunding	2011	91,560	90,930	32,353 (1)	4.00 - 5.00%	9/1/2013-2023
Series 2011A	2012	78,090	69,690	39,243 (1)	2.00-4.00%	9/1/2013-2031
Series 2011B	2012	8,450	8,450	4,418 (1)	2.50-4.50%	9/1/2014-2031
Series 2011	2012	51,150	50,665	33,690 (1)	3.00-5.00%	9/1/2013-2041
Series 2011	2012	26,725	25,190	1,564 (2)	.05-2.00%	11/1/12-2018
Series 2011A Refunding	2012	68,285	53,050	12,034 (1)	4.00-5.25%	9/1/2013-2023
Series 2011B Refunding	2012	3,000	2,380	77 (1)	.81-1.86%	9/1/2013-2016
			<u>\$ 1,130,768</u>			

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

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

(3) Includes Austin Water Utility principal of \$6,790 and interest of \$2,636 and Drainage Fund principal of \$3,815 and interest of \$1,483.

(4) Included with contractual obligations are Mueller Local Government Corporation contract revenue bonds.

6 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Governmental Activities Long-Term Liabilities, continued

In October 2011, the City issued \$78,090,000 of Public Improvement Bonds, Series 2011A. The proceeds from the issue will be used as follows: streets and signals (\$29,605,000), watershed protection improvements (\$21,490,000), parks and recreation (\$2,745,000), cultural arts (\$10,500,000), central library (\$4,000,000), and facility improvements (\$9,750,000). These bonds will be amortized serially on September 1 of each year from 2012 to 2031. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2012. Total interest requirements for these bonds, at rates ranging from 2.0% to 4.0%, are \$42,099,100.

In October 2011, the City issued \$8,450,000 of Public Improvements Bonds, Taxable Series 2011B. The proceeds from the issue will be used for affordable housing. These bonds will be amortized serially on September 1 of each year from 2014 to 2031. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2012. Total interest requirements for these bonds, at rates ranging from 2.5% to 4.5%, are \$4,747,410.

In October 2011, the City issued \$51,150,000 of Certificates of Obligation, Series 2011. The proceeds from this issue will be used as follows: Solid Waste Environmental Remediation (\$8,650,000), Transportation Projects (\$7,500,000), and Waller Creek Project (\$35,000,000). These certificates of obligation will be amortized serially on September 1 of each year from 2012 to 2041. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2012. Total interest requirements for these obligations, at rates ranging from 3.0% to 5.0%, are \$35,660,738.

In October 2011, the City issued \$26,725,000 of Public Property Finance Contractual Obligations, Series 2011. The proceeds from this issue will be used as follows: water utility capital equipment (\$315,000), wastewater utility capital equipment (\$1,650,000), public safety radio replacements (\$7,500,000), police vehicles and equipment (\$8,635,000), public works capital equipment (\$3,003,000), and solid waste services capital equipment (\$5,622,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2012 to 2018. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2012. Total interest requirements for these obligations, at rates ranging from 0.05% to 2.0%, are \$1,793,440.

Public Improvement Refunding Bond Issue - In November 2011, the City issued \$68,285,000 of Public Improvement Refunding Bonds, Series 2011A. The net proceeds of \$75,164,595 (after issue costs, discounts, and premiums) from the refunding were used to refund \$4,375,000 of Public Improvement Bonds, Series 2001; \$14,420,000 of Public Improvement Refunding Bonds, Series 2001; \$5,045,000 of Certificates of Obligation, Series 2001; \$5,500,000 of Public Improvement Bonds, Series 2002; \$1,775,000 of Certificates of Obligation, Series 2002; \$5,950,000 Public Improvement Refunding Bonds, Series 2002; \$12,485,000 of Public Improvement and Refunding Bonds, Series 2003; \$2,515,000 of Certificates of Obligation, Series 2003; \$9,590,000 of Certificates of Obligation, Series 2004; \$4,980,000 of Public Improvement and Refunding Bonds, Series 2004; \$2,780,000 of HUD 108 Loan, Series 2002A; \$785,000 of HUD 108 Loan, Series 2003A; \$655,000 of HUD 108 Loan, Series 2006A. The refunding resulted in future interest requirements to service the debt of \$14,428,816 with interest rates ranging from 2.0% to 5.0%. An economic gain of \$4,953,123 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$5,572,626. An accounting loss of \$3,504,769, which will be deferred and amortized, was recorded on this refunding.

In November 2011, the City issued \$3,000,000 of Public Improvement Refunding Bonds, Taxable Series 2011B. The net proceeds of \$2,975,379 (after issue costs, discounts, and premiums) from the refunding were used to refund \$2,865,000 of HUD 108 Loan, Series 2010A. The refunding resulted in future interest requirements to service the debt of \$107,077 with interest rates ranging from 0.44% to 1.86%. An economic loss of \$72,356 was recorded on this transaction. The change in net cash flows that resulted from the refunding was an increase of \$82,456. An accounting loss of \$110,379, which will be deferred and amortized, was recorded on this refunding.

General obligation bonds authorized and unissued amounted to \$266,712,000 at September 30, 2012. Bond ratings at September 30, 2012, were Aaa (Moody's Investor Services, Inc.), AAA (Standard & Poor's), and AAA (Fitch).

c -- Business-Type Activities Long-Term Liabilities

Utility Debt -- The City has previously issued combined debt for the Austin Energy and Austin Water Utility. The City began issuing separate debt for electric and water and wastewater activities in 2000. The following paragraphs describe both combined and separate debt.

6 – DEBT AND NON-DEBT LIABILITIES, continued

c -- Business-Type Activities Long-Term Liabilities, continued

Combined Utility Systems Debt -- General - Austin Energy and Austin Water Utility 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 Austin Energy and Austin Water Utility.

The total combined utility systems revenue bond obligations at September 30, 2012, exclusive of discounts, premiums, and loss on refundings consists of \$70,679,944 prior lien bonds and \$168,274,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$239,124,243 at September 30, 2012. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2012, for the prior lien and subordinate lien bonds were, respectively, Aa1 and Aa2 (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 Austin Energy and Austin Water Utility Fund. The prior lien bonds are subordinate only to the prior lien revenue bonds outstanding at the time of issuance, while the subordinate lien bonds are subordinate to prior lien revenue bonds and to subordinate lien revenue bonds outstanding at the time of issuance.

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2012 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1990B Refunding	1990	\$ 236,009	3,668	20,502 (1)(3)	7.35%	11/15/2014-2017
1992 Refunding	1992	265,806	6,763	20,252 (1)(3)	6.85%	11/15/2012
1993 Refunding	1993	203,166	13,765	767 (1)(3)	6.30%	11/15/2012-2013
1994 Refunding	1995	142,559	26,894	96,961 (1)(3)	6.60%	05/15/2017-2019
1998 Refunding	1998	180,000	19,590	661 (1)(2)	6.75%	11/15/2012
1998 Refunding	1999	139,965	133,250	60,962 (1)	5.25%	5/15/2013-2025
1998A Refunding	1999	105,350	34,400	39,008 (1)(3)	4.25%-5.00%	5/15/2013-2028
1998B	1999	10,000	624	11 (1)	3.50%	11/15/2012
			<u>\$ 238,954</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 one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2012, were P-2 (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 Austin Energy and Austin Water Utility.

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

At September 30, 2012, Austin Energy had outstanding commercial paper notes of \$181,555,000 and Austin Water Utility had \$79,770,000 of commercial paper notes outstanding. Interest rates on the notes range from 0.17% to 0.22%, 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 associated letter of credit agreements have the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Credit Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
various	JPMorgan Chase Bank, NA	0.85%	0.90%	Goldman Sachs	0.075%	\$ 106,963	10/1/2014
various	Bank of America	0.85%	0.90%	Goldman Sachs	0.075%	67,114	10/1/2014
various	State Street	0.85%	0.90%	Goldman Sachs	0.075%	87,248	10/1/2014
						<u>\$ 261,325</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, 2012, 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 Austin Energy and Austin Water Utility.

At September 30, 2012, the Austin Energy Fund had outstanding taxable notes of \$43,723,000 (net of discount of \$22,280), and the Austin Water Utility had no taxable notes outstanding. Interest rates on the taxable notes range from 0.24% to 0.29%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
various	JPMorgan Chase Bank, NA	0.85%	Goldman Sachs	0.075%	<u>\$ 43,723</u>	10/1/2014

These taxable 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 JPMorgan Chase Bank, NA 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 taxable notes are secured by a direct-pay Letter of Credit issued by JPMorgan Chase Bank, NA 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 this agreement.

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 Austin Energy. Bond ratings at September 30, 2012, were A1 (Moody's Investor Services, Inc.), A+ (Standard & Poor's), and AA- (Fitch).

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

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, 2012 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2002 Refunding	2002	\$ 74,750	42,830	2,873 (1)	5.50%	11/15/2012-2014
2002A Refunding	2002	172,880	90,760	11,390 (1)	5.50%	11/15/2012-2016
2003 Refunding	2003	182,100	133,600	65,223 (1)	5.00 - 5.25%	11/15/2012-2028
2006 Refunding	2006	150,000	137,600	96,580 (1)	5.00%	11/15/2012-2035
2006A Refunding	2007	137,800	94,800	24,685 (1)	5.00%	11/15/2012-2022
2007 Refunding	2007	146,635	122,320	19,492 (1)	5.00%	11/15/2012-2020
2008 Refunding	2008	50,000	46,635	36,349 (1)	4.00 - 6.26%	11/15/2012-2032
2008A Refunding	2008	175,000	174,600	159,313 (1)	4.00 - 6.00%	11/15/2012-2038
2010A Refunding	2010	119,255	119,255	77,913 (1)	2.00 - 5.00%	11/15/2012-2040
2010B Refunding	2010	100,990	100,990	109,641 (1)	4.54 - 5.72%	11/15/2019-2040
			<u>\$ 1,063,390</u>			

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

Electric Utility System Revenue Debt – Pledged Revenues - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2012 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,190,798	875,675	315,123	168,731	186.8%

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

(2) Excludes depreciation.

(3) Excludes other post employment benefits and pension obligation accruals.

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue Austin Water Utility 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 Austin Water Utility.

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues – In December 2011, the City issued \$237,530,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2011. The net proceeds from the bond refunding were used to refund \$175,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system; \$52,345,000 of subordinate lien revenue refunding bonds, series 1998A; \$3,545,000 of subordinate lien revenue bonds, series 1998B; \$8,830,000 of water & wastewater system revenue refunding bonds, series 2001A; and \$7,885,000 of water & wastewater system revenue refunding bonds, series 2001B. The debt service requirements on the refunding bonds are \$449,868,159, with interest rates ranging from 2.0% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2012 to 2041. Principal payments are due November 15 of each year from 2014 to 2041. An economic gain of \$4,040,325 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$5,988,362. An accounting loss of \$2,614,243, which will be deferred and amortized, was recorded on this refunding.

In July 2012, the City issued \$336,820,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2012. The net proceeds from the bond refunding were used to refund \$190,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system, \$68,000,000 of separate lien revenue refunding bonds, series 2003, and \$107,640,000 of separate lien revenue bonds, series 2004. The debt service requirements on the refunding bonds are \$579,523,562, with interest rates ranging from 1.0% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2012 to 2042. Principal payments are due November 15 of each year from 2013 to 2042. An economic gain of \$4,495,215 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$4,117,014. An accounting loss of \$22,645,338, which will be deferred and amortized, was recorded on this refunding.

6 – DEBT AND NON-DEBT LIABILITIES, continued

c -- Business-Type Activities Long-Term Liabilities, continued

In 2012, the City converted an additional \$6,775,000 of initial bonds to definitive Water and Wastewater System Revenue Bonds, Series 2010. With these issuances, the outstanding commitment with the Texas Water Development Board (TWDB) is now \$30,365,000. See Note 13.

Water and Wastewater System Revenue Debt – Special Assessment Revenue Bond Issues – In November 2011, the City issued \$18,485,168 of Special Assessment Revenue Bonds, Subordinate Series 2011 related to the Whisper Valley Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-055 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater and roadway public improvements for the benefit of Whisper Valley Public Improvement District; payment of a portion of the costs incidental to the organization of the District; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from pledged revenues and any other funds, including certain Austin Water Utility funds, held under the indenture, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. These bonds will be amortized serially on December 1 of 2015 and 2016. Interest is payable on December 1 of 2015 and 2016. Total interest requirements for these bonds, at rates ranging from 2.5% to 2.8%, are \$2,534,832.

In November 2011, the City issued \$2,332,350 of Special Assessment Revenue Bonds, Subordinate Series 2011 related to the Indian Hills Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-053 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater and roadway public improvements for the benefit of Indian Hills Public Improvement District; payment of a portion of the costs incidental to the organization of the District; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from pledged revenues and any other funds, including certain Austin Water Utility funds, held under the indenture, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. These bonds will be amortized serially on December 1 of each year of 2015 and 2016. Interest is payable on December 1 of 2015 and 2016. Total interest requirements for these bonds, at rates ranging from 2.5% to 2.8%, are \$297,650.

Bond ratings at September 30, 2012, were Aa2 (Moody's Investor Services, Inc.), AA (Standard & Poor's), and AA- (Fitch).

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

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2012 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2001A Refunding	2001	\$ 152,180	211	5 (1)	4.70%	11/15/2012
2001C Refunding	2002	95,380	12,680	887 (1)	4.40 - 5.38%	11/15/2012-2015 (3)
2002A Refunding	2002	139,695	71,410	10,530 (1)	5.50%	11/15/2012-2016
2003 Refunding	2003	121,500	4,000	80 (1)	4.00%	11/15/2012
2004A Refunding	2005	165,145	143,120	73,682 (1)	5.00%	11/15/2012-2029
2005 Refunding	2005	198,485	192,060	77,048 (1)	4.00 - 5.00%	5/15/2013-2030
2005A Refunding	2006	142,335	121,165	80,718 (1)	4.30 - 5.00%	5/15/2013-2035
2006 Refunding	2006	63,100	49,240	17,870 (1)	5.00%	11/15/2012-2025
2006A Refunding	2007	135,000	125,840	82,748 (1)	3.50 - 5.00%	11/15/2012-2036
2007 Refunding	2008	135,000	128,010	99,253 (1)	4.00 - 5.25%	11/15/2012-2037
2008 Refunding	2008	170,605	154,360	57,048 (2)	0.04 - 0.30%	11/15/2012-2031 (3)
2009 Refunding	2009	175,000	169,025	85,791 (1)	3.00 - 5.13%	11/15/2012-2029
2009A Refunding	2010	166,575	163,245	131,071 (1)	4.00 - 5.00%	11/15/2012-2039
2010	2010	30,365	30,365	-- (4)	0.00%	11/15/2012-2040
2010A Refunding	2011	76,855	76,855	70,423 (1)	4.00 - 5.13%	11/15/2013-2040
2010B Refunding	2011	100,970	100,970	104,081 (1)	2.49 - 6.02%	11/15/2015-2040
2011 Refunding	2012	237,530	237,530	206,295 (1)	2.00 - 5.00%	11/15/2014-2041
2011 Revenue	2012	18,485	18,485	2,535 (5)	2.50 - 2.80%	12/01/2015-2016
2011 Revenue	2012	2,332	2,332	298 (5)	2.50 - 2.80%	12/01/2015-2016
2012 Refunding	2012	336,820	336,820	242,703 (1)	1.00 - 5.00%	11/15/2013-2042
			<u>\$ 2,137,723</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.

(4) Zero interest bond placed with TWDB.

(5) Special Assessment Revenue Bonds.

Series 2008 refunding bonds are variable rate demand bonds. The associated letter of credit agreement has the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008	Sumitoma Mitsui Banking Corp./The Bank of Tokyo-Mitsubishi UFJ, Ltd	0.85%	Goldman Sachs	0.050%	<u>\$ 154,360</u>	5/8/2015

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.

Water and Wastewater System Revenue Debt -- Pledged Revenues - The net revenue of Austin Water Utility was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2012 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 443,028	178,891	264,137	178,167	148.3%

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

(2) Excludes depreciation.

(3) Excludes other post employment benefits and pension obligation accruals.

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

Airport -- Revenue Bonds - The City's Airport Fund issues airport system revenue bonds to fund Airport Fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport Fund. At September 30, 2012, the total airport system obligation for prior lien bonds is \$280,850,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$85,612,862 at September 30, 2012. Revenue bonds authorized and unissued amount to \$735,795,000.

The bond rating at September 30, 2012, 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, 2012 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2003 Refunding	2004	\$ 54,250	44,550	9,700 (1)	4.00 - 5.25%	11/15/2012-2018
2008 Remarketing	2008	281,300	236,300	75,913 (2)	0.08% - 0.82%	11/15/2012-2025
			<u>\$ 280,850</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 \$236,300,000. The associated letter of credit agreements have the following terms (in thousands):

Variable Rate Demand Bonds						
Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2005-1	JPMorgan Chase Bank, NA	1.35%	Morgan Stanley	0.10%	\$ 59,075	6/21/2014
2005-2	JPMorgan Chase Bank, NA	1.35%	Morgan Stanley	0.10%	59,025	6/21/2014
2005-3	State Street Bank and Trust	1.00%	Morgan Stanley	0.10%	59,100	6/21/2014
2005-4	Royal Bank of Canada	1.35%	Morgan Stanley	0.10%	59,100	6/21/2014
					<u>\$ 236,300</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 provider 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.

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, 2012 (in thousands):

Gross Revenue (1)	Other available funds (2)(6)	Operating Expense (3)(4)	Net Revenue and Other Available Funds	Debt Service Requirement (5)	Revenue Bond Coverage
\$ 96,344	35,483	65,689	66,138	42,375	156.1%

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

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

(3) Excludes depreciation.

(4) Excludes other post employment benefits and pension obligation accruals.

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

(6) Includes transfer from capital fund to debt service fund to pay off variable rate note.

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

Nonmajor fund:

Convention Center—Prior and Subordinate Lien Revenue Refunding Bonds

In March 2012, the City issued \$20,185,000 of Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012. The net proceeds of \$22,422,882 (after issue costs, discounts, and premiums) from the refunding were used to refund \$20,175,000 of the City's outstanding Waller Creek Venue Project, Series 1999A. The debt service requirements on the refunding bonds are \$30,314,439 with interest rates ranging from 2.0% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2012 to 2029. Principal payments are due November 15 of each year from 2012 to 2029. An economic gain of \$1,337,876 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$ 1,421,296. An accounting loss of \$992,605, which will be deferred and amortized, was recorded on this refunding.

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, 2012, the total convention center obligation for prior and subordinate lien bonds is \$206,030,000, exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$71,256,058 at September 30, 2012. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2012.

Bond ratings at September 30, 2012, for the revenue bonds were A1 (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, 2012 (in thousands):

Series	Fiscal Year	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2004 Refunding	2004	\$ 52,715	36,745	7,830 (1)	5.00%	11/15/2012-2019
2005 Refunding	2005	36,720	36,140	18,287 (1)	3.50 - 5.00%	11/15/2012-2029
2008AB Refunding	2008	125,280	112,960	35,009 (2)	0.05% - .35%	11/15/2012-2029
2012 Refunding	2012	20,185	20,185	10,129 (1)	2.00 - 5.00%	11/15/2012-2029
			<u>\$ 206,030</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 associated letter of credit agreements have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2008-A	JPMorgan Chase Bank, NA	1.10%	Morgan Keegan	0.060%	\$ 56,480	7/25/2014
2008-B	Bank of America, NA	1.10%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.050%	56,480	7/25/2014
					<u>\$ 112,960</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 provider 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.

6 – 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
2013	\$ 54,816	38,834	4,219	3,711	4,270	1,377
2014	52,444	36,432	3,710	3,559	4,350	1,304
2015	52,496	34,032	3,473	3,436	4,958	1,192
2016	48,675	31,645	3,652	3,300	4,613	1,053
2017	55,311	29,355	3,807	3,158	4,235	938
2018-2022	274,518	107,276	21,817	13,582	11,490	3,250
2023-2027	221,140	52,484	24,602	8,950	8,170	1,459
2028-2032	102,765	8,537	12,348	4,767	2,145	138
2033-2037	--	--	8,370	2,850	--	--
2038-2042	--	--	8,329	907	--	--
	<u>862,165</u>	<u>338,595</u>	<u>94,327</u>	<u>48,220</u>	<u>44,231</u>	<u>10,711</u>
Less: Unamortized bond discounts	(637)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(19,373)	--	--	--	--	--
Add: Unamortized bond premiums	35,656	--	1,099	--	339	--
Net debt service requirements	<u>877,811</u>	<u>338,595</u>	<u>95,426</u>	<u>48,220</u>	<u>44,570</u>	<u>10,711</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2013	159	3	63,464	43,925	107,389
2014	--	--	60,504	41,295	101,799
2015	--	--	60,927	38,660	99,587
2016	--	--	56,940	35,998	92,938
2017	--	--	63,353	33,451	96,804
2018-2022	--	--	307,825	124,108	431,933
2023-2027	--	--	253,912	62,893	316,805
2028-2032	--	--	117,258	13,442	130,700
2033-2037	--	--	8,370	2,850	11,220
2038-2042	--	--	8,329	907	9,236
	<u>159</u>	<u>3</u>	<u>1,000,882</u>	<u>397,529</u>	<u>1,398,411</u>
Less: Unamortized bond discounts	--	--	(637)	--	(637)
Unamortized gain(loss) on bond refundings	--	--	(19,373)	--	(19,373)
Add: Unamortized bond premiums	--	--	37,094	--	37,094
Net debt service requirements	<u>\$ 159</u>	<u>3</u>	<u>1,017,966</u>	<u>397,529</u>	<u>1,415,495</u>

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

Austin Energy Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Commercial Paper Notes (1)		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 125	45	225,279	21	105,091	69,013
2014	131	39	--	--	123,006	53,913
2015	139	33	--	--	79,754	50,964
2016	112	26	--	--	52,996	47,779
2017	121	20	--	--	50,808	44,967
2018-2022	281	25	--	--	211,409	180,673
2023-2027	--	--	--	--	216,698	120,761
2028-2032	--	--	--	--	176,460	67,871
2033-2037	--	--	--	--	121,400	29,868
2038-2042	--	--	--	--	55,390	4,796
	<u>909</u>	<u>188</u>	<u>225,279</u>	<u>21</u>	<u>1,193,012</u>	<u>670,605</u>
Less: Unamortized bond discount	(2)	--	(23)	--	(1,464)	--
Unamortized gain(loss) on bond refundings	--	--	--	--	(34,625)	--
Add: Unamortized bond premium	35	--	--	--	28,763	--
Net debt service requirements	<u>942</u>	<u>188</u>	<u>225,256</u>	<u>21</u>	<u>1,185,686</u>	<u>670,605</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2013	42	74	330,537	69,153	399,690
2014	44	72	123,181	54,024	177,205
2015	47	69	79,940	51,066	131,006
2016	49	67	53,157	47,872	101,029
2017	52	64	50,981	45,051	96,032
2018-2022	300	280	211,990	180,978	392,968
2023-2027	385	195	217,083	120,956	338,039
2028-2032	299	68	176,759	67,939	244,698
2033-2037	--	--	121,400	29,868	151,268
2038-2042	--	--	55,390	4,796	60,186
	<u>1,218</u>	<u>889</u>	<u>1,420,418</u>	<u>671,703</u>	<u>2,092,121</u>
Less: Unamortized bond discounts	--	--	(1,489)	--	(1,489)
Unamortized gain(loss) on bond refundings	--	--	(34,625)	--	(34,625)
Add: Unamortized bond premiums	--	--	28,798	--	28,798
Net debt service requirements	<u>\$ 1,218</u>	<u>889</u>	<u>1,413,102</u>	<u>671,703</u>	<u>2,084,805</u>

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

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

Austin Water Utility Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,190	269	3,114	224	442	273
2014	975	214	2,410	130	461	256
2015	1,009	174	1,326	73	476	238
2016	1,022	133	1,020	46	509	218
2017	852	82	805	23	345	300
2018-2022	814	58	603	11	2,204	1,099
2023-2027	--	--	--	--	2,353	252
	<u>5,862</u>	<u>930</u>	<u>9,278</u>	<u>507</u>	<u>6,790</u>	<u>2,636</u>
Less: Unamortized bond discounts	(2)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,606)	--	--	--	--	--
Add: Unamortized bond premiums	561	--	93	--	--	--
Net debt service requirements	<u>4,815</u>	<u>930</u>	<u>9,371</u>	<u>507</u>	<u>6,790</u>	<u>2,636</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds (2) (3)		Total Austin Water Utility Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013	79,770	2	75,186	112,679	159,702	113,447	273,149
2014	--	--	103,584	100,274	107,430	100,874	208,304
2015	--	--	97,402	104,783	100,213	105,268	205,481
2016	--	--	98,984	95,527	101,535	95,924	197,459
2017	--	--	115,581	120,111	117,583	120,516	238,099
2018-2022	--	--	418,403	453,971	422,024	455,139	877,163
2023-2027	--	--	487,643	264,433	489,996	264,685	754,681
2028-2032	--	--	390,889	154,090	390,889	154,090	544,979
2033-2037	--	--	254,370	84,968	254,370	84,968	339,338
2038-2042	--	--	193,611	23,923	193,611	23,923	217,534
2043-2047	--	--	11,400	285	11,400	285	11,685
	<u>79,770</u>	<u>2</u>	<u>2,247,053</u>	<u>1,515,044</u>	<u>2,348,753</u>	<u>1,519,119</u>	<u>3,867,872</u>
Less: Unamortized bond discounts	--	--	(4,052)	--	(4,054)	--	(4,054)
Unamortized gain(loss) on bond refundings	--	--	(59,142)	--	(60,748)	--	(60,748)
Add: Unamortized bond premiums	--	--	111,222	--	111,876	--	111,876
Net debt service requirements	<u>\$ 79,770</u>	<u>2</u>	<u>2,295,081</u>	<u>1,515,044</u>	<u>2,395,827</u>	<u>1,519,119</u>	<u>3,914,946</u>

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

(2) Portions of these bonds are variable rate bonds with rates of 0.04% to 0.30%.

(3) Portions of these bonds are Special Assessment Revenue Bonds.

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

Airport Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation		Revenue Bonds (1)	
	Bonds			
	Principal	Interest	Principal	Interest
2013	\$ 38	9	14,795	11,466
2014	26	8	15,610	10,699
2015	28	6	16,345	10,042
2016	22	5	17,105	9,357
2017	23	4	18,865	8,699
2018-2022	54	5	105,105	28,724
2023-2027	--	--	93,025	6,626
2028-2032	--	--	--	--
	191	37	280,850	85,613
Less: Unamortized bond discounts	--	--	(647)	--
Unamortized gain(loss) on bond refundings	(2)	--	(12,248)	--
Add: Unamortized bond premiums	10	--	1,329	--
Net debt service requirements	199	37	269,284	85,613

Fiscal Year Ended September 30	Total Airport		
	Debt Service Requirements		
	Principal	Interest	Total
2013	14,833	11,475	26,308
2014	15,636	10,707	26,343
2015	16,373	10,048	26,421
2016	17,127	9,362	26,489
2017	18,888	8,703	27,591
2018-2022	105,159	28,729	133,888
2023-2027	93,025	6,626	99,651
	281,041	85,650	366,691
Less: Unamortized bond discounts	(647)	--	(647)
Unamortized gain(loss) on bond refundings	(12,250)	--	(12,250)
Add: Unamortized bond premiums	1,339	--	1,339
Net debt service requirements	\$ 269,483	85,650	355,133

(1) Portions of these bonds are variable rate bonds with rates ranging from 0.08% to .82%.

6 – 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
2013	\$ 1,591	1,261	2,521	1,287	9,844	940
2014	2,359	1,183	2,205	1,187	8,775	704
2015	1,994	1,074	2,117	1,099	8,180	500
2016	2,004	983	2,228	1,015	6,667	299
2017	2,377	884	1,014	926	4,486	172
2018-2022	14,703	2,459	5,868	4,184	4,622	121
2023-2027	1,650	83	9,348	2,866	--	--
2028-2032	--	--	6,342	1,156	--	--
2033-2037	--	--	1,560	406	--	--
2038-2042	--	--	745	53	--	--
	<u>26,678</u>	<u>7,927</u>	<u>33,948</u>	<u>14,179</u>	<u>42,574</u>	<u>2,736</u>
Less: Unamortized bond discounts	(28)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(440)	--	--	--	--	--
Add: Unamortized bond premiums	2,495	--	508	--	353	--
Net debt service requirements	<u>28,705</u>	<u>7,927</u>	<u>34,456</u>	<u>14,179</u>	<u>42,927</u>	<u>2,736</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Revenue Bonds (1)		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2013	248	154	10,205	7,977	24,409	11,619	36,028
2014	259	144	10,750	7,455	24,348	10,673	35,021
2015	268	133	11,175	7,015	23,734	9,821	33,555
2016	286	123	12,085	6,542	23,270	8,962	32,232
2017	194	169	12,555	6,042	20,626	8,193	28,819
2018-2022	1,238	618	59,340	22,400	85,771	29,782	115,553
2023-2027	1,322	142	52,870	11,948	65,190	15,039	80,229
2028-2032	--	--	37,050	1,877	43,392	3,033	46,425
2033-2037	--	--	--	--	1,560	406	1,966
2038-2042	--	--	--	--	745	53	798
	<u>3,815</u>	<u>1,483</u>	<u>206,030</u>	<u>71,256</u>	<u>313,045</u>	<u>97,581</u>	<u>410,626</u>
Less: Unamortized bond discounts	--	--	(318)	--	(346)	--	(346)
Unamortized gain(loss) on bond refundings	--	--	(15,617)	--	(16,057)	--	(16,057)
Add: Unamortized bond premiums	--	--	4,649	--	8,005	--	8,005
Net debt service requirements	<u>\$ 3,815</u>	<u>1,483</u>	<u>194,744</u>	<u>71,256</u>	<u>304,647</u>	<u>97,581</u>	<u>402,228</u>

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.05 to .35%.

6 – 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
2013	\$ 2,944	1,584	2,521	1,287	12,958	1,164
2014	3,491	1,444	2,205	1,187	11,185	834
2015	3,170	1,287	2,117	1,099	9,506	573
2016	3,160	1,147	2,228	1,015	7,687	345
2017	3,373	990	1,014	926	5,291	195
2018-2022	15,852	2,547	5,868	4,184	5,225	132
2023-2027	1,650	83	9,348	2,866	--	--
2028-2032	--	--	6,342	1,156	--	--
2033-2037	--	--	1,560	406	--	--
2038-2042	--	--	745	53	--	--
	<u>33,640</u>	<u>9,082</u>	<u>33,948</u>	<u>14,179</u>	<u>51,852</u>	<u>3,243</u>
Less: Unamortized bond discounts	(32)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(2,048)	--	--	--	--	--
Add: Unamortized bond premiums	3,101	--	508	--	446	--
Net debt service requirements	<u>34,661</u>	<u>9,082</u>	<u>34,456</u>	<u>14,179</u>	<u>52,298</u>	<u>3,243</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Bonds (2)(3)	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	690	427	305,049	23	205,277	201,135
2014	720	400	--	--	252,950	172,341
2015	744	371	--	--	204,676	172,804
2016	795	341	--	--	181,170	159,205
2017	539	469	--	--	197,809	179,819
2018-2022	3,442	1,717	--	--	794,257	685,768
2023-2027	3,675	394	--	--	850,236	403,768
2028-2032	--	--	--	--	604,399	223,838
2033-2037	--	--	--	--	375,770	114,836
2038-2042	--	--	--	--	249,001	28,719
2043-2047	--	--	--	--	11,400	285
	<u>10,605</u>	<u>4,119</u>	<u>305,049</u>	<u>23</u>	<u>3,926,945</u>	<u>2,342,518</u>
Less: Unamortized bond discounts	--	--	(23)	--	(6,481)	--
Unamortized gain(loss) on bond refundings	--	--	--	--	(121,632)	--
Add: Unamortized bond premiums	--	--	--	--	145,963	--
Net debt service requirements	<u>\$ 10,605</u>	<u>4,119</u>	<u>305,026</u>	<u>23</u>	<u>3,944,795</u>	<u>2,342,518</u>

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

(2) A portion of these bonds are variable rate bonds with rates ranging from 0.04% to 0.82%.

(3) Portions of these bonds are Special Assessment Revenue Bonds.

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

Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	Capital Lease Obligations		Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2013	42	74	529,481	205,694	735,175
2014	44	72	270,595	176,278	446,873
2015	47	69	220,260	176,203	396,463
2016	49	67	195,089	162,120	357,209
2017	52	64	208,078	182,463	390,541
2018-2022	300	280	824,944	694,628	1,519,572
2023-2027	385	195	865,294	407,306	1,272,600
2028-2032	299	68	611,040	225,062	836,102
2033-2037	--	--	377,330	115,242	492,572
2038-2042	--	--	249,746	28,772	278,518
2043-2047	--	--	11,400	285	11,685
	1,218	889	4,363,257	2,374,053	6,737,310
Less: Unamortized bond discounts	--	--	(6,536)	--	(6,536)
Unamortized gain(loss) on bond refundings	--	--	(123,680)	--	(123,680)
Add: Unamortized bond premiums	--	--	150,018	--	150,018
Net debt service requirements	1,218	889	4,383,059	2,374,053	6,757,112

e -- Defeased Bonds

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, 2012, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

Refunded Bonds	Escrow Maturity	Balance (1)
General Obligation		
Public Improvement and Refunding Bonds, Series 2003	9/1/2013	\$ 44,270
Public Improvement and Refunding Bonds, Series 2004	9/1/2014	4,980
Certificates of Obligations, Series 2003	9/1/2013	2,515
Certificates of Obligations, Series 2004	9/1/2014	10,945
HUD 108 Loan, Series 2003A	8/1/2013	785
HUD 108 Loan, Series 2006A	8/1/2016	655
HUD 108 Loan, Series 2010A	8/1/2016	2,865
Austin Energy		
Series 2003	5/15/2013	18,800
Austin Water Utility		
Series 2003	5/15/2013	97,100
		<u>\$ 182,915</u>

(1) The balances shown have been escrowed to their respective call dates.

7 – RETIREMENT PLANS

a – Description

The City participates in funding three contributory, defined benefit retirement plans: the City of Austin Employees' Retirement and Pension Fund, the City of Austin Police Officers' Retirement and Pension Fund, and the 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, 2011. Membership in the plans at December 31, 2011, 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	5,464	605	590	6,659
Current employees	8,348	1,690	963	11,001
Total	13,812	2,295	1,553	17,660

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)	8.00%	13.00%	16.20%
City's contribution (percent of earnings)	16.0% (1)	20.63% (2)	20.05% (3)

(1) The City contributes two-thirds of the cost of prior service benefit payments. A rate of 16% was effective October 1, 2011. The City contribution includes an 8% employee match plus a subsidy contribution of 8%. This rate increased to 18% effective October 1, 2012 for fiscal year 2012-13 and each fiscal year thereafter. The City contribution includes an 8% employee match plus a subsidy contribution of 10%.

(2) A rate of 20.63% was effective October 1, 2011.

(3) A rate of 20.05% was effective October 1, 2011.

7 – 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, 2012, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 72,772	27,809	15,627	116,208
Employees	36,186	17,514	12,626	66,326
Total contributions	<u>\$ 108,958</u>	<u>45,323</u>	<u>28,253</u>	<u>182,534</u>

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

The City's annual pension cost of \$128,170,000 for the fiscal year ended September 30, 2012, was \$11,962,000 more than the City's actual contributions. Three-year trend information is as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City's Annual Pension Cost (APC)				
2010	\$ 78,559	21,926	10,058	110,543
2011	81,615	22,306	15,649	119,570
2012	85,335	27,246	15,589	128,170
Percentage of APC contributed				
2010	69%	104%	133%	N/A
2011	79%	117%	95%	N/A
2012	85%	102%	100%	N/A
Net Pension Obligation (Asset)				
2010	106,376	(364)	(3,144)	102,868
2011	123,692	(4,170)	(2,413)	117,109
2012	136,255	(4,733)	(2,451)	129,071

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):

	City Employees	Police Officers	Fire Fighters	Total
Annual required contribution	\$ 83,142	27,352	15,635	126,129
Interest on net pension obligation (asset)	9,586	(334)	(187)	9,065
Adjustment to annual required contribution	(7,393)	228	141	(7,024)
Annual pension cost	85,335	27,246	15,589	128,170
Employer contributions	(72,772)	(27,809)	(15,627)	(116,208)
Change in net pension obligation (asset)	12,563	(563)	(38)	11,962
Beginning net pension obligation (asset)	123,692	(4,170)	(2,413)	117,109
Net pension obligation (asset)	<u>\$ 136,255</u>	<u>(4,733)</u>	<u>(2,451)</u>	<u>129,071</u>

7 – RETIREMENT PLANS, continued

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

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, 2011. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

	City Employees	Police Officers	Fire Fighters
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Asset Valuation Basis	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation Rate	3.50%	3.75%	3.5%
Projected Annual Salary Increases	5% to 6%	6.8% average	8%
Post Retirement Benefit Increase	None	None	None
Assumed Rate of Return on Investments	7.75%	8%	7.75%
Amortization Method	Level percentage of projected payroll, open	Level percentage of projected payroll, open	Level percentage of projected payroll, open
Remaining Amortization Period	27.1 years	25.2 years	20.91 years

d -- Schedule of funding progress

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

Valuation Date, December 31	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL (1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees						
2011	\$ 1,790,900	2,723,800	932,900	65.7%	451,800	207.0%
Police Officers						
2011	553,702	815,259	261,557	67.9%	134,844	194.0%
Fire Fighters (2)						
2011	651,557	746,143	94,568	87.3%	76,700	123.3%

(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 about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

8 – OTHER POST-EMPLOYMENT BENEFITS

a -- Description

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.

8 – OTHER POST-EMPLOYMENT BENEFITS, continued
a – Description, continued

The City recognizes the cost of providing these benefits to active employees 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.

The estimated pay-as-you-go cost of providing medical and life benefits was \$24.2 million for 3,731 retirees in 2012 and \$22.7 million for 3,529 retirees in 2011.

b -- Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2012 is as follows (in thousands):

	OPEB
Annual required contribution	\$ 139,760
Interest on net OPEB obligation	16,132
Adjustment to annual required contribution	(21,810)
Annual OPEB cost	134,082
Contributions made	(24,223)
Change in net OPEB obligation	109,859
Beginning net OPEB obligation	383,192
Net OPEB obligation	<u>\$ 493,051</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
2010	\$ 116,704	18%	270,148
2011	135,756	17%	383,192
2012	134,082	18%	493,051

c -- Schedule of Funding Progress at September 30, 2012 (in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability	UAAL (1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
\$ --	1,499,465	1,499,465	0%	668,679	224.2%

(1) UAAL - Unfunded Actuarial Accrued Liability

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

d -- Actuarial methods and assumptions

Projections of benefits are based on the plan in place at the time of the valuation and include the type of benefits provided at the valuation date and the cost sharing pattern between the employer and plan members at that time. The actuarial calculations of the OPEB plan reflect a long-term perspective and utilize actuarial methods and assumptions that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

8 – OTHER POST-EMPLOYMENT BENEFITS, continued
e -- Funding Policy

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

	OPEB
Actuarial Valuation Date	October 1, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Investment Rate of Return	4.21%
Inflation Rate	N/A
Salary Increase	None
Payroll Increase	None
Health Care Cost Trend Rate	9.0% in 2011, decreasing 1.0% per year for five years to an ultimate trend of 5.0% in 2015

9 – 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, energy, and congestion 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, swaps and congestion rights for the purpose of reducing exposure to natural gas, energy and congestion 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.

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.

9 – DERIVATIVE INSTRUMENTS, continued
a -- Energy Risk Management Program, continued

Premiums paid for options are deferred until the contract is settled. As of September 30, 2012, \$4.6 million in premiums was deferred. As of September 30, 2012, the fair value of Austin Energy's futures, options, swaps and congestion rights, was an unrealized loss of \$71.1 million, of which \$79.7 million is reported as derivative instruments in liabilities and \$8.6 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 Revenue Rights Derivatives

Preassigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving 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. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. The instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments.

As of September 30, 2012, PCRRs had a fair value of \$2.24 million and CRRs had a fair value of \$3.27 million and are reported as derivative instruments. The market value for CRRs and PCRRs is calculated using the implied market value (the difference between future proxy sink price and source price) multiplied by the number of open positions. The difference in the prices represents what the expected cost of congestion will be for that given point in time.

On September 30, 2012, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Fair Value at September 30, 2012							
Type of Transaction	Reference Index	Maturity Dates	Notional Volumes	Fair Value	Change in Fair Value	Premiums Deferred	
Long OTC Call Option: Henry Hub		Oct 2012 - Dec 2015	9,180,523 (1)	\$ 1,151	(623)	8,083	
Long OTC Put Options Henry Hub		Oct 2012 - Sep 2013	5,470,000 (1)	361	361	--	
Long Options Henry Hub		Apr 2013 - Oct 2013	2,140,000 (1)	155	(322)	--	
Long Basis Swaps WAHA		Oct 2012 - Dec 2013	2,285,000 (1)	1,178	133	--	
Short Futures Henry Hub		Oct 2012 - July 2013	(382,500) (1)	292	292	--	
N/A Congestion Right ICE (2)		Oct 2012 - Dec 2013	14,615,211 (3)	5,508	2,395	--	
Derivative instruments (assets)				<u>8,645</u>	<u>2,236</u>	<u>8,083</u>	
Short OTC Call Option: Henry Hub		Apr 2016 - Oct 2016	(1,050,000) (1)	(631)	(631)	--	
Short OTC Put Options Henry Hub		Oct 2012 - Sep 2015	(11,015,000) (1)	(23,980)	(6,409)	(3,482)	
Long Futures Henry Hub		Oct 2012 - July 2013	765,000 (1)	(2,285)	(1,016)	--	
Short Options Henry Hub		Apr 2013 - Oct 2013	(2,140,000) (1)	(6,905)	(1,552)	--	
Long OTC Swaps Henry Hub		Oct 2012 - Dec 2016	49,277,500 (1)	(45,907)	(28,143)	--	
Derivative instruments (liabilities)				<u>(79,708)</u>	<u>(37,751)</u>	<u>(3,482)</u>	
Total				<u>\$ (71,063)</u>	<u>(35,515)</u>	<u>4,601</u>	

(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, 2012, the brokerages had credit ratings of AA- and A-.

9 – DERIVATIVE INSTRUMENTS, continued
a -- Energy Risk Management Program, continued

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, 2012, the two counterparties had credit ratings of A+ and A-. The contractual provisions under the ISDA (International Swaps and Derivatives Association) agreement applied to these contracts include collateral provisions. At September 30, 2012 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.

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, 2012, the NYMEX price was \$3.023 per MMBTU, the WAHA Hub price was \$2.79 per MMBTU, Katy was \$2.87 per MMBTU, and the HSC Hub price was \$2.97 per MMBTU.

Investment Derivative Instruments

On September 30, 2012, Austin Energy had the following closed out investment derivative instruments (in thousands):

Type of Transaction	Reference Index	Fair Value at September 30, 2012			Change in Fair Value
		Maturity Dates	Volumes in MMBTU	Fair Value	
Long OTC Call Option: Henry Hub		Oct 2012 - Oct 2013	5,660,000	\$ 493	(608)
Short OTC Call Option: Henry Hub		Oct 2012 - Oct 2013	(5,660,000)	(493)	608
Long OTC Swaps	Henry Hub	Dec 2015 - Dec 2015	155,000	72	72
Short OTC Swaps	Henry Hub	Dec 2015 - Dec 2015	(155,000)	(63)	(63)
Long Futures	Henry Hub	Aug 2013 - Oct 2013	230,000	(1,148)	(210)
Short Futures	Henry Hub	Aug 2013 - Oct 2013	(230,000)	1,079	210
				<u>\$ (60)</u>	<u>9</u>

At September 30, 2012, Austin Energy recorded an unrealized gain of \$8 thousand on outstanding emission investment instruments.

In fiscal year 2012 Austin Energy sold Preassigned Congestion Revenue Rights (PCRRs) and recorded a gain of \$1.54 million. However, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2012, \$948 thousand remained deferred.

Risks

As of September 30, 2012, Austin Energy was not exposed to credit, interest, or foreign currency risk on its investment derivative instruments.

9 – DERIVATIVE INSTRUMENTS, continued
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.

As of September 30, 2012, the City has 3 outstanding swap transactions with initial and outstanding notional amounts totaling \$602.1 million and \$503.6 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, 2012, 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
Business-Type Activities - Hedging derivatives:						
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	\$ 154,360	(26,424)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Pay 4.051%, receive 71% of LIBOR	8/17/2005	11/15/2025	236,300	(52,418)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of LIBOR	8/14/2008	11/15/2029	112,960	(20,368)
					<u>\$ 503,620</u>	<u>(99,210)</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, 2012 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification as of September 30, 2012		Change in fair value for the year ended September 30, 2012	
		Amount	Classification	Deferred Outflows	Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW2	\$ 154,360	(26,424)	Non-current liability	(4,088)	--
AIR1	236,300	(52,418)	Non-current liability	(1,402)	--
HOT1	112,960	(20,368)	Non-current liability	(1,189)	--
	<u>\$ 503,620</u>	<u>(99,210)</u>		<u>(6,679)</u>	<u>--</u>

Due to the continued low interest rate levels during fiscal year 2012, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2012. 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.

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

As of September 30, 2012, the City had refunded Austin Water Utility's variable rate debt associated with the previously reported pay-fixed, receive-variable swap WWW1. Accordingly, the accumulated changes in the fair value of the swap that were reported as a deferred outflow of resources of \$(16,280,216) at September 30, 2011, and the decrease in the fair value of the swap in fiscal year 2012 of \$(199,784), that totaled \$(16,480,000), was paid as a termination payment, and included in the net carrying amount of the refunded bonds.

Risks

Credit risk. As of September 30, 2012, 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 changes and the fair value of a swap become 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, 2012 are included in the table below:

			Counterparty Ratings		
			Moody's Investors Service, Inc	Standard & Poor's	Fitch, Inc
Item	Related Variable Rate Bonds	Counterparty			
Business-Type Activities:					
WW2	Water & Wastew ater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	A2	A-	A
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Morgan Stanley Capital Services, Inc.	Baa1	A-	A
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Morgan Keegan Financial Products	A2	A+	A+

Swap agreements for all three 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 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.

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

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, 2012 are included in the table below (in thousands):

	Related Variable Rate	Counterparty Swap Interest			Interest to	Net Interest
Item	Bonds	Pay	Receive	Net	Bondholders	Payments
Business-Type Activities:						
WW2	Water & Wastew ater Revenue Refunding Bonds, Series 2008	\$ (5,595)	237	(5,358)	(215)	(5,573)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	(9,753)	433	(9,320)	(567)	(9,887)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(3,676)	191	(3,485)	(211)	(3,696)
		<u>\$ (19,024)</u>	<u>861</u>	<u>(18,163)</u>	<u>(993)</u>	<u>(19,156)</u>

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, 2012, 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 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 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, 2012, the City did not have any investment derivative instruments related to interest rate swaps.

9 – DERIVATIVE INSTRUMENTS, continued
c -- Swap Payments and Associated Debt

As of September 30, 2012, debt service requirement 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		
2013	\$ 17,485	171	18,107	18,278
2014	42,825	160	16,876	17,036
2015	30,520	148	15,485	15,633
2016	23,820	139	14,540	14,679
2017	12,255	133	14,006	14,139
2018-2022	131,780	537	57,016	57,553
2023-2027	168,090	237	25,315	25,552
2028-2031	76,845	39	5,106	5,145
Total	<u>\$ 503,620</u>	<u>1,564</u>	<u>166,451</u>	<u>168,015</u>

10 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2012, 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</u>	<u>Deficit</u>
<u>Special Revenue Funds:</u>	
Municipal Court Traffic Safety	\$ 109
One Texas Center	65
Rutherford Lane Facility	935
<u>Capital Projects Funds:</u>	
Street & traffic signals	8
Parks and recreation facilities	288
Libraries	17
Radio Trunking	47
Transportation	1,586
Cultural Facilities	211
Affordable Housing	902
Central Library	505
Mobility	9,564
Planning & development improvements	1
TPSD general improvements	2,050
Health projects	38
Build Austin	407
Park improvements	1,231
Police and courts	9,137
Capital Reserve	810
Public Works	2,361
Watershed Protection	670
City Hall, plaza, parking garage	7,055
Conservation Land	15
<u>Nonmajor Enterprise</u>	
Austin Resource Recovery	13,085

11 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables, and advances at September 30, 2012, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Advances
Governmental funds:			
General Fund	Nonmajor governmental funds	\$ 226	--
Nonmajor governmental funds	General Fund	11	--
	Nonmajor governmental funds	44,931	--
	Austin Water Utility	--	2,761
	Nonmajor enterprise funds	--	16
Internal Service funds	Nonmajor governmental funds	11	179
Enterprise funds:			
Austin Energy	General Fund	185	1,630
	Nonmajor governmental funds	--	268
	Austin Water Utility (restricted)	--	22,723
	Airport	141	1,260
	Nonmajor enterprise funds	320	997
	Internal service funds	148	167
Airport (restricted)	Nonmajor governmental funds	--	85
Nonmajor enterprise funds	Nonmajor governmental funds	--	370
	Nonmajor enterprise funds	210	--
Fiduciary funds:			
Private Purpose	Private Purpose	25	--
		<u>\$ 46,208</u>	<u>30,456</u>

Interfund receivables, payables, and advances reflect loans between funds. Of the above current amount, \$16.6 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 \$28.3 million in interfund loans between capital project funds to cover deficit pooled investments and cash.

Interfund transfers during fiscal year 2012 were as follows (in thousands):

Transfers Out	Transfers In						Total
	General	Nonmajor Governmental	Austin Energy	Austin Water Utility	Nonmajor Enterprise	Internal Service	
General	\$ --	17,223	--	--	2,538	--	19,761
Nonmajor governmental	--	8,366	319	--	44,004	4,388	57,077
Austin Energy	105,428	--	--	--	--	--	105,428
Austin Water Utility	36,840	287	--	110	--	--	37,237
Airport	--	--	--	6,395	--	--	6,395
Nonmajor enterprise	1,940	2,356	--	--	22	--	4,318
Internal Service	--	6,328	--	--	82	--	6,410
Total transfers out	<u>\$ 144,208</u>	<u>34,560</u>	<u>319</u>	<u>6,505</u>	<u>46,646</u>	<u>4,388</u>	<u>236,626</u>

Interfund transfers are authorized through City Council approval. Significant transfers include Austin Energy and Austin Water Utility 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 the Convention Center Fund.

12 – SELECTED REVENUES

a -- Major Enterprise Funds

Austin Energy and Austin Water Utility

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 \$63.4 million in 2012. 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, 2012, 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 for recovery of coal, gas, purchased power, and other fuel costs. If actual fuel costs differ from amounts billed to customers, then deferred or unbilled revenues are recorded by Austin Energy. 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 the lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In the fiscal year 2012, the Airport fund revenues included minimum concession guarantees of \$9,871,811.

The following is a schedule by year of minimum future rentals on noncancelable operating leases with remaining terms of up to ten years for the Airport Fund as of September 30, 2012 (in thousands):

Fiscal Year Ended September 30	Enterprise Airport Lease Receipts
2013	\$ 14,160
2014	10,303
2015	2,851
2016	2,374
2017	1,547
2018-2022	233
Totals	\$ 31,468

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, 2010 through April 30, 2015. The minimum rent is adjusted every five years commensurate with the percentage increase in the Consumer Price Index (CPI) – Urban Wage Earners and Clerical workers, U.S. Owner Average, published by the U.S. Department of Labor Bureau of Labor Statistics over the five-year period.

13 – 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.

Austin Energy's investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in FPP was \$32.7 million as of September 30, 2012. The increase in the pro-rata interest from 2011 is primarily due to an increase in coal inventory and a reduction in liabilities. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various assets 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.

13 – COMMITMENTS AND CONTINGENCIES, continued

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, 2012, Austin Energy's investment in the STP was approximately \$423 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 Austin Energy (see Note 6). 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.

STP requested a 20 year license renewal for units 1 & 2 with the Nuclear Regulatory Commission (NRC). The NRC decided to stop all licensing activities that rely on the Waste Confidence Decision and Rule until burial waste issues are resolved.

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 investments held by trustee. The related liability is reported as a 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, 2012, the trust's assets were in excess of the estimated liability by \$21.4 million which is reported as part of deferred revenue and other liabilities (in thousands):

Decommissioning trust assets	\$ 178,191
Pro rata decommissioning liability	(156,747)
	<u>\$ 21,444</u>

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, 2010 showed that the trust assets exceeded the minimum required assurance by \$29.2 million.

d -- Purchased Power

Austin Energy has commitments totaling \$4.4 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2037, landfill power through 2020, biomass through 2032, and solar through 2036.

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 \$15.7 million at September 30, 2012. Austin Energy anticipates payment of these costs in 2013 and future years. The amount is based on 2012 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Austin Water Utility closed the Green Water Treatment Plant (GWTP) on September 23, 2008. The total decommissioning cost to close the GWTP was \$10.6 million. Plant decommissioning reached final completion in fiscal year 2012.

13 – COMMITMENTS AND CONTINGENCIES, continued

e -- Decommissioning and Environmental/Pollution Remediation Contingencies, continued

Austin Resource Recovery may incur costs for environmental remediation of certain sites outside of the City's landfill site. The financial statements include a liability of approximately \$10 million at September 30, 2012 for sites related to Harold Court, Rosewood and Loop 360. Austin Resource Recovery anticipates payment of these costs in 2012 and future years. The amount is based on 2012 cost estimates to perform remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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 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>(30,365)</u>
Remaining commitment	<u>\$ 1,450</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 not earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. Therefore, the City will not be required to rebate any amounts to the federal government. There are no estimated payables at September 30, 2012.

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 2012 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.

13 – COMMITMENTS AND CONTINGENCIES, continued
i -- Capital Improvement Plan, continued

Project	(in thousands)	Remaining Commitment
Governmental activities:		
General government		\$ 75,807
Public safety		12,820
Transportation		154,826
Public health		874
Public recreation and culture		149,708
Urban growth management		144,290
Business-type activities:		
Electric		241,870
Water		592,718
Wastewater		438,748
Airport		77,928
Convention		4,359
Environmental and health services		16,347
Urban growth management		76,272
Total		\$ 1,986,567

j -- Encumbrances

The City utilizes encumbrances to track commitments against budget in governmental funds. The amount of outstanding encumbrances at September 30, 2012, is as follows:

	Encumbrances
General Fund	\$ 5,157
Nonmajor governmental	
Special Revenue	3,496
Capital Projects	181,226
	\$ 189,879

Significant encumbrances include reservations for the 2006 bond program (\$38,980), the 2010 bond program (38,869) and the Waller Creek Tunnel project (\$69,605).

k -- 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 Austin Resource Recovery Fund, a nonmajor enterprise fund. Substantial closure occurred in fiscal year 2011. Drought conditions have delayed final closure, which is expected to occur in fiscal year 2013. While the landfill only reached 99.04% capacity, the City is no longer accepting waste. The amount of costs reported, based on landfill capacity of 100% as of September 30, 2012, is as follows (in thousands):

	Closure	Postclosure	Total
Total estimated costs	\$ 14,584	11,185	25,769
% capacity used	100%	100%	100%
Cumulative liability accrued	14,584	11,185	25,769
Costs incurred	(13,736)	--	(13,736)
Closure and post-closure liability	\$ 848	11,185	12,033

13 – COMMITMENTS AND CONTINGENCIES, continued
k -- Landfill Closure and Postclosure Liability

These amounts are based on the 2012 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.

l -- Risk-Related Contingencies

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

Fund Name	Description
Employee Benefits	City employees and retirees may choose a self-insured PPO or HMO for health coverage. Approximately 30% of city employees and 37% of retirees use the HMO option; approximately 70% of city employees and 63% of retirees use the PPO option. 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 \$5 million. In fiscal year 2012, two claims exceeded the stop-loss limit of \$500,000; during fiscal year 2011, six claims exceeded the stop-loss limit of \$500,000, and during fiscal year 2010, six claims exceeded the stop-loss limit of \$500,000. City coverage is unlimited for 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 \$34.2 to \$49.9 million. The City contributes amounts to an internal service fund based on an estimate of anticipated costs for claims each year.

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

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2012	2011	2012	2011	2012	2011
Liability balances, beginning of year	\$10,638	10,558	7,585	7,576	15,638	15,301
Claims and changes in estimates	8,348	7,386	803	4,289	6,608	3,810
Claim payments	(8,682)	(7,306)	(2,064)	(4,280)	(4,655)	(3,473)
Liability balances, end of year	<u>\$10,304</u>	<u>10,638</u>	<u>6,324</u>	<u>7,585</u>	<u>17,591</u>	<u>15,638</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$3.4 million discounted at 3.99% in 2012 and \$5.0 million discounted at 4.47% in 2011.

13 – COMMITMENTS AND CONTINGENCIES, continued
m -- 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 is currently developing and marketing the property. The Mueller Local Government Corporation (MLGC), created by the City for this development, issues debt to fund infrastructure such as streets, drainage facilities, public parks, and greenways, which are 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 over 1.15 million square feet of institutional Class A office space which hosts over 40 employers providing more than 3,600 jobs at Mueller. In addition, the development has more than 390,000 square feet of retail space. From the start of home sales in 2007, the community has been well received. As of September 30, 2012, approximately 925 single-family homes and 943 multi-family units were either complete or under construction. Catellus has also started the infrastructure for an additional 98 single-family homes, 274 multi-family units, and 125,000 square feet of retail space.

n -- No-Commitment Special Assessment Debt

In November 2011, the City issued \$15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-054 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater and roadway public improvements for the benefit of Whisper Valley Public Improvement District; funding of a reserve fund; payment of a portion of the costs incidental to the organization of the District; funding of capitalized interest; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. No assessments were levied in the year ended September 30, 2012. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2012 are \$15,500,000 and \$13,735,785, respectively.

In November 2011, the City issued \$2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-052 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater and roadway public improvements for the benefit of Indian Hills Public Improvement District; funding of a reserve fund; payment of a portion of the costs incidental to the organization of the District; funding of capitalized interest; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from the assessments levied against parcels within the Public Improvement District and other pledged funds held under the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as an agent for the property owners within the district in collecting the future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. No assessments were levied in the year ended September 30, 2012. The aggregate principal outstanding and the balance of bond proceeds held by the trustee at September 30, 2012 are \$2,860,000 and \$2,417,699, respectively.

o -- 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, 2012 was \$26.1 million. The City expects these leases to be replaced with similar leases in the ordinary course of business. Future minimum lease payments for these leases will remain approximately the same.

The City has entered into certain lease agreements to finance 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 6 for the debt service requirements on these leases.

13 – COMMITMENTS AND CONTINGENCIES, continued
o -- Other Commitments and Contingencies, continued

The following summarizes capital assets recorded at September 30, 2012, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Business-type Activities
		Austin Energy
Building and improvements	\$ --	1,405
Equipment	578	--
Accumulated depreciation	(513)	(351)
Net capital assets	<u>\$ 65</u>	<u>1,054</u>

14 – LITIGATION

A number of claims and lawsuits 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 lawsuits 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, 2012. These liabilities, reported in the government-wide statement of net assets, include amounts for claims and lawsuits settled subsequent to year-end.

15 – CONDUIT DEBT

The City has issued several series of housing revenue bonds to provide for low cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The City has issued \$115.2 million in various series of housing revenue bonds that have an outstanding balance of \$108.4 million as of September 30, 2012.

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, 2012, \$336.5 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.

16 – SEGMENT INFORMATION – CONVENTION CENTER

The Convention Center provides event facilities and services to its customers.

Condensed Statement of Net Assets	
ASSETS	
Current assets	\$ 61,295
Advances to other funds	45
Capital assets	260,022
Other assets	14,042
Total assets	<u>335,404</u>
Deferred outflows of resources	<u>20,368</u>
LIABILITIES	
Due to other funds	320
Other current liabilities	17,703
Advances from other funds	997
Other noncurrent liabilities	238,846
Total liabilities	<u>257,866</u>
NET ASSETS	
Invested in capital assets, net of related debt	49,867
Restricted	19,586
Unrestricted	28,453
Total net assets	<u>\$ 97,906</u>

16 – SEGMENT INFORMATION – CONVENTION CENTER, continued

Condensed statement of revenues, expenses, and changes in net assets	
OPERATING REVENUES	
User fees and rentals	\$ 19,200
Total operating revenues	<u>19,200</u>
OPERATING EXPENSES	
Operating expenses before depreciation	37,617
Depreciation and amortization	9,028
Total operating expenses	<u>46,645</u>
Operating income (loss)	<u>(27,445)</u>
Nonoperating revenues (expenses)	(12,597)
Capital contributions	34
Transfers	43,791
Change in net assets	<u>3,783</u>
Total net assets - beginning	<u>94,123</u>
Total net assets - ending	<u><u>\$ 97,906</u></u>

Condensed statement cash flows	
Net cash provided (used) by:	
Operating activities	\$ (16,172)
Noncapital financing activities	43,470
Capital and related financing activities	(25,125)
Investing activities	(1,965)
Net increase (decrease) in cash and cash equivalents	<u>208</u>
Cash and cash equivalents, October 1	<u>49,847</u>
Cash and cash equivalents, September 30	<u><u>\$ 50,055</u></u>

17 – SUBSEQUENT EVENTS

a -- General Obligation Bond Issue

In October 2012, the City issued \$74,280,000 of Public Improvement Bonds, Series 2012A. The net proceeds of \$78,980,000 (after issue costs, discounts, and premiums) from the issue will be used as follows: streets and signals (\$44,700,000), watershed protection improvements (\$5,000,000), parks and recreation (\$9,640,000), cultural arts (\$5,900,000), central library (\$1,300,000), and facility improvements (\$12,440,000). These bonds will be amortized serially on September 1 of each year from 2013 to 2032. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2013. Total interest requirements for these bonds, at rates ranging from 3.0% to 5.0%, are \$37,944,100.

In October 2012, the City issued \$6,640,000 of Public Improvements Bonds, Taxable Series 2012B. The net proceeds of \$6,650,000 (after issue costs, discounts, and premiums) from the issue will be used for affordable housing. These bonds will be amortized serially on September 1 of each year from 2013 to 2032. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2013. Total interest requirements for these bonds, at rates ranging from 2.0% to 3.5%, are \$2,201,098.

In October 2012, the City issued \$24,645,000 of Certificates of Obligation, Series 2012. The net proceeds of \$25,890,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: Solid Waste Services Environmental Remediation (\$1,830,000), Transportation Projects (\$10,000,000), parks and recreation (\$4,060,000), and Waller Creek Tunnel (\$10,000,000). These certificates of obligation will be amortized serially on September 1 of each year from 2013 to 2037. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2013. Total interest requirements for these obligations, at rates ranging from 2.0% to 4.0%, are \$10,111,213.

17 – SUBSEQUENT EVENTS, continued

a -- General Obligation Bond Issue, continued

In October 2012, the City issued \$27,135,000 of Public Property Finance Contractual Obligations, Series 2012. The net proceeds of \$29,515,000 (after issue costs, discounts, and premiums) from this issue will be used as follows: water utility capital equipment (\$1,210,000), wastewater utility capital equipment (\$1,040,000), parks capital equipment (\$865,000), police vehicles and equipment (\$11,900,000), and solid waste services capital equipment (\$14,500,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2013 to 2019. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2013. Total interest requirements for these obligations, at rates ranging from 1.0% to 4.0%, are \$3,748,758.

b -- Mueller Local Government Corporation Tax Increment Contract Revenue Bonds

In October 2012, the City issued \$16,735,000 of Mueller Local Government Corporation Tax Increment Contract Revenue Bonds, Series 2012. The Mueller Local Government Corporation is a not-for-profit local government corporation acting on behalf of the City of Austin, Texas. 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. The debt service requirements on the bonds are \$23,576,313, with interest rates ranging from 2.0% to 3.4%. Interest payments are due March 1 and September 1 of each year from 2013 to 2032. Principal payments are due September 1 of each year from 2013 to 2032.

c -- Texas Water Development Board

As of February 11, 2013, the City has converted an additional \$1,035,000 of initial bonds to definitive Water and Wastewater System Revenue Bonds, Series 2010 over three separate draw requests. With these issuances, the outstanding commitment with the TWDB is now reduced to \$415,000.

d -- Electric Utility System Revenue Refunding Bonds, Series 2012A

In December 2012, the City issued \$267,770,000 of Electric Utility System Revenue Refunding Bonds, Series 2012A. The net proceeds from the bond refunding were used to refund \$181,555,000 of the City's outstanding tax-exempt commercial paper issued for the electric utility system and \$127,800,000 of separate lien refunding bonds, series 2003. The debt service requirements on the refunding bonds are \$488,264,319, with interest rates ranging from 2.5% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2013 to 2040. Principal payments are due November 15 of each year from 2016 to 2040. An economic gain of \$24,186,987 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$25,484,029. An accounting loss of \$1,354,733, which will be deferred and amortized, was recorded on this refunding.

In December 2012, the City issued \$107,715,000 of Electric Utility System Revenue Refunding Bonds, Series 2012B. The net proceeds from the bond refunding were used to refund \$43,745,000 of the City's outstanding taxable commercial paper notes issued for the electric utility system; \$24,135,000 of separate lien revenue refunding bonds, series 2002A; \$3,500,000 of separate lien revenue refunding bonds, series 2006; \$29,000,000 of separate lien revenue refunding bonds, series 2007; and \$2,570,000 of separate lien revenue refunding bonds, series 2008. The debt service requirements on the refunding bonds are \$138,270,727, with interest rates ranging from 0.67% to 3.2%. Interest payments are due May 15 and November 15 of each year from 2013 to 2027. Principal payments are due November 15 of each year from 2015 to 2027. An economic loss of \$1,193,260 was recognized on this transaction. The change in net cash flows that resulted from the refunding was an increase of \$11,339,873. An accounting loss of \$7,806,248, which will be deferred and amortized, was recorded on this refunding.



REQUIRED SUPPLEMENTARY INFORMATION



General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
RSI

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 448,537	99	448,636	437,261	437,261	11,375
Franchise fees	32,578	47	32,625	33,827	33,827	(1,202)
Fines, forfeitures and penalties	15,784	(1)	15,783	20,079	20,079	(4,296)
Licenses, permits and inspections	22,664	(3)	22,661	15,300	15,618	7,043
Charges for services/goods	44,147	2,188	46,335	43,540	43,540	2,795
Interest and other	4,414	(883)	3,531	3,645	3,645	(114)
Total revenues	568,124	1,447	569,571	553,652	553,970	15,601
EXPENDITURES						
General government						
Municipal Court	12,674	(6)	12,668	12,834	12,834	166
Public safety						
Police	265,016	(579)	264,437	267,580	267,580	3,143
Fire	132,832	(148)	132,684	131,199	131,264	(1,420)
Emergency Medical Services	50,096	(276)	49,820	49,781	49,781	(39)
Transportation, planning, and sustainability						
Transportation, planning, and sustainability	5	(5)	--	--	--	--
Public health:						
Health	41,991	729	42,720	41,553	42,693	(27)
Public recreation and culture						
Parks and Recreation	44,810	263	45,073	45,290	45,290	217
Austin Public Library	26,943	(143)	26,800	26,593	26,593	(207)
Urban growth management						
Neighborhood Planning and Zoning	21,933	(224)	21,709	21,181	22,255	546
Other Urban Growth Management	16,486	(1,528)	14,958	17,527	17,492	2,534
General city responsibilities (4)	83,875	(59,850)	24,025	23,737	23,737	(288)
Total expenditures	696,661	(61,767)	634,894	637,275	639,519	4,625
Excess (deficiency) of revenues over expenditures	(128,537)	63,214	(65,323)	(83,623)	(85,549)	20,226
OTHER FINANCING SOURCES (USES)						
Transfers in	144,208	18,066	162,274	161,215	163,193	(919)
Transfers out	(19,761)	(76,873)	(96,634)	(96,304)	(96,338)	(296)
Total other financing sources (uses)	124,447	(58,807)	65,640	64,911	66,855	(1,215)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,090)	4,407	317	(18,712)	(18,694)	19,011
Fund balance at beginning of year	134,253	(13,226)	121,027	84,184	103,746	17,281
Fund balance at end of year	\$ 130,163	(8,819)	121,344	65,472	85,052	36,292

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

BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget based on 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, as reported in the financial statements is comprised of five separately budgeted funds: the General Fund, as budgeted by the City plus the Economic Incentives Reserve, New Central Library, Neighborhood Housing and Community Development, and Sustainability activities.

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 (\$2,323,439), expenditures for workers' compensation (\$5,391,885), liability reserve (\$2,000,000), and public safety (\$2,632,781).

b -- Budget Amendments

The original revenue budget of the General Fund was amended during the fiscal year 2012 to increase social services and planning and development review. The original expenditure budget of the General Fund was amended during fiscal year 2012 primarily for increased social services and planning and development review costs. The original and final budget is presented in the accompanying schedule.

c -- 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 activities comprising the General Fund are provided, as follows (in thousands):

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ (4,090)
Adjustments - increases (decreases) due to:	
Unbudgeted revenues	1,438
Net compensated absences accrual	(329)
Outstanding encumbrances established in current year	(5,157)
Payments against prior year encumbrances	3,132
Other	5,323
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ 317</u>

RETIREMENT PLANS-TREND INFORMATION

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

Valuation Date, December 31	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees						
2009	\$ 1,672,470	2,330,937	658,467	71.8%	442,539	148.8%
2010	1,711,600	2,460,700	749,100	69.6%	438,900	170.7%
2011	1,790,900	2,723,800	932,900	65.7%	451,800	207.0%
Police Officers						
2009	518,112	733,635	215,523	70.6%	122,928	175.3%
2010	546,957	776,231	229,274	70.5%	127,732	179.5%
2011	553,702	815,259	261,557	67.9%	134,844	194.0%
Fire Fighters (2)						
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%
2011	651,557	746,143	94,568	87.3%	76,700	123.3%

(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 7.

OTHER POST EMPLOYMENT BENEFITS-TREND INFORMATION

Under GAAP, 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 September 30	Valuation Date, October 1	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2010	2008	\$ --	1,134,864	1,134,864	0.0%	620,526	182.9%
2011	2010	--	1,404,692	1,404,692	0.0%	668,679	210.1%
2012	2010	--	1,499,465	1,499,465	0.0%	668,679	224.2%

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

Supplementary information for the OPEB plan can be found in Footnote 8.



**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL
INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
As of September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-1

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 276,548	99	276,647	277,463	(816)
Delinquent	617	--	617	1,000	(383)
Penalty and interest	1,215	--	1,215	915	300
Sales taxes	164,193	--	164,193	152,723	11,470
Other taxes	5,964	--	5,964	5,160	804
Total taxes	448,537	99	448,636	437,261	11,375
Franchise fees	32,578	47	32,625	33,827	(1,202)
Fines, forfeitures, and penalties					
Library fines	646	--	646	561	85
Traffic fines	7,774	--	7,774	10,594	(2,820)
Parking violations	3,136	--	3,136	3,132	4
Other	4,228	(1)	4,227	5,792	(1,565)
Total fines, forfeitures, and penalties	15,784	(1)	15,783	20,079	(4,296)
Licenses, permits, and inspections					
Alarm permits	2,066	--	2,066	2,069	(3)
Public health	2,997	1	2,998	3,073	(75)
Development	4,864	--	4,864	3,179	1,685
Building safety	12,012	--	12,012	6,697	5,315
Beer and wine permits	416	--	416	328	88
Other	309	(4)	305	272	33
Total licenses, permits, and inspections	22,664	(3)	22,661	15,618	7,043
Charges for services/goods					
Recreation and culture	6,930	--	6,930	7,594	(664)
Public health	2,104	2,191	4,295	5,152	(857)
Emergency medical services	33,646	(3)	33,643	29,336	4,307
General government	1,467	--	1,467	1,458	9
Total charges for services/goods	44,147	2,188	46,335	43,540	2,795
Interest and other					
Interest	599	(1)	598	1,330	(732)
Rental income	2,230	(1)	2,229	1,788	441
Sale of property	400	--	400	305	95
Other	1,185	(881)	304	222	82
Total interest and other	4,414	(883)	3,531	3,645	(114)
Total revenues	\$ 568,124	1,447	569,571	553,970	15,601

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

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
As of September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-2

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
General government					
Municipal Court:					
Salaries and fringe benefits	\$ 10,027	(63)	9,964	10,051	87
Contractual services	2,633	56	2,689	2,733	44
Commodities	130	--	130	145	15
Expense refunds	(170)	--	(170)	(156)	14
Capital outlay	54	1	55	61	6
Total general government	12,674	(6)	12,668	12,834	166
Public safety					
Police:					
Salaries and fringe benefits	250,707	(1,340)	249,367	252,436	3,069
Contractual services	23,382	517	23,899	24,110	211
Commodities	2,936	123	3,059	3,617	558
Expense refunds	(12,067)	(87)	(12,154)	(12,992)	(838)
Capital outlay	58	208	266	409	143
	265,016	(579)	264,437	267,580	3,143
Fire:					
Salaries and fringe benefits	130,242	(134)	130,108	127,546	(2,562)
Contractual services	6,879	54	6,933	7,328	395
Commodities	1,998	(82)	1,916	2,169	253
Indirect cost	300	--	300	306	6
Expense refunds	(6,606)	--	(6,606)	(6,182)	424
Capital outlay	19	14	33	97	64
	132,832	(148)	132,684	131,264	(1,420)
Emergency Medical Services:					
Salaries and fringe benefits	43,202	(248)	42,954	42,578	(376)
Contractual services	4,303	13	4,316	3,939	(377)
Commodities	2,945	(6)	2,939	2,910	(29)
Expense refunds	(403)	--	(403)	(375)	28
Capital outlay	49	(35)	14	729	715
	50,096	(276)	49,820	49,781	(39)
Total public safety	447,944	(1,003)	446,941	448,625	1,684
Transportation, planning, and sustainability					
Contractual services	5	(5)	--	--	--
Total transportation, planning, and sustainability	5	(5)	--	--	--
Public health					
Salaries and fringe benefits	21,878	(143)	21,735	21,757	22
Contractual services	19,730	1,029	20,759	20,829	70
Commodities	1,907	(103)	1,804	1,269	(535)
Expense refunds	(1,651)	--	(1,651)	(1,222)	429
Capital outlay	127	(54)	73	60	(13)
Total public health	41,991	729	42,720	42,693	(27)
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	36,380	(34)	36,346	35,580	(766)
Contractual services	10,387	78	10,465	10,324	(141)
Commodities	2,659	57	2,716	2,626	(90)
Indirect cost	751	--	751	192	(559)
Expense refunds	(5,530)	--	(5,530)	(3,756)	1,774
Capital outlay	163	162	325	324	(1)
Total	\$ 44,810	263	45,073	45,290	217

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
As of September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Austin Public Library:					
Salaries and fringe benefits	\$ 21,253	(132)	21,121	20,594	(527)
Contractual services	2,676	(29)	2,647	3,101	454
Commodities	3,264	(46)	3,218	2,925	(293)
Expense refunds	(250)	--	(250)	(92)	158
Capital outlay	--	64	64	65	1
	26,943	(143)	26,800	26,593	(207)
Total public recreation and culture	71,753	120	71,873	71,883	10
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	24,081	(168)	23,913	24,240	327
Contractual services	4,371	(26)	4,345	4,665	320
Commodities	229	(16)	213	308	95
Expense refunds	(6,762)	--	(6,762)	(6,958)	(196)
Capital outlay	14	(14)	--	--	--
	21,933	(224)	21,709	22,255	546
Other Urban Growth Management:					
Salaries and fringe benefits	1,596	--	1,596	1,570	(26)
Contractual services	15,122	(1,550)	13,572	16,015	2,443
Commodities	20	22	42	47	5
Expense refunds	(252)	--	(252)	(154)	98
Capital outlay	--	--	--	14	14
	16,486	(1,528)	14,958	17,492	2,534
Total urban growth management	38,419	(1,752)	36,667	39,747	3,080
General city responsibilities (2)	83,875	(59,850)	24,025	23,737	(288)
Total expenditures	696,661	(61,767)	634,894	639,519	4,625
General fund expenditures					
Salaries	539,366	(2,262)	537,104	536,352	(752)
Contractuals	89,488	137	89,625	93,044	3,419
Commodities	16,088	(51)	16,037	16,016	(21)
Indirect cost	1,051	--	1,051	498	(553)
Expense refunds	(33,691)	(87)	(33,778)	(31,887)	1,891
Capital outlay	484	346	830	1,759	929
General city responsibilities	83,875	(59,850)	24,025	23,737	(288)
Total expenditures	\$ 696,661	(61,767)	634,894	639,519	4,625

(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
As of September 30, 2012
(In thousands)

City of Austin, Texas
 Exhibit E-3

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
General fund:					
General fund	\$ --	11,901	11,901	13,048	(1,147)
Budget stabilization reserve	--	1,978	1,978	1,978	--
Sustainability	--	2,986	2,986	2,758	228
Enterprise funds:					
Electric	105,428	--	105,428	105,428	--
Transportation	519	--	519	519	--
Austin Water Utility	36,840	1,201	38,041	38,041	--
Drainage	645	--	645	645	--
Solid Waste Services	776	--	776	776	--
Total transfers in	144,208	18,066	162,274	163,193	(919)
Transfers out					
General fund:					
Barton Springs Conservation	--	45	45	45	--
Contingency reserve	--	334	334	334	--
Economic Incentive Reserve	--	11,901	11,901	13,048	1,147
Neighborhood Housing and Community Development	--	2,986	2,986	2,758	(228)
Special revenue funds:					
Austin Cable Access	250	--	250	250	--
Housing Trust	365	--	365	350	(15)
Mueller Local Government Corp	983	(983)	--	--	--
Tax Increment Finance	--	100	100	100	--
Capital Improvement Projects	15,625	--	15,625	14,425	(1,200)
Enterprise funds:					
Electric	--	1,000	1,000	1,000	--
Solid Waste Services	873	--	873	873	--
Transportation	1,665	--	1,665	1,665	--
Internal service funds:					
Liability Reserve	--	20	20	20	--
Workers Compensation	--	15	15	15	--
CTECC	--	8,511	8,511	8,511	--
Fleet Maintenance	--	4,687	4,687	4,687	--
Information Systems	--	14,037	14,037	14,037	--
Support Services	--	30,970	30,970	30,970	--
Wireless Communication	--	3,250	3,250	3,250	--
Total transfers out	19,761	76,873	96,634	96,338	(296)
Net transfers	\$ 124,447	(58,807)	65,640	66,855	(1,215)

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



NONMAJOR GOVERNMENTAL FUNDS



Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-4

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash	\$ 4	--	--	--	4
Pooled investments and cash	70,659	200	155,834	1,479	228,172
Investments, at fair value	--	15,673	--	--	15,673
Cash held by trustee-restricted	5,362	--	--	--	5,362
Property taxes receivable, net of allowance	--	3,653	--	--	3,653
Accounts receivable, net of allowance	17,365	--	12,115	--	29,480
Receivables from other governments	16,059	--	--	--	16,059
Notes receivable, net of allowance	17,829	--	--	--	17,829
Due from other funds	16,588	11	28,343	--	44,942
Advances to other funds	--	2,777	--	--	2,777
Real property held for resale	6,520	--	--	--	6,520
Other assets	759	--	99	--	858
Total assets	151,145	22,314	196,391	1,479	371,329
LIABILITIES AND FUND BALANCES					
Accounts payable	3,017	--	21,472	58	24,547
Accrued payroll	56	--	--	--	56
Due to other funds	16,588	237	28,343	--	45,168
Deferred revenue	7,163	3,548	--	--	10,711
Advances from other funds	--	902	--	--	902
Deposits and other liabilities	49,490	--	427	--	49,917
Total liabilities	76,314	4,687	50,242	58	131,301
Fund balances					
Nonspendable:					
Permanent funds	--	--	--	1,040	1,040
Restricted	55,218	17,627	101,547	381	174,773
Committed	19,716	--	8,183	--	27,899
Assigned	1,006	--	73,322	--	74,328
Unassigned	(1,109)	--	(36,903)	--	(38,012)
Total fund balances	74,831	17,627	146,149	1,421	240,028
Total liabilities and fund balances	\$ 151,145	22,314	196,391	1,479	371,329

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$ 3,232	99,999	--	--	103,231
Franchise fees and other taxes	60,361	--	--	--	60,361
Fines, forfeitures and penalties	4,467	--	--	--	4,467
Charges for services/goods	12,250	--	--	--	12,250
Intergovernmental	68,038	--	8,195	--	76,233
Property owners' participation and contributions	1,543	--	5,081	--	6,624
Interest and other	1,671	5,614	4,203	30	11,518
Total revenues	151,562	105,613	17,479	30	274,684
EXPENDITURES					
Current:					
General government	7,022	--	--	--	7,022
Public safety	10,971	--	--	--	10,971
Transportation, planning, and sustainability	7,340	--	--	--	7,340
Public health	22,991	--	--	--	22,991
Public recreation and culture	6,374	--	--	413	6,787
Urban growth management	40,788	--	--	--	40,788
Debt service:					
Principal	1,120	70,786	--	--	71,906
Interest	1,034	45,154	--	--	46,188
Fees and commissions	--	16	--	--	16
Capital outlay	--	--	178,380	--	178,380
Total expenditures	97,640	115,956	178,380	413	392,389
Excess (deficiency) of revenues over expenditures	53,922	(10,343)	(160,901)	(383)	(117,705)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	--	--	145,175	--	145,175
Issuance of refunding bonds	--	58,347	--	--	58,347
Bond premiums	--	8,207	--	--	8,207
Payment to refunding bond escrow agent	--	(66,554)	--	--	(66,554)
Transfers in	3,735	7,439	23,386	--	34,560
Transfers out	(50,162)	(275)	(6,640)	--	(57,077)
Total other financing sources (uses)	(46,427)	7,164	161,921	--	122,658
Net change in fund balances	7,495	(3,179)	1,020	(383)	4,953
Fund balances at beginning of year	67,336	20,806	145,129	1,804	235,075
Fund balances at end of year	\$ 74,831	17,627	146,149	1,421	240,028





SPECIAL REVENUE FUNDS

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City reports the following nonmajor special revenue funds:

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.

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.

Transportation, Planning, and Sustainability

Public Works and Transportation:

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

Transportation, Planning, and Sustainability:

Capital Area Metropolitan Planning Organization - 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.

Public Health

Health and Human Services:

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

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.

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

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.

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.

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

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.

Barton Springs Zone Mitigation - Accounts for the barton springs zone mitigation fee.

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.

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 Urban Growth Management:

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.

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.

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.

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

Section 108 Family Business Loan – Accounts for the public-private partnership loan program funded by a U.S. Department of Housing and Urban Development (HUD) Section 108 loan guarantee.

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

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

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

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, 2012
(In thousands)

City of Austin, Texas
 Exhibit E-6

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
ASSETS				
Cash	\$ --	4	--	4
Pooled investments and cash	1,753	66,874	2,032	70,659
Cash held by trustee-restricted	539	4,823	--	5,362
Accounts receivable, net of allowance	--	16,638	727	17,365
Receivables from other governments	16,059	--	--	16,059
Notes receivable, net of allowance	--	--	17,829	17,829
Due from other funds	--	16,588	--	16,588
Real property held for resale	--	--	6,520	6,520
Other assets	12	644	103	759
Total assets	18,363	105,571	27,211	151,145
LIABILITIES AND FUND BALANCES				
Accounts payable	978	2,038	1	3,017
Accrued payroll	--	56	--	56
Due to other funds	15,434	1,154	--	16,588
Deferred revenue	1,904	5,259	--	7,163
Deposits and other liabilities	47	47,507	1,936	49,490
Total liabilities	18,363	56,014	1,937	76,314
Fund balances				
Restricted	--	29,944	25,274	55,218
Committed	--	19,716	--	19,716
Assigned	--	1,006	--	1,006
Unassigned	--	(1,109)	--	(1,109)
Total fund balances	--	49,557	25,274	74,831
Total liabilities and fund balances	\$ 18,363	105,571	27,211	151,145

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
REVENUES				
Property taxes	\$ --	3,232	--	3,232
Franchise fees and other taxes	--	60,361	--	60,361
Fines, forfeitures, and penalties	--	4,467	--	4,467
Charges for services/goods	--	12,110	140	12,250
Intergovernmental	57,078	--	10,960	68,038
Property owners' participation and contributions	--	1,543	--	1,543
Interest and other	--	1,306	365	1,671
Total revenues	57,078	83,019	11,465	151,562
EXPENDITURES				
Current:				
General government	5,685	1,337	--	7,022
Public safety	9,301	1,670	--	10,971
Transportation, planning, and sustainability	3,138	4,202	--	7,340
Public health	22,770	221	--	22,991
Public recreation and culture	448	5,926	--	6,374
Urban growth management	15,736	15,638	9,414	40,788
Debt service:				
Principal	--	1,120	--	1,120
Interest	--	1,034	--	1,034
Total expenditures	57,078	31,148	9,414	97,640
Excess of revenues over expenditures	--	51,871	2,051	53,922
OTHER FINANCING SOURCES (USES)				
Transfers in	--	3,735	--	3,735
Transfers out	--	(50,162)	--	(50,162)
Total other financing sources (uses)	--	(46,427)	--	(46,427)
Net change in fund balances	--	5,444	2,051	7,495
Fund balances at beginning of year	--	44,113	23,223	67,336
Fund balances at end of year	\$ --	49,557	25,274	74,831

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets					Liabilities and Fund Balances						
	Pooled	Receivables				Due to					Total	
	Investments	Cash held	Other	Other	Total	Accounts	Other	Deferred	Other	Total	Fund	Liabilities
	and Cash	by trustee	Governments	Assets	Assets	Payable	Funds	Revenue	Liabilities	Liabilities	Balances	and Fund
												Balances
Federal grants												
U.S. Department of Agriculture	\$ 190	--	1,165	--	1,355	21	1,185	132	17	1,355	--	1,355
Equal Employment Opportunity Commission	--	--	122	--	122	--	108	14	--	122	--	122
U.S. Department of Justice	--	--	798	--	798	7	791	--	--	798	--	798
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	10
U.S. Department of Transportation	134	--	1,171	--	1,305	--	1,284	21	--	1,305	--	1,305
U.S. Health & Human Services	377	--	2,228	12	2,617	272	1,623	698	24	2,617	--	2,617
U.S. Department of Homeland Security	49	--	1,691	--	1,740	2	1,556	182	--	1,740	--	1,740
U.S. Housing/Urban Development	131	539	2,710	--	3,380	646	2,139	589	6	3,380	--	3,380
U.S. National Foundation on the Arts and Humanities	20	--	100	--	120	1	99	20	--	120	--	120
U.S. Department of Interior	--	--	69	--	69	--	69	--	--	69	--	69
U.S. Department of Energy	29	--	52	--	81	--	--	81	--	81	--	81
U.S. Department of Commerce	--	--	4	--	4	--	4	--	--	4	--	4
U.S. Department of Education	--	--	--	--	--	--	--	--	--	--	--	--
Total federal grants	930	539	10,120	12	11,601	949	8,868	1,737	47	11,601	--	11,601
State grants												
Texas Governor's Office Criminal Justice Division	--	--	25	--	25	--	23	2	--	25	--	25
State Health Services	574	--	154	--	728	28	698	2	--	728	--	728
Texas Commission of the Arts	24	--	--	--	24	--	--	24	--	24	--	24
Texas Comptroller of Public Accounts	--	--	229	--	229	--	225	4	--	229	--	229
Texas Parks and Wildlife	--	--	150	--	150	--	150	--	--	150	--	150
Texas Department of Transportation	--	--	25	--	25	--	25	--	--	25	--	25
Texas Department of Motor Vehicles	--	--	170	--	170	--	170	--	--	170	--	170
Texas State Library and Archives Commission	--	--	--	--	--	--	--	--	--	--	--	--
Texas Commission on Environmental Quality	--	--	4,791	--	4,791	--	4,791	--	--	4,791	--	4,791
Texas Department of Housing and Community Affairs	--	--	198	--	198	--	198	--	--	198	--	198
Total state grants	598	--	5,742	--	6,340	28	6,280	32	--	6,340	--	6,340
Other special revenue grants	225	--	197	--	422	1	286	135	--	422	--	422
Total all grants	\$ 1,753	539	16,059	12	18,363	978	15,434	1,904	47	18,363	--	18,363

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-9

	Revenues	Expenditures	Excess (Deficiency) Of Revenues Over Expenditures	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Inter- governmental	Special Projects			
Federal grants					
U.S. Department of Agriculture	\$ 6,002	6,002	--	--	--
Equal Employment Opportunity Commission	108	108	--	--	--
U.S. Department of Justice	3,722	3,722	--	--	--
U.S. Department of Labor	--	--	--	--	--
U.S. Department of Transportation	3,531	3,531	--	--	--
U.S. Health & Human Services	14,621	14,621	--	--	--
U.S. Department of Homeland Security	4,132	4,132	--	--	--
U.S. Housing/Urban Development	16,620	16,620	--	--	--
U.S. National Foundation on the Arts and Humanities	--	--	--	--	--
U.S. Department of Interior	335	335	--	--	--
U.S. Department of Energy	515	515	--	--	--
U.S. Department of Commerce	14	14	--	--	--
U.S. Department of Education	--	--	--	--	--
Total federal grants	49,600	49,600	--	--	--
State grants					
Texas Governor's Office Criminal Justice Division	41	41	--	--	--
State Health Services	707	707	--	--	--
Texas Commission of the Arts	--	--	--	--	--
Texas Comptroller of Public Accounts	72	72	--	--	--
Texas Parks and Wildlife	89	89	--	--	--
Texas Department of Transportation	--	--	--	--	--
Texas Department of Motor Vehicles	426	426	--	--	--
Texas State Library and Archives Commission	--	--	--	--	--
Texas Commission on Environmental Quality	4,791	4,791	--	--	--
Texas Department of Housing and Community Affairs	289	289	--	--	--
Total state grants	6,415	6,415	--	--	--
Other special revenue grants	1,063	1,063	--	--	--
Total all grants	\$ 57,078	57,078	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2012
(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		Total	In-Kind		In-Kind		Total	In-Kind		Total
	Grant	Match		Grant	Match	Grant	Match		Grant	Match	
Federal grants											
U.S. Department of Agriculture	\$ 26,809	--	26,809	6,002	--	32,811	--	32,811	34,114	--	34,114
Equal Employment Opportunity Commission	561	--	561	108	--	669	--	669	733	--	733
U.S. Department of Justice	22,872	4,897	27,769	3,722	94	26,594	4,991	31,585	29,681	4,948	34,629
U.S. Department of Labor	68	--	68	--	--	68	--	68	410	--	410
U.S. Department of Transportation	18,678	3,501	22,179	3,531	892	22,209	4,393	26,602	29,713	6,609	36,322
U.S. Health & Human Services	79,363	251	79,614	14,621	99	93,984	350	94,334	115,488	517	116,005
U.S. Department of Homeland Security	32,725	707	33,432	4,132	153	36,857	860	37,717	43,003	1,049	44,052
U.S. Housing/Urban Development	205,069	1,459	206,528	16,620	1,190	221,689	2,649	224,338	241,368	4,300	245,668
U.S. National Foundation on the Arts and Humanities	1,654	47	1,701	--	--	1,654	47	1,701	1,708	76	1,784
U.S. Department of Interior	--	--	--	335	265	335	265	600	924	279	1,203
U.S. Department of Energy	292	73	365	515	1,117	807	1,190	1,997	1,009	1,203	2,212
U.S. Department of Commerce	44	6	50	14	29	58	35	93	1,564	35	1,599
U.S. Department of Education	43	--	43	--	--	43	--	43	46	--	46
Total federal grants	388,178	10,941	399,119	49,600	3,839	437,778	14,780	452,558	499,761	19,016	518,777
State grants											
Texas Governor's Office Criminal Justice Division	503	157	660	41	--	544	157	701	578	157	735
State Health Services	3,738	263	4,001	707	70	4,445	333	4,778	5,924	420	6,344
Texas Commission of the Arts	117	--	117	--	--	117	--	117	120	--	120
Texas Comptroller of Public Accounts	1,231	73	1,304	72	--	1,303	73	1,376	2,614	152	2,766
Texas Parks and Wildlife	103	31	134	89	16	192	47	239	804	606	1,410
Texas Department of Transportation	210	37	247	--	--	210	37	247	285	62	347
Texas Department of Motor Vehicles	1,193	396	1,589	426	56	1,619	452	2,071	2,039	613	2,652
Texas State Library and Archives Commission	983	--	983	--	--	983	--	983	758	--	758
Texas Commission on Environmental Quality	214	--	214	4,791	3,285	5,005	3,285	8,290	5,253	3,285	8,538
Texas Department of Housing and Community Affairs	1,922	192	2,114	289	--	2,211	192	2,403	2,419	192	2,611
Total state grants	10,214	1,149	11,363	6,415	3,427	16,629	4,576	21,205	20,794	5,487	26,281
Other special revenue grants	2,961	12	2,973	1,063	3	4,024	15	4,039	5,624	41	5,665
Total all grants	\$ 401,353	12,102	413,455	57,078	7,269	458,431	19,371	477,802	526,179	24,544	550,723

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2012
(In thousands)

	Assets						
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
General government							
Municipal Court:							
Municipal Court Building Security	\$ --	25	--	--	--	--	25
Municipal Court Juvenile Case Manager	--	2,066	--	--	--	--	2,066
Municipal Court Technology	--	823	--	--	--	--	823
Total general government	--	2,914	--	--	--	--	2,914
Public safety							
Police:							
Auto Theft Interdiction	--	40	--	--	--	--	40
Police Benefit	--	118	--	--	--	--	118
Police Federal Dept. of Treasury Asset Forfeiture	4	1,354	--	--	--	--	1,358
Police Federal Dept. of Justice Asset Forfeiture	--	2,255	--	--	--	--	2,255
Police State Contraband Asset Forfeiture	--	702	--	--	--	--	702
Texas State Forfeiture Gambling	--	654	--	--	--	--	654
Municipal Court Traffic Safety	--	123	--	--	--	--	123
Total Police	4	5,246	--	--	--	--	5,250
Fire:							
Fire Miscellaneous	--	51	--	--	--	--	51
Total Fire	--	51	--	--	--	--	51
Total public safety	4	5,297	--	--	--	--	5,301
Transportation, planning, and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	31,450	--	--	15,667	--	47,117
Total Public Works and Transportation	--	31,450	--	--	15,667	--	47,117
Transportation, Planning, and Sustainability:							
Capital Area Metropolitan Planning Organization (1)	--	--	--	843	--	--	843
Child Safety	--	569	--	64	--	--	633
Total Transportation, Planning, and Sustainability	--	569	--	907	--	--	1,476
Total transportation, planning, and sustainability	\$ --	32,019	--	907	15,667	--	48,593

(1) Formerly reported as Austin Transportation Study.

City of Austin, Texas
Exhibit E-11

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
12	--	--	--	--	12	13	--	--	--	13	25
--	9	--	--	--	9	2,057	--	--	--	2,057	2,066
27	--	--	--	--	27	796	--	--	--	796	823
39	9	--	--	--	48	2,866	--	--	--	2,866	2,914
--	--	--	--	31	31	9	--	--	--	9	40
--	--	--	--	--	--	118	--	--	--	118	118
1	--	--	--	--	1	1,357	--	--	--	1,357	1,358
26	--	--	--	--	26	2,229	--	--	--	2,229	2,255
24	--	--	--	--	24	678	--	--	--	678	702
--	--	--	--	--	--	654	--	--	--	654	654
49	1	--	--	182	232	--	--	--	(109)	(109)	123
100	1	--	--	213	314	5,045	--	--	(109)	4,936	5,250
--	--	--	--	1	1	50	--	--	--	50	51
--	--	--	--	1	1	50	--	--	--	50	51
100	1	--	--	214	315	5,095	--	--	(109)	4,986	5,301
--	--	--	--	46,940	46,940	--	177	--	--	177	47,117
--	--	--	--	46,940	46,940	--	177	--	--	177	47,117
115	--	233	301	--	649	194	--	--	--	194	843
6	46	--	--	--	52	570	--	11	--	581	633
121	46	233	301	--	701	764	--	11	--	775	1,476
121	46	233	301	46,940	47,641	764	177	11	--	952	48,593

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2012
(In thousands)

	Assets					
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets
						Total Assets
Public health						
Health and Human Services:						
Health Miscellaneous	\$ --	158	--	--	--	158
Total Health and Human Services	--	158	--	--	--	158
Other public health:						
Animal Services	--	320	--	--	--	320
Animal Shelter Building	--	15	--	--	--	15
Total other public health	--	335	--	--	--	335
Total public health	--	493	--	--	--	493
Public recreation and culture						
Austin Public Library:						
Austin History Center	--	113	--	--	--	113
Friends of Austin Public Library	--	308	--	--	--	308
Special Library	--	617	--	--	--	617
Total Austin Public Library	--	1,038	--	--	--	1,038
Parks and Recreation:						
Adaptive Programs	--	14	--	--	--	14
Balcones Canyonlands	--	--	--	--	--	--
PARD Cultural Projects	--	2,348	--	--	--	2,348
PARD Miscellaneous	--	612	--	--	--	612
Planting for the Future	--	448	--	--	--	448
Republic Square	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--
Summer Musical	--	226	--	--	--	226
Teen Activity	--	39	--	--	--	39
Tennis League	--	11	--	--	--	11
Town Lake Beautification	--	92	--	--	--	92
Total Parks and Recreation	--	3,790	--	--	--	3,790
Total public recreation and culture	\$ --	4,828	--	--	--	4,828

(Continued)

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
--	--	--	--	114	114	44	--	--	--	44	158
--	--	--	--	114	114	44	--	--	--	44	158
21	--	--	--	52	73	237	--	10	--	247	320
--	--	--	--	--	--	--	--	15	--	15	15
21	--	--	--	52	73	237	--	25	--	262	335
21	--	--	--	166	187	281	--	25	--	306	493
--	--	--	--	--	--	113	--	--	--	113	113
--	--	--	--	11	11	297	--	--	--	297	308
2	--	--	--	--	2	615	--	--	--	615	617
2	--	--	--	11	13	1,025	--	--	--	1,025	1,038
--	--	--	--	--	--	14	--	--	--	14	14
--	--	--	--	--	--	--	--	--	--	--	--
253	--	--	--	--	253	--	2,081	14	--	2,095	2,348
--	--	--	--	--	--	549	--	63	--	612	612
--	--	--	--	--	--	448	--	--	--	448	448
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	226	--	--	--	226	226
--	--	--	--	--	--	39	--	--	--	39	39
--	--	--	--	--	--	11	--	--	--	11	11
2	--	--	--	--	2	90	--	--	--	90	92
255	--	--	--	--	255	1,377	2,081	77	--	3,535	3,790
257	--	--	--	11	268	2,402	2,081	77	--	4,560	4,828

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2012
(In thousands)

	Assets						
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Trust Social Equity	\$ --	1,339	--	--	--	--	1,339
UNO Housing Trust	--	314	--	--	--	--	314
Total Neighborhood Housing & Community Development	--	1,653	--	--	--	--	1,653
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	182	--	--	--	--	182
Barton Springs Zone Mitigation	--	10	--	--	--	--	10
East Sixth Street Public Improvement District	--	75	--	42	--	--	117
Public Improvement District	--	1,544	--	199	--	--	1,743
Urban Forest Replenishment	--	1,866	--	--	--	--	1,866
Total Development Services and Watershed Protection	--	3,677	--	241	--	--	3,918
Other urban growth management:							
Business Retention & Enhancement	--	1,494	--	171	--	219	1,884
Cable TV	--	1,988	--	--	--	--	1,988
City Hall	--	765	--	12	--	--	777
City Hall Retail Tenant Improvement	--	117	--	--	--	--	117
Hotel-Motel Occupancy Tax	--	109	--	11,620	--	--	11,729
I-35 Parking Program	--	374	--	--	--	--	374
Mueller Development	--	34	--	1,958	--	--	1,992
Mueller Local Government Corporation	--	2	1,823	--	--	--	1,825
Mueller Tax Increment Financing	--	--	--	--	--	--	--
Music Loan Program	--	134	--	--	--	--	134
One Texas Center	--	--	--	--	--	--	--
Public Arts	--	11	--	--	--	--	11
Rutherford Lane Facility	--	--	--	--	--	--	--
Section 108 Family Business Loan	--	--	3,000	--	--	--	3,000
Tax Increment Finance	--	412	--	--	--	--	412
Tourism and Promotion	--	1,707	--	--	--	425	2,132
Vehicle Rental Tax	--	--	--	1,729	--	--	1,729
Waller Creek Reserve	--	4,589	--	--	921	--	5,510
Waller Creek Tax Increment Finance	--	3,181	--	--	--	--	3,181
Wildland Conservation	--	1,076	--	--	--	--	1,076
Total other urban growth management	--	15,993	4,823	15,490	921	644	37,871
Total urban growth management	--	21,323	4,823	15,731	921	644	43,442
Total	\$ 4	66,874	4,823	16,638	16,588	644	105,571

(Continued)

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
--	--	--	--	--	--	--	1,214	125	--	1,339	1,339
--	--	--	--	--	--	298	--	16	--	314	314
--	--	--	--	--	--	298	1,214	141	--	1,653	1,653
--	--	--	--	--	--	--	182	--	--	182	182
--	--	--	--	--	--	--	10	--	--	10	10
11	--	--	--	--	11	--	104	2	--	106	117
--	--	--	--	--	--	--	1,593	150	--	1,743	1,743
--	--	--	--	--	--	--	1,866	--	--	1,866	1,866
11	--	--	--	--	11	--	3,755	152	--	3,907	3,918
--	--	--	--	--	--	--	1,774	110	--	1,884	1,884
535	--	--	--	--	535	1,195	--	258	--	1,453	1,988
60	--	--	--	8	68	709	--	--	--	709	777
--	--	--	--	24	24	93	--	--	--	93	117
--	--	--	--	109	109	11,620	--	--	--	11,620	11,729
1	--	--	--	--	1	364	--	9	--	373	374
--	--	--	1,958	21	1,979	--	13	--	--	13	1,992
--	--	--	--	--	--	--	1,825	--	--	1,825	1,825
--	--	--	--	--	--	--	--	--	--	--	--
5	--	--	--	--	5	--	129	--	--	129	134
--	--	65	--	--	65	--	--	--	(65)	(65)	--
--	--	--	--	11	11	--	--	--	--	--	11
76	--	856	--	3	935	--	--	--	(935)	(935)	--
--	--	--	3,000	--	3,000	--	--	--	--	--	3,000
15	--	--	--	--	15	--	356	41	--	397	412
797	--	--	--	--	797	1,076	259	--	--	1,335	2,132
--	--	--	--	--	--	--	1,698	31	--	1,729	1,729
--	--	--	--	--	--	--	5,510	--	--	5,510	5,510
--	--	--	--	--	--	3,181	--	--	--	3,181	3,181
--	--	--	--	--	--	--	925	151	--	1,076	1,076
1,489	--	921	4,958	176	7,544	18,238	12,489	600	(1,000)	30,327	37,871
1,500	--	921	4,958	176	7,555	18,536	17,458	893	(1,000)	35,887	43,442
2,038	56	1,154	5,259	47,507	56,014	29,944	19,716	1,006	(1,109)	49,557	105,571

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

	Revenues						
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	Total Revenues
General government							
Municipal Court:							
Municipal Court Building Security	\$	--	--	330	--	--	330
Municipal Court Juvenile Case Manager		--	--	431	--	5	436
Municipal Court Technology		--	--	440	--	2	442
Total general government		--	--	1,201	--	7	1,208
Public safety							
Police:							
Auto Theft Interdiction		--	--	--	--	--	--
Police Benefit		--	--	23	26	--	49
Police Federal Dept. of Treasury Asset Forfeiture		--	--	355	--	19	374
Police Federal Dept. of Justice Asset Forfeiture		--	--	426	--	6	432
Police State Contraband Asset Forfeiture		--	--	230	--	3	233
Texas State Forfeiture Gambling		--	--	1	--	2	3
Municipal Court Traffic Safety		--	--	531	--	60	591
Total Police		--	--	1,542	24	90	1,682
Fire:							
Fire Miscellaneous		--	--	13	--	--	13
Total Fire		--	--	13	--	--	13
Total public safety		--	--	1,542	37	90	1,695
Transportation, planning, and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development		--	--	--	--	(24)	(24)
Total Public Works and Transportation		--	--	--	--	(24)	(24)
Transportation, Planning and Sustainability:							
Capital Area Metropolitan Planning Organization (2)		--	--	2,434	--	--	2,434
Child Safety		--	--	1,724	--	1	1,725
Total Transportation, Planning and sustainability		--	--	1,724	2,434	1	4,159
Total transportation, planning, and sustainability	\$	--	--	1,724	2,434	(23)	4,135

(1) Expenditures include capital outlay of \$975 thousand.

(2) Formerly reported as Austin Transportation Study.

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
				Transfers In	Transfers Out			
377	--	--	(47)	--	--	(47)	60	13
404	--	--	32	--	--	32	2,025	2,057
556	--	--	(114)	--	--	(114)	910	796
1,337	--	--	(129)	--	--	(129)	2,995	2,866
--	--	--	--	--	--	--	9	9
7	--	--	42	--	--	42	76	118
236	--	--	138	--	--	138	1,219	1,357
523	--	--	(91)	--	--	(91)	2,320	2,229
205	--	--	28	--	--	28	650	678
33	--	--	(30)	--	--	(30)	684	654
665	--	--	(74)	--	--	(74)	(35)	(109)
1,669	--	--	13	--	--	13	4,923	4,936
1	--	--	12	--	--	12	38	50
1	--	--	12	--	--	12	38	50
1,670	--	--	25	--	--	25	4,961	4,986
--	--	--	(24)	--	--	(24)	201	177
--	--	--	(24)	--	--	(24)	201	177
2,452	--	--	(18)	--	--	(18)	212	194
1,750	--	--	(25)	--	--	(25)	606	581
4,202	--	--	(43)	--	--	(43)	818	775
4,202	--	--	(67)	--	--	(67)	1,019	952

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

	Revenues						
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	Total Revenues
Public health							
Health and Human Services:							
Health Miscellaneous	\$ --	--	--	--	--	--	--
Total Health and Human Services	--	--	--	--	--	--	--
Other public health:							
Animal Services	--	--	--	--	246	1	247
Animal Shelter Building	--	--	--	--	--	--	--
Total other public health	--	--	--	--	246	1	247
Total public health	--	--	--	--	246	1	247
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	--	--	--	5	--	5
Friends of Austin Public Library	--	--	--	--	151	--	151
Special Library	--	--	--	--	162	--	162
Total Austin Public Library	--	--	--	--	318	--	318
Parks and Recreation:							
Adaptive Programs	--	--	--	--	--	--	--
Balcones Canyonlands	--	--	--	--	--	2	2
PARD Cultural Projects	--	5,958	--	--	--	3	5,961
PARD Miscellaneous	--	--	--	--	128	5	133
Planting for the Future	--	--	--	--	256	--	256
Republic Square	--	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	10	--	10
Summer Musical	--	--	--	--	39	--	39
Teen Activity	--	--	--	--	23	--	23
Tennis League	--	--	--	--	4	--	4
Town Lake Beautification	--	--	--	--	8	--	8
Total parks and recreation	--	5,958	--	--	468	10	6,436
Total public recreation and culture	\$ --	5,958	--	--	786	10	6,754

(1) Expenditures include capital outlay of \$975 thousand.

(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
				Transfers In	Transfers Out			
--	--	--	--	--	--	--	44	44
--	--	--	--	--	--	--	44	44
221	--	--	26	--	--	26	221	247
--	--	--	--	--	--	--	15	15
221	--	--	26	--	--	26	236	262
221	--	--	26	--	--	26	280	306
7	--	--	(2)	--	--	(2)	115	113
244	--	--	(93)	--	--	(93)	390	297
198	--	--	(36)	--	--	(36)	651	615
449	--	--	(131)	--	--	(131)	1,156	1,025
--	--	--	--	--	--	--	14	14
21	--	--	(19)	--	--	(19)	19	--
5,247	--	--	714	--	--	714	1,381	2,095
98	--	--	35	--	--	35	577	612
61	--	--	195	--	--	195	253	448
1	--	--	(1)	--	--	(1)	1	--
--	--	--	10	--	--	10	(10)	--
34	--	--	5	--	(130)	(125)	351	226
--	--	--	23	--	--	23	16	39
--	--	--	4	--	--	4	7	11
15	--	--	(7)	--	--	(7)	97	90
5,477	--	--	959	--	(130)	829	2,706	3,535
5,926	--	--	828	--	(130)	698	3,862	4,560

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

	Revenues						
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	Total Revenues
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Trust Social Equity	\$ --	--	--	--	--	4	4
UNO Housing Trust	--	--	--	65	--	1	66
Total Neighborhood Housing & Community Development	--	--	--	65	--	5	70
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	--	--	--	--	--	--
Barton Springs Zone Mitigation	--	--	--	--	10	--	10
East Sixth Street Public Improvement District	--	--	--	77	44	--	121
Public Improvement District	--	--	--	2,816	--	5	2,821
Urban Forest Replenishment	--	--	--	--	431	4	435
Total Development Services and Watershed Protection	--	--	--	2,893	485	9	3,387
Other urban growth management:							
Business Retention & Enhancement	--	--	--	230	--	77	307
Cable TV	--	1,770	--	--	--	3	1,773
City Hall	--	--	--	998	--	2	1,000
City Hall Retail Tenant Improvement	--	--	--	--	--	--	--
Hotel-Motel Occupancy Tax	--	37,252	--	--	--	--	37,252
I-35 Parking Program	--	--	--	354	--	1	355
Mueller Development	--	--	--	11	--	(708)	(697)
Mueller Local Government Corporation	--	--	--	--	--	3	3
Mueller Tax Increment Financing	1,861	--	--	--	--	--	1,861
Music Loan Program	--	--	--	--	--	1	1
One Texas Center	--	--	--	1,886	--	--	1,886
Public Arts	--	--	--	--	--	--	--
Rutherford Lane Facility	--	--	--	3,202	--	--	3,202
Section 108 Family Business Loan	--	--	--	--	--	--	--
Tax Increment Finance	100	--	--	--	--	1	101
Tourism and Promotion	--	8,224	--	--	--	4	8,228
Vehicle Rental Tax	--	7,157	--	--	--	6	7,163
Waller Creek Reserve	--	--	--	--	--	1,628	1,628
Waller Creek Tax Increment Finance	1,271	--	--	--	--	5	1,276
Wildland Conservation	--	--	--	--	--	184	184
Total other urban growth management	3,232	54,403	--	6,681	--	1,207	65,523
Total urban growth management	3,232	54,403	--	9,639	485	1,221	68,980
Total	\$ 3,232	60,361	4,467	12,110	1,543	1,306	83,019

(1) Expenditures include capital outlay of \$975 thousand.

(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
				Transfers In	Transfers Out			
531	--	--	(527)	365	--	(162)	1,501	1,339
6	--	--	60	--	--	60	254	314
537	--	--	(467)	365	--	(102)	1,755	1,653
--	--	--	--	--	--	--	182	182
--	--	--	10	--	--	10	--	10
141	--	--	(20)	--	--	(20)	126	106
2,818	--	--	3	150	--	153	1,590	1,743
65	--	--	370	--	--	370	1,496	1,866
3,024	--	--	363	150	--	513	3,394	3,907
--	--	--	307	--	--	307	1,577	1,884
1,193	--	--	580	250	--	830	623	1,453
495	--	--	505	--	--	505	204	709
--	--	--	--	--	--	--	93	93
--	--	--	37,252	--	(36,868)	384	11,236	11,620
135	--	--	220	--	--	220	153	373
2	--	--	(699)	--	--	(699)	712	13
1	1,120	1,034	(2,152)	2,845	--	693	1,132	1,825
--	--	--	1,861	--	(1,861)	--	--	--
167	--	--	(166)	--	--	(166)	295	129
--	--	--	1,886	--	(1,556)	330	(395)	(65)
--	--	--	--	--	--	--	--	--
1,814	--	--	1,388	--	(1,357)	31	(966)	(935)
--	--	--	--	--	--	--	--	--
83	--	--	18	--	--	18	379	397
8,036	--	--	192	125	--	317	1,018	1,335
--	--	--	7,163	--	(7,136)	27	1,702	1,729
--	--	--	1,628	--	(1,254)	374	5,136	5,510
--	--	--	1,276	--	--	1,276	1,905	3,181
151	--	--	33	--	--	33	1,043	1,076
12,077	1,120	1,034	51,292	3,220	(50,032)	4,480	25,847	30,327
15,638	1,120	1,034	51,188	3,735	(50,032)	4,891	30,996	35,887
28,994	1,120	1,034	51,871	3,735	(50,162)	5,444	44,113	49,557

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-13

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
General government							
Municipal Court:							
Municipal Court Building Security							
Actual-budget basis	\$ (90)	330	377	--	--	(47)	(137)
Budget	82	472	515	--	--	(43)	39
Variance-Positive (Negative)	(172)	(142)	138	--	--	(4)	(176)
Municipal Court Technology							
Actual-budget basis	795	442	521	--	--	(79)	716
Budget	923	635	701	--	--	(66)	857
Variance-Positive (Negative)	(128)	(193)	180	--	--	(13)	(141)
Municipal Court Juvenile Case Manager							
Actual-budget basis	1,724	436	404	--	--	32	1,756
Budget	2,034	626	544	--	6	76	2,110
Variance-Positive (Negative)	(310)	(190)	140	--	6	(44)	(354)
Public safety							
Police:							
Federal Dept. of Justice Asset Forfeiture							
Actual-budget basis	2,279	432	510	--	--	(78)	2,201
Budget	2,070	--	2,070	--	--	(2,070)	--
Variance-Positive (Negative)	209	432	1,560	--	--	1,992	2,201
Federal Dept. of Treasury Asset Forfeiture							
Actual-budget basis	857	374	230	--	--	144	1,001
Budget	866	--	866	--	--	(866)	--
Variance-Positive (Negative)	(9)	374	636	--	--	1,010	1,001
State Contraband Asset Forfeiture							
Actual-budget basis	498	233	157	--	--	76	574
Budget	240	--	240	--	--	(240)	--
Variance-Positive (Negative)	258	233	83	--	--	316	574
State Gambling Asset Forfeiture							
Actual-budget basis	685	2	36	--	--	(34)	651
Budget	418	--	418	--	--	(418)	--
Variance-Positive (Negative)	267	2	382	--	--	384	651
Traffic Safety							
Actual-budget basis	(32)	592	665	--	--	(73)	(105)
Budget	(37)	1,219	1,066	--	116	37	--
Variance-Positive (Negative)	5	(627)	401	--	116	(110)	(105)

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Transportation, planning, and sustainability							
Transportation, planning, and sustainability							
Child Safety							
Actual-budget basis	\$ 440	1,725	1,723	--	--	2	442
Budget	571	1,470	1,547	--	4	(81)	490
Variance-Positive (Negative)	(131)	255	(176)	--	4	83	(48)
Public recreation and culture							
PARD Cultural Projects							
Actual-budget basis	671	5,961	5,199	--	--	762	1,433
Budget	928	--	5,419	5,261	--	(158)	770
Variance-Positive (Negative)	(257)	5,961	220	(5,261)	--	920	663
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Trust Social Equity							
Actual-budget basis	1,500	4	531	365	--	(162)	1,338
Budget	1,501	--	1,866	365	--	(1,501)	--
Variance-Positive (Negative)	(1)	4	1,335	--	--	1,339	1,338
UNO Housing Trust							
Actual-budget basis	246	66	6	--	--	60	306
Budget	247	--	247	--	--	(247)	--
Variance-Positive (Negative)	(1)	66	241	--	--	307	306
Development Services and Watershed Protection:							
East Sixth Street Public Improvement District							
Actual-budget basis	51	120	106	--	--	14	65
Budget	--	106	106	--	--	--	--
Variance-Positive (Negative)	51	14	--	--	--	14	65
Neighborhood Planning and Zoning:							
Actual-budget basis	(205)	--	5,000	--	--	(5,000)	(5,205)
Budget	(612)	1,750	5,100	--	--	(3,350)	(3,962)
Variance	407	(1,750)	100	--	--	(1,650)	(1,243)
Public Improvement District							
Actual-budget basis	195	2,821	2,850	150	--	121	316
Budget	--	2,850	2,850	--	--	--	--
Variance-Positive (Negative)	195	(29)	--	150	--	121	316

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management, continued							
Other urban growth management:							
Business Retention and Enhancement							
Actual-budget basis	\$ 1,233	454	--	--	--	454	1,687
Budget	1,093	87	250	--	--	(163)	930
Variance-Positive (Negative)	140	367	250	--	--	617	757
Cable TV							
Actual-budget basis	598	1,773	1,292	250	--	731	1,329
Budget	565	1,574	1,980	250	--	(156)	409
Variance-Positive (Negative)	33	199	688	--	--	887	920
City Hall							
Actual-budget basis	174	1,000	532	--	--	468	642
Budget	(49)	728	624	--	--	104	55
Variance-Positive (Negative)	223	272	92	--	--	364	587
Hotel-Motel Occupancy Tax							
Actual-budget basis	2,100	51,683	--	--	51,050	633	2,733
Budget	--	44,790	--	--	44,790	--	--
Variance-Positive (Negative)	2,100	6,893	--	--	(6,260)	633	2,733
I-35 Parking Program							
Actual-budget basis	148	355	137	--	--	218	366
Budget	166	177	155	--	--	22	188
Variance-Positive (Negative)	(18)	178	18	--	--	196	178
Mueller Tax Increment Financing							
Actual-budget basis	--	1,861	1,861	--	--	--	--
Budget	--	1,881	1,881	--	--	--	--
Variance-Positive (Negative)	--	(20)	20	--	--	--	--
One Texas Center							
Actual-budget basis	(435)	1,886	--	--	1,556	330	(105)
Budget	(556)	1,680	--	--	1,606	74	(482)
Variance-Positive (Negative)	121	206	--	--	50	256	377
Rutherford Lane Facility							
Actual-budget basis	(1,005)	3,203	1,880	--	1,357	(34)	(1,039)
Budget	(1,180)	3,741	3,244	--	--	497	(683)
Variance-Positive (Negative)	175	(538)	1,364	--	(1,357)	(531)	(356)

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management, continued							
Section 108 Family Business Loan							
Actual-budget basis	\$ --	3,000	--	--	--	3,000	3,000
Budget	--	3,000	3,000	--	--	--	--
Variance-Positive (Negative)	--	--	3,000	--	--	3,000	3,000
Tourism and Promotion							
Actual-budget basis	1,031	8,228	8,036	125	--	317	1,348
Budget	695	2	8,036	7,341	--	(693)	2
Variance-Positive (Negative)	336	8,226	--	(7,216)	--	1,010	1,346
Vehicle Rental Tax							
Actual-budget basis	(2,046)	7,136	--	--	7,136	--	(2,046)
Budget	--	6,262	--	--	6,262	--	--
Variance-Positive (Negative)	(2,046)	874	--	--	(874)	--	(2,046)
Waller Creek Reserve							
Actual-budget basis	5,137	281	--	1,347	1,254	374	5,511
Budget	5,135	1,377	--	500	1,750	127	5,262
Variance-Positive (Negative)	2	(1,096)	--	847	496	247	249
Waller Creek Tax Increment Finance							
Actual-budget basis	1,904	1,276	--	--	--	1,276	3,180
Budget	1,905	1,511	--	--	--	1,511	3,416
Variance-Positive (Negative)	(1)	(235)	--	--	--	(235)	(236)
Wildland Conservation							
Actual-budget basis	594	184	32	--	--	152	746
Budget	617	160	250	--	--	(90)	527
Variance-Positive (Negative)	(23)	24	218	--	--	242	219
Total							
Actual-budget basis	\$ 19,047	95,858	32,085	2,237	62,353	3,657	22,704
Budget	17,622	76,098	42,975	13,717	54,534	(7,694)	9,928
Variance-Positive (Negative)	1,425	19,760	10,890	(11,480)	(7,819)	11,351	12,776





DEBT SERVICE FUNDS

Debt service funds account for and report financial resources, and the accumulation of those financial resources, that are restricted, committed, or assigned to expenditure for principal and interest of general long-term debt and HUD Section 108 loans. The City reports the following nonmajor debt service funds:

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

HUD Section 108 Loans Fund - Accounts for HUD loans for construction costs.



Debt Service Funds
Combining Balance Sheet
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-14

	General Obligation	HUD Section 108 Loans	Total
ASSETS			
Pooled investments and cash	\$ 200	--	200
Investments, at fair value	15,673	--	15,673
Property taxes receivable	5,312	--	5,312
Less allowance for uncollectible taxes	(1,659)	--	(1,659)
Net property taxes receivable	3,653	--	3,653
Due from other funds	11	--	11
Advances to other funds	2,777	--	2,777
Total assets	22,314	--	22,314
LIABILITIES AND FUND BALANCES			
Due to other funds	237	--	237
Deferred revenue	3,548	--	3,548
Advances from other funds	902	--	902
Total liabilities	4,687	--	4,687
Fund balances			
Restricted	17,627	--	17,627
Total fund balances	17,627	--	17,627
Total liabilities and fund balances	\$ 22,314	--	22,314

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit E-15

	General Obligation	HUD Section 108 Loans	Total
REVENUES			
Property taxes			
Current	\$ 99,492	--	99,492
Penalty and interest	507	--	507
Interest and other	4,594	1,020	5,614
Total revenues	104,593	1,020	105,613
EXPENDITURES			
Debt service:			
Principal	70,066	720	70,786
Interest	44,864	290	45,154
Fees and commissions	6	10	16
Total expenditures	114,936	1,020	115,956
Excess (deficiency) of revenues over expenditures	(10,343)	--	(10,343)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	58,347	--	58,347
Bond premiums	8,207	--	8,207
Payment to refunding bond escrow agent	(66,554)	--	(66,554)
Transfers in	7,439	--	7,439
Transfers out	(275)	--	(275)
Total other financing sources (uses)	7,164	--	7,164
Net change in fund balances	(3,179)	--	(3,179)
Fund balances at beginning of year	20,806	--	20,806
Fund balances at end of year	\$ 17,627	--	17,627

Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the period ended September 30, 2012
(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
REVENUES							
General property taxes	\$ 99,999	100,264	(265)	--	--	--	99,999
Interest	90	136	(46)	--	--	--	90
Other revenue	3,373	4,077	(704)	1,020	1,118	(98)	4,393
Total revenues	103,462	104,477	(1,015)	1,020	1,118	(98)	104,482
EXPENDITURES							
Principal retirement	89,345	89,030	(315)	720	720	--	90,065
Interest and other	49,519	52,904	3,385	290	368	78	49,809
Fees and commissions	6	15	9	10	30	20	16
Total expenditures	138,870	141,949	3,079	1,020	1,118	98	139,890
Excess (deficiency) of revenues over expenditures	(35,408)	(37,472)	2,064	--	--	--	(35,408)
OTHER FINANCING SOURCES (USES)							
Transfers in	33,479	35,144	(1,665)	--	--	--	33,479
Total other financing sources (uses)	33,479	35,144	(1,665)	--	--	--	33,479
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,929)	(2,328)	399	--	--	--	(1,929)
Fund balances at beginning of year	17,682	16,523	1,159	--	--	--	17,682
Fund balances at end of year	\$ 15,753	14,195	1,558	--	--	--	15,753



CAPITAL PROJECTS FUNDS

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). The City reports the following nonmajor capital projects funds:

Prior

to 1984: 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;

2010: Funds authorized November 2, 2010, for transportation mobility; and

Other: Other funds established for various purposes.



Capital Projects Funds
Combining Balance Sheet
September 30, 2012
(In thousands)

	Assets						Total Assets
	Pooled Investments and Cash	Accounts and Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
August 29, 1981							
EMS buildings	\$ 225	--	--	--	--	--	225
Total Funds Authorized Prior to 1984	225	--	--	--	--	--	225
Funds Authorized							
September 8, 1984							
Parkland acquisition	2	--	--	--	--	--	2
Drainage and flood improvements	1,664	--	--	--	--	--	1,664
Street improvements	1,193	12	--	12	--	--	1,205
Fire improvements	4	--	--	--	--	--	4
Total Funds Authorized in 1984	2,863	12	--	12	--	--	2,875
Funds Authorized							
January 19, 1985							
Cultural arts	263	--	--	--	--	--	263
Funds Authorized							
July 26, 1985							
Neighborhood park and recreation	12,810	--	--	--	--	--	12,810
Total Funds Authorized in 1985	13,073	--	--	--	--	--	13,073
Funds Authorized							
September 3, 1987							
Street resurfacing	189	--	--	--	--	--	189
Total Funds Authorized in 1987	189	--	--	--	--	--	189
Funds Authorized							
August 10, 1992							
Police substations	31	--	--	--	--	--	31
Asbestos abatement/ADA compliance/ East Austin health clinic	140	--	--	--	--	--	140
Erosion & flood control	1	--	--	--	--	--	1
Street & traffic signals	--	--	--	--	--	--	--
Neighborhood sidewalks	2	--	--	--	--	--	2
Parks and recreation facilities	--	--	--	--	--	--	--
Libraries	--	--	--	--	--	--	--
Barton Creek greenway	8	--	--	--	312	--	320
Total Funds Authorized in 1992	182	--	--	--	312	--	494
Funds Authorized							
May 3, 1997							
Radio Trunking	--	1,042	--	1,042	--	--	1,042
Total Funds Authorized in 1997	--	1,042	--	1,042	--	--	1,042
Funds Authorized							
November 3, 1998							
Cultural arts and land	904	--	--	--	--	--	904
Drainage and flood control	--	--	--	--	--	--	--
Traffic signals	5,013	63	--	63	1,089	--	6,165
Public safety facilities	665	--	--	--	--	--	665
Parks and recreation facilities	4,306	--	--	--	--	--	4,306
Total Funds Authorized in 1998	\$ 10,888	63	--	63	1,089	--	12,040

Liabilities				Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
--	--	--	--	--	--	225	--	225	225
--	--	--	--	--	--	225	--	225	225
--	--	--	--	--	--	2	--	2	2
--	--	--	--	744	--	920	--	1,664	1,664
--	--	--	--	--	1	1,204	--	1,205	1,205
--	--	--	--	--	--	4	--	4	4
--	--	--	--	744	1	2,130	--	2,875	2,875
--	--	--	--	--	--	263	--	263	263
56	--	--	56	5,046	--	7,708	--	12,754	12,810
56	--	--	56	5,046	--	7,971	--	13,017	13,073
--	--	--	--	--	--	189	--	189	189
--	--	--	--	--	--	189	--	189	189
--	--	--	--	--	--	31	--	31	31
--	--	--	--	--	1	139	--	140	140
--	--	--	--	--	--	1	--	1	1
--	8	--	8	--	--	--	(8)	(8)	--
--	--	--	--	2	--	--	--	2	2
--	288	--	288	--	--	--	(288)	(288)	--
--	17	--	17	--	--	--	(17)	(17)	--
--	--	--	--	320	--	--	--	320	320
--	313	--	313	322	1	171	(313)	181	494
--	1,089	--	1,089	--	--	--	(47)	(47)	1,042
--	1,089	--	1,089	--	--	--	(47)	(47)	1,042
27	--	--	27	877	--	--	--	877	904
--	--	--	--	--	--	--	--	--	--
266	--	--	266	5,899	--	--	--	5,899	6,165
--	--	--	--	665	--	--	--	665	665
54	--	--	54	4,252	--	--	--	4,252	4,306
347	--	--	347	11,693	--	--	--	11,693	12,040

(Continued)

Capital Projects Funds
Combining Balance Sheet
September 30, 2012
(In thousands)

	Assets						Total Assets
	Pooled Investments and Cash	Accounts and Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
November 7, 2000							
Transportation Mobility Improvement	\$ 43,419	--	--	--	4,823	--	48,242
Open Spaces	2	3	--	3	--	--	5
Total Funds Authorized in 2000	43,421	3	--	3	4,823	--	48,247
Funds Authorized							
November 7, 2006							
Transportation	--	--	--	--	--	--	--
Drainage & Open Spaces	15,143	--	--	--	--	--	15,143
Parks	3,763	--	--	--	--	--	3,763
Cultural Facilities	911	--	--	--	--	--	911
Affordable Housing	--	--	--	--	--	--	--
Central Library	413	--	--	--	--	--	413
Public Safety	9,644	--	--	--	--	--	9,644
Total Funds Authorized in 2006	29,874	--	--	--	--	--	29,874
Funds Authorized							
November 2, 2010							
Mobility	--	--	--	--	--	--	--
Total Funds Authorized in 2010	--	--	--	--	--	--	--
Other funds							
Planning & development improvements	--	--	--	--	--	--	--
TPSD general improvements	--	36	--	36	--	--	36
Library automation system	8,719	--	--	--	3,646	--	12,365
Fire/EMS/NW Austin MUD #1	759	--	--	--	--	--	759
General government projects	80	--	--	--	16,765	--	16,845
Health projects	50	--	--	--	--	--	50
Build Austin	--	11	--	11	--	--	11
CMTA Mobility	7,427	10,611	--	10,611	--	--	18,038
Park improvements	--	--	--	--	--	--	--
Parks and Recreation	9,012	--	--	--	--	--	9,012
Police and courts	--	--	--	--	--	--	--
Fire - general	1,868	--	--	--	--	--	1,868
Capital reserve	--	238	(12)	226	--	--	226
CTM	7,410	23	--	23	--	--	7,433
Public Works	10	58	--	58	--	--	68
Watershed Protection	--	--	--	--	--	--	--
Great Streets	973	--	--	--	--	--	973
City Hall, plaza, parking garage	--	30	--	30	--	--	30
Conservation Land	--	--	--	--	--	--	--
Colony Park	1,531	--	--	--	1,708	--	3,239
NPZ General	1,628	--	--	--	--	--	1,628
Economic Development	39	--	--	--	--	--	39
Waller Creek Tunnel	10,552	--	--	--	--	--	10,552
Fleet General Improvements	148	--	--	--	--	--	148
Interest income fund	4,913	--	--	--	--	99	5,012
Total other funds	55,119	11,007	(12)	10,995	22,119	99	88,332
Totals	\$ 155,834	12,127	(12)	12,115	28,343	99	196,391

(Continued)

Liabilities				Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
1,358	--	--	1,358	32,046	--	14,838	--	46,884	48,242
--	--	--	--	5	--	--	--	5	5
1,358	--	--	1,358	32,051	--	14,838	--	46,889	48,247
1,523	63	--	1,586	--	--	--	(1,586)	(1,586)	--
1,379	--	--	1,379	13,764	--	--	--	13,764	15,143
1,715	--	--	1,715	2,048	--	--	--	2,048	3,763
1,122	--	--	1,122	--	--	--	(211)	(211)	911
161	741	--	902	--	--	--	(902)	(902)	--
918	--	--	918	--	--	--	(505)	(505)	413
48	--	--	48	9,596	--	--	--	9,596	9,644
6,866	804	--	7,670	25,408	--	--	(3,204)	22,204	29,874
5,546	4,018	--	9,564	--	--	--	(9,564)	(9,564)	--
5,546	4,018	--	9,564	--	--	--	(9,564)	(9,564)	--
--	1	--	1	--	--	--	(1)	(1)	--
378	1,708	--	2,086	--	--	--	(2,050)	(2,050)	36
88	--	--	88	--	140	12,137	--	12,277	12,365
--	--	--	--	--	--	759	--	759	759
158	--	412	570	--	1,396	14,879	--	16,275	16,845
88	--	--	88	--	--	--	(38)	(38)	50
2	416	--	418	--	--	--	(407)	(407)	11
259	--	--	259	17,757	--	22	--	17,779	18,038
649	582	--	1,231	--	--	--	(1,231)	(1,231)	--
1,575	--	--	1,575	--	3,914	3,523	--	7,437	9,012
365	8,772	--	9,137	--	--	--	(9,137)	(9,137)	--
8	--	--	8	--	47	1,813	--	1,860	1,868
129	907	--	1,036	--	--	--	(810)	(810)	226
736	--	--	736	--	1,870	4,827	--	6,697	7,433
451	1,978	--	2,429	--	--	--	(2,361)	(2,361)	68
--	670	--	670	--	--	--	(670)	(670)	--
2	--	--	2	--	--	971	--	971	973
--	7,085	--	7,085	--	--	--	(7,055)	(7,055)	30
--	--	15	15	--	--	--	(15)	(15)	--
168	--	--	168	--	581	2,490	--	3,071	3,239
76	--	--	76	--	233	1,319	--	1,552	1,628
--	--	--	--	--	--	39	--	39	39
2,162	--	--	2,162	8,378	--	12	--	8,390	10,552
--	--	--	--	148	--	--	--	148	148
5	--	--	5	--	--	5,007	--	5,007	5,012
7,299	22,119	427	29,845	26,283	8,181	47,798	(23,775)	58,487	88,332
21,472	28,343	427	50,242	101,547	8,183	73,322	(36,903)	146,149	196,391

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2012
(In thousands)

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
August 29, 1981					
EMS buildings	\$ --	--	--	--	--
Total Funds Authorized					
Prior to 1984	--	--	--	--	--
Funds Authorized					
September 8, 1984					
Parkland acquisition	--	--	--	--	--
Drainage and flood improvements	--	--	--	--	818
Street improvements	--	--	246	246	6
Fire improvements	--	--	--	--	--
Total Funds Authorized in 1984	--	--	246	246	824
Funds Authorized					
January 19, 1985					
Cultural arts	--	--	--	--	--
Funds Authorized					
July 26, 1985					
Neighborhood park and recreation	--	3,767	12	3,779	888
Total Funds Authorized in 1985	--	3,767	12	3,779	888
Funds Authorized					
September 3, 1987					
Street resurfacing	--	--	5	5	20
Total Funds Authorized in 1987	--	--	5	5	20
Funds Authorized					
August 10, 1992					
Police substations	--	--	--	--	--
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	7
Erosion & flood control	--	--	--	--	--
Street & traffic signals	--	--	--	--	--
Neighborhood sidewalks	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	--
Libraries	--	--	--	--	--
Barton Creek greenway	--	--	--	--	--
Total Funds Authorized in 1992	--	--	--	--	7
Funds Authorized					
May 3, 1997					
Radio Trunking	--	--	--	--	--
Total Funds Authorized in 1997	\$ --	--	--	--	--

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	Total Other Financing Sources (Uses)			
--	--	--	--	--	--	225	225
--	--	--	--	--	--	225	225
--	--	--	--	--	--	2	2
(818)	--	--	--	--	(818)	2,482	1,664
240	--	--	--	--	240	965	1,205
--	--	--	--	--	--	4	4
(578)	--	--	--	--	(578)	3,453	2,875
--	--	--	--	--	--	263	263
2,891	--	--	(22)	(22)	2,869	9,885	12,754
2,891	--	--	(22)	(22)	2,869	10,148	13,017
(15)	--	--	--	--	(15)	204	189
(15)	--	--	--	--	(15)	204	189
--	--	--	--	--	--	31	31
(7)	--	--	--	--	(7)	147	140
--	--	--	--	--	--	1	1
--	--	--	--	--	--	(8)	(8)
--	--	--	--	--	--	2	2
--	--	--	--	--	--	(288)	(288)
--	--	--	--	--	--	(17)	(17)
--	--	--	--	--	--	320	320
(7)	--	--	--	--	(7)	188	181
--	--	--	--	--	--	(47)	(47)
--	--	--	--	--	--	(47)	(47)

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2012
(In thousands)

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
November 3, 1998					
Cultural arts and land	\$ --	--	--	--	136
Traffic signals	--	--	--	--	1,775
Public safety facilities	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	2,228
Total Funds Authorized in 1998	--	--	--	--	4,139
Funds Authorized					
November 7, 2000					
Transportation Mobility Improvement	--	--	--	--	11,082
Open Spaces	--	--	--	--	--
Total Funds Authorized in 2000	--	--	--	--	11,082
Funds Authorized					
November 7, 2006					
Transportation	--	--	--	--	17,336
Drainage & Open Spaces	--	--	--	--	15,515
Parks	181	--	--	181	18,448
Cultural Facilities	--	--	--	--	7,307
Affordable Housing	--	--	--	--	4,048
Central Library	--	--	--	--	2,891
Public Safety	--	--	--	--	2,948
Total Funds Authorized in 2006	181	--	--	181	68,493
Funds Authorized					
November 2, 2010					
Mobility	--	--	--	--	21,825
Total Funds Authorized in 2010	--	--	--	--	21,825
Other funds					
Planning & development improvements	--	--	--	--	--
TPSD general improvements	30	602	15	647	1,861
Library automation system	--	--	--	--	847
Fire/EMS/NW Austin MUD #1	--	--	2	2	--
General government projects	--	--	--	--	2,182
Health projects	--	--	--	--	835
Build Austin	--	--	--	--	126
CMTA Mobility	2,301	--	12	2,313	4,233
Park improvements	73	--	--	73	2,065
Parks and Recreation	--	564	3,355	3,919	6,574
Police and courts	--	--	--	--	5,840
Fire - general	--	--	--	--	167
Capital reserve	--	--	--	--	478
CTM	100	--	--	100	14,719
Public Works	2,322	107	--	2,429	3,751
Watershed Protection	--	--	--	--	--
Great Streets	--	--	--	--	--
City Hall, plaza, parking garage	--	--	--	--	--
Conservation Land	--	--	--	--	--
Colony Park	2,831	41	--	2,872	2,848
NPZ General	357	--	--	357	1,323
Economic Development	--	--	--	--	105
Waller Creek Tunnel	--	--	12	12	23,104
Fleet General Improvements	--	--	--	--	44
Interest income fund	--	--	544	544	--
Total other funds	8,014	1,314	3,940	13,268	71,102
Totals	\$ 8,195	5,081	4,203	17,479	178,380

(Continued)

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	Total Other Financing Sources(Uses)			
(136)	--	--	--	--	(136)	1,013	877
(1,775)	--	--	--	--	(1,775)	7,674	5,899
--	--	--	--	--	--	665	665
(2,228)	--	--	--	--	(2,228)	6,480	4,252
(4,139)	--	--	--	--	(4,139)	15,832	11,693
(11,082)	--	137	(54)	83	(10,999)	57,883	46,884
--	--	--	--	--	--	5	5
(11,082)	--	137	(54)	83	(10,999)	57,888	46,889
(17,336)	14,300	260	--	14,560	(2,776)	1,190	(1,586)
(15,515)	18,000	251	--	18,251	2,736	11,028	13,764
(18,267)	6,235	122	--	6,357	(11,910)	13,958	2,048
(7,307)	10,500	3	--	10,503	3,196	(3,407)	(211)
(4,048)	8,450	45	(45)	8,450	4,402	(5,304)	(902)
(2,891)	4,000	10	(2)	4,008	1,117	(1,622)	(505)
(2,948)	9,750	201	--	9,951	7,003	2,593	9,596
(68,312)	71,235	892	(47)	72,080	3,768	18,436	22,204
(21,825)	15,305	--	--	15,305	(6,520)	(3,044)	(9,564)
(21,825)	15,305	--	--	15,305	(6,520)	(3,044)	(9,564)
--	--	--	--	--	--	(1)	(1)
(1,214)	--	895	--	895	(319)	(1,731)	(2,050)
(847)	--	12,944	--	12,944	12,097	180	12,277
2	--	--	--	--	2	757	759
(2,182)	--	1,001	(224)	777	(1,405)	17,680	16,275
(835)	--	--	--	--	(835)	797	(38)
(126)	--	--	--	--	(126)	(281)	(407)
(1,920)	7,500	--	--	7,500	5,580	12,199	17,779
(1,992)	--	--	--	--	(1,992)	761	(1,231)
(2,655)	--	155	(92)	63	(2,592)	10,029	7,437
(5,840)	3,500	--	--	3,500	(2,340)	(6,797)	(9,137)
(167)	--	31	(40)	(9)	(176)	2,036	1,860
(478)	--	--	--	--	(478)	(332)	(810)
(14,619)	8,055	5,376	(45)	13,386	(1,233)	7,930	6,697
(1,322)	--	--	--	--	(1,322)	(1,039)	(2,361)
--	--	--	--	--	--	(670)	(670)
--	--	728	(728)	--	--	971	971
--	--	--	--	--	--	(7,055)	(7,055)
--	--	--	--	--	--	(15)	(15)
24	--	--	--	--	24	3,047	3,071
(966)	--	728	--	728	(238)	1,790	1,552
(105)	--	--	--	--	(105)	144	39
(23,092)	35,000	--	--	35,000	11,908	(3,518)	8,390
(44)	4,580	--	(4,388)	192	148	--	148
544	--	499	(1,000)	(501)	43	4,964	5,007
(57,834)	58,635	22,357	(6,517)	74,475	16,641	41,846	58,487
(160,901)	145,175	23,386	(6,640)	161,921	1,020	145,129	146,149





PERMANENT FUNDS

Permanent funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City reports the following nonmajor permanent funds:

3M Maintenance Endowment Fund - Accounts for 3M Mitigation Land Endowment.

Ellis Library Trust Fund - Accounts 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 Fund - Accounts for revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2012
(In thousands)

City of Austin, Texas
 Exhibit E-19

	3M			
	Maintenance	Ellis Library	Perpetual	
	Endowment	Trust	Care	Total
ASSETS				
Pooled investments and cash	\$ 50	26	1,403	1,479
Total assets	50	26	1,403	1,479
LIABILITIES AND FUND BALANCES				
Accounts payable	--	--	58	58
Total liabilities	--	--	58	58
Fund balances				
Nonspendable:				
Permanent funds	50	9	981	1,040
Restricted	--	17	364	381
Total fund balances	50	26	1,345	1,421
Total liabilities and fund balances	\$ 50	26	1,403	1,479

Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
 Exhibit E-20

	3M			
	Maintenance	Ellis Library	Perpetual	
	Endowment	Trust	Care	Total
REVENUES				
Interest and other	\$ --	--	30	30
Total revenues	--	--	30	30
EXPENDITURES				
Current:				
Public recreation and culture	--	1	412	413
Total expenditures	--	1	412	413
Net change in fund balances	--	(1)	(382)	(383)
Fund balances at beginning of year	50	27	1,727	1,804
Fund balances at end of year	\$ 50	26	1,345	1,421





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 City reports the following nonmajor enterprise funds:

Convention Center Fund – Accounts for convention center and public events activities.

Drainage Fund – Accounts for drainage activities.

Golf Fund – Accounts for golf activities.

Austin Resource Recovery Fund – Accounts for solid waste services activities.

Transportation Fund – Accounts for transportation activities.



Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2012
(In thousands)

	Convention Center	Drainage	Golf
ASSETS			
Current assets:			
Cash	\$ 21	2	4
Pooled investments and cash	36,718	81,068	--
Pooled investments and cash - restricted	13,316	13,368	564
Total pooled investments and cash	50,034	94,436	564
Investments, at fair value - restricted	10,241	--	--
Accounts receivable, net of allowance	834	5,995	--
Due from other funds	--	210	--
Inventories, at cost	34	--	--
Prepaid expenses	131	6	35
Other receivables - restricted	--	724	--
Total current assets	61,295	101,373	603
Noncurrent assets:			
Advances to other funds	45	--	--
Advances to other funds - restricted	--	--	--
Investments, at fair value - restricted	10,263	--	--
Depreciable capital assets	192,748	100,575	9,124
Nondepreciable capital assets	67,274	63,617	370
Deferred costs and expenses, net of amortization	3,779	95	7
Total noncurrent assets	274,109	164,287	9,501
Total assets	335,404	265,660	10,104
Deferred outflows of resources	\$ 20,368	--	--

	Austin Resource Recovery (1)	Trans- portation	Total
ASSETS			
Current assets:			
Cash	3	2	32
Pooled investments and cash	15,789	21,119	154,694
Pooled investments and cash - restricted	17,695	875	45,818
Total pooled investments and cash	33,484	21,994	200,512
Investments, at fair value - restricted	--	--	10,241
Accounts receivable, net of allowance	10,538	5,050	22,417
Due from other funds	--	--	210
Inventories, at cost	--	2,450	2,484
Prepaid expenses	--	5	177
Other receivables - restricted	--	--	724
Total current assets	44,025	29,501	236,797
Noncurrent assets:			
Advances to other funds	--	--	45
Advances to other funds - restricted	325	--	325
Investments, at fair value - restricted	--	--	10,263
Depreciable capital assets	30,697	18,049	351,193
Nondepreciable capital assets	19,814	3,349	154,424
Deferred costs and expenses, net of amortization	519	91	4,491
Total noncurrent assets	51,355	21,489	520,741
Total assets	95,380	50,990	757,538
Deferred outflows of resources	--	--	20,368

(1) Prior to 2012, reported as Solid Waste Services

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2012
(In thousands)

	Convention Center	Drainage	Golf
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 210	457	55
Accounts and retainage payable from restricted assets	675	1,345	35
Accrued payroll	353	502	71
Accrued compensated absences	873	1,331	120
Due to other funds	320	--	210
Accrued interest payable from restricted assets	1,917	--	--
Interest payable on other debt	124	43	5
Bonds payable, net of discount and inclusive of premium	1,174	1,156	270
Bonds payable from restricted assets	10,205	--	--
Customer and escrow deposits payable from restricted assets	2,079	302	--
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	93	43	--
Other liabilities payable from restricted assets	--	--	--
Total current liabilities	18,023	5,179	766
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1	--	85
Advances from other funds	997	16	--
Bonds payable	205,379	10,756	674
Pension obligation payable	2,534	4,664	462
Other post employment benefits payable	7,827	11,725	--
Accrued landfill closure and postclosure costs	--	--	--
Derivative instruments - interest rate swaps	20,368	--	--
Deferred credits and other liabilities	2,737	--	--
Other liabilities payable from restricted assets	--	470	--
Total noncurrent liabilities	239,843	27,631	1,221
Total liabilities	257,866	32,810	1,987
NET ASSETS			
Invested in capital assets, net of related debt	49,867	151,113	8,568
Restricted for:			
Debt service	7,961	--	--
Capital projects	--	12,982	518
Renewal and replacement	831	--	--
Bond Reserve	7,269	--	--
Operating reserve	3,525	--	--
Unrestricted	28,453	68,755	(969)
Total net assets	\$ 97,906	232,850	8,117

(Continued)

	Austin Resource Recovery (1)	Trans- portation	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,697	2,770	5,189
Accounts and retainage payable from restricted assets	55	--	2,110
Accrued payroll	672	636	2,234
Accrued compensated absences	1,679	1,583	5,586
Due to other funds	--	--	530
Accrued interest payable from restricted assets	--	--	1,917
Interest payable on other debt	380	127	679
Bonds payable, net of discount and inclusive of premium	8,714	2,890	14,204
Bonds payable from restricted assets	--	--	10,205
Customer and escrow deposits payable from restricted assets	894	--	3,275
Accrued landfill closure and postclosure costs	1,119	--	1,119
Deferred credits and other liabilities	--	140	276
Other liabilities payable from restricted assets	6,364	--	6,364
Total current liabilities	21,574	8,146	53,688
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	3	20	109
Advances from other funds	--	--	1,013
Bonds payable	50,858	12,571	280,238
Pension obligation payable	5,329	4,274	17,263
Other post employment benefits payable	16,193	14,165	49,910
Accrued landfill closure and postclosure costs	10,914	--	10,914
Derivative instruments - interest rate swaps	--	--	20,368
Deferred credits and other liabilities	--	--	2,737
Other liabilities payable from restricted assets	3,594	--	4,064
Total noncurrent liabilities	86,891	31,030	386,616
Total liabilities	108,465	39,176	440,304
NET ASSETS			
Invested in capital assets, net of related debt	23,136	6,028	238,712
Restricted for:			
Debt service	325	--	8,286
Capital projects	--	875	14,375
Renewal and replacement	--	--	831
Bond Reserve	--	--	7,269
Operating reserve	--	--	3,525
Unrestricted	(36,546)	4,911	64,604
Total net assets	(13,085)	11,814	337,602

(1) Prior to 2012, reported as Solid Waste Services

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2012
(In thousands)

	Convention Center	Drainage	Golf
OPERATING REVENUES			
User fees and rentals	\$ 19,200	59,665	5,239
Total operating revenues	<u>19,200</u>	<u>59,665</u>	<u>5,239</u>
OPERATING EXPENSES			
Operating expenses before depreciation	37,617	46,652	4,942
Depreciation and amortization	9,028	5,415	681
Total operating expenses	<u>46,645</u>	<u>52,067</u>	<u>5,623</u>
Operating income (loss)	<u>(27,445)</u>	<u>7,598</u>	<u>(384)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	155	230	1
Interest on revenue bonds and other debt	(9,481)	(458)	(11)
Interest capitalized during construction	1,070	458	--
Amortization of bond issue cost	(256)	(9)	(2)
Other nonoperating revenue (expense)	(4,085)	348	(7)
Total nonoperating revenues (expenses)	<u>(12,597)</u>	<u>569</u>	<u>(19)</u>
Income (loss) before contributions and transfers	<u>(40,042)</u>	<u>8,167</u>	<u>(403)</u>
Capital contributions	34	5,103	165
Transfers in	44,004	--	--
Transfers out	(213)	(667)	(6)
Change in net assets	<u>3,783</u>	<u>12,603</u>	<u>(244)</u>
Total net assets - beginning	<u>94,123</u>	<u>220,247</u>	<u>8,361</u>
Total net assets - ending	<u>\$ 97,906</u>	<u>232,850</u>	<u>8,117</u>

	Austin Resource Recovery (1)	Trans- portation	Total
OPERATING REVENUES			
User fees and rentals	75,499	63,812	223,415
Total operating revenues	<u>75,499</u>	<u>63,812</u>	<u>223,415</u>
OPERATING EXPENSES			
Operating expenses before depreciation	80,147	57,343	226,701
Depreciation and amortization	6,855	2,632	24,611
Total operating expenses	<u>87,002</u>	<u>59,975</u>	<u>251,312</u>
Operating income (loss)	<u>(11,503)</u>	<u>3,837</u>	<u>(27,897)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	144	43	573
Interest on revenue bonds and other debt	(1,748)	(388)	(12,086)
Interest capitalized during construction	--	--	1,528
Amortization of bond issue cost	(61)	(18)	(346)
Other nonoperating revenue (expense)	860	(258)	(3,142)
Total nonoperating revenues (expenses)	<u>(805)</u>	<u>(621)</u>	<u>(13,473)</u>
Income (loss) before contributions and transfers	<u>(12,308)</u>	<u>3,216</u>	<u>(41,370)</u>
Capital contributions	3,195	118	8,615
Transfers in	954	1,688	46,646
Transfers out	(1,135)	(2,297)	(4,318)
Change in net assets	<u>(9,294)</u>	<u>2,725</u>	<u>9,573</u>
Total net assets - beginning	<u>(3,791)</u>	<u>9,089</u>	<u>328,029</u>
Total net assets - ending	<u><u>(13,085)</u></u>	<u><u>11,814</u></u>	<u><u>337,602</u></u>

(1) Prior to 2012, reported as Solid Waste Services

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Convention Center	Drainage	Golf
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 19,114	57,520	5,239
Cash payments to suppliers for goods and services	(18,340)	(20,801)	(1,582)
Cash payments to employees for services	(16,946)	(22,445)	(3,286)
Net cash provided (used) by operating activities	(16,172)	14,274	371
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	44,004	--	--
Transfers out	(213)	(667)	(6)
Interest paid on revenue notes and other debt	--	--	--
Contributions (to) from other funds	--	(414)	--
Loans to other funds	(7)	--	--
Loans from other funds	--	16	--
Loan repayments to other funds	(314)	--	(140)
Loan repayments from other funds	--	139	--
Collections from other governments	--	697	--
Net cash provided (used) by noncapital financing activities	43,470	(229)	(146)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	--
Principal paid on long-term debt	(11,085)	(1,057)	(215)
Purchased interest received	66	9	--
Interest paid on revenue bonds and other debt	(9,447)	(597)	(15)
Acquisition and construction of capital assets	(6,425)	(16,641)	(217)
Contributions (to) from municipality	--	--	--
Contributions in aid of construction	--	5,103	132
Bond issuance costs	(543)	(20)	--
Bond premiums	2,892	244	--
Bonds issued for advanced refundings of debt	26,142	2,410	--
Cash paid for bond refunding escrow	(26,725)	(2,632)	--
Net cash provided (used) by capital and related financing activities	\$ (25,125)	(13,181)	(315)

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	71,988	62,607	216,468
Cash payments to suppliers for goods and services	(38,616)	(27,080)	(106,419)
Cash payments to employees for services	(30,778)	(28,164)	(101,619)
Net cash provided (used) by operating activities	2,594	7,363	8,430

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES:

Transfers in	954	1,688	46,646
Transfers out	(1,135)	(2,297)	(4,318)
Interest paid on revenue notes and other debt	(9)	--	(9)
Contributions (to) from other funds	1,034	--	620
Loans to other funds	(325)	--	(332)
Loans from other funds	--	--	16
Loan repayments to other funds	(425)	--	(879)
Loan repayments from other funds	--	--	139
Collections from other governments	--	--	697
Net cash provided (used) by noncapital financing activities	94	(609)	42,580

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES:

Proceeds from the sale of general obligation bonds and other tax-supported debt	14,272	3,003	17,275
Principal paid on long-term debt	(8,517)	(2,985)	(23,859)
Purchased interest received	47	4	126
Interest paid on revenue bonds and other debt	(2,049)	(366)	(12,474)
Acquisition and construction of capital assets	(2,875)	(4,016)	(30,174)
Contributions (to) from municipality	--	--	--
Contributions in aid of construction	--	--	5,235
Bond issuance costs	(287)	(26)	(876)
Bond premiums	573	28	3,737
Bonds issued for advanced refundings of debt	3,248	--	31,800
Cash paid for bond refunding escrow	(3,550)	--	(32,907)
Net cash provided (used) by capital and related financing activities	862	(4,358)	(42,117)

(1) Prior to 2012, reported as Solid Waste Services

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Convention Center	Drainage	Golf
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (21,491)	--	--
Proceeds from sale and maturities of investment securities	19,371	--	--
Interest on investments	155	230	1
Net cash provided (used) by investing activities	(1,965)	230	1
Net increase (decrease) in cash and cash equivalents	208	1,094	(89)
Cash and cash equivalents, October 1	49,847	93,344	657
Cash and cash equivalents, September 30	50,055	94,438	568
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(27,445)	7,598	(384)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,028	5,415	681
(Increase) decrease in accounts receivable	(153)	(2,224)	--
Increase (decrease) in allowance for doubtful accounts	6	58	--
(Increase) decrease in inventory	--	--	--
(Increase) decrease in prepaid expenses and other assets	23	1	--
Decrease in deferred costs and other			
(Increase) decrease in other long-term assets	11	--	8
Increase (decrease) in accounts payable	85	309	25
Increase (decrease) in accrued payroll and compensated absences	102	90	5
Increase (decrease) in advances from other funds	--	22	--
Increase (decrease) in pension obligations payable	272	392	36
Increase (decrease) in other post employment benefits payable	1,744	2,613	--
Increase (decrease) in deferred credits and other liabilities	93	--	--
Increase (decrease) in customer deposits	62	--	--
Total adjustments	11,273	6,676	755
Net cash provided (used) by operating activities	\$ (16,172)	14,274	371
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	\$ (16)	(9)	--
Capital assets contributed (to) from other funds	(3,767)	--	33
Amortization of bond issue costs	(256)	(9)	(2)
Amortization of bond (discounts) premiums	578	109	2
Amortization of deferred gain (loss) on refundings	(1,182)	(34)	--
Gain (loss) on disposal of assets	--	(4)	(7)
Capitalized interest	1,070	458	--

(Continued)

	Austin Resource Recovery (1)	Trans- portation	Total
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	--	--	(21,491)
Proceeds from sale and maturities of investment securities	--	--	19,371
Interest on investments	144	43	573
Net cash provided (used) by investing activities	144	43	(1,547)
Net increase (decrease) in cash and cash equivalents	3,694	2,439	7,346
Cash and cash equivalents, October 1	29,793	19,557	193,198
Cash and cash equivalents, September 30	33,487	21,996	200,544
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(11,503)	3,837	(27,897)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	6,855	2,632	24,611
(Increase) decrease in accounts receivable	(3,337)	(1,218)	(6,932)
Increase (decrease) in allowance for doubtful accounts	97	13	174
(Increase) decrease in inventory	--	(1,356)	(1,356)
(Increase) decrease in prepaid expenses and other assets	--	--	24
Decrease in deferred costs and other	--	--	19
(Increase) decrease in other long-term assets	--	--	441
Increase (decrease) in accounts payable	633	(611)	758
Increase (decrease) in accrued payroll and compensated absences	246	315	22
Increase (decrease) in advances from other funds	--	--	1,674
Increase (decrease) in pension obligations payable	519	455	11,121
Increase (decrease) in other post employment benefits payable	3,608	3,156	5,981
Increase (decrease) in deferred credits and other liabilities	5,748	140	(210)
Increase (decrease) in customer deposits	(272)	--	14,097
Total adjustments	14,097	3,526	36,327
Net cash provided (used) by operating activities	2,594	7,363	8,430
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	(221)	--	(246)
Capital assets contributed (to) from other funds	2,161	118	(1,455)
Amortization of bond issue costs	(61)	(18)	(346)
Amortization of bond (discounts) premiums	206	42	937
Amortization of deferred gain (loss) on refundings	17	--	(1,199)
Gain (loss) on disposal of assets	(174)	(258)	(443)
Capitalized interest	--	--	1,528

(1) Prior to 2012, reported as Solid Waste Services





INTERNAL SERVICE FUNDS

Internal service funds account for and report 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 City reports the following internal service funds:

Capital Projects Management Fund – Accounts for the City's capital improvement projects.

Combined Transportation, Emergency and Communications Center Fund (CTECC) – Accounts for the operation of shared critical emergency communications and transportation management for the region.

Employee Benefits Fund – Accounts for activities related to the health, dental, and life insurance costs of City employees.

Fleet Maintenance Fund - Accounts for City vehicle and equipment services.

Information Systems Fund – Accounts for the activities of the Communications and Technology Management Department.

Liability Reserve Fund – Accounts for coverage of the City's major claims liabilities.

Support Services Fund - Accounts for the activities of the various support service departments.

Wireless Communication Fund - Accounts for communication support activities.

Workers' Compensation Fund - Accounts for workers' compensation costs.



Internal Service Funds
Combining Statement of Net Assets
September 30, 2012
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS					
Current assets:					
Cash	\$ 2	--	--	1	--
Pooled investments and cash	1,526	1,277	44,798	12,611	5,425
Cash held by trustee - restricted	--	--	1,114	--	--
Accounts receivable	262	936	6,150	58	--
Receivables from other governments	--	--	--	--	--
Due from other funds	--	--	--	--	--
Inventories, at cost	--	--	--	1,363	--
Prepaid expenses	15	5	--	--	51
Total current assets	1,805	2,218	52,062	14,033	5,476
Noncurrent assets:					
Advances to other funds	--	--	--	167	--
Depreciable capital assets	797	10,279	--	7,575	9,245
Nondepreciable capital assets	--	--	--	275	--
Deferred costs and expenses, net of amortization	--	--	--	12	--
Total noncurrent assets	797	10,279	--	8,029	9,245
Total assets	2,602	12,497	52,062	22,062	14,721
LIABILITIES					
Current liabilities:					
Accounts payable	211	845	1,143	2,577	419
Accrued payroll	531	75	--	281	437
Accrued compensated absences	1,347	210	--	720	1,393
Claims payable	--	--	10,304	--	--
Due to other funds	--	--	--	--	--
Interest payable on other debt	--	--	--	15	--
Bonds payable	--	--	--	307	--
Capital lease obligations payable	--	--	--	--	159
Deferred credits and other liabilities	6	5	1,008	--	--
Total current liabilities	2,095	1,135	12,455	3,900	2,408
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	--	--	--	149
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Bonds payable, net of discount and inclusive of premium	--	--	--	3,490	--
Total noncurrent liabilities	--	--	--	3,490	149
Total liabilities	2,095	1,135	12,455	7,390	2,557
NET ASSETS					
Invested in capital assets, net of related debt	797	10,279	--	4,065	9,086
Restricted for:					
Capital projects	--	--	--	2,721	--
Unrestricted	(290)	1,083	39,607	7,886	3,078
Total net assets	\$ 507	11,362	39,607	14,672	12,164

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
ASSETS					
Current assets:					
Cash	--	10	--	--	13
Pooled investments and cash	14,197	13,601	2,355	18,066	113,856
Cash held by trustee - restricted	--	--	--	--	1,114
Accounts receivable	--	--	515	--	7,921
Receivables from other governments	--	13	--	--	13
Due from other funds	--	11	--	--	11
Inventories, at cost	--	13	206	--	1,582
Prepaid expenses	--	21	--	--	92
Total current assets	14,197	13,669	3,076	18,066	124,602
Noncurrent assets:					
Advances to other funds	--	12	--	--	179
Depreciable capital assets	--	2,867	14,081	--	44,844
Nondepreciable capital assets	--	510	262	--	1,047
Deferred costs and expenses, net of amortization	--	--	--	--	12
Total noncurrent assets	--	3,389	14,343	--	46,082
Total assets	14,197	17,058	17,419	18,066	170,684
LIABILITIES					
Current liabilities:					
Accounts payable	228	6,478	220	155	12,276
Accrued payroll	--	1,326	85	--	2,735
Accrued compensated absences	--	3,670	167	--	7,507
Claims payable	1,822	--	--	4,420	16,546
Due to other funds	--	148	--	--	148
Interest payable on other debt	--	1	--	--	16
Bonds payable	--	39	--	--	346
Capital lease obligations payable	--	--	--	--	159
Deferred credits and other liabilities	--	409	56	--	1,484
Total current liabilities	2,050	12,071	528	4,575	41,217
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	162	72	--	383
Claims payable	4,502	--	--	13,171	17,673
Advances from other funds	--	167	--	--	167
Bonds payable, net of discount and inclusive of premium	--	239	--	--	3,729
Total noncurrent liabilities	4,502	568	72	13,171	21,952
Total liabilities	6,552	12,639	600	17,746	63,169
NET ASSETS					
Invested in capital assets, net of related debt	--	3,099	14,343	--	41,669
Restricted for:					
Capital projects	--	--	--	--	2,721
Unrestricted	7,645	1,320	2,476	320	63,125
Total net assets	7,645	4,419	16,819	320	107,515

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2012
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES					
Billings to departments	\$ 28,707	8,688	99,138	48,935	31,905
Employee contributions	--	--	30,129	--	--
Operating revenues from other governments	--	2,735	--	239	--
Other operating revenues	723	--	2,029	6,724	184
Total operating revenues	29,430	11,423	131,296	55,898	32,089
OPERATING EXPENSES					
Operating expenses before depreciation	29,504	10,389	114,477	42,967	31,859
Depreciation and amortization	174	4,590	--	715	2,474
Total operating expenses	29,678	14,979	114,477	43,682	34,333
Operating income (loss)	(248)	(3,556)	16,819	12,216	(2,244)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	1	1	--	15	7
Interest on bonds and other debt	--	--	--	(191)	(8)
Amortization of bond issue cost	--	--	--	8	--
Other nonoperating revenue (expense)	(3)	(4)	--	(11,340)	(280)
Total nonoperating revenues (expenses)	(2)	(3)	--	(11,508)	(281)
Income (loss) before contributions and transfers	(250)	(3,559)	16,819	708	(2,525)
Capital contributions	55	6,088	--	23	2,427
Transfers in	--	--	--	4,388	--
Transfers out	--	(1,238)	--	(82)	(508)
Change in net assets	(195)	1,291	16,819	5,037	(606)
Total net assets - beginning	702	10,071	22,788	9,635	12,770
Total net assets - ending	\$ 507	11,362	39,607	14,672	12,164

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
OPERATING REVENUES					
Billings to departments	3,735	71,864	8,183	10,207	311,362
Employee contributions	--	--	--	--	30,129
Operating revenues from other governments	--	--	490	--	3,464
Other operating revenues	11	699	1,960	--	12,330
Total operating revenues	<u>3,746</u>	<u>72,563</u>	<u>10,633</u>	<u>10,207</u>	<u>357,285</u>
OPERATING EXPENSES					
Operating expenses before depreciation	1,885	71,083	8,634	12,138	322,936
Depreciation and amortization	--	414	3,461	--	11,828
Total operating expenses	<u>1,885</u>	<u>71,497</u>	<u>12,095</u>	<u>12,138</u>	<u>334,764</u>
Operating income (loss)	<u>1,861</u>	<u>1,066</u>	<u>(1,462)</u>	<u>(1,931)</u>	<u>22,521</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	--	16	3	--	43
Interest on bonds and other debt	--	(30)	--	--	(229)
Amortization of bond issue cost	--	3	--	--	11
Other nonoperating revenue (expense)	--	(43)	(2)	--	(11,672)
Total nonoperating revenues (expenses)	<u>--</u>	<u>(54)</u>	<u>1</u>	<u>--</u>	<u>(11,847)</u>
Income (loss) before contributions and transfers	1,861	1,012	(1,461)	(1,931)	10,674
Capital contributions	--	89	8,423	--	17,105
Transfers in	--	--	--	--	4,388
Transfers out	--	(4,097)	(485)	--	(6,410)
Change in net assets	<u>1,861</u>	<u>(2,996)</u>	<u>6,477</u>	<u>(1,931)</u>	<u>25,757</u>
Total net assets - beginning	<u>5,784</u>	<u>7,415</u>	<u>10,342</u>	<u>2,251</u>	<u>81,758</u>
Total net assets - ending	<u><u>7,645</u></u>	<u><u>4,419</u></u>	<u><u>16,819</u></u>	<u><u>320</u></u>	<u><u>107,515</u></u>

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 29,510	11,924	125,146	55,804	32,122
Cash payments to suppliers for goods and services	(4,961)	(6,859)	(19,011)	(29,787)	(11,718)
Cash payments to employees for services	(24,370)	(3,373)	--	(12,765)	(20,141)
Cash payments to claimants/beneficiaries	--	--	(95,357)	--	--
Net cash provided (used) by operating activities	179	1,692	10,778	13,252	263
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	--	--	4,388	--
Transfers out	--	(1,238)	--	(82)	(508)
Loan repayments to other funds	--	--	--	--	--
Net cash provided (used) by noncapital financing activities	--	(1,238)	--	4,306	(508)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	--	--	(455)	(274)
Interest paid on revenue bonds and other debt	--	--	--	(195)	(8)
Acquisition and construction of capital assets	(314)	(209)	--	(11,530)	(99)
Net cash provided (used) by capital and related financing activities	\$ (314)	(209)	--	(12,180)	(381)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	3,746	72,563	10,392	10,207	351,414
Cash payments to suppliers for goods and services	(1,150)	(10,600)	(4,097)	(7,594)	(95,777)
Cash payments to employees for services	--	(59,989)	(4,538)	--	(125,176)
Cash payments to claimants/beneficiaries	(1,974)	--	--	(2,553)	(99,884)
Net cash provided (used) by operating activities	622	1,974	1,757	60	30,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	--	--	--	--	4,388
Transfers out	--	(4,097)	(485)	--	(6,410)
Loan repayments to other funds	--	(141)	--	--	(141)
Net cash provided (used) by noncapital financing activities	--	(4,238)	(485)	--	(2,163)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	(45)	--	--	(774)
Interest paid on revenue bonds and other debt	--	(30)	--	--	(233)
Acquisition and construction of capital assets	--	(32)	(150)	--	(12,334)
Net cash provided (used) by capital and related financing activities	--	(107)	(150)	--	(13,341)

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2012
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	\$ 1	1	--	15	7
Net cash provided (used) by investing activities	1	1	--	15	7
Net increase (decrease) in cash and cash equivalents	(134)	246	10,778	5,393	(619)
Cash and cash equivalents, October 1	1,662	1,031	35,134	7,219	6,044
Cash and cash equivalents, September 30	1,528	1,277	45,912	12,612	5,425
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(248)	(3,556)	16,819	12,216	(2,244)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	174	4,590	--	715	2,474
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	79	506	(6,150)	4	33
(Increase) decrease in inventory	--	--	--	132	--
(Increase) decrease in prepaid expenses and other assets	--	--	--	--	(1)
(Increase) decrease in advance to other funds	--	--	--	(98)	--
(Increase) decrease in deferred costs and other expenses	--	(5)	--	--	--
Increase (decrease) in accounts payable	39	104	202	263	(98)
Increase (decrease) in accrued payroll and compensated absences	134	53	--	20	99
Increase (decrease) in claims payable	--	--	(334)	--	--
Increase (decrease) in deferred credits and other liabilities	1	--	241	--	--
Total adjustments	427	5,248	(6,041)	1,036	2,507
Net cash provided (used) by operating activities	\$ 179	1,692	10,778	13,252	263
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital assets contributed (to) from other funds	\$ 55	6,088	--	--	2,427
Amortization of bond issue costs	--	--	--	(8)	--
Gain (loss) on disposal of assets	(3)	(4)	--	(11,340)	(280)

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	--	16	3	--	43
Net cash provided (used) by investing activities	<u>--</u>	<u>16</u>	<u>3</u>	<u>--</u>	<u>43</u>
Net increase (decrease) in cash and cash equivalents	622	(2,355)	1,125	60	15,116
Cash and cash equivalents, October 1	13,575	15,966	1,230	18,006	99,867
Cash and cash equivalents, September 30	<u>14,197</u>	<u>13,611</u>	<u>2,355</u>	<u>18,066</u>	<u>114,983</u>
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	1,861	1,066	(1,462)	(1,931)	22,521
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	414	3,461	--	11,828
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	--	(108)	--	(5,636)
(Increase) decrease in inventory	--	--	(80)	--	52
(Increase) decrease in prepaid expenses and other assets	--	(9)	--	--	(10)
(Increase) decrease in advance to other funds	--	11	--	--	(87)
(Increase) decrease in deferred costs and other expenses	--	--	--	--	(5)
Increase (decrease) in accounts payable	22	(166)	16	38	420
Increase (decrease) in accrued payroll and compensated absences	--	510	63	--	879
Increase (decrease) in claims payable	(1,261)	--	--	1,953	358
Increase (decrease) in deferred credits and other liabilities	--	148	(133)	--	257
Total adjustments	<u>(1,239)</u>	<u>908</u>	<u>3,219</u>	<u>1,991</u>	<u>8,056</u>
Net cash provided (used) by operating activities	<u>622</u>	<u>1,974</u>	<u>1,757</u>	<u>60</u>	<u>30,577</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed (to) from other funds	--	89	8,423	--	17,082
Amortization of bond issue costs	--	(3)	--	--	(11)
Gain (loss) on disposal of assets	--	(43)	(2)	--	(11,672)





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. The City utilizes private-purpose trust funds and agency funds which are considered fiduciary funds.

Private-purpose trust funds account for and 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. The City reports the following private-purpose trust funds and agency funds:

Private-Purpose Trust Funds

General Government

Unclaimed Property Fund – Accounts for and reports unclaimed City of Austin checks.

Transportation, Planning, and Sustainability

Voluntary Utility Assistance Fund – Accounts for and reports contributions for the benefit of indigent utility customers. Contributions are received with electric bill payments.

Public Recreation and Culture

Barbara Jordan Memorial Fund – Accounts for and reports donations for a future memorial.

First Step - A Community Project Fund - Accounts for and reports programs and activities that improve community relations.

Science Fest Fund - Accounts for and reports all contributions, registration fees and other donations received for the Regional Science Festival.

Urban Growth Management

Leveraged Loan Pool Fund - Accounts for and reports funds that are held to leverage private capital and state or federal resources to stimulate business investments.

Telecommunity Partnership Fund - Accounts for and reports the training needs of the Austin community and creating opportunities for individuals through partnerships with local employers.

Agency Funds

Campaign Financing Fund - Accounts for and reports donations and fees for the Austin Fair Campaign Ordinance.

Municipal Courts Fund – Accounts for and reports service fees collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

Neighborhood Revitalization Fund - Accounts for and reports escrow deposits and payments to loan recipients.

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Assets
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit H-1

	Assets				Liabilities			Net Assets Held in Trust
	Pooled Investments and Cash	Due from Other Funds	Other Assets	Total Assets	Due to Other Funds	Other Liabilities	Total Liabilities	
General government								
Unclaimed Property	\$ 798	--	--	798	--	701	701	97
Total general government	798	--	--	798	--	701	701	97
Transportation, planning, and sustainability								
Voluntary Utility Assistance	205	--	--	205	--	--	--	205
Total transportation, planning, and sustainability	205	--	--	205	--	--	--	205
Public recreation and culture								
Barbara Jordan Memorial	2	--	--	2	--	--	--	2
First Step - A Community Project	14	--	--	14	--	--	--	14
Science Fest	--	--	--	--	25	--	25	(25)
Total public recreation and culture	16	--	--	16	25	--	25	(9)
Urban growth management								
Leveraged Loan Pool	417	25	120	562	--	--	--	562
Telecommunity Partnership	16	--	--	16	--	--	--	16
Total urban growth management	433	25	120	578	--	--	--	578
Total	\$ 1,452	25	120	1,597	25	701	726	871

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2012
(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
General government							
Unclaimed Property	\$ --	2	2	--	2	95	97
Total general government	--	2	2	--	2	95	97
Transportation, planning, and sustainability							
Voluntary Utility Assistance	388	1	389	339	50	155	205
Total transportation, planning, and sustainability	388	1	389	339	50	155	205
Public recreation and culture							
Barbara Jordan Memorial	--	--	--	--	--	2	2
First Step - A Community Project	--	--	--	--	--	14	14
Science Fest	111	--	111	157	(46)	21	(25)
Total public recreation and culture	111	--	111	157	(46)	37	(9)
Urban growth management							
Leveraged Loan Pool	--	1	1	--	1	561	562
Telecommunity Partnership	--	--	--	--	--	16	16
Total urban growth management	--	1	1	--	1	577	578
Total	\$ 499	4	503	496	7	864	871

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit H-3

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
<u>Campaign Financing Fund</u>				
Assets				
Pooled investments and cash	\$ 6	24	--	30
Total assets	6	24	--	30
Liabilities				
Deposits and other liabilities	6	49	25	30
Total liabilities	6	49	25	30
<u>Municipal Courts</u>				
Assets				
Pooled investments and cash	2,476	10,191	10,663	2,004
Total assets	2,476	10,191	10,663	2,004
Liabilities				
Accounts payable	18	9,831	9,740	109
Due to other governments	2,097	17,618	18,093	1,622
Deposits and other liabilities	361	2,384	2,472	273
Total liabilities	2,476	29,833	30,305	2,004
<u>Neighborhood Revitalization</u>				
Assets				
Pooled investments and cash	242	--	--	242
Total assets	242	--	--	242
Liabilities				
Deposits and other liabilities	242	--	--	242
Total liabilities	242	--	--	242
<u>Total Agency Funds</u>				
Assets				
Pooled investments and cash	2,724	10,215	10,663	2,276
Total assets	2,724	10,215	10,663	2,276
Liabilities				
Accounts payable	18	9,831	9,740	109
Due to other governments	2,097	17,618	18,093	1,622
Deposits and other liabilities	609	2,433	2,497	545
Total liabilities	\$ 2,724	29,882	30,330	2,276





SUPPLEMENTAL SCHEDULES

Budgetary General Fund
Supplementary Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit I-1

The General Fund, as reported in the financial statements, is comprised of five separately budgeted funds in the City's legally adopted budget: the Budgetary General Fund (represented as the General Fund in the City's budget document) plus the Economic Incentives Reserve, the New Central Library, the Neighborhood Housing and Community Development, and the Sustainability funds. RSI reflects the budgetary comparison for the consolidated General Fund. Below are the budgetary comparisons for each of the five funds.

Budgetary General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive Negative
				Original	Final	
REVENUES						
Taxes	\$ 448,537	99	448,636	437,261	437,261	11,375
Franchise fees	32,578	47	32,625	33,827	33,827	(1,202)
Fines, forfeitures and penalties	15,784	(1)	15,783	20,079	20,079	(4,296)
Licenses, permits and inspections	22,664	(3)	22,661	15,300	15,618	7,043
Charges for services/goods	44,147	2,188	46,335	43,540	43,540	2,795
Interest and other	4,357	(883)	3,474	3,633	3,633	(159)
Total revenues	568,067	1,447	569,514	553,640	553,958	15,556
EXPENDITURES						
General government						
Municipal Court	12,674	(6)	12,668	12,834	12,834	166
Public safety						
Police	265,016	(579)	264,437	267,580	267,580	3,143
Fire	132,832	(148)	132,684	131,199	131,264	(1,420)
Emergency Medical Services	50,096	(276)	49,820	49,781	49,781	(39)
Transportation, planning, and sustainability						
Transportation, planning, and sustainability	5	(5)	--	--	--	--
Public health:						
Health	41,991	729	42,720	41,553	42,693	(27)
Public recreation and culture						
Parks and Recreation	44,810	263	45,073	45,290	45,290	217
Austin Public Library	26,943	(143)	26,800	26,593	26,593	(207)
Urban growth management						
Neighborhood Planning and Zoning	21,933	(224)	21,709	21,181	22,255	546
Other Urban Growth Management	84	(84)	--	--	--	--
General city responsibilities (4)	83,875	(59,850)	24,025	23,737	23,737	(288)
Total expenditures	680,259	(60,323)	619,936	619,748	622,027	2,091
Excess (deficiency) of revenues over expenditures	(112,192)	61,770	(50,422)	(66,108)	(68,069)	17,647
OTHER FINANCING SOURCES (USES)						
Transfers in	137,014	3,180	140,194	138,120	140,098	96
Transfers out	(8,289)	(74,835)	(83,124)	(83,057)	(83,056)	(68)
Total other financing sources (uses)	128,725	(71,655)	57,070	55,063	57,042	28
Excess (deficiency) of revenues and other sources over expenditures and other uses	16,533	(9,885)	6,648	(11,045)	(11,027)	17,675
Fund balance at beginning of year	125,420	(23,206)	102,214	65,091	85,838	16,376
Fund balance at end of year	\$ 141,953	(33,091)	108,862	54,046	74,811	34,051

(Continued)

- (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.

Budgetary General Fund
Supplementary Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit I-1

(Continued)

Economic Incentives Reserve

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive Negative
				Original	Final	
REVENUES						
Interest and other	\$ 34	--	34	--	--	34
Total revenues	34	--	34	--	--	34
EXPENDITURES						
Other Urban Growth Management	9,613	(1,395)	8,218	10,287	10,287	2,069
Total expenditures	9,613	(1,395)	8,218	10,287	10,287	2,069
Excess (deficiency) of revenues over expenditures	(9,579)	1,395	(8,184)	(10,287)	(10,287)	2,103
OTHER FINANCING SOURCES (USES)						
Transfers in	667	11,900	12,567	13,810	13,810	(1,243)
Transfers out	(983)	983	--	--	--	--
Total other financing sources (uses)	(316)	12,883	12,567	13,810	13,810	(1,243)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,895)	14,278	4,383	3,523	3,523	860
Fund balance at beginning of year	(2,747)	10,319	7,572	7,299	7,299	273
Fund balance at end of year	(12,642)	24,597	11,955	10,822	10,822	1,133

New Central Library

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive Negative
				Original	Final	
REVENUES						
Interest and other	16	--	16	12	12	4
Total revenues	16	--	16	12	12	4
Excess (deficiency) of revenues over expenditures	16	--	16	12	12	4
OTHER FINANCING SOURCES (USES)						
Transfers out	(10,489)	--	(10,489)	(10,489)	(10,489)	--
Total other financing sources (uses)	(10,489)	--	(10,489)	(10,489)	(10,489)	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(10,473)	--	(10,473)	(10,477)	(10,477)	4
Fund balance at beginning of year	10,473	--	10,473	10,538	10,538	(65)
Fund balance at end of year	\$ --	--	--	61	61	(61)

(Continued)

- (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.

Budgetary General Fund
Supplementary Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit I-1

(Continued)

**Neighborhood Housing and
Community Development**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive Negative
				Original	Final	
REVENUES						
Interest and other	\$ 7	--	7	--	--	7
Total revenues	7	--	7	--	--	7
EXPENDITURES						
Other Urban Growth Mangement	2,959	50	3,009	3,003	2,968	(41)
Total expenditures	2,959	50	3,009	3,003	2,968	(41)
Excess (deficiency) of revenues over expenditures	(2,952)	(50)	(3,002)	(3,003)	(2,968)	(34)
OTHER FINANCING SOURCES (USES)						
Transfers in	--	2,986	2,986	2,758	2,758	228
Transfers out	--	(35)	(35)	--	(35)	--
Total other financing sources (uses)	--	2,951	2,951	2,758	2,723	228
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,952)	2,901	(51)	(245)	(245)	194
Fund balance at beginning of year	(2,000)	2,234	234	57	57	177
Fund balance at end of year	(4,952)	5,135	183	(188)	(188)	371

Sustainability

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive Negative
				Original	Final	
EXPENDITURES						
Other Urban Growth Mangement	3,830	(99)	3,731	4,237	4,237	506
Total expenditures	3,830	(99)	3,731	4,237	4,237	506
Excess (deficiency) of revenues over expenditures	(3,830)	99	(3,731)	(4,237)	(4,237)	506
Transfers in	6,527	--	6,527	6,527	6,527	--
Transfers out	--	(2,986)	(2,986)	(2,758)	(2,758)	(228)
Total other financing sources (uses)	6,527	(2,986)	3,541	3,769	3,769	(228)
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,697	(2,887)	(190)	(468)	(468)	278
Fund balance at beginning of year	3,107	(2,573)	534	1,199	14	520
Fund balance at end of year	\$ 5,804	(5,460)	344	731	(454)	798

(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.

Enterprise Related Grants
Combining Balance Sheet
September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit I-2

	Liabilities and Fund Balances					
	Receivables from Other Governments	Total Assets	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
AUSTIN ENERGY RELATED						
U.S. Department of Energy	\$ 253	253	253	253	--	253
U.S. Department of Housing & Urban Development	363	363	363	363	--	363
U.S. National Endowment of the Arts	3	3	3	3	--	3
Texas Commission of the Arts	23	23	23	23	--	23
American Public Power Association	55	55	55	55	--	55
Austin Community Foundation for the Capital Area	--	--	--	--	--	--
Total Austin Energy	697	697	697	697	--	697
AUSTIN WATER UTILITY RELATED						
U.S. Environmental Protection Agency	--	--	--	--	--	--
Total Austin Water Utility	--	--	--	--	--	--
AIRPORT RELATED						
U.S. Department of Homeland Security	208	208	208	208	--	208
U.S. Department of Transportation	293	293	293	293	--	293
Federal Bureau of Investigation	1	1	1	1	--	1
Total Airport	502	502	502	502	--	502
CONVENTION CENTER RELATED						
Austin Convention & Visitors Bureau	--	--	--	--	--	--
Total Convention Center	--	--	--	--	--	--
DRAINAGE RELATED						
U.S. Department of Agriculture	25	25	25	25	--	25
U.S. Department of Homeland Security	668	668	668	668	--	668
U.S. Department of Interior	5	5	5	5	--	5
U.S. Environmental Protection Agency	3	3	3	3	--	3
Texas Water Development Board	23	23	23	23	--	23
Total Drainage	724	724	724	724	--	724
Total grants, enterprise related	\$ 1,923	1,923	1,923	1,923	--	1,923

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

Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2012
(In thousands)

City of Austin, Texas
Exhibit I-3

	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
AUSTIN ENERGY RELATED											
U.S. Department of Energy	\$ 15,709	328	16,037	9,735	581	25,444	909	26,353	27,739	1,234	28,973
U.S. Department of Housing and Urban Development	--	--	--	103	25	103	25	128	238	1,511	1,749
U.S. National Endowment of the Arts	25	--	25	9	--	34	--	34	38	--	38
Texas Commission of the Arts	91	--	91	26	23	117	23	140	270	270	540
American Public Power Association	--	--	--	55	--	55	--	55	55	--	55
Austin Community Foundation for the Capital Area	--	--	--	43	--	43	--	43	43	--	43
Total Austin Energy	15,825	328	16,153	9,971	629	25,796	957	26,753	28,383	3,015	31,398
AUSTIN WATER UTILITY RELATED											
U.S. Environmental Protection Agency	711	785	1,496	303	--	1,014	785	1,799	959	785	1,744
Total Austin Water Utility	711	785	1,496	303	--	1,014	785	1,799	959	785	1,744
AIRPORT RELATED											
U.S. Department of Homeland Security	6,376	--	6,376	692	--	7,068	--	7,068	7,648	--	7,648
U.S. Department of Transportation	53,790	16,089	69,879	8,772	2,583	62,562	18,672	81,234	92,033	26,371	118,404
Federal Bureau of Investigation	23	--	23	--	--	23	--	23	25	--	25
Total Airport	60,189	16,089	76,278	9,464	2,583	69,653	18,672	88,325	99,706	26,371	126,077
CONVENTION CENTER RELATED											
Austin Convention & Visitors Bureau	13	--	13	34	--	47	--	47	47	--	47
Total Convention Center	13	--	13	34	--	47	--	47	47	--	47
DRAINAGE RELATED											
U.S. Department of Agriculture	50	50	100	--	--	50	50	100	50	50	100
U.S. Department of Homeland Security	5,190	2,448	7,638	1,252	387	6,442	2,835	9,277	15,582	6,004	21,586
U.S. Department of Interior	17	6	23	--	--	17	6	23	25	9	34
U.S. Environmental Protection Agency	1,067	166	1,233	43	--	1,110	166	1,276	1,203	168	1,371
Texas Water Development Board	99	--	99	--	--	99	--	99	401	198	599
Total Drainage	6,423	2,670	9,093	1,295	387	7,718	3,057	10,775	17,261	6,429	23,690
Total grants, enterprise related	\$ 83,161	19,872	103,033	21,067	3,599	104,228	23,471	127,699	146,356	36,600	182,956

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

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2012
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2012
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
11-07-06	Transportation	103,100	65,660	14,300	23,140
11-07-06	Drainage improvements	145,000	107,000	18,000	20,000
11-07-06	Parks improvements	84,700	51,575	6,235	26,890
11-07-06	Cultural arts	31,500	11,100	10,500	9,900
11-07-06	Affordable housing	55,000	39,900	8,450	6,650
11-07-06	Central library	90,000	1,500	4,000	84,500
11-07-06	Public safety facility	58,100	42,350	9,750	6,000
11-02-10	Mobility Transportation	90,000	--	15,305	74,695
		\$ 737,660	384,408	86,540	266,712

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, 2012
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2012
AUSTIN ENERGY						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
Total Austin Energy		1,124,021	--	561,633	--	562,388
AUSTIN WATER UTILITY (Water)						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
Total Austin Water Utility (Water)		\$ 802,275	41,000	225,688	--	535,587

(Continued)

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

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2012
(In thousands)**

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

(Continued)

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2012
AUSTIN WATER UTILITY (Wastewater)						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
Total Austin Water Utility (Wastewater)		741,960	38,011	309,281	--	394,668
Total Utility		2,668,256	79,011	1,096,602	--	1,492,643
AIRPORT						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
Total Airport		1,128,000	--	392,205	--	735,795
CONVENTION CENTER						
07-29-89	New convention center	69,000	--	68,240	--	760
Total Convention Center		69,000	--	68,240	--	760
Total revenue bonds		\$ 3,865,256	79,011	1,557,047	--	2,229,198

Source: Bond sale official statements

(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.



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. 54 in 2011; governmental funds fund balance will reflect this change beginning in FY2011.



Net Assets by Component
Last Ten Fiscal Years (in thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 1

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Invested in capital assets, net of related debt	1,204,877	1,333,779	1,360,509	1,399,316	1,530,124	1,526,481	1,545,216	1,544,834	1,562,046	1,666,653
Restricted	100,469	53,482	68,848	84,218	69,982	76,478	95,641	71,716	92,650	82,916
Unrestricted (deficit)	42,781	51,244	65,561	77,564	28,115	1,553	(56,971)	(58,002)	(164,152)	(334,332)
Total governmental activities net assets	<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>	<u>1,490,544</u>	<u>1,415,237</u>
Business-type activities										
Invested in capital assets, net of related debt	1,505,479	1,569,489	1,563,831	1,538,572	1,648,758	1,825,599	1,902,398	1,998,753	2,048,964	2,104,623
Restricted	216,459	197,174	410,975	469,238	492,356	497,927	488,413	502,211	550,516	554,215
Unrestricted	575,473	477,081	378,537	551,838	562,899	558,625	495,318	403,346	438,240	392,904
Total business-type activities net assets	<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>	<u>3,037,720</u>	<u>3,051,742</u>
Primary government										
Invested in capital assets, net of related debt	2,710,356	2,903,268	2,924,340	2,937,888	3,178,882	3,352,080	3,447,614	3,543,587	3,611,010	3,771,276
Restricted	316,928	250,656	479,823	553,456	562,338	574,405	584,054	573,927	643,166	637,131
Unrestricted	618,254	528,325	444,098	629,402	591,014	560,178	438,347	345,344	274,088	58,572
Total primary government net assets	<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>	<u>4,528,264</u>	<u>4,466,979</u>

Changes in Net Assets
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Governmental activities:										
General government	43,405	46,607	73,233	84,693	76,136	97,945	80,819	89,315	99,780	124,735
Public safety	292,411	292,678	320,942	373,361	397,583	440,345	442,690	455,760	485,611	536,132
Transportation, planning, and sustainability	17,119	15,879	17,247	25,426	48,758	49,426	79,840	65,565	74,835	64,247
Public health	80,808	48,733	104,361	94,697	94,158	102,188	81,773	63,215	61,865	75,799
Public recreation and culture	58,199	56,408	58,962	65,453	72,082	87,975	90,307	91,732	106,488	104,026
Urban growth management	59,949	64,631	77,340	81,439	93,185	123,115	121,237	143,884	129,258	93,593
Unallocated depreciation expense	35,414	35,833	58,722	35,357	--	--	--	--	--	--
Interest on debt	39,296	40,199	41,331	38,766	39,166	40,954	42,435	44,889	45,154	46,417
Total governmental activities expenses	626,601	600,968	752,138	799,192	821,068	941,948	939,101	954,360	1,002,991	1,044,949
Business-Type activities:										
Electric	754,393	774,702	804,658	918,369	929,057	1,070,999	1,089,632	1,086,470	1,136,850	1,133,951
Water	130,119	155,472	142,061	161,516	162,158	202,900	200,162	169,708	178,712	223,228
Wastewater	115,284	137,227	122,176	132,005	144,573	147,059	160,962	166,979	170,514	194,650
Airport	79,558	77,541	87,538	78,487	80,368	91,557	98,403	92,780	102,774	101,991
Convention	40,621	52,336	38,844	41,992	43,956	52,911	52,219	51,818	54,231	56,142
Environmental and health services	63,527	100,343	45,739	50,290	55,386	69,805	67,097	66,380	91,151	87,450
Public recreation	9,107	9,295	9,408	9,225	9,800	10,169	10,274	9,715	5,209	5,624
Urban growth management	47,129	48,204	60,562	63,981	69,293	84,886	89,306	106,618	110,996	114,270
Total business-type expenses	1,239,738	1,355,120	1,310,986	1,455,865	1,494,591	1,730,286	1,768,055	1,750,468	1,850,437	1,917,306
Total primary government expenses	1,866,339	1,956,088	2,063,124	2,255,057	2,315,659	2,672,234	2,707,156	2,704,828	2,853,428	2,962,255
Program Revenues										
Governmental activities:										
Charges for services:										
General government	4,791	210	7,334	9,718	2,633	9,572	11,319	7,902	8,126	17,285
Public safety	36,579	37,071	37,825	40,314	40,529	45,880	51,710	47,530	52,998	51,009
Transportation, planning, and sustainability	5,142	5,027	2,689	3,186	3,260	3,531	3,960	3,792	3,823	4,158
Public health	8,100	7,617	59,948	45,610	40,238	43,122	25,181	7,561	7,592	5,106
Public recreation and culture	2,551	2,716	3,208	3,339	2,998	3,749	3,819	3,456	7,891	7,576
Urban growth management	18,306	22,020	31,953	37,609	43,012	43,840	45,000	38,895	21,305	28,613
Operating grants and contributions	55,122	52,068	67,494	77,923	57,331	65,782	54,022	66,831	66,348	57,818
Capital grants and contributions	3,956	2,546	5,702	1,111	2,942	3,652	85,085	50,546	51,182	35,880
Total governmental activities program revenues	134,547	129,275	216,153	218,810	192,943	219,128	280,096	226,513	219,265	207,445
Business-type activities:										
Charges for services:										
Electric	921,649	829,018	972,846	1,070,606	1,056,488	1,217,735	1,162,286	1,147,676	1,249,139	1,179,872
Water	130,424	119,254	140,356	164,561	138,350	181,515	195,480	171,457	243,382	229,454
Wastewater	111,941	114,710	129,314	141,676	154,118	183,608	196,416	189,192	204,666	213,253

(Continued)

Changes in Net Assets
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2
(Continued)

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airport	71,693	75,916	82,220	87,473	96,562	102,519	96,618	100,223	106,978	114,318
Convention	15,040	10,404	11,169	14,692	14,577	17,572	16,258	14,784	18,486	19,200
Environmental and health services	56,368	60,883	44,550	45,078	46,310	49,190	65,940	74,399	75,981	75,499
Public recreation	9,323	8,955	9,117	8,968	8,784	9,760	10,119	8,864	5,260	5,239
Urban growth management	52,178	60,425	69,859	77,381	79,252	83,779	90,739	108,312	115,850	123,477
Operating grants and contributions	--	--	--	--	--	--	--	--	--	10,950
Capital grants and contributions	48,325	47,570	48,544	69,804	50,898	76,881	71,819	31,703	47,850	50,064
Total business-type revenues	1,416,941	1,327,135	1,507,975	1,680,239	1,645,339	1,922,559	1,905,675	1,846,610	2,067,592	2,021,326
Total primary government revenues	1,551,488	1,456,410	1,724,128	1,899,049	1,838,282	2,141,687	2,185,771	2,073,123	2,286,857	2,228,771
Net (Expense)/Revenue										
Governmental activities	(492,054)	(471,693)	(535,985)	(580,382)	(628,125)	(722,820)	(659,005)	(727,847)	(783,726)	(837,504)
Business-type activities	177,203	(27,985)	196,989	224,374	150,748	192,273	137,620	96,142	217,155	104,020
Total primary government net expense	(314,851)	(499,678)	(338,996)	(356,008)	(477,377)	(530,547)	(521,385)	(631,705)	(566,571)	(733,484)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	233,130	240,536	220,304	236,146	258,943	268,802	309,888	341,812	355,185	381,582
Sales tax	110,454	117,725	123,617	139,289	153,098	154,445	139,795	144,710	151,125	164,193
Franchise fees and gross receipts tax	63,049	63,509	69,120	79,755	87,180	93,236	85,183	87,996	95,029	99,011
Grants and contributions not restricted to specific programs	94,210	81,937	83,365	90,083	73,711	80,178	-- (2)	--	--	--
Interest and other	24,975	26,799	24,753	35,315	54,963	29,287	20,827	31,960	19,364	15,884
Special items	--	(7,700) (1)	(2,639) (1)	--	--	--	--	--	--	--
Transfers	66,926	39,264	73,879	65,974	67,353	73,163	82,686	96,031	97,100	101,527
Total general revenues and transfers	592,744	562,070	592,399	646,562	695,248	699,111	638,379	702,509	717,803	762,197
Business-type activities:										
Interest and other	30,430	16,582	23,932	47,905	60,970	59,028	27,938	13,935	11,274	11,529
Special items	--	(3,000) (1)	(37,443) (1)	--	--	--	--	--	--	--
Transfers	(66,926)	(39,264)	(73,879)	(65,974)	(67,353)	(73,163)	(82,686)	(96,031)	(97,100)	(101,527)
Total business-type activities	(36,496)	(25,682)	(87,390)	(18,069)	(6,383)	(14,135)	(54,748)	(82,096)	(85,826)	(89,998)
Total primary government	556,248	536,388	505,009	628,493	688,865	684,976	583,631	620,413	631,977	672,199
Change in Net Assets										
Governmental activities	100,690	90,377	56,414	66,180	67,123	(23,709)	(20,626)	(25,338)	(65,923)	(75,307)
Business-type activities	140,707	(53,667)	109,599	206,305	144,365	178,138	82,872	14,046	131,329	14,022
Total primary government	241,397	36,710	166,013	272,485	211,488	154,429	62,246	(11,292)	65,406	(61,285)

Note:

(1) Travis County Hospital District reserve payments

(2) Beginning in 2009, these amounts were assigned to the appropriate programs

Program Revenues by Function/Program
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 3

Function/Program	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities:										
General government	5,084	586	7,755	10,933	5,678	13,338	15,524	11,831	17,491	31,179
Public safety	42,903	42,847	48,596	62,287	52,317	53,565	64,997	57,135	63,617	59,997
Transportation, planning, and sustainability	6,319	5,828	7,055	3,246	3,260	3,531	57,178	17,928	42,282	24,942
Public health	27,095	27,444	82,395	67,839	61,221	66,680	42,750	34,369	31,185	28,122
Public recreation and culture	6,225	5,620	6,593	4,849	4,505	5,253	7,846	9,536	11,544	13,145
Urban growth management	46,921	46,950	63,759	69,656	65,962	76,761	91,801	95,714	53,146	50,060
Subtotal governmental activities	134,547	129,275	216,153	218,810	192,943	219,128	280,096	226,513	219,265	207,445
Business-type activities:										
Electric	925,086	833,302	978,115	1,083,758	1,065,001	1,228,542	1,168,242	1,152,532	1,259,400	1,201,722
Water	148,638	139,156	154,837	182,801	153,148	216,654	225,881	180,918	257,346	241,205
Wastewater	129,412	131,303	138,652	157,973	167,851	189,823	211,080	190,625	213,339	221,561
Airport	79,217	82,033	97,786	103,490	104,462	113,368	112,804	108,022	112,457	124,042
Convention	15,040	10,404	11,459	14,968	14,577	17,572	16,258	14,784	18,499	19,234
Environmental and health services	56,411	60,246	44,887	46,350	46,640	50,311	66,592	75,033	77,008	78,694
Public recreation	9,408	9,038	9,230	9,225	9,073	11,134	11,268	12,809	5,410	5,404
Urban growth management	53,729	61,653	73,009	81,674	84,587	95,155	93,550	111,887	124,133	129,464
Subtotal business-type activities	1,416,941	1,327,135	1,507,975	1,680,239	1,645,339	1,922,559	1,905,675	1,846,610	2,067,592	2,021,326
Total primary government	1,551,488	1,456,410	1,724,128	1,899,049	1,838,282	2,141,687	2,185,771	2,073,123	2,286,857	2,228,771

Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 4

		Fiscal Year Ended September 30									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund											
Reserved		5,112	5,534	6,504	6,761	9,458	3,566	4,510	4,135	N/A	N/A
Unreserved		88,094	100,753	98,838	105,043	97,352	85,124	87,651	104,575	N/A	N/A
Nonspendable		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,109	862
Restricted		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	--	--
Committed		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,117	5,220
Assigned		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10,992	11,035
Unassigned		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	119,035	113,046
Total general fund		93,206	106,287	105,342	111,804	106,810	88,690	92,161	108,710	134,253	130,163
All Other Governmental Funds											
Reserved		122,106	97,372	75,227	83,065	108,338	106,399	134,194	174,820	N/A	N/A
Unreserved, reported in:											
Special revenue fund		25,388	26,010	27,994	50,020	48,916	56,008	56,385	57,694	N/A	N/A
Debt service funds		--	--	--	--	--	--	--	--	N/A	N/A
Capital projects funds		104,442	79,152	100,663	104,209	46,054	77,469	168,328	28,447	N/A	N/A
Permanent funds		313	370	332	443	660	844	819	764	N/A	N/A
Nonspendable		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,040	1,040
Restricted		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	175,522	174,773
Committed		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26,146	27,899
Assigned		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68,949	74,328
Unassigned		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(36,582)	(38,012)
Total all other governmental funds		252,249	202,904	204,216	237,737	203,968	240,720	359,726	261,725	235,075	240,028

Note: The City implemented GASB Statement No. 54 in fiscal year 2011, which changes the reporting requirements for fund balances.

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 5

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Property taxes	232,573	243,370	220,694	234,555	251,470	277,886	308,292	340,804	355,262	381,611
Sales taxes	110,454	117,725	123,617	139,289	153,098	154,445	139,795	144,710	151,125	164,193
Franchise fees and other taxes	63,050	63,509	69,168	79,755	87,180	93,236	85,183	88,321	94,920	98,903
Fine, forfeitures, and penalties	20,966	21,774	21,932	23,697	20,959	24,574	25,380	24,571	24,077	20,251
Licenses, permits, and inspections	14,737	15,317	17,399	22,131	25,635	24,268	20,531	15,716	18,653	22,664
Charges for services/goods	39,866	42,279	100,099	88,789	87,936	96,076	84,905	64,594	55,170	56,397
Intergovernmental	74,392	73,428	88,661	94,955	73,886	91,765	62,802	86,557	78,250	76,233
Property owners' participation and contributions	10,937	3,798	6,152	9,486	2,639	7,065	12,161	6,937	6,624	6,624
Interest and other	29,745	26,544	23,192	34,386	55,522	31,830	31,187	35,563	19,270	15,932
Total revenues	596,720	607,744	670,914	727,043	758,325	801,145	770,236	807,773	803,351	842,808
Expenditures										
General government	44,295	41,411	44,044	50,825	59,043	67,597	53,000	66,287	69,024	74,846
Public safety	278,297	288,152	324,815	359,613	383,685	399,060	409,579	421,958	449,355	483,458
Transportation, planning, and sustainability	14,113	13,208	8,623	4,839	5,559	9,370	7,675	10,634	9,983	7,556
Public health	80,470	49,676	101,917	93,725	90,719	91,863	70,762	53,229	55,508	65,861
Public recreation and culture	52,836	50,567	53,315	54,865	62,578	72,760	74,477	74,089	86,595	80,818
Urban growth management	59,561	63,581	76,142	76,565	77,928	101,492	106,149	100,218	75,865	80,021
Debt service:										
Principal	49,340	48,862	50,608	57,651	59,929	61,800	69,809	70,424	78,568	71,906
Interest	38,529	40,109	41,233	39,023	39,156	40,954	42,170	44,590	44,892	46,188
Fees and commissions	8	14	10	10	10	-	8	17	13	16
Capital outlay	155,517	151,768	81,507	87,931	94,228	119,290	96,342	166,491	160,682	178,380
Total expenditures	772,966	747,348	782,214	825,047	872,835	964,186	929,971	1,007,937	1,030,485	1,089,050
Excess (deficiency) of revenues over expenditures	(176,246)	(139,604)	(111,300)	(98,004)	(114,510)	(163,041)	(159,735)	(200,164)	(227,134)	(246,242)
Other financing sources (uses)										
Issuance of tax supported debt	70,323	70,040	26,940	67,735	--	104,060	191,310	15,000	118,778	145,175
Issuance of refunding bonds	62,514	--	148,125	--	--	156,038	--	--	79,342	58,347
Bond premiums	--	28	13,750	11	--	15,090	1,897	--	14,929	8,207
Payment to escrow agent	(62,514)	--	(161,875)	--	--	(171,128)	--	--	(94,271)	(66,554)
Capital leases	891	646	932	--	--	--	--	--	--	--
Transfers in	129,258	128,874	142,404	142,064	171,995	173,627	175,250	197,669	179,476	178,768
Transfers out	(62,176)	(88,548)	(58,609)	(71,823)	(96,248)	(96,014)	(86,245)	(93,957)	(70,146)	(76,838)
Total other financing sources (uses)	138,296	111,040	111,667	137,987	75,747	181,673	282,212	118,712	228,108	247,105
Net change in fund balances	(37,950)	(28,564)	367	39,983	(38,763)	18,632	122,477	(81,452)	974	863
Debt service as a percentage of noncapital expenditures	14.4%	15.1%	13.3%	13.2%	12.7%	12.3%	13.6%	13.8%	13.6%	12.9%

Tax Revenue by Source, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 6

	Fiscal Year Ended Sept. 30	Property Tax	Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Total
		\$	\$	\$	\$	\$
196	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
	2011	355,262	151,125	6,367	88,553	601,307
	2012	381,611	164,193	5,964	92,939	644,707
Change						
	2003-2012	64.08%	48.65%	62.11%	56.54%	

**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 %
2003	2002	91.33	55,579,008,513	4,819,357,845	50,759,650,668	6.23	0.2969	0.1628	0.4597	0.00
2004	2003	93.53	52,348,646,852	3,384,371,844	48,964,275,008	(3.54)	0.3236	0.1692	0.4928	7.20
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	(10.11)
2006	2005	85.47	61,246,465,280	8,896,822,983	52,349,642,297	5.33	0.2841	0.1589	0.4430	0.00
2007	2006	84.61	71,515,572,939	11,003,244,050	60,512,328,889	15.59	0.2760	0.1366	0.4126	(6.86)
2008	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.23)
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	4.91
2011	2010	88.15	88,051,834,377	10,432,484,993	77,619,349,384	(4.13)	0.3262	0.1309	0.4571	8.60
2012	2011	87.04	91,015,898,946	11,796,118,067	79,219,780,879	2.06	0.3551	0.1260	0.4811	5.25
2013 (2)	2012	87.59	95,625,558,929	11,862,856,252	83,762,702,677	5.73	0.3821	0.1208	0.5029	4.53

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 (3)	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
		\$	\$	%	\$	\$	%	\$	%
2003	2002	233,342,114	230,629,853	98.84	1,575,700	232,205,553	99.51	7,990,337	3.42
2004	2003	241,295,947	239,017,055	99.06	1,598,211	240,615,266	99.72	8,297,267	3.44
2005 (1)	2004	220,183,876	217,913,724	98.97	1,023,170	218,936,894	99.43	8,411,887	3.82
2006	2005	231,908,915	230,867,812	99.55	677,804	231,545,616	99.84	9,867,232	4.25
2007	2006	249,673,869	248,705,821	99.61	523,720	249,229,541	99.82	8,717,040	3.49
2008	2007	277,284,215	274,903,217	99.14	1,527,830	276,431,047	99.69	9,338,671	3.37
2009	2008	307,929,055	304,956,471	99.03	1,612,575	306,569,046	99.56	9,626,876	3.13
2010	2009	340,762,917	337,268,213	98.97	717,950	337,986,163	99.19	10,591,712	3.11
2011	2010	354,798,046	351,707,776	99.13	--	351,707,776	99.13	11,589,297	3.27
2012	2011	381,126,366	378,351,758	99.27	--	378,351,758	99.27	12,177,159	3.20
2013 (2)	2012	421,242,632	**	**	**	**	**	**	**

** Information not yet available for fiscal year 2013.

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 Healthcare District.
- (2) Appraised value at January 1, 2013, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.
- (3) The total amount of outstanding delinquencies for all prior years as of fiscal year end.

**Assessed Taxable Property Value by Class
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 8**

Fiscal Year Sept. 30	Single Family Property	Multi- Family Property	Land	Commercial Property	Personal Property	Total Assessed Taxable Value	Tax Rates (per \$100 Assessed Value)
	\$	\$	\$	\$	\$	\$	\$
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	33,316,002	8,839,048	1,524,308	17,725,306	6,779,068	68,183,732	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
2011	40,652,702	9,611,968	1,367,974	18,531,700	6,932,805	77,097,149	0.4571
2012	40,599,766	9,910,886	1,646,815	18,880,729	9,051,096	80,089,292	0.4811

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4597	0.4928	0.4430	0.4430	0.4126	0.4034	0.4012	0.4209	0.4571	0.4811
Austin Community College	0.0500	0.0771	0.0900	0.0991	0.0965	0.0958	0.0954	0.0946	0.0951	0.0948
Austin Independent School District	1.5964	1.6137	1.6230	1.6230	1.4930	1.1630	1.2020	1.2020	1.2270	1.2420
Del Valle Independent School District	1.7785	1.7968	1.8063	1.8700	1.7277	1.4800	1.4800	1.4800	1.5300	1.5300
Eanes Independent School District	1.7312	1.7778	1.6705	1.6610	1.5625	1.2025	1.2025	1.2025	1.2025	1.2125
Leander Independent School District	1.7220	1.8300	1.7900	1.7500	1.6438	1.3334	1.3792	1.4223	1.4548	1.4998
Manor Independent School District	1.7141	1.7291	1.8262	1.8000	1.7680	1.5150	1.5350	1.5150	1.5150	1.5150
North Austin MUD #1	0.5000	0.5000	0.4500	0.4500	0.4500	0.4180	0.4050	0.3801	0.3819	0.3819
Northwest Austin MUD #1	0.3150	0.2632	0.2600	0.3000	0.2900	0.2750	0.2525	0.2427	--	--
Northwest Travis County RD #3	0.1500	0.1660	0.1800	0.1650	0.1300	0.1100	0.1100	0.1250	0.1450	0.1550
Pflugerville Independent School District	1.6900	1.8500	1.8300	1.8500	1.6800	1.4700	1.4600	1.4600	1.4600	1.4800
Round Rock Independent School District	1.7924	1.8643	1.8572	1.8335	1.6406	1.3238	1.3324	1.3800	1.3800	1.3350
Travis County (1)	0.4660	0.4918	0.4872	0.4993	0.4499	0.4216	0.4122	0.4215	0.4658	0.4855
Travis County Healthcare District	--	--	0.0779	0.0779	0.0734	0.0693	0.0679	0.0674	0.0719	0.0789

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	233,342	241,296	220,184	231,909	249,674	277,284	307,929	340,763	354,798	381,126
Austin Community College	24,863	37,321	44,345	49,521	70,836	72,389	79,189	82,756	79,524	80,596
Austin Independent School District	644,948	627,876	627,876	636,792	702,291	732,434	704,839	735,582	730,909	746,896
Del Valle Independent School District	37,453	36,980	36,719	38,980	43,792	43,898	47,600	46,563	43,736	44,867
Eanes Independent School District	105,139	104,611	99,760	106,455	116,394	100,971	111,930	115,036	110,042	111,792
Leander Independent School District	101,605	114,260	123,587	129,115	140,287	142,085	173,078	185,502	185,883	195,248
Manor Independent School District	26,803	25,144	26,742	28,499	33,568	35,816	37,916	43,116	38,829	40,609
North Austin MUD #1	2,808	2,736	2,753	1,196	2,765	2,873	2,859	2,859	2,750	2,696
Northwest Austin MUD #1 (2)	874	883	867	1,105	1,226	1,230	1,216	1,173	--	--
Northwest Travis County RD #3	626	611	621	627	601	524	546	582	576	607
Pflugerville Independent School District	76,052	83,918	89,397	96,641	97,889	95,934	104,552	108,097	104,112	105,197
Round Rock Independent School District	239,813	247,373	254,174	268,176	268,063	247,325	272,758	284,082	273,120	268,675
Travis County (1)	287,478	293,345	293,753	320,020	339,590	361,662	391,696	417,426	441,859	466,691
Travis County Healthcare District	--	--	50,416	60,798	55,520	59,543	64,629	66,842	68,303	75,928

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.

(2) Northwest Austin MUD #1 discontinued in 2010.

**Principal Property Taxpayers
Current Year and Nine Years Ago**

**City of Austin, Texas
Table 10**

		Fiscal Year Ended September 30					
		2012			2003		
Taxpayer	Type of Property	January 1, 2011 Assessed	Rank	Percent of Total Assessed Valuation of	January 1, 2002 Assessed	Rank	Percent of Total Assessed Valuation of
		Valuation		79,219,780,879	Valuation		50,759,650,668
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	2,931,131,761	1	3.70	288,031,829	5	0.57
TPG-300 West 6th Street LLC	Commercial	815,137,425	2	1.03			
Columbia/St. Davids Health Care	Hospital/Medical	469,269,754	3	0.59			
Freescale Semiconductor, Inc. (1)	Manufacturing	266,777,729	4	0.34			
IBM Corporation	Manufacturing	242,656,839	5	0.27	337,578,631	3	0.67
Dell Computer Corporation	Manufacturing	212,097,537	6	0.23	146,993,214	10	0.29
Shopping Center at Gateway LP	Commercial	206,168,052	7	0.31			
Brandywine Acquisition Partners LP	Commercial	186,629,544	8	0.26			
Advanced Micro Devices, Inc.	Manufacturing	179,886,526	9	0.24	374,255,682	2	0.74
HEB Grocery Company LP	Retail	160,358,893	10	0.23			
Motorola, Inc.	Manufacturing				1,016,296,140	1	2.00
AT & T (2)	Telephone Utility				308,143,824	4	0.61
Applied Materials Inc.	Manufacturing				258,424,206	6	0.51
Minnesota Mining & Manufacturing	Manufacturing				165,254,000	7	0.33
State Street Bank & Trust Co.	Commercial				153,091,312	8	0.30
Prudential Insurance Company	Commercial				147,707,585	9	0.29
Total Assessed Valuation		5,670,114,060		7.20	3,195,776,423		6.31

Source: Travis Central Appraisal District

Williamson County Appraisal District

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

(2) Formerly Southwestern Bell

**Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years**

**City of Austin, Texas
Table 11**

Fiscal Year Ended Sept. 30	City Direct Rate (1)	Capital Metro Rate (2)	State of Texas Rate (3)
	%	%	%
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
2011	1.00	1.00	6.25
2012	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

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	1,630	4,002	3,004	4,822	6,850	7,609	6,929	5,914	4,680	4,093
Mining	6,106	7,667	7,615	10,401	8,709	6,537	4,034	2,854	2,604	6,519
Construction	204,815	254,371	259,845	358,782	436,157	452,770	352,053	368,277	385,498	451,400
Manufacturing	602,525	600,640	711,213	821,000	922,956	1,037,155	936,799	1,050,041	1,463,960	1,704,088
Transportation, communications, utilities	413,848	359,521	341,382	386,265	447,312	550,890	447,710	345,173	328,250	485,798
Wholesale trade	566,740	655,358	728,722	874,189	913,648	938,536	787,300	827,026	847,598	872,499
Retail trade	4,706,963	4,836,334	5,260,730	5,786,205	6,103,478	6,210,206	5,592,033	5,557,332	5,802,823	6,240,476
Finance, insurance, real estate	188,058	167,531	189,119	221,387	232,656	239,747	223,759	205,880	192,547	238,918
Services	957,924	971,989	1,024,088	1,144,477	1,251,260	1,355,771	1,233,310	1,190,875	1,242,141	1,317,683
Public administration	286,631	313,964	328,926	388,647	402,782	433,151	442,422	443,604	446,197	449,676
Unclassified establishments	8	240	28	--	--	--	--	--	--	--
Other	2,150,204	2,147,499	2,130,487	2,287,822	2,074,431	2,170,937	2,128,184	2,150,412	2,364,224	2,587,337
Total taxable sales by category	10,085,452	10,319,116	10,985,159	12,283,997	12,800,239	13,403,309	12,154,533	12,147,388	13,080,522	14,358,487

Source: State of Texas Comptroller of Public Accounts

Note: Data subject to change as more precise numbers become available.

(1) Data not available for fourth quarter FY2012. Figures are estimates.

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 13**

Governmental Activities										
Fiscal Year Ended Sept. 30	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capital Lease Obligations	Total Governmental Activities					
	\$	\$	\$	\$	\$					
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					
2011	842,708	62,426	32,994	433	938,561					
2012	877,811	95,426	44,570	159	1,017,966					
Business-Type Activities										
Fiscal Year Ended Sept. 30	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
2011	25,398	40,903	54,854	11,274	359,792	28,000	3,694,277	--	1,258	4,215,756
2012	34,661	34,456	52,298	10,605	305,026	--	3,944,795	--	1,218	4,383,059
Fiscal Year Ended Sept. 30	Total Primary Government	Percentage of Personal Income	Debt Per Capita							
	\$	%	\$							
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 2012, the City repaid \$28 million in revenue notes. Population and personal income statistics can be found in Table 18.						
2011	5,154,317	0.13	6,398							
2012	5,401,025	0.14	6,578							

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
During fiscal year 2012, the City repaid \$28 million in revenue notes.
Population and personal income statistics can be found in Table 18.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (In thousands except per capita)**

**City of Austin, Texas
Table 14**

Fiscal Year Ended Sept. 30	General Bonded Debt Outstanding				Resources Restricted for Repayment of Outstanding Debt Principal	Net General Bonded Debt	Percentage of Actual Taxable Value (1) of Property	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total					
	\$	\$	\$	\$	\$	\$	%	\$
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
2011	868,106	202,451	1,070,557	20,806	1,049,751		1.35	1,302.97
2012	912,472	237,356	1,149,828	17,627	1,132,201		1.43	1,379.03

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, 2012**

**City of Austin, Texas
Table 15**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2012 (in 000's)	Percent Applicable to City of Austin	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
Direct debt: Governmental activities debt			
General obligation bonds	877,811		
Certificates of obligation	95,426		
Contractual obligations	44,570		
Capital Leases	159		
Total direct debt	<u>1,017,966</u> (1)	100.00	<u>1,017,966</u>
Overlapping debt			
Greater than 10%			
Austin Community College	89,904	67.07	60,299
Austin Independent School District	749,570	94.09	705,270
Del Valle Independent School District	157,675	67.23	106,005
Leander Independent School District	1,302,430	10.78	140,402
Manor Independent School District	196,810	33.18	65,302
Northwest Travis County RD #3	1,175	51.52	605
Pflugerville Independent School District	329,395	36.41	119,933
Round Rock Independent School District	705,365	34.18	241,094
Travis County	625,005	70.45	440,316
Williamson County	796,754	10.63	84,695
Subtotal greater than 10%	<u>4,954,083</u>		<u>1,963,921</u>
Less than 10%			
Eanes Independent School District	<u>155,600</u>	1.80	<u>2,801</u>
Subtotal less than 10%	<u>155,600</u>		<u>2,801</u>
Total overlapping debt	<u>5,109,683</u>		<u>1,966,722</u>
Total direct and overlapping debt	<u>6,127,649</u>		<u>2,984,688</u>

Ratio of total direct and overlapping debt to assessed valuation (2)

3.77 %

Per capita overlapping debt (3)

\$ 3,635.38

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 6.

(2) Based on assessed valuation of \$79,219,780,879 provided by the Travis Central Appraisal District and Williamson County Appraisal District.

(3) Based on 2012 estimated population of 821,012.

Legal Debt Margin Information
Last Ten Fiscal Years (in thousands)

City of Austin, Texas
Table 16

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed taxable value (1)	78,427,583
Debt limit	11,550,204 (2)
Debt applicable to limit:	
General obligation debt	1,120,163
Less: Amount set aside for repayment of general obligation debt	(17,627)
Total net debt applicable to limit	1,102,536
Legal debt margin	<u>\$ 10,447,668</u>

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	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	7,400,733	7,138,962	7,246,657	7,632,549	10,330,201	10,021,785	11,190,400	11,804,005	11,316,858	11,550,204
Total net debt applicable to limit	872,917	931,297	906,446	936,104	846,455	878,798	1,043,671	971,250	1,020,759	1,102,536
Legal debt margin	6,313,239	6,040,147	6,169,474	6,696,445	9,483,746	9,142,987	10,146,729	10,832,755	10,296,099	10,447,668
Total net debt applicable to the limit as a percentage of debt limit	11.80%	13.05%	12.51%	12.26%	8.19%	8.77%	9.33%	8.23%	9.02%	9.55%

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, 2011, of \$79,219,780,879 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2011, for collections of \$78,427,583 results in tax revenues of \$1,176,414. This revenue could service the debt on \$11,550,204 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	
2003	943,729	556,793	386,936	67,746	83,352	2.56	245,943	109,416	136,527	19,080	58,370	1.76
2004	841,541	515,704	325,837	93,374	80,927	1.87	234,970	108,911	126,059	28,337	63,066	1.38
2005	989,534	612,866	376,668	89,949	67,907	2.39	270,867	115,863	155,004	40,796	59,135	1.55
2006	1,103,665	692,584	411,081	75,906	63,057	2.96	309,188	128,253	180,935	42,585	63,258	1.71
2007	1,096,869	708,007	388,862	101,312	66,674	2.31	296,475	135,979	160,496	45,208	66,252	1.44
2008	1,260,817	840,898	419,919	81,366	61,834	2.93	367,444	145,101	222,343	56,091	87,544	1.55
2009	1,179,688	851,756	327,932	78,773	93,170	1.91	393,771	181,440	212,331	59,018	88,089	1.45
2010	1,159,295	866,914	292,381	65,823	99,786	1.77	361,342	166,907	194,435	54,413	101,265	1.25
2011	1,258,871	912,651	346,220	75,084	97,547	2.01	448,467	171,833	276,634	50,660	105,221	1.77
2012	1,190,798	875,675	315,123	75,772	92,959	1.87	443,028	178,891	264,137	67,295	110,872	1.48

Fiscal Year Ended Sept. 30	Airport Revenue Bonds						Convention Center Revenue Bonds						
	Service Charges (1)	Other Available Funds (5)(6)	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	
2003	65,963	7,332	40,786	32,509	3,615	14,756	1.77	39,193	21,778	17,415	3,255	13,466	1.04
2004	67,277	7,384	38,313	36,348	4,922	14,928	1.83	34,015	18,287	15,728	5,210	12,062	0.91
2005	71,831	7,327	48,780	30,378	4,415	12,266	1.82	39,055	19,371	19,684	3,520	12,599	1.22
2006	77,268	7,066	45,427	38,907	8,848	10,476	2.01	49,711	22,917	26,794	2,330	9,899	2.19
2007	87,419	6,820	46,683	47,556	5,386	9,834	3.12	55,932	23,787	32,145	1,260	9,829	2.90
2008	91,271	6,879	49,965	48,185	6,545	11,654	2.65	59,951	29,791	30,160	3,440	12,047	1.95
2009	85,070	7,146	54,453	37,763	6,843	12,851	1.92	54,491	30,058	24,433	4,720	11,330	1.52
2010	85,156	7,930	57,773	35,313	7,168	7,522	2.40	51,226	30,520	20,706	8,215	9,238	1.19
2011	90,259	8,342	64,371	34,230	7,544	7,410	2.29	59,351	32,464	26,887	8,545	9,356	1.50
2012	96,344	35,483	65,689	66,138	35,473	6,902	1.56	63,345	35,640	27,705	9,450	8,423	1.55

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.

(6) Includes transfer from capital fund to debt service fund to pay off variable rate note.

**Demographic and Economic Statistics
Last Ten Fiscal Years**

**City of Austin, Texas
Table 18**

Fiscal Year Ended Sept. 30	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)
				\$	\$	\$	%
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	5.1
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	4.2
2007	732,381	297	1,577,856	59,924,200	42,263	37,978	3.7
2008	746,105	298	1,633,870	65,153,669	46,340	39,877	4.4
2009	770,296	302	1,682,338	63,189,292	47,520	37,560	6.8
2010	778,560	306	1,728,247	67,320,866	48,460	38,953	7.1
2011	805,662	308	1,783,519	72,152,395	46,689	40,455	6.8
2012	821,012	319	1,863,311 (6)	73,423,510 (5)	46,436	39,405 (5)	5.8
2003-2012 Change	21.68%	15.61%	34.46%	70.34%	10.80%	26.68%	

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 2012 which will not be available until first quarter 2013.

(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 2012. Figures are estimated.

(6) Source: Claritas, a Nielsen company that historically reports less than the final numbers from Bureau of Economic Analysis.

**Principal Employers
Current Year and Nine Years Ago**

**City of Austin, Texas
Table 19**

		Fiscal Year Ended September 30					
		2012			2003		
10 Largest Employers	Industry	Rank	Employees	Percent of MSA	Rank	Employees	Percent of MSA
				Total (1) %			Total (1) %
State Government (2)	Government	1	36,462 (3)	4.44			
The University of Texas at Austin	Education	2	22,956 (4)	2.79	1	20,249	3.09
Dell Computer Corporation	Computers	3	14,000 (5)	1.70	2	16,000	2.45
Seton Healthcare Network	Healthcare	4	12,606 (5)	1.53	7	6,393	0.98
City of Austin	Government	5	12,109 (6)	1.47	3	10,463	1.60
Federal Government	Government	6	11,400 (7)	1.39			
Austin Independent School District	Education	7	11,168 (8)	1.36	4	10,408	1.59
HEB Grocery	Grocery retail/distribution	8	10,545 (5)	1.28	8	6,200	0.95
St. David's Healthcare Partnership	Healthcare	9	7,500 (5)	0.91	10	4,833	0.74
IBM Corporation	Computers	10	6,239 (5)	0.76	6	6,500	0.99
Motorola, Inc.	Electronic Components				5	8,500	1.30
Internal Revenue Service	Government				9	5,000	0.76
			144,985	17.65		94,546	14.45

(1) Texas Workforce Commission - Total refers to a Metropolitan Statistical Area (MSA) employed work force of 821,500 for 2012 and 654,300 for 2003.

(2) FY2012 MSA data not available by state agency. FY2003 data not available by MSA totals.

(3) Texas State Auditor's Office Regular and Part Time Employees for 2012 in Bastrop, Caldwell, Hays, Travis and Williamson Counties.

(4) University of Texas Statistical Handbook - Faculty & Staff - Fall 2012.

(5) Austin Chamber of Commerce - Top Employers for Austin MSA - Fall 2012.

(6) FY2011-2012 Personnel Summary (FTE's) City of Austin Budget Volume II Page 322 Approved Budget.

(7) Bureau of labor Statistics Federal Government employees in Austin MSA in September 2012.

(8) Texas Education Agency 2011-2012 Academic Excellence Indicator System for AISD Section II Page 3.

**Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years**

**City of Austin, Texas
Table 20**

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program										
Governmental activities										
General government	169	151	152	147	157	171	169	169	169	173
Public safety	3,519	3,581	3,591	3,790	3,844	3,959	3,938	3,938	4,046	4,117
Transportation, planning, and sustainability	3	3	5	5	5	5	5	4	4	4
Public health	828	799	836	893	913	953	484	517	517	520
Public recreation	763	690	694	703	796	838	865	846	890	887
Urban growth management	451	402	308	314	335	373	373	378	387	378
Total governmental employees	5,733	5,626	5,586	5,852	6,050	6,299	5,834	5,852	6,013	6,079
Business-type activities										
Electric	1,459	1,472	1,538	1,561	1,605	1,679	1,719	1,738	1,737	1,722
Water	504	470	462	460	461	481	521	530	535	535
Wastewater	540	535	558	573	574	555	536	540	535	534
Airport	393	377	372	328	340	348	352	345	345	347
Convention	228	224	202	203	209	221	241	244	239	239
Environmental and health services	450	447	414	423	431	448	463	461	461	467
Public recreation	102	89	76	71	90	91	88	88	41	33
Urban growth management	485	489	611	631	645	661	659	632	649	681
Total proprietary programs	4,161	4,103	4,233	4,250	4,355	4,484	4,579	4,578	4,542	4,558
Internal Services (1)	1,412	1,306	1,283	1,323	1,390	1,453	1,502	1,450	1,482	1,487
Total full-time equivalent employees	11,306	11,035	11,102	11,425	11,795	12,236	11,915	11,881	12,037	12,124

- (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

	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
General government										
Municipal court cases filed	437,561	410,924	402,243	414,018	346,223	424,239	431,958	369,053	341,036	323,513
Central booking cases magistrates/arraigned	89,443	95,831	93,071	86,067	98,892	92,764	101,649	114,334	106,974	96,898
Warrants issued	120,652	128,741	125,284	118,949	121,704	139,831	159,038	158,597	140,820	115,939
Number of warrants prepared	130,358	120,114	117,022	77,687	70,651	109,239	140,668	138,379	134,038	89,969
Jail cases prepared	100,894	111,070	109,613	106,379	113,811	119,140	125,406	134,018	122,279	103,126
Public safety										
Number of law offenses	130,478	169,221	146,457	160,316	189,581	173,180	161,167	148,479	146,277	144,949
Physical arrests	51,774	56,462	54,472	58,759	60,983	59,000	46,762	45,783	42,220	55,542
Traffic violations	233,571	230,823	260,698	231,169	179,505	239,781	262,700	225,924	165,757	149,257
Fire emergency responses	58,988	58,943	64,771	68,335	75,748	76,347	74,211	75,676	81,982	84,473
Fire responses	2,262	2,186	2,295	2,799	2,241	2,767	2,816	2,172	3,208	2,086
Fire inspections	26,895	26,627	28,527	26,663	25,728	26,834	25,523	25,029	25,621	25,390
EMS response units dispatched	80,285	85,562	103,325	107,162	116,850	116,897	113,410	114,700	122,701	128,334
EMS 911 calls received	81,368	85,453	97,254	100,796	101,787	108,478	106,477	110,703	114,625	117,310
EMS ground patient transports	41,402	42,495	48,787	50,631	56,378	55,738	56,127	61,267	71,577	75,510
Transportation, planning, and sustainability										
Engineering studies completed in school zones	50	87	52	51	76	118	35	39	40	82
Number of children receiving safety training	19,277	29,987	44,880	45,028	47,019	49,077	44,480	44,582	44,648	46,790
Injuries to children in school zones	--	1	2	--	1	--	--	--	--	--
Public health										
Number of permits issued (food, pools, temporary events)	N/A	N/A	N/A	N/A	9,805	10,858	10,586	12,464	12,335	14,805
Number of animals sheltered	23,960	24,800	25,489	24,357	27,163	24,663	22,150	24,026	19,752	19,592
Birth and death certificates	122,089	131,205	131,025	130,526	134,229	121,787	96,421	84,017	63,979	57,841
STD patient clinic visits	11,498	12,007	12,463	13,046	12,856	12,696	13,248	13,869	14,187	13,033
Immunizations shots administered	46,694	46,786	39,542	41,464	48,563	62,949	37,133	42,905	27,194	28,785
Women and children service encounters	323,331	336,142	349,210	352,540	363,624	375,008	433,133	458,580	439,316	421,637
Participants receiving basic needs services	10,855	9,394	10,691	7,587	7,965	8,291	1,098	7,635	9,016	7,531
Food establishment permits issued	N/A	4,760	4,803	4,634	5,016	5,355	5,783	5,909	9,452	10,137
Pregnancy rate/1000 female teens (13-17 years old)	34	27	32	32	32	28	30	29	25	21
HIV clients	1,562	3,267	3,411	3,732	3,950	4,110	4,299	4,413	4,352	4,676
HIV client visits	35,282	26,378	28,190	18,825	15,000	23,478	31,173	25,587	24,397	22,869
Public recreation and culture										
Volumes in library collection	1,550,145	1,614,460	1,652,303	1,705,805	1,490,814	1,469,288	1,455,793	1,465,765	1,454,103	1,480,479
Library volumes borrowed	3,332,645	3,230,357	3,355,351	3,373,408	3,552,013	3,791,515	4,197,963	4,316,785	4,663,583	4,845,067
Registered library borrowers	484,075	516,666	420,461	456,009	489,649	494,757	561,112	483,099	519,788	494,015
Meals served to senior citizens	143,000	126,311	118,066	114,770	107,101	119,224	64,821	64,032	63,299	65,965
Participant hours in nature center program	140,463	149,103	142,709	118,994	113,159	103,241	133,390	125,115	133,577	133,533
Visitors to garden center	388,549	402,645	385,160	392,181	411,540	426,032	463,095	374,661	402,930	116,123
Participant hours in summer playground program (3)	189,185	157,272	151,230	151,230	178,667	124,566	200,400	1,560,777	92,531	66,447

(Continued)

Operating Indicators by Function/Program
Last Ten Fiscal Years, continued

City of Austin, Texas
Table 21

Fiscal Year Ended September 30										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Urban growth management										
One-stop shop customers served development assistance	N/A	N/A	23,421	20,702	23,534	30,447	26,531	26,597	28,983	32,362
Neighborhood plans adopted	8	7	5	9	5	2	2	4	2	2
Zoning applications processed	179	186	259	268	222	232	101	145	137	129
Building inspections performed-development and regulation	157,461	155,360	177,909	207,389	213,799	226,841	177,854	150,228	166,467	185,860
One-stop shop building permits issued	N/A	N/A	82,439	98,827	75,078	111,735	92,396	91,996	96,205	108,494
Households served by community development activities	N/A	16,408	11,688	11,325	11,166	5,574	3,162	8,573	6,621	6,461
Renters assisted through S.M.A.R.T. construction/rehabilitation units	321	221	284	270	294	2,110	1,026	273	609	392
Homebuyers assisted through S.M.A.R.T. housing	262	294	218	135	66	109	119	118	338	561
S.M.A.R.T. housing units completed	1,694	1,612	1,725	1,692	1,470	3,473	1,341	673	947	953
Owner-occupied homes retained through rehabilitation/construction	717	980	995	903	917	833	904	839	818	708
Business-type activities										
Electric										
Electric sales (in millions of KWH)	10,321	10,262	10,904	11,248	11,325	12,184	12,103	11,976	12,779	12,534
Number of metered customers	359,526	365,874	372,735	380,696	388,626	396,791	407,926	413,870	417,865	422,375
Water										
Actual water pumpage (in millions of gallons)	51,111	48,469	51,374	56,603	45,867	53,921	53,331	43,827	54,923	49,192
Average daily consumption (thousands of gallons)	119,020	113,826	120,179	135,537	112,394	145,386	129,600	108,600	135,576	120,438
Average daily consumption per capita	155	145	150	165	134	130	147	135	150	142
Peak daily capacity (thousands of gallons)	260,000	260,000	260,000	260,000	310,000	285,000	286,000	286,000	286,000	285,000
Wastewater										
Average daily sewage treatment (millions of gallons)	87,165	81,431	85,436	77,805	97,598	83,000	82,038	98,854	84,135	104,000
Combined daily capacity (thousands of gallons)	130,000	130,000	135,000	135,000	150,000	150,000	135,000	135,000	135,000	150,000
Airport										
Enplanements (1)	3,436,944	3,707,864	3,866,383	4,141,580	4,552,481	4,619,630	4,113,544	4,375,428	4,549,175	4,719,628
Deplanements (1)	3,270,137	3,530,781	3,704,881	3,984,670	4,332,910	4,419,445	4,107,354	4,318,280	4,531,603	4,710,686
Cargo (in millions of pounds) (1)	252	254	242	230	211	202	156	153	153	156
Convention										
Convention contracts executed	276	257	261	308	263	285	281	251	307	303
Vehicles parked	250,504	218,669	284,070	345,896	335,551	488,916	539,098	429,993	467,908	509,313
Environment and health services										
Tons of garbage collected	118,580	122,695	126,047	132,458	138,801	143,950	128,519	130,851	126,497	129,653
Tons of recyclables collected	N/A	N/A	N/A	30,058	31,877	34,691	49,811	52,479	52,236	54,009
Tons of brush collected	4,116	5,050	4,737	5,938	6,614	7,380	7,683	7,350	6,853	7,720
Tons of bulk items collected	8,293	7,687	7,697	8,035	7,434	7,792	8,219	7,710	7,503	7,844
Tons of yard trimmings collected	17,754	18,262	19,230	20,697	20,315	24,027	19,497	22,456	24,777	21,712
Public recreation										
Golf rounds played	287,244	270,767	253,479	226,172	194,289	231,231	230,852	200,446	216,789	195,000
Sports teams	N/A	N/A	1,678	1,813	2,133	2,379	2,051	2,204	1,890	2,257

(Continued)

Operating Indicators by Function/Program
Last Ten Fiscal Years, continued

City of Austin, Texas
Table 21

Fiscal Year Ended September 30										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Urban growth management										
Storm Water Discharge permits issued to businesses	1,207	1,151	1,194	1,165	1,144	1,160	1,183	1,087	1,083	1,086
Residential ponds provided vegetation control	384	409	481	500	515	519	522	533	540	560
Residential ponds maintained (3)	220	244	522	555	531	575	733	196	239	196
Acres treated with stormwater improvements (cumulative)	4,667	4,559	4,676	4,868	5,283	5,327	5,947	6,489	6,733	6,737
Litter and debris collection on Lady Bird Town Lake (in tons)	215	231	251	222	243	209	270	374	230	234
Miles of creeks maintained	63	63	63	64	63	64	64	65	87	80
Stormwater sites successfully sampled and analyzed	727	1,002	1,009	871	1,503	1,312	903	1,370	731	905
Feet of pipeline cleaned	40,893	53,013	81,040	87,770	75,554	77,283	74,164	51,627	70,235	61,099
Potholes repaired	3,231	1,478	1,072	672	1,073	784	638	1,828	1,632	1,161
Signal studies	266	250	277	270	280	281	281	280	280	286
Signal modifications	93	35	86	52	38	32	22	9	9	3
Traffic sign installations	15,361	20,540	18,784	33,709	30,820	28,002	23,144	31,754	21,300	3,834
Parking tickets	132,775	123,160	117,004	130,267	118,663	126,941	115,837	89,851	103,698	147,419
Internal services activities (2)										
Internal services										
Vehicles sold	282	150	230	224	344	326	306	473	247	340
Rental units	1,780	740	1,547	1,580	1,426	1,537	1,436	1,292	1,254	1,506
Payment transactions processed	250,993	249,435	262,282	306,783	259,527	243,338	216,340	218,778	200,605	158,413
Payroll payments	327,328	323,754	328,819	492,843	420,985	434,578	435,034	425,679	444,255	432,216
Units of mail processed	2,505,959	1,804,358	1,977,488	2,003,607	2,003,607	2,251,672	1,939,554	1,849,811	1,925,640	1,196,660
Employees enrolled in medical benefit plans (3)	7,710	7,111	9,902	10,095	10,580	11,013	10,949	10,774	10,916	11,011
Requests for council action processed	2,235	2,161	2,242	2,300	2,074	2,685	2,114	2,126	2,272	2,299
Active construction projects managed in-house	293	297	310	338	319	300	312	366	418	380
Land parcels acquired	127	176	130	148	239	100	218	244	169	104

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Public safety										
Police stations	3	4	4	4	4	5	8	5	5	5
Police zones	7	9	9	9	9	9	9	9	9	9
Patrol units	318	340	333	351	352	355	355	359	349	349
Fire stations	41	41	42	43	44	44	44	45	45	45
EMS stations	28	29	30	30	31	33	33	35	35	35
Public health										
Health facilities (sq. ft.)	362,155	334,419	341,607	318,462	331,462	331,462	331,726	400,426	404,059	381,806
Program vehicles	66	57	59	61	61	76	76	76	76	82
Public recreation and culture										
Libraries	22	22	22	22	22	22	22	23	23	23
District parks	11	11	11	11	11	11	13	13	13	14
Metropolitan parks	11	11	18	11	11	11	12	11	12	11
Natural preserves	15	15	15	13	13	13	13	15	15	15
Greenbelts	25	25	32	26	26	26	29	40	40	39
Neighborhood parks	85	85	85	90	90	90	96	96	79	79
Special parks (museums, etc.)	26	27	27	30	27	28	28	39	39	38
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	17	17	17	17	18	18	20	20	20	20
Open fields	89	89	89	90	90	90	89	93	103	105
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)	75	117	117	117	117	117	117	193	199	199
Tennis courts	102	102	102	102	102	102	114	110	110	115
Swimming pools	47	47	47	47	46	46	50	51	52	52
Business-type activities										
Electric										
Overhead distribution (miles)	5,532	5,546	5,549	5,540	5,527	5,489	5,493	5,475	5,450	5,403
Underground distribution (miles)	4,517	4,762	5,011	5,236	5,429	5,700	5,786	5,844	5,912	5,995
Water										
Treatment plants	3	3	3	3	3	2	2	2	2	2
Water mains (miles)	2,995	2,871	2,791	3,449	3,514	3,594	3,626	3,634	3,657	3,682
Booster pumps	45	47	47	45	44	45	45	46	45	41
Fire hydrants	27,647	27,134	28,115	29,204	30,479	31,348	32,232	32,576	33,533	33,839
Wastewater										
Sanitary sewers (miles)	2,311	2,265	2,200	2,490	2,544	2,607	2,634	2,650	2,650	2,664
Connections	169,330	174,593	178,574	181,330	186,675	191,297	196,842	198,116	199,005	202,444

(Continued)

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years, continued

City of Austin, Texas
Table 22

Function/Program	Fiscal Year Ended September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities, continued										
Airport										
Buildings maintained (sq. ft.)	2,288,130	2,288,130	2,288,130	2,288,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130
Facility (terminal) maintained (sq. ft.)	754,000	754,000	754,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000	687,940
Acres I air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Convention										
Convention facilities (sq. ft.)	1,877,000	1,877,000	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222
Environment and health services										
Refuse collection trucks	88	102	96	93	108	64	62	89	67	69
Recycle collection trucks	44	34	34	30	34	53	31	38	36	36
Public recreation										
Golf courses	6	6	6	6	5	5	5	5	5	5
Athletic fields	87	87	87	176	176	176	185	174	174	176
Softball fields	16	16	16	16	16	16	35	37	32	32
Urban growth management										
Residential ponds	480	491	577	599	612	630	710	803	820	840
Street (miles)	6,599	6,789	6,908	7,037	7,266	7,349	7,626	7,348	7,550	7,435
Bridges	302	310	323	323	337	366	424	427	438	438
Traffic signals	798	811	824	827	836	852	865	902	925	954
Metered parking spaces	3,675	3,747	3,805	3,859	3,865	3,772	4,017	5,026	5,076	5508
Internal Services (1)										
Fleet facilities (sq. ft.)	11,860	11,860	123,117	123,117	123,117	123,117	123,117	127,916	127,916	127,916
Secured computer workstations	8,000	6,200	7,542	7,700	8,963	5,614	8,000	6,200	8,146	8,042
Number of network end use devices	5,186	5,892	5,994	6,030	6,031	11,654	10,021	18,000	17,571	20,385
City facilities insured	1,077	1,113	1,102	1,074	1,111	1,101	1,129	1,193	1,040	1,052
Facilities maintained (sq. ft.)	962,994	1,250,994	1,448,379	1,621,921	1,621,921	1,621,921	1,539,244	1,539,244	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.





A scenic view of the Austin skyline at sunset. The sky is a deep blue, and the city lights are beginning to glow. In the foreground, a white boat with a red canopy is on the water. A large bridge with multiple arches spans the river. The background features several tall buildings, including the distinctive stepped pyramid of the Frost Bank Tower and the glass skyscraper of the Hyatt Regency Austin.

THE CITY OF AUSTIN, TEXAS

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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.