OFFICIAL STATEMENT

CITY OF AUSTIN, TEXAS

$99,615,000
Public Improvement Bonds, Series 2002

$34,095,000
Certificates of Obligation, Series 2002

$8,690,000
Public Property Finance Contractual Obligations, Series 2002

Dated: August 29, 2002

OFFICIAL STATEMENT DATED AUGUST 29, 2002

Ratings: Moody's: "Aa2"
Standard & Poor's: "AA+"
Fitch: "AA+"
(See "OTHER RELEVANT INFORMATION – Ratings".)

NEW ISSUE – Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel ("Bond Counsel") interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.

$99,615,000
CITY OF AUSTIN, TEXAS
(Travis and Williamson Counties)
PUBLIC IMPROVEMENT BONDS, SERIES 2002

Dated: August 15, 2002 **Due: September 1, as shown below**

Interest on the $99,615,000 City of Austin, Texas (the "City") Public Improvement Bonds, Series 2002 (the "Bonds"), will accrue from the dated date as shown above and will be payable March 1 and September 1 of each year, commencing March 1, 2003, and will be calculated on the basis of a 360–day year of twelve 30–day months. The City intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer (see "OBLIGATION INFORMATION – Book-Entry-Only System").

The Bonds are direct obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, as provided in the ordinance authorizing the Bonds (see "OBLIGATION INFORMATION – Security").

Proceeds from the sale of the Bonds will be used to finance various capital improvements and to pay certain costs of issuance of the Bonds.

MATURITY SCHEDULE

CUSIP Prefix: 052394

Maturity (September 1)	Amount	Interest Rate	Price or Yield	Maturity (September 1)	Amount	Interest Rate	Price or Yield
2003	$ 515,000	2.000%	1.45%	2013	$5,200,000	3.875%	3.97%
2004	*	*	*	2014	5,500,000	4.000%	4.11%
2005	3,300,000	2.500%	2.14%	2015	5,800,000	4.125%	4.25%
2006	3,000,000	2.750%	2.52%	2016	6,000,000	4.250%	4.39%
2007	3,400,000	2.750%	2.83%	2017	6,400,000	5.000%	4.44%**
2008	5,700,000	3.500%	3.17%	2018	6,700,000	5.000%	4.55%**
2009	4,300,000	3.250%	3.36%	2019	7,000,000	4.625%	4.68%
2010	4,500,000	3.500%	3.59%	2020	7,400,000	4.750%	4.78%
2011	4,700,000	3.625%	3.71%	2021	7,700,000	5.000%	4.84%**
2012	4,900,000	3.750%	3.83%	2022	7,600,000	5.000%	4.94%**

(Plus Accrued Interest from August 15, 2002)

*No Bonds are scheduled to mature on September 1, 2004.
**Priced to Call Date.

The initial reoffering yields were supplied to the City by the Purchasers. The initial reoffering yields shown above will produce compensation to the Purchasers of $349,615.15.

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2013, in whole or in part in the principal amounts of $5,000 or any integral multiple thereof, on September 1, 2012, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption. See "OBLIGATION INFORMATION – Redemption".

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. The opinion of Bond Counsel will be printed on or attached to the Bonds (see Appendix C – "Form of Bond Counsel's Opinions").

It is expected that the Bonds will be delivered through the facilities of DTC on or about September 26, 2002.

OFFICIAL STATEMENT DATED AUGUST 29, 2002

Ratings: Moody's:	"Aaa"
Standard & Poor's:	"AAA"
Fitch:	"AAA"

(See "BOND INSURANCE" and "OTHER RELEVANT INFORMATION – Ratings".)

NEW ISSUE – Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel ("Bond Counsel") interest on the Certificates is excludable from gross income for federal income tax purposes under existing law and the Certificates are not private activity bonds. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.

$34,095,000
CITY OF AUSTIN, TEXAS
(Travis and Williamson Counties)
CERTIFICATES OF OBLIGATION, SERIES 2002

Dated: August 15, 2002 **Due: September 1, as shown below**

Interest on the $34,095,000 City of Austin, Texas (the "City") Certificates of Obligation, Series 2002 (the "Certificates"), will accrue from the dated date as shown above and will be payable March 1 and September 1 of each year, commencing March 1, 2003, and will be calculated on the basis of a 360–day year of twelve 30–day months. The City intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer (see "OBLIGATION INFORMATION – Book-Entry-Only System").

The Certificates are direct obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and are additionally payable from and secured by a limited pledge of surplus revenues (not to exceed $1,000) of the City's Solid Waste Disposal System, as provided in the ordinance authorizing the Certificates (see "OBLIGATION INFORMATION – Security").

Proceeds from the sale of the Certificates will be used to finance various capital improvements and to pay certain costs of issuance of the Certificates.

MBIA The scheduled payment of the principal of and interest on the Certificates when due will be guaranteed by a municipal bond insurance policy to be issued by MBIA Insurance Company simultaneously with the delivery of the Certificates. (See "BOND INSURANCE" herein.)

MATURITY SCHEDULE

CUSIP Prefix: 052394

Maturity (September 1)	Amount	Interest Rate	Price or Yield	Maturity (September 1)	Amount	Interest Rate	Price or Yield
2003	$1,045,000	2.500%	1.40%	2012	$1,600,000	3.750%	3.85%
2004	1,100,000	2.500%	1.70%	2013	1,675,000	4.000%	4.00%
2005	1,150,000	2.500%	2.14%	2014	1,775,000	4.000%	4.15%
2006	1,175,000	2.500%	2.50%	2015	1,850,000	4.125%	4.26%
2007	1,250,000	4.750%	2.84%	2016	1,950,000	4.300%	4.40%
2008	1,300,000	3.000%	3.15%	2017	2,050,000	4.400%	4.50%
2009	1,375,000	3.250%	3.38%	2018	2,150,000	5.375%	4.49%*
2010	1,450,000	3.500%	3.62%	2019	2,250,000	5.375%	4.59%*
2011	1,525,000	3.625%	3.75%	2020	2,350,000	5.375%	4.69%*

$5,075,000 4.750% Term Bonds Due September 1, 2022 Priced to Call Date to Yield 5.020%

(Plus Accrued Interest from August 15, 2002)

*Priced to Call Date.

The initial reoffering yields were supplied to the City by the Purchasers. The initial reoffering yields shown above will produce compensation, net of the insurance premium, to the Purchasers of $141,137.40.

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2013, in whole or in part in the principal amounts of $5,000 or any integral multiple thereof, on September 1, 2012, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption. The Certificates maturing on September 1 in 2022 are also subject to mandatory sinking fund redemption. See "OBLIGATION INFORMATION – Redemption".

The Certificates are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. The opinion of Bond Counsel will be printed on or attached to the Certificates. See Appendix C – "Form of Bond Counsel's Opinions".

It is expected that the Certificates will be delivered through the facilities of DTC on or about September 26, 2002.

OFFICIAL STATEMENT DATED AUGUST 29, 2002

Ratings: Moody's:	"Aaa"
Standard & Poor's:	"AAA"
Fitch:	"AAA"

(See "BOND INSURANCE" and "OTHER RELEVANT INFORMATION – Ratings".)

NEW ISSUE – Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel ("Bond Counsel") interest on the Contractual Obligations is excludable from gross income for federal income tax purposes under existing law and the Contractual Obligations are not private activity bonds. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.

$8,690,000
CITY OF AUSTIN, TEXAS
(Travis and Williamson Counties)
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2002

Dated: August 15, 2002 **Due: May 1 and November 1, as shown below**

Interest on the $8,690,000 City of Austin, Texas (the "City") Public Property Finance Contractual Obligations, Series 2002 (the "Contractual Obligations"), will accrue from the dated date as shown above and will be payable May 1 and November 1 of each year, commencing May 1, 2003, and will be calculated on the basis of a 360–day year of twelve 30–day months. The City intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer (see "OBLIGATION INFORMATION – Book-Entry-Only System").

The Contractual Obligations are direct obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, as provided in the ordinance authorizing the Contractual Obligations (see "OBLIGATION INFORMATION – Security").

Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment for various City Departments and to pay costs of issuance of the Contractual Obligations.

The scheduled payment of the principal of and interest on the Contractual Obligationss when due will be guaranteed by a municipal bond insurance policy to be issued by MBIA Insurance Company simultaneously with the delivery of the Contractual Obligations. (See "BOND INSURANCE" herein.)

MATURITY SCHEDULE

CUSIP Prefix: 052394

Maturity (May 1)	Amount	Interest Rate	Price or Yield	Maturity (November 1)	Amount	Interest Rate	Price or Yield
2003	$460,000	2.50%	1.40%	2003	$540,000	2.50%	1.40%
2004	560,000	2.50%	1.70%	2004	570,000	2.75%	1.70%
2005	590,000	2.75%	2.15%	2005	600,000	4.00%	2.15%
2006	620,000	2.50%	2.55%	2006	630,000	2.50%	2.55%
2007	650,000	2.80%	2.85%	2007	660,000	2.80%	2.85%
2008	680,000	3.15%	3.20%	2008	690,000	3.15%	3.20%
2009	710,000	3.40%	3.45%	2009	730,000	3.40%	3.45%

(Plus Accrued Interest from August 15, 2002)

The initial reoffering yields were supplied to the City by the Purchasers. The initial reoffering yields shown above will produce compensation, net of the insurance premium, to the Purchasers of $38,537.40.

The Contractual Obligations are not subject to redemption prior to their stated maturities.

The Contractual Obligations are offered for delivery when, as and if issued, subject to the approving opinions of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel. The opinion of Bond Counsel will be printed on or attached to the Contractual Obligations (see Appendix C – "Form of Bond Counsel's Opinions").

It is expected that the Contractual Obligations will be delivered through the facilities of DTC on or about September 26, 2002.

No dealer, broker, salesman or other person has been authorized by the City or by the Purchasers to give any information or to make any representations, other than as contained in this Official Statement, and if given or made such other information or representations must not be relied upon as having been authorized by the City or the Purchasers. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Bonds, the Certificates, or the Contractual Obligations (collectively referred to herein as the "Obligations"), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE OBLIGATIONS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE ON EXEMPTIONS CONTAINED IN SUCH ACTS.

The information set forth herein has been furnished by the City and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Purchasers. The information and expressions of the opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the other matters described herein since the date hereof. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau for the convenience of the owners of the Obligations.

This Official Statement includes descriptions and summaries of certain events, matters, and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the City or from Public Financial Management, Inc., the Financial Advisor to the City. Any statements made in this Official Statement or the Appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE CERTIFICATES, AND THE CONTRACTUAL OBLIGATIONS, THE PURCHASERS OF ANY OR ALL SERIES MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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CITY OF AUSTIN

Elected Officials

		Term Expires June 15
Gustavo Garcia	Mayor	2003
Daryl Slusher	Councilmember Place 1	2005
Raul Alvarez	Councilmember Place 2	2003
Jackie Goodman, Mayor Pro Tem	Councilmember Place 3	2005
Betty Dunkerley	Councilmember Place 4	2005
William Wynn	Councilmember Place 5	2003
Danny Thomas	Councilmember Place 6	2003

Appointed Officials

Toby Hammett Futrell	City Manager
Joe Canales	Deputy City Manager
Lisa Gordon	Assistant City Manager
John Stephens, CPA	Acting Assistant City Manager
Laura Huffman	Assistant City Manager
Vickie Schubert, CPA	Acting Director of Financial Services
Sedora Jefferson	City Attorney
Shirley A. Brown	City Clerk

BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.
Austin and Dallas, Texas

FINANCIAL ADVISOR
Public Financial Management
Austin, Texas

AUDITORS
KPMG LLP and Richard Mendoza, CPA
Austin, Texas

For additional information regarding the City, please contact:

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Acting Director of Financial Services
City of Austin
P.O. Box 1088
Austin, Texas 78767
(512) 974–3344

Bill Newman
Public Financial Management
700 Lavaca
Suite 1500
Austin, Texas 78701
(512) 472–7194

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data on this page is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds, Certificates, and Contractual Obligations (referred herein collectively as the "Obligations") to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this data page from this Official Statement or to otherwise use it without the entire Official Statement.

This data page was prepared to present the purchasers of the Bonds, Certificates and Contractual Obligations information concerning the Bonds, Certificates and Contractual Obligations, the description of the tax base and other pertinent data, all as more fully described herein.

The Issuer .... The City of Austin, Texas (the "City"), is a political subdivision located in Travis and Williamson Counties, operating as a home–rule city under the laws of the State of Texas and a charter approved by the voters in 1953, as amended. The City operates under the Council/Manager form of government where the mayor and six councilmembers are elected for staggered three-year terms. The Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The City is approximately 265.80 square miles in area (see Appendix A – "General Information Regarding the City").

The Bonds............................ The Bonds are being issued in the principal amount of $99,615,000 pursuant to the general laws of the State of Texas, particularly Chapter 1331, Texas Government Code and an Ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority for Issuance").

The Certificates .... The Certificates are being issued in the principal amount of $34,095,000 pursuant to the general laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code (the "Certificate of Obligation Act") and an Ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority for Issuance").

The Contractual Obligations .... The Contractual Obligations are being issued in the principal amount of $8,690,000 pursuant to the general laws of the State of Texas, particularly Subchapter A, Chapter 271, Texas Local Government Code (the "Public Property Finance Act") and an Ordinance passed by the City Council of the City (see "OBLIGATION INFORMATION – Authority for Issuance").

Security .... Each series of the Obligations constitutes a direct obligation of the City, payable from a continuing ad valorem tax levied, within the limits prescribed by law, on taxable property within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenues (not to exceed $1,000) of the City's Solid Waste Disposal System.

Optional Redemption of Bonds and Certificates ...... The City reserves the right, at its option, to redeem the Bonds and Certificates having stated maturities on and after September 1, 2013, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2012, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "OBLIGATION INFORMATION – Redemption"). **The Contractual Obligations are not subject to redemption prior to their stated maturities.**

Mandatory Redemption of Certificates .... The Certificates maturing on September 1, 2022 are subject to mandatory redemption (see "OBLIGATION INFORMATION – Redemption").

Tax Exemption................... In the opinion of Bond Counsel, the interest on the Obligations is excludable from gross income for federal income tax purposes under existing law and the Obligations will not constitute private activity bonds. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel including the alternative minimum tax consequences for corporations.

Payment Record................. The City has not defaulted since 1900 when all bonds were refunded at par with a voluntary reduction in interest rates.

Selected Issuer Indices

Fiscal Year Ended 9-30	Estimated City Population(1)	Taxable Assessed Valuation	Per Capita Taxable Valuation	Net Funded Tax Debt(2)	Per Capita Net Funded Tax Debt	Ratio Net Funded Tax Debt Taxable Valuation	% of Tax Collections
1994	507,468	$18,237,532,094	$35,938.29	$422,737,988	$ 833.03	2.32%	100.07%
1995	523,352	20,958,589,300	40,046.83	436,867,901	834.75	2.08%	100.10%
1996	541,889	23,303,015,047	43,003.30	443,247,034	817.97	1.90%	99.91%
1997	560,939	25,823,385,257	46,036.00	476,147,167	848.84	1.84%	99.47%
1998	608,214	27,493,058,735	45,202.94	500,027,010	822.12	1.82%	99.37%
1999	619,038	32,458,349,755	52,433.53	509,759,139	823.47	1.57%	99.57%
2000	628,667	35,602,840,326	56,632.27	540,282,278	859.41	1.52%	99.85%
2001	661,639	41,419,314,286	62,601.08	546,210,746	825.54	1.32%	99.60%
2002	667,705	46,947,780,642	70,312.16	679,883,722	1,018.24	1.45%	100.31% (3)
2003	674,382	51,141,723,679(4)	75,834.95	673,208,247(5)	998.26(5)	1.32%(5)	N/A

(1) Source: City of Austin Planning/Growth Department.
(2) Excludes general obligation debt issued for enterprise funds, and general fund departments which transfer in from operating budgets.
(3) Estimated Collections as of June 30, 2002.
(4) Certified Appraised Value, including $3,786,126,268 in property in the appeals process.
(5) Projected.

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OFFICIAL STATEMENT

Relating to

$99,615,000
CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT BONDS, SERIES 2002

$34,095,000
CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2002

$8,690,000
CITY OF AUSTIN, TEXAS
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2002

INTRODUCTION

This Official Statement, which includes the cover pages, the summary statement and the appendices hereto, provides certain information regarding the issuance by the City of Austin, Texas (the "City"), of $99,615,000 City of Austin, Texas, Public Improvement Bonds, Series 2002 (the "Bonds"), $34,095,000 City of Austin, Texas, Certificates of Obligation, Series 2002 (the "Certificates"), and $8,690,000 Public Property Finance Contractual Obligations, Series 2002 (the "Contractual Obligations"). The Bonds, Certificates, and Contractual Obligations are collectively referred to herein as the "Obligations". The Bonds, Certificates, and Contractual Obligations are being offered separately at competitive sales by the City, and delivery of each issue is not contingent upon the delivery of the other issues. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"), the ordinance authorizing the issuance of the Certificates of Obligations (the "Certificate Ordinance"), and the ordinance authorizing the issuance of the Contractual Obligations (the "Contractual Obligation Ordinance") except as otherwise indicated herein. The Bond Ordinance, the Certificate Ordinance, and the Contractual Obligation Ordinance are collectively referred to herein as the "Ordinances".

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document.

OBLIGATION INFORMATION

Authority for Issuance

The Bonds were authorized at elections held on various dates, and passed by a majority of the participating voters in the City. The City is authorized to incur debt by voter authorization by Chapter 1331, Texas Government Code and by the Bond Ordinance as authorized in the City Charter adopted by voters on January 31, 1953, as amended.

The Certificates are being issued pursuant to the general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the "Certificate of Obligation Act"), and the Certificate Ordinance passed by the City Council.

The Contractual Obligations are being issued pursuant to the general laws of the State of Texas, particularly Subchapter A of Chapter 271, Texas Local Government Code (the "Public Property Finance Act"), and the Contractual Obligation Ordinance passed by the City Council.

General

Each series of Obligations is dated August 15, 2002 and shall bear interest on the unpaid principal amounts from such date, at the respective per annum rates shown on the cover pages hereof. Principal is payable, upon presentation thereof, at the Designated Payment/Transfer Office of the Paying Agent/Registrar (see "Paying Agent/Registrar" herein). Interest thereon is payable by the Paying Agent/Registrar to the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined) and shall be paid by the Paying Agent/Registrar by check mailed by United States mail, first class postage prepaid, to the address of such person as it appears on the registration books of the Paying Agent/Registrar on or before each interest payment date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the bondholder. The Obligations are issued only as fully registered obligations in denominations of $5,000 or any integral multiple thereof within a maturity.

The record date (the "Record Date") for the interest payable on any interest payment date is the 15th day of the month next preceding such interest payment date, as specified in the Ordinances. In the event of a nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (the "Special Record Date") will be established by the Paying Agent/Registrar, in accordance with the provisions of the Ordinances, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest, which shall be at least 15 days after the Special Record Date, shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each bondholder appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Security

The Obligations constitute direct obligations of the City, payable from a continuing ad valorem tax levied, within the limits prescribed by law, on taxable property located within the City in an amount sufficient to pay the principal of and interest on all ad valorem tax debt. The Certificates are additionally secured by and payable from a limited pledge of the surplus revenue (not to exceed $1,000) of the City's solid waste disposal system.

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter sometimes referred to herein as the "Charter" which also limits the City's ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. Within such Charter limitation, the total tax which may be levied annually by the City for municipal general operating purposes may not exceed $1.00 per $100 assessed valuation.

Bondholder Remedies

The Ordinances obligate the City Council to assess and collect an annual ad valorem tax sufficient to pay when due the respective principal of and interest when due on the Obligations and they also create a pledge of such tax to the payment of the Obligations.

Upon the failure of the City to make payment of principal or interest when the same becomes due and payable, then any bondholder, or an authorized representative thereof, including but not limited to, a trustee or trustees therefore, may proceed against the City by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained therein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the bondholder thereunder or any combination of such remedies but the right to accelerate the debt evidenced by the Obligations shall not be available as a remedy under the Ordinances. All such proceedings shall be instituted and maintained for the equal benefit of all such bondholders.

Although a bondholder could presumably obtain a judgment against the City if a default occurred in the payment of principal or interest on each series of Obligations, such judgment could not be satisfied by execution against any property of the City. The bondholder's only practical remedy, if a default occurs in the payment of principal or interest, is a mandamus or mandatory injunction proceeding to compel the City Council to levy, assess and collect an annual ad valorem tax within the tax rate limitation sufficient to pay principal and interest as it becomes due. The bondholder could be required to enforce such remedy on a periodic basis. No right to accelerate maturity is granted by the respective Ordinances.

The enforcement or claim for payment of principal of or interest, including the remedy of mandamus, and the validity of the pledge of taxes, would be subject to the applicable provisions of the federal bankruptcy laws and to other laws affecting the rights of creditors of political subdivisions generally.

Redemption

Optional Redemption. The City reserves the right, at its option, to redeem Bonds and Certificates having stated maturities on and after September 1, 2013, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2012, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption. If less than all of the Bonds or all of the Certificates are to be redeemed, the City shall determine the respective maturities and amounts to be redeemed and, if less than all of a maturity is to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds and Certificates are in Book-Entry-Only form) shall determine by lot the Bonds or Certificates, or portions thereof, within such maturity to be redeemed.

The Contractual Obligations are not subject to optional redemption prior to their maturities.

At least thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States mail, first class postage prepaid, to the registered owners of each Bond or Certificate to be redeemed at the address shown on the registration books maintained by the Paying Agent/Registrar and subject to the terms and provisions relating thereto contained in the Ordinances. If a Bond or Certificate (or a portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date such Bond or Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date thereof, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

Mandatory Redemption. The Certificates maturing on September 1, 2022 (the "Term Certificates") are subject to mandatory redemption prior to maturity in part at random, by lot or other customary method selected by the Registrar, at 100% of the principal amount thereof plus accrued interest to the date of redemption on the dates, in the years and principal amounts as follows:

Term Certificates due September 1, 2022		
Redemption Date	Amount	
September 1, 2021	$2,475,000	
September 1, 2022	2,600,000	(a)

(a) Maturity.

Defeasance of Obligations

The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations. The Ordinances provide that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or it equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid. The City has reserved the option, however, to be exercised at the time of the defeasance of the Obligations, to call for redemption at an earlier date, Obligations which have been defeased to their maturity date, if the City; (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Book-Entry-Only System

The City has elected to utilize the Book-Entry-Only System of DTC, as described under this heading. The obligation of the City is to timely pay the Paying Agent/Registrar the amount due under the Ordinances. The responsibilities of DTC, the Direct Participants and the Indirect Participants to the Beneficial Owner of the Obligations are described herein.

DTC will act as securities depository for the Obligations (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Paying Agent/Registrar

The initial Paying Agent/Registrar for each series of Obligations is Bank One, N.A., or its successor. Interest on and principal of the Obligations will be payable, and transfer functions will be performed at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas (the "Designated Payment/Transfer Office"). In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Obligations are outstanding and any successor Paying Agent/Registrar shall be a commercial bank, trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at the Designated Payment/Transfer Office and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. An Obligation may be assigned by the execution of an assignment form thereon or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt thereof to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

Limitation on Transfer of Bonds or Certificates Called for Redemption

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond or Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Bond or Certificate.

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BOND INSURANCE

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix D for a specimen of MBIA's policy.

Bond Insurance

MBIA's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Certificates and Contractual Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Certificates and/or Contractual Obligations pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Certificates and/or Contractual Obligations. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Certificates and Contractual Obligations upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Certificates and Contractual Obligations resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Certificates and/or Contractual Obligations.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Certificate and/or Contractual Obligation the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Certificates and/or Contractual Obligations or presentment of such other proof of ownership of the Certificates and/or Contractual Obligations, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Certificates and/or Contractual Obligations as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Certificates and/or Contractual Obligations in any legal proceeding related to payment of insured amounts on the Certificates and/or Contractual Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Certificates and/or Contractual Obligations, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation (“MBIA”) is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

The following documents filed by the Company with the Securities and Exchange Commission (the “SEC”) are incorporated herein by reference:

(1) The Company’s Annual Report on Form 10-K for the year ended December 31, 2001; and

(2) The Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this Official Statement and prior to the termination of the offering of the Contractual Obligations offered hereby shall be deemed to be incorporated by reference in this Official Statement] and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2001, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002), are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273-4545.

As of December 31, 2001, MBIA had admitted assets of $8.5 billion (audited), total liabilities of $5.6 billion (audited), and total capital and surplus of $2.9 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 2002, MBIA had admitted assets of $8.7 billion (unaudited), total liabilities of $5.7 billion (unaudited), and total capital and surplus of $3.0 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

TAX INFORMATION

Ad Valorem Tax Law

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District (the "Appraisal District"). Excluding agricultural and open–space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title 1, V.T.C.A. Tax Code (commonly known as the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. State law further limits the appraised value of a residence homestead for a tax year (the "Homestead 10% Increase Cap") to an amount not to exceed the lesser of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State Law provide for certain exemptions from property taxes, the valuation of agricultural and open–space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1–b, Article VIII, and State Law, the governing body of a political subdivision, at its option, may grant:

(1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision;

(2) An exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a sum of $12,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Personal property not used in the business of a taxpayer, such as automobiles or light trucks, is exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property.

Article VIII, Section 1-j of the Texas Constitution provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. The City grants such exemption.

The City grants an exemption to the appraised value of the residence homestead of persons 65 years of age or older and to the disabled of $51,000.

The City may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. The City has adopted criteria for granting tax abatements which establish guidelines regarding the number of jobs to be created and the amount of new value to be added by the taxpayer in return for the abatement. The City has entered into several such abatement agreements in recent years.

Tax Valuation

January 1, 2002 Appraised Valuation (1)		$55,322,847,386
Less Local Exemptions to Assessed Values: (2)		
Residential Homestead over 65	$1,087,992,436	
Homestead 10% Increase Cap	2,150,959,674	
Disabled Veterans	35,019,433	
Agricultural and Historical Exemptions	283,883,265	
Disability Exemption	89,979,842	
Freeport Exemption	533,289,057	4,181,123,707
January 1, 2002 Net Taxable Assessed Valuation (1)		$51,141,723,679

(1) 2002 Certified Appraised Value includes $3,786,126,268 in property in the appeals process.

(2) Exemptions or adjustments to assessed valuation granted in 2002 include (a) exemptions of $51,000 for resident homestead property of property owners over 65 years of age; (b) exemptions for residents homestead property exceeding a 10 percent increase in valuation from the previous year; (c) exemptions ranging from $5,000 to $12,000 for property of disabled veterans or certain surviving dependents of disabled veterans; (d) certain adjustments to productive agricultural lands; (e) exemptions to the land designated as historically significant sites by certain public bodies; (f) exemptions of $51,000 to disabled resident homestead property owners; (g) exemption of freeport property detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication of exported finished goods from Texas.

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Statement of Debt (As of September 30, 2002)

The following table sets forth on a pro forma basis the amount of Public Improvement Bonds, Assumed Bonds, Contract Tax Bonds, Certificates of Obligation, Contractual Obligations and Tax Anticipation Notes outstanding and certain debt ratios related thereto.

Public Improvement Bonds (1)	$589,130,000	
Certificates of Obligations (1)	101,995,000	
Contractual Obligations (1)	27,040,000	
Assumed Bonds (2)	15,157,761	
Contract Tax Bonds (3)	450,000	
Tax Anticipation Notes	4,800,000	
The Bonds (4)	99,615,000	
The Certificates (4)	34,095,000	
The Contractual Obligations (4)	8,690,000	
Total		$880,972,761
Less Self-Supporting Debt:		
Assumed Bonds (2)	$12,635,703	
Contract Tax Bonds (3)	450,000	
Airport (5)	818,171	
Austin Energy (5)	2,729,710	
City Hall (4)	6,455,000	
CMTA Mobility (6)	28,460,000	
Convention Center (5)	10,157,215	
Fleet Management (4)(5)	8,863,336	
Golf (4)(5)	8,851,202	
Solid Waste (5)	19,762,340	
Transportation (5)	319,120	
Water and Wastewater (4)(5)	18,555,430	
Watershed Protection (4)(5)	11,006,695	$159,063,922
Interest and Sinking Fund, All Public Improvement Bonds (7)		13,497,227
Net Debt (8)		$708,411,612
Ratio Total Debt to 2002 Net Taxable Assessed Valuation		1.72%
Ratio Net Debt to 2002 Net Taxable Assessed Valuation		1.39%

2003 Population (Estimate) – 674,382 (9)
Per Capita Net Taxable Assessed Valuation – $75,834.95
Per Capita Net Debt Outstanding – $1,051.39

(1) Excludes the new money issuances.
(2) Represents bonds of utility districts annexed by the City.
(3) Represents bonds of a district which the City has agreed to pay from the levy of an ad valorem tax sufficient to pay debt service if surplus water and wastewater revenues are not sufficient to meet debt service requirements.
(4) New money issued August 29, 2002 with delivery September 26, 2002.
(5) Airport, Austin Energy, Convention Center, Fleet Management, Golf, Solid Waste, Transportation, Water, Wastewater and Watershed Protection represent a portion of the City's Outstanding Public Improvement Bonds, Certificates of Obligation and/or Contractual Obligations. Debt service for Airport, Austin Energy, Convention Center, Fleet Management, Golf, Solid Waste, Transportation, Water, Wastewater and Watershed Protection is paid from revenue of the respective enterprises. The City plans to continue to pay these obligations from each respective enterprise. Fleet Management is an internal service fund, which generates revenue through charges to user departments.
(6) The City entered into an interlocal agreement with Capital Metro Transit Authority (CMTA), whereby CMTA will pay the required debt service to the City through a transfer of funds 30 days prior to each debt service payment date.
(7) Represents estimate of cash plus investments at cost on September 30, 2002.
(8) Various general fund departments have issued debt which is supported by a transfer into the debt service fund from the issuing department. These departments budget the required debt service which reduces the debt service tax requirement. If excluded, these obligations would lower net debt by $29,152,890.
(9) Source: City of Austin Planning/Growth Department. This figure does not include areas annexed for limited purposes.

Revenue Debt

In addition to the above, on a pro forma basis, the City had outstanding (as of August 1, 2002) $1,607,274,581 Combined Utility Systems Revenue Bonds payable from a prior and subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System; $374,330,000 Electric Utility Obligations payable from a subordinate lien on the net revenues of the Electric Utility System; $582,760,000 Water and Wastewater Obligations payable from a subordinate lien on the net revenue of the Water and Wastewater System, and $340,101,000 Combined Utility Systems Commercial Paper payable from a subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System. The aforementioned amounts include delivery on August 20, 2002, of $172,880,000 City of Austin, Texas Electric Utility System Revenue Refunding Bonds, Series 2002A, and $139,695,000 City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2002A.

The City also has outstanding (as of August 1, 2002) $398,990,000 Airport System Prior Lien Revenue Bonds payable from revenue of the City's Airport System. The City also has outstanding (as of August 1, 2002) $244,850,000 in Convention Center Bonds, payable from hotel/motel occupancy tax collections.

Obligations Subject to Annual Appropriation

The City has entered into two subleases (the "Subleases") with respect to space to house the Electric Utility and the Water and Wastewater Utility, and $8,760,000 and $6,600,000, respectively, of Certificates of Participation are outstanding and payable from payments made under such Subleases. The City anticipates funding the required lease payments from the revenue of the respective utility system, although the City may make such payments from any available funds of the City as a whole appropriated for such purposes. The revenue of the Electric System and the Water and Wastewater System are not specifically pledged in such Subleases.

Valuation and Funded Debt History

Fiscal Year Ended 9-30	Estimated City Population(1)	Net Taxable Assessed Valuation	Net Taxable Assessed Valuation Per Capita	Net Funded Tax Debt(2)	Per Capita Net Funded Tax Debt	Ratio Net Funded Debt To Taxable Assessed Valuation	% of Collections
1994	507,468	$18,237,532,094	$35,938.29	$422,737,988	$ 833.03	2.32%	100.07%
1995	523,352	20,958,589,300	40,046.83	436,867,901	834.75	2.08%	100.10%
1996	541,889	23,303,015,047	43,003.30	443,247,034	817.97	1.90%	99.91%
1997	560,939	25,823,385,257	46,036.00	476,147,167	848.84	1.84%	99.47%
1998	608,214	27,493,058,735	45,202.94	500,027,010	822.12	1.82%	99.37%
1999	619,038	32,458,349,755	52,433.53	509,759,139	823.47	1.57%	99.57%
2000	628,667	35,602,840,326	56,632.27	540,282,278	859.41	1.52%	99.85%
2001	661,639	41,419,314,286	62,601.08	546,210,746	825.54	1.32%	99.60%
2002	667,705	46,947,780,642	70,312.16	679,883,722	1,018.24	1.45%	100.31%(3)
2003	674,382	51,141,723,679(4)	75,834.95	673,208,247(5)	998.26(5)	1.32%(5)	N/A

(1) Source: City of Austin Planning/Growth Department.
(2) Excludes general obligation debt issued for enterprise funds, and general fund departments which transfer in from operating budgets.
(3) Estimated Collections as of June 30, 2002.
(4) Certified Appraised Value, including $3,786,126,268 in property in the appeals process.
(5) Projected.

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Tax Rate, Levy and Collection History

		Distribution				
Fiscal Year Ended 9-30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
1993	$0.6400	$0.3500	$0.3000	$108,824,534	98.03%	99.49%
1994	0.6225	0.3462	0.2763	113,528,637	98.76%	100.07%
1995	0.5625	0.3132	0.2493	117,892,065	99.00%	100.10%
1996	0.5446	0.3177	0.2269	126,908,220	99.03%	99.91%
1997	0.5251	0.3117	0.2134	135,598,596	98.96%	99.47%
1998	0.5401	0.3304	0.2097	148,490,010	98.80%	99.37%
1999	0.5142	0.3265	0.1877	166,900,834	98.89%	99.57%
2000	0.5034	0.3222	0.1812	179,224,698	99.08%	99.85%
2001	0.4663	0.3011	0.1652	193,138,262	98.98%	99.60%
2002	0.4597	0.3041	0.1556	215,818,948	99.10% (1)	100.11% (1)
2003(2)	0.4597	0.2969	0.1628	235,098,504	N/A	N/A

(1) Estimated collections as of June 30, 2002.
(2) Proposed Budget.

Ten Largest Taxpayers (1)

Name of Taxpayer	Nature of Property	January 1, 2002 Taxable Assessed Valuation	% of 2001 Total Taxable Assessed Valuation
Motorola Corporation	Manufacturing	$1,016,296,140	1.99%
Advanced Micro Devices, Inc.	Manufacturing	377,012,312	0.74%
IBM Corporation	Manufacturing	337,578,631	0.66%
Southwestern Bell Telephone Company	Telephone Utility	308,143,824	0.60%
Samsung Austin Semiconductor (2)	Manufacturing	257,703,870	0.50%
Applied Materials Inc.	Manufacturing	242,999,254	0.48%
Prudential Insurance Company	Insurance	158,432,000	0.31%
State Street Bank and Trust	Banking	152,932,603	0.30%
Blue Star Austin Investments	Commercial	147,602,700	0.29%
Dell Computer Corporation	Manufacturing	146,993,214	0.29%
TOTAL		$3,145,694,548	6.15%

(1) Taxable property valuations for the ten largest taxpayers from the July 2002 certified tax roll are lower than last year as a result of the local economic slowdown. Five of the companies represent computer technology manufacturers. The decline in the computer technology sector of the economy has resulted in substantial reductions in personal property inventory.
(2) Samsung Corporation received an abatement for $159,146,504 in real and personal property value.
Source: Travis Central Appraisal District.

Property Tax Rate Distribution

	Fiscal Year Ended September 30				
	1999	2000	2001	2002	2003(1)
General Fund	$.3265	$.3222	$.3011	$.3041	$.2969
Interest and Sinking Fund	.1877	.1812	.1652	.1556	.1628
Total Tax Rate	$.5142	$.5034	$.4663	$.4597	$.4597

(1) July 25, 2002 Certified Tax Roll at the nominal tax rate.

Net Taxable Assessed Valuations, Tax Levies and Collections

Fiscal Year	Valuation	Real Property		Personal Property		Net Taxable	Total	% Current	% Total
Ended 9-30	Date	Amount	% of Total	Amount	% of Total	Assessed Valuation	Tax Levy	Collections	Collections
1994	1-1-93	$14,828,873,350	81.30%	$3,408,658,744	18.70%	$18,237,532,094	$113,528,637	98.76%	100.07%
1995	1-1-94	17,350,805,301	82.79%	3,607,783,999	17.21%	20,958,589,300	117,892,065	99.00%	100.10%
1996	1-1-95	19,478,990,278	83.59%	3,824,024,769	16.41%	23,303,015,047	126,908,220	99.03%	99.91%
1997	1-1-96	21,488,717,069	83.21%	4,334,668,188	16.79%	25,823,385,257	135,598,596	98.96%	99.47%
1998	1-1-97	22,693,966,978	82.54%	4,799,091,757	17.46%	27,493,058,735	148,490,010	98.80%	99.37%
1999	1-1-98	27,225,077,724	83.88%	5,233,272,031	16.12%	32,458,349,755	166,900,834	98.89%	99.57%
2000	1-1-99	30,114,175,223	84.58%	5,488,665,103	15.42%	35,602,840,326	179,224,698	99.08%	99.85%
2001	1-1-00	35,257,000,679	85.23%	6,110,383,576	14.77%	41,419,314,286	193,138,262	98.98%	99.60%
2002	1-1-01	39,915,723,464	85.02%	7,032,057,178	14.98%	46,947,780,642	215,818,948	99.10%(1)	100.11%(1)
2003	1-1-02	44,578,140,737	87.17%	6,536,582,942	12.83%	51,141,723,679	235,098,504(2)	N/A	N/A

(1) Estimated collections through June 30, 2002.
(2) July 25, 2002 Certified Tax Roll.

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Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter which also limits the City's ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. Within such Charter limitation, the total tax which may be levied annually by the City for municipal general operating purposes may not exceed $1.00 per $100 assessed valuation.

By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per $100 taxable value for the upcoming fiscal year beginning October 1. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Tax Code, the City Council is prohibited from adopting a tax rate that will result in any increase in total tax revenue from the preceding fiscal year until it has held a public hearing on the proposed increase following notice to the taxpayers.

Each year the City must calculate and publicize certain information concerning its proposed tax rate, including its "rollback tax rate." The rollback tax rate is the rate that will produce last year's maintenance and operation tax levy multiplied by 1.08 plus a rate that will produce the current year's debt service, with such rates being adjusted to take into account new exemptions and property additions to the tax roll. If the adopted rate exceeds the rollback tax rate, the qualified voters of the City may petition the City Council to call an election to determine whether to reduce the tax rate adopted for the City to the rollback tax rate.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

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DEBT INFORMATION*

Debt Service Requirements

Fiscal Year Ending 09/30	Public Improvement Bonds	Certificates of Obligation	Short - Term Obligations (a)	Contract Tax Bonds	Assumed MUD & WCID Bonds	The Bonds, Certificates and Contractual Obligations (b)	Grand Total Requirements	Less Self-Supporting Requirements (c)	Net Total Requirements	Percent Principal Payout
2003	$ 67,826,357	$ 10,305,469	$ 14,030,929	$ 172,948	$ 3,415,711	$ 7,991,440	$ 103,742,853	23,576,255	$ 80,166,598	
2004	68,997,985	10,310,939	8,301,903	160,705	3,453,944	7,944,026	99,169,502	23,755,578	75,413,924	
2005	71,363,409	10,170,328	6,331,493	148,553	2,805,925	11,297,939	102,117,645	23,119,140	78,998,505	
2006	69,076,374	9,759,663	3,771,455	-	2,353,724	10,935,626	95,896,841	19,845,646	76,051,195	
2007	63,380,975	9,778,738	1,337,244	-	1,261,653	11,323,376	87,081,985	18,058,815	69,023,170	33.66%
2008	55,698,460	9,798,035	456,275	-	1,111,385	13,545,186	80,609,341	17,198,709	63,410,633	
2009	52,440,868	9,822,595	229,359	-	991,463	12,000,159	75,484,443	16,506,168	58,978,276	
2010	53,618,824	9,849,118	-	-	997,573	11,373,304	75,838,818	16,050,764	59,788,054	
2011	51,327,836	9,873,495	-	-	1,001,480	10,697,644	72,900,455	15,094,761	57,805,694	
2012	46,797,334	9,918,735	-	-	1,003,240	10,746,988	68,466,297	15,016,078	53,450,219	62.44%
2013	42,505,588	9,157,728	-	-	1,017,960	10,878,238	63,559,513	13,824,381	49,735,132	
2014	39,723,163	5,910,300	-	-	1,214,635	11,009,738	57,857,835	10,528,637	47,329,198	
2015	35,803,985	5,933,155	-	-	1,213,546	11,093,738	54,044,424	10,319,535	43,724,888	
2016	31,256,656	5,977,138	-	-	1,229,024	11,078,175	49,540,993	10,073,006	39,467,987	
2017	27,386,879	6,020,819	-	-	1,011,643	11,239,325	45,658,665	9,695,289	35,963,376	86.27%
2018	22,080,013	5,887,031	-	-	716,688	11,229,125	39,912,856	7,433,416	32,479,440	
2019	20,577,275	3,927,200	-	-	-	11,178,563	35,683,038	5,901,027	29,782,011	
2020	14,366,494	3,473,963	-	-	-	11,233,875	29,074,331	5,616,123	23,458,208	
2021	7,739,888	1,812,175	-	-	-	11,181,063	20,733,125	4,499,326	16,233,799	
2022	162,944	-	-	-	-	10,703,500	10,866,444	2,747,469	8,118,975	100.00%

(a) Includes principal and interest on Contractual Obligations and Tax Anticipation Notes.
(b) Includes principal and interest on the Obligations.
(c) Includes principal and interest on all self-supporting debt (see "Statement of Debt", p. 8).

*As of September 30, 2002

Estimated Direct and Overlapping Funded Debt Payable From Ad Valorem Taxes (As of 9-30-01) (in 000's)

Expenditures of the various taxing bodies within the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the date stated above, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined. The following table reflects the estimated share of overlapping funded debt of these various taxing bodies.

Taxing Jurisdiction	Total Funded Debt	Estimated % Applicable (2)	Overlapping Funded Debt
City of Austin	$546,211(1)	100.00%	$ 546,211
Austin Independent School District	448,747	89.59%	402,032
Travis County	349,142	74.00%	258,365
Round Rock Independent School District	447,797	5.00%	22,390
Leander Independent School District	286,968	1.49%	4,276
Pflugerville Independent School District	150,546	3.60%	5,420
Eanes Independent School District	87,734	4.27%	3,746
Williamson County	234,165	2.64%	6,182
Del Valle Independent School District	76,700	78.00%	59,826
Manor Independent School District	35,782	2.10%	751
Austin Community College	51,155	80.10%	40,975
North Austin Municipal Utility District No. 1	20,599	100.00%	20,599
Northwest Austin Municipal Utility District No. 1	21,110	100.00%	21,110
Northwest Travis County Road District No. 3	6,045	100.00%	6,045
Anderson Mill Municipal Utility District	145	0.90%	1
TOTAL DIRECT AND OVERLAPPING FUNDED DEBT			$1,397,929
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation (3)			3.38%
Per Capita Overlapping Funded Debt (3)			$2,112.83

(1) Excludes general obligation debt reported in proprietary funds.
(2) Source: Taxing jurisdiction.
(3) Based on assessed valuation of $41,419,314,286. Based on 2001 estimated population of 661,639.

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Authorized General Obligation Bonds

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Brackenridge 2000	10-22-83	$ 50,000,000	$40,785,000		$ 9,215,000
Drainage and Flood Control	09-08-84	48,535,000	46,544,000	$ 1,991,000	0
Parks Improvements	09-08-84	9,975,000	9,648,000		327,000
Cultural Arts	01-19-85	20,285,000	14,890,000		5,395,000
Asbestos Abatement, ADA Compliance and East Austin Health Clinic	08-08-92	18,800,000	17,730,000	1,070,000	0
Erosion & Flood Control	08-08-92	21,570,000	19,643,000	1,927,000	0
Communications Equipment	05-03-97	38,000,000	38,000,000*		0*
Walnut Creek Watershed	05-02-98	10,000,000	1,460,000		8,540,000
Street and Traffic Signals	11-03-98	152,000,000	67,130,000	28,452,000	56,418,000
Park and Recreation Facilities	11-03-98	75,925,000	27,565,000	12,685,000	35,675,000
Public Safety Facilities	11-03-98	54,675,000	32,420,000	13,750,000	8,505,000
Library, Cultural Arts and Museum	11-03-98	46,390,000	14,120,000	20,725,000	11,545,000
Street Improvements	11-07-00	150,000,000	15,000,000	15,000,000	120,000,000
Land Acquisition	11-07-00	13,400,000	5,985,000	4,015,000	3,400,000
TOTAL				$99,615,000	$259,020,000

* $13,580,000 of this authorization was sold as Public Improvement Bonds. The City further issued $24,420,000 in Contractual Obligations and applied the amount toward the authorized general obligation bonds total.

Anticipated Issuance of General Obligation Bonds

The City does not anticipate the issuance of additional general obligation bonds before the fall of 2003. The City continues to review opportunities for refunding certain previously issued general obligation bonds and assumed debt.

Funded Debt Limitation

No direct funded debt limitation is imposed on the City under current State law or the City's Home Rule Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. The City operates under a Home Rule Charter which adopts the constitutional provisions and also contains a limitation that the total tax which may be levied annually by the City for municipal general operating purposes may not exceed $1.00 per $100 assessed valuation.

FISCAL MANAGEMENT

The Capital Improvements Program Plan and Capital Budget

The Capital Improvement Plan is a five-year list of capital improvements and a corresponding spending plan for financing these improvements. It is developed through public input and department prioritization of needs. The process includes neighborhood meetings, department requests, Budget Office assessment of requested projects, input from the Planning Commission's CIP Subcommittee and other Boards and Commissions, and citizen input from public hearings. Each year, the Planning Commission reviews the Capital Improvement Plan and submits a recommendation to the City Manager detailing specific projects to be included in the Capital Budget for the next fiscal year.

The City Manager considers the Planning Commission's recommended Plan to propose a Capital Budget to the City Council. The Capital Budget contains requested appropriations for new projects, additional appropriations for previously approved projects and any requests to revise prior year appropriations. Unlike the Operating Budget, which authorizes expenditures for only one fiscal year, Capital Budget appropriations are multi-year, lasting until the project is complete or until changed by the City Council.

The City Council reviews the Capital Budget, holds public hearings to gather final citizen input and establishes the amount of revenue and general obligation bonds to sell to fund capital improvements.

2002–2003 Capital Budget

The 2002-2003 five-year Capital Improvement Program (CIP) plan was reviewed by the Planning Commission, the Bond Oversight Committee and other boards and commissions. Public input was received at a public hearing held by the Planning Commission and the Bond Oversight Committee. The plan estimates citywide capital spending in 2002-2003 of $419.1 million in enterprise funds and $236.9 million in general government funds.

The first year of the five-year plan was used to determine the new appropriations required for inclusion in the 2002-03 Capital Budget. Total new proposed appropriation for General Government CIP Funds is $102.6 million and total new proposed appropriation for Enterprise CIP Funds is $367.4 million. Appropriation by department is listed below.

Summary of 2002-2003 Proposed Capital Budget (millions):	
Austin Energy	$166.5
Aviation	15.5
Convention Center	1.0
Golf	13.7
Solid Waste Services	1.0
Wastewater Utility	99.1
Water Utility	60.7
Watershed Protection (Drainage Only)	9.9
Enterprise Appropriations	$367.4
Economic Growth & Redevelopment Services	$ 2.4
Fire	2.5
Fleet Services	3.2
General Government	1.9
Health and Human Services	0.3
Information Systems	4.6
Library	5.2
Neighborhood Housing & Community Development	3.1
Parks and Recreation	28.3
Primary Care	8.9
Public Works	14.6
Transportation, Planning & Sustainability	25.9
Watershed Protection (General Government)	1.7
General Government Appropriations	$102.6
TOTAL PROPOSED NEW APPROPRIATIONS	$470.0

Operating Budget

The City's Home Rule Charter and Texas law require the City Manager to prepare and submit to the City Council a balanced budget consisting of an estimate of the revenues and expenditures in the budget period and the undesignated General Fund balance available for reappropriation. The budget process in the City normally commences with all department heads submitting to the Director of Financial Services a detailed estimate of the appropriations required for their respective departments during the next fiscal year. The Director of Financial Services, in turn, forwards these estimates to the City Manager who submits them to the Mayor and City Council for their consideration and approval.

In June 1989, the City Council approved Financial Management Policies, which were last amended in September 2001. Among other items, these policies require that a General Fund Emergency Reserve Fund of at least $15,000,000 shall be budgeted. Additionally, a General Fund Contingency Reserve Fund of 1% of total budgeted departmental expenditures, but not less than $2,000,000, shall be budgeted annually. The 2002-2003 proposed budget is in compliance with these requirements.

2002–2003 Budget (Amounts are in thousands)

The proposed budget was prepared in accordance with guidelines provided by the City Council and includes a tax rate of $0.4597 per $100 assessed valuation, which is the same rate as the 2001-2002 rate of $0.4597. The City Council holds work sessions and conducts public hearings on the proposed budget prior to its adoption. The following is a summary of the proposed 2002-2003 General Fund Budget.

Due to the general economic downturn the City is preparing to hold the tax rate constant, therefore increasing the tax rate by $0.0073 over the effective rate for 2002-2003. In addition, expenditures for 2002-2003 will be decreased through reductions in departmental budgets. Examples include the elimination of vacant positions and a reduction in administrative costs.

Beginning Balance, October 1, 2002 (Budget Basis) (000's omitted)		$ 34,245
Summary of Budgeted General Fund Resources		
Revenue:		
General Property Taxes	$150,999	
City Sales Tax	117,929	
Other Taxes	3,852	
Gross Receipts/Franchise Fees	28,287	
Miscellaneous	60,704	
Total Revenue		$361,771
Transfers In:		
Electric Light and Power System	$ 72,864	
Water and Wastewater System	19,553	
Other Transfers	1,201	
Total Transfers In		$ 93,618
Total General Fund Resources		$455,389
Summary of Budgeted General Fund Requirements		
Departmental Appropriations:		
Administrative Services	$ 8,987	
Urban Growth Management	12,571	
Public Safety	256,001	
Public Works	10,184	
Public Health and Human Services	55,721	
Public Recreation and Culture	46,996	
Total Departmental Appropriations		$390,460
Transfers Out:		
Support Services Fund	$ 20,496	
Fleet and Vehicle Acquisition Funds	3,286	
Other Funds	46,264	
Total Transfers Out		$ 70,046
Other Requirements		$ 13,654
Total General Fund Requirements		$474,160
Use of Beginning Balance		$(18,771)
Ending Balance		$ 15,474
Budgeted Reserve Requirements		
Emergency Reserve	$ 15,000	
Contingency Reserve	4,313	
Total Budgeted Reserve Requirements		$ 19,313

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