OFFICIAL STATEMENT

CITY OF AUSTIN, TEXAS

$6,060,000
Certificates of Obligation,
Series 2000

$52,930,000
Public Improvement Bonds,
Series 2000

Dated: September 7, 2000

OFFICIAL STATEMENT DATED SEPTEMBER 7, 2000

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

NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates of Obligation is excludable from gross income for federal income tax purposes under existing law and the Certificates of Obligation are not private activity bonds. See "OTHER RELEVANT INFORMATION – Tax Exemption" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.

$6,060,000
CITY OF AUSTIN, TEXAS
(Travis and Williamson Counties)
CERTIFICATES OF OBLIGATION, SERIES 2000

Dated: September 1, 2000 **Due: As shown below**

Interest on the $6,060,000 City of Austin, Texas (the "City"), Certificates of Obligation, Series 2000 (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, 2001, 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 "BOND AND CERTIFICATE 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 of the City's Solid Waste Disposal System, as provided in the ordinance authorizing the Certificates (see "BOND AND CERTIFICATE INFORMATION – Security for the Bonds and Certificates").

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

MATURITY SCHEDULE

Maturity (September 1)	Amount	Interest Rate	Price or Yield	Maturity (September 1)	Amount	Interest Rate	Price or Yield
2001	$170,000	5.000%	4.280%	2011	$295,000	5.000%	4.880%*
2002	180,000	5.000%	4.350%	2012	310,000	5.000%	4.980%*
2003	190,000	5.000%	4.370%	2013	330,000	5.000%	5.080%
2004	200,000	5.000%	4.420%	2014	350,000	5.125%	5.180%
2005	210,000	5.250%	4.460%	2015	370,000	5.250%	5.250%
2006	220,000	5.250%	4.510%	2016	390,000	5.250%	5.320%
2007	235,000	5.250%	4.560%	2017	415,000	5.250%	5.360%
2008	245,000	5.250%	4.620%	2018	445,000	5.375%	5.400%
2009	260,000	5.250%	4.670%	2019	470,000	5.375%	5.440%
2010	275,000	5.000%	4.750%	2020	500,000	5.375%	5.470%

*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 $42,097.20.

The Purchasers have indicted in their bid form that the Certificates will not be insured.

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2011, in whole or in part in the principal amounts of $5,000 or any integral multiple thereof, on September 1, 2010, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption.

The Certificates are offered for delivery when, as and if issued and subject to the approving opinions of the Attorney General of the State of Texas and of Vinson & Elkins L.L.P., Austin, Texas, Bond Counsel. Certain additional legal matters will be passed on for the City by McCall, Parkhurst & Horton L.L.P. The opinion of Bond Counsel will be printed on or attached to the Certificates (see Appendix C – "Forms of Bond Counsel's Opinions").

It is expected that the Certificates will be tendered for delivery through DTC in New York, New York.

Delivery: Anticipated on or about October 5, 2000

OFFICIAL STATEMENT DATED SEPTEMBER 7, 2000

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

NEW ISSUE – Book-Entry-Only

In the opinion of 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 "OTHER RELEVANT INFORMATION – Tax Exemption" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.

$52,930,000
CITY OF AUSTIN, TEXAS
(Travis and Williamson Counties)
PUBLIC IMPROVEMENT BONDS, SERIES 2000

Dated: September 1, 2000 **Due: September 1, as shown below**

Interest on the $52,930,000 City of Austin, Texas (the "City"), Public Improvement Bonds, Series 2000 (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, 2001 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 "BOND AND CERTIFICATE INFORMATION – Book-Entry-Only System").

These Bonds were authorized at elections held on various dates, and are direct and voted 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 "BOND AND CERTIFICATE INFORMATION – Security for the Bonds and Certificates").

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.

Payment of the principal of and interest on the Bonds maturing 2011 and 2016-2018 when due will be guaranteed by a municipal bond insurance policy to be issued by FGIC simultaneously with the delivery of the Bonds. (See "BOND INSURANCE" herein.)

FGIC® Financial Guaranty Insurance Company

FGIC is a registered service mark used by Financial Guaranty Insurance Company, a private company not affiliated with any U.S. Government agency.

MATURITY SCHEDULE

Maturity (September 1)	Amount	Interest Rate	Price or Yield	Maturity (September 1)	Amount	Interest Rate	Price or Yield
2001	$1,685,000	5.500%	4.230%	2011	$3,685,000	5.125%	4.850% (a)(b)
2002	0	-	-	2012	3,900,000	5.625%	NRO (a)
2003	100,000	4.350%	4.370%	2013	4,135,000	5.625%	NRO (a)
2004	100,000	4.400%	4.420%	2014	4,385,000	5.750%	NRO (a)
2005	100,000	4.400%	4.460%	2015	4,655,000	5.750%	NRO (a)
2006	100,000	4.500%	4.510%	2016	4,940,000	5.125%	5.300% (b)
2007	100,000	4.500%	4.560%	2017	5,245,000	5.125%	5.350% (b)
2008	100,000	4.600%	4.620%	2018	5,575,000	5.250%	5.400% (b)
2009	100,000	4.625%	4.670%	2019	5,925,000	5.375%	5.460%
2010	1,800,000	6.000%	4.730%	2020	6,300,000	5.375%	5.490%

(a) Priced to Call Date.
(b) These maturities have been insured by FGIC at the request of the Purchaser.

The initial reoffering yields were supplied to the City by the Purchasers. The initial reoffering yields shown above, less the premium, will produce compensation to the Purchasers of approximately $163,869.85.

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after September 1, 2011, in whole or in part in the principal amounts of $5,000 or any integral multiple thereof, on September 1, 2010, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for 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 Vinson & Elkins L.L.P., Austin, Texas, Bond Counsel. Certain additional legal matters will be passed on for the City by McCall, Parkhurst & Horton L.L.P. The opinion of Bond Counsel will be printed on or attached to the Bonds (see Appendix C – "Forms of Bond Counsel's Opinions").

It is expected that the Bonds will be tendered for delivery through DTC, in New York, New York.

Delivery: Anticipated on or about October 5, 2000

This Official Statement does not constitute an offer to sell the Bonds or Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Bonds and Certificates, and if given or made, such information or representation must not be relied upon. The information and expressions of opinion 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 since the date hereof.

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CITY OF AUSTIN

Elected Officials

		Term Expires June 15
Kirk Watson	Mayor	2003
Daryl Slusher	Councilmember Place 1	2002
Raul Alvarez	Councilmember Place 2	2003
Jackie Goodman, Mayor Pro Tem	Councilmember Place 3	2002
Beverly Griffith	Councilmember Place 4	2002
William Wynn	Councilmember Place 5	2003
Danny Thomas	Councilmember Place 6	2003

Appointed Officials

Jesus Garza	City Manager
Toby Futrell	Deputy City Manager
Marcia L. Conner	Assistant City Manager
Jim Smith	Assistant City Manager
Betty Dunkerley, CPA	Acting Assistant City Manager
John Stephens, CPA	Director of Financial Services Department
Andrew Martin	City Attorney
Shirley A. Brown	City Clerk

BOND COUNSEL
Vinson & Elkins L.L.P.
Austin, Texas

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

FINANCIAL ADVISOR
Public Financial Management
Austin, Texas

AUDITORS
KPMG LLP
Austin, Texas

For additional information regarding the City, please contact:

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City of Austin
P.O. Box 1088
Austin, Texas 78767
(512) 499–2450

Bill Newman
Public Financial Management
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13th Floor
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 and Certificates 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 and Certificates information concerning the Bonds and Certificates, the taxes pledged to payment of the Bonds and Certificates, the description of the tax base and other pertinent data, all as more fully described herein.

The Issuer .... The City of Austin, Texas, 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 253.67 square miles in area (see Appendix A – "General Information Regarding the City").

The Bonds............................. The Bonds are being issued in the principal amount of $52,930,000 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 "BOND AND CERTIFICATE INFORMATION – Authority for Issuance").

The Certificates .... The Certificates are being issued in the principal amount of $6,060,000 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 an Ordinance passed by the City Council of the City (see "BOND AND CERTIFICATE INFORMATION – Authority for Issuance").

Security for the Bonds and Certificates .... The Bonds and Certificates constitute direct obligations 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 revenue (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, 2011, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2010, or any date thereafter, at the par value thereof, without premium, plus accrued interest to the date fixed for redemption (see "BOND AND CERTIFICATE INFORMATION – Redemption of Bonds and Certificates").

Tax Exemption.................... In the opinion of Bond Counsel, the interest on the Bonds and Certificates is excludable from gross income for federal income tax purposes under existing law and neither the Bonds nor Certificates will constitute private activity bonds. See "OTHER RELEVANT INFORMATION – Tax Exemption" 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 (2)	Per Capita Taxable Assessed Valuation	Net Funded Tax Debt (3)	Per Capita Net Funded Tax Debt	Ratio Net Funded Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
1990	450,830	$17,764,618,446	$39,404.25	$381,406,586	$846.01	2.15%	99.46%
1991	466,530	17,189,792,203	36,846.06	379,909,732	814.33	2.21%	99.30%
1992	474,715	16,926,074,265	35,655.23	385,028,924	811.07	2.27%	99.60%
1993	478,254	16,977,306,423	35,498.51	418,233,093	874.50	2.46%	99.49%
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%	100.27%
2000	622,301	35,498,062,697	57,043.24	524,001,762 (5)	842.04 (5)	1.48% (5)	100.59% (6)
2001	635,032	41,367,384,255 (4)	65,142.20	543,513,361 (5)	855.88 (5)	1.31% (5)	N/A

(1) Source: City of Austin Planning/Growth Department. Fiscal Year 1990 is that reported by the U.S. Census Bureau.
(2) Property reappraised every year except 1990 and 1992.
(3) Excludes general obligation debt issued for enterprise funds, and general fund departments which transfer in from operating Budgets.
(4) Certified Appraised Value, including $1,716,651,599 in property in the appeals process.
(5) Projected.
(6) Estimated collections as of June 30, 2000.

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OFFICIAL STATEMENT

Relating to

$52,930,000
CITY OF AUSTIN, TEXAS
PUBLIC IMPROVEMENT BONDS, SERIES 2000

$6,060,000
CITY OF AUSTIN, TEXAS
CERTIFICATES OF OBLIGATION, SERIES 2000

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 $52,930,000 City of Austin, Texas, Public Improvement Bonds, Series 2000 (the "Bonds") and $6,060,000 City of Austin, Texas, Certificates of Obligation, Series 2000 (the "Certificates"). The Bonds and Certificates are being offered separately at competitive sale by the City, and the delivery of each issue is not contingent upon the delivery of the other issue. 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") and the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance"), except as otherwise indicated herein. The Bond Ordinance and Certificate Ordinance are collectively referred to herein as the "Ordinances".

There follows in this Official Statement descriptions of the Bonds and the Certificates 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.

BOND AND CERTIFICATE 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.

General

The Bonds and Certificates are dated September 1, 2000 and shall bear interest on the unpaid principal amounts from such date, at the respective per annum rates shown on the respective 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 Owner. The Bonds and Certificates 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 respective Ordinance. 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 respective Ordinance, 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 Owner 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 for the Bonds and Certificates

The Bonds and Certificates 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 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 Bonds and Certificates and they also create a pledge of such tax to the payment of the Bonds and Certificates.

Each respective Ordinance defines an "Event of Default" as (i) the failure to make payment of principal or interest when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the City. Upon the happening of any Event of Default, then any Owner (as defined in each respective Ordinance) or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the respective Ordinance, 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 Owners thereunder or any combination of such remedies but the right to accelerate the debt evidenced by the Bonds and Certificates shall not be available as a remedy under the respective Ordinance. All such proceedings shall be instituted and maintained for the equal benefit of all such Owners.

Although an Owner could presumably obtain a judgment against the City if a default occurred in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the City. The Owner'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 Owner 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 of Bonds and Certificates

The City reserves the right, at its option, to redeem Bonds and Certificates having stated maturities on and after September 1, 2011, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on September 1, 2010, 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.

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 Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. 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.

Book-Entry-Only System

The City has elected to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), New York, New York, 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 Bonds and Certificates are described herein.

DTC will act as securities depository for the Bonds and Certificates. The Bonds and Certificates will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered certificate will be issued for each respective maturity of the Bonds and Certificates in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book–entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds and Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Certificates on DTC's records. The ownership interest of each actual purchaser of each Bond or Certificate ("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, but Beneficial Owners are 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 Bonds and Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests, except in the event that use of the book–entry system is discontinued.

To facilitate subsequent transfers, all Bonds and Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds and Certificates with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners; DTC's records reflect only the identity of the Direct Participants to whose accounts they are credited, which may or may not be the Beneficial Owners. The 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.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds or Certificates 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. will consent or vote with respect to the Bonds or the Certificates. 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 the Bonds and Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and Certificates will be made to DTC. DTC's practice is to immediately credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. 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, 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 principal and interest to DTC is the responsibility of the City, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds and Certificates at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds and 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, Bonds and Certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds and Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds and Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the respective Ordinance will be given only to DTC.

So long as DTC (or a successor securities depository) is securities depository for the Bonds and Certificates, the City shall have no responsibility to the respective Direct Participants, Indirect Participants or Beneficial Owners with respect to payment to, or providing notice to such Direct Participants, Indirect Participants or Beneficial Owners, or with respect to the records maintained by DTC, successor securities depository, Direct Participant or Indirect Participant.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City.

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds and Certificates is State Street Bank and Trust of Missouri, N.A. or its successor. Interest on and principal of the Bonds and Certificates will be payable, and transfer functions will be performed at the corporate trust office of the Paying Agent/Registrar in St. Louis, Missouri (the “Designated Payment/Transfer Office”). In each Ordinance, 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 Bonds and Certificates 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 Bonds or the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds or the Certificates 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 Bonds or the Certificates 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. A Bond or Certificate 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 Bond or Certificate will be delivered by the Paying Agent/Registrar, in lieu of the Bond or Certificate 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 Bonds or Certificates 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 Bonds or Certificates 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 Bonds or the Certificates 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 Bonds and Certificates.

Limitation on Transfer of Bonds and 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.

BOND INSURANCE

The following information has been furnished by Financial Guaranty (the “Insurer”) for inclusion in this Official Statement. Reference is made to Appendix D for a Specimen of the Insurer’s policy.

Bond Insurance

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds maturing in each of the years 2011 and 2016 through 2018, inclusive (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

This Official Statement contains a section regarding the ratings assigned to the Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the City of Austin, Texas for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of June 30, 2000, the total capital and surplus of Financial Guaranty was approximately $1.293 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

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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 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 Texas Property Tax Code (the "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 I–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, 2000 Appraised Valuation (1)		$44,970,616,119
Less Local Exemptions to Assessed Values: (2)		
Residential Homestead over 65	$1,024,725,904	
Homestead 10% Increase Cap (3)	1,358,238,340	
Disabled Veterans	34,838,826	
Agricultural and Historical Exemptions	286,889,676	
Disability Exemption	83,601,246	
Freeport Exemption	814,937,872	3,603,231,864
January 1, 2000 Net Taxable Assessed Valuation (1)		$41,367,384,255

(1) 2000 Certified Appraised Value includes $1,716,651,599 in property in the appeals process.

(2) Exemptions or adjustments to assessed valuation granted in 2000 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.

(3) The Homestead 10% Increase Cap went into effect with the January 1, 1998 valuation at which time the Homestead 10% Increase Cap was $206,459,850. The Homestead 10% Increase Cap for the January 1, 1999 valuation was $247,680,136.

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Statement of Debt

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 Notes outstanding and certain debt ratios related thereto.

	As of September 30, 2000	
Public Improvement Bonds (1)	$498,880,000	
Certificates of Obligation (1)	42,505,000	
Contractual Obligations (1)	39,305,000	
Assumed Bonds (2)	34,504,001	
Contract Tax Bonds (3)	1,550,000	
Tax Notes	16,700,000	
The Bonds (4)	52,930,000	
The Certificates (4)	6,060,000	
Total		$692,434,001
Less Self–Supporting Debt:		
Assumed Bonds (2)	$25,730,943	
Contract Tax Bonds (3)	1,550,000	
Airport (5)	1,245,447	
Austin Energy (5)	3,067,146	
Convention Center (5)	559,890	
Fleet Management (5)	2,048,777	
Golf (5)	8,942,826	
Solid Waste (5)	21,048,348	
Transportation (5)	547,515	
UCSO (5)	312,524	
Water and Wastewater (5)	11,521,371	
Watershed Protection (5)	1,650,882	78,225,669
Interest and Sinking Fund, All Public Improvement Bonds (6)		9,336,974
Net Debt (7)		$604,871,358
Ratio Total Debt to 2001 Net Taxable Assessed Valuation		1.67%
Ratio Net Debt to 2001 Net Taxable Assessed Valuation		1.46%

2001 Population (Estimate) – 635,032 (8)
Per Capita Net Taxable Assessed Valuation – $65,142.20
Per Capita Net Debt Outstanding – $952.51

(1) Excludes the new money issuance.
(2) Represents bonds of utility districts annexed by the City.
(3) Represents bonds of certain utility districts 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 September 7, 2000 with delivery in October 2000.
(5) Airport, Austin Energy, Convention Center, Fleet Management, Golf, Solid Waste, Transportation, UCSO, 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, UCSO, 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) Represents estimate of cash plus investments at cost on September 30, 2000.
(7) 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 $21,879,596.
(8) 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 September 1, 2000, $1,966,963,097 Combined Utility Systems Revenue Bonds payable from a prior lien on the combined net revenue of the Electric System and the Water and Wastewater System; $317,619,512 Water, Sewer and Electric Revenue Bonds payable from a subordinate lien on the combined net revenue of the Electric System and the Water and Wastewater System; $193,965,000 Separate Lien Obligations payable from a subordinate lien on the net revenue of the Water and Wastewater System, and $322,214,000 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 City also has outstanding $422,245,000 Airport System Prior Lien Revenue Bonds payable from revenue of the City's Airport System. The City also has outstanding $250,885,000 in Convention Center Refunding Bonds, payable from hotel/motel occupancy tax collections and revenue of the Convention Center.

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 $11,410,000 and $8,225,000, 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 Population (1)	Net Taxable Assessed Valuation (2)	Net Taxable Assessed Valuation Per Capita	Net Funded Tax Debt (3)	Ratio Net Funded Debt To Taxable Assessed Valuation	Per Capita Net Funded Tax Debt
1990	450,830	$17,764,618,446	$39,404.25	$381,406,586	2.15%	$846.01
1991	466,530	17,189,792,203	36,846.06	379,909,732	2.21%	814.33
1992	474,715	16,926,074,265	35,655.23	385,028,924	2.27%	811.07
1993	478,254	16,977,306,423	35,498.51	418,233,093	2.46%	874.50
1994	507,468	18,237,532,094	35,938.29	422,737,988	2.32%	833.03
1995	523,352	20,958,589,300	40,046.83	436,867,901	2.08%	834.75
1996	541,889	23,303,015,047	43,003.30	443,247,034	1.90%	817.97
1997	560,939	25,823,385,257	46,036.00	476,147,167	1.84%	848.84
1998	608,214	27,493,058,735	45,202.94	500,027,010	1.82%	822.12
1999	619,038	32,458,349,755	52,433.53	509,759,139	1.57%	823.47
2000	622,301	35,498,062,697	57,043.24	524,001,762 (4)	1.48% (4)	842.04 (4)
2001	635,032	41,367,384,255 (5)	65,142.20	543,513,361 (4)	1.31% (4)	855.88 (4)

(1) Source: City of Austin Planning/Growth Department; Fiscal Year 1990 population is that reported by the U.S. Bureau of Census.
(2) Property reappraised every year except 1990 and 1992.
(3) Excludes general obligation debt issued for enterprise funds and general fund departments which transfer in from Operating Budget.
(4) Projected.
(5) Certified Appraised Value, including $1,716,651,599 in property in the appeals process.

Tax Rate, Levy and Collection History

Fiscal Year Ended 9–30	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
1989	$0.5300	$0.2521	$0.2779	$101,588,091	97.02%	99.53%
1990	0.5750	0.3069	0.2681	102,146,556	97.36%	99.46%
1991	0.5695	0.2984	0.2711	97,895,866	97.31%	99.30%
1992 (1)	0.6027	0.3265	0.2762	102,013,450	97.81%	99.60%
1993	0.6410	0.3460	0.2950	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	167,096,412	98.93%	100.27%
2000	0.5034	0.3222	0.1812	178,697,428	99.35% (2)	100.59% (2)
2001 (3)	0.4663	0.3011	0.1652	192,896,113	N/A	N/A

(1) Annexation of the North Central Austin Growth Corridor MUD No. 1 on December 18, 1990 increased the assessed valuation property base.
(2) Estimated collections as of June 30, 2000.
(3) Proposed Budget.

Ten Largest Taxpayers

Name of Taxpayer	Nature of Property	2000 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Motorola Corporation (1)	Manufacturing	$ 742,266,590	1.8%
Advanced Micro Devices, Inc.	Manufacturing	631,796,141	1.5%
Applied Materials Inc.	Manufacturing	362,398,238	0.8%
Samsung Austin Semiconductor (2)	Manufacturing	316,592,055	0.8%
IBM Corporation	Manufacturing	255,535,253	0.6%
Southwestern Bell Telephone Company	Telephone Utility	251,975,810	0.6%
Crescent Real Estate Equities	Real Estate	213,254,982	0.5%
Minnesota Mining and Manufacturing Company	Manufacturing	192,390,165	0.5%
Hub Properties Trust	Real Estate	188,681,495	0.5%
Carramerica Realty Limited Partnership	Real Estate	147,088,836	0.4%
		$3,301,979,565	8.0%

Source: Travis Central Appraisal District.
(1) The Motorola Corporation received an abatement for $329,397,952 in real and personal property value.
(2) The Samsung Corporation received an abatement for $277,572,861 in real and personal property value.

Property Tax Rate Distribution

	Fiscal Year Ended September 30: 1997	1998	1999	2000	2001 (1)
General Fund	$.3117	$.3304	$.3265	$.3222	$.3011
Interest and Sinking Fund	.2134	.2097	.1877	.1812	.1652
Total Tax Rate	$.5251	$.5401	$.5142	$.5034	$.4663 (2)

(1) Proposed Budget.
(2) Proposed at one cent above the Effective Tax Rate.

Net Taxable Assessed Valuations, Tax Levies and Collections

Fiscal Year Ended 9–30	Valuation Date	Real Property Amount	Real Property % of Total	Personal Property Amount	Personal Property % of Total	Net Taxable Assessed Valuation (1)	Total Tax Levy	% Current Collections	% Total Collections
1989	1-1-88	$16,252,511,027	84.79%	$2,915,053,352	15.21%	$19,167,564,379	$101,588,091	97.02%	99.53%
1990	1-1-89	14,488,058,712	81.56%	3,276,559,734	18.44%	17,764,618,446	102,146,556	97.36%	99.46%
1991	1-1-90	13,961,549,227	81.22%	3,228,242,976	18.78%	17,189,792,203	97,895,866	97.31%	99.30%
1992	1-1-91	13,461,306,863	79.53%	3,464,767,402	20.47%	16,926,074,265	102,013,450	97.80%	99.60%
1993	1-1-92	13,518,317,808	79.60%	3,458,988,615	20.40%	16,977,306,423	108,824,534	98.03%	99.49%
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	98.93%	100.27%
2000	1-1-99	29,998,894,667	84.51%	5,499,168,030	15.49%	35,498,062,697	178,697,248 (3)	99.35% (2)	100.59%
2001	1-1-00	35,257,000,679	85.23%	6,110,383,576	14.77%	41,367,384,255	192,896,113 (3)	N/A	N/A

(1) Property reappraised every year except 1990 and 1992.
(2) Estimated collections through June 30, 2000.
(3) Proposed Budget.

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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. With 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 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 and Certificates of Obligation (b)	Grand Total Requirements	Less Self-Supporting Requirements	Net Total Requirements	Percent Principal Payout
2001	$61,284,661	$4,110,298	$11,675,721	$1,054,388	$5,075,425	$5,034,044	$88,234,536	$16,038,789	$72,195,747	
2002	62,420,420	4,081,829	10,997,255	159,661	5,146,350	3,257,869	86,063,384	14,304,845	71,758,539	
2003	59,521,115	4,088,524	11,473,980	172,948	4,832,436	3,358,869	83,447,871	13,924,954	69,522,917	
2004	59,782,780	3,796,931	20,291,529	160,705	4,887,194	3,355,019	92,274,158	23,273,904	69,000,254	
2005	59,747,349	3,795,320	5,899,919	148,553	4,316,638	3,350,619	77,258,396	10,211,380	67,047,016	36.00%
2006	57,895,649	3,812,210	3,336,756		4,577,691	3,345,194	72,967,500	6,004,942	66,962,558	
2007	51,402,146	3,846,580	890,663		2,497,253	3,344,144	61,980,785	5,243,641	56,737,144	
2008	42,391,106	3,867,718			2,523,020	3,337,306	52,119,150	5,024,770	47,094,380	
2009	39,191,581	3,663,375			2,542,245	3,334,844	48,732,045	5,481,708	43,250,337	
2010	38,262,721	3,688,050			2,564,315	5,031,569	49,546,655	5,370,037	44,176,618	66.04%
2011	33,943,099	3,709,233			2,579,608	6,814,819	47,046,758	5,490,316	41,556,442	
2012	29,364,026	3,741,323			2,602,551	6,841,213	42,549,113	5,296,923	37,252,189	
2013	25,030,745	3,763,140			2,628,015	6,861,338	38,283,238	5,228,038	33,055,199	
2014	23,416,170	2,520,863			2,329,835	6,882,244	35,149,111	4,792,611	30,356,501	
2015	19,454,093	2,535,030			2,338,464	6,902,169	31,229,755	3,880,087	27,349,668	88.23%
2016	15,138,523	2,553,613			2,088,104	6,920,081	26,700,320	3,505,671	23,194,649	
2017	11,384,748	2,581,138			1,679,520	6,976,431	22,621,836	2,997,015	19,624,822	
2018	7,857,575	2,431,638			1,162,470	7,045,838	18,497,520	2,371,786	16,125,734	
2019	6,282,525	469,475			448,305	7,104,231	14,304,536	1,419,014	12,885,522	
2020					454,125	7,165,500	7,619,625	529,935	7,089,690	
2021					458,085		458,085	237,034	221,051	
2022					164,800		164,800	89,569	75,231	100.00%

(a) Includes principal and interest on Contractual Obligations and Taxable Tax Notes, Series 1997.
(b) Includes principal and interest on the Bonds and Certificates, Series 2000
(c) Includes principal and interest on all self-supporting debt (see "Statement of Debt", page 8).

Estimated Direct and Overlapping Funded Debt Payable From Ad Valorem Taxes (As of 09–30–99)

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 (1)	Total Funded Debt	Estimated % Applicable	Overlapping Funded Debt
City of Austin (2)	$524,001,762	100.00%	$ 524,001,762
Austin Independent School District	535,569,422	90.00%	482,012,422
Travis County	351,189,120	75.00%	263,392,120
Round Rock Independent School District	284,831,094	4.79%	13,643,094
Leander Independent School District	171,267,404	0.67%	1,147,404
Pflugerville Independent School District	123,989,320	1.87%	2,319,320
Eanes Independent School District	60,647,582	3.33%	2,019,582
Williamson County	44,005,000	2.62%	1,153,000
Del Valle Independent School District	41,955,000	78.00%	32,725,000
Manor Independent School District	38,584,443	1.38%	532,443
Austin Community College	27,660,000	88.00%	24,341,000
North Austin Municipal Utility District No. 1	17,604,730	100.00%	17,605,730
Northwest Austin Municipal Utility District No. 1	8,000,000	100.00%	8,000,000
Northwest Travis County Road District No. 3	6,680,000	100.00%	6,680,000
Anderson Mill Municipal Utility District	665,000	1.49%	10,000
TOTAL DIRECT AND OVERLAPPING FUNDED DEBT			$1,379,582,877
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation			3.34% (3)
Per Capita Overlapping Funded Debt			2,172.46(4)

(1) Source: City of Austin Comprehensive Annual Financial Report for the year ended 9–30–99.
(2) As of 9–30–00. Projected.
(3) Based on assessed valuation of $41,367,384,255.
(4) Based on 2001 population estimate of 635,032.

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Authorized General Obligation Bonds

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Issued	Unissued Balance
Brackenridge 2000	10-22-83	$ 50,000,000	$40,785,000	$ 0	$ 9,215,000
Drainage and Flood Control	09-08-84	48,535,000	46,544,000	0	1,991,000
Parks Improvements	09-08-84	9,975,000	9,648,000	0	327,000
Cultural Arts	01-19-85	20,285,000	14,890,000	0	5,395,000
Asbestos Abatement, ADA Compliance and East Austin Health Clinic	08-08-92	18,800,000	15,730,000	1,000,000	2,070,000
Erosion & Flood Control	08-08-92	21,570,000	19,643,000	0	1,927,000
Communications Equipment	05-03-97	38,000,000	38,000,000*	0	0*
Cultural Arts	11-03-98	21,421,000	1,800,000	0	19,621,000
Library	11-03-98	24,969,000	3,950,000	5,745,000	15,274,000
Park Improvements	11-03-98	75,925,000	11,735,000	6,910,000	57,280,000
Public Safety	11-03-98	54,675,000	8,925,000	12,930,000	32,820,000
Street Improvements	11-03-98	152,000,000	5,230,000	26,345,000	120,425,000
TOTAL				$52,930,000	$266,345,000

* The City issued $24,420,000 of this total in Contractual Obligations and therefore applied the amount toward the authorized general obligation bonds total.

Anticipated Issuance of General Obligation Bonds

The City does not anticipate the issuance of any additional general obligation bonds until the fall of 2001. 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.

FISCAL MANAGEMENT

The Capital Improvements Program Plan and Capital Budget

The Capital Improvements Program 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 and the Bond Oversight Committee reviews the Capital Improvements Program 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 recommendations to propose a Capital Budget to 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 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.

2000–2001 Capital Budget

The 2000–2001 five–year Capital Improvements 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 city–wide capital spending in 2000–2001 of $1.05 billion in enterprise funds and $195.4 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 2000–2001 Capital Budget. Total new proposed appropriation for General Government CIP Funds is $113.5 million and total new proposed appropriation for Enterprise CIP Funds is $501.1 million. Appropriation by department is listed below.

Summary of 2000–2001 Proposed Capital Budget (in millions):	
Austin Energy	$268.3
Aviation	22.1
Convention Center	18.3
Golf	0.5
Solid Waste Services	5.4
Water and Wastewater Utility	179.7
Watershed Protection (Drainage Only)	6.8
Enterprise Appropriations	$501.1
Emergency Management Services	$ 0.7
Fire	7.3
Fleet Maintenance	4.4
General Government	5.2
Health and Human Services	0.2
Library	5.6
Parks and Recreation Department	18.25
Planning, Environmental, Conservation	0.25
Austin Police Department	17.0
Public Works and Transportation	40.0
Telecommunications	12.2
Watershed Protection General Government	2.4
General Government Appropriations	$113.5
TOTAL PROPOSED NEW APPROPRIATIONS	$614.6

Operating Budget

The City's Home Rule Charter (the "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 Finance and Administrative Services a detailed estimate of the appropriations required for their respective departments during the next fiscal year. The Director of Finance and Administrative 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 amended in July 1999. Among other items, these policies require that a General Fund Emergency Reserve Fund of at least 15.0 million 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 2000–2001 proposed budget is in compliance with these requirements.

2000–2001 Budget (Amounts are in thousands)

The proposed budget was prepared in accordance with guidelines provided by the City Council and included a proposed tax rate of $0.5034 cents per $100 assessed valuation, a decrease of 2.1% as compared to the 1998–99 rate of $0.5142. The City Council will hold work sessions and will conduct public hearings on the budget prior to its adoption. The following is a summary of the proposed 2000–2001 General Fund Budget.

Beginning Balance, October 1, 2000 (Budget Basis) (000's omitted)		$ 8,127
Summary of Budgeted General Fund Resources		
Revenues:		
General Property Taxes	$122,968	
City Sales Tax	132,436	
Mixed Drink Tax	3,162	
Gross Receipts Fees	28,002	
Miscellaneous	53,682	
Total Revenues		$340,250
Transfers In:		
Electric Light and Power System Fund	$ 64,568	
Water and Wastewater System Fund	18,359	
Other Transfers	4,377	
Total Transfers In		$ 87,304
Total General Fund Resources		$427,554
Summary of Budgeted General Fund Requirements		
Departmental Appropriations:		
Administrative Services	$ 9,514	
Urban Growth Management	15,651	
Public Safety	209,144	
Public Works	6,143	
Public Health and Human Services	50,511	
Public Recreation and Culture	46,772	
Total Departmental Appropriations		$337,735
Transfers Out:		
Support Services Fund	$ 42,099	
Fleet and Vehicle Acquisition Funds	3,918	
Other Funds	35,903	
Total Transfers Out		81,920
Other Requirements		16,026
Total General Fund Requirements		$435,681
Excess (Deficit) Use of Beginning Balance		$ (8,126)
Budgeted Reserve Requirements:		
Emergency Reserve	$ 15,000	
Contingency Reserve	3,863	
Total Budgeted Reserve Requirements		$ 18,863

Deficit Budgeting

The City is barred by Texas law and the City's Charter from deficit budgeting.

Accounting System

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenue being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise and internal service funds are maintained on an accrual basis.

Article VII, Section 15 of the City's Charter requires an annual audit of all accounts of the City by an independent certified public accountant. This charter requirement has been complied with and the accountant's report is included herein.

Short–Term Borrowing

Pursuant to Section 1431 of the Government Code, the City has the authority to conduct short-term borrowings to provide for the payment of current expenses, through the issuance of anticipation notes. Such notes must mature before the first anniversary of the date the Attorney General approves the anticipation notes. The City has not issued short-term warrants and does not have plans to issue such warrants in the current fiscal year.

INVESTMENTS

The City of Austin invests its available funds in investments authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

Legal Investments

Under Texas law, the City is authorized to invest in (i) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) certificates of deposit issued by a state or national bank, a savings bank or a state or federal credit union, in each case domiciled in the State of Texas, that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor or (ii) secured by obligations that are described in clauses (1) through (6) above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates or (iii) in any other manner and amount provided by law for deposits of the City, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1) above and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank, (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (12) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; provided, however, that the City is not authorized to invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such no-load mutual funds, and (13) for bond proceeds, guaranteed investment contracts that have a defined termination date, are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount invested under the contract, and are pledged to the City and deposited with the City or with a third party selected and approved by the City.

Investment Policies

Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield and maturity; and also addresses the quality and capability of investment personnel. The policy includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar–weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement must describe the investment objectives for the particular fund using the following priorities: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of that person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority of the City Council or the Director of Finance and Administrative Services.

Additional Provisions

Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council, (3) require the registered principal of firms seeking to sell securities to the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; and (5) provide specific investment training for the Director of Finance and Administrative Services, Treasurer and Investment Officers.

Current Investments

As of June 30, 2000, the City's investable funds were invested in the following categories.

Type of Investment	Percentage
U.S. Treasury Notes	32.9%
U.S. Treasury Strips	0.1%
U.S. Agencies	47.5%
Commercial Paper	5.2%
Repurchase Agreements	0.0%
Money Market Funds	2.8%
Local Government Investment Pools	11.5%

The dollar weighted average maturity for the combined City investment portfolios is 1.51 years. The City of Austin prices the portfolios daily utilizing a market pricing service.

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GENERAL FUND REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE

	Fiscal Year Ended September 30				
	1995	1996	1997	1998	1999
Revenues:					
Taxes (1)	$148,888,824	$160,405,219	$171,109,680	$190,949,086	$215,885,594
Franchise Fees	12,183,178	13,337,896	14,743,888	16,861,639	19,671,043
Fines, Forfeitures and Penalties	10,966,311	12,159,358	12,570,388	14,492,863	16,205,548
Licenses, Permits and Inspections	13,074,490	14,311,481	12,888,265	15,540,712	17,252,024
Charges for Services	8,021,247	8,174,721	9,427,193	10,260,908	11,533,686
Interest and Other	6,086,132	6,015,253	5,586,512	12,623,348	6,361,863
Unrealized Gain on Investments	0	0	0	452,669	0
Total Revenues	$199,220,182	$214,403,928	$226,325,926	$261,181,225	$286,909,758
Expenditures:					
Administration	$ 5,404,390	$ 6,299,068	$ 6,596,487	$ 6,696,560	$ 7,849,862
Urban Growth Management	11,401,778	10,567,446	7,501,086	8,380,122	9,129,217
Public Safety	131,742,620	141,140,763	144,288,202	162,733,100	173,962,836
Public Services and Utilities	15,550,020	11,903,772	9,675,512	10,128,139	11,098,958
Public Health	40,431,597	43,647,282	43,189,920	37,060,371	40,677,762
Public Recreation and Culture	29,874,687	30,092,171	32,764,540	35,861,623	40,929,063
Social Services Management	7,334,861	7,285,563	6,738,940	8,204,845	8,627,050
Nondepartmental Expenditures	7,875,105	31,836,942 (2)	39,823,069 (2)	41,130,459 (2)	49,142,610 (2)
Total expenditures	$249,615,058	$282,773,007	$290,577,756	$310,195,219	$341,417,358
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	$ (50,394,876)	$ (68,369,079)	$ (64,251,830)	$ (49,013,994)	$ (54,507,600)
Other Financing Sources (Uses):					
Transfers from Other Funds	$ 71,313,929	$ 73,925,240	$ 71,705,860	$ 72,721,264	$ 74,204,480
Transfers to Other Funds	(25,183,744)	(5,932,110) (2)	(3,116,124) (2)	(9,846,866) (2)	(26,592,055) (2)
Net Other Financing Sources	$ 46,130,185	$ 67,993,130	$ 68,589,736	$ 62,874,398	$ 47,612,425
Excess (Deficiency) of Total Revenues and Other Services Over Expenditures and Other Uses	$ (4,264,691)	$ (375,949)	$ 4,337,906	$ 13,860,404	$ (6,895,175)
Fund Balances at Beginning of Year, as Restated for Accounting Changes	35,731,277	31,466,586	31,090,637	35,428,543	49,288,947
Fund Balances at End of Year	$ 31,466,586	$ 31,090,637	$ 35,428,543	$ 49,288,947	$ 42,393,772

(1) Consists of property, sales and mixed drinks tax.
(2) Nondepartmental expenditures were $25,467,935, $33,834,066, $35,639,567 and $43,786,207 in 1996, 1997, 1998 and 1999 respectively. These expenditures were reported as "transfers to other funds" in prior years.

CERTAIN GENERAL FUND RECEIPTS OTHER THAN AD VALOREM TAXES

Municipal Sales Tax

At an election held on September 30, 1967, the citizens of Austin voted a 1% retail sales and use tax to become effective on January 1, 1968. This tax provides an additional revenue source to the General Fund of the City. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State of Texas, who currently remits the proceeds of the tax to the City monthly. Revenue from this source has been:

Fiscal Year Ended 9–30	Per Capita Sales and Use Tax	Sales and Use Tax	% of Ad Valorem Tax Levy
1990	$114.32	$ 51,540,272	50.46%
1991	118.75	55,400,628	56.59%
1992	122.72	58,255,348	57.11%
1993	140.21	67,054,207	61.62%
1994	149.33	75,780,061	66.75%
1995	153.77	80,474,693	68.26%
1996	154.43	83,681,314	65.94%
1997	157.15	88,150,309	65.01%
1998	160.44	97,581,417	65.72%
1999	172.59	106,839,032	64.01%
2000 (1)	194.30	120,911,000	67.66%
2001 (2)	208.55	132,436,000	68.66%

(1) Estimate.
(2) Proposed Budget.

Transfers From Utility Funds

The City owns and operates a Water and Wastewater System and an Electric Light and Power System, the financial operations of which are accounted for in the Utility Funds. Transfers from the Utility Funds to the General Fund have historically provided a significant percentage of the receipts for operation of the General Fund. The following sets forth the amount of such transfers.

Fiscal Year Ended 9–30	Transfers	% of General Fund Requirements
1990	$63,665,887	31.5%
1991	63,054,576	30.0%
1992	73,237,718	33.2%
1993	68,581,868	31.9%
1994	67,914,376	29.9%
1995	71,110,681	28.5%
1996	73,582,839	25.5%
1997	71,449,866	24.0%
1998	72,721,264	22.6%
1999	74,204,479	20.2%
2000 (1)	78,351,603	19.0%
2001 (2)	82,927,194	19.0%

(1) Estimate.
(2) Proposed Budget.

ENTERPRISE FUNDS

Summary of Income, Expenses and Changes in Retained Earnings

The Enterprise Funds account for the activities of the City which render services on a user charge basis to the general public. Set forth on pages 79 and 80 of Appendix B hereto is a condensed summary of the revenues, expenses, transfers and retained earnings of the City's ten enterprise funds for the year ended September 30, 1998.

Electric Utility

The electric industry in Texas has experienced dramatic statutory and regulatory changes in the past several years which have had and will have significant impact on the Electric Utility and the other electric utilities in Texas. On February 7, 1996, the PUC adopted its transmission open access rules (the "PUC Open Access Rules") to implement legislation adopted in 1995 which required that all electric utilities that own transmission facilities to provide access to their transmission systems under rates, terms, and conditions comparable to the rates, terms and conditions by which the utilities use their transmission systems for their own sales. The PUC Open Access Rules treat the interconnected ERCOT transmission grid as a single, integrated system, and all load–serving utilities are responsible for paying a portion of the total costs of the grid. In return, all load–serving utilities have equal rights of access to the system and may use the system in the same manner as the transmission owners. Cost responsibility is based primarily on the size of the load obligation, and secondarily on the distance between the loads and the generators they rely upon for their peak capacity requirements.

Senate Bill 7 (SB 7) dramatically restructures the electric industry in Texas. SB 7 allows retail customers of investor owned utilities ("IOUs") to choose their electric supplier beginning January 1, 2002 as well as the retail customers of municipally owned utilities including the Electric Utilities ("Municipal Utilities") and electric cooperatives ("Electric Coops"), provided that such utilities elect to participate in retail competition.

Portions of SB 7 are described below. While certain of the summarized provisions of SB 7 do not apply directly to the Electric Utility, those provisions will effect the transition of the Texas electric industry into a market of retail electric competition.

Provisions for Municipal Utilities and Electric Coops. Municipal Utilities and Electric Coops are largely exempt from the requirements of SB 7. While Investor Owned Utilities (IOUs) will be subject to open competition on January 1, 2002, the governing bodies of Municipal Utilities and Electric Coops have the sole discretion to determine whether and when to open their service territories to retail competition. However, if a Municipal Utility or Electric Coop has not voted to open its territory, it will not be able to compete for retail customers at unregulated rates outside its traditional service territory. While IOUs must unbundle their generation from transmission and distribution and from retail sales activities, Municipal Utilities and Electric Coops retain the discretion to determine whether to unbundle those business activities.

Municipal Utilities and Electric Coops will also determine the rates for use of their distribution systems after they open their territories to competition, although the PUC will determine the terms and conditions for access to those systems.

SB 7 also permits Municipal Utilities and Electric Coops to recover their "stranded costs" from their customers if so determined by such entities in a similar fashion to IOUs. Unlike IOUs, the governing board of a Municipal Utility determines the amount of stranded costs to be recovered pursuant to rules and procedures established by such governing board. The stranded costs of Electric Coops is determined pursuant to the PUC Stranded Costs Report. Municipal Utilities and Electric Coops are also permitted to recover their respective stranded costs through the issuance of bonds in a similar fashion to the IOUs.

Unbundling. SB 7 requires all IOUs and the Lower Colorado River Authority ("LCRA") to "unbundle" their generation, transmission and distribution, and retail energy service functions by September 1, 2000 and to further segregate these functions into separate companies by January 1, 2002. An IOU may choose to sell one or more of its lines of business to independent entities, or it may create separate but affiliated companies that may be owned by a common holding company, but which must operate largely independent of each other. The services offered by such separate entities must be available to other parties on a non–discriminatory basis. LCRA is required to separate its generation, and transmission and distribution functions into separate companies or affiliates by January 1, 2002 but need not operate these affiliates independently from one another to the extent required of IOU affiliated companies.

Retail sales activities will be performed by new companies called "Retail Electric Providers" ("REPs") which are the only entities authorized to sell electricity to retail customers. REPs must register with the PUC, demonstrate financial capabilities, and comply with certain consumer protection requirements. They will buy electricity from Power Generation Companies, power marketers or other parties and may resell that electricity to retail customers at any location in the State. Transmission and Distribution Utilities will be obligated to deliver the electricity. Generating assets will be owned by "Power Generation Companies." Power Generation Companies must register with the PUC and must comply with certain rules that are intended to protect consumers, but they will otherwise be unregulated and may sell electricity at market prices. Owners of transmission and/or distribution facilities will be "Transmission and Distribution Utilities" and will be fully regulated by the PUC. The PUC must approve the construction of new transmission facilities, and may order the construction of new facilities to relieve transmission constraints. Transmission and Distribution Utilities will be required to provide access to both their transmission and distribution systems on a non–discriminatory basis to all eligible customers.

Measures to Foster Competition and Assure Service. SB 7 also provides a number of consumer protection provisions. Every area of the State will have a "Provider of Last Resort" approved by the PUC, except for service areas of municipal utilities, which will establish a process to select the Provider of Last Resort. The Provider of Last Resort is a REP that must offer to sell electricity to any retail customer in its designated area at a standard rate approved by the PUC. The Provider of Last Resort must also serve any customer whose REP has failed to provide service.

Beginning September 1, 1999, each IOU's existing rates were frozen (except for a fuel factor passthrough) and are required to continue serving their retail customers at such rates until 2002. Beginning in 2002, the unbundled REP of the IOU that held the certificate to provide retail service to an area (the "Affiliated REP") must reduce electric rates by 6% below the frozen rates and offer that reduced rate to all retail customers in the area formerly served by the IOU. The Affiliated REP must serve all residential and commercial customers who do not choose a different REP at such reduced rate. The Affiliated REP may not sell electricity to residential or commercial customers (generally small businesses) at any other rate until either 40% of the residential or commercial customers in the area have chosen to be served by other REPs or until January 1, 2005, whichever occurs first. Although the Affiliated REP may thereafter compete by offering prices that differ from the reduced rate, it must continue to offer such rate until January 1, 2007, to assure a maximum price that consumers will have to pay. SB 7 does allows Affiliated REPs to compete for industrial customers, and for certain aggregated commercial loads owned by a common entity.

To prevent concentration of generation in a single Power Generation Company, SB 7 requires IOUs to hold periodic "Capacity Auctions," supervised by the PUC, in which they must sell 15% of their power to others. Affiliated REPs are not allowed to purchase power from a related Power Generation Company. The Capacity Auctions will end four years after retail competition begins. SB 7 also provides protection by limiting the amount of generation that any single Power Generation Company, or group of commonly owned Power Generation Companies may own, to 20% of the available generation within a "power region" which will be created by the PUC. SB 7 requires any IOU (or affiliated Power Generation Company) that owns more that 20% of the installed electric generation within a power region to file a mitigation plan with the PUC by December 31, 2001 whereby (i) its excess generation plants will be sold at an independent sale, (ii) its excess generation capacity will be auctioned off to an independent party in a Capacity Auction, (iii) selling of its excess capacity for at least a four year period to an independent party, or (iv) some other reasonable mitigation method.

SB 7 provides for a transmission system operator that would be independent of market participants and which will be responsible for directing and controlling the operation of the transmission network within ERCOT.

Stranded Cost Recovery. Under SB 7, IOUs may recover a portion of their "stranded costs" (the net book value of certain "non–economic" assets less market value and certain "above market" purchased–power costs) and "regulatory assets," which recovery is intended to permit recovery of the difference between the amount necessary to pay for the assets required under prior electric regulation and the amount that can be collected through market based rates in the open competition market. Such stranded costs are based, in large measure, on the amount of stranded costs associated with the respective IOUs determined in the PUC's April 1998 Potentially Strandable Investment (ECOM Report: 1998 Update (the "PUC Stranded Cost Report"). SB 7 establishes the procedure to determine the amount of stranded costs and regulatory assets. Once determined, the stranded costs will be collected through a non–bypassable competition transition charge collected from the end retail electric users, within the IOU's service territory as it existed on May 1, 1999, through, primarily, an additional component to the rate for the use of the retail electric distribution system delivering electricity to such end user.

IOUs may recover a certain portion of their respective stranded costs through the issuance of bonds, with a maturity not to exceed 15 years, whereby the principal, interest and reasonable costs of issuing, servicing and refinancing such bonds is secured by a qualified rate order of the PUC that creates the "competition transition charge." Neither the State nor the PUC may amend the qualified rate order in any manner that would impair the rights of the "securitized" bondholders.

Miscellaneous Provisions. SB 7 requires all old "grandfathered" power plants – plants that have not previously been required to comply with air quality emissions standards administered by the Texas Natural Resources Conservation Commission – that are owned by IOUs, LCRA, Municipal Utilities and Electric Coops to be brought into compliance with the air quality emissions standards by May 2003. A strong Independent System Operator (ISO) was established to manage the transmission system and coordinate many of the ERCOT operational requirements for a deregulated retail market. In addition, SB 7 established a pilot program to begin June 1, 2001, for 5% of the customers of the IOUs in an effort to test the readiness of ERCOT and the ISO for a deregulated retail market.

The City is monitoring and actively participating in, when necessary, the various rulemaking proceedings that are taking place at the Public Utility Commission of Texas to implement SB 7. Further, the City is also participating in various committees that have been formed at the Electric Reliability Council of Texas ("ERCOT") to align the operations of ERCOT and member utility systems with the requirements of SB 7.

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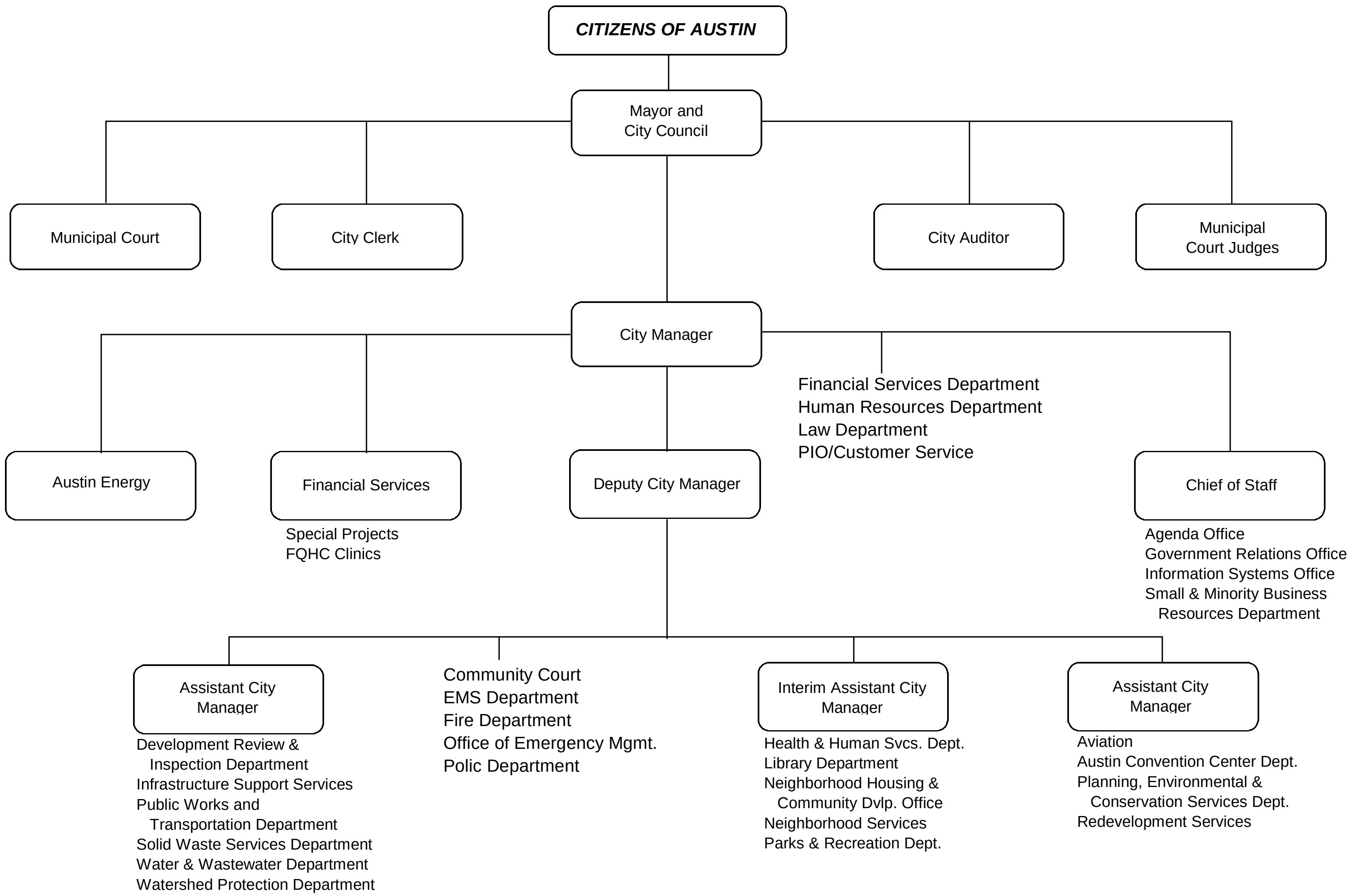
CITY OF AUSTIN, TEXAS

Organization Chart



THE CITY

Administration

Incorporated in 1839, the City operates under a Council–Manager form of government under its home rule charter. The City Council is comprised of a Mayor and six council members elected at–large for three year staggered terms.

By charter, the City Council appoints a City Manager for an indefinite term who acts as the chief administrative and executive officer of the City. The duties include, among others, the supervision of all City departments, the preparation and administration of an annual budget and the preparation of a report on the finances and administrative activities of the City. Jesus Garza was appointed City Manager on June 22, 1994.

City Manager – Jesus Garza

Mr. Garza received his Masters in Public Affairs from the Lyndon Baines Johnson School of Public Affairs of the University of Texas and a Bachelor of Science degree from the University of Texas at Austin. Mr. Garza served as Acting City Manager and Assistant City Manager for the City of Austin prior to his appointment as City Manager. He previously held positions as Executive Director of the Texas Water Commission and Deputy City Manager of the City of Corpus Christi.

Director of Finance – John Stephens, CPA

Mr. Stephens received his B.A. and M.A. in Spanish from University of Texas at Arlington, and M.A. in linguistics from University of Michigan – Ann Arbor. He taught Spanish and English as a Second Language for approximately ten years before receiving a M.B.A. from University of Texas – Austin in 1983. Mr. Stephens served as Auditor, Senior Staff Accountant and Controller prior to his appointment as Director of Financial Services.

Services Provided by the City

The City's major activities include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, general administrative services, solid waste disposal, and maintenance of bridges, streets and storm drains. The City owns and operates several major enterprises including an electric utility system, water and wastewater utility system, an airport and two public event facilities. In addition, the City owns a hospital which is operated by The Daughters of Charity Health Services of Austin under the terms of a long term lease.

Employees

Municipal employees are prohibited from engaging in strikes and collective bargaining under state law. An exception allows fire and police employees to engage in collective bargaining (but not the right to strike) after a favorable vote of the electorate. The voters have not approved collective bargaining for either firemen or policemen. Approximately 15% of the City's employees are members of the American Federation of State, County and Municipal Employees, 8% are members of the American Police Association and 7% are members of the International Association of Fire Fighters.

The City does not have automatic escalators in payroll or in its retirement systems. The retirement systems may grant cost–of–living increases up to 6% for the municipal employees and 6% for police officers and a percentage based on the amount of increase in the Consumer Price Index for the firemen only if recommended by the independent actuary and approved by the retirement boards.

Annexation Program

Chapter 43 of the Texas Local Government Code regulates annexation of territory by the City. Prior to annexing territory, the City must develop a service plan describing the municipal services – police and fire protection, sanitation, provision and maintenance of public facilities such as water and wastewater facilities, roads, streets, and parks – to be provided to the annexed area. Those services may not be at a lower level of service than provided in the area immediately prior to annexation, but the City is not obligated to provide a uniform level of service to all areas of the City where differing characteristics of population, topography, and land use provide a sufficient basis for different service levels. The City may not, however, provide a lower level of service than what was provided prior to the annexation.

If the annexation service plan for an annexation area includes a schedule for the provision of full municipal services, the City has four and one–half years to substantially complete the capital improvements necessary to provide services to the area. A wide range of services – police and fire protection, sanitation, and maintenance of public facilities such as water and wastewater facilities, road, streets, and parks – must be provided immediately following annexation. Failure to provide municipal services in accordance with the service plan may provide grounds for disannexation of the area and may also result in a refund of taxes and fees collected for services not provided. The City may not reannex for ten years any area that was disannexed for failure to provide services.

It is expected that some of the areas to be annexed will include developed areas for which water, sewer, and drainage services are being provided by utility districts created for such purposes (see "Services Financed by Utility Districts"). Existing utility districts as well as others which may be created from time to time are expected to issue bonds for their own improvements.

Such bonds are generally payable from the receipts of ad valorem taxes imposed by the district and, in some cases, are further payable from the net revenues, if any, derived from the operation of its water and sanitary sewer systems. Texas law generally requires that districts be annexed in their entirety. Upon dissolution, the City assumes the district's outstanding bonds and other obligations and levies and collects on taxable property within the corporate limits of the City ad valorem taxes sufficient to pay principal of and interest on such assumed bonds.

The city also assumes liabilities when it annexes land in Emergency Services Districts (ESD) and that territory is disannexed from the ESD. This liability, however, is limited to a pro–rata share of debt and those facilities directly used to provide service to the area.

The City Charter and the State's annexation laws provide for two types of annexation. "Full purpose" annexation, discussed above, annexes territory into the City for all purposes, including the assessment and collection of ad valorem taxes on taxable property. The second type of annexation is known as "limited purpose" annexation by which territory may be annexed for the limited purposes of "Planning and Zoning" and "Sanitation and Health Protection." Territory so annexed is subject to ordinances achieving these purposes: chiefly, the City's zoning ordinance, building code, and related ordinances regulating land development. Taxes may not be imposed on property annexed for limited purposes; municipal services are not provided; and residents of the area are restricted to voting only in City elections for City Council and Charter amendments. The City believes that limited purpose annexation is a valuable growth management tool. As noted below, the City annexed over 20,000 acres of territory for limited purposes in 1984. The City has developed annual Strategic Annexation Programs since 1987. These programs prioritized areas to be considered for annexation at the end of the calendar year, thereby minimizing the fiscal impact to the City due to annexation.

The following table sets forth (in acres) the current results of the City's annexation program.

Calendar Year	Areas Fully Annexed(1)	Limited Purpose Annexations (2)	Net Annexation
1982	585	2,579	3,164
1983	3,739	1,860	5,599
1984	16,183	20,096	36,279
1985	15,502	11,158	26,660
1986	8,480	8,095	16,575
1987	(9,317)	2,420	(6,897)
1988	3,310	(6,734)	(3,424)
1989	(1,602)	(12,629)	(14,231)
1990	729	(973)	(244)
1991	2,270	(1,334)	937
1992	957	786	616
1993	271(3)	(1,227)	(956)
1994	3,057	(735)	2,322
1995(4)	(1,748)	2,185	437
1996	2,501	(1,241)	1,260
1997	13,473	(1,337)	12,136
1998	2,409(5)	(411)	1,998
1999	164	648	812

(1) Represents areas which will be taxed and fully serviced by the City.
(2) Represents areas controlled for planning and zoning purposes, without the benefit of City services or the imposition of ad valorem taxation.
(3) Includes dissolution of 2,476 full purpose acres. (Five inactive MUDs were dissolved in 1993.)
(4) Includes conversion of Harris Branch and Moore's Crossing MUDs from full purpose to limited purpose due to State legislation.
(5) Includes full purpose reannexation of Harris Branch MUDs.

The numbers in the table above represent net totals of annexation activity. The City sustained a net loss of area each year from 1987 through 1990. This loss was due to changes in the State annexation legislation which affected all Texas cities, and required the City to deannex several large tracts. With the exception of 1997, the City has pursued a less aggressive annexation policy. The Texas legislature in 1987, 1989 and 1999 enacted statutes limiting the City's ability to annex territory for full and limited purposes. Proposed annexations will comply with the terms of the new law.

Recent Annexation

Ten Municipal Utility Districts (MUDs) were annexed, by the City of Austin in December, 1997, adding $1,034,973,522 in taxable assessed valuation and a population of 22,432 to the City. These MUD annexations were a part of the 1997 annexation plan, which added a total of $1,691,362,381 in taxable assessed valuation and a population of 29,131 to the City of Austin. Some of the annexed areas continue to experience high levels of growth and increased taxable assessed valuation. Capital projects required to provide City services to some of the annexed areas are under construction.

Austin MUDs 1,2, and 3, also known as the Harris Branch MUDs, were converted from limited purpose jurisdiction and reannexed by the City for full purposes in December, 1998. This annexation added $50.4 Million in taxable assessed valuation and a population of 1,575 to the City of Austin.

There is ongoing litigation related to some of the areas annexed in 1997. Portions of the Circle C MUDs were included in a Water Quality Protection Zone (WQPZ) which was created just prior to annexation. The law under which the WQPZ was created (Texas Water Code 26.179) purports to prohibit annexation of any of the territory in a WQPZ. If effective, this provision might have the effect of nullifying the annexation of those MUDs. However, the City of Austin challenged the constitutionality of the WQPZ laws in two separate lawsuits. A Travis County district court has declared the statute unconstitutional. A Hays County District Court ruling upheld the statute and voided the annexation of the Circle C MUDs included in the WQPZ. Both cases are on appeal. However, pursuant to a settlement agreement with certain developers in the Circle C MUDs, the challenge to the annexation of the Circle C MUDs based on their inclusion in a WQPZ has been withdrawn, regardless of the outcomes in these cases.

The Circle C MUDs were also included in the Southwest Travis County Water District (SWTCWD) pursuant to a statute passed by the legislature in 1995. The City challenged the constitutionality of this statute. A Travis County district judge struck down the statute as unconstitutional, and the court of appeals affirmed this ruling. The case is now pending in the Texas Supreme Court. If the Supreme Court were to reverse and uphold the statute, then the annexation of the Circle C MUDs would be invalid. This case is the only remaining challenge to the validity of the annexation of the Circle C MUDs.

Future Annexation

The City will continue to review and evaluate annexation options, including the possibility of Strategic Partnership Agreements allowed under the Texas Local Government Code 43.0751, for various MUDs. Included among these MUDs are the following.

Municipal Utility District	Population	Assessed Value(1) (1997 Certification)	Property Tax(2) Revenue Impact
Anderson Mill	12,800	$ 393,071,063	$2,101,747
Wells Branch	13,000	431,651,683	2,308,037
Shady Hollow	5,500	151,816,421	811,761
Springwoods	5,600	178,876,252	956,499
North Austin MUD No. 1	7,920	316,726,390	1,693,533
TOTALS	44,820	$1,472,141,809	$7,871,577

(1) Assessed value includes homestead value exempted by three of the MUDs, that are not exempted by the City of $94,319,419.

(2) Calculated using the approved 1997–98 City property tax rate of $0.5401 per $100 valuation and a 99% collection rate.

Anderson Mill MUD cannot be annexed prior to September 2004 under time requirements related to a Strategic Partnership Agreement between the City and the MUD.

Shady Hollow MUD cannot be annexed prior to December 2000 under its consent agreement.

Springwoods MUD cannot be annexed prior to December 2002 under the terms of an amendment to its consent agreement negotiated with the City during the 1997 annexation program.

North Austin MUD No. 1, as a part of the 1997 annexation program, will be offered the option of a Strategic Partnership Agreement prior to future annexation by the City.

Pension Plans

There are three contributory defined benefit retirement plans for the Municipal, Fire, and Police employees. State law requires the City to make contributions to the funds in an amount at least equal to the contribution of the employee group.

The Police Officers contribute 9.0% and the City contributes 18% of payroll. The Municipal employees and the City each contribute 8.0%. The Firefighters (who are not members of the Social Security System) contribute 11.7% of payroll, the City contributes 20.05%.

The contributions to the pension funds are designed to fund current service costs and to amortize the unfunded actuarial accrued liability of the Police Officer's Fund and Firefighter's Fund over 8.5 years and 10.6 years, respectively. The Municipal Employees Fund is fully funded.

In accordance with the Governmental Accounting Standards Board Statement Number 5, the pension benefit obligation for the Municipal Employees Fund as of December 31, 1997, was $832,140,000. The pension benefit obligation for the Police Officers' Fund as of December 31, 1997, was $222,703,000. The pension benefit obligation for the Firefighters' Pension Fund as of December 31, 1997, was $279,472,000. See Note 9 to the City's Financial Statements for additional information on the Pension Plans.

In addition to providing pension benefits, the City provides certain health care and insurance benefits to its retirees. Any retiree who is eligible to receive retirement benefits under any of the City's three pension plans is eligible for these benefits. Post retirement benefits include health insurance and $1,000 of life insurance for the retired employee only. The City pays either all or a portion of the retiree's health insurance premiums, depending upon the health care plan selected. Retirees may also receive health insurance benefits for dependents eligible under the plan at their own cost.

The City recognizes the cost of providing these benefits to employees and retirees by expensing the City contributions to the Health Benefits Fund in the year in which the contributions are made. Total contributions were $27,394,366 in 1999 and $24,600,422 in 1998. The cost for providing those benefits for 1,930 retirees and 9,020 active employees in 1999 and 1,769 retirees and 8,699 active employees in 1998 is not separable.

Insurance

The Liability Reserve Fund is the insurance fund of the City for settled claims, expenses, and reserves relating to third party liability claims for injury and property damage, including professional liability. The Liability Reserve Fund is used to pay for actual claims incurred and related expenses for settling these claims, for budgeted administrative costs for the fund's operations, and to estimate incurred, but not reported claims. The Liability Reserve Fund had accrued liabilities of approximately $12.5 million for claims and damages at the end of fiscal year 1999. Employee injuries are covered by the Workers' Compensation Fund, and health claims are protected by the Health Benefits Fund.

OTHER RELEVANT INFORMATION

Ratings

The Bonds and Certificates have received ratings of "AA+" by Standard & Poor's Rating Group ("S&P"), "AA+" by Fitch, Inc. ("Fitch") and "Aa2" by Moody's Investors Service, Inc. ("Moody's"). The Bonds maturing in each of the years 2011 and 2016 through 2018, inclusive will be rated "AAA" by S&P, "AAA" by Fitch and "Aaa" by Moody's as a result of the FGIC Insurance Policy. The presently outstanding tax supported debt of the City is rated "Aa2" by Moody's, "AA+" by S&P and "AA+" by Fitch. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of one or all such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or by any one of them, may have an adverse effect on the market price of the Bonds and Certificates. The City will undertake no responsibility to notify the owners of the Bonds and Certificates of any such revisions or withdrawal of ratings.

Tax Exemption

In the opinion of Bond Counsel, (i) interest on the Bonds and Certificates is excludable from gross income for federal income tax purposes under existing law, and (ii) the Bonds and Certificates are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds and Certificates is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds and Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file information reports with the Internal Revenue Service. The City has covenanted in the Ordinances that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinances pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds and Certificates for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Purchaser, with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Purchasers, which Bond Counsel has not independently verified. If the City should fail to comply with any of the covenants in the Ordinances or if any of the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds or the Certificates, as the case may be, could become taxable from the date of delivery thereof, regardless of the date on which the event causing such taxability occurs.

The Code imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, a corporation's alternative minimum taxable income includes 75% of the amount by which a corporation's "adjusted current earnings" exceeds its other alternative minimum taxable income. Because interest on tax–exempt obligations such as the Bonds and Certificates is included in a corporation's "adjusted current earnings," ownership of the Bonds or the Certificates could subject a corporation to alternative minimum tax consequences.

Under the Code, taxpayers are required to report on their returns the amount of tax–exempt interest, such as interest on the Bonds and Certificates, received or accrued during the year.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or disposition of the Bonds or the Certificates.

Prospective purchasers of the Bonds and Certificates should be aware that the ownership of tax–exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax–exempt obligations, taxpayers owning an interest in a FASIT that holds tax–exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively–connected earnings and profits, including tax–exempt interest such as interest on the Bonds and Certificates. The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Bonds and Certificates which are not purchased in the initial offering at the initial offering price may be determined according to special federal income tax accounting rules. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective.

Litigation

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

Registration and Qualification of Bonds and Certificates

The sale of the Bonds and Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds and Certificates have not been qualified under the

Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds and Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds and Certificates under the securities laws of any jurisdiction in which the Bonds and Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds and Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds and the Certificates (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds and the Certificates are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds and the Certificates may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds and the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds or the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds or the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Bonds or the Certificates are legal investments for various institutions in those states.

Legal Opinions and No–Litigation Certificate

The City will furnish complete transcripts of proceedings had incident to the authorization and issuance of the Bonds and Certificates, including the unqualified approving legal opinions of the Attorney General of the State of Texas approving the Initial Bond, Certificate and Contractual Obligation and to the effect that the Bonds and Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Bonds and Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax consequences for corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds and Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds and Certificates will also be furnished. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds and Certificates in the Official Statement to verify that such description conforms to the provisions of the respective Ordinances. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds and Certificates are contingent on the sale and delivery of the Bonds and Certificates. Certain additional legal matters will be passed upon for the City by McCall, Parkhurst & Horton L.L.P., Austin and Dallas, Texas.

Financial Advisor

Public Financial Management, Austin, Texas is employed as Financial Advisor to the City in connection with the issuance, sale and delivery of the Bonds and Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds and Certificates is contingent upon the issuance and delivery of the Bonds and Certificates. Public Financial Management, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the bond documentation with respect to the federal income tax status of the Bonds and Certificates.

Continuing Disclosure of Information

In each respective Ordinance, the City has made the following agreement for the benefit of the respective holders and beneficial owners of the Bonds and Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds and Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

Annual Reports – The City will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all the quantitative financial information and operating data with respect to the City of the general type included (i) in the portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year end and (ii) in the main text of the Official Statement under the subcaptions: "Tax Valuation" with respect to the appraised value as of January 1 during the fiscal year as to which such annual report relates, "Current Investments", "Valuation and Funded Debt History," "Tax Rates, Levy and Collection History," "Ten Largest Taxpayers," "Property Tax Rate Distribution," "General Fund Revenues And Expenditures And Changes In Fund Balance," "Municipal Sales Tax," and "Transfers From Utility Fund". The City will update and provide this information as of the end of such fiscal year or for the twelve month period then ended within six months after the end of each fiscal year ending in or after 2000 unless otherwise noted above. The City will provide the update information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the United States Securities and Exchange Commission (the "SEC").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2–12. The update information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not provided by that time, the City will provide unaudited financial statements by that time and will provide audited financial statements when and if they become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year is October 1 to September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change.

Material Event Notice – The City will also provide timely notices of certain events relating to the Bonds or Certificates the to certain information vendors. The City will provide notice of any of the following events with respect to the Bonds or the Certificates, if such event is material within the meaning of the federal securities laws; (1) principal and interest payment delinquencies; (2) non–payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers , or their failure to perform; (6) adverse tax opinions or events affecting the tax–exempt status of the Bonds or the Certificates; (7) modifications to rights of holders of the Bonds or the Certificates; (8) Bond, Certificate or the Contractual Obligation calls; (9) defeasance; (10) release, substitution, or sale of property securing repayment of the Bonds of the Certificates; and (11) rating changes with respect to the Bonds or the Certificates. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to any SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB").

Availability of Information from NRMSIRs and SID – The City has agreed to provide the foregoing information to NRMSIRs and any SID only. The information will be available to holders of Bonds and Certificates only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

The Municipal Advisory Council of Texas has been designated by the State of Texas as a SID. The address of the Municipal Advisory Council of Texas is 600 West 8th Street, P.O. Box 2177, Austin, Texas 78768–2177, and its telephone number is (512) 476–6947.

Limitations and Amendments – The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds or the Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if the agreement, as amended, would have permitted an underwriter to purchase or sell the Bonds or the Certificates in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the outstanding Bonds or

Certificates consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds or the Certificates. If the City amends its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data will be provided.

Compliance with Prior Undertakings – The City has complied in all material respects with all continuing disclosure agreements made by it in accordance with Rule 15c2–12.

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

This Official Statement, and the execution and delivery of this Official Statement will be authorized by the City Council on September 7, 2000.

____
Mayor
City of Austin, Texas

ATTEST:

____
City Clerk
City of Austin, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND ITS ECONOMY

The following information has been presented for informational purposes only.

Life in Austin

Austin is a unique city known for its beauty, its dynamic style, and its diverse community. Located in the heart of the Texas Hill Country, the Austin area is blessed with panoramic views, an abundance of rivers and lakes, and a climate that is conducive to outdoor activity.

Austin is a great place to enjoy the outdoors. With Austin's winter temperatures rarely dipping below freezing and often reaching into the 70's and 80's and with long summers, the city, county, and state parks and recreation facilities are busy year–round.

Austin Weather	
Mean temperature	69
Mean low temperature	58
Mean high temperature	78
Clear days	116
Average rainfall	32"
Average days of sunshine	300

Austin's Parks and Recreation Department (PARD) is acknowledged as one of the finest in the country. In 1999, PARD was a finalist for the national Gold Medal Award given by the National Recreation and Park Association as one of the best parks and recreation departments in the nation. Also, the Texas Recreation and Parks Society presented to Austin PARD the Gold Medal Award for Excellence. The city has a number of public outdoor recreational facilities, including 23 greenbelts, 88 athletic fields, 77 neighborhood parks, 5 golf courses, 106 tennis courts, a 3.1 mile veloway for bicyclists and inline skaters, 44 miles of hike and bike trails and 70 miles of striped bike lanes, one youth entertainment complex, and 47 swimming pools, including renowned Barton Springs, where as many as 300,000 people a year enjoy its constant 68 degree spring–fed water. Austin's weather and geography are conducive to bicycling. Riders come from across the nation to train here, including Austin resident Lance Armstrong, the current Tour de France winner.

Austin is home to a number of outdoor events and festivals, including the Motorola Marathon, Capitol 10,000 Race, the Annual Texas Hill Country Wine and Food Festival, the Pecan Street Festival, the Annual Spam–O–Rama where hundreds of devotees of Spam converge for cooking and sculpting contests, and the nightly flights of the world's largest urban bat colony. A favorite holiday event is the Trail of Lights, a festive, mile–long display of 30 lighted scenes of the holiday season.

In addition to outdoor recreational opportunities, Austinites can choose from a wide variety of indoor recreational activities. Austin has long been recognized as the "live music capital of the world" with more than 100 live music venues nightly offering a complete range of musical styles. The annual South by Southwest (SXSW) music and film festivals attract professionals and fans from across the country. Austin also has a number of museums and art galleries to choose from and has a wide variety of restaurants and bars offering all types of food and drink, especially in the popular Sixth Street area and the developing Warehouse District.

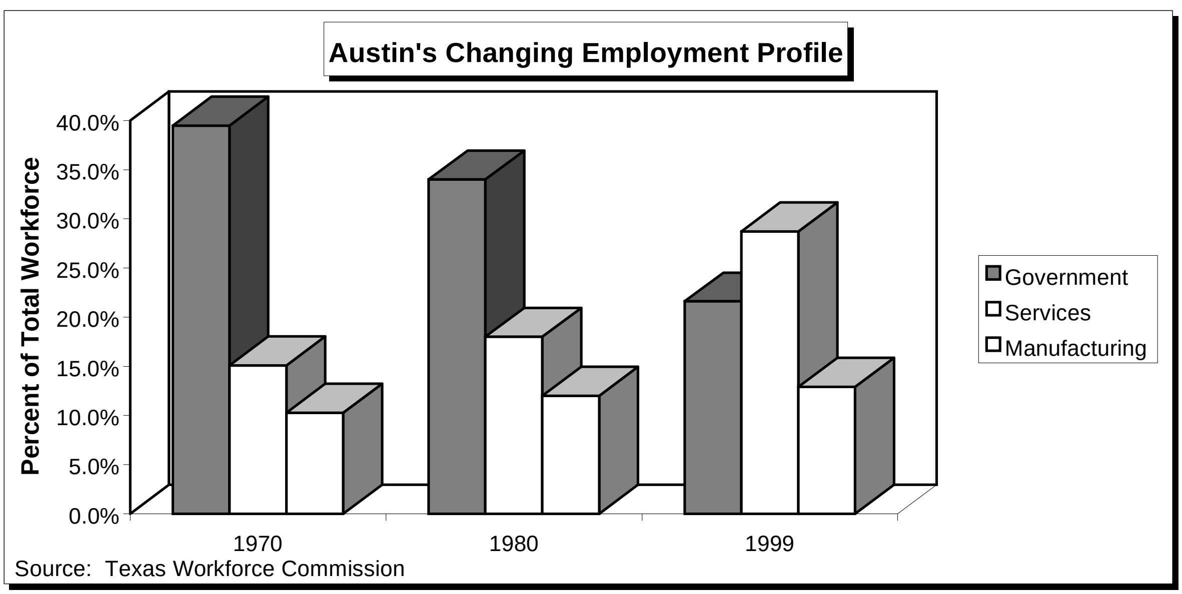
With its seven institutions of higher learning, education is a significant aspect of life in the Austin area. Access to these institutions, especially the University of Texas at Austin (UT), has attracted many of the high–technology industries that now drive most of the growth in the city's economy. For example, *Success* magazine ranked the UT Graduate School of Business first among the nation's best programs for entrepreneurship. With this program, UT supports high–tech start–ups through the Austin Technology Incubator. The University's academic programs and professional schools rank high among the top programs and schools in the country. *U.S. News & World Report* ranks UT in the top thirteen national public universities with six graduate schools and 37 graduate programs in the top ten nationally. The *Public Accounting Report* ranks UT's graduate accounting program first nationally.

Among U.S. cities with a population over 250,000, Austin is one of the most highly educated cities, with 35% of its adults having 16 or more years of schooling. The city may also have the most computer–literate populace in the country. *Yahoo Magazine* rated Austin as the second–most wired city in the nation and The Benchmark Company noted that 68% of Austin households have computers and 77% of these computer households use email. *MONEY* magazine selected Austin as the number two place in the country to live.

Industry and Business

In 1999, the Austin metropolitan area continued to receive national recognition for its dynamic economy and its quality of life. *FORTUNE* magazine ranks Austin third in "The Best City for Business" category. Dun & Bradstreet's *Business Start–Ups* magazine ranked the Austin area as the top metropolitan area for high–tech small businesses.

As the capital of Texas and the home of the University of Texas, Austin has long been considered a government and university town. However, Austin is also one of the premier high–tech communities in the country. During 1999, Austin experienced nine initial public offerings (IPOs), with a combined market capitalization of $12 billion. Approximately 30 venture capital firms are in Austin; the largest firm has over $3.6 billion of capital under management. Venture capital funding in 1999 far out–stripped the 1998 level. About 70 percent of all new startups in town are software or internet companies and most venture capital goes to these types of companies. Austin has approximately 1,800 technology companies of all kinds employing 110,000+ people, with a number of other associated professional service and low–tech firms. These companies make up a key segment of Austin's growing employment base. A frequent–used measure of innovation is the number of patents issued in a city; the Austin area ranks second after San Jose in patents issued per capita. While government employment is still a stabilizing force in the Austin economy, it now accounts for a much lower percentage of the make–up of Austin's total employment. As the comparison below shows, since 1970, government employment has decreased substantially relative to the other large employment sectors in the Austin area.



The outlook for Austin's high–technology industry remains very promising and the city's ability to attract new businesses and individuals remains strong, as Austin is a unique place that offers an abundance of recreational and cultural activities and excellent municipal services. The area's large university student population of more than 100,000, half of them at the University of Texas, help keep the city intellectually active and provide a valuable resource to companies locating to the area.

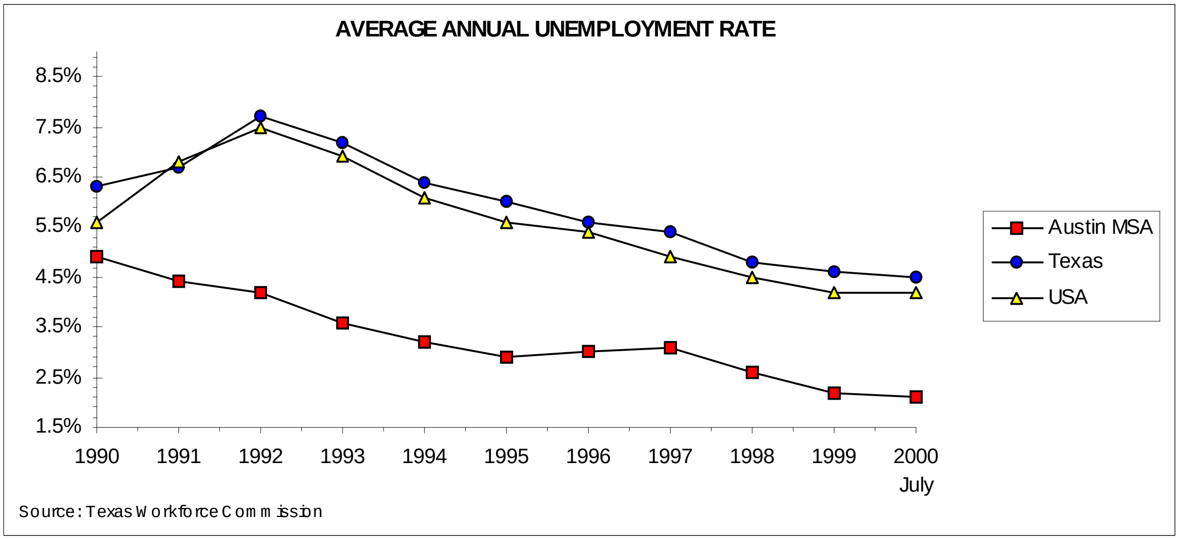
With all the features Austin has to offer, the City enjoys a strong tourism industry, which has a significant impact on the Austin economy. There are more than 13,000 hotel rooms available in the Austin area, and Austin hotels experienced a 63% occupancy rate. The City's existing convention and meeting facilities include Palmer Auditorium, the City Coliseum and Austin Convention Center, with the Center's expansion to open in 2002. Other facilities available in Austin include the Erwin Center at the University of Texas and the Texas Exposition and Heritage Center.

Employment by Industry in the Austin Metropolitan Area (a)

Employment Characteristics

Industrial Classification	1970	% of Total	1997	% of Total	1998	% of Total	1999	% of Total	7 Months Ended July 31, 2000 (b)	% of Total
Manufacturing	13,300	10.3%	75,485	13.5%	81,871	13.8%	78,779	12.9%	85,600	13.0%
Government	51,150	39.5%	127,151	22.7%	130,036	21.9%	131,592	21.6%	127,700	19.4%
Trade	26,100	20.2%	121,548	21.8%	128,552	21.6%	137,251	22.5%	148,400	22.6%
Services and Miscellaneous	19,600	15.1%	156,173	27.9%	168,985	28.4%	175,210	28.7%	196,000	29.8%
Finance, Insurance and Real Estate	6,150	4.7%	29,083	5.2%	30,587	5.1%	31,357	5.1%	35,300	5.4%
Contract Construction	8,750	6.8%	29,954	5.4%	33,758	5.7%	35,069	5.8%	40,200	6.1%
Transportation, Communications & Utilities	4,000	3.1%	18,501	3.3%	19,451	3.3%	19,775	3.2%	23,000	3.5%
Mining	450	0.3%	1,224	0.2%	1,308	0.2%	1,221	0.2%	1,300	0.2%
Total	129,500	100.0%	559,119	100.0%	594,548	100.0%	610,254	100.0%	657,500	100.0%

(a) Information is updated periodically, data contained herein is latest provided. Numbers for 1999 are an estimate based on Texas Workforce Commission, Bureau of Labor Statistics and U.S. Department of Labor data as of March 30, 1999.
(b) Subject to revision.
Source: 1999 Comprehensive Annual Financial Report, Texas Workforce Commission.



Average Annual Unemployment Rate

	Austin MSA	Texas	U.S.
1990	4.9%	6.3%	5.6%
1991	4.4%	6.7%	6.8%
1992	4.2%	7.7%	7.5%
1993	3.6%	7.2%	6.9%
1994	3.2%	6.4%	6.1%
1995	2.9%	6.0%	5.6%
1996	3.0%	5.6%	5.4%
1997	3.1%	5.4%	4.9%
1998	2.6%	4.8%	4.5%
1999	2.2%	4.6%	4.2%
2000 (July)	2.1%	4.5%	4.2%

Note: Information is updated periodically, data contained herein is latest provided.
Source: 1999 Comprehensive Annual Financial Report, Texas Workforce Commission.

City Sales Tax Collections (In Millions)

Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount
1-1-96	$5.790	1-1-97	$ 5.421	1-1-98	$ 6.399	1-1-99	$ 7.335	1-1-00	$ 8.790
2-1-96	9.213	2-1-97	10.626	2-1-98	10.708	2-1-99	12.155	2-1-00	12.316
3-1-96	6.393	3-1-97	5.734	3-1-98	6.641	3-1-99	7.318	3-1-00	8.799
4-1-96	5.945	4-1-97	5.848	4-1-98	6.780	4-1-99	7.252	4-1-00	8.119
5-1-96	7.425	5-1-97	7.861	5-1-98	9.155	5-1-99	10.027	5-1-00	11.234
6-1-96	6.262	6-1-97	6.446	6-1-98	7.367	6-1-99	7.900	6-1-00	9.090
7-1-96	6.041	7-1-97	6.013	7-1-98	7.056	7-1-99	7.632	7-1-00	9.314
8-1-96	7.932	8-1-97	8.541	8-1-98	9.587	8-1-99	10.611	8-1-00	11.313
9-1-96	6.456	9-1-97	6.569	9-1-98	7.251	9-1-99	7.916		
10-1-96	5.796	10-1-97	6.967	10-1-98	7.277	10-1-99	7.855		
11-1-96	7.524	11-1-97	8.477	11-1-98	8.623	11-1-99	9.676		
12-1-96	6.060	12-1-97	6.770	12-1-98	7.417	12-1-99	9.239		

Source: State of Texas Comptroller's Office.

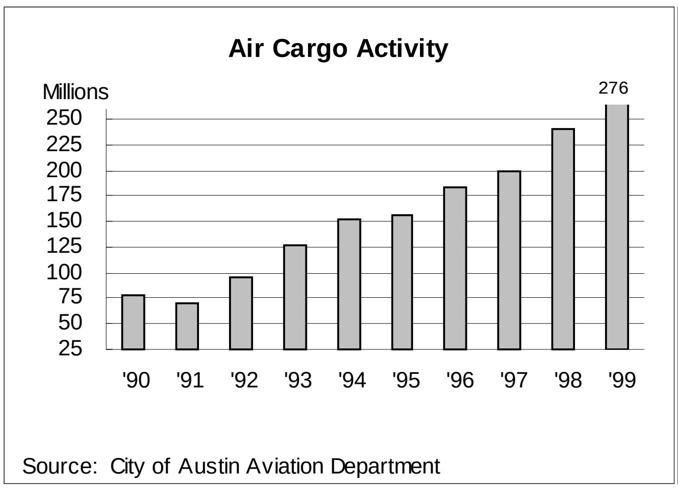
Ten Largest Employers (As of September 30, 1999)

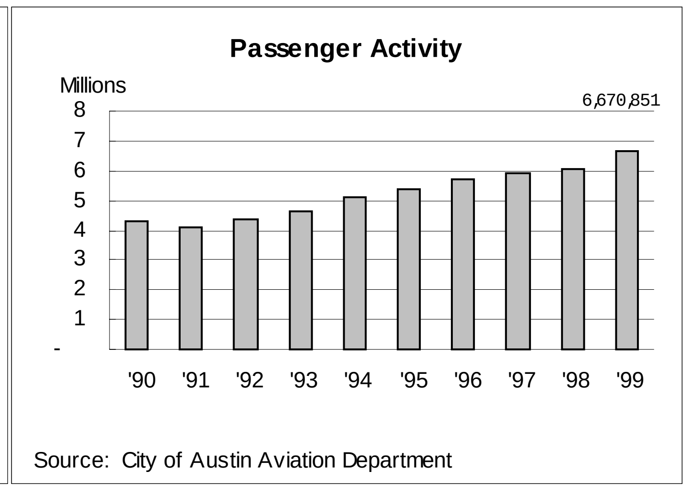
Employer	Product or Service	Employees
The University of Texas at Austin	Education and Research	20,277
Dell Computer Corporation	Computers	19,500
City of Austin	City Government	10,995
Motorola, Inc.	Electronic Components	10,500
Austin Independent School District	Education	9,417
HEB Grocery	Grocery/Pharmacy	7,500
IBM Corporation	Office Machines	7,500
Seton Medical Center	Hospital	6,756
Internal Revenue Service	Federal Agency	5,800
Advanced Micro Devices	Computers	4,300

Source: 1999 Comprehensive Annual Financial Report.

Transportation

Austin–Bergstrom International Airport





Prior to May 23, 1999 all passenger activity was out of Robert Mueller Municipal Airport.

Rail facilities are furnished by Union Pacific and Longhorn Railway Company. Amtrak brought passenger trains back to the City in January 1973, as one of the infrequent stops on the Mexico City–Kansas City route. Bus service is provided by Greyhound, and Kerrville and Valley Transit.

On January 19, 1985, the citizens of Austin and several surrounding areas approved the creation of a metropolitan transit authority ("Capital Metro") and adopted an additional one percent sales tax to finance a transit system for the area which was later reduced to three quarters of a percent, effective April 1, 1989. On June 12, 1995, the Capital Metro board approved an one quarter percent increase in the sales tax thus returning to one percent effective October 1, 1995.

Austin's Austin–Bergstrom International Airport, which opened for passenger service on May 23, 1999, is served by 8 major airlines: American, America–West, Continental, Delta, Northwest, Southwest, TWA and United. In addition, Austin Express serves Austin as a commuter airline. Direct service is available to all major U.S. destinations.

Growth Indicators

Austin has experienced considerable growth as evidenced by the following utility connection, building permit and population statistics.

Population

	Austin (1)		Travis County (1)		Texas (2)		United States (2)	
Year	Population	% Change	Population	% Change	Population	% Change	Population	% Change
1950	132,459	50.6%	160,980	45.0%	7,711,194	20.2%	151,326,000	14.5%
1960	186,545	40.8%	212,136	31.8%	9,579,677	24.2%	179,323,000	18.5%
1970	253,539	35.9%	295,516	39.3%	11,198,655	16.9%	203,302,000	13.4%
1980	345,496	36.3%	419,573	42.0%	14,228,383	27.1%	222,100,000	9.3%
1985	406,584	17.7%	527,120	25.6%	16,370,000	15.1%	238,740,000	7.5%
1986	431,851	6.2%	551,101	4.6%	16,685,000	1.9%	241,078,000	1.0%
1987	444,684	3.0%	563,787	2.3%	16,790,000	0.6%	243,249,000	0.9%
1988	447,582	0.7%	569,700	1.1%	16,841,000	0.3%	247,031,000	1.6%
1989	450,107	0.6%	573,805	0.7%	17,451,000	3.6%	247,732,000	0.3%
1990	450,830	0.2%	576,407	0.5%	16,986,510	-2.7%	249,632,692	0.8%
1991	466,530	3.5%	585,731	1.6%	17,349,000	2.1%	252,177,000	1.0%
1992	474,715	1.8%	594,560	1.5%	17,615,745	1.5%	255,020,000	1.1%
1993	478,254	0.8%	600,427	1.0%	17,805,566	1.1%	257,592,000	1.0%
1994	507,468	6.1%	636,991	6.1%	18,291,000	2.7%	261,212,000	1.4%
1995	523,352	3.1%	656,979	3.1%	18,724,000	2.4%	262,755,000	0.6%
1996	541,889	3.5%	681,654	3.8%	19,128,000	2.2%	265,410,000	1.0%
1997	560,939	3.5%	703,717	3.2%	19,439,337	1.6%	267,792,000	0.9%
1998	608,214	8.4%	725,669	3.1%	19,759,614	1.7%	271,685,044	1.5%
1999	619,038	1.8%	744,857	2.6%	20,044,141	1.4%	272,690,813	0.4%

(1) All years are estimates from the City's Department of Development and Review based on full purpose area as of December 31. Census years are modified to conform to U.S. Bureau of the Census data.
(2) U.S. Bureau of the Census official estimates as of July 31, except for census years.

Connections and Permits

	Utility Connections			Building Permits		
Year	Electric	Water	Gas	Taxable	Federal, State and Municipal	Total
1990	275,840	137,936	111,114	$ 309,999,799	$48,312,493	$ 358,312,292
1991	281,926	142,721	131,713	327,777,503	33,619,419	361,396,922
1992	286,413	141,210	139,529	435,053,697	5,162,800	440,216,497
1993	291,896	146,396	143,088	607,717,144	70,976,449	678,693,593
1994	298,662	148,148	142,373	840,043,119	19,643,501	859,686,620
1995	306,670	149,867	147,023	870,446,315	11,087,831	881,534,146
1996	319,518	151,757	148,124	1,246,232,619	89,945,847	1,336,178,466
1997	326,816	156,397	156,752	1,023,114,762	2,574,539	1,025,689,301
1998	342,263	168,907	165,274	1,434,660,615	46,722,845	1,481,383,460
1999	348,721	173,038	173,150	1,501,435,229	54,399,189	1,555,834,418

Source: 1999 Comprehensive Annual Financial Report.

Wealth and Income Indicators

The Austin MSA compares favorably with both the state and the nation in per capita effective buying income (EBI), and per capita retail sales.

Effective Buying Income and Retail Sales

Area	Median Household EBI	Per Capita EBI	% of Households by EBI Group* A	B	C	D	Per Capita Retail Sales
City of Austin	$35,065	$20,068	27.5%	22.4%	16.5%	33.6%	$17,601
Austin Metropolitan Area	37,873	19,409	25.6%	20.9%	16.8%	36.7%	12,404
Texas	34,084	16,369	29.4%	21.8%	16.6%	32.2%	9,510
USA	35,377	16,895	27.3%	22.2%	17.9%	32.6%	9,856

*Group A $0 – $19,999
*Group B $20,000 – $34,999
*Group C $35,000 – $49,999
*Group D $50,000 and over
Source: 1999 Survey of Buying Power, Sales and Marketing Management.

Housing Units

The average rental rate for a 1,000 square foot apartment in the Austin MSA was $930 per month during the first quarter of 2000, with an occupancy rate of 96.7%.

Residential Sales Data

Year	Number of Sales	Total Volume	Average Price
1990	7,159	$ 627,287,229	$ 87,622
1991	7,581	711,123,662	93,803
1992	8,503	887,249,588	104,345
1993	9,926	1,139,100,456	114,759
1994	10,571	1,272,585,426	120,385
1995	11,459	1,439,915,043	125,658
1996	12,597	1,672,441,903	132,765
1997	12,439	1,762,198,574	141,667
1998	15,583	2,334,200,698	149,791
1999	18,154	2,965,070,052	163,329
2000 (June)	8,868	1,677,634,383	189,178

Note: Information is updated periodically, data contained herein is latest provided.
Source: Real Estate Center at Texas A&M University.

City–Wide Austin Office Occupancy Rate

Year	Occupancy Rate
1990	75.5%
1991	78.9%
1992	82.6%
1993	86.3%
1994	87.9%
1995	88.4%
1996	92.2%
1997	94.7%
1998	93.4%
1999	92.8%
2000 (1st Quarter)	95.4%

Source: Colliers Oxford Commercial Research Services.

Education

The Austin Independent School District had an enrollment of 76,268 for the Spring of 2000. This reflects an increase of 1.5% in enrollment from the Spring of 1999. The District includes 102 campus buildings.

School Year	Average Daily Membership	Average Daily Attendance
1989/90	63,887	60,835
1990/91	65,952	62,632
1991/92	67,063	63,267
1992/93	68,712	63,817
1993/94	70,665	66,086
1994/95	72,298	67,706
1995/96	72,622	67,907
1996/97	73,556	69,024
1997/98	74,628	70,030
1998/99	75,164	70,529
1999/00 (6th Six Weeks)	76,268	71,583

Source: Austin Independent School District.

The following institutions of higher education are located in the City: The University of Texas, St. Edward's University, Huston–Tillotson College, Concordia Lutheran College, Austin Presbyterian Theological Seminary, Episcopal Theological Seminary of the Southwest and Austin Community College.

The University of Texas at Austin had an enrollment of 49,009 for the fall semester of 1999 and is a major research university with many nationally ranked academic programs at the graduate level. It is also known for its library collections and research resources. The present site has expanded more than 300 acres since classes began on the original 40 acres near downtown Austin. Additionally, University–owned property located in other areas of Austin includes the Pickle Research Center and the Brackenridge Tract, partially used for married student housing. The McDonald Observatory on Mount Locke in West Texas, the Marine Science Institute at Port Aransas and the Institute for Geophysics (Galveston) on the Gulf Coast operate as specialized research units of The University of Texas at Austin.

Banking

According to the 2000 spring edition of the Texas Banking Red Book, there are 18 banks and bank branches serving the Austin area.

Tourism

The impact of tourism on the Austin economy is significant. Total travel expenditures in the Austin–San Marcos MSA were $2.0 billion in 1998. There are more than 15,700 hotel rooms available within the Austin Metropolitan Area. The substantial increase in supply of rooms contributed to decreasing occupancy rates in the last three years. For the first nine months of 1999 the occupancy rate for the Austin area was 72.2%, with a downtown average room rate of $128.78.

Existing City convention and meeting facilities include a Convention Center expansion, which is supported by hotel/motel occupancy tax collections and revenues of the facility, the Palmer Auditorium with a seating capacity of 5,996 or 60,000 square feet of exhibit space; and City Coliseum which has a seating capacity of 3,600 or 28,000 square feet of exhibit space. Other facilities in Austin include the Frank Erwin Center, a 17,000–seat arena at The University of Texas, the Texas Exposition and Heritage Center and the Austin Opera House. The Texas Exposition and Heritage Center offers 6,000 seat arena seating and 20,000 square feet of banquet/exhibit hall facilities. The Austin Opera House has a concert seating capacity of 1,700 and 9,000 square feet of exhibit space.

APPENDIX B

Excerpts From the Annual Financial Report

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council,
City of Austin, Texas:

We have audited the general purpose financial statements of the City of Austin, Texas ("City") as of and for the year ended September 30, 1999, as listed in the accompanying table of contents under "General Purpose Financial Statements" and the following individual fund supporting financial statements included in Exhibit F-1, Exhibit F-2, and Exhibit F-3: Electric Fund Balance Sheet, Electric Fund Statement of Revenues, Expenses, and Changes in Retained Earnings, Electric Fund Statement of Cash Flows, Water and Wastewater Fund Balance Sheet, Water and Wastewater Fund Statement of Revenues, Expenses, and Changes in Retained Earnings, Water and Wastewater Fund Statement of Cash Flows, Airport Fund Balance Sheet, Airport Fund Statement of Revenues, Expenses, and Changes in Retained Earnings, and Airport Fund Statement of Cash Flows. These general purpose financial statements and individual fund supporting financial statements listed above are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements and individual fund supporting financial statements listed above based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and individual fund supporting financial statements listed above are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements and individual fund supporting financial statements listed above. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and the presentation of the individual fund supporting financial statements listed above. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Austin, Texas as of September 30, 1999, and the results of its operations and cash flows of its proprietary fund types and similar trust funds for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the individual fund supporting financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds as of September 30, 1999, and the results of operations and the cash flows of such funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the individual fund supporting financial statements referred to in the first paragraph. The accompanying combining and individual fund financial statements, other than those referred to in the first paragraph, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Austin, Texas. Such information, other than those individual fund supporting financial statements referred to in the first paragraph, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

KPMG LLP

Martinez, Mendoza & Garcia, LLP

Austin, Texas
February 18, 2000

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
September 30, 1999
With comparative totals for September 30, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Current assets:				
Cash	$ 85,523	5,300	--	--
Pooled investments and cash	37,561,650	48,462,665	--	115,535,763
Investments, at fair value	--	759,132	7,790,649	--
Working capital advances	--	--	--	--
Cash and investments held by trustee	--	--	--	--
Receivables, net of allowances:				
Property taxes	4,300,904	--	3,118,879	--
Accounts and other receivables	24,526,901	7,298,542	--	1,109,877
Receivables from other governments	--	14,990,409	--	--
Due from other funds	--	14,473,235	--	8,950,171
Inventories, at cost	1,113,719	--	--	--
Real property held for resale	--	1,318,700	--	--
Other assets	78,529	771,337	--	1,050,165
Total current assets	67,667,226	88,079,320	10,909,528	126,645,976
Restricted assets:				
Revenue bond current debt service account	--	--	--	--
Revenue bond future debt service account	--	--	--	--
Revenue bond retirement reserve account	--	--	--	--
Tax and revenue bond debt service account	--	--	--	--
Construction account	--	--	--	--
Construction account due from other funds	--	--	--	--
Construction account advances to other funds	--	--	--	--
Decommissioning account	--	--	--	--
Capital improvement account	--	--	--	--
Operating reserve account	--	--	--	--
Hotel occupancy tax account	--	--	--	--
Renewal and replacement account	--	--	--	--
Investments and cash held by trustee	--	--	--	--
Nuclear fuel inventory acquisition account	--	--	--	--
Mueller disposition account	--	--	--	--
Customer and escrow deposits	--	--	--	--
Other restricted accounts	--	--	--	--
Total restricted assets	--	--	--	--
Fixed assets, at cost:				
Property, plant and equipment	--	--	--	--
Less accumulated depreciation	--	--	--	--
Net property, plant and equipment	--	--	--	--
Investment in municipal utility districts	--	--	--	--
Advances to other funds	--	--	--	--
Other long-term assets	--	--	--	--
Deferred costs and expenses, net of amortization	--	--	--	--
Other debits:				
Amount available in debt service funds	--	--	--	--
Amount to be provided for accrued compensated absences	--	--	--	--
Amount to be provided for retirement of long-term debt	--	--	--	--
Total assets	$ 67,667,226	88,079,320	10,909,528	126,645,976

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1999	1998
40,600	22,475	--	--	--	153,898	152,927
132,213,100	47,005,798	8,241,401	--	--	389,020,377	340,078,393
--	--	--	--	--	8,549,781	9,947,650
3,081,418	--	--	--	--	3,081,418	3,867,194
--	268,564	--	--	--	268,564	234,786
--	--	--	--	--	7,419,783	6,818,518
119,242,619	581,812	--	--	--	152,759,751	134,424,569
--	--	5,627	--	--	14,996,036	15,975,886
45,988	--	--	--	--	23,469,394	21,892,359
49,953,529	1,819,348	--	--	--	52,886,596	45,468,311
--	--	--	--	--	1,318,700	1,065,241
11,614,720	1,711	--	--	--	13,516,462	19,182,673
316,191,974	49,699,708	8,247,028	--	--	667,440,760	599,108,507
115,018,400	--	--	--	--	115,018,400	104,832,101
205,440,280	--	--	--	--	205,440,280	156,547,474
167,412,168	--	--	--	--	167,412,168	175,635,855
--	--	--	--	--	--	100,265
390,321,664	3,602,295	--	--	--	393,923,959	346,799,195
384,424	--	--	--	--	384,424	384,424
653,146	--	--	--	--	653,146	1,037,571
53,655,752	--	--	--	--	53,655,752	49,332,878
14,950,917	--	--	--	--	14,950,917	17,706,677
17,509,286	--	--	--	--	17,509,286	12,255,351
1,989,916	--	--	--	--	1,989,916	1,466,403
11,197,233	--	--	--	--	11,197,233	5,842,437
24,657,907	--	--	--	--	24,657,907	24,745,878
31,366,762	--	--	--	--	31,366,762	31,424,932
22,507	--	--	--	--	22,507	608,543
15,879,334	--	--	--	--	15,879,334	14,426,120
11,079,341	--	--	--	--	11,079,341	2,360,770
1,061,539,037	3,602,295	--	--	--	1,065,141,332	945,506,874
5,672,689,526	57,440,876	--	599,381,342	--	6,329,511,744	5,868,006,024
(1,650,864,797)	(23,311,692)	--	--	--	(1,674,176,489)	(1,527,312,375)
4,021,824,729	34,129,184	--	599,381,342	--	4,655,335,255	4,340,693,649
2,431,398	--	--	--	--	2,431,398	2,746,428
--	--	--	--	--	--	19,101
1,450,616	--	--	--	--	1,450,616	532,854
632,572,463	31,619	--	--	--	632,604,082	586,455,800
--	--	--	--	7,869,714	7,869,714	7,269,980
--	--	--	--	43,555,353	43,555,353	42,658,185
--	--	--	--	519,978,303	519,978,303	500,027,010
6,036,010,217	87,462,806	8,247,028	599,381,342	571,403,370	7,595,806,813	7,025,018,388

(continued)

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
September 30, 1999
With comparative totals for September 30, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Current liabilities:				
Accounts payable	$ 4,552,024	4,716,021	--	8,564,220
Accrued payroll	12,312,527	898,645	--	--
Accrued compensated absences	2,083,912	186,944	--	--
Claims payable	--	--	--	--
Construction contracts payable	--	--	--	--
Contract revenue bonds payable	--	--	--	--
Due to other governments	--	--	--	--
Due to other funds	--	14,473,235	--	8,877,286
Interest payable on other debt	--	--	--	--
General obligation bonds payable and other tax supported debt	--	--	--	--
Water improvement district bonds payable	--	--	--	--
Capital lease obligations payable	--	--	--	--
Other liabilities	6,324,991	39,742,315	3,039,814	2,426,946
Total current liabilities	25,273,454	60,017,160	3,039,814	19,868,452
Liabilities payable from restricted assets:				
Accounts and retainage payable	--	--	--	--
Due to other funds	--	--	--	--
Accrued interest payable	--	--	--	--
General obligation bonds and other tax supported debt payable	--	--	--	--
Revenue bonds payable within one year	--	--	--	--
Decommissioning expense payable	--	--	--	--
Nuclear fuel expense payable	--	--	--	--
Other liabilities	--	--	--	--
Total liabilities payable from restricted assets	--	--	--	--
Long-term obligations, net of current portion:				
Accrued compensated absences	--	--	--	--
Claims payable	--	--	--	--
Construction contracts payable	--	--	--	--
Contract revenue bonds payable, net of discount	--	--	--	--
Advances from other funds	--	--	--	--
Loans payable	--	--	--	--
Capital appreciation bond interest payable	--	--	--	--
Commercial paper notes payable	--	--	--	--
Revenue notes payable	--	--	--	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	--	--
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	--
Water improvement district bonds payable	--	--	--	--
Capital lease obligations payable	--	--	--	--
Decommissioning assessment payable	--	--	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred revenue and other credits	--	--	--	--
Total liabilities	$ 25,273,454	60,017,160	3,039,814	19,868,452

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1999	1998
41,519,489	5,155,609	72,741	--	--	64,580,104	42,763,163
9,025,047	3,462,917	--	--	--	25,699,136	21,653,298
11,878,802	4,590,566	--	--	--	18,740,224	18,476,341
--	10,979,227	--	--	--	10,979,227	13,071,737
109,776	--	--	--	--	109,776	204,041
6,245,000	--	--	--	--	6,245,000	5,695,000
493,009	--	1,459,792	--	--	1,952,801	2,553,434
30,825	399,587	72,885	--	--	23,853,818	21,090,651
4,120,244	116,905	--	--	--	4,237,149	5,692,090
2,664,569	1,521,534	--	--	--	4,186,103	4,204,430
307,000	--	--	--	--	307,000	332,000
1,965,001	--	--	--	--	1,965,001	1,848,919
10,102,907	491,165	2,910,886	--	--	65,039,024	55,758,004
88,461,669	26,717,510	4,516,304	--	--	227,894,363	193,343,108
38,345,426	--	--	--	--	38,345,426	39,469,941
--	--	--	--	--	--	1,186,132
67,868,043	--	--	--	--	67,868,043	59,296,239
3,576,237	--	--	--	--	3,576,237	4,194,973
99,460,312	--	--	--	--	99,460,312	101,808,872
53,655,752	--	--	--	--	53,655,752	48,827,308
31,366,762	--	--	--	--	31,366,762	31,424,932
24,364,975	--	--	--	--	24,364,975	23,032,303
318,637,507	--	--	--	--	318,637,507	309,240,700
6,130,910	1,745,806	--	--	43,555,353	51,432,069	50,298,296
--	8,693,100	--	--	--	8,693,100	6,629,290
2,018,023	--	--	--	--	2,018,023	2,018,023
95,149,775	--	--	--	--	95,149,775	101,359,940
30,825	622,321	--	--	--	653,146	1,056,672
--	--	--	--	10,219,164	10,219,164	--
109,775,116	--	--	--	--	109,775,116	98,328,153
333,147,181	--	--	--	--	333,147,181	294,412,023
28,000,000	--	--	--	--	28,000,000	28,000,000
66,269,779	7,175,497	--	--	517,628,853	591,074,129	570,342,464
2,856,361,074	--	--	--	--	2,856,361,074	2,707,378,996
789,000	--	--	--	--	789,000	1,076,000
19,634,999	--	--	--	--	19,634,999	21,599,999
2,255,362	--	--	--	--	2,255,362	2,791,495
6,467,381	--	--	--	--	6,467,381	6,224,517
5,874,230	--	--	--	--	5,874,230	6,833,287
3,939,002,831	44,954,234	4,516,304	--	571,403,370	4,668,075,619	4,400,932,963

(continued)

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
September 30, 1999
With comparative totals for September 30, 1998

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Continued				
Equity and other credits:				
Contributions from municipality	$ --	--	--	--
Contributions from State and Federal governments	--	--	--	--
Contributions in aid of construction	--	--	--	--
Contributions from the private sector	--	--	--	--
Investment in general fixed assets	--	--	--	--
Retained earnings:				
Reserved for renewal and replacement	--	--	--	--
Reserved for passenger facility charge	--	--	--	--
Unreserved	--	--	--	--
Fund balances:				
Reserved for encumbrances	7,172,887	4,945,721	--	24,370,546
Reserved for inventories and prepaid items	1,192,248	--	--	--
Reserved for notes receivable	--	4,251,828	--	--
Reserved for real property held for resale	--	1,318,700	--	--
Reserved for nonexpendable trust	--	--	--	--
Unreserved:				
Designated for emergency reserve	16,427,669	--	--	--
Designated for contingency reserve	823,127	--	--	--
Designated for future use	--	17,913,537	--	--
Designated for debt service	--	--	7,869,714	--
Designated for purposes of trust	--	--	--	--
Undesignated	16,777,841	(367,626)	--	82,406,978
Total equity and other credits	42,393,772	28,062,160	7,869,714	106,777,524
Total liabilities, equity and other credits	$ 67,667,226	88,079,320	10,909,528	126,645,976

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1999	1998
55,850,644	39,703,676	--	--	--	95,554,320	85,065,559
161,926,221	--	--	--	--	161,926,221	142,919,642
386,775,077	--	--	--	--	386,775,077	352,178,607
4,175,344	--	--	--	--	4,175,344	4,175,344
--	--	--	599,381,342	--	599,381,342	544,122,002
10,808,822	--	--	--	--	10,808,822	5,842,437
7,734,879	--	--	--	--	7,734,879	116,638
1,469,736,399	2,804,896	--	--	--	1,472,541,295	1,295,220,571
--	--	--	--	--	36,489,154	45,689,146
--	--	--	--	--	1,192,248	1,180,762
--	--	--	--	--	4,251,828	3,421,204
--	--	--	--	--	1,318,700	1,065,241
--	--	76,374	--	--	76,374	76,374
--	--	--	--	--	16,427,669	14,838,623
--	--	--	--	--	823,127	164,110
--	--	--	--	--	17,913,537	17,445,371
--	--	--	--	--	7,869,714	7,269,980
--	--	3,654,350	--	--	3,654,350	3,518,868
--	--	--	--	--	98,817,193	99,774,946
2,097,007,386	42,508,572	3,730,724	599,381,342	--	2,927,731,194	2,624,085,425
6,036,010,217	87,462,806	8,247,028	599,381,342	571,403,370	7,595,806,813	7,025,018,388

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Taxes	$ 215,885,594	27,681,233	61,110,663
Franchise fees	19,671,043	--	--
Fines, forfeitures and penalties	16,205,548	2,913,042	--
Licenses, permits and inspections	17,252,024	--	--
Charges for services/goods	11,533,686	27,246,653	--
Intergovernmental revenues	--	47,046,315	--
Property owners' participation and contributions	--	--	--
Contributions to trusts	--	--	--
Interest and other	6,361,863	4,867,939	2,650,911
Total revenues	286,909,758	109,755,182	63,761,574
EXPENDITURES			
Current, including capital outlay in the General Fund of $4,690,224			
Administration	7,849,862	48,172,947	--
Urban growth management	9,129,217	--	--
Public safety	173,962,836	--	--
Public services and utilities	11,098,958	--	--
Public health	40,677,762	--	--
Public recreation and culture	40,929,063	--	--
Social services management	8,627,050	--	--
Nondepartmental expenditures	49,142,610	--	--
Special projects	--	50,487,877	--
Capital outlay for construction	--	--	--
Debt service:			
Principal retirement	--	--	24,035,716
Interest, commissions and other	--	--	42,250,601
Total expenditures	341,417,358	98,660,824	66,286,317
Excess (deficiency) of revenues over expenditures	(54,507,600)	11,094,358	(2,524,743)
OTHER FINANCING SOURCES (USES)			
Proceeds of refunding bonds	--	--	--
Payment to escrow agent	--	--	--
Proceeds from issuance of general obligation bonds and other tax supported debt	--	--	--
Operating transfers in	74,204,480	19,904,286	3,124,477
Operating transfers out	(26,592,055)	(29,585,870)	--
Total other financing sources (uses)	47,612,425	(9,681,584)	3,124,477
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,895,175)	1,412,774	599,734
Fund balances at beginning of year	49,288,947	25,702,818	7,269,980
Residual equity transfer in	--	946,568	--
Fund balances at end of year	$ 42,393,772	28,062,160	7,869,714

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

	Fiduciary Fund Type	Totals (Memorandum Only)	
Capital Projects	**Expendable Trust**	**1999**	**1998**
--	--	304,677,490	268,180,688
--	--	19,671,043	16,861,639
--	--	19,118,590	17,102,535
--	--	17,252,024	15,540,712
--	--	38,780,339	47,675,239
7,381,511	--	54,427,826	57,631,450
2,162,768	--	2,162,768	963,557
--	181,787	181,787	364,574
8,001,456	140,206	22,022,375	30,608,920
17,545,735	321,993	478,294,242	454,929,314
--	--	56,022,809	53,070,744
--	--	9,129,217	8,380,122
--	19,900	173,982,736	162,769,492
--	14,110	11,113,068	10,178,503
--	5,203	40,682,965	37,075,226
--	147,298	41,076,361	36,151,770
--	--	8,627,050	8,204,845
--	--	49,142,610	41,130,459
--	--	50,487,877	48,909,943
79,970,838	--	79,970,838	54,683,419
--	--	24,035,716	22,570,196
--	--	42,250,601	40,751,170
79,970,838	186,511	586,521,848	523,875,889
(62,425,103)	135,482	(108,227,606)	(68,946,575)
--	--	--	103,705,974
--	--	--	(103,705,974)
39,245,000	--	39,245,000	35,229,000
32,807,262	--	130,040,505	117,048,438
(11,437,273)	--	(67,615,198)	(54,710,285)
60,614,989	--	101,670,307	97,567,153
(1,810,114)	135,482	(6,557,299)	28,620,578
108,587,638	3,518,868	194,368,251	165,747,673
--	--	946,568	--
106,777,524	3,654,350	188,757,520	194,368,251

GENERAL FUND, SPECIAL REVENUE FUNDS AND DEBT SERVICE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1999

	General Fund			Annually Budgeted Special Revenue Funds		
	Actual-Budget Basis	Budget	Variance -- Favorable (Unfavorable)	Actual-Budget Basis	Budget	Variance -- Favorable (Unfavorable)
REVENUES						
Taxes	$ 215,885,594	212,489,763	3,395,831	--	--	--
Franchise fees	19,671,043	16,314,191	3,356,852	--	--	--
Fines, forfeitures and penalties	16,205,548	13,333,296	2,872,252	--	--	--
Licenses, permits and inspections	17,252,024	14,026,012	3,226,012	--	--	--
Charges for services/goods	11,533,686	12,984,913	(1,451,227)	--	--	--
Interest and other	6,361,863	6,957,810	(595,947)	54,341,816	54,547,803	(205,987)
Total revenues	286,909,758	276,105,985	10,803,773	54,341,816	54,547,803	(205,987)
EXPENDITURES						
Administration	7,863,049	7,819,132	(43,917)	45,673,027	48,413,556	2,740,529
Urban growth management	8,972,646	9,190,265	217,619	--	--	--
Public safety	172,250,810	173,263,457	1,012,647	--	--	--
Public services and utilities	10,895,628	11,106,298	210,670	--	--	--
Public health	40,795,856	41,880,650	1,084,794	--	--	--
Public recreation and culture	40,275,130	40,275,625	495	--	--	--
Social services management	9,084,438	9,087,548	3,110	--	--	--
Nondepartmental expenditures	7,266,565	7,071,708	(194,857)	--	--	--
Principal redemption	--	--	--	--	--	--
Interest and other	--	--	--	--	--	--
Fees and commissions	--	--	--	--	--	--
Total expenditures	297,404,122	299,694,683	2,290,561	45,673,027	48,413,556	2,740,529
Excess (deficiency) of revenues over expenditures	(10,494,364)	(23,588,698)	13,094,334	8,668,789	6,134,247	2,534,542
OTHER FINANCING SOURCES (USES)						
Operating transfers in	74,204,480	74,704,479	(499,999)	19,089,286	19,434,039	(344,753)
Operating transfers out	(70,378,262)	(70,977,287)	599,025	(29,653,005)	(29,362,199)	(290,806)
Total other financing sources (uses)	3,826,218	3,727,192	99,026	(10,563,719)	(9,928,160)	(635,559)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,668,146)	(19,861,506)	13,193,360	(1,894,930)	(3,793,913)	1,898,983
Fund balances at beginning of year	47,260,969	25,046,853	22,214,116	10,227,519	10,227,519	--
Residual equity transfers in	--	--	--	946,568	--	946,568
Fund balances at end of year	$ 40,592,823	5,185,347	35,407,476	9,279,157	6,433,606	2,845,551

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

Debt Service Fund			Totals (Memorandum Only)		
Actual-Budget Basis	**Budget**	**Variance -- Favorable (Unfavorable)**	**Actual-Budget Basis**	**Budget**	**Variance -- Favorable (Unfavorable)**
61,110,663	60,891,419	219,244	276,996,257	273,381,182	3,615,075
--	--	--	19,671,043	16,314,191	3,356,852
--	--	--	16,205,548	13,333,296	2,872,252
--	--	--	17,252,024	14,026,012	3,226,012
--	--	--	11,533,686	12,984,913	(1,451,227)
2,650,911	3,139,994	(489,083)	63,354,590	64,645,607	(1,291,017)
63,761,574	64,031,413	(269,839)	405,013,148	394,685,201	10,327,947
--	--	--	53,536,076	56,232,688	2,696,612
--	--	--	8,972,646	9,190,265	217,619
--	--	--	172,250,810	173,263,457	1,012,647
--	--	--	10,895,628	11,106,298	210,670
--	--	--	40,795,856	41,880,650	1,084,794
--	--	--	40,275,130	40,275,625	495
--	--	--	9,084,438	9,087,548	3,110
--	--	--	7,266,565	7,071,708	(194,857)
30,744,613	30,802,819	58,206	30,744,613	30,802,819	58,206
45,052,931	46,411,761	1,358,830	45,052,931	46,411,761	1,358,830
9,564	10,000	436	9,564	10,000	436
75,807,108	77,224,580	1,417,472	418,884,257	425,332,819	6,448,562
(12,045,534)	(13,193,167)	1,147,633	(13,871,109)	(30,647,618)	16,776,509
12,645,268	13,244,437	(599,169)	105,939,034	107,382,955	(1,443,921)
--	--	--	(100,031,267)	(100,339,486)	308,219
12,645,268	13,244,437	(599,169)	5,907,767	7,043,469	(1,135,702)
599,734	51,270	548,464	(7,963,342)	(23,604,149)	15,640,807
7,269,980	7,532,542	(262,562)	64,758,468	42,806,914	21,951,554
--	--	--	946,568	--	946,568
7,869,714	7,583,812	285,902	57,741,694	19,202,765	38,538,929

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

	Proprietary Fund Types	
	Enterprise	Internal Service
REVENUES		
Electric services	$ 682,087,588	--
Water and wastewater services	214,042,787	--
User fees and rentals	150,555,862	--
Billings to departments	--	132,745,737
Employee contributions	--	15,426,960
Operating revenues from other governments	15,837,556	--
Other operating revenues	--	3,207,926
Operating revenues	1,062,523,793	151,380,623
EXPENSES		
Electric operations	342,914,020	--
Water and wastewater operations	87,011,629	--
Other enterprise operations	110,775,915	--
Internal service operations	--	145,410,566
Depreciation	151,399,557	2,027,606
Total operating expenses	692,101,121	147,438,172
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	370,422,672	3,942,451
NONOPERATING REVENUES (EXPENSES)		
Interest and other revenues	44,448,200	522,956
Interest on revenue bonds and other debt	(211,260,728)	(441,622)
Interest capitalized during construction	18,601,484	--
Amortization of bond issue costs	(1,337,185)	(3,520)
Other nonoperating expense	(11,259,504)	(233,980)
Total nonoperating revenues (expenses)	(160,807,733)	(156,166)
Costs to be recovered in future years	39,701,954	--
Income (loss) before operating transfers	249,316,893	3,786,285
Operating transfers:		
Operating transfers in	18,872,385	--
Operating transfers out	(81,232,692)	(65,000)
Net income (loss)	186,956,586	3,721,285
Add depreciation transferred to contributions	2,904,185	--
Net increase in retained earnings/fund balances	189,860,771	3,721,285
Retained earnings/fund balances at beginning of year	1,302,096,035	(916,389)
Residual equity transfers out	(3,676,706)	--
Retained earnings/fund balances at end of year	$ 1,488,280,100	2,804,896

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

Fiduciary Fund Type Nonexpendable Trust	Totals (Memorandum Only) 1999	1998
--	682,087,588	668,371,051
--	214,042,787	201,791,794
--	150,555,862	126,190,892
--	132,745,737	135,107,376
--	15,426,960	13,864,121
--	15,837,556	9,075,130
--	3,207,926	2,909,283
--	1,213,904,416	1,157,309,647
--	342,914,020	332,985,598
--	87,011,629	80,952,915
--	110,775,915	92,853,875
--	145,410,566	141,200,585
--	153,427,163	149,232,315
--	839,539,293	797,225,288
--	374,365,123	360,084,359
--	44,971,156	86,769,567
--	(211,702,350)	(225,081,178)
--	18,601,484	10,976,299
--	(1,340,705)	(1,089,046)
--	(11,493,484)	(13,883,127)
--	(160,963,899)	(142,307,485)
--	39,701,954	18,774,460
--	253,103,178	236,551,334
--	18,872,385	18,268,624
--	(81,297,692)	(80,606,777)
--	190,677,871	174,213,181
--	2,904,185	6,989,092
--	193,582,056	181,202,273
76,374	1,301,256,020	1,120,053,747
--	(3,676,706)	--
76,374	1,491,161,370	1,301,256,020

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
COMBINED STATEMENT OF CASH FLOWS
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Internal Service	Nonexpendable Trust (1)	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 1,038,451,695	150,725,782	--	1,189,177,477	1,131,128,777
Cash payments to suppliers for goods and services	(325,783,269)	(47,822,994)	--	(373,606,263)	(418,558,797)
Cash payments to employees for services	(165,567,960)	(64,942,304)	--	(230,510,264)	(203,896,171)
Cash payments to claimants/beneficiaries	--	(29,952,116)	--	(29,952,116)	(26,205,411)
Cash received from other governments	15,065,464	--	--	15,065,464	7,108,832
Taxes collected and remitted to other governments	(15,493,225)	--	--	(15,493,225)	(14,482,333)
Net cash provided by operating activities	546,672,705	8,008,368	--	554,681,073	475,094,897
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	18,872,385	--	--	18,872,385	18,268,624
Operating transfers out	(81,232,692)	(65,000)	--	(81,297,692)	(80,606,777)
Residual equity transfers out	(3,676,706)	--	--	(3,676,706)	--
Interest paid on revenue notes and other debt	(214,826)	--	--	(214,826)	(150,611)
Decrease in deferred assets	1,471,681	--	--	1,471,681	316,085
Contributions from private sector	--	--	--	--	400,000
Loans to other funds	--	--	--	--	(452,832)
Loans from other funds	--	--	--	--	444,049
Loan repayments (to) from other funds	57,580	--	--	57,580	45,939
Contributions from municipality	--	--	--	--	165,939
Net cash provided (used) by noncapital financing activities	(64,722,578)	(65,000)	--	(64,787,578)	(61,569,584)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term debt issues	298,253,871	3,055,000	--	301,308,871	103,660,000
Principal paid on long-term debt	(117,233,111)	(1,462,271)	--	(118,695,382)	(110,167,650)
Proceeds from the sale of fixed assets	118,266	--	--	118,266	646,685
Purchased interest received	1,239,217	--	--	1,239,217	9,491
Interest paid on revenue bonds and other debt	(185,117,739)	(437,584)	--	(185,555,323)	(190,949,304)
Acquisition and construction of capital assets	(374,705,375)	(9,226,069)	--	(383,931,444)	(325,812,054)
Contributions from municipality	722	7,200,000	--	7,200,722	7,246,983
Contributions from State and Federal governments	22,621,652	--	--	22,621,652	23,532,213
Contributions in aid of construction	31,433,414	--	--	31,433,414	29,308,543
Bond discounts, premiums, and issuance costs	1,066,057	(9,583)	--	1,056,474	8,126,919
Bonds issued for advanced refundings of debt	251,759,512	--	--	251,759,512	309,351,591
Cash paid for bond refundings/defeasances	(277,375,826)	--	--	(277,375,826)	(340,312,964)
Proceeds from municipal utility district reserves	--	--	--	--	18,205,377
Cash paid for nuclear fuel inventory	(11,218,838)	--	--	(11,218,838)	(4,937,020)
Net cash used by capital and related financing activities	$ (359,158,178)	(880,507)	--	(360,038,685)	(472,091,190)

(continued)

(1) Nonexpendable trust fund cash and cash equivalents of $76,374 are reported on the balance sheet with all trust and agency funds' pooled investments and cash of $7,381,704 at October 1, 1998 and $8,241,401 at September 30, 1999.

(2) Cash and cash equivalents includes $278,113,315 and $632,122 in enterprise and internal service funds' restricted accounts, respectively at October 1, 1998 and $449,418,667 and $3,602,295 in enterprise and internal service funds' restricted accounts, respectively at September 30, 1999.

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Internal Service	Nonexpendable Trust (1)	1999	1998
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	$ (1,045,826,116)	--	--	(1,045,826,116)	(1,487,708,756)
Proceeds from sale and maturities of investment securities	1,076,492,695	--	--	1,076,492,695	1,515,008,283
Interest on investments	57,480,393	443,862	--	57,924,255	58,355,766
Reverse repurchase agreement income	3,887,698	79,094	--	3,966,792	13,720,642
Reverse repurchase agreement expense	(3,584,034)	(73,973)	--	(3,658,007)	(13,346,681)
Net cash provided by investing activities	88,450,636	448,983	--	88,899,619	86,029,254
Net increase in cash and cash equivalents	211,242,585	7,511,844	--	218,754,429	27,463,377
Cash and cash equivalents, October 1, 1998 (2)	370,429,782	43,387,288	76,374	413,893,444	386,430,067
Cash and cash equivalents, September 30, 1999 (2)	581,672,367	50,899,132	76,374	632,647,873	413,893,444
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	370,422,672	3,942,451	--	374,365,123	360,084,359
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	151,399,557	2,027,606	--	153,427,163	149,232,315
Allowance for uncollectible accounts	(1,029,597)	--	--	(1,029,597)	(4,525,367)
Amortization	11,633,240	--	--	11,633,240	12,788,895
Change in assets and liabilities:					
Decrease in working capital advances	785,776	--	--	785,776	75,065
Increase in accounts receivable	(14,151,045)	(269,799)	--	(14,420,844)	(13,602,036)
Decrease in receivable from other governments	30,234	--	--	30,234	39,661
Decrease in due from other funds	59,437	98,940	--	158,377	98,987
Increase in inventory	(7,361,866)	(92,417)	--	(7,454,283)	(6,889,284)
Decrease in prepaid expenses and deferred costs	1,717,497	48,797	--	1,766,294	3,753,894
Decrease in other regulatory assets	295,342	--	--	295,342	317,067
Increase (decrease) in accounts payable	18,520,027	2,299,123	--	20,819,150	(21,277,179)
Increase in accrued payroll and compensated absences	2,201,922	860,978	--	3,062,900	1,534,803
Decrease in deferred revenue	(902,202)	(483,982)	--	(1,386,184)	(3,474,652)
Decrease in decommissioning assessment payable	(524,104)	--	--	(524,104)	--
(Increase) decrease in unrecovered fuel revenue	2,594,276	--	--	2,594,276	(6,289,042)
Increase (decrease) in accrued landfill closure costs	242,864	--	--	242,864	(2,415,863)
Decrease in claims payable	--	(28,700)	--	(28,700)	(3,845,109)
Decrease in due to other governments	(590,012)	--	--	(590,012)	(1,029,031)
Decrease in due to other funds	--	(89,133)	--	(89,133)	(389,155)
Decrease in advance from other funds	--	(347,369)	--	(347,369)	(273,037)
Increase in other liabilities	11,284,365	41,873	--	11,326,238	11,968,752
Increase (decrease) in customer deposits	44,322	--	--	44,322	(789,146)
Total adjustments	176,250,033	4,065,917	--	180,315,950	115,010,538
Net cash provided by operating activities	$ 546,672,705	8,008,368	--	554,681,073	475,094,897

(continued)

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Internal Service	Nonexpendable Trust (1)	1999	1998
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Increase in deferred assets/expenses	$ 32,837,454	4,804	--	32,842,258	28,120,041
Unamortized bond discounts, premiums, and issue costs on advance refundings	(5,140,112)	--	--	(5,140,112)	(2,746,775)
(Increase) decrease in capital appreciation bond interest payable	(11,456,168)	--	--	(11,456,168)	20,811,869
Fixed assets contributed from other funds	--	426,708	--	426,708	1,723,396
Increase in contributed facilities	23,644,591	--	--	23,644,591	24,522,078
Net increase (decrease) on fair value of investment	(12,858,194)	--	--	(12,858,194)	8,637,970
Amortization of bond discounts, premiums, and issue costs	(3,714,723)	(149)	--	(3,714,872)	(6,327,221)
Amortization of deferred loss on refundings	(606,823)	(3,370)	--	(610,193)	(600,160)
Loss on disposal of assets	(9,999,114)	(160,008)	--	(10,159,122)	(536,446)
Costs to be recovered in future years	39,701,954	--	--	39,701,954	18,774,460
Loss on extinguishment of debt	(17,278,873)	--	--	(17,278,873)	(17,275,264)
Due to other funds for fixed assets	(5,312)	--	--	(5,312)	(92,477)
Contributions from other funds	$ 1,450,616	--	--	1,450,616	6,145,267

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

1 -- REPORTING ENTITY

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, with a City Council composed of a Mayor and six Councilmembers, all of whom are elected at large for three-year staggered terms.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City.

The City's major activities or functions include police and fire protection, emergency medical services, parks and libraries, public health and social services, planning and zoning, and general administrative services. In addition, the City owns and operates certain major enterprise activities, including an electric utility system, water and wastewater utility system, airport, convention center, and other enterprise activities. These activities are included in the accompanying financial statements.

Blended Component Units

The Austin Housing Finance Corporation (AHFC) and Austin Industrial Development Corporation (AIDC) are legally separate entities from the City. AHFC and AIDC serve all the citizens of Austin and are governed by a board composed of the City Councilmembers. The activities are reported in the Housing Assistance Fund and Austin Industrial Development Corporation Fund, special revenue funds.

Related Organizations

The City Council appoints certain members of the board of the Capital Metropolitan Transit Authority, but the City's accountability for this organization does not extend beyond making the appointments. In addition, City Councilmembers appoint themselves as members of the board of the ABIA (Austin-Bergstrom International Airport) Development Corporation; their function on this board is ministerial rather than substantive. The City has no financial accountability for these two entities.

The City retirement plans (described in Note 9) and the City of Austin Deferred Compensation Plan for City employees are not included in the City's reporting entity.

2 -- SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) in its publication GASB Statement 1 entitled *Authoritative Status of NCGA Pronouncements and AICPA Industry Auditing Guide*, and all subsequent GASB statements, interpretations, concept statements, and technical bulletins; the National Council on Governmental Accounting (NCGA) in the publication entitled *Governmental Accounting, Auditing, and Financial Reporting*, including NCGA Statements 1 through 7 and interpretations thereof; and by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*. The following represent the more significant accounting and reporting policies and practices used by the City.

Audit

The Charter of the City of Austin requires an annual audit by an independent certified public accountant.

Basis of Presentation

The accounts of the City are organized and operated on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances or retained earnings, revenues, and expenditures or expenses. The various funds are grouped by category and type in the financial statements. The City maintains the following fund types within three broad fund categories and the account groups:

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those, if any, which should be accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of financial position and changes in financial position rather than on determination of net income. The following governmental fund types are maintained by the City:

General Fund -- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law, ordinance, or contractual agreement to other funds are accounted for in this fund.

Special Revenue Funds -- Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. There are four major groups of funds within the special revenue funds, in addition to the Housing Assistance Fund. Of these groups, three account for the activities related to grant programs and one accounts for activities for which expenditures are legally restricted. The groups are: Federal grant funds (both direct and indirect funds), State grant funds, other special revenue grant funds, and other special revenue funds.

Debt Service Funds -- The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, related costs and certain loans. The two debt service funds are as follows:

General Obligation Debt Service Fund
HUD Section 108 Loan

Capital Project Funds -- Capital project funds are used to account for financial resources for the acquisition or construction of major capital facilities (other than those reported within proprietary funds and trust funds). Capital projects are funded primarily by general obligation debt, other tax supported debt, interest income, and other intergovernmental revenues.

In 1981, the City Council passed an ordinance that requires the establishment of a separate fund for each bond proposition approved in each bond election. These separate funds are grouped by year and by bond election date. There are eight major groups of funds within the capital projects funds that account for the activities related to various capital improvement projects as follows:

Prior to 1984:	funds authorized prior to 1981;
	funds authorized August 29, 1981, for street and drainage, fire stations, traffic signals and emergency medical service projects;
	funds authorized September 11, 1982, for various purposes;
	funds authorized October 22, 1983, for Jollyville Road Improvements;
1984:	funds authorized September 8, 1984, for various purposes;
1985:	funds authorized January 19, 1985, for cultural arts;
	funds authorized July 26, 1985, for parks and recreation;
	funds authorized September 26, 1985, for art in public places;
	funds authorized December 14, 1985, for various purposes;
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; and
Other:	other funds established for various purposes.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is on capital maintenance and on determination of net income, financial position, and changes in financial position.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Enterprise Funds -- Enterprise funds are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City's enterprise funds are the following:

Fund	Accounts For
Electric System	Activities of the City-owned electric utility
Water and Wastewater System	Activities of the City-owned water and wastewater utility
Hospital	Activities related to the lease of City-owned Brackenridge Hospital
Solid Waste Services	Solid waste collection and disposal activities
Airport	Operations of the Robert Mueller Municipal Airport and construction and operations of the Austin-Bergstrom International Airport
Convention Center	Operations of the Convention Center, Palmer Auditorium, and the City Coliseum
Drainage	Drainage management activities
Transportation	Street maintenance activities
Performance Contracting	Energy conservation products and service activities; fund closed to Electric fund in 1999
Golf	Public golf courses
Parks and Recreation	City-sponsored softball and recreation programs

Internal Service Funds -- Internal service funds are used to account for the financing of goods or services provided by one department or agency to other City departments or agencies or to other governmental units on a cost-reimbursement basis. The City maintains eight internal service funds as follows:

Fund	Accounts For
Fleet Maintenance Fund	Maintenance costs of City-owned vehicles and related revenues
Support Services Fund	Activities of the City's support service departments
Employee Benefits Fund	Activities related to the health, dental, and life insurance costs of City employees
Liability Reserve Fund	Coverage of the City's major claims liabilities
Workers' Compensation Fund	Workers' compensation costs
Radio Communication Fund	Radio communication services for City departments and area agencies
Infrastructure Support Services Fund	Activities for support services for the following four departments: Development, Review and Inspection Services; Planning, Environmental and Conservation Services; Public Works and Transportation; and Drainage Utility
Capital Projects Management Fund	Activities for management of the City's capital improvement projects

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Fiduciary funds include expendable and nonexpendable trust funds and agency funds.

Expendable Trust Funds -- Expendable trust funds are accounted for in essentially the same manner as governmental funds. The measurement focus is on determination of changes in financial position rather than on net income.

Nonexpendable Trust Funds -- These funds are accounted for in the same manner as proprietary funds, with the measurement focus on determination of net income and capital maintenance.

Agency Funds -- Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term liabilities. The following are the account groups maintained by the City:

General Fixed Assets Account Group **--** This account group accounts for all fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group **--** This account group accounts for and provides control over all long-term liabilities other than those accounted for in the proprietary funds, including unmatured general obligation bonds.

Basis of Accounting

Basis of accounting refers to the time at which revenues and expenditures (governmental funds) or expenses (proprietary funds) are recognized in the accounts and reported in the financial statements.

Governmental funds, expendable trust funds, and agency funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, certain revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt, which is recognized when due. This exception is in conformity with generally accepted governmental accounting principles. Agency funds use the modified accrual basis of accounting to recognize assets and liabilities.

Property tax revenues are recognized when they become available in accordance with GASB Interpretation No. 5, *Property Tax Revenue Recognition in Governmental Funds*. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days). Tax collections expected to be received after the 60-day availability period are reported as deferred revenue. Sales taxes are also recognized when they become available in accordance with GASB Statement No. 22, *Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds.*

Mixed drink taxes and certain franchise fees are recorded when susceptible to accrual, i.e., both measurable and available. Money collected for licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) is recorded as revenue when received because it is generally not measurable until then.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual grant programs are used for guidance. For most of the City's grants, money must be expended for the specific purpose or project before any amounts will be paid to the City. For all grants, revenues are recognized based upon the expenditures recorded.

Investment earnings are recorded on the accrual basis in all funds; unrealized gains or losses on investments are also recognized in all funds.

Proprietary funds and nonexpendable trust funds use the accrual basis of accounting, under which revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Revenues in the Electric Fund, Water and Wastewater Fund, Solid Waste Services Fund, Drainage Fund, and Transportation Fund are recognized as they are billed to customers on a cyclical basis. Electric rates include a fixed rate and a fuel recovery cost-adjustment factor that allows recovery of coal, gas, purchased power, and other fuel costs. Unbilled revenues are recorded if actual fuel costs differ from amounts billed to customers, and any over-collections or under-collections are applied to the cost-adjustment factor, which is revised annually.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues for the airport fund are recognized as they are billed to customers. Effective November 1, 1993, the Airport Fund began to charge each enplaned passenger a $3 passenger facility charge, as allowed by the Federal Aviation Administration. Airport Fund 1999 operating revenues included passenger facility charges of $8,851,841. These funds were approved by the FAA for debt service payments for the Austin-Bergstrom International Airport.

Revenues for the Convention Center are recognized as they are billed to customers upon completion of events held at the Convention Center facilities.

Rates

The Texas Public Utility Commission has jurisdiction over electric utility transmission rates. The City Council has jurisdiction over all other electric utility rates and over all water and wastewater utility rates and other services. The Council's determination of water and wastewater utility rates and electric utility rates is based on the cost of operations and a debt service coverage approach.

Budget

In accordance with the City Charter, the City adheres to the following procedures in establishing its operating budgets:

(1) At least thirty days prior to the beginning of the new fiscal year, the City Manager submits a proposed budget to the City Council. The budget represents the financial plan for the new fiscal year and includes proposed expenditures and the means of financing them.

(2) Public hearings are conducted on the budget.

(3) The budget is legally enacted by the City Council no later than the twenty-seventh day of the last month of the old fiscal year, through passage of an appropriation ordinance and tax levying ordinance.

(4) The City Manager has the authority to transfer appropriation balances from one expenditure account to another within a single office, department, or agency of the City. The City Council must approve amendments to the budget and transfers of appropriations from one office, department, or agency to another. The budgetary data presented in these financial statements have been revised for amendments authorized during the year. A reconciliation of original to amended budget for the General Fund is presented in Note 3.

(5) Formal budgetary control through the accounting system is employed as a management control device during the year for the General Fund, certain non-grant special revenue funds, debt service funds and proprietary funds. Management control for the operating budget is maintained at the office, department or agency level. Formal budgetary control through the accounting system is employed as a management control device in the special revenue grant funds and capital projects funds for the life of the related grants or projects.

(6) Annual budgets are legally adopted for the General Fund, certain special revenue funds, debt service funds, certain trust funds, and proprietary funds. Budgets for the grant-related special revenue funds are established pursuant to the terms of the related grant awards. A comparison of budget to actual is presented in the financial statements for all governmental funds that adopt annual budgets. A comparison of budget to actual for other fund types is prepared for budget purposes, but is not legally required and is not presented in the financial statements.

    Capital project fund appropriations are increased on an annual basis through the budgetary process. However, the budgets are not binding on an annual basis. Rather, budgets are long-range and are used for planning purposes. Accordingly, no comparison of budget to actual is presented in the financial statements for such funds.

(7) The City Charter does not permit a deficiency of anticipated revenues over appropriations. If at any time during the fiscal year the City Manager determines that available revenues plus beginning fund balance will be less than total appropriations for the year, he or she shall reconsider the work programs of the departments and agencies and revise them to prevent deficit spending. Expenditures may not legally exceed budgeted activities at the departmental level.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

(8) At the close of each fiscal year, any unencumbered appropriation balances (appropriation less current year expenditures and encumbrances) in the General Fund and certain special revenue funds lapse or revert to the undesignated fund balance. In the proprietary funds, unencumbered appropriations also lapse but do not revert to fund balance for accounting purposes because of the differences in methods of accounting. Unencumbered appropriation balances in the grant-related special revenue funds and capital projects funds do not lapse at year end.

Certain differences exist between the basis of accounting used for budgetary purposes (budget basis) and that used for reporting in accordance with generally accepted accounting principles (GAAP basis). These differences, as well as other information regarding budgetary control, are described in Note 3.

Encumbrances

Encumbrances represent commitments for unperformed (executory) contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded to reserve appropriations, is used in the governmental funds.

Encumbrances outstanding at year end are reported as reservations of fund balance and do not constitute GAAP-basis expenditures or liabilities, since the commitments will be honored during the subsequent year.

For budgetary purposes, unencumbered appropriations lapse at year end. Encumbrances outstanding at year end and the related appropriation are available for expenditure in subsequent years. For governmental funds, encumbrances constitute the equivalent of expenditures for budgetary purposes and accordingly, the accompanying financial statements present comparisons of actual results to the budgets for governmental funds on a budget-basis (see Note 3).

Pooled Investments and Cash

Cash balances of all City funds (except for certain funds shown in Note 6 as having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of U.S. government obligations and U.S. agency obligations, are stated at fair value. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that incur a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

Investments

The City adopted Governmental Accounting Standards Board (GASB) Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (see Note 6) as of October 1, 1997. GASB Statement 31 requires certain investments to be reported at fair value. The fair value is 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 at fair value as of September 30, 1999.

Inventories

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

Fund	Inventory Valuation Method
General Fund	Average cost (predominantly); some first-in, first-out
Electric Fund	
Fuel oil and coal	Last-in, first out
Other inventories	Average cost
All other funds	Average cost

Inventories for all funds use the consumption method and record expenditures when issued. Inventories reported in the General Fund are offset by a fund balance reserve, which indicates they do not represent "available spendable resources."

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Property, Plant and Equipment -- Proprietary Funds

Property, plant and equipment owned by the proprietary funds are stated at historical cost. Maintenance and repairs are charged to operations as incurred, and improvements and betterments that extend the useful lives of fixed assets are capitalized. Interest paid on long-term debt in the enterprise funds is capitalized 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. Depreciation of plant and equipment classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Electric Fund and Water and Wastewater Fund:	
Plant	30-50 years
Improvements to grounds	30-50 years
Transmission and distribution system	12-50 years
Other machinery and equipment	7-30 years
Vehicles	7 years
Other Enterprise Funds and Internal Service Funds:	
Buildings and improvements	40 years
Improvements to grounds	15 years
Machinery and equipment	7-12 years
Vehicles	7 years

Depreciation of completed but unclassified fixed assets is provided by the straight-line method, using a composite rate.

The City is accelerating the depreciation of two generating stations that will be retired before the end of their estimated useful life. The increase to Electric Fund 1999 depreciation expense for this accelerated depreciation is $560,093.

The City accelerated the depreciation of buildings and improvements at Robert Mueller Municipal Airport to reflect the 1999 closure of Mueller Airport and the opening of the Austin-Bergstrom International Airport. The increase to Airport Fund 1999 depreciation expense for this accelerated depreciation is approximately $7 million. In addition, the City has recorded capitalized interest in the Airport Fund of $18,601,484, related to construction of Austin-Bergstrom International Airport.

When the City retires or otherwise disposes of proprietary fund fixed assets (other than debt-financed assets of the utility funds), it recognizes a gain or loss on the disposal of the assets.

Federal, State or local grant funds that are restricted to purchasing property, plant, and equipment and contributions in aid of construction are recorded as equity contributions when received. Depreciation on contributed assets is recorded as an expense in the statement of operations and then transferred to the related contribution accounts. Contributions of funds from the municipality are recorded as equity contributions when received.

General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased or constructed are recorded as expenditures in the governmental funds and capitalized at historical cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded in the General Fixed Assets Account Group at estimated fair market value at the time received.

The City does not capitalize public domain general fixed assets (infrastructure) and, accordingly, no such assets are recorded in the General Fixed Assets Account Group. Infrastructure consists of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Such assets normally are immovable and are of value only to the City. Therefore, the responsibility for stewardship for capital expenditures is satisfied without recording these assets.

No depreciation has been provided on general fixed assets. No interest has been capitalized on general fixed assets.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Long-Term Debt

The debt service for general obligation bonds and other general obligation debt issued to fund general government capital projects is paid from tax revenues and interfund transfers. Such general obligation debt is recorded in the General Long-Term Debt Account Group.

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

Revenue bonds that have been issued to fund capital projects of certain enterprise funds are to be repaid from net revenues of these funds. Such debt is recorded in the funds.

The City defers and amortizes gains or losses that its proprietary funds realize on refundings of debt and reports both the new debt liability and the related deferred amount on the funds' balance sheets. The City recognizes gains or losses on debt defeasance when funds from current operations are used.

Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts up to a maximum allowable accumulation of six weeks. All full-time employees earn sick leave benefits at a rate of twelve days per year; these benefits may be accumulated without limit. Upon termination, an employee is reimbursed for all accumulated vacation days. If the terminating employee was employed prior to October 1, 1986 and leaves in good standing, reimbursement is also made for all accrued sick leave up to ninety days. Certain employees are also allowed to accumulate credit for compensatory time in lieu of overtime pay up to 120 hours. Compensatory time accrued by employees is taken into consideration when calculating accrued compensated absence liabilities. Compensated absence liabilities include employment-related taxes.

For governmental funds, the estimated current portion of the accrued vacation and sick pay liability is recorded as an expenditure and liability in the General Fund, or special revenue fund, with the non-current portion of the liability recorded in the General Long-Term Debt Account Group. The current portion is estimated based on amounts paid to terminating employees during the most recent fiscal year. Actual vacation and sick benefits paid during the year are recorded as expenditures in the governmental funds.

For proprietary funds, vacation and sick pay are recorded as an expense and related liability in the year earned. The current portion is estimated based on an analysis of the historical use of benefits by the employees.

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, including medical malpractice; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. The City continues to be self-insured for liabilities for most health benefits, third-party and workers' compensation claims.

The City purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bond, and airport operations. In addition, the City purchases a broad range of insurance coverage for contractors working at selected capital improvement project sites. The City does not participate in a risk pool. The City complies with GASB Statement 10, *Accounting and Reporting for Risk Financing and Related Insurance Issues* (see Note 21).

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Pension Plans

It is the policy of the City to fund pension costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and of unfunded prior service cost (see Note 9).

Federal and State Grants, Entitlements and Shared Revenues

Grants, entitlements and shared revenues may be accounted for within any of the seven fund types. The purpose and requirements of each grant, entitlement, or shared revenue are analyzed to determine the proper fund type in which to record the related transactions. Grants, entitlements and shared revenues received for activities normally recorded in a particular fund type may be accounted for in that fund type, provided that applicable legal restrictions can be satisfied.

Revenues received for activities normally recorded in other governmental funds are accounted for within these special revenue fund groups: 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 at the discretion of the City are recognized in the applicable proprietary fund. Grant money restricted for acquisition or construction of capital assets is recorded as contributed equity in the applicable proprietary fund.

Intergovernmental Revenues, Receivables and Liabilities

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

Transactions Between Funds

During the course of normal operations, the City has numerous transactions between funds. Short-term advances between funds are accounted for in the pooled investments and cash accounts. 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. 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.

Nonrecurring or nonroutine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. Residual equity transfers to proprietary funds are treated as contributed capital, and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data, (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Reclassifications and Restatements

Certain comparative data have been reclassified or restated to present them in a manner consistent with the current year's financial statements.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

Total Columns on Combined Financial Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. No consolidating or other eliminations of interfund balances or transactions were made in arriving at the totals. Such data are not comparable to a consolidation.

Deferred Items

The City's utility systems are reported in accordance with Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation*. Certain utility expenses that do not currently require funds 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 in accordance with GASB Statement 31. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the related debt service requirements. If rates being charged will not recover deferred expenses, 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 and expenses. Under a bill passed by the Texas Legislature in 1999, municipally owned utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. City management has not made a decision to enter into retail competition, as allowed by State law, thus the effects of entering retail competition are uncertain and do not warrant a change in accounting policy.

Statement of Cash Flows

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 investment and cash accounts.

Landfill Closure and Postclosure Care Costs

The City reports municipal solid waste landfill costs in accordance with GASB Statement 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The liability for landfill closure and postclosure costs is reported in the Solid Waste Services Fund, an enterprise fund.

Governmental Accounting Standards Board (GASB) Statement 20

In accordance with GASB Statement 20, the City is required to follow all Financial Accounting Standards Board (FASB) pronouncements issued prior to November 30, 1989, including FASB Statement 71, unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to follow FASB pronouncements issued subsequent to that date.

3 -- BUDGET BASIS REPORTING

a -- General

The City of Austin prepares its annual operating budget on a basis (budget basis) that differs from generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results with the budget, the Combined Statement of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual-Budget Basis for the General Fund, certain special revenue funds, and debt service funds present the actual and budget amounts in accordance with the City's budget basis.

3 -- BUDGET BASIS REPORTING, continued

b -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP and budget reporting for the General Fund are the reporting of encumbrances, the recording of compensated absences on the accrual basis (GAAP), as opposed to the cash basis (budget), and the reporting of certain operating transfers. The differences for those special revenue funds that have a legally adopted annual budget are the reporting of encumbrances and the recording of payroll and compensated absences on the accrual basis (GAAP), as opposed to the cash basis (budget). General Fund accrued payroll is recorded at the department level on the accrual basis and in nondepartmental expenditures on the actual-budget basis. Adjustments necessary to convert the excess of revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the General Fund and these special revenue funds are provided as follows:

		General Fund	Special Revenue Funds (1)
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	$	(6,895,175)	1,412,774
Adjustment:			
Less: Excess revenues and other sources over expenditures and other uses for nonbudgeted funds - GAAP basis		--	(1,964,680)
Adjusted excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis		(6,895,175)	(551,906)
Other adjustments:			
Increase (decrease) due to net compensated absences accrual		(517,603)	55,167
Decrease due to outstanding encumbrances established in 1999		(5,998,272)	(4,469,700)
Increase due to payments against prior year encumbrances		6,742,904	3,071,509
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	$	(6,668,146)	(1,894,930)

(1) The special revenue funds that have legally adopted budgets are Aviation Asset Forfeiture; Balcones Canyonlands Conservation Plan; Child Safety; Disproportionate Share; Energy Conservation Rebates and Incentives; Environmental Remediation; Federally Qualified Health Center; Fee Waiver; Health and Human Services Travis County Reimbursed Fund; Hotel-Motel Occupancy Tax; Municipal Court Building Security; Neighborhood Housing and Conservation; One Texas Center; PARD Cultural Projects; Planning, Environmental and Conservation Services; Police Federal Seized Funds; Police Seized Money; Public Improvement District; Strategic Planning Investment; Telecommunity; and Tourism and Promotion.

Within the General Fund, the Municipal Court expenditures exceeded appropriations by $43,917. In addition, the nondepartmental expenditures line reported expenditures in excess of appropriations of $194,857. This area represents fund-wide costs not budgeted within individual departments.

The Municipal Court Building Security Fund and the Energy Conservation Rebates and Incentive Fund, budgeted special revenue funds, reported expenditures in excess of appropriations of $1,878 and $395,978, respectively. These funds did not report deficit fund balances.

Although the debt service funds are prepared on a budget basis, no differences exist between GAAP basis and budget basis fund balance for these funds except for the amount of enterprise-related and certain departmental-related debt payments ($9,520,791) budgeted as operating transfers.

3 -- BUDGET BASIS REPORTING, continued

c -- Budget Amendments

The original budget of the General Fund was amended several times during 1999. The following table compares original to amended budgets:

		Original Budget	Amendments Increase (Decrease)	Amended Budget
REVENUES				
Taxes	$	212,483,666	6,097	212,489,763
Franchise fees		16,307,400	6,791	16,314,191
Fines, forfeitures and penalties		13,333,296	--	13,333,296
Licenses, permits and inspections		13,918,512	107,500	14,026,012
Charges for services/goods		11,992,881	992,032	12,984,913
Interest and other		5,824,876	1,132,934	6,957,810
Total revenues		273,860,631	2,245,354	276,105,985
EXPENDITURES				
Administration		7,819,132	--	7,819,132
Urban growth management		8,929,054	261,211	9,190,265
Public safety		171,841,558	1,421,899	173,263,457
Public services and utilities		11,091,767	14,531	11,106,298
Public health:				
Physician stipend/Charity care		10,495,146	--	10,495,146
Medical Assistance Program- hospital contracted services/patient services		5,439,657	409,243	5,848,900
Other public health		25,860,347	(323,743)	25,536,604
Public recreation and culture		39,738,219	537,406	40,275,625
Social services management		9,087,548	--	9,087,548
Nondepartmental expenditures		7,071,708	--	7,071,708
Total expenditures		297,374,136	2,320,547	299,694,683
TRANSFERS				
Operating transfers in		72,008,619	2,695,860	74,704,479
Operating transfers out		(66,428,509)	(4,548,778)	(70,977,287)
Total transfers		5,580,110	(1,852,918)	3,727,192
Deficiency of revenues and other sources over expenditures and other uses	$	(17,933,395)	(1,928,111)	(19,861,506)

The amended budget is presented in the accompanying financial statements. The General Fund budget includes other requirements, which are presented here in the nondepartmental category. The amended budget for these nondepartmental requirements includes the following: tuition reimbursement ($85,000), accrued payroll ($1,701,200) and expenses for workers' compensation ($2,285,508) and liability reserve ($3,000,000).

3 -- BUDGET BASIS REPORTING, continued

There were budget amendments to the following special revenue funds during 1999:

	Original Budget	Amendments Increase (Decrease)	Amended Budget
REVENUES			
Planning, Environmental and Conservation Services	$ 8,835,144	(7,481,032)	1,354,112
Public Improvement District	--	978,082	978,082
EXPENDITURES			
Planning, Environmental and Conservation Services	10,591,139	(7,127,135)	3,464,004
Public Improvement District	--	1,051,540	1,051,540
OPERATING TRANSFERS IN			
Planning, Environmental and Conservation Services	2,622,365	(65,817)	2,556,548
Public Improvement District	--	137,734	137,734
OPERATING TRANSFERS OUT			
Planning, Environmental and Conservation Services	1,229,603	(782,947)	446,656

During fiscal year 1999, the General Obligation Debt Service Fund had one budget amendment. The amendment increased other revenue and principal retirement by $75,792.

4 -- DEFICITS IN FUND BALANCE AND RETAINED EARNINGS

At September 30, 1999, the funds below reported deficits in fund balance or fund equity. Management intends to recover these deficits through future operating revenues, transfers or future debt issues.

	Deficit Fund Balance
Special Revenue Funds:	
Austin Transportation Study	$ 48,011
Fiscal Surety--Land Development	267,475
Capital Projects Funds:	
Library	90,804
Energy improvements--city facilities	70,646
Parks/Old Bakery	256,288
Police facilities	13,785
Cultural arts and land	526,699
Drainage and flood control	2,819,271
Traffic signals	1,575,218
Parks and recreation facilities	417,074
Build Austin	877,301
Central City Entertainment Center	39,822
Watershed Protection	7,686,415
Tanglewood park	64,197
City Hall, plaza, parking garage	494,405
Interest income fund	2,022,150

	Deficit Retained Earnings
Enterprise Funds:	
Parks and Recreation	$ 209,117
Internal Service Funds:	
Employee Benefits Fund	6,599,358
Liability Reserve Fund	683,032

5 -- POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund type at September 30, 1999:

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	$ 37,561,650	--
Special Revenue Funds	48,462,665	--
Capital Projects Funds	115,535,763	--
Enterprise Funds:		
Electric	45,208,827	99,216,087
Water and Wastewater	34,611,568	81,109,570
Hospital	24,971,787	7,500,000
Solid Waste Services	9,860,194	16,559,607
Airport	2,508,955	49,606,544
Convention Center	7,274,063	134,426,927
Other	7,777,706	27,640,793
Internal Service Funds	47,005,798	3,602,295
Fiduciary Funds	8,241,401	--
Subtotal pooled investments and cash	389,020,377	419,661,823
Total pooled investments and cash	$ 808,682,200	

6 -- INVESTMENTS AND DEPOSITS

INVESTMENTS

Chapter 2256, Texas Government Code (The Public Funds Investment Act) and the City of Austin Investment Policy, authorize the City to invest in the following:

(1) obligations of the U.S. Treasury or its agencies and instrumentalities;
(2) direct obligations of the State of Texas;
(3) other obligations, the principal of 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 states, agencies, counties, or cities rated A or better by a national investment rating firm;
(5) certificates of deposit that are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or its successor, or secured by obligations described in (1) through (4) above, and having a market value of at least the principal amount of the certificates;
(6) fully collateralized direct and reverse repurchase agreements. State statutes require that securities underlying repurchase agreements must have a market value of at least 100% of the repurchase agreement's cost. Money received by the City under the terms of a reverse security repurchase agreement may be used to acquire additional authorized securities, but the term of the authorized security acquired must mature not later than the expiration date stated in the reverse security repurchase agreement;
(7) bankers acceptances accepted by a domestic bank maturing in 270 days or less from the date of its issuance and is rated at least A-1, P-1 by a national investment rating firm;
(8) commercial paper with a stated maturity of 270 days or less from the date of its issuance and is either (a) rated not less than A-1, P-1 by at least two national investment rating firms, or (b) is rated at least A-1, P-1 by one national investment rating firm 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;
(9) SEC-regulated, no load money market mutual funds with a dollar weighted average portfolio maturity of 90 days or less, whose assets consist exclusively of securities described in (1) through (8) above and whose investment objectives include seeking to maintain a stable net asset value of $1 per share;
(10) local government investment pools, such as the Texas Local Government Investment Pool, organized in accordance with Chapter 791, Texas Government Code (The Interlocal Cooperation Act), whose assets consist of the obligations described in (1) through (8) above. A public funds investment pool must be continuously rated no lower than AAA, AAA-m or at an equivalent rating by at least one nationally recognized rating service; and

6 -- INVESTMENTS AND DEPOSITS, continued

(11) Share certificates issued by state or federal credit unions domiciled in Texas that are guaranteed or issued by the National Credit Union Share Insurance Fund or its successor, or secured by obligations described under (1) through (4) above having a market value of at least the principal amount of the certificates.

The City uses GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires that governmental entities should report investments at fair value on the balance sheet, and that all investment income, including changes in the fair value of investments, should be reported as revenue in the operating statement. The change in investment value is reported on the balance sheet in either pooled investments and cash for investment pool participants, or in investments, for those funds which hold their own investments; the revenue is reported on the income statement in interest income.

The City participates in the Texas Local Government Investment Pool (TexPool), which is an external investment pool. The State Comptroller of Public Accounts maintains oversight responsibility for TexPool. This responsibility includes the ability to influence operations, designation of management, and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB Statement 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the City's position in TexPool is the same as the value of TexPool shares.

State statutes permit the City to enter into certain reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. All sales of investments under reverse repurchase agreements are for fixed terms. In investing the proceeds of reverse repurchase agreements, the term to maturity of the investments is the same as the term of the reverse repurchase agreement. It is the City's policy to require a margin call at 1% or $100,000, whichever is less, above the value of the underlying investments sold. The average amount of investments outstanding during the year was $123 million. The maximum amount outstanding during 1999 was $328 million. At year end, the City did not have any reverse repurchase agreements.

The City's investments (with exceptions noted above) are categorized below to give an indication of the level of risk (Category 1-lowest level of risk to Category 3-highest level of risk) assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City's agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's trust department or agent, but not in the City's name.

	Category 1	Category 2	Category 3	Fair Value
Investments				
Obligations of the U.S. government and its agencies	$ 894,496,256	--	--	894,496,256
Commercial paper	59,970,000	--	--	59,970,000
	954,466,256	--	--	954,466,256
Investments held by trustee				
Obligations of the U.S. government and its agencies	51,927,202	--	--	51,927,202
	1,006,393,458	--	--	1,006,393,458
Investments not categorized				
Money market mutual funds				28,181
Texas Local Government Investment Pool (TexPool)				406,198,727
Total investments				$ 1,412,620,366

6 -- INVESTMENTS AND DEPOSITS, continued

Investments owned by the various funds of the City at September 30, 1999, are as follows:

Description	Yields			Fair Value	Change in Fair Value
NON-POOLED INVESTMENTS					
Obligations of the U.S. government and its agencies	5.09% -	11.10%	$	379,980,511	(12,906,644)
Texas Local Government Investment Pool	5.33%			227,233,357	--
Total non-pooled investments				607,213,868	(12,906,644)
POOLED INVESTMENTS					
Money market mutual funds	5.00%			28,181	--
Obligations of the U.S. government and its agencies	5.18% -	5.59%		566,442,947	(6,836,281)
Commercial paper	5.30%			59,970,000	--
Texas Local Government Investment Pool	5.33%			178,965,370	--
Total pooled investments				805,406,498	(6,836,281)
TOTAL ALL INVESTMENTS			$	1,412,620,366	(19,742,925)

DEPOSITS

The September 30, 1999, carrying amount of deposits is as follows:

Cash		
Unrestricted	$	153,898
Cash held by trustee		
Unrestricted		268,564
Restricted		24,657,907
Pooled cash		3,631,540
Total deposits	$	28,711,909

All bank balances were either insured or collateralized with securities held by the City or by its agent in the City's name.

7 -- 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, 1998, upon which the 1999 levy was based, was $32,458,349,755.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 1999, 98.89% of the current tax levy (October 1, 1998) was collected. The statutory lien date is January 1.

The methods of property assessment and tax collection are determined by Texas statute. The statutes provide for a property tax code, county-wide 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 appraisal district is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District has chosen to review the value of property every two years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

7 -- 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, and adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than 8%.

Through a contractual arrangement, Travis County bills and collects property taxes for the City, as well as for several other governmental entities. The City is permitted by Article II, 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.

The tax rate to finance general governmental purposes, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 1999, was $.3265 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $.6735 per $100 assessed valuation, and could levy approximately $218,606,985 in additional taxes from the assessed valuation of $32,458,349,755 before the legislative limit is reached.

8 -- FIXED ASSETS

Components of the City's fixed assets at September 30, 1999, are summarized as follows (in thousands of dollars):

	Electric Fund	Water & Wastewater Fund	Hospital Fund	Solid Waste Services Fund	Airport Fund	Convention Center Fund	Other Enterprise Funds	Internal Service Funds	General Fixed Assets	Total
Land and land rights	$ 33,179	69,113	759	10,462	58,412	26,081	2,694	485	168,994	370,179
Buildings and improvements	547,068	1,212,511	74,017	1,152	84,263	80,575	11,039	3,530	174,723	2,188,878
Machinery and equipment	1,848,562	454,733	4	15,360	15,549	3,079	16,428	19,903	71,189	2,444,807
Completed assets not classified	159,026	118,990	7	12,945	480,993	3,801	8,651	28,226	--	812,639
Total plant in service	2,587,835	1,855,347	74,787	39,919	639,217	113,536	38,812	52,144	414,906	5,816,503
Less accumulated depreciation	(972,368)	(500,486)	(29,142)	(22,745)	(96,139)	(20,647)	(9,338)	(23,312)	--	(1,674,177)
Net property, plant and equipment in service	1,615,467	1,354,861	45,645	17,174	543,078	92,889	29,474	28,832	414,906	4,142,326
Construction in progress	52,799	124,984	--	9,792	59,135	4,580	19,323	5,297	184,475	460,385
Nuclear fuel, net of amortization	19,970	--	--	--	--	--	--	--	--	19,970
Plant held for future use	32,654	--	--	--	--	--	--	--	--	32,654
Total property, plant and equipment	$ 1,720,890	1,479,845	45,645	26,966	602,213	97,469	48,797	34,129	599,381	4,655,335

The following table summarizes the changes in components of the General Fixed Assets Account Group for the year ended September 30,1999:

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
Balance, September 30, 1998	$ 166,258,157	141,767,680	32,951,402	73,865,427	129,279,336	544,122,002
Additions	--	--	--	--	58,090,651	58,090,651
Retirements	--	(4,200)	--	(2,786,880)	(19,892)	(2,810,972)
Completed construction	2,735,817	--	8,296	1,161,484	(3,905,597)	--
Transfers from other funds	--	--	--	(1,050,946)	1,030,607	(20,339)
Balance, September 30, 1999	$ 168,993,974	141,763,480	32,959,698	71,189,085	184,475,105	599,381,342

8 -- FIXED ASSETS, continued

The City does not capitalize public domain general fixed assets. This accounting policy affects only the General Fixed Asset Account Group. During 1999, the City did not capitalize completed infrastructure assets amounting to $29,721,705.

Construction in progress includes various capital projects that are funded primarily by general obligation and revenue bonds. The General Fixed Asset Account Group includes as construction-in-progress certain completed capital projects in service at September 30, 1999, which have not been unitized or capitalized pending classification to the proper fixed asset in-service categories. In all other funds, completed construction unclassified is included in property, plant and equipment.

The City anticipates the need for numerous additional utility-related projects over the next several years. However, the City has no formal commitments to projects other than those currently under construction. Estimated unfunded future expenditures for capital projects will be funded from operations, issuance of additional general obligation or revenue bonds, or from alternative methods of financing.

9 -- RETIREMENT PLANS

a -- Description

The City participates in funding three contributory, defined benefit retirement plans: City of Austin Employees' Retirement and Pension Fund, City of Austin Police Officers' Retirement and Pension Fund, and Fire Fighters' Relief and Retirement Fund of Austin, Texas. An independent board of trustees administers each plan. These plans are City-wide single employer funded plans that cover substantially all full-time employees. The fiscal year of each pension fund ends December 31. The most recently available financial statements of the pension funds are for the year ended December 31, 1998. Membership in the plans at December 31, 1998 is as follows:

	City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	2,789	236	317	3,342
Current employees	6,311	1,159	840	8,310
Total	9,100	1,395	1,157	11,652

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	(512)458-2551
Police Officers' Retirement and Pension Fund	P.O. Box 684808 Austin, Texas 78768-4808	(512)416-7672
Fire Fighters' Relief and Retirement Fund	3301 Northland Drive, Suite 215 Austin, Texas 78731	(512)454-9567

9 -- RETIREMENT PLANS, continued

b – Funding Policy

	City of Austin Employees' Retirement and Pension Fund	City of Austin Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund
Authority establishing contributions obligation	State Legislation	State Legislation	State Legislation
Frequency of contribution	Biweekly	Biweekly	Biweekly
Employee's contribution (percent of earnings)	7.0%	9.0%	11.70 %
City's contribution (percent of earnings)	7.0% (1)	18.0%	20.05%

(1) The City contributes two-thirds of the cost of prior service benefit payments.

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted. The actuary of each plan has certified that the contribution commitment by the participants and the City provide an adequate financing arrangement. Contributions for fiscal year ended September 30, 1999, are as follows (in thousands):

		City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
City	$	17,513	8,907	7,722	34,142
Employees		17,513	4,452	4,506	26,471
Total contributions	$	35,026	13,359	12,228	60,613

c – Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of $34,142,000 for fiscal year ended September 30, 1999, was equal to the City's required and actual contributions. Three-year trend information is as follows (in thousands):

		City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
City's Annual Pension Cost (APC):					
1997	$	15,287	6,850	6,270	28,407
1998		15,589	7,766	7,492	30,847
1999		17,513	8,907	7,722	34,142
Percentage of APC contributed:					
1997		100%	100%	100%	N/A
1998		100%	100%	100%	N/A
1999		100%	100%	100%	N/A
Net Pension Obligation:					
1997	$	--	--	--	--
1998		--	--	--	--
1999		--	--	--	--

9 -- RETIREMENT PLANS, continued

Actuarial valuations of the plans are performed every two years. Actuarial updates are done in each year following the full valuation. The latest actuarial valuations were completed as of December 31, 1997. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

	City Employees	Police Officers	Fire Fighters
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Basis	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation Rate	4.25%	4%	5.5%
Projected Annual Salary Increases	4.75% to 14.75%	6.6% average	7%
Post retirement benefit increase	None	None	5% effective January 1, 1999 and 5% each January thereafter through 2004
Assumed Rate of Return on Investments	8%	8%	8%
Amortization method	Level percent of projected pay, open	Level percent of projected pay, open	Level percent of projected pay, open
Remaining Amortization Period	0 years	26.3 years	8.3 years

d – Trend Information (Unaudited)

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

Valuation Date, December 31st	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Excess)	Funded Ratio	Annual Covered Payroll	Percentage of Unfunded Actuarial Accrued Liability (Excess) to Covered Payroll
City Employees						
1993	$ 579,100	541,200	(37,900)	107.0%	235,200	(16.1%)
1995	707,300	623,000	(84,300)	113.5%	221,000	(38.1%)
1997	856,423	832,140	(24,283)	102.9%	219,208	(11.1%)
Police Officers						
1993	97,093	106,127	9,034	91.5%	34,550	26.1%
1995	127,572	164,865	37,293	77.4%	36,211	103.0%
1997	168,602	222,703	54,101	75.7%	47,189	114.6%
Fire Fighters						
1993	$ 175,612	193,343	17,731	90.8%	29,018	61.1%
1995	213,403	236,994	23,591	90.0%	32,496	72.6%
1997	268,241	279,472	11,231	96.0%	35,130	32.0%

10 -- SELECTED REVENUES

a – Tobacco settlement revenues

During 1999, the City of Austin participated in the Agreement Regarding Disposition of Tobacco Settlement Proceeds filed on July 24, 1998, in the case *The State of Texas v. The American Tobacco Co*., et al. Under the terms of the agreement, a political subdivision may receive a pro rata share of the annual distribution of settlement proceeds paid to the State of Texas. The total settlement amount for political subdivisions is approximately $2.3 billion. Of this amount, $450 million will be deposited into a lump sum account and distributed to local entities. The remainder of the settlement, approximately $1.8 billion, will be deposited into a permanent account, and local entities will receive interest earnings from the investments of the account.

The first distribution payment from the lump sum account occurred in January 1999, with the distribution based on the population of each entity in the 1990 federal census. The total amount distributed to local entities was approximately $300 million. The City received proceeds of approximately $8.1 million for 1999; the proceeds are reported in the Hospital Operating Fund. Beginning in 2000, the annual distribution of settlement proceeds will be based on each entities' unreimbursed health care expenditures, as defined in the settlement agreement. The total distribution amount from the lump sum account is estimated to be $100 million in 2000 and $50 million in 2001. Income earned in the permanent account will also be included in the 2000 settlement amount, and will be the sole source of payments in subsequent years.

b – Rental revenues

Effective October 1, 1995, the City entered into a long-term lease arrangement with the Daughters of Charity Health Services of Austin to operate City-owned Brackenridge Hospital. This lease agreement qualifies as an operating lease for accounting purposes. Hospital Fund 1999 revenues included minimum lease payments of $1,864,764.

The City has entered into certain lease agreements as lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. Airport Fund 1999 revenues included minimum concession guarantees of $10,054,516.

The following is a schedule by year of minimum future rentals on noncancelable operating leases up to a term of ten years as of September 30, 1999.

Fiscal Year Ended September 30	Hospital Fund	Airport Fund
2000	$ 1,864,764	6,734,381
2001	1,864,764	6,885,687
2002	1,864,764	6,875,946
2003	1,864,764	6,823,437
2004	1,864,764	6,196,222
Thereafter	39,160,044	20,926,468
Totals	$ 48,483,864	54,442,141

11 -- GENERAL LONG-TERM DEBT

a -- General Obligation Debt -- Capital Projects Funding

Capital projects funds are used to account for the acquisition and construction of general fixed assets. Capital projects are funded primarily by the issuance of general obligation debt, other tax supported debt, interest income and intergovernmental revenues.

General obligation debt is collateralized by the full faith and credit of the City and is reported as an obligation of the General Long-Term Debt Account Group (GLTDAG), except as described below. 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 fund fixed assets of proprietary funds is reported as an obligation of these proprietary 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 proprietary funds to meet the debt service requirements.

As described in Note 7, State Statute and the City Charter establish a practical limitation of $1.50 per $100 of assessed valuation on the debt service tax rate levied to service general obligation debt, including interest. The tax rate to finance the payment of principal and interest on general obligation long-term debt for the year ended September 30, 1999, was $.1877 per $100 assessed valuation. At September 30, 1999, allowable taxes related to debt service (assuming the rate of $1.50 per $100 assessed valuation) are approximately $486,875,246, providing potential additional taxes for debt service of $425,950,924 from the assessed valuation of $32,458,349,755.

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

11 -- GENERAL LONG-TERM DEBT, continued

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and tax notes outstanding at September 30, 1999, including those reported in certain proprietary funds:

	Date Issued	Original Issue	Amount Outstanding at September 30, 1999	Aggregate Interest Requirements at September 30, 1999	Interest Rates Of Debt Outstanding at September 30, 1999	Maturity Dates Of Serial Debt
		$	$	$	%	
Series 1985A	October, 1985	229,048,455	3,012,221 (2)	8,162,779 (1)	8.25	9/1/2000
Series 1990A&B	January, 1990	122,368,632	28,784,353 (3)	9,135,748 (1)	6.00 - 7.00	9/1/2000-2005
Series 1990C	November, 1990	25,000,000	1,060,000	70,490 (1)	6.65	9/1/2000
Series 1991A	November, 1991	25,000,000	2,810,000	412,031 (1)	5.88 - 8.88	9/1/2000-2002
Assumed MUD Debt	December, 1991	1,995,000	850,000	323,700 (7)	6.02 - 6.40	2/1/2000-2006
Series 1992	May, 1992	114,856,765	76,025,000 (5)	20,189,773 (1)	5.70 - 6.25	3/1/2000-2008
Series 1992	October, 1992	52,490,000	9,500,000	1,847,250 (1)	5.40 - 7.25	9/1/2000-2003
Series 1992	October, 1992	5,405,000	1,000,000	144,675 (1)	5.30 - 5.75	9/1/2000-2003
Series 1992	October, 1992	4,195,000	375,000	9,375 (4)	5.00	11/1/1999
Series 1993	February, 1993	71,600,000	64,180,000	23,104,733 (1)	4.90 - 5.75	9/1/2000-2009
Series 1993	October, 1993	25,000,000	21,185,000	8,181,531 (1)	4.13 - 5.50	9/1/2000-2013
Series 1993	October, 1993	6,435,000	5,455,000	2,106,404 (1)	4.13 - 5.50	9/1/2000-2013
Series 1993A	October, 1993	70,230,000	62,970,000	15,991,360 (1)	4.00 - 5.00	9/1/2000-2010
Series 1994	October, 1994	33,260,000	11,960,000	3,113,200 (1)	5.20 - 7.00	9/1/2000-2007
Series 1994	October, 1994	3,550,000	1,550,000	464,500 (1)	5.10 - 6.50	9/1/2000-2008
Series 1994	October, 1994	5,025,000	565,000	12,995 (4)	4.60	11/1/1999
Series 1995	October, 1995	30,250,000	22,140,000	12,259,025 (1)	4.80 - 7.75	9/1/2000-2013
Series 1995	October, 1995	8,660,000	6,620,000	2,984,055 (1)	4.75 - 6.00	9/1/2000-2013
Series 1995	October, 1995	8,205,000	2,690,000	115,171 (4)	4.20 - 4.25	11/1/1999-2000
Series 1996	October, 1996	30,550,000	13,825,000	7,467,738 (1)	4.50 - 6.00	9/1/2000-2011
Series 1996	October, 1996	11,755,000	8,000,000	971,858 (4)	4.50 - 4.80	11/1/1999-2003
Assumed MUD Debt	December, 1996	2,975,000	2,375,000	907,938 (7)	8.50 - 8.75	8/1/2000 - 2006
Taxable Series 1997	May, 1997	18,400,000	17,700,000	4,651,913 (1)	6.90 - 7.50	3/1/2000-2004
Series 1997	October, 1997	29,295,000	28,715,000	20,212,994 (1)	5.00 - 5.75	9/1/2000-2017
Series 1997	October, 1997	13,975,000	11,350,000	1,595,813 (4)	4.50	11/1/1999-2004
Series 1997	October, 1997	2,120,000	1,990,000	1,114,353 (1)	4.50 - 7.00	9/1/2000-2017
Assumed MUD Debt	December, 1997	33,680,000	30,675,000	23,110,357 (6)	4.40 - 10.50	11/15/1999-2021
Series 1998	January, 1998	110,300,000	110,090,000	61,581,153 (1)	3.70 - 5.25	9/1/2003-2016
Series 1998	October, 1998	13,430,000	13,430,000	9,164,370 (1)	4.40 - 7.13	9/1/2000-2018
Series 1998	October, 1998	22,770,000	22,150,000	12,303,038 (1)	4.10 - 7.00	9/1/2000-2018
Series 1998	October, 1998	14,975,000	14,270,000	2,261,672 (4)	3.90 - 4.50	11/1/1999-2005
Assumed MUD Debt	January, 1999	1,785,000	1,740,000	1,545,885 (1)	8.00 - 10.50	9/1/2000-2016

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

(2) Represents capital appreciation bonds.

(3) Includes $14,158,632 of capital appreciation bonds, which have interest payable at maturity from 9/1/1997-2000.

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

(5) Includes $13,281,765 of capital appreciation bonds, which have interest payable at maturity from 9/1/1997-1999.

(6) Interest is paid four times a year on March 1, May 15, September 1, and November 15.

(7) Interest is paid on February 1 and August 1.

11 -- GENERAL LONG-TERM DEBT, continued

In October 1998, the City issued Public Improvement Bonds, Series 1998, in the amount of $13,430,000. Of the proceeds from the issue, $6,743,000 will be used for street improvements, $1,376,000 will be used for drainage and flood control, $2,560,000 will be used for health, safety and welfare renovations, $951,000 will be used for erosion and flood control, and $1,800,000 will be used by various departments for communications equipment. These bonds will be amortized serially on September 1 of each year from 2001 to 2018. Certain of these bonds are callable beginning September 1, 2008. Interest is payable on March 1 and September 1 of each year, commencing March 1, 1999. Total interest requirements for these bonds, at rates ranging from 4.4% to 7.13%, aggregate $9,831,518.

In October 1998, the City issued Public Property Finance Contractual Obligations, Series 1998, in the amount of $14,975,000. Of the proceeds from the issue, $1,520,000 will be used by Information Systems Department for communication equipment, $250,000 will be used by the Solid Waste Services Department for capital equipment, $3,505,000 will be used by the Water and Wastewater Department for capital equipment, and $9,700,000 will be used by various departments for radio trunking. These contractual obligations will be amortized serially May 1 and November 1 of each year from 1999 to 2005. The contractual obligations are not subject to optional redemption prior to their maturity. Interest is payable on May 1 and November 1 of each year, commencing May 1, 1999. Total interest requirements for these contractual obligations, at rates ranging from 3.88% to 4.5%, aggregate $2,675,897.

In October 1998, the City issued Certificates of Obligation, Series 1998, in the amount of $22,770,000. Of the proceeds from the issue, $10,500,000 will be used by the Public Works and Transportation Department for road construction and improvements, $3,960,000 will be used by the Watershed Protection Department for drainage improvements, $4,825,000 will be used by the Solid Waste Department for construction and improvement of solid waste disposal facilities, $1,950,000 will be used by the Parks and Recreation Department for golf course improvements, and $1,535,000 will be used by the Fleet Department for the purchase of real property located at 1006 Smith Road for vehicle maintenance purposes. These certificates of obligation will be amortized serially September 1 of each year from 1999 to 2018. Certain of these obligations are callable beginning September 1, 2008. Interest is payable on March 1 and September 1 of each year, commencing, March 1, 1999. Total interest requirements for these obligations, at rates ranging from 4.1% to 7.0%, aggregate $13,443,633.

In January 1999, the City assumed debt related to the Municipal Utility Districts (MUDs) that were annexed, in the amount of $1,785,000. $697,580 of the assumed debt, which was issued to purchase infrastructure assets, is recorded in the General Long-Term Debt Account Group. The remaining assumed debt of $1,087,420, which was issued to purchase water and wastewater facilities, is recorded in the Water and Wastewater Fund. Interest is payable on March 1 and September 1 of each year, commencing March 1, 1999. Total interest requirements for this debt at rates ranging from 8.0% to 10.5%, aggregate $1,694,825.

11 -- GENERAL LONG-TERM DEBT, continued

The following is a summary of general obligation bonds, certificates of obligation, contractual obligation and tax note transactions of the City (including those of certain enterprise funds) for the year ended September 30, 1999 (in thousands of dollars):

	General Obligation Bonds and Other Tax Supported Debt	
	General Long-Term Debt Account Group	Proprietary Funds
Balance payable--September 30, 1998	$ 507,297	43,713
Debt issued:		
Drainage and flood control improvements	2,500	1,460
Parks and recreation golf course improvements	--	1,950
Street improvements	6,743	--
Fleet/radio communications building	--	1,536
Erosion and flood control	2,327	--
Transportation Department for equipment	10,500	--
Health Department safety and welfare renovations	2,560	--
Public safety	1,375	--
Radio trunking for various departments	7,410	425
Solid Waste Department for equipment	--	5,075
Information Systems Office equipment	--	3,810
Water and Wastewater Department equipment	--	3,505
Debt issued during the year	33,415	17,761
Debt retired during the year	(23,781)	(6,709)
Assumed MUD debt due to annexation	698	--
Balance payable--September 30, 1999	$ 517,629	54,765

General obligation bonds authorized and unissued amount to $400,205,000 at September 30, 1999. Bond ratings at September 30, 1999, were Aa2 (Moody's Investor Service, Inc.), AA (Standard & Poor's) and AA+ (Fitch).

b -- Other Long-Term Debt

In addition to general obligation bonds, certificates of obligation, contractual obligations, and tax notes, the General Long-Term Debt Account Group includes all liabilities of the City (other than those reported in the proprietary funds) which are not due in the current period. Compensated absences liability was $42,658,185 in 1998 and increased $897,168 to a balance of $43,555,353 in 1999. During 1999, the City recognized loans of $10,710,649, and retired $491,485, for a balance of $10,219,164 at September 30, 1999.

12 -- ENTERPRISE FUNDS -- REVENUE BONDS AND OTHER LONG-TERM DEBT

a -- Combined Utility Systems Debt -- General

The City's Electric Fund and Water and Wastewater Fund comprise the "Combined Utility Systems," which issue Combined Utility Systems revenue bonds to fund Electric Fund and Water and Wastewater Fund capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of the Electric Fund and Water and Wastewater Fund. The following table summarizes Combined Utility Systems revenue bonds and other long-term financing transactions for the year ended September 30, 1999 (in thousands of dollars):

Description (Net of discount and inclusive of premium)		Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, October 1, 1998	$	134,980	2,221,109	2,356,089
Debt issued		255,690	--	255,690
Debt repaid, defeased, or refunded		(32,710)	(217,720)	(250,430)
Amortization of bond discount and premium		5,982	1,748	7,730
Balance payable, September 30, 1999	$	363,942	2,005,137	2,369,079

The total Combined Utility Systems revenue bond obligations at September 30, 1999, consist of $2,023,568,409 prior lien bonds and $357,804,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are $1,781,570,832 at September 30, 1999. Revenue bonds authorized and unissued amount to $1,492,642,660 at that date. At September 30, 1999, Moody's Investors Service rated the prior lien and subordinate lien bonds A2, while Fitch rated them A. Standard and Poor's rated the prior lien A and the subordinate lien A-.

b -- Combined Utility Systems Debt -- Revenue Bond Indenture Requirements

The City is required by bond indentures to pledge the net revenues of the Combined Utility Systems for debt service, and is required to maintain debt service funds and bond reserve funds for all outstanding revenue bonds. The debt service funds, with assets of $306,718,615 including accrued interest at September 30, 1999, are restricted within the utility systems and require that the net revenues of the systems, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments that will accumulate to the semiannual principal and interest requirements as they become due.

The bond reserve fund for revenue bond retirement, with assets of $160,534,152 of investments at fair value at September 30, 1999, is also restricted within the utility systems. The City is required to maintain a combined reserve fund for the benefit of the holders of prior lien bonds and subordinate lien bonds, which must contain cash and investments of not less than $85,000,000 and which shall be increased upon the issuance of any additional bonds to the greater of such amount or the average annual principal and interest requirements on all prior lien bonds and subordinate lien bonds. Additional amounts required to be deposited in the reserve fund must be funded from bond proceeds or accumulated in the reserve fund in equal monthly installments within 60 months from the date of delivery of the additional bonds.

The City also covenants under the bond indentures that the custodian of the reserve fund shall be an official City depository and investment of the reserve fund shall be in direct or guaranteed obligations of the United States of America (USA), including obligations guaranteed by the USA, and certificates of deposit of any bank or trust company, the deposits of which are fully secured by a pledge or obligation of the USA or guaranteed by the USA. The revenue bond indentures also provide for a number of other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the revenue bond indentures.

c -- Combined Utility Systems Debt -- Revenue Bond Refunding Issues

The Combined Utility Systems have refunded various issues of revenue bonds, notes, and certificates of obligation through refunding revenue bonds. Principal and interest on these refunding bonds are payable solely from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund.

12 -- ENTERPRISE FUNDS -- REVENUE BONDS AND OTHER LONG-TERM DEBT, continued

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 have been removed. 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 defeased bonds is recognized when funds from current operations are used.

In November 1998, the City issued $245,314,512 of Combined Utility Systems Revenue Refunding Bonds to refund $139,550,000 of previously issued Combined Utility Systems Revenue Bonds and $100,000,000 of Combined Utility Systems Commercial Paper Notes, Series A.

The refunding of the Refunded Bonds will accomplish a restructuring of a portion of the debt attributable to the Electric, Water and Wastewater Systems in order to more closely match debt service with the service life of the assets. In fiscal year 1999, the refunding will convert a portion of the Commercial Paper Notes then currently outstanding to long-term debt.

The refunding resulted in a decrease in cash flow requirements to service the debt of $8,208,656. An economic gain of $7,132,475 was recognized on this transaction. An accounting loss of $15,978,149 which will be deferred and amortized in accordance with Statement of Financial Accounting Standards No. 71, was recognized on the refunding. The following bonds were refunded in this transaction (in thousands of dollars):

Series		Amount
		$
1994	Refunding	35,400
1995	Refunding	103,100
1996A	Refunding	1,010
1996B	Refunding	40

In September 1999, the City defeased $15,267,139 of Combined Utility Systems revenue bonds, with a $16,964,085 cash payment. $16,929,085 was placed in an irrevocable escrow account and used to purchase U.S. government obligations to provide for all future debt service payments on the defeased bonds. The City is legally released from the obligation for the defeased debt. The following bonds were defeased in September 1999 (in thousands of dollars):

Series		Amount
		$
1992	Refunding	515
1993	Refunding	850
1993A	Refunding	5,632
1996	Refunding	260
1998	Refunding	2,840
1998A	Refunding	5,170

12 -- ENTERPRISE FUNDS -- REVENUE BONDS AND OTHER LONG-TERM DEBT, continued

d -- Combined Utility Systems Debt -- Bonds Issued and Outstanding

The following schedule shows all original and refunding revenue bonds outstanding at September 30, 1999 (in thousands of dollars):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 1999
		$	$
1982 Refunding	March 1982	598,000	95,045
1985	March 1985	225,000	3,790
1985A	November 1985	162,000	2,340
1986A	April 1986	325,000	6,730
1986C	November 1986	137,915	5,360
1986 Refunding	March 1986	545,145	34,970
1987	May 1987	65,000	3,175
1988AB Refunding	October 1988	369,901	12,403
1989	July 1989	65,800	4,145
1990	August 1990	6,395	4,630
1990AB Refunding	February 1990	236,009	41,301
1991A Refunding	June 1991	57,080	36,900
1992 Refunding	March 1992	265,806	243,876
1992A Refunding	May 1992	351,706	324,776
1993 Refunding	February 1993	203,166	175,221
1993A Refunding	June 1993	263,410	207,817
1994	May 1994	3,500	3,050
1994 Refunding	October 1994	142,559	107,159
1995 Refunding	June 1995	151,770	46,670
1996AB Refunding	September 1996	249,235	247,895
1997 Refunding	August 1997	227,215	224,030
1998 Refunding	August 1998	180,000	177,160
1998A Refunding	August 1998	123,020	117,850
1998 Refunding	November 1998	245,315	245,080
1998	November 1998	10,000	10,000
			$ 2,381,373

e -- Combined Utility Systems Debt -- Commercial Paper Notes

The City is authorized pursuant to Ordinance No. 961121-A adopted by the City Council on November 21, 1996, to issue commercial paper notes, (the "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.

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

At September 30, 1999, the Electric Fund had outstanding commercial paper notes of $187,479,181 (net of discount of $154,819), and the Water and Wastewater Fund had $145,668,000 of commercial paper notes outstanding. Interest rates on the notes range from 3.1% to 4.2%, and 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.

12 -- ENTERPRISE FUNDS -- REVENUE BONDS AND OTHER LONG-TERM DEBT, continued

f -- Water and Wastewater Fund -- Refunds Payable on Construction Contracts

Refunds payable on construction contracts of approximately $2,127,799 at September 30, 1999, excluding accrued interest, represent contractual obligations of the Water and Wastewater Fund to refund a percentage of certain construction costs incurred by developers. The contracts vary as to terms and conditions. Most of the contracts provide for the City to pay interest at 3% per annum on the unpaid balance. Generally, the Water and Wastewater Fund has agreed to pay annually to the developers a sum equal to 75% of the amount of revenues realized (based on rates in existence at the contract date) from sales and service relating to the water and wastewater facilities constructed by these developers. Such payments are made in March of each year based upon the revenues for the previous calendar year; however, the total number of payments is limited, ranging primarily from 20 to 25 years, at which time the unpaid principal balance, if any, reverts to the Water and Wastewater Fund as a contribution in aid of construction.

g -- Airport -- General

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. The following table summarizes Airport System revenue bonds for the year ended September 30, 1999 (in thousands of dollars):

Description (Net of discount and loss on refunding)	Prior Lien Bonds
Balance payable, October 1, 1998	$ 382,798
Amortization of bond discount and loss on refunding	615
Balance payable, September 30, 1999	$ 383,413

The total Airport System obligations for prior lien bonds is $394,245,000 at September 30, 1999. Aggregate interest requirements for all prior lien bonds are $414,335,386 at September 30, 1999. Revenue bonds authorized and unissued amount to $735,795,000 at that date.

h -- Airport -- Revenue Bond Indenture Requirements

The City is required by bond indentures to pledge the net revenues of the Airport System for debt service, and is required to maintain a debt service fund and bond reserve fund for all outstanding revenue bonds. The debt service fund, with assets of $8,977,815 including accrued interest at September 30, 1999, is restricted within the Airport System and requires that the net revenues of the airport, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments that will accumulate to the semiannual principal and interest requirements as they become due.

The City is also required to maintain a reserve fund for the benefit of the holders of prior lien bonds, which must contain cash and investments equal to the arithmetic average of the debt service requirements scheduled to occur in the then current and future fiscal years for all prior lien bonds then outstanding. The bond ordinance allows for the use of a debt service reserve fund surety bond in lieu of the cash deposit. The City holds a surety bond with a total benefit available of $30,429,177. The City is in compliance with all significant limitations and restrictions contained in the revenue bond indentures available in the event a draw is necessary.

i – Airport Debt -- Revenue Bond Refunding Issues

The Airport System previously refunded the Series 1989 revenue bonds through refunding revenue bonds. Principal and interest on these refunding bonds are payable solely from the net revenues of the Airport.

12 -- ENTERPRISE FUNDS -- REVENUE BONDS AND OTHER LONG-TERM DEBT, continued

j -- Airport Debt -- Bonds Issued and Outstanding

The following schedule shows all original and refunding revenue bonds outstanding at September 30, 1999 (in thousands of dollars):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 1999
		$	$
1989	September 1989	30,000	1,000
1995A	August 1995	362,205	362,205
1995B Refunding	August 1995	31,040	31,040
			$ 394,245

k – Airport Debt -- Variable Rate Revenue Notes

The City is authorized to issue Airport System variable rate revenue notes, pursuant to Ordinance No. 950817B, as amended and restated by Ordinance 980205A adopted by the City Council on February 5, 1998. At September 30, 1999, the Airport System had outstanding variable rate revenue notes of $28,000,000. The debt service fund required by the bond ordinance held assets of $439,715 including accrued interest at September 30, 1999 and was restricted within the Airport System. During fiscal year 1999, interest rates on the notes ranged from 2.25% to 3.95%, adjusted weekly, and subsequent rate changes cannot exceed the maximum rate of 15%. Principal and interest on the notes are payable from the net revenues of the Airport System.

l -- Convention Center -- General

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. In May 1998, the voters of the City of Austin approved and authorized an increase of 2% in the hotel occupancy tax. The total occupancy tax increased from 7% to 9%, effective August 1, 1998. The Convention Center's portion of the hotel occupancy bed tax revenue increased from 4.5% to 6.5%. The total debt amount approved by the voters of the City of Austin was $135,000,000. This amount will be used to fund the expansion of the Austin Convention Center and to construct tunnel drainage improvements along Waller Creek. The following table summarizes the Convention Center Fund revenue bonds for the year ended September 30, 1999 (in thousands of dollars):

Description (Net of discount and loss on refunding)	Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, October 1, 1998	$ 5,682	64,619	70,301
Debt issued	110,000	31,445	141,445
Debt refunded	(6,170)	--	(6,170)
Debt repaid	--	(1,960)	(1,960)
Amortization of bond discounts, premiums, and loss on refunding	(639)	353	(286)
Balance payable, September 30, 1999	$ 108,873	94,457	203,330

Revenue bonds authorized and unissued amount to $760,000 at September 30, 1999.

m -- Convention Center -- Revenue Refunding Bond Issues and Indenture Requirements

The City is required by bond indentures to pledge the hotel occupancy tax revenue for debt service, and is required to maintain a debt service fund and either a bond reserve fund or a debt service reserve fund surety bond. The Series 1993A debt service fund, with assets of $2,942,104 at September 30, 1999, is restricted within the Convention Center and requires that the pledged hotel occupancy revenues of the Convention Center be irrevocably pledged by providing quarterly installments that will accumulate to the semiannual principal and interest requirements as they become due.

12 -- ENTERPRISE FUNDS -- REVENUE BONDS AND OTHER LONG-TERM DEBT, continued

In June 1999, the City issued $6,445,000 of Taxable Refunding Revenue Bonds Series 1999 to refund $6,170,000 of Refunding Revenue Bonds Series 1993B. The refunding allowed changes in certain debt covenant requirements necessary for the overall plan of financing for the Convention Center capital projects. The refunding bonds are secured and payable from a first lien on a portion of the hotel occupancy tax revenues derived by the City. The refunding resulted in an increase of cash flow requirements to service the debt of $409,290. An economic loss of $326,322 was recognized on this transaction. An accounting loss of $562,639, which will be deferred and amortized in accordance to GASB Statement No. 23, was recognized on the refunding. The City maintains a debt service reserve fund for this issuance of debt.

Also in June 1999, the City issued $25,000,000 of Convention Center/Waller Creek Venue Project Bonds Series 1999A. The Series 1999A debt was issued to construct tunnel drainage improvements along Waller Creek. It is secured and payable from a first lien pledge of the additional 2% portion of the hotel occupancy tax revenue derived by the City. The City established a debt service fund, with assets of $437,507 at September 30, 1999, to service principal and interest payments. A debt service reserve fund surety bond has been purchased in lieu of a cash deposit.

In August 1999, the City issued $110,000,000 of interim debt. The City simultaneously issued interim bonds of $85,000,000 Hotel Occupancy Tax (HOT) Subordinate Lien Bonds Series 1999 and $25,000,000 Convention Center/Waller Creek Venue Project Bonds Series 1999B, which were privately placed with a third party. The Interim HOT Subordinate Lien Series 1999 had a subordinate lien pledge on the 4.5% hotel occupancy tax revenues. The Interim Convention Center/Waller Creek Venue Project Bonds Series 1999B had a subordinate lien pledge on the additional 2% of hotel occupancy tax revenues. The purpose of the interim debt was to comply with a legal opinion of the State Attorney General's Office. State law, as interpreted by the Attorney General of Texas, will only allow the joint pledge of the 4.5% and 2% hotel occupancy tax if debt is issued and subsequently refunded.

In September 1999, the City issued $110,000,000 of Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds Series 1999 to refund the Interim Subordinate Lien Bonds above. The interim bonds were redeemed at par; therefore, no accounting loss resulted from the refunding transaction. Interest expense recognized from the interim bonds was $769,428. The Refunding Bonds Series 1999 are secured and payable from a subordinate lien on the joint 4.5% and 2% hotel occupancy tax revenues. No operating revenues of the Convention Center are pledged. The City has established a debt service fund, with assets of $940,626 at September 30, 1999, to service principal and interest payments. The City maintains a debt service reserve fund surety bond for this issuance of debt.

The Series 1993A bond reserve fund for revenue bond retirement, with assets of $6,874,269 at September 30, 1999, is restricted within the Convention Center Fund. The City is required to maintain a reserve fund for the benefit of the holders of the Series 1993A Prior Lien Bonds and the Taxable Refunding Revenue Bonds Series 1999. The requirements of the reserve fund are that cash and investments must equal the lesser of 10% of the principal amount or the maximum annual debt service requirement scheduled to occur in the current and each future fiscal year for all bonds outstanding. The City is in compliance with all significant limitations and restrictions contained in the revenue bond indentures.

n -- Convention Center Debt -- Bonds Issued and Outstanding

The following schedule shows all original and refunding revenue bonds outstanding at September 30, 1999 (in thousands of dollars):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 1999
		$	$
1993A	December 1993	75,955	72,110
1999 Refunding	June 1999	6,445	6,445
1999A	June 1999	25,000	25,000
1999	September 1999	110,000	110,000
			$ 213,555

13 -- CONDUIT DEBT

a -- Austin Housing Finance Corporation

From time to time, the City has issued housing revenue bonds through the Austin Housing Finance Corporation (AHFC) to provide financial assistance to other entities for the acquisition and construction of housing facilities for low and moderate-income Austin residents. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 1999, ten series of AHFC housing finance bonds had been issued. The aggregate principal amount payable of these bonds could not be determined; however, their original issue amounts totaled $203.8 million.

In fiscal year 1999, no AHFC bonds were issued. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

b -- Austin Industrial Development Corporation

From time to time, the City has issued industrial revenue bonds through the Austin Industrial Development Corporation (AIDC) to provide financial assistance to other entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 1999, 24 series of AIDC industrial revenue bonds had been issued. The aggregate principal amount payable of these bonds could not be determined; however, their original issue amounts totaled $106.4 million.

No AIDC bonds were issued in fiscal year 1999. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

c -- Austin-Bergstrom International Airport Development Corporation

To provide for the construction of certain facilities at the Austin-Bergstrom International Airport (ABIA), the City has issued industrial revenue bonds through the ABIA Development Corporation. The bonds are special limited obligations of the City, payable solely from and secured by a pledge of rentals to be received from lease agreements between the City and certain entities operating at the Airport. Two series of industrial revenue bonds were issued in 1998; the original issue and aggregate principal amounts payable at September 30, 1999 totaled $19.2 million.

In December 1998, the ABIA Development Corporation issued $8.5 million of tax exempt debt and $300,000 of taxable debt to finance a portion of the cost of an airport cargo warehouse, operations area, and ground service maintenance facility. In August 1999, the Corporation also issued $4.4 million tax exempt debt to finance a portion of the cost of an airport cargo warehouse. These bonds are special limited obligations of the City, payable solely from and secured by a pledge of rentals to be received from lease agreements between the City and certain entities operating at the Airport.

These bonds do not constitute a debt or pledge of the Airport System revenues nor of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

13 -- CONDUIT DEBT, continued

d – Austin-Bergstrom Landhost Enterprises, Inc.

In February 1999, the City issued $38,785,000 senior revenue bonds and $3.73 million subordinate revenue bonds through the Austin-Bergstrom Landhost Enterprises, Inc. for a full-service hotel facility at the airport. The bonds are special limited obligations of the City, payable solely from and secured by a pledge of revenues generated by the hotel.

These bonds do not constitute a debt or pledge of the Airport System revenues, nor of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements.

e -- Rental Car Facility Trust Indenture

To provide for the costs of design, acquisition, construction and equipping of rental car facilities at the Austin-Bergstrom International Airport, the City issued rental car special facilities revenue bonds in 1998 under a trust indenture, by and between the City and Chase Bank of Texas, National Association, Austin, Texas. The bonds are limited special obligations of the City, payable solely from and secured by a pledge of the Trust Estate, including revenues to be received from parking garage rentals, supplemental facilities fees, contract facility charges paid by concessionaires to the trustee and investment earnings from amounts held by the trustee. As of September 30, 1999, one series of rental car special facilities bonds had been issued. The principal amount payable of these bonds and their original issue amount totaled $21.05 million. The bonds do not constitute a debt or pledge of the Airport System revenues nor of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

14 -- DEBT SERVICE REQUIREMENTS

The following is a schedule of General Obligation Bonds and Other Tax Supported Debt requirements for the General Long-Term Debt Account Group (in thousands):

Fiscal Year Ended September 30	General Obligation Bonds (1)			Public Property Finance Contractual Obligations			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2000	21,716	37,423	59,139	7,720	1,534	9,254	1,680	1,955	3,635
2001	34,914	24,619	59,533	6,295	1,207	7,502	1,785	1,853	3,638
2002	37,777	22,940	60,717	5,785	943	6,728	1,865	1,745	3,610
2003	37,030	20,799	57,829	6,240	680	6,920	1,990	1,632	3,622
2004	39,481	18,631	58,112	5,715	400	6,115	1,820	1,512	3,332
Thereafter	307,761	83,230	390,991	5,495	203	5,698	29,625	10,420	40,045
	478,679	207,642	686,321	37,250	4,967	42,217	38,765	19,117	57,882

Fiscal Year Ended September 30	Tax Notes			Total		
	Principal	Interest	Total	Principal	Interest	Total
2000	1,000	1,202	2,202	32,116	42,114	74,230
2001	1,300	1,117	2,417	44,294	28,796	73,090
2002	1,500	1,017	2,517	46,927	26,645	73,572
2003	1,900	900	2,800	47,160	24,011	71,171
2004	12,000	417	12,417	59,016	20,960	79,976
Thereafter	--	--	--	342,881	93,853	436,734
	17,700	4,653	22,353	572,394	236,379	808,773
Less: Amounts reported in Enterprise Funds				(46,016)	(17,334)	(63,350)
Amounts reported in Internal Service Funds				(8,749)	(2,248)	(10,997)
Total requirements reported in other funds				(54,765)	(19,582)	(74,347)
General Long-Term Debt Account Group requirements at September 30, 1999				$ 517,629	216,797	734,426

(1) Excludes $7,575,000 principal and $4,731,602 interest for the HUD Section 108 Loan (Central City Entertainment Center) and $2,402,902 principal and $249,161 interest for the Municipal Energy Conservation Loan.

14 -- DEBT SERVICE REQUIREMENTS, continued

The following summarizes the proprietary funds debt service requirements at September 30, 1999 (in thousands):

Fiscal Year Ended September 30	Commercial Paper Notes (1)			Revenue Notes		
	Principal	Interest	Total	Principal	Interest	Total
2000	$ 333,302	1,063	334,365	--	--	--
2001	--	--	--	--	--	--
2002	--	--	--	--	--	--
2003	--	--	--	--	--	--
2004	--	--	--	--	--	--
Thereafter	--	--	--	28,000	--	28,000
	333,302	1,063	334,365	28,000	--	28,000
Less: Unamortized bond discount	(155)	--	(155)			
Unamortized loss on bond refundings	--	--	--			
Add: Unamortized bond premium	--	--	--			
Net debt service requirements	333,147	1,063	334,210			

Fiscal Year Ended September 30	General Obligation Bonds and Other Tax Supported Debt (2)			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2000	7,830	4,571	12,401	99,460	173,564	273,024
2001	6,842	4,312	11,154	104,302	161,252	265,554
2002	6,064	4,184	10,248	109,521	166,287	275,808
2003	5,999	3,909	9,908	92,825	156,623	249,448
2004	6,024	3,629	9,653	132,385	141,261	273,646
Thereafter	48,774	18,117	66,891	2,450,679	1,601,368	4,052,047
	81,533	38,722	120,255	2,989,172	2,400,355	5,389,527
Less: Unamortized bond discount	(380)	--	(380)	(63,298)	--	(63,298)
Unamortized loss on bond refundings	(390)	--	(390)	(9,135)	--	(9,135)
Add: Unamortized bond premium	445	--	445	39,082	--	39,082
Net debt service requirements	$ 81,208	38,722	119,930	2,955,821	2,400,355	5,356,176

(continued)

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

(2) Includes assumed tax and revenue bond principal of $26,647,890 and interest of $19,140,183 and $120,000 of Water and Wastewater notes payable.

14 -- DEBT SERVICE REQUIREMENTS, continued

Fiscal Year Ended September 30	Water Improvement District Bonds Principal	Water Improvement District Bonds Interest	Water Improvement District Bonds Total	Municipal Utility District Contract Revenue Bonds Principal	Municipal Utility District Contract Revenue Bonds Interest	Municipal Utility District Contract Revenue Bonds Total
2000	$ 307	54	361	6,245	6,182	12,427
2001	366	37	403	6,930	5,791	12,721
2002	353	19	372	6,730	5,352	12,082
2003	35	3	38	7,540	4,919	12,459
2004	35	1	36	8,190	4,433	12,623
Thereafter	--	--	--	66,125	13,877	80,002
	1,096	114	1,210	101,760	40,554	142,314
Less: Unamortized bond discount				(365)	--	(365)
Unamortized loss on bond refundings				--	--	--
Add: Unamortized bond premium				--	--	--
Net debt service requirements				101,395	40,554	141,949

Fiscal Year Ended September 30	Total Debt Service Requirements Principal	Total Debt Service Requirements Interest	Total Debt Service Requirements Total
2000	447,144	185,434	632,578
2001	118,440	171,392	289,832
2002	122,668	175,842	298,510
2003	106,399	165,454	271,853
2004	146,634	149,324	295,958
Thereafter	2,593,578	1,633,358	4,226,936
	3,534,863	2,480,804	6,015,667
Less: Unamortized bond discount	(64,198)	--	(64,198)
Unamortized loss on bond refundings	(9,525)	--	(9,525)
Add: Unamortized bond premium	39,527	--	39,527
Net debt service requirements	$ 3,500,667	2,480,804	5,981,471

14 -- DEBT SERVICE REQUIREMENTS, continued

The following summarizes the proprietary funds debt service requirements at September 30, 1999 by fund (in thousands):

Fiscal Year Ended September 30	Electric (1)			Water and Wastewater (2)		
	Principal	Interest	Total	Principal	Interest	Total
2000	$ 266,726	96,897	363,623	173,615	52,815	226,430
2001	83,936	84,797	168,733	27,930	49,425	77,355
2002	80,680	89,091	169,771	28,175	50,092	78,267
2003	67,432	83,446	150,878	24,471	46,100	70,571
2004	91,680	70,527	162,207	38,493	43,731	82,224
Thereafter	1,139,162	582,172	1,721,334	834,346	596,297	1,430,643
	1,729,616	1,006,930	2,736,546	1,127,030	838,460	1,965,490
Less: Unamortized bond discount	(27,190)	--	(27,190)	(24,686)	--	(24,686)
Unamortized loss on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	28,661	--	28,661	10,289	--	10,289
	1,731,087	1,006,930	2,738,017	1,112,633	838,460	1,951,093

Fiscal Year Ended September 30	Solid Waste Services			Airport		
	Principal	Interest	Total	Principal	Interest	Total
2000	1,860	1,075	2,935	92	24,154	24,246
2001	1,499	933	2,432	216	24,004	24,220
2002	1,260	859	2,119	7,765	23,801	31,566
2003	1,288	791	2,079	8,120	23,365	31,485
2004	1,298	721	2,019	8,550	22,890	31,440
Thereafter	13,449	4,359	17,808	398,691	296,617	695,308
	20,654	8,738	29,392	423,434	414,831	838,265
Less: Unamortized bond discount	(21)	--	(21)	(9,081)	--	(9,081)
Unamortized loss on bond refundings	(247)	--	(247)	(1,762)	--	(1,762)
Add: Unamortized bond premium	135	--	135	--	--	--
	$ 20,521	8,738	29,259	412,591	414,831	827,422

(continued)

(1) Included in the debt service requirements of Electric is $187,634,000 principal and $615,662 interest for commercial paper notes.

(2) Included in the debt service requirements of Water and Wastewater is $145,668,000 principal and $447,385 interest for commercial paper notes.

14 -- DEBT SERVICE REQUIREMENTS, continued

Fiscal Year Ended September 30	Convention Center Principal	Convention Center Interest	Convention Center Total	Drainage Principal	Drainage Interest	Drainage Total
2000	$ 2,702	9,520	12,222	146	153	299
2001	2,980	11,365	14,345	158	142	300
2002	3,128	11,217	14,345	171	130	301
2003	3,297	11,055	14,352	185	117	302
2004	4,906	10,850	15,756	207	102	309
Thereafter	196,994	150,624	347,618	1,609	553	2,162
	214,007	204,631	418,638	2,476	1,197	3,673
Less: Unamortized bond discount	(3,210)	--	(3,210)	--	--	--
Unamortized loss on bond refundings	(7,373)	--	(7,373)	--	--	--
Add: Unamortized bond premium	358	--	358	--	--	--
	203,782	204,631	408,413	2,476	1,197	3,673

Fiscal Year Ended September 30	Transportation Principal	Transportation Interest	Transportation Total	Golf Principal	Golf Interest	Golf Total
2000	106	28	134	378	401	779
2001	111	23	134	403	380	783
2002	117	18	135	415	359	774
2003	123	13	136	454	338	792
2004	130	7	137	419	315	734
Thereafter	67	2	69	6,174	1,885	8,059
	654	91	745	8,243	3,678	11,921
Less: Unamortized bond discount	--	--	--	(7)	--	(7)
Unamortized loss on bond refundings	--	--	--	(70)	--	(70)
Add: Unamortized bond premium	--	--	--	60	--	60
	$ 654	91	745	8,226	3,678	11,904

(continued)

14 -- DEBT SERVICE REQUIREMENTS, continued

Fiscal Year Ended September 30		Fleet Maintenance			Support Services	
	Principal	Interest	Total	Principal	Interest	Total
2000	$ 264	112	376	1,258	279	1,537
2001	130	101	231	1,076	222	1,298
2002	74	95	169	882	179	1,061
2003	79	90	169	950	138	1,088
2004	88	85	173	863	95	958
Thereafter	1,677	620	2,297	1,408	232	1,640
	2,312	1,103	3,415	6,437	1,145	7,582
Less: Unamortized bond discount	--	--	--	(3)	--	(3)
Unamortized loss on bond refundings	(16)	--	(16)	(57)	--	(57)
Add: Unamortized bond premium	4	--	4	20	--	20
	2,300	1,103	3,403	6,397	1,145	7,542

Fiscal Year Ended September 30	Total Debt Service Requirements		
	Principal	Interest	Total
2000	447,147	185,434	632,581
2001	118,439	171,392	289,831
2002	122,667	175,841	298,508
2003	106,399	165,453	271,852
2004	146,634	149,323	295,957
Thereafter	2,593,577	1,633,361	4,226,938
	3,534,863	2,480,804	6,015,667
Less: Unamortized bond discount	(64,198)	--	(64,198)
Unamortized loss on bond refundings	(9,525)	--	(9,525)
Add: Unamortized bond premium	39,527	--	39,527
	$ 3,500,667	2,480,804	5,981,471

15 -- INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 1999, are as follows:

	Current		Long-Term	
	Due From Other Funds	**Due To Other Funds**	**Advance To Other Funds**	**Advance From Other Funds**
RECEIVABLES:				
Special Revenue Funds				
Other Special Revenue Funds:				
Receivable from Federal Grants	$ 10,970,077	--	--	--
Receivable from State Grants	2,113,172	--	--	--
Receivable from Other Special Revenue Grants	78,160	--	--	--
Receivable from Other Special Revenue Funds	1,311,826	--	--	--
Capital Projects Funds				
Capital Projects Funds Prior to 1984:				
Receivable from Capital Projects Funds Prior to 1984	90,804	--	--	--
Capital Projects Funds 1984:				
Receivable from Capital Projects Funds 1984	341,517	--	--	--
Capital Projects Funds 1992:				
Receivable from Agency Funds	72,885	--	--	--
Capital Projects Funds 1997:				
Receivable from Capital Project Funds 1997	7,752,505	--	--	--
Other Funds:				
Receivable from Capital Projects Other Funds	692,460	--	--	--
Enterprise Funds				
Electric Fund (Restricted):				
Receivable from Solid Waste Services Fund	12,385	--	12,385	--
Receivable from Airport Fund	1,455	--	1,455	--
Receivable from Drainage Fund	3,045	--	3,045	--
Internal Service Funds:				
Receivable from Fleet Maintenance Fund	13,875	--	13,875	--
Receivable from Support Services Fund	124,932	--	124,932	--
Water and Wastewater Fund (Restricted):				
Receivable from Solid Waste Services Fund	10,225	--	10,225	--
Receivable from Airport Fund	1,201	--	1,201	--
Receivable from Drainage Fund	2,514	--	2,514	--
Internal Service Funds:				
Receivable from Fleet Maintenance Fund	11,455	--	11,455	--
Receivable from Support Services Fund	203,337	--	472,059	--
Airport Fund:				
Internal Service Funds:				
Receivable from Support Services Fund	$ 45,988	--	--	--

15 -- INTERFUND RECEIVABLES AND PAYABLES, continued

	Current		Long-Term	
	Due From Other Funds	Due To Other Funds	Advance To Other Funds	Advance From Other Funds
PAYABLES:				
Special Revenue Funds				
Federal Grants:				
Payable to Other Special Revenue Funds	--	10,970,077	--	--
State Grants:				
Payable to Other Special Revenue Funds	--	2,113,172	--	--
Other Special Revenue Grants:				
Payable to Other Special Revenue Funds	--	78,160	--	--
Other Special Revenue Funds:				
Payable to Other Special Revenue Funds	--	1,311,826	--	--
Capital Projects Funds				
Capital Projects Funds prior to 1984:				
Payable to Capital Projects Prior to 1984	--	90,804	--	--
Payable to Capital Projects 1984	--	71,444	--	--
Capital Projects Funds 1984:				
Payable to Capital Project Funds 1984	--	270,073	--	--
Capital Project Funds 1998:				
Payable to Capital Projects Funds 1997	--	4,911,760	--	--
Caital Projects Funds Other Funds:				
Payable to Capital Projects Funds 1997	--	2,840,745	--	--
Payable to Capital Projects Funds Other Funds	--	692,460	--	--
Enterprise Funds				
Solid Waste Services Fund:				
Payable to Electric Fund	--	12,385	--	12,385
Payable to Water and Wastewater Fund	--	10,225	--	10,225
Airport Fund:				
Payable to Electric Fund	--	1,455	--	1,455
Payable to Water and Wastewater Fund	--	1,201	--	1,201
Drainage Fund:				
Payable to Electric Fund	--	3,045	--	3,045
Payable to Water and Wastewater Fund	--	2,514	--	2,514
Internal Service Funds				
Fleet Maintenance Fund:				
Payable to Electric Fund	--	13,875	--	13,875
Payable to Water and Wastewater Fund	--	11,455	--	11,455
Support Services Fund:				
Payable to Electric Fund	--	124,932	--	124,932
Payable to Water and Wastewater Fund	--	203,337	--	472,059
Payable to Airport Fund	--	45,988	--	--
Trust and Agency Funds				
Agency Funds:				
Payable to Capital Projects Funds	--	72,885	--	--
	$ 23,853,818	23,853,818	653,146	653,146

16 -- INTERFUND TRANSFERS

a – Interfund Transfers

Operating transfers between funds during the year were as follows:

Operating Transfers In	Operating Transfers Out		Amount
General Fund	Enterprise Funds:	Electric Fund	$ 57,990,860
		Water and Wastewater Fund	16,213,620
			74,204,480
Special Revenue Funds - Other:			
Balcones Canyonlands Conservation Fund	General Fund		88,000
	Enterprise Funds:	Drainage Fund	400,802
Barton Springs Conservation Fund	General Fund		55,000
Downtown Development Fund	General Fund		600,000
Environmental Remediation Fund	Enterprise Funds:	Water and Wastewater Fund	75,000
		Solid Waste Fund	75,000
		Drainage Fund	75,000
Fee Waiver Fund	General Fund		7,000
Federally Qualified Health Center Fund	Special Revenue Funds:	Disproportionate Share Fund	350,000
	Enterprise Funds:	Hospital Operating Fund	6,302,410
Neighborhood Housing and Conservation Fund	General Fund		1,250,240
PARD-Cultural Projects Fund	Special Revenue Funds:	Hotel-Motel Occupancy Tax Fund	2,799,655
Planning, Environmental & Conservation Fund	General Fund		2,141,303
Public Improvement District	Enterprise Funds:	Water and Wastewater Fund	50,000
		Convention Center Fund	50,000
Strategic Planning Investment Fund	General Fund		1,100,000
Tourism and Promotion Fund	General Fund		125,382
	Special Revenue Funds:	Hotel-Motel Occupancy Tax Fund	4,199,494
Voluntary Utility Assistance Fund	General Fund		160,000
			19,904,286
Debt Service Funds:			
General Obligation Debt Service Fund	Special Revenue Funds:	Balcones Canyonlands Conservation Plan Fund	26,394
		Federally Qualified Health Center Fund	104,594
		One Texas Center Fund	1,965,725
	Capital Project Funds:	Interest Income Fund	840,000
HUD Section 108 Fund	Special Revenue Funds:	Neighborhod Housing and Conservation Fund	187,764
			$ 3,124,477

(continued)

16 -- INTERFUND TRANSFERS, continued

Operating Transfers In	Operating Transfers Out		Amount
Capital Projects Funds	General Fund		$ 20,350,709
	Special Revenue Funds:	Disproportionate Share Fund	1,614,280
		Police Federal Seized Money Fund	650,000
	Capital Project Funds:	Neighborhood Park and Recreation	433,000
		Fire/EMS/NW Austin MUD #1	2,379,273
		Interest Income Fund	7,315,000
	Internal Service Funds:	Fleet Maintenance Fund	65,000
			32,807,262
Enterprise Funds:			
Electric Fund	General Fund		65,817
Solid Waste Fund	General Fund		350,100
	Special Revenue Funds:	Environmental Remediation Fund	75,000
Convention Center Fund	Special Revenue Funds:	Hotel-Motel Occupancy Tax Fund	17,612,964
Drainage Fund	General Fund		298,504
	Capital Project Funds:	Fire/EMS/NW Austin MUD #1	470,000
			18,872,385
Total Operating Transfers			$ 148,912,890

b – Residual Equity Transfers

Certain accounts relating to residual equity transfers have been restated to conform to generally accepted accounting principles.

	Residual Equity Transfers In	Residual Equity Transfers Out
Governmental funds		
Special Revenue Funds:		
Other Special Revenue Funds:		
Planning, Environmental and Conservation Services	$ 946,568	--
Proprietary funds		
Enterprise Funds:		
Electric Fund	2,730,138	--
Performance Contracting Fund	--	3,676,706
	$ 3,676,706	3,676,706

17 -- SEGMENT INFORMATION

a -- Enterprise Fund Activities

The City maintains eleven enterprise funds, which provide electric, water and wastewater, health care, solid waste services, airport, convention, drainage, transportation services, performance contracting, golf, and parks and recreation activities. Segment information for the year ended September 30, 1999, is as follows (in thousands of dollars):

	Electric Fund	Water & Wastewater Fund	Hospital Fund	Solid Waste Services Fund	Airport Fund	Convention Center Fund	Other Enterprise Funds	Total Enterprise Funds
Operating revenues	$ 682,088	214,043	17,943	35,228	54,580	9,428	49,214	1,062,524
Depreciation and amortization expense	79,048	46,231	2,094	2,934	17,231	2,668	2,531	152,737
Operating income (loss)	260,834	81,225	13,970	5,714	9,818	(5,362)	4,224	370,423
Operating transfers in	66	--	--	425	--	17,613	768	18,872
Operating transfers out	(57,991)	(16,339)	(6,302)	(75)	--	(50)	(476)	(81,233)
Net income (loss)	115,987	33,950	8,910	5,746	9,917	7,265	5,182	186,957
Current assets	201,613	55,107	25,394	12,848	3,287	7,355	10,588	316,192
Current liabilities	54,770	19,559	672	4,528	3,856	771	4,306	88,462
Net working capital surplus	146,843	35,548	24,722	8,320	(569)	6,584	6,282	227,730
Property, plant and equipment:								
Additions	90,557	171,558	--	3,687	148,684	5,774	8,470	428,730
Retirements	(11,509)	(6,476)	--	(387)	(36)	(624)	(38)	(19,070)
Transfers from (to) other funds	153	--	--	--	--	--	(153)	--
Net property, plant and equipment	1,720,890	1,479,846	45,645	26,966	602,213	97,469	48,796	4,021,825
Total assets	2,881,632	1,941,145	78,539	56,412	735,784	255,444	87,054	6,036,010
Bond, restricted, and other long-term liabilities	1,950,306	1,205,498	--	25,458	448,858	208,389	12,032	3,850,541
Current capital contributions	4,843	35,858	--	5	29,414	2	5,481	75,603
Total equity	876,555	716,087	77,867	26,426	283,070	46,284	70,718	2,097,007

17 -- SEGMENT INFORMATION, continued

b -- Proprietary Fund Contributed Capital

The following table summarizes activity in contributed capital for the year ended September 30, 1999:

	Balance September 30, 1998	Contribution Type (To) From Municipality	From Donors	From Other Governments	In Aid of Construction	Depreciation Taken	Balance September 30, 1999
Enterprise Funds:							
Electric Fund	$ 64,156,353	2,730,138	--	407,178	1,705,850	(3,172,155)	65,827,364
Water and Wastewater Fund	309,267,139	(681,779)	--	--	36,540,039	(12,208,049)	332,917,350
Hospital Fund	12,615,015	--	--	--	--	--	12,615,015
Solid Waste Services Fund	1,367,679	4,554	--	--	--	--	1,372,233
Airport Fund	116,795,723	722	--	23,120,401	6,292,920	(2,838,691)	143,371,075
Convention Center Fund	21,734,751	2,441	--	--	--	(65,494)	21,671,698
Drainage Fund	23,203,147	1,904,651	--	--	3,594,891	--	28,702,689
Transportation Fund	331,206	--	--	--	--	--	331,206
Golf Fund	867,779	(19,099)	--	--	--	--	848,680
Parks and Recreation Fund	1,069,976	--	--	--	--	--	1,069,976
Internal Service Funds:							
Fleet Maintenance Fund	13,492,253	7,200,000	--	--	--	--	20,692,253
Support Services Fund	7,323,252	(426,708)	--	--	--	--	6,896,544
Employee Benefits Fund	9,244,036	--	--	--	--	--	9,244,036
Workers' Compensation Fund	2,443,283	--	--	--	--	--	2,443,283
Radio Communication Fund	56,255	--	--	--	--	--	56,255
Infrastructure Support Services Fund	343,005	--	--	--	--	--	343,005
Capital Projects Management Fund	28,300	--	--	--	--	--	28,300
Total	$ 584,339,152	10,714,920	--	23,527,579	48,133,700	(18,284,389)	648,430,962

18 -- JOINT OPERATIONS

The City has entered into several participating agreements on joint projects. As required by generally accepted accounting principles, such joint operations have been evaluated to determine if they fall within the definition of the reporting entity. The following joint operations meet the criteria of an undivided interest as defined in GASB Statement 14 and, accordingly, the City's share of assets, liabilities, and expenses is included in the City's financial statements.

a -- Fayette Power Project

The Fayette Power Project (the "Project", Units I and II) is jointly owned by the City and the Lower Colorado River Authority (LCRA, Project Manager) -- each participant has an undivided interest in the Project. The Project is a joint operation of two coal-fired electric power generation units with a net capacity of 1,140 megawatts. Each participant's actual equity in the Project may vary from 50% depending on the percentage of kilowatt hours produced by the Project and used by each.

The Project is governed by a management committee whose four members are administratively appointed, two each, by the participants. As managing partner, LCRA is responsible for the operation of the Project and appoints the Project's management. However, the City has the ability to influence significantly the operation of the Project through approval of major contracts and new major expenditures by its appointees to the management committee. Each participant issued its own debt to finance its share of construction costs. The City's portion is financed through revenue bonds to be repaid by the Electric Fund. In addition, each participant has the obligation to finance its portion of any deficits that may occur.

18 -- JOINT OPERATIONS, continued

The following is a summary of financial information taken from the Project's audited financial statements, dated June 30, 1999, and 1998, the Project's fiscal year end (in thousands of dollars). These statements include Unit III, which is 100% owned by LCRA. These statements were not examined by the City's auditors.

	June 30, 1999			June 30, 1998		
	Total	**COA**	**LCRA**	**Total**	**COA**	**LCRA**
Assets	$ 66,531	29,450	37,081	65,208	29,996	35,212
Liabilities	15,573	5,700	9,873	11,394	4,265	7,129
Equity	50,958	23,750	27,208	53,814	25,731	28,083
Revenues	1,385	309	1,076	2,580	620	1,960
Expenses	144,400	49,418	94,982	130,950	40,381	90,569
Net expenses incurred	$ 143,015	49,109	93,906	128,370	39,761	88,609

Financial reports that include financial statements and supplementary information for the Fayette Power Project are publicly available at the LCRA, 3700 Lake Austin Blvd., Austin, TX 78703. Their telephone number is (512) 473-3200.

b -- South Texas Project

The South Texas Project (STP) was formed for the purpose of licensing, constructing and operating two 1,250 megawatt nuclear generating units. The City was admitted to the STP in December 1973, with a 16% ownership in generating units and common facilities. The City is a tenant-in-common with Houston Lighting and Power Company (HL&P), City Public Service of San Antonio (CPS), and Central Power and Light Company (CP&L).

On October 1, 1997 the STP Nuclear Operating Company (OPCO) was formed by the owners of STP and replaced HL&P as the project manager. OPCO is a separate entity formed to manage STP. Each participant appoints one member to the board of directors of OPCO. There is also an owner's committee, and each participant appoints one member to the owner's committee. A member of the owner's committee may serve on the board of directors in the absence of a board member. OPCO, serving as project manager, is responsible for the operation and maintenance of the project as well as capital improvements. Each participant is responsible for its debt related to STP. The City's portion is financed through revenue bonds or commercial paper, which are repaid by the Electric Fund (see Note 12). In addition, each participant has the obligation to finance any deficits that may occur.

The City's portion of Units 1 and 2 of the South Texas Project is classified as plant in service. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

The following is a summary of financial information taken from the South Texas Project's audited financial statements dated December 31, 1998 (in thousands of dollars). These statements were not examined by the City's auditors.

	HL&P	**CPS**	**CP&L**	**Austin**	**Total**
Operations	$ 88,525	80,430	72,429	45,987	287,371
Spent fuel	6,155	5,570	4,919	3,157	19,801
Total 1998 funding	$ 94,680	86,000	77,348	49,144	307,172

Financial reports that include financial statements and supplementary information for the STP are publicly available at the STP Nuclear Operating Company, P.O. Box 289, Wadsworth, TX 77483. Their telephone number is (361) 972-7067.

18 -- JOINT OPERATIONS, continued

c -- South Texas Project Decommissioning

The South Texas Project (STP) is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant operating license submit information to the NRC indicating the minimum amount of funds that will be required to decommission the plant while demonstrating reasonable assurance that sufficient funds are being accumulated to provide the minimum amount at the time the plant is decommissioned. This minimum amount must be adjusted annually in accordance with an adjustment factor as required by the NRC. At September 30, 1999 and 1998, the City had funded its share of the estimated decommissioning liability as follows:

	1999	1998
Estimated cost to decommission STP	$190,572,684	$181,205,588
Restricted decommissioning fund assets	53,655,752	49,332,878

The City of Austin and other STP participants have provided the required information to the NRC, and the City of Austin has established an external irrevocable trust for decommissioning and has been collecting through its rates since 1989 sufficient amounts to provide for its share of the estimated decommissioning costs. For fiscal years 1999 and 1998, the City collected $4,958,221 in each year for decommissioning expenses.

d -- Municipal Utility Districts

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 serves the MUDs and surrounding areas. These additions and improvements are funded by the issuance of City contract revenue bonds, whose principal and interest are payable primarily from the net revenues of the Water and Wastewater Fund.

The City reports the bond proceeds as "investment in municipal utility districts" on the balance sheet of the Water and Wastewater Fund. As facilities funded by the contract revenue bonds are completed, the City's investment in municipal utility districts is reduced and plant in service is increased. The City records the contract revenue bonds as a liability on the balance sheet of the Water and Wastewater Fund.

e -- Brushy Creek

The City, the Lower Colorado River Authority (LCRA), and the Brazos River Authority (BRA) are joint owners of the Brushy Creek Regional Wastewater System. This facility serves the upper Brushy Creek watershed in Williamson County. The Brazos River Authority operates the system. During fiscal year 1998, the LCRA and BRA purchased a portion of Austin’s share relating to the area now included in the City of Cedar Park’s extra-territorial jurisdiction.

f -- Rivercrest Water Supply Corporation

Upon annexation, in December 1997, of Davenport Ranch Municipal Utility District (“Davenport MUD”), the City assumed a cost sharing agreement with Davenport MUD, Davenport Limited, Rivercrest Water Supply Corporation and Loop 360 Water Supply Corporation. The agreement allocates the costs, based on capacity allocations, of operating a private water treatment facility servicing the Davenport MUD and the other participants’ service areas. ST Environmental is under contract to operate the water treatment facility. The participants in the cost sharing agreement continue to pay their contractual share of the operations and maintenance costs of the facility, with the City of Austin now responsible for the Davenport MUD portion of these costs. The City may amend this arrangement in the future to provide for facility improvements that will allow the customers to be served by the City’s system.

Former Davenport MUD customers are now billed by the City of Austin as inside City retail water customers. The other entities continue to bill the individual customers served by the facility who were not residents of the former MUD.

19 -- ANNEXED DISTRICTS

Municipal Utility Districts (“MUD”) are taxing and financing authorities organized under the laws of the State of Texas to provide water, drainage and sewer services to residents not serviced by the City. The assets and liabilities of districts annexed are recorded as follows:

(1) Fixed assets, at cost, net of accumulated depreciation, constructed for water and sewer operations are recorded in the Water and Wastewater Fund, and fixed assets, at cost, net of accumulated depreciation, constructed for drainage operations are recorded in the Drainage Fund.

(2) Funds available for future construction of water and sewer facilities are recorded in the Water and Wastewater Fund with corresponding contributed capital recorded within that fund.

(3) The annexed districts’ long-term debt is assumed by the City upon dissolution of the districts and is treated as tax obligation bonded debt of the City. The assumed debt, net of premium/discount, issued to acquire the water and sewer facilities and issuance costs is recorded in the Water and Wastewater Fund, and the assumed debt issued to acquire the drainage facilities is recorded in the General Long-Term Debt Account Group.

(4) Debt service requirements on the assumed districts’ tax obligation debt are provided by the City’s ad valorem tax levy and by revenues from the Water and Wastewater Fund.

(5) Upon completion of construction, any remaining funds are restricted to the payment of debt service of the annexed districts that provided the funds.

During fiscal year 1999, the City annexed three utility districts which included Austin MUD No. 1, 2, and 3. Contributions of net assets or liabilities were recorded in the following funds and account groups (in thousands of dollars):

	Assets	Liabilities
General Fund	$ 1,145	$ --
Capital Project Funds	150	--
Water and Wastewater Fund	1,338	1,118
Drainage Fund	583	--
General Long-Term Debt Account Group	--	717

20 -- LITIGATION

a -- Water and Wastewater Litigation

The City is involved in a number of lawsuits involving the operation of its water and wastewater system. Some of the cases involve failure to provide sewer service on a timely basis; some small lawsuits involve various property claims. The City believes these suits will not have a material effect on these financial statements.

b -- Other Litigation

A number of claims against the City are pending with respect to various matters arising in the normal course of the City’s operations. Legal counsel and City management are of the opinion that the settlement of these claims and pending litigation will not have a material effect on the City’s financial statements. The City has accrued liabilities in the Liability Reserve Fund for claims payable at September 30, 1999. These liabilities include amounts for lawsuits settled subsequent to year end.

21 -- COMMITMENTS AND CONTINGENCIES

a -- Certificates of Participation

The City has entered into several capital lease arrangements through the issuance of Certificates of Participation as follows:

$23,060,000 Certificates of Participation, City of Austin, Texas Electric Utility Office Project, Series 1987;

$14,000,000 Certificates of Participation, City of Austin, Texas Water and Wastewater Utility Office Project, Series 1987;

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

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

The following table presents information regarding these certificates:

	Electric Fund Office Project (1)	Water and Wastewater Fund Office Project (1)
Date issued	February 1987	August 1987
Amount issued	23,060,000	14,000,000
Interest rates	4.00% - 7.00%	5.25% - 8.00%
Interest payable on	March 15 and September 15	May 15 and November 15
Maturity dates	September 15 1988 – 2007	November 15 1989 - 2007
Present value of lease payments	12,650,000	8,950,000
Reserve fund (2)	2,000,000	1,250,000

(1) Subject to mandatory redemption upon the occurrence of certain events.
(2) Held by trustee, to be used to make final payments.

b – Federal and State Financial Assistance Programs

The City participates in a number of federal and state financial assistance programs. The programs are subject to audit by the granting agencies to determine if activities comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

c -- Arbitrage Rebate Payable

The City's financial advisor has determined that the City may have earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations, which may have to be rebated to the Federal government. Estimated amounts payable at September 30, 1999, as arbitrage rebates are $584,100 for the enterprise funds and $1,384,000 for the capital projects funds which are recorded as liabilities of these funds.

21 -- COMMITMENTS AND CONTINGENCIES, continued

d -- Capital Improvement Plan

As required by the City Charter, the City has a *Five Year Capital Improvement Plan* that is an anticipated spending plan for projects in the upcoming year (a *Capital Budget*) as well as for future years. The City's 2000 Capital Budget includes new appropriations of $329,335,967 for the City's enterprise funds and $131,709,506 for general government projects and appropriation reductions of $647,110 for the enterprise funds and $51,036 for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

e -- Operating lease with Daughters of Charity Health Services of Austin

Effective October 1, 1995, the City entered into a long-term lease arrangement with the Daughters of Charity Health Services of Austin ("Seton"). Under the terms of the lease, Seton will operate City-owned Brackenridge Hospital and will provide all necessary medical services for all residents of Austin regardless of their ability to pay. The City will fund these services through payments to Seton for three programs. Under the Charity Care Program, the City will reimburse Seton up to a maximum of $5.6 million annually for providing care to the medically indigent; provided, however, that Seton must first satisfy its requirement under State law to provide charity care in the amount of 4% of net revenues. Under the Medical Assistance Program, the City will pay Seton a maximum of approximately $6.0 million annually (adjusted annually for inflation for the next one year) for providing services to patients enrolled in the City's Medical Assistance Program. Under the Physician Services Program, the City will pay Seton approximately $5.1 million annually (adjusted annually for each of the next six years) for providing physician services to patients in the first two programs.

f -- 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 FM812) 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, the City reports in the Solid Waste Services Fund a portion of these closure and postclosure care costs as an operating expense in each period, based on landfill capacity used as of each balance sheet date. The $6,467,381 reported as accrued landfill closure and postclosure costs at September 30, 1999, represents the cumulative amount reported to date based on the use of 76.6 percent of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of $1,975,675 as the remaining estimated capacity is filled over the next twelve years. The total estimated costs of $8,443,056 include costs of closure in 2010 of $2,189,211 and postclosure costs over the subsequent thirty years of $6,253,844. These amounts are based on what it would cost to perform all closure and postclosure care in 1999. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

State and federal laws to demonstrate financial assurance for closure, postclosure, and/or corrective action became effective in April 1997. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

g -- 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	Approximately 24% of City employees use one of three HMOs; approximately 76% use the City's program, which is self-insured. In addition, retirees may choose from three HMOs, one Medicare Risk Program and a PPO. Premiums are charged to other City funds through a charge per employee per pay period.
Liability Reserve	Self-insured. Includes losses and claims related to liability for bodily injury, property damage, professional liability, and certain employment liability. Excludes losses and claims related to health benefits or workers' compensation. Premiums are charged to other City funds each year based on historical costs.
Workers' Compensation	Self-insured. Premiums are charged to other City funds each year based on historical costs.

21 -- COMMITMENTS AND CONTINGENCIES, continued

The City purchases stop loss insurance for the City's self-funded Medical Plan. This stop loss insurance covers individual claims that exceed $150,000 per calendar year, up to a maximum of $1 million. During fiscal year 1999, six claims exceeded the stop loss limit of $150,000; one claim exceeded the stop loss limit in fiscal year 1998; and two exceeded the limit in fiscal year 1997. City coverage is limited to $1 million in lifetime benefits. The City does not purchase stop loss insurance for workers' compensation claims.

The City purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bond, and airport operations. The City also purchases a broad range of insurance coverage through the Rolling Owner Controlled Insurance Program (ROCIP). The program provides auto and commercial general liability coverage for the City and for contractors working at selected capital improvement sites; it also provides workers' compensation, employers' liability, and excess liability for contractors at these sites. The City purchases excess liability coverage for the Electric Fund. The City also purchases medical malpractice insurance coverage for physicians in the City's Health and Human Services Department clinics. None of the policies had claims settlements in excess of insurance coverage. The City does not participate in a risk pool. There are no significant reductions in insurance coverage in fiscal year 1999.

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). Claim liabilities for the Employee Benefits Fund are calculated considering recent claim settlement trends; liabilities for the Liability Reserve Fund and Workers' Compensation Fund are calculated based on outstanding claims. The amount to be paid out ultimately may be more or less than the amount accrued at September 30, 1999. The possible range of loss is $19.7 - $36.1 million. The City contributes amounts to an internal service fund based on an estimate of the cost of claims expected to be incurred each year.

Changes in the balances of claims liability are as follows:

	Employee Benefits	Liability Reserve	Workers' Compensation
September 30, 1997 liability balances	$2,903,000	15,460,136	5,183,000
Claims and changes in estimates	1,778,000	793,878	1,269,228
Claims payments	2,143,000	2,980,987	2,562,228
September 30, 1998 liability balances	2,538,000	13,273,027	3,890,000
Claims and changes in estimates	2,584,000	3,237,183	2,307,899
Claims payments	2,101,000	4,012,883	2,043,899
September 30, 1999 liability balances	$3,021,000	12,497,327	4,154,000

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of $6,766,000 discounted at 5.85% in 1999 and $5,305,000 discounted at 5.06% in 1998.

h -- Developer Reimbursement Claims

The City is in the process of reviewing claims made by the developers of the MUDs annexed in December 1998 and 1999 (see Note 19). These claims are for reimbursement of costs incurred to construct water and wastewater facilities and related infrastructure, and are subject to verification from the engineering and accounting consultants performing the technical reviews. The City estimates the actual liability for developer reimbursement claims is between $19.5 and 29.3 million.

i -- Environmental Remediation Contingencies

The Electric Fund may incur potential costs related to environmental remediation of certain sites including the Seaholm Power Plant, and has recorded a liability of $4,302,000 in 1999. Additional potential liabilities for remediation range from $0 to $3.8 million. This amount includes the cost of penalties associated with an Environmental Protection Agency (EPA) PCB inspection and estimated costs for the remediation of the contaminated sites. The Electric Fund anticipates incurring these costs between 2000 and 2001.

21 -- COMMITMENTS AND CONTINGENCIES, continued

In addition, on April 29, 1999, the EPA issued an Administrative Order to the Water and Wastewater Utility concerning wastewater overflow issues. The Administrative Order requires the Utility to conduct studies of its wastewater collection system and to eliminate overflows by December 2007 by making necessary improvements that will require capital investment for the repair and/or rehabilitation of the collection system infrastructure. When the studies are complete, the utility will be able to estimate the cost of the improvements. Currently, the Utility is complying with all requirements of the Administrative Order. On October 29, 1999, the EPA and the Utility executed a Consent Order assessing an administrative penalty of $21,000 to the Utility for past overflows from its collection system; the penalty was paid following year end.

The Airport Fund may also incur potential costs related to environmental remediation of certain sites, and has recorded in these financial statements an estimated liability of $4.6 million.

j -- Other Commitments and Contingencies

The City is committed under various leases for building and office space, tracts of land and rights of way, and various equipment. These leases are considered for accounting purposes to be operating leases. Lease expense for the year ended September 30, 1999, amounted to $12,798,853. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments for these leases should be approximately the same amount.

The City has entered into certain lease agreements, including the certificates of participation, as lessee for financing the purchase of equipment used in the Electric Fund and Water and Wastewater Fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following summarizes assets recorded at September 30, 1999, under capital lease obligations:

	Electric Fund	Water & Wastewater Fund	Total
Assets			
Building	$ 20,198,960	12,750,000	32,948,960
Total assets	20,198,960	12,750,000	32,948,960
Accumulated depreciation	6,356,840	2,928,502	9,285,342
Net assets	$ 13,842,120	9,821,498	23,663,618

21 -- COMMITMENTS AND CONTINGENCIES, continued

The following is an analysis of the future minimum lease payments under these capital leases and Certificates of Participation and the present value of the net minimum lease payments, as of September 30, 1999:

Fiscal Year Ended September 30	Electric Fund	Water and Wastewater Fund	Total
2000	$ 2,117,715	1,400,606	3,518,321
2001	2,119,635	1,393,775	3,513,410
2002	2,119,535	1,406,194	3,525,729
2003	2,116,900	1,387,931	3,504,831
2004	2,116,200	1,389,217	3,505,417
Later years	6,338,800	5,515,787	11,854,587
Total minimum lease payments	16,928,785	12,493,510	29,422,295
Less:			
Amount representing interest	4,278,785	3,543,510	7,822,295
Present value of net minimum lease payments	12,650,000	8,950,000	21,600,000
Current portion	1,240,000	725,000	1,965,000
Long-term portion	$ 11,410,000	8,225,000	19,635,000

The City guarantees certain energy improvement loans made by a bank. The maximum contingent liability of the RMD Loan Fund, a special revenue fund, is $6.2 million, which City management does not anticipate having to fulfill.

The City has entered into an agreement with the Federal Aviation Administration for the disposition of Robert Mueller Municipal Airport, including a provision for continued use of the City golf course and the associated land which was acquired with Federal airport grant assistance. A percent of the appraised market value at the date of the closure of Mueller Airport will be payable over 5 years from City funds to an account to be used for future work at Austin-Bergstrom International Airport (ABIA). As of September 30, 1999, the City has not completed an appraisal of the property.

In conjunction with the opening of Austin-Bergstrom International Airport (ABIA), the City has stopped sending household garbage to the City's landfill site near ABIA 60 days prior to ABIA's opening date. This action complies with the Environmental Protection Agency requirements. The landfill site will continue to accept nonbird attracting waste. The FAA has agreed to this approach. With the closing of the City landfill for household garbage, the City has entered into two short-term contracts for household waste disposal. A long-term contract for disposal services is under negotiation.

22 -- OTHER POST-EMPLOYMENT BENEFITS

In addition to making contributions to the three pension systems, the City provided certain other post-employment benefits to its retirees. Other post-employment benefits include access to medical and dental insurance for the retiree and the retiree's family and $1,000 of life insurance on the retiree only.

All retirees who are eligible to receive pension benefits under any of the City's three pension systems are eligible for other post-employment benefits. Retirees may also enroll eligible dependents under the medical and dental plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse, unmarried children under age 19 (under age 24 if an eligible student) who are dependent upon the retiree for support including natural children, stepchildren, legally adopted children, children for whom the retiree has obtained court-ordered guardianship/conservatorship, qualified children placed pending adoption, and grandchildren who qualify as a dependent on the retiree's or retiree's spouse's federal income tax return, and eligible disabled children. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries. A surviving spouse of a deceased retiree may continue dental coverage for 36 months by paying the entire premium plus a two-percent administrative fee. Other surviving dependents of a deceased retiree may continue medical and dental coverage for 36 months by paying the entire premium plus a two-percent administrative fee.

22 -- OTHER POST-EMPLOYMENT BENEFITS, continued

The City is under no obligation, statutory or otherwise, to offer other post-employment benefits or to pay any portion of the cost of other post-employment benefits to any retirees. Allocation of City funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget process.

The City pays a portion of the retiree's medical insurance premium and a portion of the retiree's dependents' medical insurance premium. The portion paid by the City varies according to age, coverage selection, and years of service. The percentage of the medical insurance premium paid by the City ranges as follows:

Years of Service	Retiree only	Dependent only
Less than 5 years	8% - 20%	5% - 9%
5 to 10 years	12% - 30%	8% - 14%
10 to 15 years	20% - 50%	14% - 23%
15 to 20 years	29% - 70%	19% - 33%
Greater than 20 years	41% - 100%	27% - 47%

The City pays 100% of the retiree's life insurance premium. Group dental coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental premium.

Other post-employment benefits are expensed and funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as payroll expense/expenditure in an operating fund with corresponding revenue in the Employee Benefits Fund. Medical and dental premiums and claims and life insurance premiums are reported in the Employee Benefits Fund. The cost of providing these benefits for 1,930 retirees and 9,020 active employees in 1999 and 1,769 retirees and 8,699 active employees in 1998 is not separable and cannot be reasonably estimated. Total payments to the Employee Benefits Fund for retirees and active employees were $27,394,366 in 1999 and $24,600,422 in 1998.

As more fully described in Note 18, the City is a participant in the South Texas Project Nuclear Operating Company (OPCO) and as such is liable for certain post-employment benefits for OPCO employees. At December 31, 1998, the City's portion of this obligation, $3,175,893, is not reflected in the financial statements of the Electric Fund.

23 -- SUBSEQUENT EVENTS

a -- General Obligation Bonds Issuance

In October 1999, the City issued Public Improvement Bonds, Series 1999, in the amount of $51,100,000. Of the proceeds from the issue, $3,950,000 will be used for land acquisition and libraries, $1,800,000 will be used for the Mexican American Cultural Center, $1,000,000 will be used for health, safety and welfare renovations, $17,570,000 will be used for erosion and flood control, $890,000 will be used by various departments for radio trunking, $5,230,000 will be used for street improvements, $11,735,000 will be used for park and recreation facilities, and $8,925,000 will be used for emergency centers. These bonds will be amortized serially on September 1 of each year from 2000 to 2019. Certain of these bonds are callable beginning September 1, 2009. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2000. Total interest requirements for these bonds, at rates ranging from 4.13% to 5.75%, are $43,494,650.

b -- Public Property Finance Contractual Obligations Issuance

In October 1999, the City issued Public Property Finance Contractual Obligations, Series 1999, in the amount of $10,335,000. Of the proceeds from the issue, $7,925,000 will be used by various departments for radio trunking, and $2,410,000 will be used by the Water and Wastewater Department for capital equipment. These contractual obligations will be amortized serially May 1 and November 1 of each year from 2000 to 2006. The contractual obligations are not subject to optional redemption prior to their maturity. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2000. Total interest requirements for these contractual obligations, at rates ranging from 4.5% to 4.75%, aggregate $1,996,383.

23 -- SUBSEQUENT EVENTS, continued

c -- Certificates of Obligation Issuance

In October 1999, the City issued Certificates of Obligation, Series 1999, in the amount of $5,590,000. Of the proceeds from the issue, $2,400,000 will be used by the Public Works and Transportation Department for road improvements, $2,080,000 will be used by the Solid Waste Department for construction and improvement of solid waste disposal facilities, and $1,110,000 will be used by the Parks and Recreation Department for golf course improvements. These certificates of obligation will be amortized serially September 1 of each year from 2000 to 2019. Certain of these obligations are callable beginning September 1, 2009. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2000. Total interest requirements for these obligations, at rates ranging from 5.0% to 6.0%, aggregate $3,697,233.

d – Venue Project Bonds

In November 1999, the City issued the Town Lake Community Events Center Venue Project Bonds, Series 1999, in the amount of $40,000,000. The proceeds from this issue will be used to construct the Town Lake Community Events Center and a parking facility. The debt is secured and payable from the levy of the Special Motor Vehicle Rental Tax, a 5% tax on the gross rental receipts on short-term motor vehicle rentals within the City. The debt is also secured and payable from revenues derived from the Parking Facility and Events Center. Interest is payable on May 15 and November 15 of each year, commencing May 15, 2000. Total interest requirements for this obligation, at rates ranging from 5.3% to 6.75%, aggregate $49,886,912.

e -- Conduit Debt

In November 1999, the City issued two series of housing revenue bonds through the Austin Housing Finance Corporation to provide for a loan to a borrower for the acquisition, renovation and equipping of two multi-family housing projects. The principal amounts of the bond issues were $9.39 million and $270,000. The bonds and interest are special limited obligations of the City, payable solely from revenues and receipts under the loan agreement. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

f – Contract for Downtown Development

In February 2000, the City and Computer Sciences Corporation (CSC) formally signed a contract to enter into a long-term lease agreement. The City will lease three downtown blocks to CSC for 99 years, and CSC will build three multi-story office buildings with retail space, as well as a parking garage. The City will also build a new City Hall and public plaza in the area. The City Hall and public plaza are expected to be completed in 2003. This lease is an element of the City's long-term Smart Growth initiative that focuses on development of the central city area.

g – LCRA Water Rights Agreement

On October 7, 1999, the City and Lower Colorado River Authority (LCRA) signed a historic fifty-year assured water supply agreement. The agreement, with an option to extend another fifty years, is vital for the City's future. The $100 million contract reserves an additional 75,000 acre-feet of water for Austin and allows the City to take water from the Highland Lakes, rather than relying exclusively on available river water. The agreement was signed after the City held public hearings at City Council meetings and throughout the City during 1999.

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ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1999
With comparative totals for September 30, 1998

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
ASSETS					
Current assets:					
Cash	$ 16,500	10,450	--	2,100	6,750
Pooled investments and cash	45,208,827	34,611,568	24,971,787	9,860,194	2,508,955
Working capital advances	3,002,411	--	--	--	--
Accounts receivable	95,648,216	21,513,057	4,353,786	3,363,195	853,687
Less allowance for doubtful accounts	(2,806,692)	(1,807,060)	(3,931,449)	(377,092)	(150,000)
Net accounts receivable	92,841,524	19,705,997	422,337	2,986,103	703,687
Receivable from other governments	--	--	--	--	--
Due from other funds	--	--	--	--	45,988
Inventories, at cost	48,950,644	778,490	--	--	--
Prepaid expenses and other assets	11,593,520	--	--	--	21,200
Total current assets	201,613,426	55,106,505	25,394,124	12,848,397	3,286,580
Restricted assets:					
Revenue bond current debt service account	73,651,762	27,626,573	--	--	9,417,530
Revenue bond future debt service account	205,440,280	--	--	--	--
Revenue bond retirement reserve account	109,626,246	50,907,906	--	--	--
Tax and revenue bond debt service account	--	--	--	--	--
Construction account	65,387,672	83,872,232	--	16,445,531	78,658,648
Construction account due from other funds	155,692	228,732	--	--	--
Construction account advances to other funds	155,692	497,454	--	--	--
Decommissioning account	53,655,752	--	--	--	--
Capital improvement account	--	--	--	--	14,950,917
Operating reserve account	--	--	--	--	6,752,050
Hotel occupancy tax account	--	--	--	--	--
Renewal and replacement account	--	--	--	--	10,000,000
Investments and cash held by trustee	2,005,709	20,152,198	2,500,000	--	--
Nuclear fuel inventory acquisition account	31,366,762	--	--	--	--
Mueller disposition account	--	--	--	--	22,507
Customer and escrow deposits	2,586,517	8,040,947	5,000,000	114,076	137,794
Other restricted accounts	--	--	--	--	7,734,879
Total restricted assets	544,032,084	191,326,042	7,500,000	16,559,607	127,674,325
Fixed assets, at cost:					
Property, plant and equipment in service	2,587,834,948	1,855,347,052	74,786,858	39,918,424	639,217,178
Less accumulated depreciation	(972,367,880)	(500,485,803)	(29,141,937)	(22,744,894)	(96,139,122)
Net property, plant and equipment in service	1,615,467,068	1,354,861,249	45,644,921	17,173,530	543,078,056
Construction in progress	52,799,094	124,984,258	--	9,792,468	59,134,813
Nuclear fuel, net of amortization	19,969,499	--	--	--	--
Plant held for future use	32,653,983	--	--	--	--
Net property, plant and equipment	1,720,889,644	1,479,845,507	45,644,921	26,965,998	602,212,869
Investment in municipal utility districts	--	2,431,398	--	--	--
Advances to other funds	--	--	--	--	--
Other long-term assets	1,450,616	--	--	--	--
Deferred costs and expenses, including bond issue cost, net of amortization	413,645,872	212,435,107	--	37,639	2,609,809
Total assets	$ 2,881,631,642	1,941,144,559	78,539,045	56,411,641	735,783,583

See accompanying independent auditor's report.

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals 1999	Totals 1998
2,000	700	800	--	1,300	--	40,600	39,450
7,274,063	1,447,203	4,578,781	--	797,171	954,551	132,213,100	92,277,017
79,007	--	--	--	--	--	3,081,418	3,867,194
--	1,783,967	1,209,624	--	--	400	128,725,932	114,364,726
--	(63,097)	(347,923)	--	--	--	(9,483,313)	(10,512,910)
--	1,720,870	861,701	--	--	400	119,242,619	103,851,816
--	--	--	--	--	--	--	30,234
--	--	--	--	--	--	45,988	1,774,085
--	--	224,395	--	--	--	49,953,529	42,591,663
--	--	--	--	--	--	11,614,720	15,639,212
7,355,070	3,168,773	5,665,677	--	798,471	954,951	316,191,974	260,070,671
4,322,535	--	--	--	--	--	115,018,400	104,832,101
--	--	--	--	--	--	205,440,280	156,547,474
6,878,016	--	--	--	--	--	167,412,168	175,635,855
--	--	--	--	--	--	--	100,265
118,316,788	25,361,784	394,885	--	1,884,124	--	390,321,664	346,167,073
--	--	--	--	--	--	384,424	384,424
--	--	--	--	--	--	653,146	1,037,571
--	--	--	--	--	--	53,655,752	49,332,878
--	--	--	--	--	--	14,950,917	17,706,677
10,757,236	--	--	--	--	--	17,509,286	12,255,351
1,989,916	--	--	--	--	--	1,989,916	1,466,403
1,197,233	--	--	--	--	--	11,197,233	5,842,437
--	--	--	--	--	--	24,657,907	24,745,878
--	--	--	--	--	--	31,366,762	31,424,932
--	--	--	--	--	--	22,507	608,543
--	--	--	--	--	--	15,879,334	14,426,120
3,344,462	--	--	--	--	--	11,079,341	2,360,770
146,806,186	25,361,784	394,885	--	1,884,124	--	1,061,539,037	944,874,752
113,536,810	20,808,823	5,970,882	--	11,897,203	134,589	5,349,452,767	4,675,367,732
(20,647,320)	(3,677,686)	(2,848,089)	--	(2,777,828)	(34,238)	(1,650,864,797)	(1,505,908,171)
92,889,490	17,131,137	3,122,793	--	9,119,375	100,351	3,698,587,970	3,169,459,561
4,579,721	18,615,153	410,115	--	297,655	--	270,613,277	546,257,243
--	--	--	--	--	--	19,969,499	19,911,329
--	--	--	--	--	--	32,653,983	32,653,983
97,469,211	35,746,290	3,532,908	--	9,417,030	100,351	4,021,824,729	3,768,282,116
--	--	--	--	--	--	2,431,398	2,746,428
--	--	--	--	--	--	--	19,101
--	--	--	--	--	--	1,450,616	532,854
3,813,857	4,871	1,912	--	23,396	--	632,572,463	586,384,558
255,444,324	64,281,718	9,595,382	--	12,123,021	1,055,302	6,036,010,217	5,562,910,480

(continued)

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1999
With comparative totals for September 30, 1998

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	$ 35,066,208	1,770,978	91,549	872,378	2,198,093
Accrued payroll	4,143,817	2,341,643	14,314	698,954	616,783
Accrued compensated absences	5,534,644	3,327,698	73,336	886,100	546,563
Construction contracts payable	--	109,776	--	--	--
Contract revenue bonds payable	--	6,245,000	--	--	--
Due to other governments	--	--	493,009	--	--
Due to other funds	--	--	--	22,610	2,656
Interest payable on other debt	652,234	3,059,854	--	188,659	153,355
Deferred revenue	--	959,058	--	--	238,935
General obligation bonds payable and other tax supported debt	--	--	--	1,859,689	91,628
Water improvement district bonds payable	--	307,000	--	--	--
Capital lease obligations payable	1,240,001	725,000	--	--	--
Other liabilities	8,133,476	713,361	--	--	7,888
Total current liabilities	54,770,380	19,559,368	672,208	4,528,390	3,855,901
Liabilities payable from restricted assets:					
Accounts and retainage payable	3,960,672	18,595,041	--	31,965	14,676,889
Due to other funds	--	--	--	--	--
Accrued interest payable	38,558,150	17,688,551	--	--	9,057,390
General obligation bonds payable and other tax supported debt	193,131	3,383,106	--	--	--
Revenue bonds payable within one year	78,898,662	17,891,650	--	--	--
Customer deposits	1,083,993	469,831	--	114,076	137,794
Escrow deposits	1,502,524	7,571,116	--	--	--
Decommissioning expense payable	53,655,752	--	--	--	--
Nuclear fuel expense payable	31,366,762	--	--	--	--
Other liabilities	--	--	--	--	11,979,744
Total liabilities payable from restricted assets	$ 209,219,646	65,599,295	--	146,041	35,851,817

See accompanying independent auditor's report.

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals 1999	Totals 1998
184,148	328,034	872,571	--	54,268	81,262	41,519,489	22,947,057
242,831	490,955	344,138	--	91,433	40,179	9,025,047	7,426,027
261,976	672,802	446,816	--	100,560	28,307	11,878,802	11,517,073
--	--	--	--	--	--	109,776	204,041
--	--	--	--	--	--	6,245,000	5,695,000
--	--	--	--	--	--	493,009	1,083,021
--	5,559	--	--	--	--	30,825	573,814
--	20,471	12,259	--	33,412	--	4,120,244	5,579,223
--	--	--	--	--	--	1,197,993	1,141,138
31,995	145,503	158,119	--	377,635	--	2,664,569	2,855,513
--	--	--	--	--	--	307,000	332,000
--	--	--	--	--	--	1,965,001	1,848,919
50,000	--	--	--	--	189	8,904,914	5,695,129
770,950	1,663,324	1,833,903	--	657,308	149,937	88,461,669	66,897,955
621,813	241,339	--	--	217,707	--	38,345,426	39,469,941
--	--	--	--	--	--	--	1,186,132
2,563,952	--	--	--	--	--	67,868,043	59,296,239
--	--	--	--	--	--	3,576,237	4,194,973
2,670,000	--	--	--	--	--	99,460,312	101,808,872
839,427	216,062	--	--	--	--	2,861,183	2,813,177
--	--	--	--	--	--	9,073,640	7,529,017
--	--	--	--	--	--	53,655,752	48,827,308
--	--	--	--	--	--	31,366,762	31,424,932
450,408	--	--	--	--	--	12,430,152	12,690,109
7,145,600	457,401	--	--	217,707	--	318,637,507	309,240,700

(continued)

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1999
With comparative totals for September 30, 1998

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
LIABILITIES AND FUND EQUITY, CONTINUED					
Long-term liabilities:					
Accrued compensated absences payable	$ 3,449,371	1,176,430	--	159,797	504,467
Construction contracts payable	--	2,018,023	--	--	--
Contract revenue bonds payable, net of discount	--	95,149,775	--	--	--
Advances from other funds	--	--	--	22,610	2,656
Capital appreciation bond interest payable	71,976,688	37,798,428	--	--	--
Commercial paper notes payable	187,479,181	145,668,000	--	--	--
Revenue notes payable	--	--	--	--	28,000,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	2,535,295	32,892,160	--	18,661,779	1,086,404
Revenue bonds payable, net of discount and inclusive of premium	1,461,980,724	810,307,776	--	--	383,412,507
Water improvement district bonds payable	--	789,000	--	--	--
Capital lease obligations payable	11,409,999	8,225,000	--	--	--
Decommissioning assessment payable	2,255,362	--	--	--	--
Accrued landfill closure and postclosure costs	--	--	--	6,467,381	--
Deferred revenue and other credits	--	5,874,230	--	--	--
Total long-term liabilities	1,741,086,620	1,139,898,822	--	25,311,567	413,006,034
Total liabilities	2,005,076,646	1,225,057,485	672,208	29,985,998	452,713,752
Fund equity					
Contributions from municipality	3,562,708	3,402,808	8,053,972	1,372,233	3,031,549
Contributions from State and Federal governments	670,508	30,809,623	874,135	--	129,307,378
Contributions in aid of construction	61,594,148	298,704,919	--	--	11,032,148
Contributions from the private sector	--	--	3,686,908	--	--
Total contributions	65,827,364	332,917,350	12,615,015	1,372,233	143,371,075
Retained earnings:					
Reserved for renewal and replacement	--	--	--	--	10,000,000
Reserved for passenger facility charge	--	--	--	--	7,734,879
Unreserved	810,727,632	383,169,724	65,251,822	25,053,410	121,963,877
Total retained earnings	810,727,632	383,169,724	65,251,822	25,053,410	139,698,756
Total fund equity	876,554,996	716,087,074	77,866,837	26,425,643	283,069,831
Total liabilities and fund equity	$ 2,881,631,642	1,941,144,559	78,539,045	56,411,641	735,783,583

See accompanying independent auditor's report.

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals 1999	Totals 1998
163,732	260,634	206,036	--	165,937	44,506	6,130,910	5,889,737
--	--	--	--	--	--	2,018,023	2,018,023
--	--	--	--	--	--	95,149,775	101,359,940
--	5,559	--	--	--	--	30,825	61,651
--	--	--	--	--	--	109,775,116	98,328,153
--	--	--	--	--	--	333,147,181	294,412,023
--	--	--	--	--	--	28,000,000	28,000,000
420,007	2,330,131	495,673	--	7,848,330	--	66,269,779	57,293,201
200,660,067	--	--	--	--	--	2,856,361,074	2,707,378,996
--	--	--	--	--	--	789,000	1,076,000
--	--	--	--	--	--	19,634,999	21,599,999
--	--	--	--	--	--	2,255,362	2,791,495
--	--	--	--	--	--	6,467,381	6,224,517
--	--	--	--	--	--	5,874,230	6,833,287
201,243,806	2,596,324	701,709	--	8,014,267	44,506	3,531,903,655	3,333,267,022
209,160,356	4,717,049	2,535,612	--	8,889,282	194,443	3,939,002,831	3,709,405,677
18,989,202	15,188,310	331,206	--	848,680	1,069,976	55,850,644	52,135,175
264,577	--	--	--	--	--	161,926,221	142,919,642
1,929,483	13,514,379	--	--	--	--	386,775,077	352,178,607
488,436	--	--	--	--	--	4,175,344	4,175,344
21,671,698	28,702,689	331,206	--	848,680	1,069,976	608,727,286	551,408,768
808,822	--	--	--	--	--	10,808,822	5,842,437
--	--	--	--	--	--	7,734,879	116,638
23,803,448	30,861,980	6,728,564	--	2,385,059	(209,117)	1,469,736,399	1,296,136,960
24,612,270	30,861,980	6,728,564	--	2,385,059	(209,117)	1,488,280,100	1,302,096,035
46,283,968	59,564,669	7,059,770	--	3,233,739	860,859	2,097,007,386	1,853,504,803
255,444,324	64,281,718	9,595,382	--	12,123,021	1,055,302	6,036,010,217	5,562,910,480

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
REVENUES					
Utility services	$ 682,087,588	214,042,787	--	--	--
User fees and rentals	--	--	2,105,271	35,227,846	54,580,165
Operating revenues from other governments	--	--	15,837,556	--	--
Operating revenues	682,087,588	214,042,787	17,942,827	35,227,846	54,580,165
EXPENSES					
Operating expenses before depreciation	342,914,020	87,011,629	1,878,936	26,589,968	27,640,315
Depreciation	78,339,973	45,806,370	2,093,613	2,923,871	17,122,217
Total operating expenses	421,253,993	132,817,999	3,972,549	29,513,839	44,762,532
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	260,833,595	81,224,788	13,970,278	5,714,007	9,817,633
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	21,841,554	8,719,668	1,400,726	926,273	7,950,330
Interest on revenue bonds and other debt	(111,592,169)	(65,735,028)	--	(1,219,773)	(25,566,865)
Interest capitalized during construction	--	--	--	--	18,601,484
Amortization of bond issue cost	(707,751)	(424,979)	--	(9,766)	(108,706)
Other nonoperating expense	(7,968,589)	(1,692,139)	(158,332)	(15,100)	(776,669)
Total nonoperating revenues (expenses)	(98,426,955)	(59,132,478)	1,242,394	(318,366)	99,574
Cost to be recovered in future years	11,505,582	28,196,372	--	--	--
Income (loss) before operating transfers	173,912,222	50,288,682	15,212,672	5,395,641	9,917,207
Operating transfers:					
Operating transfers in	65,817	--	--	425,100	--
Operating transfers out	(57,990,860)	(16,338,620)	(6,302,410)	(75,000)	--
Net income	115,987,179	33,950,062	8,910,262	5,745,741	9,917,207
Add depreciation transferred to contributions	--	--	--	--	2,838,691
Net increase (decrease) in retained earnings	115,987,179	33,950,062	8,910,262	5,745,741	12,755,898
Retained earnings at beginning of year	694,740,453	349,219,662	56,341,560	19,307,669	126,942,858
Residual equity transfers out	--	--	--	--	--
Retained earnings at end of year	$ 810,727,632	383,169,724	65,251,822	25,053,410	139,698,756

See accompanying independent auditor's report.

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals 1999	Totals 1998
--	--	--	--	--	--	896,130,375	870,162,845
9,428,014	20,690,892	15,728,646	4,271,809	5,343,113	3,180,106	150,555,862	126,190,892
--	--	--	--	--	--	15,837,556	9,075,130
9,428,014	20,690,892	15,728,646	4,271,809	5,343,113	3,180,106	1,062,523,793	1,005,428,867
12,206,546	18,005,001	13,936,866	2,984,976	4,470,417	3,062,890	540,701,564	506,792,388
2,583,579	1,348,494	716,226	32,928	424,435	7,851	151,399,557	147,273,030
14,790,125	19,353,495	14,653,092	3,017,904	4,894,852	3,070,741	692,101,121	654,065,418
(5,362,111)	1,337,397	1,075,554	1,253,905	448,261	109,365	370,422,672	351,363,449
2,246,492	881,674	189,777	160,952	90,381	40,373	44,448,200	85,928,009
(6,522,942)	(169,770)	(30,968)	--	(423,213)	--	(211,260,728)	(224,706,381)
--	--	--	--	--	--	18,601,484	10,976,299
(84,027)	--	(376)	--	(1,580)	--	(1,337,185)	(1,085,868)
(575,811)	(12,238)	(32,736)	(9,720)	(12,615)	(5,555)	(11,259,504)	(13,580,840)
(4,936,288)	699,666	125,697	151,232	(347,027)	34,818	(160,807,733)	(142,468,781)
--	--	--	--	--	--	39,701,954	18,774,460
(10,298,399)	2,037,063	1,201,251	1,405,137	101,234	144,183	249,316,893	227,669,128
17,612,964	768,504	--	--	--	--	18,872,385	18,268,624
(50,000)	(475,802)	--	--	--	--	(81,232,692)	(79,976,777)
7,264,565	2,329,765	1,201,251	1,405,137	101,234	144,183	186,956,586	165,960,975
65,494	--	--	--	--	--	2,904,185	6,989,092
7,330,059	2,329,765	1,201,251	1,405,137	101,234	144,183	189,860,771	172,950,067
17,282,211	28,532,215	5,527,313	2,271,569	2,283,825	(353,300)	1,302,096,035	1,129,145,968
--	--	--	(3,676,706)	--	--	(3,676,706)	--
24,612,270	30,861,980	6,728,564	--	2,385,059	(209,117)	1,488,280,100	1,302,096,035

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 678,486,149	208,995,029	2,208,371	34,589,577	55,746,316
Cash payments to suppliers for goods and services	(231,132,174)	(40,746,012)	(1,566,875)	(11,830,446)	(13,601,821)
Cash payments to employees for services	(70,471,231)	(43,607,587)	(517,036)	(13,714,689)	(11,168,780)
Cash received from other governments	--	--	15,065,464	--	--
Taxes collected and remitted to other governments	(15,493,225)	--	--	--	--
Net cash provided (used) by operating activities	361,389,519	124,641,430	15,189,924	9,044,442	30,975,715
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	65,817	--	--	425,100	--
Operating transfers out	(57,990,860)	(16,338,620)	(6,302,410)	(75,000)	--
Residual equity transfer out	--	--	--	--	--
Interest paid on revenue notes and other debt	(175,410)	(27,472)	--	(11,944)	--
Decrease in deferred assets	1,471,681	--	--	--	--
Contributions from private sector	--	--	--	--	--
Loans to other funds	--	--	--	--	--
Loans from other funds	--	--	--	--	--
Loan repayments (to) from other funds	--	(444,049)	--	--	48,797
Net cash provided (used) by noncapital financing activities	(56,628,772)	(16,810,141)	(6,302,410)	338,156	48,797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of commercial paper notes	28,681,158	110,054,000	--	--	--
Proceeds from the sale of general obligation bonds and other tax supported debt	1,151,051	4,264,100	--	5,397,824	202,884
Proceeds from the sale of revenue notes	--	10,000,000	--	--	--
Proceeds from sale of revenue bonds	--	--	--	--	--
Principal paid on long-term debt	(84,962,221)	(26,437,245)	--	(3,164,916)	(93,814)
Proceeds from the sale of fixed assets	2,550	--	--	--	--
Purchased interest received	618,547	620,670	--	--	--
Interest paid on revenue bonds and other debt	(98,364,212)	(55,113,721)	--	(1,234,668)	(25,072,366)
Acquisition and construction of capital assets	(82,297,441)	(141,940,820)	--	(3,964,672)	(133,544,973)
Contributions from municipality	--	--	--	--	722
Contributions from State and Federal governments	--	--	--	--	22,621,652
Contributions in aid of construction	4,753,992	15,450,176	--	--	6,292,920
Bond discounts, premiums, and issuance costs	7,434,568	(2,696,201)	--	(16,932)	(637)
Cash paid for bond defeasance	--	(16,964,085)	--	--	--
Bonds issued for advanced refundings of debt	103,952,013	141,362,499	--	--	--
Cash paid for bond refunding escrow	(114,311,441)	(139,814,054)	--	--	--
Proceeds from municipal utility district reserves	--	--	--	--	--
Cash paid for nuclear fuel inventory	(11,218,838)	--	--	--	--
Net cash used by capital and related financing activities	$ (244,560,274)	(101,214,681)	--	(2,983,364)	(129,593,612)

See accompanying independent auditor's report.

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals 1999	Totals 1998
9,241,052	20,053,141	15,767,216	4,841,625	5,343,113	3,180,106	1,038,451,695	980,797,314
(6,814,259)	(8,007,300)	(7,332,126)	(1,274,588)	(2,283,145)	(1,194,523)	(325,783,269)	(362,097,435)
(4,864,791)	(9,314,777)	(5,996,727)	(1,945,086)	(2,134,741)	(1,832,515)	(165,567,960)	(139,806,182)
--	--	--	--	--	--	15,065,464	7,108,832
--	--	--	--	--	--	(15,493,225)	(14,482,333)
(2,437,998)	2,731,064	2,438,363	1,621,951	925,227	153,068	546,672,705	471,520,196
17,612,964	768,504	--	--	--	--	18,872,385	18,268,624
(50,000)	(475,802)	--	--	--	--	(81,232,692)	(79,976,777)
--	--	--	(3,676,706)	--	--	(3,676,706)	--
--	--	--	--	--	--	(214,826)	(150,611)
--	--	--	--	--	--	1,471,681	316,085
--	--	--	--	--	--	--	400,000
--	--	--	--	--	--	--	(452,832)
--	--	--	--	--	--	--	444,049
--	452,832	--	--	--	--	57,580	45,939
17,562,964	745,534	--	(3,676,706)	--	--	(64,722,578)	(61,105,523)
--	--	--	--	--	--	138,735,158	65,875,000
--	1,552,854	--	--	1,950,000	--	14,518,713	7,491,418
--	--	--	--	--	--	10,000,000	28,000,000
135,000,000	--	--	--	--	--	135,000,000	293,582
(1,981,765)	(129,485)	(101,669)	--	(361,996)	--	(117,233,111)	(109,009,961)
--	--	--	115,716	--	--	118,266	646,685
--	--	--	--	--	--	1,239,217	9,491
(4,720,602)	(162,978)	(32,874)	--	(416,318)	--	(185,117,739)	(190,603,057)
(5,211,741)	(5,275,906)	(1,274,065)	(53,981)	(1,110,846)	(30,930)	(374,705,375)	(312,550,475)
--	--	--	--	--	--	722	132,656
--	--	--	--	--	--	22,621,652	23,532,213
--	4,936,326	--	--	--	--	31,433,414	29,308,543
(3,643,754)	(4,871)	--	--	(6,116)	--	1,066,057	8,126,919
--	--	--	--	--	--	(16,964,085)	(20,999,453)
6,445,000	--	--	--	--	--	251,759,512	309,351,591
(6,286,246)	--	--	--	--	--	(260,411,741)	(319,313,511)
--	--	--	--	--	--	--	18,205,377
--	--	--	--	--	--	(11,218,838)	(4,937,020)
119,600,892	915,940	(1,408,608)	61,735	54,724	(30,930)	(359,158,178)	(466,440,002)

(continued)

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	$ (548,010,583)	(159,296,469)	--	(747,624)	(315,144,490)
Proceeds from sale and maturities of investment securities	490,792,101	156,722,555	--	802,500	407,273,230
Interest on investments	30,819,824	11,920,474	1,231,379	916,589	9,188,591
Reverse repurchase agreement income	1,474,980	764,548	169,347	149,828	829,871
Reverse repurchase agreement expense	(1,346,568)	(690,545)	(158,332)	(140,144)	(776,282)
Net cash provided (used) by investing activities	(26,270,246)	9,420,563	1,242,394	981,149	101,370,920
Net increase (decrease) in cash and cash equivalents	33,930,227	16,037,171	10,129,908	7,380,383	2,801,820
Cash and cash equivalents, October 1 (including $278,113,315 in restricted accounts)	113,445,949	130,118,796	22,341,879	19,041,517	49,320,429
Cash and cash equivalents, September 30 (including $449,418,667 in restricted accounts)	147,376,176	146,155,967	32,471,787	26,421,900	52,122,249
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	260,833,595	81,224,788	13,970,278	5,714,007	9,817,633
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	78,339,973	45,806,370	2,093,613	2,923,871	17,122,217
Allowance for doubtful accounts	1,414,630	(11,362)	(1,866,609)	(577,872)	--
Amortization	11,633,240	--	--	--	--
Change in assets and liabilities:					
Decrease in working capital advances	785,776	--	--	--	--
(Increase) decrease in accounts receivable	(14,460,901)	(2,611,285)	1,969,709	61,565	826,236
Decrease in receivable from other governments	--	--	--	23,879	--
Decrease in due from other funds	--	--	--	--	59,437
(Increase) decrease in inventory	(7,516,862)	132,612	--	--	--
(Increase) decrease in prepaid expenses and deferred costs	1,638,559	--	--	98,938	(20,000)
Decrease in other regulatory assets	295,342	--	--	--	--
Increase (decrease) in accounts payable	15,011,685	600,139	(79,084)	611,512	1,601,275
Increase (decrease) in accrued payroll and compensated absences	1,742,550	177,715	(125,891)	(53,071)	214,379
Increase (decrease) in deferred revenue	--	(959,057)	(182,080)	--	238,935
Decrease in decommissioning assessment payable	(524,104)	--	--	--	--
(Increase) decrease in unrecovered fuel revenue	2,594,276	--	--	--	--
Increase (decrease) in accrued landfill closure costs	--	--	--	242,864	--
Decrease in due to other governments	--	--	(590,012)	--	--
Decrease in due to other funds	--	--	--	--	--
Increase (decrease) in other liabilities	9,728,636	301,051	--	(14,716)	1,074,060
Increase (decrease) in customer deposits	(126,876)	(19,541)	--	13,465	41,543
Total adjustments	100,555,924	43,416,642	1,219,646	3,330,435	21,158,082
Net cash provided (used) by operating activities	$ 361,389,519	124,641,430	15,189,924	9,044,442	30,975,715

See accompanying independent auditor's report.

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals 1999	Totals 1998
(22,496,360)	(130,590)	--	--	--	--	(1,045,826,116)	(1,487,708,756)
20,739,920	162,389	--	--	--	--	1,076,492,695	1,515,008,283
2,102,246	871,483	162,069	150,579	76,982	40,177	57,480,393	57,735,735
290,483	156,965	27,708	10,373	13,399	196	3,887,698	13,499,115
(271,635)	(146,774)	(25,914)	(9,720)	(12,565)	(5,555)	(3,584,034)	(13,131,171)
364,654	913,473	163,863	151,232	77,816	34,818	88,450,636	85,403,206
135,090,512	5,306,011	1,193,618	(1,841,788)	1,057,767	156,956	211,242,585	29,377,877
6,612,477	21,503,676	3,780,848	1,841,788	1,624,828	797,595	370,429,782	341,051,905
141,702,989	26,809,687	4,974,466	--	2,682,595	954,551	581,672,367	370,429,782
(5,362,111)	1,337,397	1,075,554	1,253,905	448,261	109,365	370,422,672	351,363,449
2,583,579	1,348,494	716,226	32,928	424,435	7,851	151,399,557	147,273,030
--	--	11,616	--	--	--	(1,029,597)	(4,525,367)
--	--	--	--	--	--	11,633,240	12,788,895
--	--	--	--	--	--	785,776	75,065
(322,693)	(222,062)	38,570	569,816	--	--	(14,151,045)	(13,481,382)
--	6,355	--	--	--	--	30,234	39,661
--	--	--	--	--	--	59,437	59,437
--	--	22,384	--	--	--	(7,361,866)	(6,623,999)
--	--	--	--	--	--	1,717,497	3,708,236
--	--	--	--	--	--	295,342	317,067
184,148	61,681	532,962	(7,199)	(11,837)	14,745	18,520,027	(20,914,886)
148,018	199,199	41,051	(227,499)	64,368	21,103	2,201,922	1,965,194
--	--	--	--	--	--	(902,202)	(1,608,391)
--	--	--	--	--	--	(524,104)	--
--	--	--	--	--	--	2,594,276	(6,289,042)
--	--	--	--	--	--	242,864	(2,415,863)
--	--	--	--	--	--	(590,012)	(1,029,031)
--	--	--	--	--	--	--	(327,485)
195,330	--	--	--	--	4	11,284,365	11,934,754
135,731	--	--	--	--	--	44,322	(789,146)
2,924,113	1,393,667	1,362,809	368,046	476,966	43,703	176,250,033	120,156,747
(2,437,998)	2,731,064	2,438,363	1,621,951	925,227	153,068	546,672,705	471,520,196

(continued)

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1999
With comparative totals for year ended September 30, 1998

		Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Increase (decrease) in deferred assets/expenses	$	11,473,790	21,226,385	--	(9,292)	--
Unamortized bond discounts, premiums, and issue costs on advance refundings		(3,309,967)	(1,816,685)	--	--	--
(Increase) decrease in capital appreciation bond interest payable		(6,271,242)	(5,321,878)	--	11,937	125,015
Fixed assets contributed from (to) other funds		--	--	--	--	--
Increase in contributed facilities		--	23,077,693	--	--	--
Net increase (decrease) in the fair value of investments		(9,793,370)	(2,581,713)	--	--	(337,138)
Amortization of bond discounts, premiums and issue costs		(1,345,946)	(1,492,048)	--	9,424	(641,887)
Amortization of deferred loss on refundings		--	--	--	--	(83,370)
Loss on disposal of assets		(7,968,589)	(1,692,139)	--	(15,100)	--
Costs to be recovered in future years		11,505,582	28,196,372	--	--	--
Loss on extinguishment of debt		(10,751,524)	(6,527,349)	--	--	--
Due to other funds for fixed assets		--	--	--	--	(5,312)
Contributions from other funds	$	1,450,616	--	--	--	--

See accompanying independent auditor's report.

APPENDIX C

Forms of Bond Counsel's Opinions

Vinson & Elkins

ATTORNEYS AT LAW

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ONE AMERICAN CENTER
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600 CONGRESS AVENUE
AUSTIN, TEXAS 78701-3200
TELEPHONE (512) 495-8400
FAX (512) 495-8612

[FORM OF OPINION OF BOND COUNSEL]

[CLOSING DATE]

WE HAVE REPRESENTED the City of Austin, Texas (the "City"), as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

CITY OF AUSTIN, TEXAS, CERTIFICATES OF OBLIGATION, SERIES 2000, dated September 1, 2000, in the total authorized amount of $6,060,000.

The Certificates mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the City authorizing their issuance (the "Certificate Ordinance").

WE HAVE REPRESENTED the City as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Certificates from gross income of the owners thereof for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates (the "Official Statement") has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates which contains certified copies of certain proceedings of the City, customary certificates of officers, agents and representatives of the City and other public officials, and other certified showings relating to the authorization and issuance of the Certificates. We have also examined executed Certificate No. 1.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that the transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and that, therefore, the Certificates constitute valid and legally binding obligations of the City, and that taxable property within the City is subject to the levy of ad valorem taxes, within the limits prescribed by law, to pay the Certificates and the interest thereon.

IT IS OUR FURTHER OPINION that the revenues of the City's solid waste disposal system (the "System"), in an amount not to exceed $1,000, available after deduction of the reasonable expenses of the System and the payment of all debt service, reserve and other requirements of all of the City's revenue bonds and other obligations, now outstanding or hereafter issued, that are payable, in whole or in part, from a pledge of all or part of the net revenues of the System are pledged to the payment of the principal of and interest on the Certificates, all as set forth in the Certificate Ordinance, to which reference is made for all particulars.

THE RIGHTS OF THE OWNERS of the Certificates are subject to the applicable provisions of federal bankruptcy law and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS ALSO OUR OPINION that:

(1) Interest on the Certificates is excludable from gross income for federal income tax purposes under existing law; and

(2) The Certificates are not "private activity bonds" within the meaning of the Code, and interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Certificates will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax and its Superfund "environmental tax" liability.

In providing such opinions, we have relied on representations of the City, the initial purchasers of the Certificates and the City's financial advisor with respect to matters solely within their respective knowledge, which we have not independently verified, and have assumed continuing compliance with the covenants in the Certificate Ordinance pertaining to those sections of the Code which affect the exclusion from gross income of the owners thereof of interest on the Certificates for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the City fails to comply with the foregoing described provisions of the Certificate Ordinance, interest on the Certificates could become includable in gross income of the owners thereof from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Certificates.

Owners of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Certificates).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Vinson & Elkins
ATTORNEYS AT LAW

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ONE AMERICAN CENTER
SUITE 2700
600 CONGRESS AVENUE
AUSTIN, TEXAS 78701-3200
TELEPHONE (512) 495-8400
FAX (512) 495-8612

[FORM OF OPINION OF BOND COUNSEL]

[CLOSING DATE]

WE HAVE REPRESENTED the City of Austin, Texas (the "City"), as its bond counsel in connection with an issue of public improvement bonds (the "Bonds") described as follows:

> CITY OF AUSTIN, TEXAS, PUBLIC IMPROVEMENT BONDS, SERIES 2000, dated September 1, 2000, in the total authorized amount of $52,930,000.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Council of the City authorizing their issuance (the "Bond Ordinance").

WE HAVE REPRESENTED the City as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds (the "Official Statement") has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the City, customary certificates of officers, agents and representatives of the City and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We have also examined executed Bond No. 1.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and that, therefore, the Bonds constitute valid and legally binding obligations of the City, and that taxable property within the City is subject to the levy of ad valorem taxes, within the limits prescribed by law, to pay the Bonds and the interest thereon.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of federal bankruptcy law and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS ALSO OUR OPINION that:

(1) Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law; and

(2) The Bonds are not "private activity bonds" within the meaning of the Code, and interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax and its Superfund "environmental tax" liability.

In providing such opinions, we have relied on representations of the City, the initial purchasers of the Bonds and the City's financial advisor with respect to matters solely within their respective knowledge, which we have not independently verified, and have assumed continuing compliance with the covenants in the Bond Ordinance pertaining to those sections of the Code which affect the exclusion from gross income of the owners thereof of interest on the Bonds for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the City fails to comply with the foregoing described provisions of the Bond Ordinance, interest on the Bonds could become includable in gross income of the owners thereof from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

APPENDIX D

Specimen Bond Insurance Policy

Exhibit A

Financial Guaranty Insurance Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

SPECIMEN

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, N.A., or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date

Financial Guaranty Insurance
Company
115 Broadway
New York, NY 10006
(212) 312-3000
(800) 352-0001

A GE Capital Company

FGIC

Municipal Bond
New Issue Insurance Policy

for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

SPECIMEN

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: **Authorized Representative**

State Street Bank and Trust Company, N.A., acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer