

*Comprehensive
Annual
Financial
Report*



*City of Austin,
Texas*

*For the year ended
September 30, 1998*

*Prepared by:
Financial Services Department*

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Director

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City Council

Kirk Watson

Mayor

Jackie Goodman

Mayor Pro Tem

Councilmembers

Daryl Slusher

Beverly Griffith

Gus Garcia

William Spelman

Willie C. Lewis

Jesus Garza

City Manager

**CITY OF AUSTIN, TEXAS
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INTRODUCTION

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City of Austin

Founded by Congress, Republic of Texas, 1839
P.O. Box 1088, Austin, Texas 78767

March 17, 1999

Honorable Mayor and Councilmembers
City of Austin, Texas

We are pleased to submit to you the 1998 Comprehensive Annual Financial Report of the City of Austin, Texas. The report was prepared by the Controller's Office of the Financial Services Department. The combined financial statements and related notes have been jointly audited by the independent firms of Certified Public Accountants, KPMG LLP, and Martinez, Mendoza and Company, P.C., whose report is included herein. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. Additionally, the Federal awards received by the City directly from Federal agencies or passed through by the State of Texas or other governmental entities during 1998 are being audited under the provisions of the Single Audit Act of 1996, as amended. This report (the "Single Audit Report") will be available under separate cover.

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

These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The AICPA has advised auditors to consider issuing qualified audit opinions (scope limitations) because the GASB requires information on the year 2000 problem to be disclosed that is neither assertable by management nor verifiable by auditors. City management believes that the City has met all disclosure requirements for the year 2000 problem; however, the City's auditors have qualified their opinion on the City's general purpose financial statements in relation to this disclosure.

The City received a **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officers Association of the United States and Canada (GFOA) for its 1997 Comprehensive Annual Financial Report (CAFR). A Certificate of Achievement is valid for a period of one year only. City management believes that this 1998 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

This CAFR consists of three parts. The introductory section includes an organization chart and this transmittal letter, which highlights significant aspects of financial operations during the year and particular financial issues faced by the City. The financial section includes the independent auditors' report, combined financial statements and related notes, and supplemental financial data. The statistical section includes several exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics.

Reporting Entity

The City of Austin, chartered in 1839, has a Council-Manager form of government with six Councilmembers and the Mayor. A charter amendment approved in January 1985 changed the terms of office from two-year terms that expire concurrently to three-year staggered terms. The City Manager, appointed by the City Council, is responsible to them for the management of all City employees and the administration of all City affairs.

This report includes financial statements of the funds and account groups required to account for those activities, organizations and functions that relate to the City and are controlled by or dependent upon the City's governing body, the City Council. Criteria used by the City for including activities in preparing its financial statements are in conformity with Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*. On the basis of these criteria, the following activities and organizations are included in the City's 1998 financial statements: municipal services including police and fire, sanitation, parks and recreation, libraries, public health and social services, planning and zoning, infrastructure and watershed maintenance, electric and water and wastewater utilities, airport facilities, convention facilities, and general administrative services; the Austin Housing Finance Corporation, whose activities are reported in the Housing Assistance Fund, a special revenue fund; and the Austin Industrial Development Corporation, whose activities are included in the Austin Industrial Development Corporation Fund, a special revenue fund.

Year In Review

Fiscal year 1998 was a significant year for the City, which began with aggressive annexations approved by the City Council in November and December 1997. These annexations resulted in bringing in 13,473 acres, 27,746 new residents, and ten municipal utility districts into the City limits. The annexations also added more than \$1.5 billion in assessed valuation onto the City's tax rolls. Following the annexations, the City focused on ensuring that commitments made during the annexation process were upheld. The City created the first-ever Annexation Transition Team to assist in the transition process for newly annexed residents and to assist in monitoring the City's implementation of service plans. In addition, the City opened a temporary combined fire and EMS station and a temporary fire station to provide emergency services to the newly annexed areas. In fiscal year 1999, the City expects to complete one permanent fire/EMS station and another permanent fire station that will serve these areas.

Other new City facilities that opened during the year include a new recreation center and two new libraries that replaced older facilities. In addition, construction began on a new youth entertainment center to be completed in the spring of 1999. The City also committed to enhancing its library system by expanding the Austin Public Library's local area network system to all library branches. This expansion will allow the Library to maintain a CD-ROM network and to subscribe to on-line databases via the Internet that will be available at all branches.

In February 1998, the City Council launched its Smart Growth Initiative. Smart Growth is a nationwide movement that addresses problems of both cities and suburban areas through strategies that encourage more infill development, more concentrated development, and more redevelopment. The City's initiative begins a long-term planning effort for accomplishing three major goals: managing how and where the City grows, protecting the quality of life, and expanding the tax base so that current taxpayers benefit.

During 1998, the City implemented three projects directly related to its Smart Growth goals: simplifying the Land Development Code, developing a City of Austin-supported neighborhood-based planning framework, and providing incentives and a practicable mechanism for infill development and redevelopment in the "Desired Development Zone." As part of this last project, the City developed a matrix scoring system (the "score card") to help analyze developments meeting Smart Growth goals. Austin is the only city in the country to use such a matrix; however, numerous other cities have requested copies of Austin's "score card" for use in establishing their own Smart Growth guidelines.

In May 1998, the City held a bond election with three propositions, all of which Austin voters approved. The first proposition authorized an increase in the City's hotel occupancy tax from 7% to 9% and also authorized the issuance of \$135 million in revenue bonds for a venue project to expand the Austin Convention Center and to construct a flood bypass tunnel on nearby Waller Creek. The expansion of the Convention Center will double its capacity, adding another 130,000 square feet of exhibit space, a new 40,000 square-foot ballroom, and another 35,000 square feet of meeting rooms. The construction of the tunnel on Waller Creek will remove a number of commercial and residential structures from a 100-year floodplain and will allow development along the banks of downtown Waller Creek.

The second May bond proposition authorized the issuance of \$65 million in utility system revenue bonds for improvements to the City's water and wastewater system, including the acquisition of land and easements in the Barton Springs contributing and recharge zones. The third May bond proposition authorized the issuance of \$10 million in general obligation and utility system revenue-supported certificates of obligation for improvements and extensions to the City's drainage system in the Walnut Creek watershed.

In November 1998, the City held a bond election with twelve propositions, all of which Austin voters approved. The first five propositions authorized the issuance of a total of \$339.7 million in general obligation bonds for a variety of projects: street and traffic signal improvements; additional parks, trails, and recreation centers; additional public safety facilities; additional branch libraries and museums; and flood control improvements and greenbelt expansion in the Williamson Creek area. Propositions six through ten authorized the issuance of Water and Wastewater utility system revenue bonds for a variety of improvements to the City's water and wastewater system. Proposition eleven authorized the creation of a Town Lake Community Events Center venue project, which includes parkland development and the construction of parking facilities. This venue project will be funded through the imposition of a short-term motor vehicle rental tax of five percent. Proposition twelve authorized a 50-year lease of Palmer Auditorium. This lease will provide for the renovation of Palmer Auditorium and for its use as a performing arts center, all of which will be accomplished at private expense.

This year included success in several key legal battles, including challenges to annexation and the City's ability to regulate land development in its extra-territorial jurisdiction. Concluding a four-year challenge, the Texas Supreme Court declared Austin's Save Our Springs (SOS) Ordinance to be valid. The City is now awaiting a ruling in another challenge to its water quality efforts. The City also successfully defended several challenges to its November and December 1997 annexations.

Construction of the new Austin-Bergstrom International Airport is well underway, with the grand opening scheduled for 1999. The new airport, the largest capital project ever embarked on by the City, was 78% complete at the end of the fiscal year and remains within its target budget of \$585.1 million. The new airport will have 25 gates and approximately 600,000 square feet of building area; it is scheduled to open in May 1999.

The opening of the new airport will trigger the closing of the existing airport, Robert Mueller Municipal Airport. This year the City concluded a historic million-dollar agreement with the Federal Aviation Administration (FAA) and the airlines for the redevelopment of Mueller Airport. This agreement allows the City to retain proceeds from the sale or lease of the Mueller Airport land, which could provide significant funding for future City operations.

With increasing competition in the electric utility industry due to regulatory and market changes, the City is engaging in initiatives at both the policy level and the departmental level to strengthen its electric utility's competitive position. In December 1996, the City Council approved financial targets for the Electric Utility Department to achieve over the next six years, including the following:

- achieve competitive prices for all customer classes by the year 2002 using the Electric Reliability Council of Texas' average retail price as a standard;
- direct all excess electric utility cash to a debt management fund to achieve a debt-to-capital ratio of 64% by the year 2001;
- continue to reduce operating expenses; and
- decrease the transfer to the General fund to between 6.6% and 8.2% of total revenue by the year 2001.

In January 1997, the City engaged a management consulting firm to assist the electric utility in achieving these targets. The work of the management consulting firm and electric utility management, completed during 1998, has improved the utility's competitive position through reduced costs and improved customer service. The electric utility is meeting the long-range financial targets established in 1996. Other competitive actions included renaming the electric utility in order to establish a positive, consumer-focused brand and name recognition before competition occurs. Its new name is "Austin Energy."

The City of Austin is currently addressing Year 2000 issues relating to its computer systems and other electronic equipment. The following information is provided under Public Law No. 105-271, *The Year 2000 Information and Readiness Disclosure Act*. The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. It refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment containing computer chips that have date recognition features. Such equipment may be used in systems for the distribution of electricity or water and in elevators and vehicles.

In 1996, the City of Austin created its Austin 2000 project to address the Year 2000 issue. Austin 2000 has identified various computer systems and pieces of electronic equipment that are critical to conducting the entity's operations and that need to be Year 2000 compliant, focusing on the critical systems for providing emergency services, electric and water and wastewater services and financial services. Austin 2000 is monitoring Year 2000 compliance efforts at the various City departments on a monthly basis and is providing assistance and assigning resources to accelerate compliance for all mission-critical systems and equipment. Individual departments are developing contingency plans should Year 2000 failures adversely affect the department's mission-critical operations.

The City is effecting contingency planning at two levels. At the lowest level, departments are developing contingencies for each pertinent component of equipment in case the component fails for any reason. At the higher level, these same components are grouped by critical City services, and a service continuity plan is being developed to facilitate delivery of critical services that may be affected either by equipment failure or by external forces. The component contingencies are complete, and the service continuity plan is scheduled to be complete and thoroughly tested by September 1999.

The City maintains various systems or equipment that are critical to conducting the operations of the City. These systems or equipment fall into one of the following stages of work necessary to make the systems or equipment Year 2000 compliant.

YEAR 2000 READINESS STAGES
(Systems and Equipment listed in one stage have completed earlier stages).

Stages	Systems/Equipment
Awareness Stage – When the organization establishes a budget and project plan.	All systems and equipment critical to conducting operations have achieved this stage.
Assessment Stage – When the organization begins the actual process of identifying all of its systems and individual components of the systems.	All systems and equipment critical to conducting operations have achieved this stage.
Remediation Stage – When the organization makes changes to systems. Deals primarily with the technical issues of converting existing systems, or switching to compliant systems.	Emergency communication systems and equipment and investment systems are in this stage.
Validation/Testing Stage – When the organization determines that no errors were introduced during the conversion process.	The following systems and equipment are in this stage: electric utility generation, transmission, and distribution systems; water and wastewater system; payroll system; vehicles and fleet/fuel management system; all new airport systems and equipment.
Implementation Stage – When a tested Year 2000 compliant system is ready for use.	The following systems and equipment have completed the implementation stage: financial accounting, budgeting, purchasing, and payables system; current utility billing system; critical medical equipment; traffic signals.

The City expended approximately \$7.5 million in 1998 on its Year 2000 efforts, with an additional \$400,000 in commitments existing at year-end. The City has budgeted approximately \$12.8 million to continue its Year 2000 efforts in 1999.

In fiscal year 1998, the City adopted Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as mandated by the GASB. This statement requires the City to report its investments at fair value (market value) rather than at amortized cost. The change in fair value for investments held throughout the year must then be recognized in the City's annual operating statements.

Although the City has implemented Statement No. 31 as required, management believes that the accounting methods the statement prescribes could be confusing because they introduce the potential for unwarranted volatility in the City's operating statements. Changes in interest rates during the fiscal year will cause gains or losses that must be recognized at year-end, even if the City intends to hold the related securities to maturity. For example, in fiscal year 1998, the City recognized an additional \$452,669 in revenue (net increases in the fair value of investments) in its General Fund as a result of decreases in interest rates that occurred during the last part of the fiscal year. However, these increases in fair value do not represent financial resources whose continuing value is sufficiently stable to allow for appropriation, and management believes their inclusion in the General Fund operating statement is therefore misleading.

Economic Outlook

In 1998, the U.S. economy continued the longest period of economic recovery in peacetime history. In fact, the economy is "sparkling" according to the Chairman of the Federal Reserve. This was the third year in a row that productivity grew at a nearly 4% pace: the gross domestic product (GDP) increased by an estimated 3.9% and unemployment fell to 4.3%, the lowest rate in 28 years. Concurrently, the inflation rate during 1998 dropped to eight-tenths of a percent, the lowest rate in more than 40 years. Strong consumer spending accounted for most of the growth in spending last year; new home construction rose at a 10% annual rate.

The year also saw the creation of 2.9 million new jobs and an increase in average hourly wages of .5%. The growth in employment rates also includes increases in employment among male high school dropouts, single women with children and immigrants. The national economy is expected to remain strong in 1999, with growth in GDP and new jobs.

Economic growth in Texas in 1998 correlated with the growth in the national economy, with the State's gross domestic product increasing by an estimated 5.4%, up from 4.2% in 1997. The unemployment rate in Texas continued to decline, dropping from 5.5% in 1997 to 4.9% in 1998. Texas leads all states in job growth for the decade and for the year – it added 226,500 jobs in 1998. During the first three quarters of 1998, Texas exports increased 5.1% over the prior year, with more than 53% of 1998 exports going to NAFTA partners. The outlook for the Texas economy is good: the gross domestic state product is expected to continue to increase at a moderate rate of approximately 3.6% for the next several years.

The Austin economy in 1998 continued to perform well, fueled by the technology industry. During 1998, the Austin area added 200 high-tech startups and about 26,200 new jobs, contributing to a total employment growth rate of 4.6%. Austin also experienced the busiest year of this decade for new construction. The value of non-residential housing permits (retail, office, industrial and public projects) rose 66% in 1998, and the value of residential development rose 24%. Austin's housing growth rate in 1998 outpaced the rest of the nation, which was at an 11-year high for home starts. As long as Austin can continue to meet the demand for highly-skilled workers, the outlook for the local economy remains strong.

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 winter temperatures rarely dipping below freezing and often reaching into the 70's and 80's and with long summers, Austin's 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 is acknowledged as one of the finest in the country. 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, the Veloway for bicyclists and inline skaters, and 47 swimming pools, including renowned Barton Springs, where as many as 400,000 people a year enjoy its constant 68 degree spring-fed water. Austin is home to a number of outdoor events and festivals, including the Capitol 10,000 Race, the Annual Texas Hill Country Wine and Food Festival, the Pecan Street Arts 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.

In addition to outdoor recreational opportunities, Austin has a wide variety of indoor recreational activities to choose from. 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. 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. The University of Texas library is ranked fifth among public universities in the United States, and the University's academic programs and professional schools rank largely among the top 10 programs and schools in the country. *U.S. News & World Report* ranks fifteen graduate programs and specialties in the top five nationally, including public and private universities, and the National Research Council ranks seven of UT's doctoral programs in the top ten nationally. The *Public Accounting Report* ranks UT's graduate accounting program first nationally.

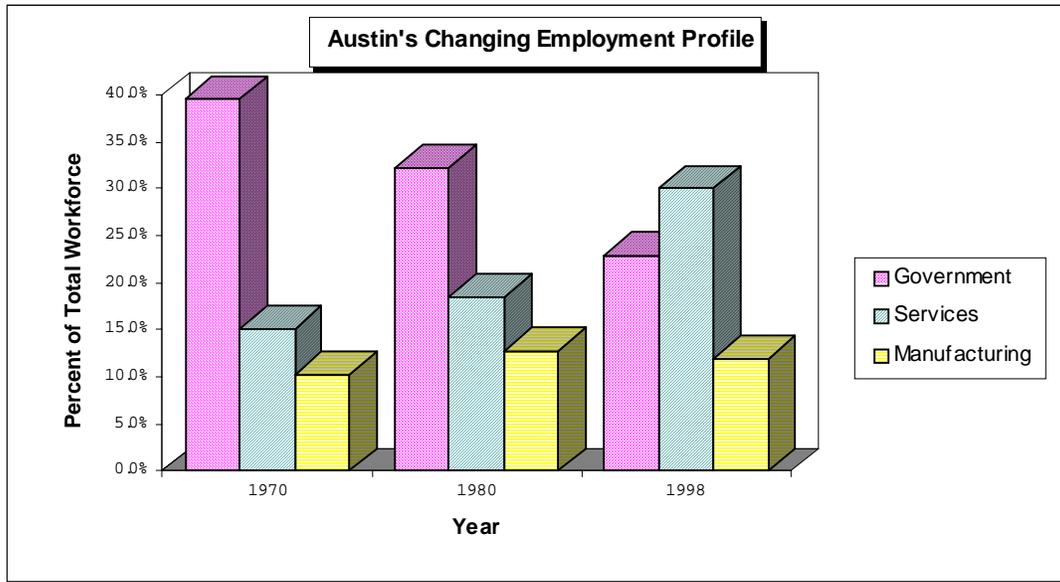
Austin is one of the most highly educated of U.S. cities with a population of over 250,000, with 35% of its adults having 16 or more years of schooling. The city may also have the most computer-literate populace in the country. *Yahoo Magazine* recently rated Austin as the second-most wired city in the nation.

Industry and Business

In 1998 the Austin metropolitan area continued to receive national recognition for its dynamic economy and its quality of life. *FORTUNE* magazine ranks Austin as "The Best City for Business in North America," and *Newsweek* ranks Austin as one of the hottest high-tech cities in the world. *Money Magazine* includes Austin as 14th on the list of "Best Large City of the South".

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. Austin has approximately 1,800 technology companies of all kinds employing 115,000 people, with another 200 professional service and low-tech firms employing about 15,000 people, bringing the area's tech-related jobs to about 130,000. 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 large 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.

The Accounting System and Budgetary Control

The Financial Services Department is responsible for providing all centralized City financial services including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management, budgeting, purchasing, contract administration, information systems, regulatory affairs, and special financial and policy analyses for City management. The Director of Financial Services, appointed by the City Manager, supervises the department's operations.

The City employs a computerized financial accounting system that includes a system of internal accounting controls. These controls have been designed and are continually being re-evaluated to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

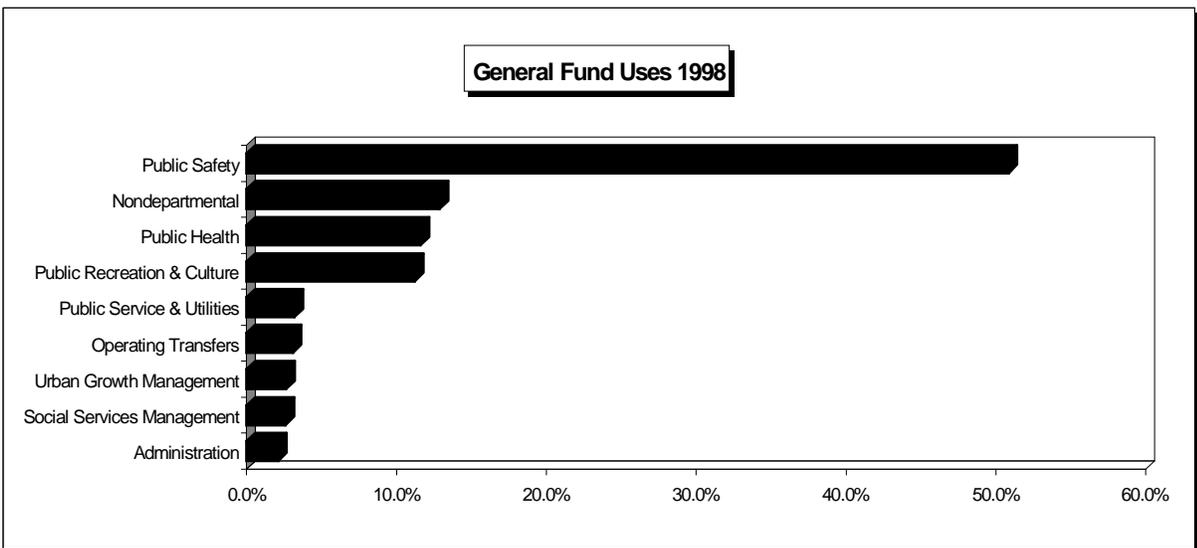
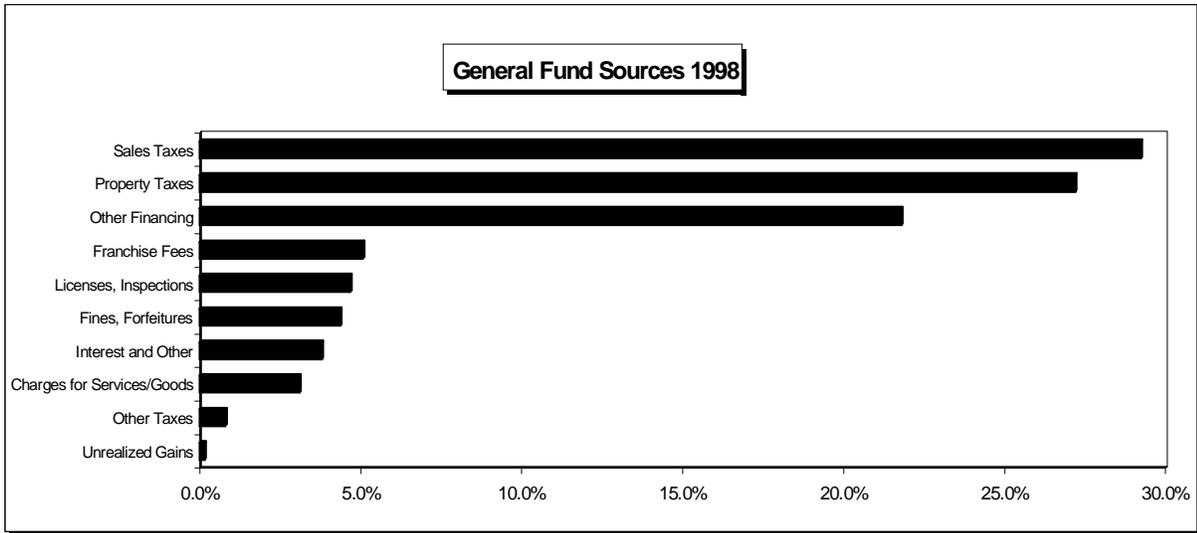
The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting records for governmental fund types are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and the liabilities are incurred. Accounting records for proprietary fund types and similar trust funds are maintained on the accrual basis.

The annual operating budget, or financial plan, is proposed by the City Manager and enacted by the City Council after public discussion. Subsequent intradepartmental budget transfers must be approved by the City Manager. Interdepartmental transfers and any increase or decrease in total appropriations must be approved by the City Council. Management control for the operating budget is maintained at the departmental level. During 1998, no General Fund department exceeded its authorized appropriations.

General Fund

The City's General Fund is used to account for expenditures for traditional governmental services as well as all financial resources other than those required to be accounted for in other funds. Sources of revenue for this fund are widely diversified and include property tax, sales tax, transfers from the City-owned utility system, and other sources as shown below:



General Fund Sources and Uses (Dollars in Millions)				
	1998	1997	Increase (Decrease)	
	\$	\$	\$	%
SOURCES OF FUNDS				
Property taxes	90.78	80.53	10.25	13
Sales taxes	97.58	88.15	9.43	11
Other taxes	2.60	2.43	0.17	7
Franchise fees	16.86	14.74	2.12	14
Fines, forfeitures, and penalties	14.49	12.57	1.92	15
Licenses, permits, and inspections	15.54	12.89	2.65	21
Charges for services, goods	10.26	9.43	0.83	9
Interest and other	12.62	5.59	7.03	126
Unrealized gain on investments	0.45	0.00	0.45	--
Transfer and other sources	72.72	71.71	1.01	1
Total	333.90	298.04	35.86	12
USES OF FUNDS				
Administration	6.70	6.60	0.10	2
Urban growth management	8.38	7.50	0.88	12
Public safety	162.73	144.29	18.44	13
Public services and utilities	10.13	9.68	0.45	5
Public health	37.06	43.19	(6.13)	(14)
Public recreation and culture	35.86	32.76	3.10	9
Social services management	8.20	6.74	1.46	22
Nondepartmental expenditures	41.13	39.82	1.31	3
Operating transfers out	9.85	3.12	6.73	216
Total	320.04	293.70	26.34	9
Increase in fund balance	13.86	4.34	9.52	219
Total fund balance, beginning of year	35.43	31.09	4.34	14
Total fund balance, end of year	49.29	35.43	13.86	39

For the year ended September 30, 1998, actual revenues on a budget basis were \$15.3 million more than amended budget, primarily due to taxes (\$8,277,732), franchise fees (\$1,643,487), fines, forfeitures and penalties (\$1,663,732), licenses, permits and inspections (\$2,239,021) and interest (\$910,996). Actual expenditures on a budget basis were \$3.9 million lower than amended budget, with significant savings achieved by the Health and Human Services Department. Overall, the General Fund stayed within the amended budget, maintained emergency reserves of \$14,838,623 and contingency reserves of \$164,110 and achieved an undesignated fund balance equal to 8% of total expenditures.

Special Revenue Funds

The special revenue funds include the Federal grants funds, State grants funds, other special revenue grants funds, other special revenue funds, which include the Hotel-Motel Occupancy Tax Fund, and the Housing Assistance Fund. Collectively, these funds expended \$95,284,127 during 1998.

Federal grants	\$39,598,043
State grants	6,561,955
Other special revenue grants	357,403
Other special revenue funds	46,374,184
Housing Assistance Fund	<u>2,392,542</u>
Total	\$95,284,127

The grant programs have an important effect on the Austin community by allowing the City to operate community centers, provide services to the elderly, provide health services to women and children, and provide assistance in construction of airport improvements.

In 1998, the Hotel-Motel Occupancy Tax Fund transferred \$2,686,019 to the Parks and Recreation Department Cultural Projects Fund for cultural arts programs, \$12,082,420 to the Convention Center Tax Fund, \$24,153 to the Convention Center Venue Fund, and \$4,028,006 to the Tourism and Promotion Fund for promotion of the tourism industry.

General Obligation Debt Administration

The City maintains a separate fund, the Debt Service Fund, to administer debt associated with its general obligation bonds, certificates of obligation, contractual obligations, and other tax-supported debt. A separate ad valorem tax is levied and collected to provide funds to retire such debt issued for general government capital projects (debt service on general obligation debt issued for proprietary fund capital projects is paid from related proprietary fund revenues). For 1998, this tax was \$.2097 per \$100 assessed valuation.

The fund balance designated for debt service at September 30, 1998, was \$7,269,980 or 10% of 1998 budget-basis debt service expenditures. At September 30, 1998, the City had \$507,296,990 in tax-supported general obligation bonds, certificates of obligation, contractual obligations, and other tax-supported debt outstanding (not including amounts supported by proprietary funds). Authorized but unissued general obligation bonds at September 30, 1998, totaled \$65,355,000.

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita for 1998 and 1997 are shown below.

	<u>1998</u>	<u>1997</u>
Net bonded debt	\$500,027,010	\$476,147,167
Ratio of debt to assessed value	1.82%	1.84%
Debt per capita	\$822.12	\$848.84
Assessed valuation (000's)	\$27,493,059	\$25,823,385
Debt service tax rate per \$100 assessed valuation	\$0.2097	\$0.2134

The City's outstanding general obligation debt is rated Aa2 by Moody's, and AA by Standard & Poor's and Fitch.

Capital Projects Funds

The City maintains capital projects funds to account for general government capital improvements, which are funded primarily by general obligation bond proceeds. When projects are completed, they are recorded as additions to the General Fixed Asset Account Group. Capital projects for proprietary funds that use general obligation bonds as a funding source (primarily the Airport and Solid Waste Services) are accounted for within the enterprise or internal service funds rather than within the capital projects funds.

During 1998, a total of \$57,873,877 was expended in the capital projects funds, primarily for street and drainage improvements, flood prevention, parks improvements and fire facilities. At September 30, 1998, total fund balance was \$108,879,366 consisting of a reserve for encumbrances of \$34,276,462 and an unreserved balance of \$74,602,904.

Utilities

The City owns and operates its electric, water, and wastewater systems and issues revenue bonds for the majority of its capital expenditures for its electric, water, and wastewater facilities. Moody's rates the City's outstanding prior lien Combined Utility Systems Revenue Bonds and subordinate lien bonds A2 and Fitch rates them A. Standard & Poor's rates the prior lien bonds A and the subordinate lien bonds A-.

At September 30, 1998, authorized but unissued revenue bonds totaled \$562,388,000 for electric projects, \$400,947,000 for water projects, and \$196,667,660 for wastewater projects. Activity relating to revenue bonds is summarized in the following table (in thousands of dollars):

Description (Net of discount and inclusive of premium)	Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, October 1, 1997	\$174,359	2,228,012	2,402,371
Debt issued	--	313,941	313,941
Debt repaid, defeased, or refunded	(39,543)	(322,815)	(362,358)
Amortization of bond discount and premium	164	1,971	2,135
Balance payable, September 30, 1998	<u>\$134,980</u>	<u>2,221,109</u>	<u>2,356,089</u>

The Electric Fund and the Water and Wastewater Fund transferred \$57,409,800 and \$15,311,464, respectively, to the General Fund in 1998.

Electric Fund

Electric operating revenues for 1998 were \$668,371,051, an increase of 12% over the prior year. Operating expenses before depreciation for 1998 were \$332,985,598, an increase of 8% from the prior year.

Water and Wastewater Fund

The City owns and operates three water treatment plants with an average daily consumption of 117 million gallons per day (mgd), and four wastewater treatment plants with an average daily volume of 69 mgd. The City also owns and operates its own distribution and collection systems.

Total Water and Wastewater operating revenues for 1998 were \$201,791,794, an increase of 12% over the prior year. Operating expenses before depreciation for 1998 were \$80,952,915, an increase of 8% over the prior year.

The City has certain contractual commitments with several municipal utility districts (MUDs) for the construction of certain additions, improvements, and extensions of the City's water and wastewater delivery systems. These MUDs are authorized to issue contract revenue bonds to finance the construction of such improvements. The City will become the owner of these improvements when they are completed or if the City annexes the MUDS. Upon completion or annexation the City will make debt service payments on the MUDs' portion of the bonds. This arrangement will enable the City to expand its system in a manner that prevents the proliferation of stand-alone utilities, which would ultimately need to be integrated into a regional system upon annexation.

In December 1997, the City annexed MUDs that had issued and outstanding \$90,290,000 City of Austin, Texas, Contract Revenue Bonds as of September 30, 1998. North Austin MUD No. 1 and North Austin Growth Corridor MUD No. 1, that were not annexed, had issued and outstanding \$17,165,000 City of Austin, Texas, Contract Revenue Bonds as of September 30, 1998. The total City of Austin, Texas, Contract Revenue Bonds outstanding at September 30, 1998 is \$107,455,000.

Airport Fund

The Airport Fund accounts for the operation of the Robert Mueller Municipal Airport and the construction of Austin-Bergstrom International Airport. The Robert Mueller Airport is self-sustaining, providing for operating expenses including depreciation, an amount equivalent to the airport's interest on debt, payment for support services from other City departments, and funding of capital improvement projects. Operating revenues for the year ended September 30, 1998, were \$42,995,404. After deducting operating expenses of \$39,487,529 the airport had operating income of \$3,507,875 and net income of \$4,829,136. Effective November 1, 1993, the Airport Fund began to charge each emplaned passenger a \$3 passenger facility charge, as allowed by the Federal Aviation Administration. Airport Fund 1998 operating revenues included passenger facility charges of \$8,142,343, which are dedicated solely for the construction of the Austin-Bergstrom International Airport.

Cash Management

Cash balances of all City funds are invested in consideration of five factors: safety, term, liquidity, market exposure, and rate of return. Cash balances of all funds except the debt service and revenue bond retirement reserve are pooled for investment purposes. These investments are made in accordance with the Texas City Depository Act and the Public Funds Investment Act of 1995, and are restricted primarily to obligations of the United States, the State of Texas, the County, the City, certificates of deposit issued by Texas state and national banks, local government investment pools, bankers' acceptances, prime commercial paper, money market mutual funds, share certificates issued by the National Credit Union Share Insurance Fund, and fully collateralized direct repurchase agreements meeting the requirements of the above-mentioned statutes.

During 1998, the City's cash resources were primarily invested in U.S. Treasury and Agency issues. The average yield on pooled investments during the year was 5.89%.

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 claims, and workers' compensation. 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 uses internal service funds to account for risks related to health benefits, third-party liability, and workers' compensation, as well as for resources for these risks. 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 and Workers' Compensation funds are calculated based on outstanding claims.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the dedicated services of a highly qualified staff. The City of Austin has such a staff in the Controller's Office of the Financial Services Department. We would like to express our appreciation to all the staff of the Controller's Office who assisted in and contributed to the preparation of this report.

Other departments and offices of the City have also contributed directly or indirectly to the preparation of this report. In particular, the Budget Office of the Financial Services Department and the Office of the City Auditor have been instrumental in ensuring that good financial management practices are maintained, and their cooperation and continued assistance is appreciated. We also acknowledge the efforts of the City departments in following good financial management practices and in providing information and assistance during the preparation of the report.

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

Finally, we acknowledge the Mayor and Councilmembers who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.



Jesus Garza
City Manager



Betty Dunhealey, CPA
Director of Financial Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austin,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 1997.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 1998 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

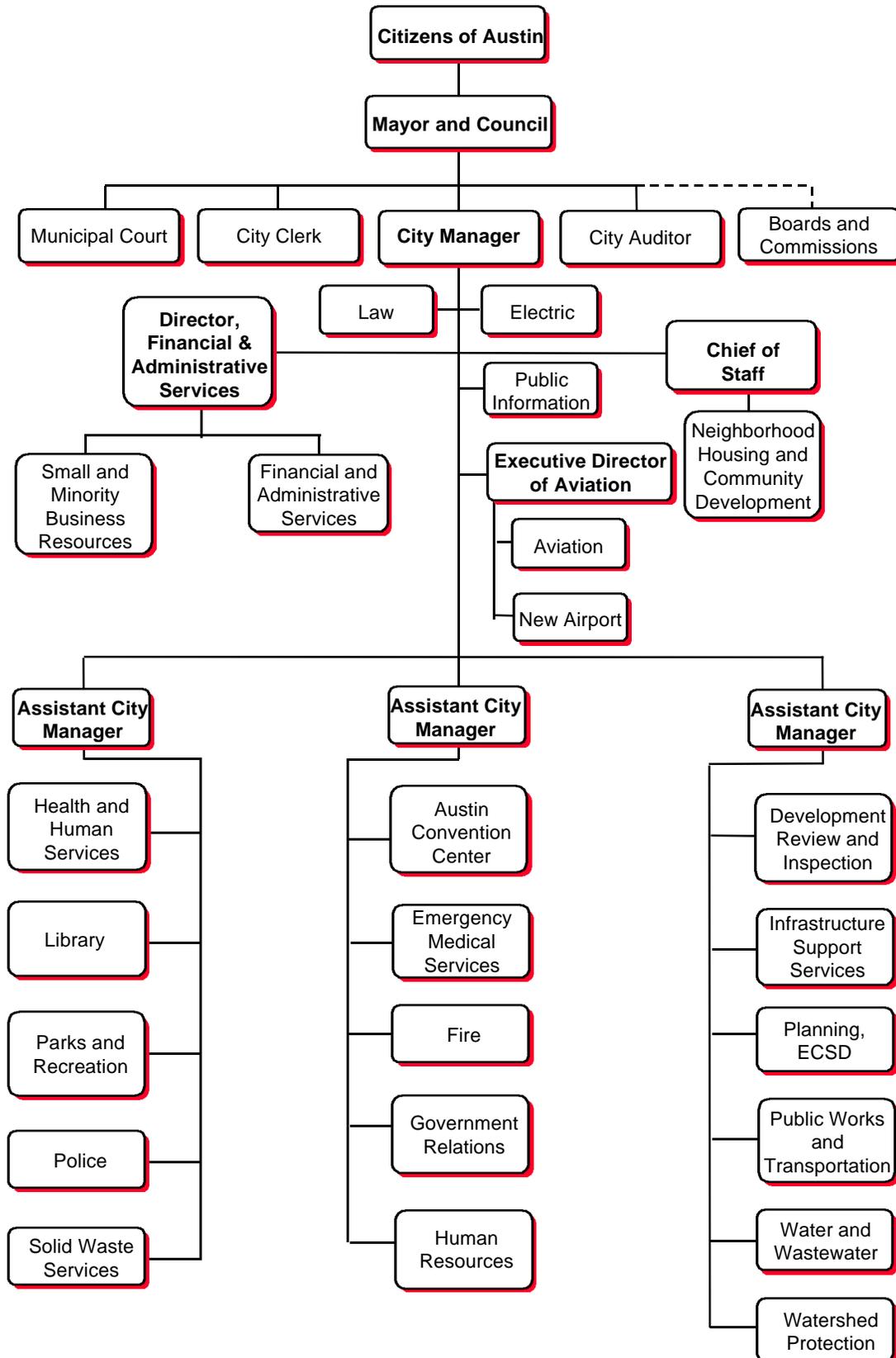


Douglas R. Ellsworth
President

Jeffrey L. Esler
Executive Director

City of Austin, Texas

ORGANIZATIONAL CHART





FINANCIAL SECTION

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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, 1998, 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, 1998, 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, 1998, and the results of operations and the cash flows of such funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 1, the City of Austin implemented Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, effective as of September 1, 1997, which changed its method of accounting for investments.

The year 2000 supplementary information on page 71 is not a required part of the general purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the City is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

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, individual fund and individual account group financial statements and schedules, other than those referred to in the first paragraph, and schedules of general obligation bonds authorized and unissued and revenue bonds authorized, deauthorized, and unissued, as listed under "Supplemental Information" in the accompanying table of contents 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. The schedules listed under "Statistical Section" in the accompanying table of contents were not audited by us, and, accordingly, we express no opinion on them.

KPMG LLP

Waring, Mendoza & Company, P.C.

Austin, Texas
February 5, 1999

COMBINED FUNDS

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**ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET**

September 30, 1998

With comparative totals for September 30, 1997

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Current assets:				
Cash	\$ 81,573	5,613	--	--
Pooled investments and cash	44,561,333	38,841,615	--	114,814,363
Investments, at fair value	--	2,884,395	7,063,255	--
Working capital advances	--	--	--	--
Cash and investments held by trustee	--	--	--	--
Receivables, net of allowances:				
Property taxes	3,882,207	--	2,936,311	--
Accounts and other receivables	22,026,520	6,118,731	--	2,115,489
Receivables from other governments	--	15,923,071	--	--
Due from other funds	--	14,855,721	556,876	4,366,615
Inventories, at cost	1,149,717	--	--	--
Real property held for resale	--	1,065,241	--	--
Other assets	31,045	1,691,985	--	1,818,720
Total current assets	71,732,395	81,386,372	10,556,442	123,115,187
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 Fund	--	--	--	--
Amount to be provided for accrued compensated absences	--	--	--	--
Amount to be provided for retirement of general long-term debt	--	--	--	--
Total assets	\$71,732,395	81,386,372	10,556,442	123,115,187

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

CITY OF AUSTIN, TEXAS
Exhibit A-1

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long- Term Debt	1998	1997
39,450	26,291	--	--	--	152,927	186,647
92,277,017	42,494,089	7,381,704	--	--	340,370,121	334,965,249
--	--	--	--	--	9,947,650	11,216,351
3,867,194	--	--	--	--	3,867,194	3,942,259
--	234,786	--	--	--	234,786	195,759
--	--	--	--	--	6,818,518	6,248,314
103,851,816	312,013	--	--	--	134,424,569	116,461,745
30,234	--	22,581	--	--	15,975,886	13,498,669
1,774,085	339,062	--	--	--	21,892,359	15,076,314
42,591,663	1,726,931	--	--	--	45,468,311	38,319,391
--	--	--	--	--	1,065,241	2,088,225
15,639,212	1,711	--	--	--	19,182,673	14,415,978
260,070,671	45,134,883	7,404,285	--	--	599,400,235	556,614,901
104,832,101	--	--	--	--	104,832,101	105,003,695
156,547,474	--	--	--	--	156,547,474	102,798,751
175,635,855	--	--	--	--	175,635,855	197,443,346
100,265	--	--	--	--	100,265	93,857
346,167,073	340,394	--	--	--	346,507,467	398,223,683
384,424	--	--	--	--	384,424	538,424
1,037,571	--	--	--	--	1,037,571	1,421,995
49,332,878	--	--	--	--	49,332,878	39,110,328
17,706,677	--	--	--	--	17,706,677	11,346,690
12,255,351	--	--	--	--	12,255,351	6,576,044
1,466,403	--	--	--	--	1,466,403	437,016
5,842,437	--	--	--	--	5,842,437	5,301,666
24,745,878	--	--	--	--	24,745,878	5,934,207
31,424,932	--	--	--	--	31,424,932	23,573,057
608,543	--	--	--	--	608,543	960,464
14,426,120	--	--	--	--	14,426,120	9,105,205
2,360,770	--	--	--	--	2,360,770	3,401,009
944,874,752	340,394	--	--	--	945,215,146	911,269,437
5,274,190,287	43,740,463	--	550,451,274	--	5,868,382,024	5,432,654,097
(1,505,908,171)	(21,404,204)	--	--	--	(1,527,312,375)	(1,377,654,793)
3,768,282,116	22,336,259	--	550,451,274	--	4,341,069,649	4,054,999,304
2,746,428	--	--	--	--	2,746,428	19,187,815
19,101	--	--	--	--	19,101	161,745
532,854	--	--	--	--	532,854	--
586,384,558	71,242	--	--	--	586,455,800	558,667,755
--	--	--	--	7,269,980	7,269,980	7,529,385
--	--	--	--	42,658,185	42,658,185	33,079,299
--	--	--	--	500,027,010	500,027,010	475,076,408
5,562,910,480	67,882,778	7,404,285	550,451,274	549,955,175	7,025,394,388	6,616,586,049

(continued)

**ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET**

September 30, 1998

With comparative totals for September 30, 1997

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Current liabilities:				
Accounts payable	\$ 3,320,799	4,572,301	--	8,254,654
Accrued payroll	10,390,255	875,055	--	--
Accrued compensated absences	2,601,515	131,777	--	--
Claims payable	--	--	--	--
Construction contracts payable	--	--	--	--
Contract revenue bonds payable	--	--	--	--
Due to other governments	--	--	--	--
Due to other funds	112,827	14,855,721	452,832	4,328,300
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	6,018,052	35,248,700	2,833,630	1,652,867
Total current liabilities	22,443,448	55,683,554	3,286,462	14,235,821
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	--	--	--	--
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	\$22,443,448	55,683,554	3,286,462	14,235,821

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

CITY OF AUSTIN, TEXAS
Exhibit A-1
(Continued)

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long- Term Debt	1998	1997
22,947,057	3,603,251	65,101	--	--	42,763,163	63,219,726
7,426,027	2,961,961	--	--	--	21,653,298	21,115,721
11,517,073	4,225,976	--	--	--	18,476,341	16,727,803
--	13,071,737	--	--	--	13,071,737	12,275,579
204,041	--	--	--	--	204,041	161,922
5,695,000	--	--	--	--	5,695,000	5,020,000
1,083,021	--	1,470,413	--	--	2,553,434	3,589,663
573,814	728,842	38,315	--	--	21,090,651	15,614,738
5,579,223	112,867	--	--	--	5,692,090	4,110,494
2,855,513	1,348,917	--	--	--	4,204,430	3,492,969
332,000	--	--	--	--	332,000	130,000
1,848,919	--	--	--	--	1,848,919	1,776,312
6,836,267	933,274	2,235,214	--	--	55,758,004	54,170,781
66,897,955	26,986,825	3,809,043	--	--	193,343,108	201,405,708
42,969,941	--	--	--	--	42,969,941	23,185,850
1,186,132	--	--	--	--	1,186,132	--
59,296,239	--	--	--	--	59,296,239	62,868,981
4,194,973	--	--	--	--	4,194,973	2,669,357
101,808,872	--	--	--	--	101,808,872	95,807,453
48,827,308	--	--	--	--	48,827,308	39,110,328
31,424,932	--	--	--	--	31,424,932	23,573,057
19,532,303	--	--	--	--	19,532,303	5,015,030
309,240,700	--	--	--	--	309,240,700	252,230,056
5,889,737	1,750,374	--	--	42,658,185	50,298,296	40,908,727
--	6,629,290	--	--	--	6,629,290	11,270,557
2,018,023	--	--	--	--	2,018,023	2,727,507
101,359,940	--	--	--	--	101,359,940	107,455,000
61,651	995,021	--	--	--	1,056,672	1,583,740
98,328,153	--	--	--	--	98,328,153	119,112,419
294,412,023	--	--	--	--	294,412,023	229,108,000
28,000,000	--	--	--	--	28,000,000	--
57,293,201	5,752,273	--	--	507,296,990	570,342,464	521,154,838
2,707,378,996	--	--	--	--	2,707,378,996	2,760,241,266
1,076,000	--	--	--	--	1,076,000	483,000
21,599,999	--	--	--	--	21,599,999	23,448,918
2,791,495	--	--	--	--	2,791,495	2,791,495
6,224,517	--	--	--	--	6,224,517	8,640,380
6,833,287	--	--	--	--	6,833,287	7,792,346
3,709,405,677	42,113,783	3,809,043	--	549,955,175	4,400,932,963	4,290,353,957

(continued)

**ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET**

September 30, 1998

With comparative totals for September 30, 1997

	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	7,605,930	3,806,754	--	34,276,462
Reserved for inventories and prepaid items	1,180,762	--	--	--
Reserved for notes receivable	--	3,421,204	--	--
Reserved for real property held for resale	--	1,065,241	--	--
Reserved for nonexpendable trust	--	--	--	--
Unreserved:				
Designated for emergency reserve	14,838,623	--	--	--
Designated for contingency reserve	164,110	--	--	--
Designated for future use	--	17,445,371	--	--
Designated for debt service	--	--	7,269,980	--
Designated for purposes of trust	--	--	--	--
Undesignated	25,499,522	(35,752)	--	74,602,904
Total equity and other credits	49,288,947	25,702,818	7,269,980	108,879,366
Total liabilities, equity and other credits	\$71,732,395	81,386,372	10,556,442	123,115,187

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

CITY OF AUSTIN, TEXAS
Exhibit A-1
(Continued)

Proprietary Fund Types		Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service		General Fixed Assets	General Long- Term Debt	1998	1997
52,135,175	26,685,384	--	--	--	78,820,559	70,654,913
142,919,642	--	--	--	--	142,919,642	141,603,047
352,178,607	--	--	--	--	352,178,607	324,049,533
4,175,344	--	--	--	--	4,175,344	3,775,344
--	--	--	550,451,274	--	550,451,274	499,241,649
5,842,437	--	--	--	--	5,842,437	5,301,666
116,638	--	--	--	--	116,638	1,494,965
1,296,136,960	(916,389)	--	--	--	1,295,220,571	1,113,180,742
--	--	--	--	--	45,689,146	32,905,590
--	--	--	--	--	1,180,762	895,142
--	--	--	--	--	3,421,204	2,222,487
--	--	--	--	--	1,065,241	2,088,225
--	--	76,374	--	--	76,374	76,374
--	--	--	--	--	14,838,623	14,373,711
--	--	--	--	--	164,110	1,858,337
--	--	--	--	--	17,445,371	11,338,666
--	--	--	--	--	7,269,980	7,529,385
--	--	3,518,868	--	--	3,518,868	2,942,403
--	--	--	--	--	100,066,674	90,699,913
1,853,504,803	25,768,995	3,595,242	550,451,274	--	2,624,461,425	2,326,232,092
5,562,910,480	67,882,778	7,404,285	550,451,274	549,955,175	7,025,394,388	6,616,586,049

**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year ended September 30, 1998
 With comparative totals for year ended September 30, 1997**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	\$ 190,949,086	19,592,578	57,639,024	--
Franchise fees	16,861,639	--	--	--
Fines, forfeitures and penalties	14,492,863	2,609,672	--	--
Licenses, permits and inspections	15,540,712	--	--	--
Charges for services/goods	10,260,908	37,414,331	--	--
Intergovernmental revenues	--	46,517,401	--	11,114,049
Property owners' participation and contributions	--	--	--	963,557
Contributions to trusts	--	--	--	--
Interest and other	12,623,348	6,610,835	3,161,610	6,735,239
Unrealized gain on investments	452,669	231,505	--	600,065
Total revenues	261,181,225	112,976,322	60,800,634	19,412,910
EXPENDITURES				
Current, including capital outlay in the General Fund of \$3,916,632				
Administration	6,696,560	46,374,184	--	--
Urban growth management	8,380,122	--	--	--
Public safety	162,733,100	--	--	--
Public services and utilities	10,128,139	--	--	--
Public health	37,060,371	--	--	--
Public recreation and culture	35,861,623	--	--	--
Social services management	8,204,845	--	--	--
Nondepartmental expenditures	41,130,459	--	--	--
Special projects	--	48,909,943	--	--
Capital outlay for construction	--	--	--	57,873,877
Debt service:				
Principal retirement	--	--	22,570,196	--
Interest, commissions and other	--	--	40,751,170	--
Total expenditures	310,195,219	95,284,127	63,321,366	57,873,877
Excess (deficiency) of revenues over expenditures	(49,013,994)	17,692,195	(2,520,732)	(38,460,967)
OTHER FINANCING SOURCES (USES)				
Proceeds of refunding bonds	--	--	--	--
Payment to refunded bond escrow agent	--	--	--	--
Proceeds of refunding bonds	--	--	103,705,974	--
Payment to escrow agent	--	--	(103,705,974)	--
Proceeds from issuance of general obligation bonds and other tax supported debt	--	--	--	37,605,000
Operating transfers in	72,721,264	21,561,687	2,261,327	20,094,160
Operating transfers out	(9,846,866)	(31,600,710)	--	(13,262,709)
Total other financing sources (uses)	62,874,398	(10,039,023)	2,261,327	44,436,451
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,860,404	7,653,172	(259,405)	5,975,484
Fund balances at beginning of year	35,428,543	18,049,646	7,529,385	102,903,882
Fund balances at end of year	\$ 49,288,947	25,702,818	7,269,980	108,879,366

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

CITY OF AUSTIN, TEXAS
Exhibit A-2

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	1998	1997
--	268,180,688	242,201,621
--	16,861,639	14,743,888
--	17,102,535	14,124,302
--	15,540,712	12,888,265
--	47,675,239	45,982,895
--	57,631,450	52,850,367
--	963,557	25,143
364,574	364,574	747,171
180,226	29,311,258	19,114,862
13,423	1,297,662	--
558,223	454,929,314	402,678,514
--	53,070,744	52,244,787
--	8,380,122	7,501,086
36,392	162,769,492	144,320,511
50,364	10,178,503	9,731,954
14,855	37,075,226	43,194,526
290,147	36,151,770	33,106,873
--	8,204,845	6,738,940
--	41,130,459	39,823,069
--	48,909,943	50,984,108
--	57,873,877	62,700,644
--	22,570,196	21,502,464
--	40,751,170	38,481,239
391,758	527,066,347	510,330,201
166,465	(72,137,033)	(107,651,687)
--	--	--
--	--	--
--	103,705,974	--
--	(103,705,974)	--
--	37,605,000	58,650,000
410,000	117,048,438	96,128,963
--	(54,710,285)	(30,985,250)
410,000	99,943,153	123,793,713
576,465	27,806,120	16,142,026
2,942,403	166,853,859	150,711,833
3,518,868	194,659,979	166,853,859

**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, 1998**

	General Fund			Annually Budgeted Special Revenue Funds		
	Actual- Budget Basis	Budget	Variance -- Favorable (Unfavorable)	Actual- Budget Basis	Budget	Variance -- Favorable (Unfavorable)
REVENUES						
Taxes	\$ 190,949,086	182,671,354	8,277,732	--	--	--
Franchise fees	16,861,639	15,218,152	1,643,487	--	--	--
Fines, forfeitures and penalties	14,492,863	12,829,131	1,663,732	--	--	--
Licenses, permits and inspections	15,540,712	13,301,691	2,239,021	--	--	--
Charges for services/goods	10,260,908	10,607,241	(346,333)	--	--	--
Interest and other	13,076,017	11,230,724	1,845,293	58,541,723	55,205,942	3,335,781
Total revenues	261,181,225	245,858,293	15,322,932	58,541,723	55,205,942	3,335,781
EXPENDITURES						
Administration	6,675,279	6,715,122	39,843	45,771,492	49,759,627	3,988,135
Urban growth management	8,167,036	8,182,155	15,119	--	--	--
Public safety	160,429,734	161,329,977	900,243	--	--	--
Public services and utilities	9,933,983	10,332,039	398,056	--	--	--
Public health	37,622,968	40,884,055	3,261,087	--	--	--
Public recreation and culture	35,940,511	36,068,329	127,818	--	--	--
Social services management	8,118,390	8,118,390	--	--	--	--
Nondepartmental expenditures	7,291,326	6,455,460	(835,866)	--	--	--
Principal redemption	--	--	--	--	--	--
Interest and other	--	--	--	--	--	--
Fees and commissions	--	--	--	--	--	--
Total expenditures	274,179,227	278,085,527	3,906,300	45,771,492	49,759,627	3,988,135
Excess (deficiency) of revenues over expenditures	(12,998,002)	(32,227,234)	19,229,232	12,770,231	5,446,315	7,323,916
OTHER FINANCING SOURCES (USES)						
Operating transfers in	72,721,264	73,221,264	(500,000)	21,401,687	20,270,559	1,131,128
Operating transfers out	(45,486,433)	(45,626,433)	140,000	(31,400,722)	(28,109,045)	(3,291,677)
Total other financing sources (uses)	27,234,831	27,594,831	(360,000)	(9,999,035)	(7,838,486)	(2,160,549)
Excess (deficiency) of revenues and other sources over expenditures and other uses	14,236,829	(4,632,403)	18,869,232	2,771,196	(2,392,171)	5,163,367
Fund balances at beginning of year	33,024,140	19,887,970	13,136,170	6,090,320	6,090,320	--
Fund balances at end of year	\$ 47,260,969	15,255,567	32,005,402	8,861,516	3,698,149	5,163,367

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

CITY OF AUSTIN, TEXAS
Exhibit A-3

Debt Service Fund			Totals (Memorandum Only)		
Actual- Budget Basis	Budget	Variance -- Favorable (Unfavorable)	Actual- Budget Basis	Budget	Variance -- Favorable (Unfavorable)
57,639,024	58,090,650	(451,626)	248,588,110	240,762,004	7,826,106
--	--	--	16,861,639	15,218,152	1,643,487
--	--	--	14,492,863	12,829,131	1,663,732
--	--	--	15,540,712	13,301,691	2,239,021
--	--	--	10,260,908	10,607,241	(346,333)
4,321,074	4,107,015	214,059	75,938,814	70,543,681	5,395,133
61,960,098	62,197,665	(237,567)	381,683,046	363,261,900	18,421,146
--	--	--	52,446,771	56,474,749	4,027,978
--	--	--	8,167,036	8,182,155	15,119
--	--	--	160,429,734	161,329,977	900,243
--	--	--	9,933,983	10,332,039	398,056
--	--	--	37,622,968	40,884,055	3,261,087
--	--	--	35,940,511	36,068,329	127,818
--	--	--	8,118,390	8,118,390	--
--	--	--	7,291,326	6,455,460	(835,866)
28,577,772	28,318,641	(259,131)	28,577,772	28,318,641	(259,131)
43,237,006	43,823,414	586,408	43,237,006	43,823,414	586,408
5,449	10,000	4,551	5,449	10,000	4,551
71,820,227	72,152,055	331,828	391,770,946	399,997,209	8,226,263
(9,860,129)	(9,954,390)	94,261	(10,087,900)	(36,735,309)	26,647,409
9,600,724	9,541,093	59,631	103,723,675	103,032,916	690,759
--	--	--	(76,887,155)	(73,735,478)	(3,151,677)
9,600,724	9,541,093	59,631	26,836,520	29,297,438	(2,460,918)
(259,405)	(413,297)	153,892	16,748,620	(7,437,871)	24,186,491
7,529,385	7,573,926	(44,541)	46,643,845	33,552,216	13,091,629
7,269,980	7,160,629	109,351	63,392,465	26,114,345	37,278,120

**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS/FUND BALANCES
 Year ended September 30, 1998
 With comparative totals for year ended September 30, 1997**

	Proprietary Fund Types	
	Enterprise	Internal Service
REVENUES		
Electric services	\$ 668,371,051	--
Water and wastewater services	201,791,794	--
User fees and rentals	126,190,892	--
Billings to departments	--	135,107,376
Employee contributions	--	13,864,121
Operating revenues from other governments	9,075,130	--
Other operating revenues	--	2,909,283
Operating revenues	1,005,428,867	151,880,780
EXPENSES		
Electric operations	332,985,598	--
Water and wastewater operations	80,952,915	--
Other enterprise operations	92,853,875	--
Internal service operations	--	141,200,585
Depreciation	147,273,030	1,959,285
Total operating expenses	654,065,418	143,159,870
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	351,363,449	8,720,910
NONOPERATING REVENUES (EXPENSES)		
Interest and other revenues	75,136,072	795,333
Unrealized gain on investments	10,791,937	46,225
Interest on revenue bonds and other debt	(224,706,381)	(374,797)
Interest capitalized during construction	10,976,299	--
Amortization of bond issue costs	(1,085,868)	(3,178)
Other nonoperating expense	(13,580,840)	(302,287)
Total nonoperating revenues (expenses)	(142,468,781)	161,296
Costs to be recovered in future years	18,774,460	--
Income (loss) before operating transfers	227,669,128	8,882,206
Operating transfers:		
Operating transfers in	18,268,624	--
Operating transfers out	(79,976,777)	(630,000)
Net income (loss)	165,960,975	8,252,206
Add depreciation transferred to contributions	6,989,092	--
Retained earnings reclassified to contributed capital	--	--
Net increase in retained earnings/fund balances	172,950,067	8,252,206
Retained earnings/fund balances at beginning of year	1,129,145,968	(9,168,595)
Retained earnings/fund balances at end of year	\$ 1,302,096,035	(916,389)

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

CITY OF AUSTIN, TEXAS
Exhibit A-4

Fiduciary Fund Type	Totals (Memorandum Only)	
	1998	1997
Nonexpendable		
Trust		
--	668,371,051	594,331,154
--	201,791,794	179,930,436
--	126,190,892	107,728,281
--	135,107,376	130,808,492
--	13,864,121	12,739,791
--	9,075,130	--
--	2,909,283	2,474,237
--	1,157,309,647	1,028,012,391
--	332,985,598	308,089,979
--	80,952,915	75,031,366
--	92,853,875	81,059,176
--	141,200,585	142,707,109
--	149,232,315	136,100,328
--	797,225,288	742,987,958
--	360,084,359	285,024,433
--	75,931,405	66,971,854
--	10,838,162	--
--	(225,081,178)	(225,596,952)
--	10,976,299	4,935,692
--	(1,089,046)	(969,842)
--	(13,883,127)	(7,935,959)
--	(142,307,485)	(162,595,207)
--	18,774,460	25,612,997
--	236,551,334	148,042,223
--	18,268,624	10,408,543
--	(80,606,777)	(75,552,256)
--	174,213,181	82,898,510
--	6,989,092	4,420,306
--	--	(3,519,622)
--	181,202,273	83,799,194
76,374	1,120,053,747	1,036,254,553
76,374	1,301,256,020	1,120,053,747

**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
COMBINED STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit A-5**

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Fund Type Nonexpendable Trust (1)	(Memorandum Only)	
				1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 980,797,314	150,331,463	--	1,131,128,777	1,041,569,272
Cash payments to suppliers for goods and services	(362,097,435)	(56,461,362)	--	(418,558,797)	(341,921,097)
Cash payments to employees for services	(139,806,182)	(64,089,989)	--	(203,896,171)	(197,427,271)
Cash payments to claimants/beneficiaries	--	(26,205,411)	--	(26,205,411)	(24,878,116)
Cash received from other governments	7,108,832	--	--	7,108,832	839,569
Taxes collected and remitted to other governments	(14,482,333)	--	--	(14,482,333)	(12,278,859)
Net cash provided by operating activities	471,520,196	3,574,701	--	475,094,897	465,903,498
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	18,268,624	--	--	18,268,624	10,408,543
Operating transfers out	(79,976,777)	(630,000)	--	(80,606,777)	(75,552,256)
Cash received from other funds	--	77,370	--	77,370	127,465
Interest paid on revenue notes and other debt	(150,611)	--	--	(150,611)	(378,409)
Decrease in deferred assets	316,085	--	--	316,085	(40,188)
Contributions from private sector	400,000	--	--	400,000	--
Loans (to) from other funds	37,156	(77,370)	--	(40,214)	(272,910)
Contributions from municipality	--	165,939	--	165,939	--
Net cash used by noncapital financing activities	(61,105,523)	(464,061)	--	(61,569,584)	(65,707,755)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term debt issues	101,660,000	--	--	101,660,000	98,245,000
Principal paid on long-term debt	(109,009,961)	(1,157,689)	--	(110,167,650)	(93,762,051)
Proceeds from the sale of fixed assets	646,685	--	--	646,685	--
Purchased interest received	9,491	--	--	9,491	860,362
Interest paid on revenue bonds and other debt	(190,603,057)	(346,247)	--	(190,949,304)	(193,469,665)
Acquisition and construction of capital assets	(312,550,475)	(10,447,121)	--	(322,997,596)	(319,105,436)
Contributions from municipality	132,656	7,114,327	--	7,246,983	6,862,173
Contributions from State and Federal governments	23,532,213	--	--	23,532,213	31,671,958
Contributions in aid of construction	29,308,543	--	--	29,308,543	17,880,294
Bond discounts and issuance costs	8,126,919	--	--	8,126,919	(7,907,009)
Bonds issued for advanced refundings of debt	309,351,591	--	--	309,351,591	227,215,000
Cash paid for bond refundings/defeasances	(340,312,964)	--	--	(340,312,964)	(223,103,804)
Proceeds from municipal utility district reserves	18,205,377	--	--	18,205,377	536,767
Cash paid for nuclear fuel inventory	(4,937,020)	--	--	(4,937,020)	(12,803,526)
Net cash used by capital and related financing activities	\$ (466,440,002)	(4,836,730)	--	(471,276,732)	(466,879,937)

(continued)

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

**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
COMBINED STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit A-5
(Continued)**

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal Service	Fund Type	(Memorandum Only)	
			Nonexpendable Trust (1)	1998	1997
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	\$(1,487,708,756)	--	--	(1,487,708,756)	(2,030,169,436)
Proceeds from sale and maturities of investment securities	1,515,008,283	--	--	1,515,008,283	1,994,504,596
Interest on investments	55,581,768	573,806	--	56,155,574	57,511,304
Reverse repurchase agreement income	13,499,115	221,527	--	13,720,642	6,138,914
Unrealized gain on investments	2,153,967	46,225	--	2,200,192	--
Reverse repurchase agreement expense	(13,131,171)	(215,510)	--	(13,346,681)	(5,969,537)
Net cash provided by investing activities	85,403,206	626,048	--	86,029,254	22,015,841
Net increase (decrease) in cash and cash equivalents	29,377,877	(1,100,042)	--	28,277,835	(44,668,353)
Cash and cash equivalents, October 1, 1997 (2)	341,051,905	44,195,602	76,374	385,323,881	429,992,234
Cash and cash equivalents, September 30, 1998 (2)	370,429,782	43,095,560	76,374	413,601,716	385,323,881
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	351,363,449	8,720,910	--	360,084,359	285,024,433
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	147,273,030	1,959,285	--	149,232,315	136,100,328
Allowance for uncollectible accounts	(4,525,367)	--	--	(4,525,367)	(374,217)
Amortization	12,788,895	--	--	12,788,895	14,518,979
Change in assets and liabilities:					
(Increase) decrease in working capital advances	75,065	--	--	75,065	(1,589,829)
(Increase) decrease in accounts receivable	(13,481,382)	(120,654)	--	(13,602,036)	1,994,500
(Increase) decrease in receivable from other governments	39,661	--	--	39,661	(45,261)
Decrease in due from other funds	59,437	39,550	--	98,987	59,820
(Increase) decrease in inventory	(6,623,999)	(265,285)	--	(6,889,284)	13,820,629
(Increase) decrease in prepaid expenses and deferred costs	3,708,236	45,658	--	3,753,894	(5,178,325)
Decrease in other regulatory assets	317,067	--	--	317,067	335,305
Increase (decrease) in accounts payable	(20,914,886)	(362,293)	--	(21,277,179)	1,914,810
Increase (decrease) in accrued payroll and compensated absences	1,965,194	(430,391)	--	1,534,803	2,826,711
Increase (decrease) in deferred revenue	(1,608,391)	(1,866,261)	--	(3,474,652)	11,234,604
Decrease in decommissioning assessment payable	--	--	--	--	(214,730)
Decrease in unrecovered fuel revenue	(6,289,042)	--	--	(6,289,042)	(6,514,543)
Increase (decrease) in accrued landfill closure costs	(2,415,863)	--	--	(2,415,863)	888,988
Increase (decrease) in claims payable	--	(3,845,109)	--	(3,845,109)	1,959,460
Increase (decrease) in due to other governments	(1,029,031)	--	--	(1,029,031)	2,078,440
Increase (decrease) in due to other funds	(327,485)	(61,670)	--	(389,155)	32,248
Decrease in advance from other funds	--	(273,037)	--	(273,037)	(40,849)
Increase in other liabilities	11,934,754	33,998	--	11,968,752	7,334,084
Decrease in customer deposits	(789,146)	--	--	(789,146)	(262,087)
Total adjustments	120,156,747	(5,146,209)	--	115,010,538	180,879,065
Net cash provided by operating activities	\$ 471,520,196	3,574,701	--	475,094,897	465,903,498

(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 \$6,459,220 at October 1, 1997 and \$7,381,704 at September 30, 1998.
- (2) Cash and cash equivalents includes \$224,817,037 and \$342,111 in enterprise and internal service funds' restricted accounts, respectively at October 1, 1997 and \$278,113,315 and \$340,394 in enterprise and internal service funds' restricted accounts, respectively at September 30, 1998.

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

**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 COMBINED STATEMENT OF CASH FLOWS
 Year ended September 30, 1998
 With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
 Exhibit A-5
 (Continued)**

	Proprietary Fund Types			Totals	
	Enterprise	Internal Service	Fiduciary	(Memorandum Only)	
			Nonexpendable Trust (1)	1998	1997
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Increase in deferred assets/expenses	\$ 28,041,177	78,864	--	28,120,041	32,552,208
Unamortized bond discounts/issue costs on advance refundings	(2,746,775)	--	--	(2,746,775)	(17,567,518)
(Increase) decrease in capital appreciation bond interest payable	20,811,869	--	--	20,811,869	(23,110,327)
Fixed assets contributed from other funds	1,723,396	4,098,759	--	5,822,155	2,385,243
Increase in contributed facilities	24,522,078	--	--	24,522,078	8,111,717
Unrealized gain on investments	8,637,970	--	--	8,637,970	--
Amortization of bond discounts, premiums, and issue costs	(6,324,043)	(3,178)	--	(6,327,221)	(6,037,867)
Amortization of deferred loss on refundings	(600,160)	--	--	(600,160)	(600,161)
Loss on disposal of assets	(449,669)	(86,777)	--	(536,446)	(1,966,422)
Costs to be recovered in future years	18,774,460	--	--	18,774,460	25,612,997
Loss on extinguishment of debt	(17,275,264)	--	--	(17,275,264)	(16,132,595)
Due to other funds for fixed assets	(92,477)	--	--	(92,477)	(123,302)

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

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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.

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 Fund -- The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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. There are twelve major groups of funds within the capital projects funds that account for the activities related to various capital improvement projects as follows:

- 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;
- funds authorized September 8, 1984, for various purposes;
- 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;
- funds authorized September 3, 1987, for street improvements;
- funds authorized August 10, 1992, for various purposes; and
- 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.

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.

2 -- SIGNIFICANT ACCOUNTING POLICIES, continued

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
Airport	Operations of the Robert Mueller Municipal Airport and construction of the Austin-Bergstrom International Airport
Solid Waste Services	Solid waste collection and disposal activities
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
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 nine 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
Utility Customer Service Fund	Activities of the Utility Customer Service Office
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	Manages 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 emplaned passenger a \$3 passenger facility charge, as allowed by the Federal Aviation Administration. Airport Fund 1998 operating revenues included passenger facility charges of \$8,142,343. These funds have been approved by the FAA for use in the construction of 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 Fund 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, the Debt Service Fund, 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 No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (see Note 6) as of October 1, 1997. GASB Statement No. 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, 1998.

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 1998 depreciation expense for this accelerated depreciation is \$1,003,010.

The City is accelerating the depreciation of buildings and improvements at Robert Mueller Municipal Airport to reflect the scheduled 1999 closure of Mueller Airport and the opening of the Austin-Bergstrom International Airport. The increase to Airport Fund 1998 depreciation expense for this accelerated depreciation is approximately \$10.6 million. In addition, the City has recorded capitalized interest in the Airport Fund of \$10,976,299.

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. 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. However, City management believes that deregulation and its effects are now 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 No. 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 Fund presents 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:

	<u>General Fund</u>	<u>Special Revenue Funds (1)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ 13,860,404	6,671,983
Adjustment:		
Less: Excess revenues and other sources over expenditures and other uses for nonbudgeted funds - GAAP basis	--	(2,615,066)
Adjusted excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	13,860,404	4,056,917
Other adjustments:		
Increase due to unbudgeted payroll accrual	--	8,889
Increase due to net compensated absences accrual	1,344,709	32,161
Decrease due to outstanding encumbrances established in 1998	(6,549,914)	(3,085,242)
Increase due to payments against prior year encumbrances	5,581,630	1,758,471
Excess revenues and other sources over expenditures and other uses - budget basis	<u>\$ 14,236,829</u>	<u>2,771,196</u>

(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 nondepartmental expenditures' line reported expenditures in excess of appropriations of \$835,866. This area represents fund-wide costs not budgeted within individual departments.

The Municipal Court Building Security fund, a budgeted special revenue fund, reported expenditures in excess of appropriations of \$3,335. This fund did not report a deficit fund balance.

Although the Debt Service Fund is prepared on a budget basis, no differences exist between GAAP basis and budget basis fund balance for this fund except for the amount of enterprise-related and certain departmental-related debt payments (\$7,339,397) budgeted as operating transfers.

3 -- BUDGET BASIS REPORTING, continued

c -- Budget Amendments

The original budget of the General Fund was amended several times during 1998. The following table compares original to amended budgets:

	Original	Amendments	
	Budget	Increase	Amended
		(Decrease)	Budget
REVENUES			
Taxes	\$ 181,923,127	748,227	182,671,354
Franchise fees	15,068,866	149,286	15,218,152
Fines, forfeitures and penalties	12,829,131	--	12,829,131
Licenses, permits and inspections	13,301,691	--	13,301,691
Charges for services/goods	10,544,443	62,798	10,607,241
Interest and other	5,533,614	5,697,110	11,230,724
Total revenues	<u>239,200,872</u>	<u>6,657,421</u>	<u>245,858,293</u>
EXPENDITURES			
Administration	6,780,604	(65,482)	6,715,122
Urban growth management	8,261,048	(78,893)	8,182,155
Public safety	154,077,318	7,252,659	161,329,977
Public services and utilities	10,289,779	42,260	10,332,039
Public health:			
Physician stipend/Charity care	10,452,003	--	10,452,003
Medical Assistance Program-			
hospital contracted services/patient services	6,827,550	--	6,827,550
Other public health	23,983,498	(378,996)	23,604,502
Public recreation and culture	34,763,240	1,305,089	36,068,329
Social services management	8,118,390	--	8,118,390
Nondepartmental expenditures	9,805,460	(3,350,000)	6,455,460
Total expenditures	<u>273,358,890</u>	<u>4,726,637</u>	<u>278,085,527</u>
TRANSFERS			
Operating transfers in	73,221,264	--	73,221,264
Operating transfers out	(41,141,507)	(4,484,926)	(45,626,433)
Total transfers	<u>32,079,757</u>	<u>(4,484,926)</u>	<u>27,594,831</u>
Deficiency of revenues and other sources over expenditures and other uses	<u>\$ (2,078,261)</u>	<u>(2,554,142)</u>	<u>(4,632,403)</u>

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 (\$950,500) and expenses for workers' compensation (\$2,419,960) and liability reserve (\$3,000,000).

3 -- BUDGET BASIS REPORTING, continued

There were budget amendments to the following special revenue funds during 1998:

	Original Budget	Amendments Increase (Decrease)	Amended Budget
REVENUES			
Disproportionate Share	\$ 1,810,000	911,465	2,721,465
Planning, Environmental and Conservation Services	6,204,980	187,523	6,392,503
Police Federal Seized Funds	500,000	927,806	1,427,806
Public Improvement District	-	830,225	830,225
EXPENDITURES			
Child Safety Fund	1,417,683	22,395	1,440,078
Energy Conservation Rebates and Incentives	10,905,588	(2,564,000)	8,341,588
Federally Qualified Health Center	13,652,684	1,928,503	15,581,187
Planning, Environmental and Conservation Services	8,111,887	(1,539,823)	6,572,064
Police Federal Seized Funds	565,000	200,000	765,000
Public Improvement District	-	930,225	930,225
OPERATING TRANSFERS IN			
Federally Qualified Health Center	6,302,410	628,060	6,930,470
Neighborhood Housing and Conservation	1,005,924	(392,924)	613,000
Planning, Environmental and Conservation Services	1,906,907	2,606,201	4,513,108
Public Improvement District	-	100,000	100,000
OPERATING TRANSFERS OUT			
Disproportionate Share	1,500,000	628,060	2,128,060
Energy Conservation Rebates and Incentives	-	3,964,000	3,964,000
Neighborhood Housing and Conservation	392,924	(392,924)	-
Planning, Environmental and Conservation Services	-	4,333,547	4,333,547

During fiscal year 1998, the Debt Service Fund had one budget amendment. The amendment increased other revenue and principal retirement by \$545,764.

4 -- DEFICITS IN FUND BALANCE AND RETAINED EARNINGS

At September 30, 1998, the funds below reported deficits in fund balance or fund equity. Management intends to recover these deficits through future operating revenues or transfers. The Central City Entertainment Center deficit will be funded by a loan which has been approved and is expected to be drawn down during 1999.

	Deficit Fund Balance		Deficit Retained Earnings
Special Revenue Funds:		Enterprise Funds:	
Austin Transportation Study	\$ 27,613	Parks and Recreation	\$ 353,300
Capital Projects Funds:		Internal Service Funds:	
Library	90,320	Employee Benefits Fund	4,963,709
Parks/Old Bakery	16,062	Liability Reserve Fund	543,903
Police Facilities	13,785	Radio Communication Fund	139,653
Build Austin	335,709	Capital Projects Management Fund	433,882
Central City Entertainment Center	2,916,551		
Public Works	9,408		
Tanglewood Park	64,197		

5 -- POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund type at September 30, 1998:

	<u>Pooled Investments and Cash</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
General Fund	\$ 44,561,333	--
Special Revenue Funds	38,841,615	--
Capital Projects Funds	114,814,363	--
Enterprise Funds:		--
Electric	23,600,623	87,424,170
Water and Wastewater	31,884,536	77,679,765
Hospital	14,841,879	7,500,000
Solid Waste Services	6,042,915	12,996,502
Airport	272,270	49,042,859
Convention Center	6,610,477	--
Other	9,024,317	20,521,618
Internal Service Funds	42,494,089	340,394
Fiduciary Funds	<u>7,381,704</u>	<u>--</u>
Subtotal pooled investments and cash	<u>340,370,121</u>	<u>255,505,308</u>
Total pooled investments and cash	<u>\$ 595,875,429</u>	

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 adopted Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of October 1, 1997. 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 as unrealized gain on investments. The unrealized gain associated with prior years was not material, and therefore, beginning of the year fund balances were not restated.

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 No. 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 \$353 million. The maximum amount outstanding at any time was \$416 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 broker or dealer, or by the City's trust department or agent, but not in the City's name.

	Category			Fair Value
	1	2	3	
Investments				
Obligations of the U.S. government and its agencies	\$ 876,746,261	--	--	876,746,261
Commercial paper	39,916,325	--	--	39,916,325
	<u>916,662,586</u>	--	--	<u>916,662,586</u>
Investments held by trustee				
Obligations of the U.S. government and its agencies	47,008,650	--	--	47,008,650
	<u>963,671,236</u>	--	--	<u>963,671,236</u>
Investments not categorized				
Money market mutual funds				26,865
Texas Local Government Investment Pool (TexPool)				285,111,774
Total investments				<u>\$ 1,248,809,875</u>

6 -- INVESTMENTS AND DEPOSITS, continued

Investments owned by the various funds of the City at September 30, 1998, are as follows:

Description	Yields	Fair Value	Unrealized Gain(Loss)
NON-POOLED INVESTMENTS			
Obligations of the U.S. government and its agencies	4.91% - 14.30%	\$ 415,382,928	8,677,908
Texas Local Government Investment Pool	5.64%	226,659,117	--
Commercial paper	5.53%	9,952,381	(39,938)
Total non-pooled investments		<u>651,994,426</u>	<u>8,637,970</u>
POOLED INVESTMENTS			
Money market mutual funds	5.28%	26,865	--
Obligations of the U.S. government and its agencies	4.67% - 5.77%	508,371,983	3,499,398
Commercial paper	5.39%	29,963,944	(1,544)
Texas Local Government Investment Pool	5.64%	58,452,657	--
Total pooled investments		<u>596,815,449</u>	<u>3,497,854</u>
TOTAL ALL INVESTMENTS		<u>\$ 1,248,809,875</u>	<u>12,135,824</u>

DEPOSITS

The September 30, 1998, carrying amount of deposits is as follows:

Cash	
Unrestricted	\$ 152,927
Cash held by trustee	
Unrestricted	234,786
Restricted	25,448,402
Pooled cash	<u>5,863,930</u>
Total deposits	<u>\$ 31,700,045</u>

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, 1997, upon which the 1998 levy was based, was \$27,493,058,735.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 1998, 98.80% of the current tax levy (October 1, 1997) 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, 1998, was \$.3304 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.6696 per \$100 assessed valuation, and could levy approximately \$184,093,521 in additional taxes from the assessed valuation of \$27,493,058,735 before the legislative limit is reached.

8 -- FIXED ASSETS

Components of the City's fixed assets at September 30, 1998, 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	67,105	759	10,462	58,412	15,245	2,694	485	166,258	354,599
Buildings and improvements	544,687	1,105,622	74,017	491	83,985	80,576	9,152	3,530	174,719	2,076,779
Machinery and equipment	1,785,831	432,268	4	15,742	13,926	3,703	8,099	19,546	73,865	2,352,984
Completed assets not classified	149,757	158,289	7	4,059	1,960	2,788	12,550	20,179	--	349,589
Total plant in service	2,513,454	1,763,284	74,787	30,754	158,283	102,312	32,495	43,740	414,842	5,133,951
Less accumulated depreciation	(895,154)	(459,304)	(27,048)	(20,193)	(79,052)	(18,384)	(6,771)	(21,404)	--	(1,527,310)
Net property, plant and equipment in service	1,618,300	1,303,980	47,739	10,561	79,231	83,928	25,724	22,336	414,842	3,606,641
Construction in progress	59,198	51,965	--	15,657	392,206	10,655	17,361	--	135,609	682,651
Nuclear fuel, net of amortization	19,911	--	--	--	--	--	--	--	--	19,911
Plant held for future use	32,654	--	--	--	--	--	--	--	--	32,654
Total property, plant and equipment	\$ 1,730,063	1,355,945	47,739	26,218	471,437	94,583	43,085	22,336	550,451	4,341,857

The following table summarizes the changes in components of the General Fixed Assets Account Group for the year ended September 30, 1998:

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
Balance, September 30, 1997	\$ 159,561,701	128,165,710	29,862,098	65,862,108	115,790,032	499,241,649
Additions	--	--	--	--	45,962,565	45,962,565
Retirements	--	--	--	--	(239,883)	(239,883)
Completed construction	6,696,456	13,601,970	3,089,304	8,003,319	(31,391,049)	--
Transfers from other funds	--	--	--	--	5,486,943	5,486,943
Balance, September 30, 1998	\$ 166,258,157	141,767,680	32,951,402	73,865,427	135,608,608	550,451,274

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 1998, the City did not capitalize completed infrastructure assets amounting to \$17,478,836.

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, 1998, 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, 1997. Membership in the plans at December 31, 1997 is as follows:

	<u>City</u> <u>Employees</u>	<u>Police</u> <u>Officers</u>	<u>Fire</u> <u>Fighters</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	2,452	215	299	2,966
Current employees	6,767	1,074	843	8,684
Total	<u>9,219</u>	<u>1,289</u>	<u>1,142</u>	<u>11,650</u>

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%	13.70% through September 1997 11.70 % thereafter
City's contribution (percent of earnings)	7.0% (1)	18.0%	18.05% through September 1997 20.05% thereafter

(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, 1998, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
City	\$ 15,589	7,766	7,492	30,847
Employees	15,589	3,883	4,436	23,908
Total contributions	<u>\$ 31,178</u>	<u>11,649</u>	<u>11,928</u>	<u>54,755</u>

c – Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$30,847,000 for fiscal year ended September 30, 1998, 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):				
1996	\$ 15,390	5,872	5,945	27,207
1997	15,287	6,850	6,270	28,407
1998	15,589	7,766	7,492	30,847
Percentage of APC contributed:				
1996	100%	100%	100%	N/A
1997	100%	100%	100%	N/A
1998	100%	100%	100%	N/A
Net Pension Obligation:				
1996	\$ --	--	--	--
1997	--	--	--	--
1998	--	--	--	--

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:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>
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	4.375% to 14.75%	6.6% average	7%
Post retirement benefit increase	6% effective January 1, 1997	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 -- RENTAL REVENUE

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 1998 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 1998 revenues included minimum concession guarantees of \$11,045,152.

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, 1998.

Fiscal Year	Hospital	Airport
Ended	Fund	Fund
September 30	Fund	Fund
1999	\$ 1,864,764	10,312,781
2000	1,864,764	6,329,589
2001	1,864,764	6,329,589
2002	1,864,764	6,329,589
2003	1,864,764	6,329,589
Thereafter	<u>41,024,808</u>	<u>26,142,588</u>
Totals	<u>\$ 50,348,628</u>	<u>61,773,725</u>

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 sold 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, 1998, was \$.2097 per \$100 assessed valuation. At September 30, 1998, allowable taxes related to debt service (assuming the rate of \$1.50 per \$100 assessed valuation) are approximately \$412,395,881, providing potential additional taxes for debt service of \$354,742,936 from the assessed valuation of \$27,493,058,735.

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, 1998, including those reported in certain proprietary funds:

	Date Issued	Original Issue	Amount	Aggregate Interest	Interest Rates	Maturity Dates Of Serial Debt
			Outstanding at September 30, 1998	Requirements at September 30, 1998	Of Debt Outstanding at September 30, 1998	
		\$	\$	\$	%	
Series 1985A	October, 1985	229,048,455	6,746,178 (2)	17,113,822 (1)	8.70 - 9.00	9/1/1999-2000
Series 1989	October, 1989	24,995,000	1,080,000	75,600 (1)	7.00	9/1/1999
Series 1990A&B	January, 1990	122,368,632	32,250,211 (3)	14,054,951 (1)	6.00 - 7.00	9/1/1999-2005
Series 1990C	November, 1990	25,000,000	2,035,000	204,843 (1)	6.55 - 6.65	9/1/1999-2000
Series 1991A	November, 1991	25,000,000	3,685,000	712,675 (1)	5.88 - 8.88	9/1/1999-2002
Series 1991B	November, 1991	2,900,000	295,000	7,965 (4)	5.40	11/1/1998
Assumed MUD Debt	December, 1991	1,995,000	880,000	380,250 (7)	6.02 - 6.40	8/1/1999-2006
Series 1992	May, 1992	114,856,765	79,269,888 (5)	26,456,267 (1)	5.70 - 6.25	9/1/1999-2008
Series 1992	October, 1992	52,490,000	11,000,000	2,562,750 (1)	4.25 - 7.25	9/1/1999-2003
Series 1992	October, 1992	5,405,000	1,225,000	211,975 (1)	5.25 - 5.75	9/1/1999-2003
Series 1992	October, 1992	4,195,000	1,100,000	55,625 (4)	5.00	11/1/1998-1999
Series 1993	February, 1993	71,600,000	64,755,000	26,707,968 (1)	4.75 - 5.75	9/1/1999-2009
Series 1993	October, 1993	25,000,000	22,215,000	9,230,215 (1)	4.13 - 7.00	9/1/1999-2013
Series 1993	October, 1993	6,435,000	5,720,000	2,376,421 (1)	4.13 - 7.00	9/1/1999-2013
Series 1993	October, 1993	8,820,000	970,000	17,945 (4)	3.70	11/1/1998
Series 1993A	October, 1993	70,230,000	65,390,000	18,908,755 (1)	4.00 - 5.00	9/1/1999-2010
Series 1994	October, 1994	33,260,000	12,060,000	3,822,400 (1)	5.20 - 7.00	9/1/1999-2007
Series 1994	October, 1994	3,550,000	1,675,000	558,995 (1)	5.10 - 6.50	9/1/1999-2008
Series 1994	October, 1994	5,025,000	1,655,000	76,285 (4)	4.40 - 4.60	11/1/1998-1999
Series 1995	October, 1995	30,250,000	22,240,000	13,481,285 (1)	4.80 - 7.75	9/1/1999-2013
Series 1995	October, 1995	8,660,000	6,915,000	3,360,740 (1)	4.75 - 6.00	9/1/1999-2013
Series 1995	October, 1995	8,205,000	4,375,000	281,771 (4)	4.10 - 4.25	11/1/1998-2000
Series 1996	October, 1996	30,550,000	13,925,000	8,258,725 (1)	4.40 - 6.00	9/1/1999-2011
Series 1996	October, 1996	11,755,000	9,545,000	1,394,790 (4)	4.30 - 5.10	11/1/1998-2003
Assumed MUD Debt	December, 1996	2,975,000	2,600,000	1,132,250 (7)	8.50 - 8.75	8/1/1999 - 2006
Taxable Series 1997	May, 1997	18,400,000	18,400,000	5,917,638 (1)	6.90 - 7.50	3/1/1999-2004
Series 1997	October, 1997	29,295,000	28,715,000	21,711,082 (1)	5.00 - 5.75	9/1/2000-2017
Series 1997	October, 1997	13,975,000	13,115,000	2,166,525 (4)	4.50	11/1/1998-2004
Series 1997	October, 1997	2,120,000	2,055,000	1,224,423 (1)	4.50 - 7.00	9/1/1999-2017
Series 1998	January, 1998	110,300,000	110,090,000	67,103,923 (1)	3.70 - 5.25	9/1/2003-2016
Assumed MUD Debt	December, 1997	33,680,000	32,180,000	25,327,916 (6)	4.40 - 10.50	11/15/1998-2021

(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.

In October 1997, the City issued Public Improvement Bonds, Series 1997, in the amount of \$29,295,000. Of the proceeds from the issue, \$7,029,000 will be used for street improvements, \$1,236,000 will be used for drainage and flood control, \$1,719,000 will be used for parks improvements, \$1,000,000 will be used for fire stations, \$1,740,000 will be used for health, safety and welfare renovations, \$341,000 will be used for erosion and flood control, \$2,665,000 will be used for street reconstruction and traffic signals, \$800,000 will be used for parks and recreation facilities, \$1,875,000 will be used for libraries, and \$10,890,000 will be used by various departments for communications equipment.

11 -- GENERAL LONG-TERM DEBT, continued

These bonds will be amortized serially on September 1 of each year from 1998 to 2017. Certain of these bonds are callable beginning September 1, 2007. Interest is payable on March 1 and September 1 of each year, commencing March 1, 1998. Total interest requirements for these bonds, at rates ranging from 5.0% to 5.75%, are \$23,238,171.

In October 1997, the City issued Public Property Finance Contractual Obligations, Series 1997, in the amount of \$13,975,000. Of the proceeds from the issue, \$2,000,000 will be used by Information Systems Office for communication equipment, \$270,000 will be used by Law Department for computer upgrade, \$2,045,000 will be used by the Solid Waste Services Department for carts and vehicles, \$805,000 will be used by the Transportation Department for capital equipment, \$755,000 will be used by the Water and Wastewater Department for capital equipment, \$6,800,000 will be used by various departments for radio trunking, and \$1,300,000 will be used for the Year 2000. These contractual obligations will be amortized serially May 1 and November 1 of each year from 1998 to 2004. 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, 1998. Total interest requirements for these contractual obligations at rates, of 4.5%, aggregate \$2,585,775.

In October 1997, the City issued Certificates of Obligation, Series 1997, in the amount of \$2,120,000. Of the proceeds from the issue, \$1,960,000 will be used by the Police Department for a police substation, and \$160,000 will be used for the purchase of real property located at the southeast corner of Barton Springs and South First Street (Once Texas Center). These certificates of obligation will be amortized serially on September 1 of each year from 1998 to 2017. Certain of these obligations are callable beginning September 1, 2007. Interest is payable on March 1 and September 1 of each year, commencing March 1, 1998. Total interest requirements for these bonds, at rates ranging from 4.5% to 7.0%, aggregate \$1,339,043.

In January 1998, the City issued \$110,300,000 in Public Improvement Refunding Bonds, Series 1998, with a weighted average interest rate of 5.01% to advance refund the following (together hereinafter referred to as the "refunded bonds"):

- \$ 1,145,000 of outstanding Public Improvement Bonds, Series 1989, with a weighted average interest rate of 7.10%.
- \$ 1,060,000 of outstanding Public Improvement Bonds, Series 1990C, with a weighted average interest rate of 6.75%.
- \$ 17,460,000 of outstanding Public Improvement Bonds, Series 1991A, with a weighted average interest rate of 5.95%.
- \$ 37,490,000 of outstanding Public Improvement Bonds, Series 1992, with a weighted average interest rate of 6.05%.
- \$ 3,275,000 of outstanding Certificates of Obligation, Series 1992, with a weighted average interest rate of 6.12%.
- \$ 21,000,000 of outstanding Public Improvement Bonds, Series 1994, with a weighted average interest rate of 5.89%.
- \$ 1,650,000 of outstanding Certificates of Obligation, Series 1994, with a weighted average interest rate of 5.94%.
- \$ 6,560,000 of outstanding Public Improvements Bonds, Series 1995, with a weighted average interest rate of 5.50%.
- \$ 1,465,000 of outstanding Certificates of Obligation, Series 1995, with a weighted average interest rate of 5.50%.
- \$ 16,000,000 of outstanding Public Improvement Bonds, Series 1996, with a weighted average interest rate of 5.75%.

The net proceeds of \$117,020,777 (after issuer contribution of \$3,178,595 and after payment of \$221,390 in underwriting fees, insurance, and other issuance costs) 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 payments on the refunded bonds. As a result, the refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from the general long-term debt account group.

The City advance refunded the refunded bonds to reduce its total debt service payments in the current period and in future years by approximately \$6.2 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$5.4 million.

In December 1997, the City assumed debt related to the Municipal Utility Districts (MUDs) that were annexed, in the amount of \$33,680,000. \$8,909,336 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 \$24,770,664, which was issued to purchase water and wastewater facilities, is recorded in the Water and Wastewater Fund. Interest is payable on March 1, May 15, September 1, and November 15 of each year, commencing May 15, 1998. Total interest requirements for this debt at rates ranging from 4.4% to 10.5%, aggregate \$7,130,292.

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, 1998 (in thousands of dollars):

	General Obligation Bonds and Other Tax Supported Debt	
	General Long-Term Debt Account Group	Proprietary Funds
Balance payable—September 30, 1997	\$ 482,606	39,488
Refunding activity:		
Refunding debt issued	103,706	6,594
Outstanding debt defeased by refunding	(100,689)	(6,416)
Balance payable subsequent to refunding	485,623	39,666
Debt issued:		
Drainage and flood control improvements	1,236	--
Parks and recreation improvements	1,719	--
Street improvements	7,029	--
Police Department construction	1,960	--
Fire Department construction	1,000	--
One Texas Center purchase	160	--
Erosion and flood control	341	--
Transportation Department for equipment	--	805
Health Department safety and welfare renovations	1,740	--
Street reconstruction and traffic signals	2,665	--
Parks and recreation facilities	800	--
Library improvements	1,875	--
Law Department computer upgrade	--	270
Year 2000	1,300	--
Radio trunking for various departments	2,620	4,180
Solid Waste Department for equipment	--	2,045
Information Systems Office equipment	--	2,000
Communication equipment for various departments	10,890	--
Water and Wastewater Department equipment	--	755
Debt issued during the year	35,335	10,055
Debt retired during the year	(22,570)	(6,008)
Assumed MUD debt due to annexation	8,909	--
Balance payable—September 30, 1998	\$ 507,297	43,713

General obligation bonds authorized and unissued amount to \$65,355,000 at September 30, 1998. Bond ratings at September 30, 1998, were Aa2 (Moody's Investor Service, Inc.) and AA (Standard & Poor's and 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 \$33,079,299 in 1997 and increased \$9,578,886 to a balance of \$42,658,185 in 1998.

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, 1998 (in thousands of dollars):

Description (Net of discount and inclusive of premium)	Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, October 1, 1997	\$ 174,359	2,228,012	2,402,371
Debt issued	--	313,941	313,941
Debt repaid, defeased, or refunded	(39,543)	(322,815)	(362,358)
Amortization of bond discount and premium	164	1,971	2,135
Balance payable, September 30, 1998	<u>\$ 134,980</u>	<u>2,221,109</u>	<u>2,356,089</u>

The total Combined Utility Systems revenue bond obligations at September 30, 1998, consist of \$2,245,759,419 prior lien bonds and \$135,200,000 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$1,814,473,617 at September 30, 1998. Revenue bonds authorized and unissued amount to \$1,160,002,660 at that date. At September 30, 1998, 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 \$257,669,331 including accrued interest at September 30, 1998, 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 \$168,677,057 of investments at fair value at September 30, 1998, 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 has 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 August 1998, the City issued \$303,020,000 of Combined Utility Systems Revenue Refunding Bonds to refund \$252,830,502 of previously issued Combined Utility Systems Revenue Bonds. 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. The refunding resulted in a decrease in cash flow requirements to service the debt of \$24,368,375. An economic gain of \$19,173,344 was recognized on this transaction. An accounting loss of \$15,966,880 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):

<u>Series</u>	<u>Amount</u>
	\$
1988B Refunding	252,830

In May 1998, the City defeased \$930,000 of Combined Utility Systems revenue bonds, with a \$994,509 cash payment. \$950,634 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.

<u>Series</u>	<u>Amount</u>
	\$
1986 Refunding	20,000
1988B Refunding	485,000
1993 Refunding	60,000
1993A Refunding	305,000
1996A Refunding	30,000
1997 Refunding	30,000

In September 1998, the City defeased \$16,910,000 of Combined Utility Systems revenue bonds, with a \$20,004,945 cash payment. \$19,999,695 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 1998 (in thousands of dollars):

<u>Series</u>	<u>Amount</u>
	\$
1982 Refunding	10,155
1992A Refunding	3,165
1993A Refunding	3,590

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, 1998 (in thousands of dollars):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 1998
		\$	\$
1982 Refunding	March 1982	598,000	127,135
1985	March 1985	225,000	7,120
1985A	November 1985	162,000	4,465
1986A	April 1986	325,000	9,740
1986C	November 1986	137,915	7,755
1986 Refunding	March 1986	545,145	36,730
1987	May 1987	65,000	3,815
1988AB Refunding	October 1988	369,901	33,555
1989	July 1989	65,800	4,800
1990	August 1990	6,395	4,895
1990AB Refunding	February 1990	236,009	45,656
1991A Refunding	June 1991	57,080	38,645
1992 Refunding	March 1992	265,806	248,991
1992A Refunding	May 1992	351,706	331,361
1993 Refunding	February 1993	203,166	178,996
1993A Refunding	June 1993	263,410	222,456
1994	May 1994	3,500	3,170
1994 Refunding	October 1994	142,559	142,559
1995 Refunding	June 1995	151,770	151,270
1996AB Refunding	September 1996	249,235	249,205
1997 Refunding	August 1997	227,215	225,620
1998 Refunding	August 1998	180,000	180,000
1998A Refunding	August 1998	123,020	123,020
			<u>\$ 2,380,959</u>

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, 1998, the Electric Fund had outstanding commercial paper notes of \$158,798,023 (net of discount of \$570,977), and the Water and Wastewater Fund had \$135,614,000 of commercial paper notes outstanding. Interest rates on the notes range from 1.75% 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 \$2,222,064 at September 30, 1998, 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, 1998 (in thousands of dollars):

Description <u>(Net of discount and loss on refunding)</u>	Prior Lien <u>Bonds</u>
Balance payable, October 1, 1997	\$ 382,184
Amortization of bond discount and loss on refunding	<u>614</u>
Balance payable, September 30, 1998	<u>\$ 382,798</u>

The total Airport System obligations for prior lien bonds is \$394,245,000 at September 30, 1998. Aggregate interest requirements for all prior lien bonds are \$438,274,756 at September 30, 1998. 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 \$736,644 including accrued interest at September 30, 1998, 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. However, the bond ordinance also allows for the use of a debt service reserve fund surety bond in lieu of the cash deposit. In January 1998, the assets of the bond reserve fund, a restricted fund, were transferred to a new airport construction fund, and a surety bond was purchased. The assets transferred included \$30,341,433 of investments. The total benefit available from the surety bond in the event a draw is necessary is \$30,429,177. The City is in compliance with all significant limitations and restrictions contained in the revenue bond indentures.

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, 1998 (in thousands of dollars):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 1998
		\$	\$
1989	September 1989	30,000	1,000
1995A	August 1995	362,205	362,205
1995B Refunding	August 1995	31,040	31,040
			<u>\$ 394,245</u>

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. The City issued \$28,000,000 in notes on February 24, 1998. Proceeds from the notes are used for issuance costs for the notes, capital project costs for establishing, improving, enlarging, extending and repairing the Airport System or any project to become part of the Airport System, and capitalized interest on the Series A Notes through the construction period. The notes are in denominations of \$100,000 or more and mature on November 15, 2017. The Series A notes are secured by a lien on net revenues of the Airport System that is junior and subordinate to the lien on net revenues securing the prior lien bonds and by a direct-pay letter of credit issued by Morgan Guaranty Trust Company of New York.

At September 30, 1998, 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 \$444,279 including accrued interest at September 30, 1998 and was restricted within the Airport System. During fiscal year 1998, interest rates on the notes ranged from 2.9% to 6.0%, 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 the gross revenues of the Convention Center Fund and the pledged hotel occupancy tax revenues. The following table summarizes Convention Center System revenue bonds for the year ended September 30, 1998 (in thousands of dollars):

Description (Net of discount and loss on refunding)	Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, October 1, 1997	\$ 5,611	65,883	71,494
Principal payment, November 15, 1997	--	(1,885)	(1,885)
Amortization of bond discount and loss on refunding	71	621	692
Balance payable, September 30, 1998	<u>\$ 5,682</u>	<u>64,619</u>	<u>70,301</u>

The total Convention Center System obligations at September 30, 1998, consist of \$74,070,000 prior lien bonds and \$6,170,000 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$50,320,738 at September 30, 1998. Revenue bonds authorized and unissued amount to \$135,760,000 at that date.

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

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

The City is required by bond indentures to pledge the gross revenues of the Convention Center and the pledged hotel occupancy tax revenues for debt service, and is required to maintain a debt service fund and bond reserve fund for all outstanding revenue bonds. The Series 1993A debt service fund, with assets of \$2,381,895 including accrued interest at September 30, 1998, 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.

The Series 1993B debt service fund, with assets of \$92,550 including accrued interest at September 30, 1998, is restricted within the Convention Center and requires that the gross revenues of the Convention Center and the excess 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.

The Series 1993A bond reserve fund for revenue bond retirement, with assets of \$5,972,344 at September 30, 1998, is also restricted within the Convention Center. The City is 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 lesser of 10% of the principal amount or the maximum annual debt service requirements scheduled to occur in the then current and each future fiscal year for all bonds then outstanding. The Series 1993B bond reserve fund for revenue bond retirement, with assets of \$986,454 at September 30, 1998, is also restricted within the Convention Center. The City is required to maintain a reserve fund for the benefit of the holders of subordinate 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 each future fiscal year for all bonds then 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, 1998 (in thousands of dollars):

Series	Bonds Dated	Original Amount Issued	Outstanding at September 30, 1998
		\$	\$
1993A	December 1993	75,955	74,070
1993B	December 1993	6,170	6,170
			<u>\$ 80,240</u>

o -- Other Debt

The Drainage Fund has revenue bonds authorized and unissued amounting to \$10,000,000 at September 30, 1998.

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, 1998, 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.

13 -- CONDUIT DEBT, continued

In fiscal year 1998, 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, 1998, 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 1998. 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. As of September 30, 1998, two series of industrial revenue bonds had been issued. The aggregate principal amount payable of these bonds could not be determined; however, their original issue amounts totaled \$19.2 million.

No ABIA bonds were issued in fiscal year 1998. 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.

d -- 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 (ABIA), the City has issued rental car special facilities revenue bonds under the trust indenture, dated as of February 1998, 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, 1998, one series of rental car special facilities bonds had been issued. The principal amount payable of these bonds, also 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.

NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 1998

CITY OF AUSTIN, TEXAS
(Continued)

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			Public Property Finance Contractual Obligations			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 19,397	39,377	58,774	8,075	1,296	9,371	975	919	1,894
2000	21,696	36,700	58,396	6,180	961	7,141	1,025	858	1,883
2001	34,792	23,898	58,690	4,555	706	5,261	1,090	798	1,888
2002	37,654	22,228	59,882	3,825	519	4,344	1,130	739	1,869
2003	36,904	20,096	57,000	4,035	341	4,376	1,210	678	1,888
Thereafter	333,522	94,952	428,474	4,385	178	4,563	12,160	3,742	15,902
	<u>483,965</u>	<u>237,251</u>	<u>721,216</u>	<u>31,055</u>	<u>4,001</u>	<u>35,056</u>	<u>17,590</u>	<u>7,734</u>	<u>25,324</u>

Fiscal Year Ended September 30	Tax Notes			Total		
	Principal	Interest	Total	Principal	Interest	Total
1999	700	1,266	1,966	29,147	42,858	72,005
2000	1,000	1,202	2,202	29,901	39,721	69,622
2001	1,300	1,117	2,417	41,737	26,519	68,256
2002	1,500	1,017	2,517	44,109	24,503	68,612
2003	1,900	900	2,800	44,049	22,015	66,064
Thereafter	12,000	417	12,417	362,067	99,289	461,356
	<u>18,400</u>	<u>5,919</u>	<u>24,319</u>	<u>551,010</u>	<u>254,905</u>	<u>805,915</u>

	Less: Amounts reported in Enterprise Funds	(36,555)	(14,040)	(50,595)
	Amounts reported in Internal Service Funds	(7,158)	(1,511)	(8,669)
	Total requirements reported in other funds	(43,713)	(15,551)	(59,264)
	General Long-Term Debt Account Group requirements at September 30, 1998	<u>\$ 507,297</u>	<u>239,354</u>	<u>746,651</u>

14 -- DEBT SERVICE REQUIREMENTS, continued

The following summarizes the proprietary funds debt service requirements at September 30, 1998 (in thousands):

Fiscal Year Ended September 30	Commercial Paper Notes (1)			Revenue Notes		
	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 294,983	1,256	296,239	28,000	--	28,000
2000	--	--	--	--	--	--
2001	--	--	--	--	--	--
2002	--	--	--	--	--	--
2003	--	--	--	--	--	--
Thereafter	--	--	--	--	--	--
	<u>294,983</u>	<u>1,256</u>	<u>296,239</u>	<u>28,000</u>	<u>--</u>	<u>28,000</u>
Less: Unamortized bond discount	(571)	--	(571)			
Unamortized loss on bond refundings	--	--	--			
Add: Unamortized bond premium	--	--	--			
Net debt service requirements	<u>294,412</u>	<u>1,256</u>	<u>295,668</u>			

Fiscal Year Ended September 30	General Obligation Bonds and Other Tax Supported Debt (2)			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
1999	8,519	4,130	12,649	101,809	161,733	263,542
2000	6,621	3,702	10,323	99,865	165,344	265,209
2001	5,628	3,501	9,129	104,562	151,030	255,592
2002	4,719	3,436	8,155	114,487	156,616	271,103
2003	4,508	3,230	7,738	98,621	147,635	246,256
Thereafter	41,740	17,200	58,940	2,336,100	1,580,093	3,916,193
	<u>71,735</u>	<u>35,199</u>	<u>106,934</u>	<u>2,855,444</u>	<u>2,362,451</u>	<u>5,217,895</u>
Less: Unamortized bond discount	(45)	--	(45)	(65,754)	--	(65,754)
Unamortized loss on bond refundings	(419)	--	(419)	(9,595)	--	(9,595)
Add: Unamortized bond premium	173	--	173	29,093	--	29,093
Net debt service requirements	<u>\$ 71,444</u>	<u>35,199</u>	<u>106,643</u>	<u>2,809,188</u>	<u>2,362,451</u>	<u>5,171,639</u>

(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 \$27,150,560 and interest of \$19,995,346, Solid Waste Services revenue certificates of obligation of \$750,000 and interest of \$52,500 and \$120,000 of Water and Wastewater notes payable.

NOTES TO COMBINED FINANCIAL STATEMENTS
September 30, 1998

CITY OF AUSTIN, TEXAS
(Continued)

14 -- DEBT SERVICE REQUIREMENTS, continued

Fiscal Year Ended September 30	Water Improvement District Bonds			Municipal Utility District Contracts		
	Principal	Interest	Total	Principal	Interest	Total
	1999	\$ 332	71	403	5,695	6,529
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	25	3	28	7,540	4,919	12,459
Thereafter	25	1	26	74,315	18,310	92,625
	<u>1,408</u>	<u>185</u>	<u>1,593</u>	<u>107,455</u>	<u>47,083</u>	<u>154,538</u>
Less: Unamortized bond discount				(400)	--	(400)
Unamortized loss on bond refundings				--	--	--
Add: Unamortized bond premium				--	--	--
Net debt service requirements				<u>107,055</u>	<u>47,083</u>	<u>154,138</u>

Fiscal Year Ended September 30	Total Debt Service Requirements		
	Principal	Interest	Total
1999	439,338	173,719	613,057
2000	113,038	175,282	288,320
2001	117,486	160,359	277,845
2002	126,289	165,423	291,712
2003	110,694	155,787	266,481
Thereafter	2,452,180	1,615,604	4,067,784
	<u>3,359,025</u>	<u>2,446,174</u>	<u>5,805,199</u>
Less: Unamortized bond discount	(66,770)	--	(66,770)
Unamortized loss on bond refundings	(10,014)	--	(10,014)
Add: Unamortized bond premium	29,266	--	29,266
Net debt service requirements	<u>\$ 3,311,507</u>	<u>2,446,174</u>	<u>5,757,681</u>

14 -- DEBT SERVICE REQUIREMENTS, continued

The following summarizes the proprietary funds debt service requirements at September 30, 1998 by fund (in thousands):

Fiscal Year Ended September 30	Electric (1)			Water and Wastewater (2)		
	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 242,941	94,146	337,087	161,483	49,678	211,161
2000	79,492	96,586	176,078	27,370	49,161	76,531
2001	84,432	85,077	169,509	27,079	46,244	73,323
2002	84,871	89,328	174,199	28,263	47,533	75,796
2003	67,288	83,478	150,766	29,632	44,455	74,087
Thereafter	1,225,046	660,532	1,885,578	763,238	539,105	1,302,343
	<u>1,784,070</u>	<u>1,109,147</u>	<u>2,893,217</u>	<u>1,037,065</u>	<u>776,176</u>	<u>1,813,241</u>
Less: Unamortized bond discount	(32,765)	--	(32,765)	(22,167)	--	(22,167)
Unamortized loss on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	21,988	--	21,988	7,041	--	7,041
	<u>1,773,293</u>	<u>1,109,147</u>	<u>2,882,440</u>	<u>1,021,939</u>	<u>776,176</u>	<u>1,798,115</u>

Fiscal Year Ended September 30	Solid Waste Services			Airport		
	Principal	Interest	Total	Principal	Interest	Total
1999	3,009	977	3,986	28,086	24,160	52,246
2000	1,667	820	2,487	74	24,146	24,220
2001	1,290	690	1,980	196	23,997	24,193
2002	1,036	629	1,665	7,742	23,795	31,537
2003	1,046	574	1,620	8,095	23,360	31,455
Thereafter	10,374	3,305	13,679	379,131	378,868	757,999
	<u>18,422</u>	<u>6,995</u>	<u>25,417</u>	<u>423,324</u>	<u>498,326</u>	<u>921,650</u>
Less: Unamortized bond discount	(24)	--	(24)	(9,614)	--	(9,614)
Unamortized loss on bond refundings	(265)	--	(265)	(1,845)	--	(1,845)
Add: Unamortized bond premium	148	--	148	--	--	--
	<u>\$ 18,281</u>	<u>6,995</u>	<u>25,276</u>	<u>411,865</u>	<u>498,326</u>	<u>910,191</u>

(continued)

- (1) Included in the debt service requirements of Electric is \$159,369,000 principal and \$575,906 interest for commercial paper notes.
- (2) Included in the debt service requirements of Water and Wastewater is \$135,614,000 principal and \$679,917 interest for commercial paper notes.

14 -- DEBT SERVICE REQUIREMENTS, continued

Fiscal Year Ended September 30	Convention Center			Drainage		
	Principal	Interest	Total	Principal	Interest	Total
	1999	\$ 1,974	3,993	5,967	86	86
2000	2,590	3,895	6,485	95	79	174
2001	2,946	3,767	6,713	105	71	176
2002	3,087	3,622	6,709	114	62	176
2003	3,248	3,467	6,715	123	53	176
Thereafter	66,678	31,730	98,408	529	121	650
	80,523	50,474	130,997	1,052	472	1,524
Less: Unamortized bond discount	(2,189)	--	(2,189)	--	--	--
Unamortized loss on bond refundings	(7,750)	--	(7,750)	--	--	--
Add: Unamortized bond premium	--	--	--	--	--	--
	70,584	50,474	121,058	1,052	472	1,524

Fiscal Year Ended September 30	Transportation			Golf		
	Principal	Interest	Total	Principal	Interest	Total
	1999	102	33	135	309	327
2000	106	28	134	322	307	629
2001	111	23	134	344	289	633
2002	117	18	135	352	273	625
2003	123	13	136	387	256	643
Thereafter	196	9	205	4,943	1,499	6,442
	755	124	879	6,657	2,951	9,608
Less: Unamortized bond discount	--	--	--	(8)	--	(8)
Unamortized loss on bond refundings	--	--	--	(76)	--	(76)
Add: Unamortized bond premium	--	--	--	64	--	64
	\$ 755	124	879	6,637	2,951	9,588

(continued)

14 -- DEBT SERVICE REQUIREMENTS, continued

Fiscal Year Ended September 30	Fleet Maintenance			Support Services		
	Principal	Interest	Total	Principal	Interest	Total
	1999	\$ 287	52	339	1,062	268
2000	220	38	258	1,101	221	1,322
2001	83	30	113	899	172	1,071
2002	24	27	51	683	136	819
2003	26	26	52	727	104	831
Thereafter	466	153	619	1,579	282	1,861
	1,106	326	1,432	6,051	1,183	7,234
Less: Unamortized bond discount	--	--	--	(3)	--	(3)
Unamortized loss on bond refundings	(17)	--	(17)	(61)	--	(61)
Add: Unamortized bond premium	4	--	4	21	--	21
	1,093	326	1,419	6,008	1,183	7,191

Fiscal Year Ended September 30	Total		
	Principal	Interest	Total
	1999	439,339	173,720
2000	113,037	175,281	288,318
2001	117,485	160,360	277,845
2002	126,289	165,423	291,712
2003	110,695	155,786	266,481
Thereafter	2,452,180	1,615,604	4,067,784
	3,359,025	2,446,174	5,805,199
Less: Unamortized bond discount	(66,770)	--	(66,770)
Unamortized loss on bond refundings	(10,014)	--	(10,014)
Add: Unamortized bond premium	29,266	--	29,266
	\$ 3,311,507	2,446,174	5,757,681

15 -- INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 1998, 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				
Receivable from Special Revenue Funds	\$ 14,855,721	--	--	--
Debt Service fund				
Receivable from General Fund	112,827	--	--	--
Receivable from Water and Wastewater Fund	444,049	--	--	--
Capital Projects Funds				
Receivable from Capital Projects Funds	4,328,300	--	--	--
Receivable from Trust and Agency Funds	38,315	--	--	--
Enterprise Funds				
Electric Fund (Restricted):				
Receivable from Solid Waste Services Fund	12,385	--	24,770	--
Receivable from Airport Fund	1,455	--	2,910	--
Receivable from Drainage Fund	3,045	--	6,090	--
Internal Service Funds:				
Receivable from Fleet Maintenance Fund	13,875	--	27,750	--
Receivable from Support Services Fund	124,932	--	249,866	--
Water and Wastewater Fund (Restricted):				
Receivable from Solid Waste Services Fund	10,225	--	20,450	--
Receivable from Airport Fund	1,201	--	2,403	--
Receivable from Drainage Fund	2,514	--	5,028	--
Internal Service Funds:				
Receivable from Fleet Maintenance Fund	11,455	--	22,911	--
Receivable from Support Services Fund	203,337	--	675,393	--
Airport Fund:				
Internal Service Funds:				
Receivable from Support Services Fund	135,121	--	19,101	--
Convention Center Fund:				
Receivable from restricted account	1,186,132	--	--	--
Drainage Fund:				
Receivable from Debt Service Fund	452,832	--	--	--
Internal Service Funds				
Fleet Maintenance Fund:				
Receivable from Solid Waste Services Fund	98,940	--	--	--
Internal Service Funds:				
Receivable from Radio Communication Fund	\$ 240,122	--	--	--

(continued)

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:				
General Fund				
Payable to Debt Service Funds	--	112,827	--	--
Special Revenue Funds				
Payable to Special Revenue Funds	--	14,855,721	--	--
Debt Service Fund				
Payable to Drainage Fund	--	452,832	--	--
Capital Projects Funds				
Payable to Capital Projects Funds	--	4,328,300	--	--
Enterprise Funds				
Water and Wastewater Fund:				
Payable to Debt Service Fund	--	444,049	--	--
Solid Waste Services Fund:				
Payable to Electric Fund	--	12,385	--	24,770
Payable to Water and Wastewater Fund	--	10,225	--	20,450
Internal Service Funds:				
Payable to Fleet Maintenance Fund	--	98,940	--	--
Airport Fund:				
Payable to Electric Fund	--	1,455	--	2,910
Payable to Water and Wastewater Fund	--	1,201	--	2,403
Convention Center Fund:				
Payable to operating account	--	1,186,132	--	--
Drainage Fund:				
Payable to Electric Fund	--	3,045	--	6,090
Payable to Water and Wastewater Fund	--	2,514	--	5,028
Internal Service Funds				
Fleet Maintenance Fund:				
Payable to Electric Fund	--	13,875	--	27,750
Payable to Water and Wastewater Fund	--	11,455	--	22,911
Support Services Fund:				
Payable to Electric Fund	--	124,932	--	249,866
Payable to Water and Wastewater Fund	--	203,337	--	675,393
Payable to Airport Fund	--	135,121	--	19,101
Information Systems Fund:				
Payable to Electric Fund	--	--	--	--
Payable to Water and Wastewater Fund	--	--	--	--
Radio Communication Fund:				
Internal Service Funds:				
Payable to Fleet Maintenance Fund	--	240,122	--	--
Trust and Agency Funds				
Agency Funds:				
Payable to Capital Projects Fund	--	38,315	--	--
	<u>\$ 22,276,783</u>	<u>22,276,783</u>	<u>1,056,672</u>	<u>1,056,672</u>

16 -- INTERFUND TRANSFERS

Operating transfers between funds during the year were as follows:

<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>		<u>Amount</u>
General Fund	Enterprise Funds:	Electric Fund	\$ 57,409,800
		Water and Wastewater Fund	15,311,464
			<u>72,721,264</u>
Special Revenue Funds - Other:			
Balcones Canyonlands Conservation Fund	General Fund		88,000
	Enterprise Funds:	Drainage Fund	305,702
Environmental Remediation Fund	Enterprise Funds:	Water and Wastewater Fund	75,000
		Solid Waste Fund	75,000
		Drainage Fund	75,000
	Internal Service Funds:	Fleet Maintenance Fund	630,000
Fee Waiver Fund	General Fund		7,000
Federally Qualified Health Center Fund	Special Revenue Funds:	Disproportionate Share Fund	628,060
	Enterprise Funds:	Hospital Operating Fund	6,302,410
Neighborhood Housing and Conservation Fund	General Fund		613,000
PARD-Cultural Projects Fund	Special Revenue Funds:	Hotel-Motel Occupancy Tax Fund	2,686,019
Planning, Environmental & Conservation Fund	General Fund		1,980,707
	Special Revenue Funds:	Energy Conservation Rebates & Incentives Fund	2,410,000
	Enterprise Funds:	Performance Contracting Fund	122,401
Public Improvement District	Enterprise Funds:	Water and Wastewater Fund	50,000
		Convention Center Fund	50,000
Strategic Planning Investment Fund	General Fund		950,000
Telecommunity Partnership Fund	General Fund		200,000
Tourism and Promotion Fund	General Fund		125,382
	Special Revenue Funds:	Hotel-Motel Occupancy Tax Fund	4,028,006
Voluntary Utility Assistance Fund	General Fund		160,000
			<u>21,561,687</u>
Debt Service Fund	Special Revenue Funds:	Balcones Canyonlands Conservation Plan Fund	26,064
		Federally Qualified Health Center Fund	103,288
		One Texas Center Fund	1,291,975
	Capital Project Funds:	Interest Income Fund	840,000
			<u>\$ 2,261,327</u>

16 -- INTERFUND TRANSFERS, continued

Operating Transfers In	Operating Transfers Out	Amount
Capital Projects Funds	General Fund	\$ 4,884,273
	Special Revenue Funds:	
	Disproportionate Share Fund	1,500,000
	Energy Conservation Rebates & Incentives Fund	154,000
	Environmental Remediation Fund	630,000
	Police Federal Seized Money Fund	103,190
	Subdivision Participation Fund	199,988
	Capital Project Funds:	
	Funds Authorized Prior to 1981	404,090
	Funds Authorized 1981	359,299
	Funds Authorized 1982	766,157
	Funds Authorized 1984	1,447,245
	Funds Authorized 1985	549,328
	Other Funds	1,893,590
	Interest Income Fund	7,003,000
	Enterprise Funds:	
	Drainage Fund	200,000
		<u>20,094,160</u>
Enterprise Funds:		
Solid Waste Fund	General Fund	235,000
Convention Center Fund	Special Revenue Funds: Hotel-Motel Occupancy Tax Fund	12,106,573
Drainage Fund	General Fund	193,504
Construction Performance Contracting Fund	Special Revenue Funds:	
	Energy Conservation Rebates & Incentives Fund	1,400,000
	Planning, Environmental & Conservation Services Fund	4,333,547
		<u>18,268,624</u>
Trust and Agency Funds - Expendable Trusts:		
First Step-A Community Fund	General Fund	410,000
		<u>410,000</u>
Total Operating Transfers		<u>\$ 135,317,062</u>

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, 1998, 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	\$ 668,371	201,792	11,171	33,088	42,995	8,003	40,009	1,005,429
Depreciation and amortization expense	77,803	44,205	2,177	2,882	16,711	2,651	1,930	148,359
Operating income (loss)	258,120	76,992	8,096	8,826	3,508	(4,883)	704	351,363
Operating transfers in	--	--	--	235	--	12,107	5,927	18,269
Operating transfers out	(57,410)	(15,436)	(6,302)	(75)	--	(50)	(704)	(79,977)
Net income (loss)	108,662	29,906	3,104	8,819	4,829	3,681	6,960	165,961
Current assets	164,272	49,890	15,367	8,539	1,944	7,878	12,181	260,071
Current liabilities	37,248	18,446	1,489	4,367	1,684	482	3,182	66,898
Net working capital surplus	127,024	31,444	13,878	4,172	260	7,396	8,999	193,173
Property, plant and equipment:								
Additions	76,550	130,363	--	5,607	171,084	11,814	14,008	409,426
Retirements	(12,825)	(3,618)	--	(528)	(140)	(76)	(155)	(17,342)
Transfers from (to) other funds	1,723	--	--	--	--	--	--	1,723
Net property, plant and equipment	1,730,063	1,355,945	47,739	26,218	470,652	94,583	43,082	3,768,282
Total assets	2,771,298	1,777,823	70,606	47,937	696,004	122,870	76,372	5,562,910
Bond, restricted, and other long-term liabilities	1,975,153	1,100,891	161	22,894	450,582	83,371	9,456	3,642,508
Current capital contributions	2,256	33,483	--	29	14,669	400	10,000	60,837
Total equity	758,897	658,487	68,957	20,675	243,739	39,017	63,733	1,853,505

17 -- SEGMENT INFORMATION, continued

b -- Proprietary Fund Contributed Capital

The following table summarizes activity in contributed capital for the year ended September 30, 1998:

	Balance	Contribution Type				Depreciation Taken	Balance
	September 30, 1997	(To) From Municipality	From Donors	From Other Governments	In Aid of Construction		September 30, 1998
Enterprise Funds:							
Electric Fund	\$ 65,024,270	607,173	--	--	1,648,852	(3,123,942)	64,156,353
Water and Wastewater Fund	287,253,609	--	--	--	33,482,731	(11,469,201)	309,267,139
Hospital Fund	12,615,015	--	--	--	--	--	12,615,015
Solid Waste Services Fund	1,338,580	29,099	--	--	--	--	1,367,679
Airport Fund	109,050,364	1,843	--	9,927,885	4,739,229	(6,923,598)	116,795,723
Convention Center Fund	21,400,245	--	400,000	--	--	(65,494)	21,734,751
Drainage Fund	13,183,922	9,011,050	--	--	1,008,175	--	23,203,147
Transportation Fund	331,206	--	--	--	--	--	331,206
Golf Fund	886,879	(19,100)	--	--	--	--	867,779
Parks and Recreation Fund	1,069,976	--	--	--	--	--	1,069,976
Internal Service Funds:							
Fleet Maintenance Fund	12,088,360	1,403,893	--	--	--	--	13,492,253
Support Services Fund	4,195,519	(3,117,267)	--	--	--	--	1,078,252
Utility Customer Service Fund	600,772	(600,772)	--	--	--	--	--
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	\$ 541,153,596	7,315,919	400,000	9,927,885	40,878,987	(21,582,235)	578,094,152

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, 1998, and 1997, 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, 1998			June 30, 1997		
	Total	COA	LCRA	Total	COA	LCRA
Assets	\$ 65,208	29,996	35,212	81,196	33,996	47,200
Liabilities	11,394	4,265	7,129	9,093	3,364	5,729
Equity	53,814	25,731	28,083	72,103	30,632	41,471
Revenues	2,580	620	1,960	3,623	438	3,185
Expenses	130,950	40,381	90,569	156,391	53,467	102,924
Net expenses incurred	\$ 128,370	39,761	88,609	152,768	53,029	99,739

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 September 30, 1997 (in thousands of dollars). These statements were not examined by the City's auditors.

	HL&P	San Antonio	Central	Austin	Total
Operations	\$ 81,494	74,086	66,677	42,335	264,592
Nuclear fuel	25,566	23,242	20,918	13,281	83,007
Nuclear fuel disposal fee	6,088	5,465	4,816	3,113	19,482
Nuclear fuel disposal assessment fee	597	542	488	310	1,937
Vendor credits	(4,653)	(4,230)	(3,807)	(2,417)	(15,107)
Total 1997 funding	\$ 109,092	99,105	89,092	56,622	353,911

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 (512) 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, 1998 and 1997, the City had funded its share of the estimated decommissioning liability as follows:

	<u>1998</u>	<u>1997</u>
Estimated cost to decommission STP	\$181,205,588	\$172,298,906
Restricted decommissioning fund assets	49,332,878	39,110,328

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 1998 and 1997, 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 1998, the City annexed ten utility districts which included Northwest Travis County MUD No. 1, Northwest Travis County MUD No. 2, Southland Oaks MUD, Tanglewood Forest MUD, Village at Western Oaks MUD, Davenport MUD, and Circle C MUDs No. 1, 2, 3, and 4. Contributions of net assets or liabilities were recorded to the following funds and account groups (in thousands of dollars):

	<u>Assets</u>	<u>Liabilities</u>
General Fund	\$ 5,441	\$ --
Capital Project Funds	810	--
Water and Wastewater Fund	30,180	24,771
Drainage Fund	6,586	--
General Long-Term Debt Account Group	--	8,909

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, 1998. 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	13,815,000	9,625,000
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 Financial Assistance Programs

The City participates in a number of federal financial assistance programs. Although the City grant programs have been audited in accordance with the provisions of the Single Audit Act of 1984 and Amendments of 1996 through September 30, 1998, these programs are subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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, 1998, as arbitrage rebates are \$163,100 for the enterprise funds and \$993,500 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 1999 Capital Budget includes new appropriations of \$163,310,500 for the City's enterprise funds and \$41,764,802 for general government projects and appropriation reductions of \$9,795,000 for the enterprise funds and \$6,242,992 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 each of the next two years) 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 seven 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 \$6,224,517 reported as accrued landfill closure and postclosure costs at September 30, 1998, represents the cumulative amount reported to date based on the use of 74.46 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 \$2,134,944 as the remaining estimated capacity is filled over the next thirteen years. The total estimated costs of \$8,359,461 include costs of closure in 2010 of \$2,167,536 and postclosure costs over the subsequent thirty years of \$6,191,925. These amounts are based on what it would cost to perform all closure and postclosure care in 1998. 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:

<u>Fund name</u>	<u>Description</u>
Employee Benefits	Approximately 25% of City employees use one of two HMOs; approximately 75% use the City's program, which is self-insured. In addition, retirees may choose from two HMOs or 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 excess loss insurance for the Employee Benefits Fund. This stop loss insurance covers individual claims that exceed \$150,000 per calendar year, up to a maximum of \$1 million. During fiscal year 1998, one claim exceeded the stop loss limit of \$150,000; no claims exceeded the limit in the prior two years. City coverage is limited to \$1 million in lifetime benefits. The City does not subscribe to workers' compensation insurance.

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 medical malpractice insurance coverage for physicians in the City's Health and Human Services Department clinics. The City also purchases excess liability coverage for the Electric Fund. The City does not participate in a risk pool. There are no significant reductions in insurance coverage in fiscal year 1998.

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, 1998. The possible range of loss is \$19.7 - \$31.5 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, 1996 liability balances	\$2,829,000	13,574,676	5,183,000
Claims and changes in estimates	2,481,000	4,234,360	2,605,292
Claims payments	2,407,000	2,348,900	2,605,292
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

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$5,305,000 discounted at 5.06% in 1998 and \$5,672,000 discounted at 5.47% in 1997.

h -- Nuclear Fuel

As more fully described in Note 18, the City is a 16% partner in the ownership of the South Texas Project (STP). As of September 30, 1997, the STP has commitments to purchase raw uranium with an approximate value of \$24,619,000, conversion services of approximately \$926,000 and fabrication services of approximately \$11,163,000. These purchase commitments are the result of delivery notices issued to the service providers. These amounts represent services that will be needed for future refuelings in 1998 and 1999.

i -- Developer Reimbursement Claims

The City is in the process of reviewing claims made by the developers of the MUDs annexed in December 1997 (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 \$0 and \$38 million. As of September 30, 1998, no such claims have been accrued, since legal counsel has not determined any amount to be probable.

21 -- COMMITMENTS AND CONTINGENCIES, continued

j -- Environmental Remediation Contingencies

The Electric Fund may incur potential costs related to environmental remediation of certain sites, and has recorded a liability of \$2,027,000 in 1998. Additional potential liabilities for remediation range from \$0 to \$5 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 may also incur other costs associated with the Seaholm Power Plant revitalization and remediation; the estimated potential additional costs for remediation range from \$329,000 to \$5.5 million. The Electric Fund anticipates incurring these costs between 1999 and 2001.

In addition, the Water and Wastewater Utility is currently involved in negotiations with the EPA concerning an Administrative Order due to wastewater overflows. The EPA has identified wastewater overflow issues that will require Utility resolution, including potential additional capital investment in the repair and/or rehabilitation of infrastructure. The outcome of these settlement negotiations and their impact on the Utility cannot be reasonably estimated at this time. An unfavorable outcome may also result in the payment of fines and penalties as determined by the EPA.

k -- 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, 1998, amounted to \$11,153,374. 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, 1998, under capital lease obligations:

	Electric Fund	Water & Wastewater Fund	Total
Assets			
Machinery and equipment	\$ 235,940	--	235,940
Building	20,198,960	12,750,000	32,948,960
Total assets	<u>20,434,900</u>	<u>12,750,000</u>	<u>33,184,900</u>
Accumulated depreciation	6,055,707	2,677,500	8,733,207
Net assets	<u>\$ 14,379,193</u>	<u>10,072,500</u>	<u>24,451,693</u>

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, 1998:

Fiscal Year Ended September 30	Electric Fund	Water and Wastewater Fund	Total
1999	\$ 2,128,652	1,402,263	3,530,915
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
Later years	8,455,000	6,905,004	15,360,004
Total minimum lease payments	19,057,437	13,895,773	32,953,210
Less:			
Amount representing interest	5,233,519	4,270,773	9,504,292
Present value of net minimum lease payments	13,823,918	9,625,000	23,448,918
Current portion	1,173,918	675,000	1,848,918
Long-term portion	\$ 12,650,000	8,950,000	21,600,000

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 \$6.5 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, 1998, the City has not completed an appraisal of the property.

In conjunction with the opening of Austin-Bergstrom International Airport (ABIA), the City has committed to stop 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 non-bird attracting waste. The FAA has agreed to this approach. With the closing of the City landfill for household garbage, the City will enter into long-term contracts for landfill services.

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, qualified children placed pending adoption, grandchildren who qualify as a dependent on the retiree's or retiree's spouse's federal income tax return, and eligible disabled children. 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:

<u>Years of Service</u>	<u>Retiree only</u>	<u>Dependent only</u>
Less than 5 years	12% - 20%	8% - 9%
5 to 10 years	18% - 30%	12% - 14%
10 to 15 years	24% - 40%	16% - 18%
15 to 20 years	36% - 60%	24% - 27%
20 to 25 years	48% - 80%	32% - 36%
Greater than 25 years	60% - 100%	40% - 45%

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 1,769 retirees and 8,699 active employees in 1998 and 1,648 retirees and 8,747 active employees in 1997 is not separable and cannot be reasonably estimated. Total payments to the Employee Benefits Fund for retirees and active employees were \$24,600,422 in 1998 and \$25,034,113 in 1997.

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 September 30, 1998, the City's portion of this obligation, \$2,761,341, is not reflected in the financial statements of the Electric Fund.

23 -- SUBSEQUENT EVENTS

a -- General Obligation Bonds Issuance

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%, are \$9,831,518.

b -- Public Property Finance Contractual Obligations Issuance

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 capital 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.

23 -- SUBSEQUENT EVENTS, continued

c -- Certificates of Obligation Issuance

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. 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.

d -- Annexation

In December 1998, the City Council approved an annexation plan and adopted ordinances that will result in an increase of more than \$68,691,066 in assessed valuation to the City's tax rolls. These actions included eleven full purpose annexations and five limited purpose annexations that brought 2,483 acres and 2,124 new residents into the City limits, including three municipal utility districts (MUDs). Effective December 31, 1998, in accordance with State law, the City assumed all of the assets and liabilities of the three MUDs, including property taxes levied by the MUDs in fiscal year 1999, and began providing City services to all of the newly annexed areas. The City began receiving sales tax and franchise fee revenues from these areas upon annexation. The City will collect its first property tax revenues from these areas in fiscal year 2000.

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

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):

<u>Series</u>	<u>Amount</u>
	\$
1994 Refunding	35,400
1995 Refunding	103,100
1996A Refunding	1,010
1996B Refunding	40

f -- Conduit Debt

In October 1998, the ABIA (Austin-Bergstrom International Airport) Development Corporation issued \$8.5 million of tax exempt debt and \$300,000 of taxable debt. The bonds do not constitute a debt or pledge of the Airport System revenues nor the faith and credit of the City and accordingly will not be reported in the City's financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

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The City of Austin is currently addressing Year 2000 issues relating to its computer systems and other electronic equipment. The following information is provided under Public Law No. 105-271, *The Year 2000 Information and Readiness Disclosure Act*. The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. It refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment containing computer chips that have date recognition features. Such equipment may be used in systems for the distribution of electricity or water and in elevators and vehicles.

In 1996, the City of Austin created its Austin 2000 project to address the Year 2000 issue. Austin 2000 has identified various computer systems and pieces of electronic equipment that are critical to conducting the entity's operations and that need to be Year 2000 compliant, focusing on the critical systems for providing emergency services, electric and water and wastewater services, and financial services. Austin 2000 is monitoring Year 2000 compliance efforts at the various City departments on a monthly basis and is providing assistance and assigning resources to accelerate compliance for all mission-critical systems and equipment. Individual departments are developing contingency plans should Year 2000 failures adversely affect the department's mission-critical operations.

The City maintains various systems or equipment that are critical to conducting the operations of the City. These systems or equipment fall into one of the following stages of work necessary to make the systems or equipment Year 2000 compliant.

YEAR 2000 READINESS STAGES
 (Systems and Equipment listed in one stage have completed earlier stages).

Stages	Systems/Equipment
Awareness Stage – When the organization establishes a budget and project plan.	All systems and equipment critical to conducting operations have achieved this stage.
Assessment Stage – When the organization begins the actual process of identifying all of its systems and individual components of the systems.	All systems and equipment critical to conducting operations have achieved this stage.
Remediation Stage – When the organization makes changes to systems. Deals primarily with the technical issues of converting existing systems, or switching to compliant systems.	Emergency communication systems and equipment and investment systems are in this stage.
Validation/Testing Stage – When the organization determines that no errors were introduced during the conversion process.	The following systems and equipment are in this stage: electric utility generation, transmission, and distribution systems; water and wastewater system; payroll system; vehicles and fleet/fuel management system; all new airport systems and equipment.
Implementation Stage – When a tested Year 2000 compliant system is ready for use.	The following systems and equipment have completed the implementation stage: financial accounting, budgeting, purchasing, and payables system; current utility billing system; critical medical equipment; traffic signals.

The City expended approximately \$7.5 million in 1998 on its Year 2000 efforts, with an additional \$400,000 in commitments existing at year-end. The City has budgeted approximately \$12.8 million to continue its Year 2000 efforts in 1999.

The City has established a coordinated process and has committed significant resources to address Year 2000 issues. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of the City's remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be Year 2000 ready.

Interested readers can obtain further information on the City's Year 2000 efforts through the City's internet website at www.ci.austin.tx.us/y2k.

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in another fund.

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**GENERAL FUND
BALANCE SHEET
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit B-1**

With comparative totals for September 30, 1997

	1998	1997
ASSETS		
Cash	\$ 81,573	76,723
Pooled investments and cash	44,561,333	31,239,085
Property taxes receivable	4,910,220	4,515,346
Less allowance for uncollectible taxes	(1,028,013)	(1,007,710)
Net taxes receivable	3,882,207	3,507,636
Accounts and other taxes receivable	55,018,963	46,415,887
Less allowance for doubtful accounts	(32,992,443)	(24,617,213)
Net accounts receivable	22,026,520	21,798,674
Inventories, at cost	1,149,717	890,081
Prepaid items and other assets	31,045	5,061
Total assets	71,732,395	57,517,260
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	3,320,799	3,814,140
Accrued payroll	10,390,255	11,211,415
Accrued compensated absences	2,601,515	1,256,806
Due to other funds	112,827	--
Deferred revenue	4,091,309	3,781,403
Performance, escrow and other deposits	1,926,743	2,024,953
Total liabilities	22,443,448	22,088,717
Fund balances:		
Reserved for encumbrances	7,605,930	9,032,623
Reserved for inventories and prepaid items	1,180,762	895,142
Unreserved:		
Designated for emergency reserve	14,838,623	14,373,711
Designated for contingency reserve	164,110	1,858,337
Undesignated	25,499,522	9,268,730
Total fund balances	49,288,947	35,428,543
Total liabilities and fund balances	\$ 71,732,395	57,517,260

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit B-2**

	1998					1997
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Favorable (Unfavorable)	Actual- Budget Basis
REVENUES						
Taxes	\$ 190,949,086	--	190,949,086	182,671,354	8,277,732	171,109,680
Franchise fees	16,861,639	--	16,861,639	15,218,152	1,643,487	14,743,888
Fines, forfeitures and penalties	14,492,863	--	14,492,863	12,829,131	1,663,732	12,570,388
Licenses, permits and inspections	15,540,712	--	15,540,712	13,301,691	2,239,021	12,888,265
Charges for services/goods	10,260,908	--	10,260,908	10,607,241	(346,333)	9,427,193
Interest and other	12,623,348	--	12,623,348	11,230,724	1,392,624	5,586,512
Unrealized gain on investments	452,669	--	452,669	--	452,669	--
Total revenues	261,181,225	--	261,181,225	245,858,293	15,322,932	226,325,926
EXPENDITURES						
Administration	6,696,560	(21,281)	6,675,279	6,715,122	39,843	6,589,163
Urban growth management	8,380,122	(213,086)	8,167,036	8,182,155	15,119	7,622,268
Public safety	162,733,100	(2,303,366)	160,429,734	161,329,977	900,243	144,763,804
Public services and utilities	10,128,139	(194,156)	9,933,983	10,332,039	398,056	10,144,673
Public health:						
Physician stipend/charity care	10,464,136	--	10,464,136	10,452,003	(12,133)	10,244,498
Medical Assistance Program--hospital contracted services/patient services	4,732,763	25,392	4,758,155	6,827,550	2,069,395	6,642,207
Other public health	21,863,472	537,205	22,400,677	23,604,502	1,203,825	27,225,084
Public recreation and culture	35,861,623	78,888	35,940,511	36,068,329	127,818	33,015,703
Social services management	8,204,845	(86,455)	8,118,390	8,118,390	--	7,168,839
Nondepartmental expenditures (2)	41,130,459	(33,839,133)	7,291,326	6,455,460	(835,866)	7,297,473
Total expenditures	310,195,219	(36,015,992)	274,179,227	278,085,527	3,906,300	260,713,712
Excess (deficiency) of revenues over expenditures	(49,013,994)	36,015,992	(12,998,002)	(32,227,234)	19,229,232	(34,387,786)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	72,721,264	--	72,721,264	73,221,264	(500,000)	71,705,860
Operating transfers out	(9,846,866)	(35,639,567)	(45,486,433)	(45,626,433)	140,000	(36,950,190)
Total other financing sources (uses)	62,874,398	(35,639,567)	27,234,831	27,594,831	(360,000)	34,755,670
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,860,404	376,425	14,236,829	(4,632,403)	18,869,232	367,884
Fund balances at beginning of year	35,428,543	(2,404,403)	33,024,140	19,887,970	13,136,170	32,656,256
Fund balances at end of year	\$ 49,288,947	(2,027,978)	47,260,969	15,255,567	32,005,402	33,024,140

(1) Includes adjustments for 1998 encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences, and amounts budgeted as operating transfers.

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

GENERAL FUND **CITY OF AUSTIN, TEXAS**
SCHEDULE OF REVENUES - BUDGET AND ACTUAL-BUDGET BASIS **Exhibit B-3**
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	1998			Variance- Favorable (Unfavorable)	1997
	Actual	Actual- Budget Basis	Budget		Actual- Budget Basis
Taxes					
Property taxes:					
Current	\$ 89,803,705	89,803,705	90,069,122	(265,417)	79,728,258
Delinquent	549,271	549,271	497,844	51,427	404,409
Penalty and interest	421,570	421,570	375,161	46,409	396,204
Sales taxes	97,581,417	97,581,417	89,214,227	8,367,190	88,150,309
Other taxes	2,593,123	2,593,123	2,515,000	78,123	2,430,500
Total taxes	190,949,086	190,949,086	182,671,354	8,277,732	171,109,680
Franchise fees	16,861,639	16,861,639	15,218,152	1,643,487	14,743,888
Fines, forfeitures and penalties					
Library fines	456,682	456,682	387,000	69,682	380,727
Traffic fines	6,718,209	6,718,209	6,134,050	584,159	6,108,525
Parking violations	2,597,161	2,597,161	2,406,355	190,806	2,081,663
Weights and measures	154,639	154,639	141,750	12,889	122,416
Other	4,566,172	4,566,172	3,759,976	806,196	3,877,057
Total fines, forfeitures and penalties	14,492,863	14,492,863	12,829,131	1,663,732	12,570,388
Licenses, permits and inspections					
Parking meters	2,001,192	2,001,192	2,040,000	(38,808)	1,692,060
Alarm permits	1,237,139	1,237,139	1,410,852	(173,713)	867,087
Commercial solid waste	500,646	500,646	499,000	1,646	508,539
Public health	891,468	891,468	868,524	22,944	691,226
Development	1,600,540	1,600,540	1,452,100	148,440	1,618,807
Building safety	8,842,094	8,842,094	6,577,750	2,264,344	7,031,411
Beer and wine permits	203,930	203,930	195,000	8,930	199,384
Other	263,703	263,703	258,465	5,238	279,751
Total licenses, permits and inspections	15,540,712	15,540,712	13,301,691	2,239,021	12,888,265
Charges for services/goods					
Recreation and culture	1,702,370	1,702,370	1,918,194	(215,824)	1,529,928
Public health	810,510	810,510	853,953	(43,443)	857,056
Emergency medical services	7,184,310	7,184,310	7,154,471	29,839	6,512,485
General government	563,718	563,718	680,623	(116,905)	527,724
Total charges for services/goods	10,260,908	10,260,908	10,607,241	(346,333)	9,427,193
Interest and other					
Interest	5,342,664	5,342,664	4,431,668	910,996	4,389,816
Rental income	287,099	287,099	292,735	(5,636)	308,748
Sale of property	416,110	416,110	373,325	42,785	385,966
Municipal Utility Districts	5,411,419	5,411,419	5,282,973	128,446	--
Other	1,166,056	1,166,056	850,023	316,033	501,982
Total interest and other	12,623,348	12,623,348	11,230,724	1,392,624	5,586,512
Unrealized gain on investments	452,669	452,669	--	452,669	--
Total revenues	\$ 261,181,225	261,181,225	245,858,293	15,322,932	226,325,926

**GENERAL FUND
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit B-4**

	1998					1997
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Favorable (Unfavorable)	Actual- Budget Basis
Administration						
Municipal Court:						
Salaries and fringe benefits	\$ 5,433,998	(68,976)	5,365,022	5,510,339	145,317	5,142,301
Contractual services	1,098,721	(3,038)	1,095,683	1,104,274	8,591	925,991
Commodities	148,090	18,953	167,043	171,909	4,866	201,972
Expense refunds	(65,304)	2,484	(62,820)	(71,400)	(8,580)	(63,970)
Capital outlay	81,055	29,296	110,351	--	(110,351)	382,869
Total administration	6,696,560	(21,281)	6,675,279	6,715,122	39,843	6,589,163
Urban growth management						
Development Review and Inspection:						
Salaries and fringe benefits	7,757,965	(155,343)	7,602,622	7,537,174	(65,448)	6,905,702
Contractual services	969,545	(37,607)	931,938	1,023,469	91,531	1,077,911
Commodities	169,938	27,337	197,275	137,486	(59,789)	136,370
Expense refunds	(717,965)	434	(717,531)	(641,974)	75,557	(729,390)
Capital outlay	200,639	(47,907)	152,732	126,000	(26,732)	231,675
Total urban growth management	8,380,122	(213,086)	8,167,036	8,182,155	15,119	7,622,268
Public safety						
Police:						
Salaries and fringe benefits	82,874,376	(1,584,660)	81,289,716	80,141,106	(1,148,610)	69,994,061
Contractual services	9,758,010	176,244	9,934,254	10,018,290	84,036	9,773,592
Commodities	1,781,416	(6,894)	1,774,522	1,754,980	(19,542)	1,837,872
Expense refunds	(4,600,280)	--	(4,600,280)	(3,776,308)	823,972	(3,561,341)
Capital outlay	1,592,012	(156,054)	1,435,958	1,857,003	421,045	1,309,743
	91,405,534	(1,571,364)	89,834,170	89,995,071	160,901	79,353,927
Fire:						
Salaries and fringe benefits	54,188,366	(726,714)	53,461,652	54,337,067	875,415	50,302,018
Contractual services	5,428,705	1,329	5,430,034	5,332,364	(97,670)	4,594,867
Commodities	1,833,069	(100,025)	1,733,044	1,653,102	(79,942)	1,487,422
Indirect cost	163,554	--	163,554	161,219	(2,335)	103,974
Expense refunds	(3,731,137)	--	(3,731,137)	(3,792,998)	(61,861)	(3,535,580)
Capital outlay	316,926	14,659	331,585	236,571	(95,014)	55,406
	58,199,483	(810,751)	57,388,732	57,927,325	538,593	53,008,107
Emergency Medical Services:						
Salaries and fringe benefits	10,541,202	(124,049)	10,417,153	10,675,570	258,417	9,818,487
Contractual services	1,737,191	(23,791)	1,713,400	1,493,216	(220,184)	1,699,695
Commodities	985,379	26,381	1,011,760	855,545	(156,215)	1,012,208
Expense refunds	(393,231)	(31,091)	(424,322)	(124,399)	299,923	(523,102)
Capital outlay	257,542	231,299	488,841	507,649	18,808	394,482
	13,128,083	78,749	13,206,832	13,407,581	200,749	12,401,770
Total public safety	\$ 162,733,100	(2,303,366)	160,429,734	161,329,977	900,243	144,763,804

(1) Includes adjustments for 1998 encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences and amounts budgeted as operating transfers.

(continued)

**GENERAL FUND
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit B-4
(Continued)**

	1998					1997
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Favorable (Unfavorable)	Actual- Budget Basis
Public services and utilities						
Public Works and Transportation:						
Salaries and fringe benefits	\$ 4,720,510	(51,323)	4,669,187	4,666,462	(2,725)	4,184,285
Contractual services	1,625,928	75,108	1,701,036	1,361,089	(339,947)	1,457,795
Commodities	1,490,145	159,237	1,649,382	1,858,313	208,931	1,696,512
Indirect cost	406,112	--	406,112	412,458	6,346	300,059
Expense refunds	(3,099,495)	--	(3,099,495)	(2,575,603)	523,892	(2,473,170)
Capital outlay	584,939	(377,178)	207,761	209,320	1,559	579,192
Street lighting	4,400,000	--	4,400,000	4,400,000	--	4,400,000
Total public services and utilities	10,128,139	(194,156)	9,933,983	10,332,039	398,056	10,144,673
Public health						
Health and Human Services:						
Physician stipend/charity care	10,464,136	--	10,464,136	10,452,003	(12,133)	10,244,498
Medical Assistance Program -- hospital contracted services/ patient services	4,732,763	25,392	4,758,155	6,827,550	2,069,395	6,642,207
Salaries and fringe benefits	13,281,297	(172,579)	13,108,718	13,041,015	(67,703)	13,368,503
Contractual services	12,589,329	626,648	13,215,977	14,138,374	922,397	16,938,051
Commodities	916,605	24,295	940,900	864,309	(76,591)	969,568
Expense refunds	(5,086,493)	(12,606)	(5,099,099)	(4,545,931)	553,168	(4,125,666)
Capital outlay	162,734	71,447	234,181	106,735	(127,446)	74,628
Other public health	21,863,472	537,205	22,400,677	23,604,502	1,203,825	27,225,084
Total public health	\$ 37,060,371	562,597	37,622,968	40,884,055	3,261,087	44,111,789

(continued)

**GENERAL FUND
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit B-4
(Continued)**

	1998				Variance- Favorable (Unfavorable)	1997
	Actual	Adjustments (1)	Actual- Budget Basis	Budget		Actual- Budget Basis
Public recreation and culture						
Parks and Recreation:						
Salaries and fringe benefits	\$ 17,398,591	(151,730)	17,246,861	17,385,617	138,756	16,311,619
Contractual services	5,918,404	379,679	6,298,083	5,552,806	(745,277)	6,067,024
Commodities	2,360,693	16,540	2,377,233	2,267,177	(110,056)	2,265,443
Indirect cost	199,742	--	199,742	273,078	73,336	214,104
Expense refunds	(3,275,788)	(9,537)	(3,285,325)	(2,369,955)	915,370	(3,667,465)
Capital outlay	464,695	(42,583)	422,112	218,800	(203,312)	243,531
	23,066,337	192,369	23,258,706	23,327,523	68,817	21,434,256
Austin Public Library:						
Salaries and fringe benefits	9,242,478	(109,769)	9,132,709	9,179,378	46,669	8,199,402
Contractual services	1,863,762	53,511	1,917,273	2,089,460	172,187	1,905,684
Commodities	1,657,568	(3,684)	1,653,884	1,648,853	(5,031)	1,495,807
Indirect cost	--	--	--	--	--	--
Expense refunds	(224,612)	--	(224,612)	(214,182)	10,430	(283,128)
Capital outlay	256,090	(53,539)	202,551	37,297	(165,254)	263,682
	12,795,286	(113,481)	12,681,805	12,740,806	59,001	11,581,447
Total public recreation and culture	35,861,623	78,888	35,940,511	36,068,329	127,818	33,015,703
Social services management	8,204,845	(86,455)	8,118,390	8,118,390	--	7,168,839
Nondepartmental expenditures (2)	41,130,459	(33,839,133)	7,291,326	6,455,460	(835,866)	7,297,473
Total expenditures	310,195,219	(36,015,992)	274,179,227	278,085,527	3,906,300	260,713,712
General fund expenditures						
Salaries	205,438,783	(3,145,143)	202,293,640	202,473,728	180,088	184,226,378
Contractuals	56,186,494	1,273,475	57,459,969	59,392,895	1,932,926	61,327,315
Commodities	11,342,903	162,140	11,505,043	11,211,674	(293,369)	11,103,174
Indirect cost	769,408	--	769,408	846,755	77,347	618,137
Expense refunds	(21,194,305)	(50,316)	(21,244,621)	(18,112,750)	3,131,871	(18,962,812)
Capital outlay	3,916,632	(330,560)	3,586,072	3,299,375	(286,697)	3,535,208
Street lighting	4,400,000	--	4,400,000	4,400,000	--	4,400,000
Social services management	8,204,845	(86,455)	8,118,390	8,118,390	--	7,168,839
Nondepartmental expenditures	41,130,459	(33,839,133)	7,291,326	6,455,460	(835,866)	7,297,473
Total expenditures	\$ 310,195,219	(36,015,992)	274,179,227	278,085,527	3,906,300	260,713,712

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

**GENERAL FUND
SCHEDULE OF TRANSFERS -
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit B-5**

	1998				Variance- Favorable (Unfavorable)	1997
	Actual	Adjustments (1)	Actual- Budget Basis	Budget		Actual- Budget Basis
Operating transfers in						
Special revenue funds:						
Balcones Canyonlands Conservation						
Plan	\$ --	--	--	--	--	255,994
Health Reimbursement	--	--	--	500,000	(500,000)	--
Enterprise funds:						
Electric	57,409,800	--	57,409,800	57,409,800	--	57,180,087
Water and Wastewater	15,311,464	--	15,311,464	15,311,464	--	14,269,779
Total operating transfers in	72,721,264	--	72,721,264	73,221,264	(500,000)	71,705,860
Operating transfers out						
Special revenue funds:						
Balcones Canyonlands Conservation						
Plan	88,000	--	88,000	88,000	--	85,000
Fee Waiver	7,000	--	7,000	7,000	--	--
Neighborhood Housing and						
Conservation	613,000	--	613,000	613,000	--	737,474
Planning, Environmental and						
Conservation Services	1,980,707	--	1,980,707	1,980,707	--	1,349,416
Strategic Planning Investment Fund	950,000	--	950,000	950,000	--	--
Telecommunication Partnership	200,000	--	200,000	200,000	--	--
Tourism and Promotion	125,382	--	125,382	125,382	--	121,730
Voluntary Utility Assistance	160,000	--	160,000	160,000	--	160,000
Capital project funds	4,884,273	--	4,884,273	4,884,273	--	312,000
Enterprise funds:						
Solid Waste Services	235,000	--	235,000	235,000	--	109,000
Drainage	193,504	--	193,504	193,504	--	241,504
Internal service funds:						
Fleet Maintenance	--	7,350,777	7,350,777	7,350,777	--	6,513,945
Support Services	--	24,512,194	24,512,194	24,652,194	140,000	23,206,798
Infrastructure Support Services	--	2,555,271	2,555,271	2,555,271	--	2,799,151
Capital Projects Management	--	1,221,325	1,221,325	1,221,325	--	1,314,172
Trust and agency funds:						
First Step - A Community Project	410,000	--	410,000	410,000	--	--
Total operating transfers out	9,846,866	35,639,567	45,486,433	45,626,433	140,000	36,950,190
Net transfers	\$ 62,874,398	(35,639,567)	27,234,831	27,594,831	(360,000)	34,755,670

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



SPECIAL REVENUE FUNDS

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

- Federal grants funds;
- State grants funds;
- Other special revenue grants funds;
- Other special revenue funds - see next page for descriptions of the individual funds;
- Housing Assistance Fund - accounts for administrative costs and financing ownership and development and providing housing.

Other Special Revenue Funds

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

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

Austin Transportation Study - Accounts for a transportation study regarding the Austin metropolitan roadways, bicycle areas, and pedestrian walkways.

Aviation Asset Forfeiture - Accounts for the redistribution of proceeds generated by airport police enforcement activities.

Balcones Canyonlands Conservation Plan (BCCP) - Accounts for the City's and county's management of preserve systems.

Barbara Jordan Memorial Fund - Accounts for donations for a future memorial.

Cable TV - Payments from the Austin Cablevision Company and disbursement to Austin Access Television.

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

Child Safety Fund - Accounts for certain fines and fees used to provide school crossing guard programs at City schools.

Disproportionate Share - Used to purchase medical equipment and fund structural changes for the clinic system of the Austin/Travis County Health Department in order to serve indigent patients.

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

Environmental Remediation - Accounts for remediation of sites which affect ground and surface water quality or public health and safety for which the City has either partial or total liability.

Federally Qualified Health Center - Accounts for services provided to Medical Assistance Program (MAP) and non-MAP clients at the City's Health Department.

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

FEMA Flood Disaster - Accounts for costs related to repairs for damage done to City property by floods.

Fire Miscellaneous - Accounts for contributions for specified purposes and for "The Firehouse," a public safety awareness exhibit which is transported to different sites throughout Austin.

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

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

Health and Human Services Travis County Reimbursed Fund - Accounts for expenses incurred by the City on behalf of Travis County and the corresponding reimbursement from Travis County for Health and Human Services and Federally Qualified Health Center programs.

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

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

Housing Miscellaneous - Accounts for donations to the Housing program to be used for specified purposes.

Leveraged Loan Pool - Used to leverage private capital and state or federal resources to stimulate business investments.

Library City Literacy Program - Accounts for fundraising efforts to help fund the City's Workplace Literacy Program.

Municipal Court Miscellaneous Fund - Provides funding to enhance courthouse security.

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

One Texas Center - Accounts for revenue and debt service requirements for the City's One Texas Center site.

PARD Cultural Projects - Records activities for cultural project purposes.

Planning, Environmental Conservation Services - Accounts for energy and water conservation services and environmental protection activities; funding provided by transfers from General, Electric, Water and Wastewater and other funds.

Police Federal Seized Funds - Records all federal seized funds generated by police enforcement activities per State Code of Criminal Procedures (Chapter 59).

Police Seized Money Fund - Accounts for the redistribution of proceeds generated by police enforcement activities.

Public Improvement District - Accounts for the downtown public improvement district, which will provide services, security, and improvements for the downtown Austin area.

Railroad Right of Way - Accounts for management of the Austin and Northwestern Railroad right of way.

RMD Conservation - Amounts contributed by the Electric Fund to be used for energy loans and rebates/incentives.

RMD Loan Fund - Accounts for energy loans to customers.

Strategic Planning Investment Fund - Accounts for costs related to managing and planning for growth by the City of Austin.

Subdivision Participation - Escrow account for funds received from contractors for construction and installation of streets, sidewalks, drainage facilities, etc.

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

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

Voluntary Utility Assistance - Contributions for the benefit of indigent utility customers.



**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit C-1**

With comparative totals for September 30, 1997

	Federal Grants	State Grants	Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Totals	
						1998	1997
ASSETS							
Cash	\$ --	--	--	5,613	--	5,613	37,983
Pooled investments and cash	3,795,182	444,106	98,969	34,503,358	--	38,841,615	32,094,234
Investments, at market value	--	--	--	--	2,884,395	2,884,395	3,811,915
Accounts receivable, net	--	--	--	1,873,890	823,637	2,697,527	3,511,424
Notes receivable, net	--	--	--	--	3,421,204	3,421,204	2,222,487
Receivables from other governments	13,427,975	2,449,913	45,183	--	--	15,923,071	13,428,774
Due from other funds	--	--	--	14,855,721	--	14,855,721	12,423,069
Real property held for resale	--	--	--	--	1,065,241	1,065,241	2,088,225
Other assets	72,848	--	--	1,544,332	74,805	1,691,985	834,308
Total assets	17,296,005	2,894,019	144,152	52,782,914	8,269,282	81,386,372	70,452,419
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	2,181,612	224,240	4,760	1,951,249	210,440	4,572,301	5,684,846
Accrued payroll	--	--	--	875,055	--	875,055	874,342
Accrued compensated absences	--	--	--	131,777	--	131,777	104,244
Due to other funds	10,897,594	2,186,480	45,164	1,374,861	351,622	14,855,721	12,135,134
Deposits and other liabilities	4,216,799	483,299	94,228	29,972,450	481,924	35,248,700	33,604,207
Total liabilities	17,296,005	2,894,019	144,152	34,305,392	1,043,986	55,683,554	52,402,773
Fund balances:							
Reserved for encumbrances	--	--	--	3,806,754	--	3,806,754	2,507,843
Reserved for notes receivable	--	--	--	--	3,421,204	3,421,204	2,222,487
Reserved for real property held for resale	--	--	--	--	1,065,241	1,065,241	2,088,225
Unreserved, designated for future use	--	--	--	14,706,520	2,738,851	17,445,371	11,338,666
Unreserved, undesignated	--	--	--	(35,752)	--	(35,752)	(107,575)
Total fund balances	--	--	--	18,477,522	7,225,296	25,702,818	18,049,646
Total liabilities and fund balances	\$ 17,296,005	2,894,019	144,152	52,782,914	8,269,282	81,386,372	70,452,419

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

**CITY OF AUSTIN, TEXAS
Exhibit C-2**

Year ended September 30, 1998

With comparative totals for year ended September 30, 1997

	Federal Grants	State Grants	Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Totals	
						1998	1997
REVENUES							
Intergovernmental:							
Grants	\$ 39,598,043	6,561,955	357,403	--	--	46,517,401	45,774,276
Other:							
Taxes	--	--	--	19,592,578	--	19,592,578	15,942,687
Fines, forfeitures and penalties	--	--	--	2,609,672	--	2,609,672	1,553,914
Charges for services/goods	--	--	--	37,414,331	--	37,414,331	36,555,702
Interest and other	--	--	--	3,237,104	3,373,731	6,610,835	3,411,185
Unrealized gains on investments	--	--	--	231,505	--	231,505	--
Total revenues	39,598,043	6,561,955	357,403	63,085,190	3,373,731	112,976,322	103,237,764
EXPENDITURES							
Administration	--	--	--	46,374,184	--	46,374,184	45,648,300
Special projects	39,598,043	6,561,955	357,403	--	2,392,542	48,909,943	50,984,108
Total expenditures	39,598,043	6,561,955	357,403	46,374,184	2,392,542	95,284,127	96,632,408
Excess (deficiency) of revenues over expenditures	--	--	--	16,711,006	981,189	17,692,195	6,605,356
OTHER FINANCING SOURCES (USES)							
Operating transfers in	--	--	--	21,561,687	--	21,561,687	11,228,284
Operating transfers out	--	--	--	(31,600,710)	--	(31,600,710)	(18,443,823)
Total other financing sources (uses)	--	--	--	(10,039,023)	--	(10,039,023)	(7,215,539)
Excess (deficiency) of revenues and other sources over expenditures and other uses	--	--	--	6,671,983	981,189	7,653,172	(610,183)
Fund balances at beginning of year	--	--	--	11,805,539	6,244,107	18,049,646	18,659,829
Fund balances at end of year	\$ --	--	--	18,477,522	7,225,296	25,702,818	18,049,646

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE GRANTS
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit C-3**

With comparative totals for September 30, 1997

	Assets				Liabilities and Fund Balances					Total Liabilities and Fund Balances
	Pooled Investments and Cash	Receivables from Other Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Fund Balances	
FEDERAL GRANTS										
U.S. Department of Agriculture	\$ 492	476,972	--	477,464	20,827	456,145	492	477,464	--	477,464
U.S. Department of Education	--	147,540	--	147,540	12,415	135,125	--	147,540	--	147,540
U.S. Department of Energy	15,000	--	--	15,000	--	--	15,000	15,000	--	15,000
Equal Employment Opportunity Commission	--	100,200	--	100,200	--	100,200	--	100,200	--	100,200
U.S. Department of Justice	593,665	1,012,051	--	1,605,716	123,814	981,576	500,326	1,605,716	--	1,605,716
U.S. Department of Labor	9,760	--	--	9,760	--	--	9,760	9,760	--	9,760
U.S. Environmental Protection Agency	--	--	--	--	--	--	--	--	--	--
U.S. Department of Transportation	--	46,326	--	46,326	--	46,326	--	46,326	--	46,326
U.S. Federal Emergency Management Agency	--	62,181	--	62,181	212	61,969	--	62,181	--	62,181
U.S. Health & Human Services	44,849	4,463,283	12,054	4,520,186	1,234,002	3,227,141	59,043	4,520,186	--	4,520,186
U.S. Housing/Urban Development	2,638,392	7,092,204	60,794	9,791,390	773,623	5,862,733	3,155,034	9,791,390	--	9,791,390
U.S. National Foundation on the Arts and Humanities	244,970	27,218	--	272,188	15,774	26,379	230,035	272,188	--	272,188
U.S. Department of Veterans Affairs	248,054	--	--	248,054	945	--	247,109	248,054	--	248,054
U.S. Department of Interior	--	--	--	--	--	--	--	--	--	--
Total Federal Grants	\$ 3,795,182	13,427,975	72,848	17,296,005	2,181,612	10,897,594	4,216,799	17,296,005	--	17,296,005

(continued)

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - ALL SPECIAL REVENUE GRANTS
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit C-3
(Continued)**

With comparative totals for September 30, 1997

	Assets				Liabilities and Fund Balances					Total Liabilities and Fund Balances
	Pooled Investments and Cash	Receivables from Other Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Fund Balances	
STATE GRANTS										
Texas Governor's Office Criminal Justice Division	\$ --	62,485	--	62,485	862	61,623	--	62,485	--	62,485
Texas Automobile Theft Prevention Authority	--	136,279	--	136,279	59,268	77,011	--	136,279	--	136,279
Texas Health Department	30,388	287,356	--	317,744	19,118	259,045	39,581	317,744	--	317,744
Texas State Library	--	141,480	--	141,480	798	140,682	--	141,480	--	141,480
Texas Parks and Wildlife	--	--	--	--	--	--	--	--	--	--
Texas Comptroller of Public Accounts	1,822	--	--	1,822	--	--	1,822	1,822	--	1,822
Texas Forest Service	--	5,500	--	5,500	--	5,500	--	5,500	--	5,500
Texas Alternative Fuels Council	--	--	--	--	--	--	--	--	--	--
Texas Employment Commission	--	--	--	--	--	--	--	--	--	--
Texas Department of Human Services	370,830	--	--	370,830	--	--	370,830	370,830	--	370,830
Texas Department of Protective and Regulatory Affairs	--	398,506	--	398,506	139,254	259,252	--	398,506	--	398,506
Texas Department of Transportation	41,066	516,356	--	557,422	4,940	511,416	41,066	557,422	--	557,422
Texas State Energy Conservation	--	845,563	--	845,563	--	845,563	--	845,563	--	845,563
Texas Workforce Commission	--	19,856	--	19,856	--	19,856	--	19,856	--	19,856
Texas Water Development Board	--	36,532	--	36,532	--	6,532	30,000	36,532	--	36,532
Total State Grants	444,106	2,449,913	--	2,894,019	224,240	2,186,480	483,299	2,894,019	--	2,894,019
OTHER SPECIAL REVENUE GRANTS	98,969	45,183	--	144,152	4,760	45,164	94,228	144,152	--	144,152
Total All Grants	4,338,257	15,923,071	72,848	20,334,176	2,410,612	13,129,238	4,794,326	20,334,176	--	20,334,176
1997 Total	\$ 3,521,376	13,428,774	72,848	17,022,998	2,609,822	10,597,079	3,816,097	17,022,998	--	17,022,998

**SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF EXPENDITURES - ALL SPECIAL REVENUE GRANTS
 From Inception to September 30, 1998**

**CITY OF AUSTIN, TEXAS
 Exhibit C-4**

	Total Expenditures at September 30, 1997			Current Year		Total Expenditures at September 30, 1998			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
	FEDERAL GRANTS										
U.S. Department of Agriculture	\$ 4,482,109	--	4,482,109	2,470,359	37,667	6,952,468	37,667	6,990,135	7,841,280	18,369	7,859,649
U.S. Department of Education	601,082	173	601,255	576,935	--	1,178,017	173	1,178,190	2,188,569	--	2,188,569
U.S. Department of Energy	--	--	--	--	--	--	--	--	30,000	30,000	60,000
Equal Employment Opportunity Commission	213,000	--	213,000	171,740	--	384,740	--	384,740	383,900	--	383,900
U.S. Department of Justice	4,477,081	1,488,725	5,965,806	5,354,111	771,057	9,831,192	2,259,782	12,090,974	16,670,469	5,361,008	22,031,477
U.S. Department of Labor	49,849	15,069	64,918	290,109	73,583	339,958	88,652	428,610	568,646	87,918	656,564
U.S. Environmental Protection Agency	296,471	192,198	488,669	59,090	44,843	355,561	237,041	592,602	360,000	240,000	600,000
U.S. Department of Transportation	320,062	138,869	458,931	57,268	123,251	377,330	262,120	639,450	562,340	263,778	826,118
U.S. Federal Emergency Management	124,362	221,330	345,692	126,245	282,325	250,607	503,655	754,262	248,724	248,724	497,448
U.S. Health & Human Services	24,814,208	840,339	25,654,547	16,788,755	602,797	41,602,963	1,443,136	43,046,099	53,145,677	1,626,371	54,772,048
U.S. Housing/Urban Development	66,229,158	664,988	66,894,146	13,387,342	--	79,616,500	664,988	80,281,488	98,092,032	700,000	98,792,032
U.S. National Foundation on the Arts and Humanities	274,955	35,050	310,005	222,859	126,640	497,814	161,690	659,504	819,325	89,138	908,463
U.S. Department of Veterans Affairs	216,796	--	216,796	50,511	--	267,307	--	267,307	499,156	--	499,156
U.S. Department of Interior	215,807	90,798	306,605	42,719	(7,281)	258,526	83,517	342,043	267,000	67,000	334,000
Total Federal Grants	\$ 102,314,940	3,687,539	106,002,479	39,598,043	2,054,882	141,912,983	5,742,421	147,655,404	181,677,118	8,732,306	190,409,424

(continued)

**SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF EXPENDITURES - ALL SPECIAL REVENUE GRANTS
From Inception to September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit C-4
(Continued)**

	Total Expenditures at September 30, 1997			Current Year		Total Expenditures at September 30, 1998			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
STATE GRANTS											
Texas Governor's Office Criminal Justice Division	29,955	9,438	39,393	171,954	80,341	201,909	89,779	291,688	650,936	221,079	872,015
Texas Automobile Theft Prevention Authority	1,266,573	--	1,266,573	446,626	--	1,713,199	--	1,713,199	2,139,175	--	2,139,175
Texas Health Department	1,705,210	--	1,705,210	1,811,284	--	3,516,494	--	3,516,494	5,256,117	--	5,256,117
Texas State Library	487,159	--	487,159	485,787	--	972,946	--	972,946	985,929	--	985,929
Texas Parks and Wildlife	456,531	456,531	913,062	--	--	456,531	456,531	913,062	456,531	456,531	913,062
Texas Comptroller of Public Accoun	42,778	--	42,778	168,509	--	211,287	--	211,287	213,109	--	213,109
Texas Forest Service	--	--	--	30,500	6,645	30,500	6,645	37,145	30,000	5,000	35,000
Texas Alternative Fuels Council	--	--	--	--	--	--	--	--	45,408	11,352	56,760
Texas Employment Commission	17,096	7,728	24,824	--	--	17,096	7,728	24,824	20,000	8,960	28,960
Texas Department of Human Servic	233,349	128,076	361,425	95,733	--	329,082	128,076	457,158	1,079,333	--	1,079,333
Texas Department of Protective and Regulatory Affairs	749,524	19,739	769,263	908,752	60,234	1,658,276	79,973	1,738,249	2,736,744	116,825	2,853,569
Texas Department of Transportation	1,271,552	290,876	1,562,428	1,520,766	545,153	2,792,318	836,029	3,628,347	13,963,036	4,121,332	18,084,368
Texas State Energy Conservation	1,948,597	--	1,948,597	884,787	--	2,833,384	--	2,833,384	2,965,054	--	2,965,054
Texas Workforce Commission	19,886	8,547	28,433	--	--	19,886	8,547	28,433	25,000	8,333	33,333
Texas Water Development Board	9,668	9,668	19,336	37,257	37,257	46,925	46,925	93,850	80,000	80,000	160,000
Total State Grants	8,237,878	930,603	9,168,481	6,561,955	729,630	14,799,833	1,660,233	16,460,066	30,646,372	5,029,412	35,675,784
OTHER SPECIAL REVENUE GRANTS	1,292,127	81,184	1,373,311	357,403	68,964	1,649,530	150,148	1,799,678	2,265,522	208,645	2,474,167
Total All Grants	\$ 111,844,945	4,699,326	116,544,271	46,517,401	2,853,476	158,362,346	7,552,802	165,915,148	214,589,012	13,970,363	228,559,375

**SPECIAL REVENUE FUNDS - ENTERPRISE RELATED
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit C-5**

	Assets			Liabilities and Fund Balances				Total Liabilities and Fund Balances
	Pooled Investments and Cash	Receivables from Other Governments	Total Assets	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	
ELECTRIC RELATED								
U.S. Department of Energy	\$ --	--	--	--	--	--	--	--
WATERWORKS AND SEWER RELATED								
U.S. Environmental Protection Agency Texas Water Development Board	--	--	--	--	--	--	--	--
U.S. Fish and Wildlife	--	2,182	2,182	2,114	68	2,182	--	2,182
Total Waterworks and Sewer Related	--	2,182	2,182	2,114	68	2,182	--	2,182
SOLID WASTE RELATED								
U.S. Environmental Protection Agency Texas Natural Resource Conservation Commission	1,040	23,879	24,919	23,879	1,040	24,919	--	24,919
Capital Area Planning Council	--	--	--	--	--	--	--	--
Total Solid Waste	1,040	23,879	24,919	23,879	1,040	24,919	--	24,919
AIRPORT RELATED								
U.S. Department of Transportation	--	1,395,672	1,395,672	1,395,672	--	1,395,672	--	1,395,672
Texas Comptroller of Public Accounts	4,577	--	4,577	--	4,577	4,577	--	4,577
Total Airport	4,577	1,395,672	1,400,249	1,395,672	4,577	1,400,249	--	1,400,249
DRAINAGE								
U.S. Environmental Protection Agency Watershed Management Institute	--	6,355	6,355	6,355	--	6,355	--	6,355
Total Drainage	--	6,355	6,355	6,355	--	6,355	--	6,355
Total grants, enterprise related	5,617	1,428,088	1,433,705	1,428,020	5,685	1,433,705	--	1,433,705
1997 Total	\$ 5,296	15,069,895	15,075,191	15,069,895	5,296	15,075,191	--	15,075,191

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

**SPECIAL REVENUE FUNDS - ENTERPRISE RELATED
COMBINING SCHEDULE OF EXPENDITURES
From Inception to September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit C-6**

	Total Expenditures at September 30, 1997			Current Year		Total Expenditures at September 30, 1998			Budget		
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
ELECTRIC RELATED											
U.S. Department of Energy	\$ --	--	--	--	--	--	--	--	698,013	1,434,778	2,132,791
WATERWORKS AND SEWER RELATED											
U.S. Environmental Protection Agency											
Texas Water Development Board	3,197,818	--	3,197,818	--	--	3,197,818	--	3,197,818	13,500,000	--	13,500,000
U.S. Fish and Wildlife	--	--	--	2,182	--	2,182	--	2,182	4,500	--	4,500
Total Waterworks and Sewer Related	3,197,818	--	3,197,818	2,182	--	3,200,000	--	3,200,000	13,504,500	--	13,504,500
SOLID WASTE RELATED											
U.S. Environmental Protection Agency	--	--	--	--	--	--	--	--	200,000	--	200,000
Texas Natural Resource Conservation Commission	106,909	--	106,909	41,202	--	148,111	--	148,111	149,773	8,138	157,911
Capital Area Planning Council	34,723	--	34,723	--	--	34,723	--	34,723	41,268	--	41,268
Total Solid Waste	141,632	--	141,632	41,202	--	182,834	--	182,834	391,041	8,138	399,179
AIRPORT RELATED											
U.S. Department of Transportation	15,000,000	3,750,000	18,750,000	9,927,885	2,942,375	24,927,885	6,692,375	31,620,260	32,723,752	9,290,996	42,014,748
Texas Comptroller of Public Accounts	--	--	--	3,150	--	3,150	--	3,150	7,728	--	7,728
Total Airport	15,000,000	3,750,000	18,750,000	9,931,035	2,942,375	24,931,035	6,692,375	31,623,410	32,731,480	9,290,996	42,022,476
DRAINAGE											
U.S. Environmental Protection Agency											
Watershed Management Institute	57,255	4,309	61,564	17,582	948	74,837	5,257	80,094	80,000	6,000	86,000
Total Drainage	57,255	4,309	61,564	17,582	948	74,837	5,257	80,094	80,000	6,000	86,000
Total grants, enterprise related	\$18,396,705	3,754,309	22,151,014	9,992,001	2,943,323	28,388,706	6,697,632	35,086,338	47,405,034	10,739,912	58,144,946

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

SPECIAL REVENUE FUNDS - OTHER
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997

	Assets					
	Cash	Pooled Investments and Cash	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Austin Industrial Development Corporation (AIDC)	\$ --	122,661	--	--	--	122,661
Austin Inner City Redevelopment Corporation	--	1,228	--	--	--	1,228
Austin Transportation Study	--	--	399,250	--	--	399,250
Aviation Asset Forfeiture	--	186,066	--	--	--	186,066
Balcones Canyonlands Conservation Plan (BCCP)	--	151,172	--	--	--	151,172
Barbara Jordan Memorial Fund	--	1,156	--	--	--	1,156
Cable TV	--	66,038	--	--	--	66,038
Campaign Financing Fund	--	21,112	--	--	--	21,112
Child Safety Fund	--	378,156	--	--	1,076	379,232
Disproportionate Share	--	2,978,227	63,750	--	--	3,041,977
Energy Conservation Rebates and Incentives	--	2,059,726	--	--	--	2,059,726
Environmental Remediation	--	516,896	--	--	--	516,896
Federally Qualified Health Center	500	2,294,385	21,153	--	--	2,316,038
Fee Waiver Fund	--	7,137	--	--	--	7,137
FEMA Flood Disaster	--	91,271	--	--	--	91,271
Fire Miscellaneous	--	9,915	--	--	--	9,915
Fiscal Surety - Land Development	--	13,529,761	--	14,504,099	--	28,033,860
Friends of East Austin Youth	--	9,829	--	--	--	9,829
Health and Human Services Travis County Reimbursed Fund	--	--	1,106,903	--	--	1,106,903
Health Miscellaneous	--	64,064	--	--	--	64,064
Hotel-Motel Occupancy Tax Fund	--	826,937	--	--	--	826,937
Housing Miscellaneous	--	33,696	--	--	--	33,696
Leveraged Loan Pool	--	282,002	281,434	--	--	563,436
Library City Literacy Program	--	2,318	--	--	--	2,318
Municipal Court Miscellaneous Fund	--	141,913	--	--	--	141,913
Neighborhood Housing and Conservation Fund	500	1,233,462	--	351,622	--	1,585,584
One Texas Center	--	231,121	--	--	--	231,121
PARD Cultural Projects	--	890,752	--	--	--	890,752
Planning, Environmental and Conservation Services	500	--	305	--	1,118,656	1,119,461
Police Federal Seized Funds	4,113	556,971	--	--	--	561,084
Police Seized Money Fund	--	138,784	--	--	--	138,784
Public Improvement District	--	533,836	973	--	--	534,809
Railroad Right of Way	--	4,372	--	--	--	4,372
RMD Conservation	--	97,421	--	--	--	97,421
RMD Loan Fund	--	831,514	122	--	--	831,636
Strategic Planning Investment Fund	--	447,891	--	--	--	447,891
Subdivision Participation	--	3,612,324	--	--	--	3,612,324
Telecommunity Partnership Fund	--	203,452	--	--	--	203,452
Tourism and Promotion	--	1,725,656	--	--	424,600	2,150,256
Voluntary Utility Assistance	--	220,136	--	--	--	220,136
1998 Total	5,613	34,503,358	1,873,890	14,855,721	1,544,332	52,782,914
1997 Total	\$ 5,600	28,572,858	2,621,357	12,423,069	688,589	44,311,473

CITY OF AUSTIN, TEXAS
Exhibit C-7

Liabilities						Fund Balances				Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Accrued Compen- sated Absences	Due to Other Funds	Deposits and Other Liabilities	Total Liabilities	Reserved for Encum- brances	Unreserved Undesig- nated		Total Fund Balances	
--	--	--	--	1,016	1,016	--	121,645	--	121,645	122,661
--	--	--	--	--	--	--	1,228	--	1,228	1,228
12,767	--	--	397,765	16,331	426,863	8,120	--	(35,733)	(27,613)	399,250
--	--	--	--	3,322	3,322	--	182,744	--	182,744	186,066
85	12,532	--	--	--	12,617	4,576	133,979	--	138,555	151,172
--	--	--	--	--	--	--	1,156	--	1,156	1,156
--	--	--	--	--	--	67	65,971	--	66,038	66,038
--	--	--	--	20,192	20,192	--	920	--	920	21,112
2,367	6,341	221	--	--	8,929	76,424	293,879	--	370,303	379,232
318,810	--	--	--	--	318,810	697,281	2,025,886	--	2,723,167	3,041,977
235,871	--	--	--	--	235,871	1,014,081	809,774	--	1,823,855	2,059,726
--	--	--	--	49,572	49,572	10,000	457,324	--	467,324	516,896
363,363	399,372	79,868	--	--	842,603	522,798	950,637	--	1,473,435	2,316,038
--	--	--	--	--	--	--	7,137	--	7,137	7,137
--	--	--	--	91,271	91,271	19	--	(19)	--	91,271
--	--	--	--	375	375	--	9,540	--	9,540	9,915
249,226	--	--	--	27,600,539	27,849,765	--	184,095	--	184,095	28,033,860
--	--	--	--	--	--	--	9,829	--	9,829	9,829
63,831	156,989	18,146	567,626	--	806,592	107,665	192,646	--	300,311	1,106,903
--	--	--	--	58,825	58,825	--	5,239	--	5,239	64,064
--	--	--	--	826,937	826,937	--	--	--	--	826,937
--	--	--	--	--	--	--	33,696	--	33,696	33,696
--	--	--	--	--	--	--	563,436	--	563,436	563,436
--	--	--	--	--	--	--	2,318	--	2,318	2,318
--	6,120	--	--	--	6,120	14,087	121,706	--	135,793	141,913
21,285	101,644	9,737	--	7,725	140,391	24,650	1,420,543	--	1,445,193	1,585,584
--	--	--	--	--	--	--	231,121	--	231,121	231,121
47,451	--	--	--	--	47,451	167,305	675,996	--	843,301	890,752
130,896	192,057	23,805	409,470	--	756,228	349,593	13,640	--	363,233	1,119,461
67,826	--	--	--	--	67,826	9,134	484,124	--	493,258	561,084
16,061	--	--	--	--	16,061	--	122,723	--	122,723	138,784
--	--	--	--	--	--	465,113	69,696	--	534,809	534,809
--	--	--	--	1,404	1,404	--	2,968	--	2,968	4,372
--	--	--	--	--	--	--	97,421	--	97,421	97,421
--	--	--	--	--	--	--	831,636	--	831,636	831,636
10,000	--	--	--	--	10,000	88,313	349,578	--	437,891	447,891
--	--	--	--	1,294,929	1,294,929	--	2,317,395	--	2,317,395	3,612,324
--	--	--	--	--	--	200,000	3,452	--	203,452	203,452
411,410	--	--	--	12	411,422	47,528	1,691,306	--	1,738,834	2,150,256
--	--	--	--	--	--	--	220,136	--	220,136	220,136
1,951,249	875,055	131,777	1,374,861	29,972,450	34,305,392	3,806,754	14,706,520	(35,752)	18,477,522	52,782,914
2,623,661	874,342	104,244	1,538,055	27,365,632	32,505,934	2,507,843	9,405,271	(107,575)	11,805,539	44,311,473

SPECIAL REVENUE FUNDS - OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Revenues					Total Revenues
	Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Interest and Other	Unrealized Gain on Investments	
Austin Industrial Development Corporation (AIDC) \$	--	--	--	6,493	--	6,493
Austin Inner City Redevelopment Corporation	--	--	--	65	--	65
Austin Transportation Study	--	--	1,123,037	454	--	1,123,491
Aviation Asset Forfeiture	--	146,450	--	6,580	--	153,030
Balcones Canyonlands Conservation Plan (BCCP)	--	--	--	18,534	--	18,534
Barbara Jordan Memorial Fund	--	--	--	61	--	61
Cable TV	--	--	560,920	1,814	--	562,734
Campaign Financing Fund	--	--	--	704	--	704
Child Safety Fund	--	1,185,540	--	25,354	--	1,210,894
Disproportionate Share	--	--	3,159,555	204,133	17,242	3,380,930
Energy Conservation Rebates and Incentives	--	--	11,607,590	--	--	11,607,590
Environmental Remediation	--	--	--	31,041	--	31,041
Federally Qualified Health Center	--	--	7,944,640	53,919	10,374	8,008,933
Fee Waiver Fund	--	--	--	137	--	137
FEMA Flood Disaster	--	--	--	--	--	--
Fire Miscellaneous	--	--	375	3,254	--	3,629
Fiscal Surety - Land Development	--	--	--	--	184,095	184,095
Friends of East Austin Youth	--	--	--	7,356	--	7,356
Health and Human Services Travis County Reimbursed Fund	--	--	5,347,855	--	--	5,347,855
Health Miscellaneous	--	--	--	2,900	--	2,900
Hotel-Motel Occupancy Tax Fund	18,820,598	--	--	--	--	18,820,598
Housing Miscellaneous	--	--	--	1,796	--	1,796
Leveraged Loan Pool	--	--	--	18,426	--	18,426
Library City Literacy Program	--	--	--	123	--	123
Municipal Court Miscellaneous Fund	--	329,004	--	4,223	--	333,227
Neighborhood Housing and Conservation Fund	--	--	--	43,135	--	43,135
One Texas Center	--	--	1,045,046	--	--	1,045,046
PARD Cultural Projects	--	--	--	--	--	--
Planning, Environmental and Conservation Service	--	--	6,338,264	132,530	--	6,470,794
Police Federal Seized Funds	--	894,641	147,767	23,380	--	1,065,788
Police Seized Money Fund	--	54,037	18,483	9,519	--	82,039
Public Improvement District	771,980	--	25,000	36,986	--	833,966
Railroad Right of Way	--	--	--	2,968	--	2,968
RMD Conservation	--	--	--	--	--	--
RMD Loan Fund	--	--	--	16,426	--	16,426
Strategic Planning Investment Fund	--	--	--	3,768	--	3,768
Subdivision Participation	--	--	--	2,486,479	19,794	2,506,273
Telecommunity Partnership Fund	--	--	--	3,452	--	3,452
Tourism and Promotion	--	--	--	80,966	--	80,966
Voluntary Utility Assistance	--	--	95,799	10,128	--	105,927
1998 Total	19,592,578	2,609,672	37,414,331	3,237,104	231,505	63,085,190
1997 Total	\$ 15,942,687	1,553,914	36,555,702	496,776	--	54,549,079

(1) Expenditures include capital outlay of \$1,034,060

CITY OF AUSTIN, TEXAS
Exhibit C-8

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)		Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	Fund Balances September 30, 1997	Fund Balances September 30, 1998
		Operating Transfers In	Operating Transfers Out			
--	6,493	--	--	6,493	115,152	121,645
--	65	--	--	65	1,163	1,228
1,128,374	(4,883)	--	--	(4,883)	(22,730)	(27,613)
66,782	86,248	--	--	86,248	96,496	182,744
389,082	(370,548)	393,702	(26,064)	(2,910)	141,465	138,555
--	61	--	--	61	1,095	1,156
550,397	12,337	--	--	12,337	53,701	66,038
--	704	--	--	704	216	920
1,235,476	(24,582)	--	--	(24,582)	394,885	370,303
1,158,177	2,222,753	--	(2,128,060)	94,693	2,628,474	2,723,167
7,424,273	4,183,317	--	(3,964,000)	219,317	1,604,538	1,823,855
1,055	29,986	855,000	(630,000)	254,986	212,338	467,324
14,077,743	(6,068,810)	6,930,470	(103,288)	758,372	715,063	1,473,435
--	137	7,000	--	7,137	--	7,137
--	--	--	--	--	--	--
465	3,164	--	--	3,164	6,376	9,540
--	184,095	--	--	184,095	--	184,095
--	7,356	--	--	7,356	2,473	9,829
--	--	--	--	--	--	--
5,049,886	297,969	--	--	297,969	2,342	300,311
--	2,900	--	--	2,900	2,339	5,239
--	18,820,598	--	(18,820,598)	--	--	--
--	1,796	--	--	1,796	31,900	33,696
--	18,426	--	--	18,426	545,010	563,436
--	123	--	--	123	2,195	2,318
208,961	124,266	--	--	124,266	11,527	135,793
315,874	(272,739)	613,000	--	340,261	1,104,932	1,445,193
67,748	977,298	--	(1,291,975)	(314,677)	545,798	231,121
2,454,497	(2,454,497)	2,686,019	--	231,522	611,779	843,301
6,287,122	183,672	4,513,108	(4,333,547)	363,233	--	363,233
709,824	355,964	--	(103,190)	252,774	240,484	493,258
71,192	10,847	--	--	10,847	111,876	122,723
903,546	(69,580)	100,000	--	30,420	504,389	534,809
--	2,968	--	--	2,968	--	2,968
--	--	--	--	--	97,421	97,421
7,265	9,161	--	--	9,161	822,475	831,636
515,877	(512,109)	950,000	--	437,891	--	437,891
--	2,506,273	--	(199,988)	2,306,285	11,110	2,317,395
--	3,452	200,000	--	203,452	--	203,452
3,548,656	(3,467,690)	4,153,388	--	685,698	1,053,136	1,738,834
201,912	(95,985)	160,000	--	64,015	156,121	220,136
46,374,184	16,711,006	21,561,687	(31,600,710)	6,671,983	11,805,539	18,477,522
45,648,300	8,900,779	11,228,284	(18,443,823)	1,685,240	10,120,299	11,805,539

**SPECIAL REVENUE FUNDS - OTHER
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS -
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit C-9**

	Fund Balances September 30, 1997	Revenues	Expenditures	Operating Transfer In	Operating Transfer Out	Excess of Sources Over Uses	Fund Balances September 30, 1998
Aviation Asset Forfeiture							
Actual budget basis	\$ 106,018	153,030	66,782	--	--	86,248	192,266
Budget	106,018	45,900	66,800	--	--	(20,900)	85,118
Variance	--	107,130	18	--	--	107,148	107,148
Balcones Canyonlands							
Conservation Plan (BCCP)							
Actual budget basis	127,651	18,534	383,041	393,702	26,064	3,131	130,782
Budget	127,651	8,280	503,569	393,702	26,064	(127,651)	--
Variance	--	10,254	120,528	--	--	130,782	130,782
Child Safety Fund							
Actual budget basis	271,577	1,210,894	1,219,813	--	--	(8,919)	262,658
Budget	271,577	1,257,156	1,440,078	--	--	(182,922)	88,655
Variance	--	(46,262)	220,265	--	--	174,003	174,003
Disproportionate Share							
Actual budget basis	1,893,943	3,380,930	1,367,190	--	2,128,060	(114,320)	1,779,623
Budget	1,893,943	2,721,465	1,977,570	--	2,128,060	(1,384,165)	509,778
Variance	--	659,465	610,380	--	--	1,269,845	1,269,845
Energy Conservation Rebates and Incentives							
Actual budget basis	1,400,000	11,607,590	7,898,563	--	3,964,000	(254,973)	1,145,027
Budget	1,400,000	10,905,588	8,341,588	--	3,964,000	(1,400,000)	--
Variance	--	702,002	443,025	--	--	1,145,027	1,145,027
Environmental Remediation Fund							
Actual budget basis	131,771	31,041	11,055	855,000	630,000	244,986	376,757
Budget	131,771	2,000	50,000	855,000	630,000	177,000	308,771
Variance	--	29,041	38,945	--	--	67,986	67,986
Federally Qualified Health Center							
Actual budget basis	\$ 56,176	8,008,933	14,498,008	6,930,470	103,288	338,107	394,283
Budget	56,176	8,780,452	15,581,187	6,930,470	103,288	26,447	82,623
Variance	--	(771,519)	1,083,179	--	--	311,660	311,660

(continued)

**SPECIAL REVENUE FUNDS - OTHER
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS -
 BUDGET AND ACTUAL-BUDGET BASIS
 Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
 Exhibit C-9
 (Continued)**

	Fund Balances September 30, 1997	Revenues	Expenditures	Operating Transfer In	Operating Transfer Out	Excess of Sources Over Uses	Fund Balances September 30, 1998
Fee Waiver Fund							
Actual budget basis	\$ --	137	--	7,000	--	7,137	7,137
Budget	--	--	7,000	7,000	--	--	--
Variance	--	137	7,000	--	--	7,137	7,137
Health and Human Services Travis							
County Reimbursed Fund							
Actual budget basis	--	5,347,855	5,123,640	--	--	224,215	224,215
Budget	--	5,407,498	5,407,498	--	--	--	--
Variance	--	(59,643)	283,858	--	--	224,215	224,215
Hotel-Motel Occupancy Tax Fund							
Actual budget basis	--	18,820,598	--	--	18,820,598	--	--
Budget	--	15,632,111	--	--	15,632,111	--	--
Variance	--	3,188,487	--	--	(3,188,487)	--	--
Municipal Court Building Security Fund							
Actual budget basis	1,974	333,227	216,930	--	--	116,297	118,271
Budget	1,974	359,840	213,595	--	--	146,245	148,219
Variance	--	(26,613)	(3,335)	--	--	(29,948)	(29,948)
Neighborhood Housing and Conservation							
Actual budget basis	1,034,372	43,135	264,648	613,000	--	391,487	1,425,859
Budget	1,034,372	--	613,000	613,000	--	--	1,034,372
Variance	--	43,135	348,352	--	--	391,487	391,487
One Texas Center							
Actual budget basis	--	1,045,046	--	--	1,291,975	(246,929)	(246,929)
Budget	--	1,291,975	--	--	1,291,975	--	--
Variance	--	(246,929)	--	--	--	(246,929)	(246,929)
PARD Cultural Projects							
Actual budget basis	\$ 352,270	--	2,449,841	2,686,019	--	236,178	588,448
Budget	352,270	--	2,454,011	2,233,159	--	(220,852)	131,418
Variance	--	--	4,170	452,860	--	457,030	457,030

(continued)

**SPECIAL REVENUE FUNDS - OTHER
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS -
 BUDGET AND ACTUAL-BUDGET BASIS
 Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
 Exhibit C-9
 (Continued)**

	Fund Balances September 30, 1997	Revenues	Expenditures	Operating Transfer In	Operating Transfer Out	Excess of Sources Over Uses	Fund Balances September 30, 1998
Planning, Environmental and Conservation Services							
Actual budget basis	\$ --	6,470,794	6,287,122	4,513,108	4,333,547	363,233	363,233
Budget	--	6,392,503	6,572,064	4,513,108	4,333,547	--	--
Variance	--	78,291	284,942	--	--	363,233	363,233
Police Federal Seized Funds							
Actual budget basis	184,477	1,065,788	662,952	--	103,190	299,646	484,123
Budget	184,477	1,427,806	765,000	--	--	662,806	847,283
Variance	--	(362,018)	102,048	--	(103,190)	(363,160)	(363,160)
Police Seized Money Fund							
Actual budget basis	72,839	82,039	71,192	--	--	10,847	83,686
Budget	72,839	88,143	100,000	--	--	(11,857)	60,982
Variance	--	(6,104)	28,808	--	--	22,704	22,704
Public Improvement District							
Actual budget basis	65,956	833,966	930,225	100,000	--	3,741	69,697
Budget	65,956	830,225	930,225	100,000	--	--	65,956
Variance	--	3,741	--	--	--	3,741	3,741
Strategic Planning Investment							
Actual budget basis	--	3,768	604,190	950,000	--	349,578	349,578
Budget	--	--	950,000	950,000	--	--	--
Variance	--	3,768	345,810	--	--	349,578	349,578
Telecommunity Fund							
Actual budget basis	--	3,452	200,000	200,000	--	3,452	3,452
Budget	--	--	200,000	200,000	--	--	--
Variance	--	3,452	--	--	--	3,452	3,452
Tourism and Promotion							
Actual budget basis	391,296	80,966	3,516,300	4,153,388	--	718,054	1,109,350
Budget	391,296	55,000	3,586,442	3,475,120	--	(56,322)	334,974
Variance	--	25,966	70,142	678,268	--	774,376	774,376
Total							
Actual budget basis	\$ 6,090,320	58,541,723	45,771,492	21,401,687	31,400,722	2,771,196	8,861,516
Budget	6,090,320	55,205,942	49,759,627	20,270,559	28,109,045	(2,392,171)	3,698,149
Variance	--	3,335,781	(3,988,135)	1,131,128	3,291,677	5,163,367	5,163,367

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

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**DEBT SERVICE FUND
BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit D-1**

	<u>1998</u>	<u>1997</u>
ASSETS		
Investments, at market value	\$ 7,063,255	7,404,436
Property taxes receivable	3,713,374	3,528,049
Less allowance for uncollectible taxes	(777,063)	(787,371)
Net taxes receivable	<u>2,936,311</u>	<u>2,740,678</u>
Due from other funds	556,876	--
Total assets	<u><u>10,556,442</u></u>	<u><u>10,145,114</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Interest Purchases, Bonds	--	--
Due to other funds	452,832	--
Deferred revenue	<u>2,833,630</u>	<u>2,615,729</u>
Total liabilities	<u>3,286,462</u>	<u>2,615,729</u>
Fund balances (unreserved):		
Designated for debt service	<u>7,269,980</u>	<u>7,529,385</u>
Total fund balances	<u>7,269,980</u>	<u>7,529,385</u>
Total liabilities and fund balances	<u><u>\$ 10,556,442</u></u>	<u><u>10,145,114</u></u>

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit D-2**

	1998				Variance- Favorable (Unfavorable)	1997
	Actual	Adjustments (1)	Actual- Budget Basis	Budget		Actual- Budget Basis
REVENUES						
General property taxes	\$ 57,639,024	--	57,639,024	58,090,650	(451,626)	55,149,254
Interest	2,027,743	--	2,027,743	1,824,441	203,302	2,091,278
Other revenue	1,133,867	1,159,464	2,293,331	2,282,574	10,757	579,431
Total revenues	60,800,634	1,159,464	61,960,098	62,197,665	(237,567)	57,819,963
EXPENDITURES						
Principal retirement	22,570,196	6,007,576	28,577,772	28,318,641	(259,131)	26,210,266
Interest and other	40,745,721	2,491,285	43,237,006	43,823,414	586,408	40,769,760
Fees and commissions	5,449	--	5,449	10,000	4,551	3,607
Total expenditures	63,321,366	8,498,861	71,820,227	72,152,055	331,828	66,983,633
Excess (deficiency) of revenues over expenditures	(2,520,732)	(7,339,397)	(9,860,129)	(9,954,390)	94,261	(9,163,670)
OTHER FINANCING SOURCES (USES)						
Proceeds of refunding bonds	103,705,974	(103,705,974)	--	--	--	--
Payment to escrow agent	(103,705,974)	103,705,974	--	--	--	--
Operating transfers in	2,261,327	7,339,397	9,600,724	9,541,093	59,631	8,217,909
Total other financing sources (uses)	2,261,327	7,339,397	9,600,724	9,541,093	59,631	8,217,909
Excess (deficiency) of revenues and other sources over expenditures and other uses	(259,405)	--	(259,405)	(413,297)	153,892	(945,761)
Fund balances at beginning of year	7,529,385	--	7,529,385	7,573,926	(44,541)	8,475,146
Fund balances at end of year	\$ 7,269,980	--	7,269,980	7,160,629	109,351	7,529,385

(1) Revenue and expenditure adjustments represent amount of certain enterprise fund and internal service fund debt payments budgeted as operating transfers.

CAPITAL PROJECTS FUNDS

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

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 and energy improvements for City facilities;

Funds authorized September 8, 1984 for various purposes;

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;

Funds authorized September 3, 1987 for street improvements;

Funds authorized August 10, 1992 for various purposes; and

Other funds established for various purposes.

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**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET**

September 30, 1998

With comparative totals for September 30, 1997

**CITY OF AUSTIN, TEXAS
Exhibit E-1**

	Summary of Funds from General Obligation Bonds								Other Funds	Totals	
	by Year of Authorization									1998	1997
	Prior to 1981	1981	1982	1983	1984	1985	1987	1992		1998	1997
ASSETS											
Pooled investments and cash	\$ 277,661	850,838	965,812	62,798	26,578,762	9,752,968	483,060	28,446,646	47,395,818	114,814,363	105,352,051
Accounts receivable	--	--	--	--	512,638	--	373,122	--	1,402,319	2,288,079	2,225,550
Less allowance for doubtful accounts	--	--	--	--	--	--	(172,590)	--	--	(172,590)	(176,879)
Net accounts receivable	--	--	--	--	512,638	--	200,532	--	1,402,319	2,115,489	2,048,671
Due from other funds	--	--	--	--	4,328,300	--	--	38,315	--	4,366,615	1,811,758
Other assets	838	604	28,514	798	23,886	1,685,832	--	3,800	74,448	1,818,720	316,790
Total assets	278,499	851,442	994,326	63,596	31,443,586	11,438,800	683,592	28,488,761	48,872,585	123,115,187	109,529,270
LIABILITIES AND FUND EQUITY											
Liabilities:											
Accounts payable	--	25,133	--	40	110,015	23,293	227,877	341,094	7,527,202	8,254,654	2,737,565
Due to other funds	90,320	--	--	--	22,849	--	--	--	4,215,131	4,328,300	1,955,063
Other liabilities	--	--	--	--	--	--	24	36,750	1,616,093	1,652,867	1,932,760
Total liabilities	90,320	25,133	--	40	132,864	23,293	227,901	377,844	13,358,426	14,235,821	6,625,388
Fund balances:											
Reserved for encumbrances	1,823	97,886	18,020	17,625	6,653,514	490,056	12,153	5,565,572	21,419,813	34,276,462	21,365,124
Unreserved, undesignated	186,356	728,423	976,306	45,931	24,657,208	10,925,451	443,538	22,545,345	14,094,346	74,602,904	81,538,758
Total fund balances	188,179	826,309	994,326	63,556	31,310,722	11,415,507	455,691	28,110,917	35,514,159	108,879,366	102,903,882
Total liabilities and fund balances	\$ 278,499	851,442	994,326	63,596	31,443,586	11,438,800	683,592	28,488,761	48,872,585	123,115,187	109,529,270

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

CITY OF AUSTIN, TEXAS
Exhibit E-2

	Summary of Funds from General Obligation Bonds								Other Funds	Totals	
	Prior to 1981	1981	1982	by Year of Authorization				1992		1998	1997
REVENUES											
Intergovernmental revenues	\$ --	--	--	--	--	--	230,924	638,618	10,244,507	11,114,049	7,076,091
Property owners' participation and contributions	--	--	--	--	7,500	--	--	230,000	726,057	963,557	25,143
Interest and other	--	--	--	--	505	310,330	40,603	43,923	6,339,878	6,735,239	7,366,568
Unrealized gain on investments	--	--	--	--	--	--	--	--	600,065	600,065	--
Total revenues	--	--	--	--	8,005	310,330	271,527	912,541	17,910,507	19,412,910	14,467,802
EXPENDITURES											
Capital outlay for construction	8,245	418,919	922,359	94,534	6,136,123	1,295,008	387,799	13,014,433	35,596,457	57,873,877	62,700,644
Deficiency of revenues over expenditures	(8,245)	(418,919)	(922,359)	(94,534)	(6,128,118)	(984,678)	(116,272)	(12,101,892)	(17,685,950)	(38,460,967)	(48,232,842)
OTHER FINANCING SOURCES (USES)											
Proceeds from issuance of tax supported debt	--	--	1,337,000	--	8,647,000	--	--	10,281,000	17,340,000	37,605,000	58,650,000
Operating transfers in	--	398,328	340,878	--	1,182,852	185,591	--	--	17,986,511	20,094,160	11,949,716
Operating transfers out	(404,090)	(359,299)	(766,157)	--	(1,447,245)	(549,328)	--	--	(9,736,590)	(13,262,709)	(9,425,303)
Total other financing sources (uses)	(404,090)	39,029	911,721	--	8,382,607	(363,737)	--	10,281,000	25,589,921	44,436,451	61,174,413
Excess (deficiency) of revenues and other sources over expenditures and other uses	(412,335)	(379,890)	(10,638)	(94,534)	2,254,489	(1,348,415)	(116,272)	(1,820,892)	7,903,971	5,975,484	12,941,571
Fund balances at beginning of year	600,514	1,206,199	1,004,964	158,090	29,056,233	12,763,922	571,963	29,931,809	27,610,188	102,903,882	89,962,311
Fund balances at end of year	\$ 188,179	826,309	994,326	63,556	31,310,722	11,415,507	455,691	28,110,917	35,514,159	108,879,366	102,903,882

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
Prior to 1981							
Parks and recreation	\$ 209,327	--	--	--	--	838	210,165
Police and courts	2,469	--	--	--	--	--	2,469
Street improvements	56,675	--	--	--	--	--	56,675
Library	--	--	--	--	--	--	--
Health centers	9,190	--	--	--	--	--	9,190
	<u>277,661</u>	--	--	--	--	<u>838</u>	<u>278,499</u>
Funds Authorized							
August 29, 1981							
Street and drainage	18,102	--	--	--	--	--	18,102
Fire stations	24,184	--	--	--	--	604	24,788
EMS buildings	808,552	--	--	--	--	--	808,552
	<u>850,838</u>	--	--	--	--	<u>604</u>	<u>851,442</u>
Funds Authorized							
September 11, 1982							
Street and drainage	14	--	--	--	--	--	14
Flood prevention	119,028	--	--	--	--	--	119,028
Public works parking	1	--	--	--	--	--	1
Public works service center	--	--	--	--	--	--	--
Traffic signals	4	--	--	--	--	--	4
Parks--various	801,044	--	--	--	--	28,514	829,558
Environmental resources	2,462	--	--	--	--	--	2,462
Fire/EMS building	43,259	--	--	--	--	--	43,259
	<u>965,812</u>	--	--	--	--	<u>28,514</u>	<u>994,326</u>
Funds Authorized							
October 22, 1983							
Jollyville road improvements	48,152	--	--	--	--	--	48,152
Energy improvements - city facilities	14,646	--	--	--	--	798	15,444
	<u>62,798</u>	--	--	--	--	<u>798</u>	<u>63,596</u>
Funds Authorized							
September 8, 1984							
Zilker land acquisition	9	--	--	--	--	--	9
PARD pools	4,856	--	--	--	--	--	4,856
Parkland acquisition	383,883	--	--	--	--	--	383,883
Parks/Old Bakery	--	--	--	--	--	--	--
Drainage and flood improvements	7,398,052	--	--	--	--	--	7,398,052
Street improvements	18,764,967	512,638	--	512,638	4,328,300	23,886	23,629,791
Fire improvements	20,291	--	--	--	--	--	20,291
Libraries	841	--	--	--	--	--	841
Police facilities	--	--	--	--	--	--	--
Traffic signals	2,334	--	--	--	--	--	2,334
EMS/Fire facility	3,529	--	--	--	--	--	3,529
	<u>\$ 26,578,762</u>	<u>512,638</u>	--	<u>512,638</u>	<u>4,328,300</u>	<u>23,886</u>	<u>31,443,586</u>

CITY OF AUSTIN, TEXAS
Exhibit E-3

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	210,165	210,165	210,165
--	--	--	--	--	2,469	2,469	2,469
--	--	--	--	--	56,675	56,675	56,675
--	90,320	--	90,320	1,823	(92,143)	(90,320)	--
--	--	--	--	--	9,190	9,190	9,190
--	90,320	--	90,320	1,823	186,356	188,179	278,499
15,113	--	--	15,113	--	2,989	2,989	18,102
--	--	--	--	--	24,788	24,788	24,788
10,020	--	--	10,020	97,886	700,646	798,532	808,552
25,133	--	--	25,133	97,886	728,423	826,309	851,442
--	--	--	--	--	14	14	14
--	--	--	--	--	119,028	119,028	119,028
--	--	--	--	--	1	1	1
--	--	--	--	--	--	--	--
--	--	--	--	--	4	4	4
--	--	--	--	18,020	811,538	829,558	829,558
--	--	--	--	--	2,462	2,462	2,462
--	--	--	--	--	43,259	43,259	43,259
--	--	--	--	18,020	976,306	994,326	994,326
40	--	--	40	4,390	43,722	48,112	48,152
--	--	--	--	13,235	2,209	15,444	15,444
40	--	--	40	17,625	45,931	63,556	63,596
--	--	--	--	--	9	9	9
--	--	--	--	--	4,856	4,856	4,856
--	--	--	--	--	383,883	383,883	383,883
6,998	9,064	--	16,062	25,834	(41,896)	(16,062)	--
103,017	--	--	103,017	1,924,153	5,370,882	7,295,035	7,398,052
--	--	--	--	4,685,376	18,944,415	23,629,791	23,629,791
--	--	--	--	18,151	2,140	20,291	20,291
--	--	--	--	--	841	841	841
--	13,785	--	13,785	--	(13,785)	(13,785)	--
--	--	--	--	--	2,334	2,334	2,334
--	--	--	--	--	3,529	3,529	3,529
110,015	22,849	--	132,864	6,653,514	24,657,208	31,310,722	31,443,586

(continued)

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

	Assets						
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Funds Authorized January 19, 1985							
Cultural arts	\$ 1,575,725	--	--	--	--	1,685,832	3,261,557
Downtown art museum	6,364,010	--	--	--	--	--	6,364,010
	<u>7,939,735</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,685,832</u>	<u>9,625,567</u>
Funds Authorized July 26, 1985							
Neighborhood park and recreation	1,611,712	--	--	--	--	--	1,611,712
Funds Authorized September 26, 1985							
Art in public places	73,201	--	--	--	--	--	73,201
Funds Authorized December 14, 1985							
Senior activity center	13,135	--	--	--	--	--	13,135
South Austin parkland	10,903	--	--	--	--	--	10,903
Parks Oak Hill	104,282	--	--	--	--	--	104,282
	<u>128,320</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>128,320</u>
Total Funds Authorized in 1985	<u>9,752,968</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,685,832</u>	<u>11,438,800</u>
Funds Authorized September 3, 1987							
Street resurfacing	483,060	373,122	(172,590)	200,532	--	--	683,592
Funds Authorized August 10, 1992							
EMS facility	49,357	--	--	--	--	--	49,357
Fire stations	1,477,290	--	--	--	--	--	1,477,290
Police substations	3,423,573	--	--	--	--	--	3,423,573
Asbestos abatement/ADA compliance/ East Austin health clinic	4,091,819	--	--	--	--	--	4,091,819
Erosion & flood control	5,455,133	--	--	--	--	--	5,455,133
Street & traffic signals	5,825,747	--	--	--	--	3,800	5,829,547
Neighborhood sidewalks	204,424	--	--	--	--	--	204,424
Parks and recreation facilities	3,978,606	--	--	--	--	--	3,978,606
Libraries	3,003,143	--	--	--	--	--	3,003,143
Balcones Canyonlands Conservation Plan	587,232	--	--	--	38,315	--	625,547
Barton Creek greenway	350,322	--	--	--	--	--	350,322
	<u>\$ 28,446,646</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>38,315</u>	<u>3,800</u>	<u>28,488,761</u>

CITY OF AUSTIN, TEXAS
Exhibit E-3
(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
710	--	--	710	295,226	2,965,621	3,260,847	3,261,557
--	--	--	--	--	6,364,010	6,364,010	6,364,010
710	--	--	710	295,226	9,329,631	9,624,857	9,625,567
<hr/>							
8,935	--	--	8,935	108,450	1,494,327	1,602,777	1,611,712
<hr/>							
2,500	--	--	2,500	15,435	55,266	70,701	73,201
<hr/>							
--	--	--	--	--	13,135	13,135	13,135
--	--	--	--	--	10,903	10,903	10,903
11,148	--	--	11,148	70,945	22,189	93,134	104,282
11,148	--	--	11,148	70,945	46,227	117,172	128,320
<hr/>							
23,293	--	--	23,293	490,056	10,925,451	11,415,507	11,438,800
<hr/>							
227,877	--	24	227,901	12,153	443,538	455,691	683,592
<hr/>							
--	--	--	--	234	49,123	49,357	49,357
--	--	--	--	73,445	1,403,845	1,477,290	1,477,290
5,928	--	--	5,928	226,044	3,191,601	3,417,645	3,423,573
<hr/>							
64,963	--	--	64,963	1,113,485	2,913,371	4,026,856	4,091,819
14,876	--	--	14,876	671,394	4,768,863	5,440,257	5,455,133
--	--	--	--	1,212,268	4,617,279	5,829,547	5,829,547
--	--	--	--	52,887	151,537	204,424	204,424
61,748	--	--	61,748	1,456,994	2,459,864	3,916,858	3,978,606
193,554	--	--	193,554	752,540	2,057,049	2,809,589	3,003,143
<hr/>							
25	--	36,750	36,775	4,181	584,591	588,772	625,547
--	--	--	--	2,100	348,222	350,322	350,322
341,094	--	36,750	377,844	5,565,572	22,545,345	28,110,917	28,488,761

(continued)

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997

	Assets						
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	Total Assets
Other funds							
Street lights	\$ --	--	--	--	--	--	--
Planning & development improvements	792,527	--	--	--	--	--	792,527
TPSD general improvements	4,031,644	--	--	--	--	--	4,031,644
Parks-1992	1,130,475	--	--	--	--	--	1,130,475
Library automation system	1,076,483	--	--	--	--	--	1,076,483
Fire/EMS/NW Austin MUD #1	264,270	--	--	--	--	--	264,270
General government projects	7,479,926	2,727	--	2,727	--	--	7,482,653
Health projects	1,629,428	--	--	--	--	--	1,629,428
Build Austin	--	1,399,592	--	1,399,592	--	--	1,399,592
Forsythia Drive	2,691	--	--	--	--	--	2,691
Central City Entertainment Center	--	--	--	--	--	--	--
Park improvements	1,730,728	--	--	--	--	--	1,730,728
Police and courts	1,418,073	--	--	--	--	--	1,418,073
Health centers	1,040,328	--	--	--	--	--	1,040,328
Neighborhood centers	11,101	--	--	--	--	--	11,101
Loan star improvements	40,383	--	--	--	--	--	40,383
Fire - general	1,056,632	--	--	--	--	--	1,056,632
Capital reserve	9,111,488	--	--	--	--	--	9,111,488
Library	79,747	--	--	--	--	--	79,747
Public Works	103,512	--	--	--	--	--	103,512
One Texas Center	396,407	--	--	--	--	--	396,407
GCP-Radio Trunking	13,340,022	--	--	--	--	--	13,340,022
Watershed Protection							
Annexed Areas	678,957	--	--	--	--	--	678,957
Tanglewood park	--	--	--	--	--	--	--
Interest income fund	1,980,996	--	--	--	--	74,448	2,055,444
Total other funds	47,395,818	1,402,319	--	1,402,319	--	74,448	48,872,585
1998 Totals	114,814,363	2,288,079	(172,590)	2,115,489	4,366,615	1,818,720	123,115,187
Funds authorized:							
Prior to 1981	743,477	--	--	--	--	838	744,315
August 29, 1981	1,219,621	--	--	--	--	1,691	1,221,312
September 11, 1982	1,141,447	--	--	--	--	31,826	1,173,273
October 22, 1983	157,717	--	--	--	--	373	158,090
September 8, 1984	26,600,065	915,798	--	915,798	1,801,063	77,852	29,394,778
1985	12,562,277	157,508	--	157,508	--	44,185	12,763,970
September 3, 1987	599,332	377,411	(176,879)	200,532	--	--	799,864
August 10, 1992	30,522,990	11,010	--	11,010	10,695	102,474	30,647,169
Other funds	31,805,125	763,823	--	763,823	--	57,551	32,626,499
1997 Totals	\$ 105,352,051	2,225,550	(176,879)	2,048,671	1,811,758	316,790	109,529,270

CITY OF AUSTIN, TEXAS
Exhibit E-3
(Continued)

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	--	--	--
--	--	--	--	1,554	790,973	792,527	792,527
4,019,906	--	--	4,019,906	2,543,160	(2,531,422)	11,738	4,031,644
61,348	--	--	61,348	450,593	618,534	1,069,127	1,130,475
73,616	--	--	73,616	310,246	692,621	1,002,867	1,076,483
--	--	--	--	--	264,270	264,270	264,270
2,392,802	--	--	2,392,802	1,483,992	3,605,859	5,089,851	7,482,653
115,719	--	--	115,719	271,255	1,242,454	1,513,709	1,629,428
291,764	1,443,537	--	1,735,301	2,079,465	(2,415,174)	(335,709)	1,399,592
--	--	--	--	--	2,691	2,691	2,691
209,154	2,707,397	--	2,916,551	4,545,552	(7,462,103)	(2,916,551)	--
5,462	--	--	5,462	60,490	1,664,776	1,725,266	1,730,728
--	--	--	--	311,608	1,106,465	1,418,073	1,418,073
201,159	--	--	201,159	552,419	286,750	839,169	1,040,328
258	--	--	258	2,128	8,715	10,843	11,101
18,286	--	--	18,286	33,095	(10,998)	22,097	40,383
19,130	--	--	19,130	4,795,214	(3,757,712)	1,037,502	1,056,632
--	--	--	--	5,210	9,106,278	9,111,488	9,111,488
--	--	--	--	3,210	76,537	79,747	79,747
112,920	--	--	112,920	3,356,550	(3,365,958)	(9,408)	103,512
--	--	--	--	--	396,407	396,407	396,407
84	--	--	84	--	13,339,938	13,339,938	13,340,022
5,594	--	--	5,594	614,072	59,291	673,363	678,957
--	64,197	--	64,197	--	(64,197)	(64,197)	--
--	--	1,616,093	1,616,093	--	439,351	439,351	2,055,444
7,527,202	4,215,131	1,616,093	13,358,426	21,419,813	14,094,346	35,514,159	48,872,585
8,254,654	4,328,300	1,652,867	14,235,821	34,276,462	74,602,904	108,879,366	123,115,187
56,132	87,669	--	143,801	7	600,507	600,514	744,315
15,113	--	--	15,113	101,699	1,104,500	1,206,199	1,221,312
--	168,309	--	168,309	28,907	976,057	1,004,964	1,173,273
--	--	--	--	35,816	122,274	158,090	158,090
189,978	148,567	--	338,545	3,181,700	25,874,533	29,056,233	29,394,778
48	--	--	48	505,854	12,258,068	12,763,922	12,763,970
227,901	--	--	227,901	156,033	415,930	571,963	799,864
704,860	--	10,500	715,360	4,428,029	25,503,780	29,931,809	30,647,169
1,543,533	1,550,518	1,922,260	5,016,311	12,927,079	14,683,109	27,610,188	32,626,499
2,737,565	1,955,063	1,932,760	6,625,388	21,365,124	81,538,758	102,903,882	109,529,270

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Revenues					Expenditures Capital Outlay
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Unrealized Gain on Investments	Total Revenues	
Funds Authorized						
Prior to 1981						
Parks and recreation	\$	--	--	--	--	5,255
Police and courts	--	--	--	--	--	--
Street improvements	--	--	--	--	--	698
Library	--	--	--	--	--	2,292
Health centers	--	--	--	--	--	--
						<u>8,245</u>
Funds Authorized						
August 29, 1981						
Street and drainage	--	--	--	--	--	--
Fire stations	--	--	--	--	--	--
EMS buildings	--	--	--	--	--	418,919
						<u>418,919</u>
Funds Authorized						
September 11, 1982						
Street and drainage	--	--	--	--	--	--
Flood prevention	--	--	--	--	--	(7,732)
Public works parking	--	--	--	--	--	--
Public works service center	--	--	--	--	--	--
Traffic signals	--	--	--	--	--	--
Parks--various	--	--	--	--	--	930,091
Environmental resources	--	--	--	--	--	--
Fire/EMS building	--	--	--	--	--	--
						<u>922,359</u>
Funds Authorized						
October 22, 1983						
Jollyville road improvements	--	--	--	--	--	8,636
Energy improvements - city facilities	--	--	--	--	--	85,898
						<u>94,534</u>
Funds Authorized						
September 8, 1984						
Zilker land acquisition	--	--	--	--	--	--
PARD pools	--	--	--	--	--	3,533
Parkland acquisition	--	--	--	--	--	65,690
Parks/Old Bakery	--	--	--	--	--	256,460
Drainage and flood improvements	--	--	470	--	470	2,588,191
Street improvements	--	7,500	35	--	7,535	3,163,992
Fire improvements	--	--	--	--	--	45,380
Libraries	--	--	--	--	--	--
Police facilities	--	--	--	--	--	--
Traffic signals	--	--	--	--	--	12,877
EMS/Fire facility	--	--	--	--	--	--
	\$	7,500	505	--	8,005	<u>6,136,123</u>

CITY OF AUSTIN, TEXAS
Exhibit E-4
(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total Other Financing Sources (Uses)	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balances Beginning of Year	Fund Balances End of Year
	Issuance of Tax Supported Debt	Operating Transfers In	Operating Transfers Out					
(5,255)	--	--	--	--	--	(5,255)	215,420	210,165
--	--	--	--	--	--	--	2,469	2,469
(698)	--	--	(404,090)	(404,090)	(404,788)	(404,788)	461,463	56,675
(2,292)	--	--	--	--	--	(2,292)	(88,028)	(90,320)
--	--	--	--	--	--	--	9,190	9,190
(8,245)	--	--	(404,090)	(404,090)	(412,335)	(412,335)	600,514	188,179
--	--	172,555	(359,299)	(186,744)	(186,744)	(186,744)	189,733	2,989
--	--	--	--	--	--	--	24,788	24,788
(418,919)	--	225,773	--	225,773	(193,146)	(193,146)	991,678	798,532
(418,919)	--	398,328	(359,299)	39,029	(379,890)	(379,890)	1,206,199	826,309
--	--	269,459	(172,555)	96,904	96,904	96,904	(96,890)	14
7,732	--	--	(593,461)	(593,461)	(585,729)	(585,729)	704,757	119,028
--	--	--	(141)	(141)	(141)	(141)	142	1
--	--	71,419	--	71,419	71,419	71,419	(71,419)	--
--	--	--	--	--	--	--	4	4
(930,091)	1,337,000	--	--	1,337,000	406,909	406,909	422,649	829,558
--	--	--	--	--	--	--	2,462	2,462
--	--	--	--	--	--	--	43,259	43,259
(922,359)	1,337,000	340,878	(766,157)	911,721	(10,638)	(10,638)	1,004,964	994,326
(8,636)	--	--	--	--	(8,636)	(8,636)	56,748	48,112
(85,898)	--	--	--	--	(85,898)	(85,898)	101,342	15,444
(94,534)	--	--	--	--	(94,534)	(94,534)	158,090	63,556
--	--	--	--	--	--	--	9	9
(3,533)	--	--	--	--	(3,533)	(3,533)	8,389	4,856
(65,690)	382,000	--	--	382,000	316,310	316,310	67,573	383,883
(256,460)	--	375,180	--	375,180	118,720	118,720	(134,782)	(16,062)
(2,587,721)	1,236,000	593,461	--	1,829,461	(758,260)	(758,260)	8,053,295	7,295,035
(3,156,457)	7,029,000	214,211	(244,800)	6,998,411	3,841,954	3,841,954	19,787,837	23,629,791
(45,380)	--	--	--	--	(45,380)	(45,380)	65,671	20,291
--	--	--	--	--	--	--	841	841
--	--	--	--	--	--	--	(13,785)	(13,785)
(12,877)	--	--	(1,202,445)	(1,202,445)	(1,215,322)	(1,215,322)	1,217,656	2,334
--	--	--	--	--	--	--	3,529	3,529
(6,128,118)	8,647,000	1,182,852	(1,447,245)	8,382,607	2,254,489	2,254,489	29,056,233	31,310,722

(continued)

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Revenues				Total Revenues	Expenditures Capital Outlay
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Unrealized Gain on Investments		
Funds Authorized						
January 19, 1985						
Cultural arts	\$ --	--	363,737	--	363,737	266,048
Downtown art museum	--	--	--	--	--	--
	--	--	363,737	--	363,737	266,048
Funds Authorized						
July 26, 1985						
Neighborhood park and recreation	--	--	(53,407)	--	(53,407)	919,208
Funds Authorized						
September 26, 1985						
Art in public places	--	--	--	--	--	44,053
Funds Authorized						
December 14, 1985						
Senior activity center	--	--	--	--	--	--
South Austin parkland	--	--	--	--	--	--
Parks Oak Hill	--	--	--	--	--	65,699
	--	--	--	--	--	65,699
Total funds authorized	--	--	310,330	--	310,330	1,295,008
Funds Authorized						
September 3, 1987						
Street resurfacing	230,924	--	40,603	--	271,527	387,799
Funds Authorized						
August 10, 1992						
EMS facility	--	--	--	--	--	1,357
Fire stations	--	--	--	--	--	1,053,017
Police substations	--	--	--	--	--	101,145
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	9,904	--	9,904	2,391,788
Erosion & flood control	--	--	--	--	--	810,990
Street & traffic signals	51,230	--	100	--	51,330	2,741,577
Neighborhood sidewalks	--	--	25	--	25	144,947
Parks and recreation facilities	208,229	230,000	--	--	438,229	2,465,323
Libraries	--	--	250	--	250	2,962,864
Balcones Canyonlands Conservation Plan	379,159	--	33,644	--	412,803	261,020
Barton Creek greenway	--	--	--	--	--	80,405
	\$ 638,618	230,000	43,923	--	912,541	13,014,433

CITY OF AUSTIN, TEXAS
Exhibit E-4
(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)			Total Other Financing Sources (Uses)	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balances Beginning of Year	Fund Balances End of Year
	Issuance of Tax Supported Debt	Operating Transfers In	Operating Transfers Out				
97,689	--	--	(363,737)	(363,737)	(266,048)	3,526,895	3,260,847
--	--	--	--	--	--	6,364,010	6,364,010
97,689	--	--	(363,737)	(363,737)	(266,048)	9,890,905	9,624,857
(972,615)		185,591	(185,591)	--	(972,615)	2,575,392	1,602,777
(44,053)	--		--	--	(44,053)	114,754	70,701
--	--	--	--	--	--	13,135	13,135
--	--	--	--	--	--	10,903	10,903
(65,699)	--	--	--	--	(65,699)	158,833	93,134
(65,699)	--	--	--	--	(65,699)	182,871	117,172
(984,678)	--	185,591	(549,328)	(363,737)	(1,348,415)	12,763,922	11,415,507
(116,272)	--	--	--	--	(116,272)	571,963	455,691
(1,357)	--	--	--	--	(1,357)	50,714	49,357
(1,053,017)	1,000,000	--	--	1,000,000	(53,017)	1,530,307	1,477,290
(101,145)	1,960,000	--	--	1,960,000	1,858,855	1,558,790	3,417,645
(2,381,884)	1,740,000	--	--	1,740,000	(641,884)	4,668,740	4,026,856
(810,990)	341,000	--	--	341,000	(469,990)	5,910,247	5,440,257
(2,690,247)	2,665,000	--	--	2,665,000	(25,247)	5,854,794	5,829,547
(144,922)	--	--	--	--	(144,922)	349,346	204,424
(2,027,094)	800,000	--	--	800,000	(1,227,094)	5,143,952	3,916,858
(2,962,614)	1,775,000	--	--	1,775,000	(1,187,614)	3,997,203	2,809,589
--	--	--	--	--	--	--	--
151,783	--	--	--	--	151,783	436,989	588,772
(80,405)	--	--	--	--	(80,405)	430,727	350,322
(12,101,892)	10,281,000	--	--	10,281,000	(1,820,892)	29,931,809	28,110,917

(continued)

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Revenues					Expenditures Capital Outlay
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Unrealized Gain on Investments	Total Revenues	
Other funds						
Street lights	\$ --	--	--	--	--	--
Planning & development improvements	--	--	--	--	--	54,580
TPSD general improvements	69,081	--	130,175	--	199,256	5,803,037
Parks project 1992	47,610	--	--	--	47,610	688,380
Library automation system	--	--	--	--	--	211,698
Fire/EMS/NW Austin MUD #1	--	45,875	14,041	--	59,916	--
General government projects	--	135,480	50	--	135,530	7,151,434
Health projects	--	--	--	--	--	3,625,815
Build Austin	7,380,851	--	900	--	7,381,751	7,718,740
Forsythia Drive	--	--	1,152	--	1,152	50,304
Central City Entertainment Center	--	300,000	--	--	300,000	2,709,445
Park improvements	810,000	125,000	--	--	935,000	905,666
Police and courts	--	--	--	--	--	93,793
Health centers	--	--	--	--	--	464,638
Neighborhood centers	--	--	--	--	--	43,885
Loan star improvements	884,787	--	27,065	--	911,852	889,755
Fire - general	--	--	600	--	600	2,283,560
Capital reserve	--	119,702	--	--	119,702	464,661
Library	--	--	--	--	--	3,685
Public Works	1,052,178	--	--	--	1,052,178	1,061,586
One Texas Center	--	--	197	--	197	1,100,899
GCP-Radio Trunking	--	--	--	--	--	170,062
Watershed Protection						
Annexed Areas	--	--	--	--	--	36,637
Tanglewood park	--	--	--	--	--	64,197
Interest income fund	--	--	6,165,698	600,065	6,765,763	--
Total other funds	10,244,507	726,057	6,339,878	600,065	17,910,507	35,596,457
1998 Totals	11,114,049	963,557	6,735,239	600,065	19,412,910	57,873,877

Funds authorized:						
Prior to 1981	--	--	--	--	--	119,240
August 29, 1981	(5,789)	--	--	--	(5,789)	122,956
September 11, 1982	--	--	--	--	--	330,204
October 22, 1983	--	--	150,040	--	150,040	489,830
September 8, 1984	571,257	--	7,074	--	578,331	9,113,929
1985	--	25,143	1,245,125	--	1,270,268	525,973
September 3, 1987	3,755	--	66,657	--	70,412	5,199
August 10, 1992	1,091,024	--	40,498	--	1,131,522	17,064,934
Other funds	5,415,844	--	5,857,174	--	11,273,018	34,928,379
1997 Totals	\$ 7,076,091	25,143	7,366,568	--	14,467,802	62,700,644

CITY OF AUSTIN, TEXAS
Exhibit E-4
(Continued)

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Total Other Financing Sources (Uses)	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balances Beginning of Year	Fund Balances End of Year
	Issuance of Tax Supported Debt	Operating Transfers In	Operating Transfers Out					
--	--	1,721	--	1,721	1,721	(1,721)	--	
(54,580)	--	--	--	--	(54,580)	847,107	792,527	
(5,603,781)	--	3,390,000	--	3,390,000	(2,213,781)	2,225,519	11,738	
(640,770)	--	948,000	--	948,000	307,230	761,897	1,069,127	
(211,698)	--	834,000	--	834,000	622,302	380,565	1,002,867	
59,916	--	--	--	--	59,916	204,354	264,270	
(7,015,904)	3,570,000	5,899,000	(1,893,590)	7,575,410	559,506	4,530,345	5,089,851	
(3,625,815)	--	1,500,000	--	1,500,000	(2,125,815)	3,639,524	1,513,709	
(336,989)	--	--	--	--	(336,989)	1,280	(335,709)	
(49,152)	--	--	--	--	(49,152)	51,843	2,691	
(2,409,445)	--	392,924	--	392,924	(2,016,521)	(900,030)	(2,916,551)	
29,334	--	1,206,280	--	1,206,280	1,235,614	489,652	1,725,266	
(93,793)	--	1,511,780	--	1,511,780	1,417,987	86	1,418,073	
(464,638)	--	--	--	--	(464,638)	1,303,807	839,169	
(43,885)	--	--	--	--	(43,885)	54,728	10,843	
22,097	--	--	--	--	22,097	--	22,097	
(2,282,960)	--	1,029,069	--	1,029,069	(1,253,891)	2,291,393	1,037,502	
(344,959)	--	200,000	--	200,000	(144,959)	9,256,447	9,111,488	
(3,685)	100,000	--	--	100,000	96,315	(16,568)	79,747	
(9,408)	--	--	--	--	(9,408)	--	(9,408)	
(1,100,702)	160,000	--	--	160,000	(940,702)	1,337,109	396,407	
(170,062)	13,510,000	--	--	13,510,000	13,339,938	--	13,339,938	
(36,637)	--	710,000	--	710,000	673,363	--	673,363	
(64,197)	--	--	--	--	(64,197)	--	(64,197)	
6,765,763	--	363,737	(7,843,000)	(7,479,263)	(713,500)	1,152,851	439,351	
(17,685,950)	17,340,000	17,986,511	(9,736,590)	25,589,921	7,903,971	27,610,188	35,514,159	
(38,460,967)	37,605,000	20,094,160	(13,262,709)	44,436,451	5,975,484	102,903,882	108,879,366	
(119,240)	--	--	(681,320)	(681,320)	(800,560)	1,401,074	600,514	
(128,745)	--	--	--	--	(128,745)	1,334,944	1,206,199	
(330,204)	--	491,320	--	491,320	161,116	843,848	1,004,964	
(339,790)	--	--	--	--	(339,790)	497,880	158,090	
(8,535,598)	11,796,000	190,000	--	11,986,000	3,450,402	25,605,831	29,056,233	
744,295	--	31,800	(653,330)	(621,530)	122,765	12,641,157	12,763,922	
65,213	--	--	--	--	65,213	506,750	571,963	
(15,933,412)	18,754,000	575,683	(14,450)	19,315,233	3,381,821	26,549,988	29,931,809	
(23,655,361)	28,100,000	10,660,913	(8,076,203)	30,684,710	7,029,349	20,580,839	27,610,188	
(48,232,842)	58,650,000	11,949,716	(9,425,303)	61,174,413	12,941,571	89,962,311	102,903,882	



ENTERPRISE FUNDS

Enterprise funds account for the acquisition, operations and maintenance of the City's facilities and services that are entirely or predominantly supported by user charges or those for which the City has decided that periodic determination of the revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. All activities necessary to provide services are accounted for in these funds, including, but not limited to, administration, operations, and maintenance. Debt service for the Electric Fund, the Water and Wastewater Fund, the Hospital Fund, the Solid Waste Services Fund, the Airport Fund, and the Convention Center Fund is also included. The enterprise funds are as follows:

- The Electric Fund;
- The Water and Wastewater Fund;
- The Hospital Fund;
- The Solid Waste Services Fund;
- The Airport Fund;
- The Convention Center Fund;
- The Drainage Fund;
- The Transportation Fund;
- The Performance Contracting Fund;
- The Golf Fund; and
- The Parks and Recreation Fund.

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ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
ASSETS					
Current assets:					
Cash	\$ 16,500	10,750	--	2,100	5,300
Pooled investments and cash	23,600,623	31,884,536	14,841,879	6,042,915	272,270
Accrued interest on investments	--	--	--	--	--
Working capital advances	3,788,187	--	--	--	--
Accounts receivable	81,187,315	18,901,772	6,323,495	3,424,760	1,679,923
Less allowance for doubtful accounts	(1,392,062)	(1,818,422)	(5,798,058)	(954,964)	(150,000)
Net accounts receivable	79,795,253	17,083,350	525,437	2,469,796	1,529,923
Receivable from other governments	--	--	--	23,879	--
Due from other funds	--	--	--	--	135,121
Inventories, at cost	41,433,782	911,102	--	--	--
Prepaid expenses and other assets	15,638,012	--	--	--	1,200
Total current assets	164,272,357	49,889,738	15,367,316	8,538,690	1,943,814
Restricted assets:					
Revenue bond current debt service account	75,670,179	25,451,678	--	54,876	1,180,923
Revenue bond future debt service account	156,547,474	--	--	--	--
Revenue bond retirement reserve account	115,186,906	53,490,151	--	--	--
Tax and revenue bond debt service account	--	68,466	--	--	--
Construction account	52,345,116	71,401,769	--	12,895,891	189,002,679
Construction account due from other funds	155,692	228,732	--	--	--
Construction account advances to other funds	311,386	726,185	--	--	--
Decommissioning account	49,332,878	--	--	--	--
Capital improvement account	--	--	--	--	17,706,677
Operating reserve account	--	--	--	--	6,960,050
Hotel occupancy tax account	--	--	--	--	--
Renewal and replacement account	--	--	--	--	5,000,000
Investments and cash held by trustee	2,004,314	20,241,564	2,500,000	--	--
Nuclear fuel inventory acquisition account	31,424,932	--	--	--	--
Mueller disposition account	--	--	--	--	608,543
Customer and escrow deposits	2,560,957	6,668,301	5,000,000	100,611	96,251
Other restricted accounts	--	--	--	--	116,638
Total restricted assets	485,539,834	178,276,846	7,500,000	13,051,378	220,671,761
Fixed assets, at cost:					
Property, plant and equipment in service	2,513,453,726	1,763,284,360	74,786,858	30,752,947	158,283,357
Less accumulated depreciation	(895,154,272)	(459,304,271)	(27,048,324)	(20,192,835)	(79,052,446)
Net property, plant and equipment in service	1,618,299,454	1,303,980,089	47,738,534	10,560,112	79,230,911
Construction in progress	59,198,270	51,965,003	--	15,657,417	391,420,952
Nuclear fuel, net of amortization	19,911,329	--	--	--	--
Plant held for future use	32,653,983	--	--	--	--
Net property, plant and equipment	1,730,063,036	1,355,945,092	47,738,534	26,217,529	470,651,863
Investment in municipal utility districts	--	2,746,428	--	--	--
Advances to other funds	--	--	--	--	19,101
Other long-term assets	--	--	--	--	--
Deferred costs and expenses, including bond issue cost, net of amortization	391,422,941	190,965,034	--	128,937	2,717,879
Total assets	\$ 2,771,298,168	1,777,823,138	70,605,850	47,936,534	696,004,418

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-1

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals	
						1998	1997
2,000	700	800	--	1,300	--	39,450	42,950
6,610,477	2,583,738	3,036,343	1,841,788	764,853	797,595	92,277,017	116,191,918
--	--	--	--	--	--	--	17,537
79,007	--	--	--	--	--	3,867,194	3,942,259
--	1,561,905	1,248,194	36,962	--	400	114,364,726	101,727,407
--	(63,097)	(336,307)	--	--	--	(10,512,910)	(15,038,277)
--	1,498,808	911,887	36,962	--	400	103,851,816	86,689,130
--	6,355	--	--	--	--	30,234	69,895
1,186,132	452,832	--	--	--	--	1,774,085	385,505
--	--	246,779	--	--	--	42,591,663	35,967,664
--	--	--	--	--	--	15,639,212	13,240,852
7,877,616	4,542,433	4,195,809	1,878,750	766,153	797,995	260,070,671	256,547,710
2,474,445	--	--	--	--	--	104,832,101	105,003,695
--	--	--	--	--	--	156,547,474	102,798,751
6,958,798	--	--	--	--	--	175,635,855	197,443,346
--	31,799	--	--	--	--	100,265	93,857
--	18,919,238	743,705	--	858,675	--	346,167,073	397,881,572
--	--	--	--	--	--	384,424	538,424
--	--	--	--	--	--	1,037,571	1,421,995
--	--	--	--	--	--	49,332,878	39,110,328
--	--	--	--	--	--	17,706,677	11,346,690
5,295,301	--	--	--	--	--	12,255,351	6,576,044
1,466,403	--	--	--	--	--	1,466,403	437,016
842,437	--	--	--	--	--	5,842,437	5,301,666
--	--	--	--	--	--	24,745,878	5,934,207
--	--	--	--	--	--	31,424,932	23,573,057
--	--	--	--	--	--	608,543	960,464
--	--	--	--	--	--	14,426,120	9,105,205
2,244,132	--	--	--	--	--	2,360,770	3,401,009
19,281,516	18,951,037	743,705	--	858,675	--	944,874,752	910,927,326
102,312,057	16,413,170	5,064,914	98,782	10,807,950	109,611	4,675,367,732	4,392,127,452
(18,383,910)	(2,237,944)	(2,144,318)	(4,119)	(2,353,393)	(32,339)	(1,505,908,171)	(1,357,253,192)
83,928,147	14,175,226	2,920,596	94,663	8,454,557	77,272	3,169,459,561	3,034,874,260
10,654,542	17,221,652	61,295	--	78,112	--	546,257,243	440,627,943
--	--	--	--	--	--	19,911,329	27,763,204
--	--	--	--	--	--	32,653,983	32,653,983
94,582,689	31,396,878	2,981,891	94,663	8,532,669	77,272	3,768,282,116	3,535,919,390
--	--	--	--	--	--	2,746,428	19,187,815
--	--	--	--	--	--	19,101	62,807
--	--	--	532,854	--	--	532,854	--
1,128,619	--	2,288	--	18,860	--	586,384,558	558,551,797
122,870,440	54,890,348	7,923,693	2,506,267	10,176,357	875,267	5,562,910,480	5,281,196,845

(continued)

**ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 20,054,523	1,170,840	170,633	260,866	436,315
Accrued payroll	3,092,052	2,062,670	30,563	686,463	500,356
Accrued compensated absences	5,692,942	3,309,316	22,387	818,699	489,340
Construction contracts payable	--	204,041	--	--	--
Contract revenue bonds payable	--	5,695,000	--	--	--
Due to other governments	--	--	1,083,021	--	--
Due to other funds	--	444,049	--	121,550	2,656
Interest payable on other debt	1,711,223	3,441,452	--	206,050	164,613
Deferred revenue	--	959,058	182,080	--	--
General obligation bonds payable and other tax supported debt	--	--	--	2,258,949	85,758
Water improvement district bonds payable	--	332,000	--	--	--
Capital lease obligations payable	1,173,919	675,000	--	--	--
Other liabilities	5,523,396	152,260	--	14,716	4,572
Total current liabilities	37,248,055	18,445,686	1,488,684	4,367,293	1,683,610
Liabilities payable from restricted assets:					
Accounts and retainage payable	1,777,152	11,531,894	--	171,538	29,057,581
Due to other funds	--	--	--	--	--
Accrued interest payable	33,522,522	15,205,030	--	2,187	9,057,083
General obligation bonds payable and other tax supported debt	85,672	3,359,301	--	750,000	--
Revenue bonds payable within one year	83,486,616	16,362,256	--	--	--
Customer deposits	1,210,869	489,372	--	100,611	96,251
Escrow deposits	1,350,088	6,178,929	--	--	--
Decommissioning expense payable	48,827,308	--	--	--	--
Nuclear fuel expense payable	31,424,932	--	--	--	--
Other liabilities	--	--	--	--	12,000
Total liabilities payable from restricted assets	\$ 201,685,159	53,126,782	--	1,024,336	38,222,915

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-1
(Continued)

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals	
						1998	1997
108,097	266,353	339,609	7,199	66,105	66,517	22,947,057	47,359,995
182,153	432,363	262,997	81,797	65,589	29,024	7,426,027	6,217,986
177,941	494,490	325,913	77,846	74,325	33,874	11,517,073	10,976,300
--	--	--	--	--	--	204,041	161,922
--	--	--	--	--	--	5,695,000	5,020,000
--	--	--	--	--	--	1,083,021	2,112,052
--	5,559	--	--	--	--	573,814	645,964
--	14,489	14,165	--	27,231	--	5,579,223	4,026,177
--	--	--	--	--	--	1,141,138	1,790,470
14,193	86,044	101,669	--	308,900	--	2,855,513	2,512,050
--	--	--	--	--	--	332,000	130,000
--	--	--	--	--	--	1,848,919	1,776,312
--	--	--	--	--	185	5,695,129	3,737,137
482,384	1,299,298	1,044,353	166,842	542,150	129,600	66,897,955	86,466,365
63,538	367,631	--	--	607	--	42,969,941	23,185,850
1,186,132	--	--	--	--	--	1,186,132	--
1,509,417	--	--	--	--	--	59,296,239	62,868,981
--	--	--	--	--	--	4,194,973	2,669,357
1,960,000	--	--	--	--	--	101,808,872	95,807,453
703,694	212,380	--	--	--	--	2,813,177	3,632,950
--	--	--	--	--	--	7,529,017	1,349,379
--	--	--	--	--	--	48,827,308	39,110,328
--	--	--	--	--	--	31,424,932	23,573,057
9,178,109	--	--	--	--	--	9,190,109	32,701
14,600,890	580,011	--	--	607	--	309,240,700	252,230,056

(continued)

**ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
LIABILITIES AND FUND EQUITY, CONTINUED					
Long-term liabilities:					
Accrued compensated absences payable	\$ 2,600,288	1,296,070	160,591	292,760	463,738
Construction contracts payable	--	2,018,023	--	--	--
Contract revenue bonds payable, net of discount	--	101,359,940	--	--	--
Advances from other funds	--	--	--	45,220	5,313
Capital appreciation bond interest payable	65,705,446	32,476,550	--	35,056	111,101
Commercial paper notes payable	158,798,023	135,614,000	--	--	--
Revenue notes payable	--	--	--	--	28,000,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	1,623,081	31,199,817	--	15,272,004	981,053
Revenue bonds payable, net of discount and inclusive of premium	1,529,299,816	726,940,182	--	--	382,798,107
Water improvement district bonds payable	--	1,076,000	--	--	--
Capital lease obligations payable	12,649,999	8,950,000	--	--	--
Decommissioning assessment payable	2,791,495	--	--	--	--
Accrued landfill closure and postclosure costs	--	--	--	6,224,517	--
Deferred revenue and other credits	--	6,833,287	--	--	--
Total long-term liabilities	<u>1,773,468,148</u>	<u>1,047,763,869</u>	<u>160,591</u>	<u>21,869,557</u>	<u>412,359,312</u>
Total liabilities	<u>2,012,401,362</u>	<u>1,119,336,337</u>	<u>1,649,275</u>	<u>27,261,186</u>	<u>452,265,837</u>
Fund equity					
Contributions from municipality	832,571	4,310,746	8,053,972	1,367,679	3,030,827
Contributions from State and Federal governments	263,330	32,484,035	874,135	--	109,025,667
Contributions in aid of construction	63,060,452	272,472,358	--	--	4,739,229
Contributions from the private sector	--	--	3,686,908	--	--
Total contributions	<u>64,156,353</u>	<u>309,267,139</u>	<u>12,615,015</u>	<u>1,367,679</u>	<u>116,795,723</u>
Retained earnings:					
Reserved for renewal and replacement	--	--	--	--	5,000,000
Reserved for passenger facility charge	--	--	--	--	116,638
Unreserved	694,740,453	349,219,662	56,341,560	19,307,669	121,826,220
Total retained earnings	<u>694,740,453</u>	<u>349,219,662</u>	<u>56,341,560</u>	<u>19,307,669</u>	<u>126,942,858</u>
Total fund equity	<u>758,896,806</u>	<u>658,486,801</u>	<u>68,956,575</u>	<u>20,675,348</u>	<u>243,738,581</u>
Total liabilities and fund equity	<u>\$ 2,771,298,168</u>	<u>1,777,823,138</u>	<u>70,605,850</u>	<u>47,936,534</u>	<u>696,004,418</u>

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-1
(Continued)

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals	
						1998	1997
160,427	298,339	367,029	67,856	153,648	28,991	5,889,737	5,663,157
--	--	--	--	--	--	2,018,023	2,727,507
--	--	--	--	--	--	101,359,940	107,455,000
--	11,118	--	--	--	--	61,651	191,414
--	--	--	--	--	--	98,328,153	119,112,419
--	--	--	--	--	--	294,412,023	229,108,000
--	--	--	--	--	--	28,000,000	--
268,886	966,220	653,792	--	6,328,348	--	57,293,201	33,545,488
68,340,891	--	--	--	--	--	2,707,378,996	2,760,241,266
--	--	--	--	--	--	1,076,000	483,000
--	--	--	--	--	--	21,599,999	23,448,918
--	--	--	--	--	--	2,791,495	2,791,495
--	--	--	--	--	--	6,224,517	8,640,380
--	--	--	--	--	--	6,833,287	7,792,346
68,770,204	1,275,677	1,020,821	67,856	6,481,996	28,991	3,333,267,022	3,301,200,390
83,853,478	3,154,986	2,065,174	234,698	7,024,753	158,591	3,709,405,677	3,639,896,811
18,986,760	13,283,659	331,206	--	867,779	1,069,976	52,135,175	42,726,142
272,475	--	--	--	--	--	142,919,642	141,603,047
1,987,080	9,919,488	--	--	--	--	352,178,607	324,049,533
488,436	--	--	--	--	--	4,175,344	3,775,344
21,734,751	23,203,147	331,206	--	867,779	1,069,976	551,408,768	512,154,066
842,437	--	--	--	--	--	5,842,437	5,301,666
--	--	--	--	--	--	116,638	1,494,965
16,439,774	28,532,215	5,527,313	2,271,569	2,283,825	(353,300)	1,296,136,960	1,122,349,337
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
39,016,962	51,735,362	5,858,519	2,271,569	3,151,604	716,676	1,853,504,803	1,641,300,034
122,870,440	54,890,348	7,923,693	2,506,267	10,176,357	875,267	5,562,910,480	5,281,196,845

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
REVENUES					
Utility services	\$ 668,371,051	201,791,794	--	--	--
User fees and rentals	--	--	2,095,684	33,088,458	42,995,404
Operating revenues from other governments	--	--	9,075,130	--	--
Operating revenues	668,371,051	201,791,794	11,170,814	33,088,458	42,995,404
EXPENSES					
Operating expenses before depreciation	332,985,598	80,952,915	897,786	21,395,701	22,878,140
Depreciation	77,264,956	43,846,881	2,176,852	2,866,944	16,609,389
Total operating expenses	410,250,554	124,799,796	3,074,638	24,262,645	39,487,529
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	258,120,497	76,991,998	8,096,176	8,825,813	3,507,875
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	34,730,522	13,614,778	1,641,061	1,346,655	20,316,759
Unrealized gain on investments	7,329,213	2,400,594	119,304	97,503	609,408
Interest on revenue bonds and other debt	(128,876,885)	(64,203,667)	--	(1,128,217)	(25,281,887)
Interest capitalized during construction	--	--	--	--	10,976,299
Amortization of bond issue cost	(538,425)	(357,697)	--	(15,402)	(101,795)
Other nonoperating expense	(4,370,001)	(2,200,209)	(449,742)	(467,744)	(5,197,523)
Total nonoperating revenues (expenses)	(91,725,576)	(50,746,201)	1,310,623	(167,205)	1,321,261
Cost to be recovered in future years	(322,654)	19,097,114	--	--	--
Income (loss) before operating transfers	166,072,267	45,342,911	9,406,799	8,658,608	4,829,136
Operating transfers:					
Operating transfers in	--	--	--	235,000	--
Operating transfers out	(57,409,800)	(15,436,464)	(6,302,410)	(75,000)	--
Net income (loss)	108,662,467	29,906,447	3,104,389	8,818,608	4,829,136
Add depreciation transferred to contributions	--	--	--	--	6,923,598
Retained earnings reclassified to contributed capital	--	--	--	--	--
Net increase (decrease) in retained earnings	108,662,467	29,906,447	3,104,389	8,818,608	11,752,734
Retained earnings at beginning of year	586,077,986	319,313,215	53,237,171	10,489,061	115,190,124
Retained earnings at end of year	\$ 694,740,453	349,219,662	56,341,560	19,307,669	126,942,858

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-2

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Totals	
						1998	1997
--	--	--	--	--	--	870,162,845	774,261,590
8,003,059	17,266,137	14,418,155	573,319	4,760,622	2,990,054	126,190,892	107,728,281
--	--	--	--	--	--	9,075,130	--
8,003,059	17,266,137	14,418,155	573,319	4,760,622	2,990,054	1,005,428,867	881,989,871
10,305,580	15,009,493	11,661,337	3,938,242	3,831,504	2,936,092	506,792,388	464,180,521
2,580,660	819,998	713,104	4,119	381,138	8,989	147,273,030	134,168,497
12,886,240	15,829,491	12,374,441	3,942,361	4,212,642	2,945,081	654,065,418	598,349,018
(4,883,181)	1,436,646	2,043,714	(3,369,042)	547,980	44,973	351,363,449	283,640,853
1,533,694	1,610,875	154,079	25,018	102,981	59,650	75,136,072	66,360,305
85,525	112,691	15,518	9,406	8,594	4,181	10,791,937	--
(4,732,982)	(92,621)	(33,988)	--	(356,134)	--	(224,706,381)	(225,305,992)
--	--	--	--	--	--	10,976,299	4,935,692
(70,725)	--	(369)	--	(1,455)	--	(1,085,868)	(969,842)
(308,317)	(487,023)	(48,785)	(4,959)	(28,362)	(18,175)	(13,580,840)	(7,005,187)
(3,492,805)	1,143,922	86,455	29,465	(274,376)	45,656	(142,468,781)	(161,985,024)
--	--	--	--	--	--	18,774,460	25,612,997
(8,375,986)	2,580,568	2,130,169	(3,339,577)	273,604	90,629	227,669,128	147,268,826
12,106,573	193,504	--	5,733,547	--	--	18,268,624	10,408,543
(50,000)	(580,702)	--	(122,401)	--	--	(79,976,777)	(74,761,256)
3,680,587	2,193,370	2,130,169	2,271,569	273,604	90,629	165,960,975	82,916,113
65,494	--	--	--	--	--	6,989,092	4,420,306
--	--	--	--	--	--	--	(3,519,622)
3,746,081	2,193,370	2,130,169	2,271,569	273,604	90,629	172,950,067	83,816,797
13,536,130	26,338,845	3,397,144	--	2,010,221	(443,929)	1,129,145,968	1,045,329,171
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

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 655,557,247	199,521,503	2,840,341	32,525,139	43,862,343
Cash payments to suppliers for goods and services	(273,123,839)	(40,133,468)	(471,529)	(11,512,500)	(10,846,970)
Cash payments to employees for services	(57,764,141)	(39,848,424)	(989,715)	(12,388,834)	(7,936,763)
Cash received from other governments	--	--	7,108,832	--	--
Taxes collected and remitted to other governments	(14,482,333)	--	--	--	--
Net cash provided (used) by operating activities	310,186,934	119,539,611	8,487,929	8,623,805	25,078,610
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	--	--	--	235,000	--
Operating transfers out	(57,409,800)	(15,436,464)	(6,302,410)	(75,000)	--
Interest paid on revenue notes and other debt	(112,431)	(38,180)	--	--	--
Decrease in deferred assets	316,085	--	--	--	--
Contributions from private sector	--	--	--	--	--
Loan (to) from other funds	--	444,049	--	--	45,939
Net cash provided (used) by noncapital financing activities	(57,206,146)	(15,030,595)	(6,302,410)	160,000	45,939
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of commercial paper notes	21,669,000	44,206,000	--	--	--
Proceeds from the sale of general obligation bonds and other tax supported debt	1,772,152	1,916,932	--	2,542,018	312,358
Proceeds from the sale of revenue notes	--	--	--	--	28,000,000
Proceeds from sale of revenue bonds	--	--	--	--	--
Principal paid on long-term debt	(78,197,461)	(25,268,397)	--	(3,132,325)	(102,385)
Proceeds from the sale of fixed assets	600,375	--	--	--	46,310
Purchased interest received	9,491	--	--	--	--
Interest paid on revenue bonds and other debt	(105,932,286)	(54,252,764)	--	(1,173,418)	(24,707,355)
Acquisition and construction of capital assets	(61,502,118)	(77,565,089)	--	(5,920,783)	(148,350,991)
Contributions from municipality	--	--	--	29,099	1,843
Contributions from State and Federal governments	--	--	--	--	23,532,213
Contributions in aid of construction	1,715,572	19,829,462	--	--	4,739,229
Bond discounts and issuance costs	6,900,870	1,537,867	--	(14,711)	(291,062)
Cash paid for bond defeasance	(994,509)	(20,004,944)	--	--	--
Bonds issued for advanced refundings of debt	251,982,968	51,037,032	--	4,441,307	--
Cash paid for bond refunding escrow	(260,260,305)	(52,732,963)	--	(4,433,347)	--
Proceeds from municipal utility district reserves	--	18,205,377	--	--	--
Cash paid for nuclear fuel inventory	(4,937,020)	--	--	--	--
Net cash used by capital and related financing activities	\$ (227,173,271)	(93,091,487)	--	(7,662,160)	(116,819,840)

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-3

Convention Center	Drainage	Performance		Golf	Parks and Recreation	Totals	
		Transportation	Contracting			1998	1997
7,761,427	16,964,938	14,010,597	3,503	4,760,622	2,989,654	980,797,314	892,864,123
(6,196,833)	(7,755,079)	(6,048,319)	(2,507,402)	(2,067,433)	(1,434,063)	(362,097,435)	(287,480,325)
(4,115,379)	(7,145,110)	(5,114,589)	(1,196,142)	(1,735,914)	(1,571,171)	(139,806,182)	(137,567,946)
--	--	--	--	--	--	7,108,832	839,569
--	--	--	--	--	--	(14,482,333)	(12,278,859)
(2,550,785)	2,064,749	2,847,689	(3,700,041)	957,275	(15,580)	471,520,196	456,376,562
12,106,573	193,504	--	5,733,547	--	--	18,268,624	10,408,543
(50,000)	(580,702)	--	(122,401)	--	--	(79,976,777)	(74,761,256)
--	--	--	--	--	--	(150,611)	(378,409)
--	--	--	--	--	--	316,085	(40,188)
400,000	--	--	--	--	--	400,000	--
--	(452,832)	--	--	--	--	37,156	(145,445)
12,456,573	(840,030)	--	5,611,146	--	--	(61,105,523)	(64,916,755)
--	--	--	--	--	--	65,875,000	96,190,000
--	142,958	805,000	--	--	--	7,491,418	2,055,000
--	--	--	--	--	--	28,000,000	--
293,582	--	--	--	--	--	293,582	--
(1,895,503)	(75,454)	(49,539)	--	(288,897)	--	(109,009,961)	(92,962,342)
--	--	--	--	--	--	646,685	--
--	--	--	--	--	--	9,491	860,362
(4,065,620)	(92,242)	(19,823)	--	(359,549)	--	(190,603,057)	(193,252,416)
(11,843,529)	(6,053,049)	(971,696)	(98,782)	(244,438)	--	(312,550,475)	(311,030,385)
--	101,714	--	--	--	--	132,656	93,216
--	--	--	--	--	--	23,532,213	31,671,958
--	3,024,280	--	--	--	--	29,308,543	17,880,294
--	--	(2,657)	--	(3,388)	--	8,126,919	(7,907,009)
--	--	--	--	--	--	(20,999,453)	--
--	--	--	--	1,890,284	--	309,351,591	227,215,000
--	--	--	--	(1,886,896)	--	(319,313,511)	(223,103,804)
--	--	--	--	--	--	18,205,377	536,767
--	--	--	--	--	--	(4,937,020)	(12,803,526)
(17,511,070)	(2,951,793)	(238,715)	(98,782)	(892,884)	--	(466,440,002)	(464,556,885)

(continued)

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	\$ (618,398,792)	(365,093,598)	--	(801,778)	(496,976,914)
Proceeds from sale and maturities of investment securities	556,981,226	368,270,219	--	801,500	582,608,509
Interest on investments	23,824,222	10,984,670	1,179,065	973,684	15,976,299
Reverse repurchase agreement income	4,287,752	2,161,431	461,996	372,971	5,369,567
Unrealized gain on investments	766,278	664,320	119,304	97,503	272,270
Reverse repurchase agreement expense	(4,189,194)	(2,096,931)	(449,434)	(362,827)	(5,195,251)
Net cash provided (used) by investing activities	(36,728,508)	14,890,111	1,310,931	1,081,053	102,054,480
Net increase (decrease) in cash and cash equivalents	(10,920,991)	26,307,640	3,496,450	2,202,698	10,359,189
Cash and cash equivalents, October 1 (including \$224,817,037 in restricted accounts)	124,366,940	103,811,156	18,845,429	16,838,819	38,961,240
Cash and cash equivalents, September 30 (including \$278,113,315 in restricted accounts)	113,445,949	130,118,796	22,341,879	19,041,517	49,320,429
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	258,120,497	76,991,998	8,096,176	8,825,813	3,507,875
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	77,264,956	43,846,881	2,176,852	2,866,944	16,609,389
Allowance for doubtful accounts	68,720	354,928	(4,682,238)	(339,416)	--
Amortization	12,788,895	--	--	--	--
Change in assets and liabilities:					
Increase (decrease) in working capital advances	75,065	--	--	--	--
(Increase) decrease in accounts receivable	(17,021,356)	(490,955)	5,426,895	(572,973)	776,803
(Increase) decrease in receivable from other governments	--	--	--	30,047	--
Decrease in due from other funds	--	--	--	--	59,437
(Increase) decrease in inventory	(6,495,950)	(105,115)	--	--	--
(Increase) decrease in prepaid expenses and deferred costs	3,211,422	--	496,814	--	--
Decrease in other regulatory assets	317,067	--	--	--	--
Increase (decrease) in accounts payable	(23,292,269)	(174,668)	(903,281)	(36,753)	3,708,895
Increase (decrease) in accrued payroll and compensated absences	176,453	503,436	(156,991)	284,080	385,196
Increase (decrease) in deferred revenue	--	(959,059)	(649,332)	--	--
Decrease in decommissioning assessment payable	--	--	--	--	--
Increase in unrecovered fuel revenue	(6,289,042)	--	--	--	--
Increase (decrease) in accrued landfill closure costs	--	--	--	(2,415,863)	--
Increase (decrease) in due to other governments	--	--	(1,029,031)	--	--
Increase (decrease) in due to other funds	--	(228,264)	(287,935)	--	--
Increase (decrease) in other liabilities	11,949,432	(17,498)	--	2,319	316
Increase (decrease) in customer deposits	(686,956)	(182,073)	--	(20,393)	30,699
Total adjustments	52,066,437	42,547,613	391,753	(202,008)	21,570,735
Net cash provided (used) by operating activities	\$ 310,186,934	119,539,611	8,487,929	8,623,805	25,078,610

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-3
(Continued)

Convention Center	Drainage	Transportation	Performance			Parks and Recreation	Totals	
			Contracting	Golf			1998	1997
(6,278,158)	(159,516)	--	--	--	--	--	(1,487,708,756)	(2,030,169,436)
6,191,831	154,998	--	--	--	--	--	1,515,008,283	1,994,504,596
1,221,331	1,161,187	108,903	19,924	74,336	58,147	--	55,581,768	56,969,639
315,293	449,688	45,175	5,094	28,645	1,503	--	13,499,115	6,069,030
83,902	112,691	15,518	9,406	8,594	4,181	--	2,153,967	--
(306,723)	(437,475)	(43,941)	(4,959)	(27,867)	(16,569)	--	(13,131,171)	(5,901,584)
1,227,476	1,281,573	125,655	29,465	83,708	47,262	--	85,403,206	21,472,245
(6,377,806)	(445,501)	2,734,629	1,841,788	148,099	31,682	--	29,377,877	(51,624,833)
12,990,283	21,949,177	1,046,219	--	1,476,729	765,913	--	341,051,905	392,676,738
6,612,477	21,503,676	3,780,848	1,841,788	1,624,828	797,595	--	370,429,782	341,051,905
(4,883,181)	1,436,646	2,043,714	(3,369,042)	547,980	44,973	--	351,363,449	283,640,853
2,580,660	819,998	713,104	4,119	381,138	8,989	--	147,273,030	134,168,497
--	(38,343)	110,982	--	--	--	--	(4,525,367)	(352,355)
--	--	--	--	--	--	--	12,788,895	14,518,979
--	--	--	--	--	--	--	75,065	(1,589,829)
(311,209)	(310,813)	(407,558)	(569,816)	--	(400)	--	(13,481,382)	1,574,471
--	9,614	--	--	--	--	--	39,661	(45,261)
--	--	--	--	--	--	--	59,437	99,370
--	--	(22,934)	--	--	--	--	(6,623,999)	13,891,923
--	--	--	--	--	--	--	3,708,236	(5,272,684)
--	--	--	--	--	--	--	317,067	335,305
(83,698)	(172,481)	72,518	7,199	2,595	(42,943)	--	(20,914,886)	2,719,506
77,066	320,128	149,149	227,499	25,562	(26,384)	--	1,965,194	419,818
--	--	--	--	--	--	--	(1,608,391)	8,910,592
--	--	--	--	--	--	--	--	(214,730)
--	--	--	--	--	--	--	(6,289,042)	(6,514,543)
--	--	--	--	--	--	--	(2,415,863)	888,988
--	--	--	--	--	--	--	(1,029,031)	2,078,440
--	--	188,714	--	--	--	--	(327,485)	94,105
--	--	--	--	--	--	185	11,934,754	7,287,204
69,577	--	--	--	--	--	--	(789,146)	(262,087)
2,332,396	628,103	803,975	(330,999)	409,295	(60,553)	--	120,156,747	172,735,709
(2,550,785)	2,064,749	2,847,689	(3,700,041)	957,275	(15,580)	--	471,520,196	456,376,562

(continued)

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Electric	Water and Wastewater	Hospital	Solid Waste Services	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Increase in deferred assets/expenses	\$ 15,965,371	11,976,868	--	98,938	--
Unamortized bond discounts/issue costs on advance refundings	(2,227,010)	(519,765)	--	--	--
(Increase) decrease in capital appreciation bond interest payable	20,067,529	573,546	--	45,647	125,147
Fixed assets contributed from other funds	1,723,396	--	--	--	--
Increase in contributed facilities	--	17,493,328	--	--	--
Unrealized gain on investments	6,562,935	1,736,274	--	--	337,138
Amortization of bond discounts, premiums and issue costs	(2,544,072)	(2,880,976)	--	(15,402)	(635,360)
Amortization of deferred loss on refundings	--	--	--	--	(83,370)
Loss on disposal of assets	(180,807)	(103,278)	(308)	(104,917)	(2,272)
Costs to be recovered in future years	(322,654)	19,097,114	--	--	--
Loss on extinguishment of debt	(13,258,895)	(4,016,369)	--	--	--
Due to other funds for fixed assets	\$ --	--	--	(67,831)	(7,969)

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-3
(Continued)

Convention Center	Drainage	Transportatio	Performance Contracting	Golf	Parks and Recreation	Totals	
						1998	1997
--	--	--	--	--	--	28,041,177	32,552,208
--	--	--	--	--	--	(2,746,775)	(17,567,518)
--	--	--	--	--	--	20,811,869	(23,110,327)
--	--	--	--	--	--	1,723,396	1,002,560
--	7,028,750	--	--	--	--	24,522,078	8,111,717
1,623	--	--	--	--	--	8,637,970	--
(246,114)	--	(369)	--	(1,750)	--	(6,324,043)	(6,037,867)
(516,790)	--	--	--	--	--	(600,160)	(600,161)
(1,594)	(49,548)	(4,844)	--	(495)	(1,606)	(449,669)	(1,103,603)
--	--	--	--	--	--	18,774,460	25,612,997
--	--	--	--	--	--	(17,275,264)	(16,132,595)
--	(16,677)	--	--	--	--	(92,477)	(123,302)

**ENTERPRISE FUNDS
COMBINING SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1998**

	Assets					Balance September 30, 1998
	Balance September 30, 1997	Additions	Retirements	Transfers from Construction in Progress	Transfers from (to) Other Funds (1)	
Property, plant and equipment in service:						
Electric	\$2,406,285,150	668,575	(12,644,274)	117,420,879	1,723,396	2,513,453,726
Water	798,114,879	24,749,549	(1,729,750)	46,358,453	(43,274)	867,449,857
Wastewater	851,894,516	26,465,879	(1,888,106)	19,318,940	43,274	895,834,503
Hospital	74,787,166	--	(308)	--	--	74,786,858
Solid Waste Services	29,645,030	291,070	(528,222)	1,345,069	--	30,752,947
Airport	110,135,457	2,281,073	(140,147)	46,006,974	--	158,283,357
Convention Center	99,378,281	1,748,701	(76,306)	1,261,381	--	102,312,057
Drainage	6,853,764	7,595,105	(49,547)	2,013,848	--	16,413,170
Transportation	4,159,356	910,402	(4,844)	--	--	5,064,914
Performance Contracting	--	98,782	--	--	--	98,782
Golf	10,762,636	47,461	(98,568)	96,421	--	10,807,950
Parks and Recreation	111,217	--	(1,606)	--	--	109,611
	<u>4,392,127,452</u>	<u>64,856,597</u>	<u>(17,161,678)</u>	<u>233,821,965</u>	<u>1,723,396</u>	<u>4,675,367,732</u>
Construction in progress:						
Electric	105,855,330	70,944,627	(180,808)	(117,420,879)	--	59,198,270
Water	23,387,776	49,189,534	--	(46,358,453)	--	26,218,857
Wastewater	15,107,391	29,957,695	--	(19,318,940)	--	25,746,146
Hospital	--	--	--	--	--	--
Solid Waste Services	11,686,395	5,316,091	--	(1,345,069)	--	15,657,417
Airport	268,625,327	168,802,599	--	(46,006,974)	--	391,420,952
Convention Center	1,851,085	10,064,838	--	(1,261,381)	--	10,654,542
Drainage	14,112,147	5,123,353	--	(2,013,848)	--	17,221,652
Transportation	--	61,295	--	--	--	61,295
Golf	2,492	172,041	--	(96,421)	--	78,112
	<u>440,627,943</u>	<u>339,632,073</u>	<u>(180,808)</u>	<u>(233,821,965)</u>	<u>--</u>	<u>546,257,243</u>
Electric-nuclear fuel inventory	115,641,787	4,937,020	--	--	--	120,578,807
Electric-plant held for future use	32,653,983	--	--	--	--	32,653,983
Total	<u>\$4,981,051,165</u>	<u>409,425,690</u>	<u>(17,342,486)</u>	<u>--</u>	<u>1,723,396</u>	<u>5,374,857,765</u>

See accompanying independent auditor's report.

Accumulated Depreciation

Balance September 30, 1997	Current Depreciation & Amortization	Retirements	Transfers and Adjustments	Balance September 30, 1998
818,396,311	77,264,956	(1,380,451)	873,456	895,154,272
182,053,656	19,662,279	(1,669,699)	2,628,243	202,674,479
230,946,972	24,184,602	(1,844,879)	3,343,097	256,629,792
24,871,473	2,176,851	--	--	27,048,324
17,749,197	2,866,944	(423,306)	--	20,192,835
62,580,931	16,609,390	(137,875)	--	79,052,446
15,877,962	2,580,660	(74,712)	--	18,383,910
1,251,800	819,998	--	166,146	2,237,944
1,431,214	713,105	--	--	2,144,318
--	4,119	--	--	4,119
2,070,328	381,138	(98,073)	--	2,353,393
23,350	8,989	--	--	32,339
1,357,253,193	147,273,031	(5,628,995)	7,010,942	1,505,908,171
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
87,878,583	12,788,895	--	--	100,667,478
--	--	--	--	--
1,445,131,776	160,061,926	(5,628,995)	7,010,942	1,606,575,649

(continued)

**ENTERPRISE FUNDS
COMBINING SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1998**

	Electric	Water	Wastewater	Hospital	Solid Waste Services	Airport
Property, plant and equipment:						
Land and land rights	\$ 33,178,943	53,215,641	13,889,161	759,502	10,461,629	58,411,982
Buildings	534,028,512	537,465,513	534,337,192	74,002,127	487,535	44,415,036
Improvements to grounds	10,658,505	18,808,457	15,010,621	14,580	3,369	39,570,038
Machinery and equipment	1,765,422,350	148,243,753	265,243,310	4,045	2,041,259	12,224,240
Vehicles	20,408,835	7,329,768	11,451,656	--	13,700,340	1,702,150
Completed assets not classified	149,756,581	102,386,725	55,902,563	6,604	4,058,815	1,959,911
	<u>2,513,453,726</u>	<u>867,449,857</u>	<u>895,834,503</u>	<u>74,786,858</u>	<u>30,752,947</u>	<u>158,283,357</u>
Less accumulated depreciation	(895,154,272)	(202,674,479)	(256,629,792)	(27,048,324)	(20,192,835)	(79,052,446)
Net property, plant and equipment in service	1,618,299,454	664,775,378	639,204,711	47,738,534	10,560,112	79,230,911
Construction in progress	59,198,270	26,218,857	25,746,146	--	15,657,417	391,420,952
Nuclear fuel, net of amortization	19,911,329	--	--	--	--	--
Plant held for future use	32,653,983	--	--	--	--	--
Total property, plant and equipment	<u>1,730,063,036</u>	<u>690,994,235</u>	<u>664,950,857</u>	<u>47,738,534</u>	<u>26,217,529</u>	<u>470,651,863</u>

(1) Transfers from (to) other funds and account groups are as follows:

Water	--	--	43,274	--	--	--
Wastewater	--	(43,274)	--	--	--	--
Utility Customer Service Fund	1,723,396	--	--	--	--	--
	<u>\$ 1,723,396</u>	<u>(43,274)</u>	<u>43,274</u>	<u>--</u>	<u>--</u>	<u>--</u>

See accompanying independent auditor's report.

CITY OF AUSTIN, TEXAS
Exhibit F-4
(Continued)

Convention Center	Drainage	Transportation	Performance Contracting	Golf	Parks and Recreation	Total
15,244,706	2,370,006	--	--	324,266	--	187,855,836
80,576,385	--	--	--	1,699,687	--	1,807,011,987
--	--	--	--	7,448,984	2,999	91,517,553
3,338,756	127,043	172,406	--	486,521	37,715	2,197,341,398
364,523	2,588,013	4,408,542	--	272,612	6,281	62,232,720
2,787,687	11,328,108	483,966	98,782	575,880	62,616	329,408,238
102,312,057	16,413,170	5,064,914	98,782	10,807,950	109,611	4,675,367,732
(18,383,910)	(2,237,944)	(2,144,318)	(4,119)	(2,353,393)	(32,339)	(1,505,908,171)
83,928,147	14,175,226	2,920,596	94,663	8,454,557	77,272	3,169,459,561
10,654,542	17,221,652	61,295	--	78,112	--	546,257,243
--	--	--	--	--	--	19,911,329
--	--	--	--	--	--	32,653,983
94,582,689	31,396,878	2,981,891	94,663	8,532,669	77,272	3,768,282,116
--	--	--	--	--	--	43,274
--	--	--	--	--	--	(43,274)
--	--	--	--	--	--	1,723,396
--	--	--	--	--	--	1,723,396



INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City and other agencies on a cost-reimbursement basis.

The internal service funds are as follows:

- The Fleet Maintenance Fund, which includes vehicle and equipment services;
- The Support Services Fund, which includes the activities of the various support service departments;
- The Utility Customer Services Fund, which includes the utility billing and collection activities for the City;
- The Employee Benefits Fund, which includes activities related to the health, dental, and life insurance costs of City employees;
- The Liability Reserve Fund, which provides coverage of the City's major claims liabilities;
- The Workers' Compensation Fund, which accounts for workers' compensation costs;
- The Radio Communication Fund, which includes communication support activities;
- The Infrastructure Support Services Fund, which includes the 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; and
- The Capital Projects Management Fund, which manages the City's capital improvement projects.

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**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

	Fleet Maintenance Fund	Support Services Fund (1)	Utility Customer Service Fund (2)	Employee Benefits Fund
ASSETS				
Current assets:				
Cash	\$ 7,166	14,375	--	--
Pooled investments and cash	4,333,422	6,565,738	--	7,617,910
Cash held by trustee	--	--	--	234,786
Accounts receivable	241,815	--	--	--
Less allowance for doubtful accounts	(221,726)	--	--	--
Net accounts receivable	20,089	--	--	--
Due from other funds	339,062	--	--	--
Inventories, at cost	1,580,136	--	--	--
Prepaid expenses	--	1,711	--	--
Total current assets	6,279,875	6,581,824	--	7,852,696
Restricted assets:				
Construction account	340,394	--	--	--
Total restricted assets	340,394	--	--	--
Fixed assets, at cost:				
Property, plant and equipment	26,881,711	15,028,786	--	--
Less accumulated depreciation	(14,239,709)	(6,514,694)	--	--
Net property, plant and equipment	12,642,002	8,514,092	--	--
Advances to other funds	--	--	--	--
Deferred costs and expenses, net of amortization	206	71,036	--	--
Total assets	\$ 19,262,477	15,166,952	--	7,852,696

- (1) Information Systems Fund is reported in the Support Services Fund in fiscal year 1998.
(2) Utility Customer Service Fund was closed to the Electric Utility Fund at the end of fiscal year 1998.

CITY OF AUSTIN, TEXAS
Exhibit G-1

Liability Reserve Fund	Workers' Compensation Fund	Radio Communication Fund	Infrastructure Support Services Fund	Capital Projects Management Fund	Totals	
					1998	1997
--	--	800	3,050	900	26,291	28,991
12,803,248	8,293,070	--	1,380,522	1,500,179	42,494,089	43,628,741
--	--	--	--	--	234,786	195,759
--	--	78,491	76,936	136,497	533,739	413,085
--	--	--	--	--	(221,726)	(221,726)
--	--	78,491	76,936	136,497	312,013	191,359
--	--	--	--	--	339,062	455,982
--	--	146,795	--	--	1,726,931	1,461,646
--	--	--	--	--	1,711	1,430
12,803,248	8,293,070	226,086	1,460,508	1,637,576	45,134,883	45,963,908
--	--	--	--	--	340,394	342,111
--	--	--	--	--	340,394	342,111
--	--	133,971	1,326,004	369,991	43,740,463	40,239,866
--	--	(19,759)	(597,853)	(32,189)	(21,404,204)	(20,401,601)
--	--	114,212	728,151	337,802	22,336,259	19,838,265
--	--	--	--	--	--	98,938
--	--	--	--	--	71,242	115,958
12,803,248	8,293,070	340,298	2,188,659	1,975,378	67,882,778	66,359,180

(continued)

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

	Fleet Maintenance Fund	Support Services Fund (1)	Utility Customer Service Fund (2)	Employee Benefits Fund
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 1,526,437	717,699	--	799,583
Accrued payroll	432,917	1,756,626	--	--
Accrued compensated absences	573,762	2,529,000	--	--
Claims payable	--	--	--	2,538,000
Due to other funds	25,330	463,390	--	--
Interest payable on other debt	15,545	97,322	--	--
Deferred revenue	98,938	--	--	--
General obligation bonds payable and other tax supported debt	287,393	1,061,524	--	--
Other liabilities	--	42,859	--	234,786
Total current liabilities	2,960,322	6,668,420	--	3,572,369
Long-term liabilities:				
Accrued compensated absences	143,967	877,915	--	--
Claims payable	--	--	--	--
Advances from other funds	50,661	944,360	--	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	806,029	4,946,244	--	--
Total long-term liabilities	1,000,657	6,768,519	--	--
Total liabilities	3,960,979	13,436,939	--	3,572,369
Fund equity				
Contributions from municipality	13,492,253	1,078,252	--	9,244,036
Retained earnings - unreserved	1,809,245	651,761	--	(4,963,709)
Total fund equity	15,301,498	1,730,013	--	4,280,327
Total liabilities and fund equity	\$ 19,262,477	15,166,952	--	7,852,696

- (1) Information Systems Fund is reported in the Support Services Fund in fiscal year 1998.
(2) Utility Customer Service Fund was closed to the Electric Utility Fund at the end of fiscal year 1998.

CITY OF AUSTIN, TEXAS
Exhibit G-1
(Continued)

Liability Reserve Fund	Workers' Compensation Fund	Radio Communication Fund	Infrastructure Support Services Fund	Capital Projects Management Fund	Totals	
					1998	1997
74,124	157,944	21,779	136,194	169,491	3,603,251	3,589,628
--	--	58,570	280,118	433,730	2,961,961	2,811,978
--	--	55,217	420,280	647,717	4,225,976	4,390,453
9,249,737	1,284,000	--	--	--	13,071,737	12,275,579
--	--	240,122	--	--	728,842	867,882
--	--	--	--	--	112,867	84,317
--	--	--	--	556,691	655,629	2,521,890
--	--	--	--	--	1,348,917	980,919
--	--	--	--	--	277,645	243,647
9,323,861	1,441,944	375,688	836,592	1,807,629	26,986,825	27,766,293
--	--	48,008	107,153	573,331	1,750,374	2,166,271
4,023,290	2,606,000	--	--	--	6,629,290	11,270,557
--	--	--	--	--	995,021	1,392,326
--	--	--	--	--	5,752,273	5,003,557
4,023,290	2,606,000	48,008	107,153	573,331	15,126,958	19,832,711
13,347,151	4,047,944	423,696	943,745	2,380,960	42,113,783	47,599,004
--	2,443,283	56,255	343,005	28,300	26,685,384	27,928,771
(543,903)	1,801,843	(139,653)	901,909	(433,882)	(916,389)	(9,168,595)
(543,903)	4,245,126	(83,398)	1,244,914	(405,582)	25,768,995	18,760,176
12,803,248	8,293,070	340,298	2,188,659	1,975,378	67,882,778	66,359,180

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

	Fleet Maintenance Fund	Support Services Fund (1)	Utility Customer Service Fund (2)	Employee Benefits Fund
REVENUES				
Billings to departments	\$ 16,172,185	49,167,360	16,402,107	24,600,422
Employee contributions	--	--	--	13,864,121
Other revenues	4,530	--	--	--
Operating revenues	<u>16,176,715</u>	<u>49,167,360</u>	<u>16,402,107</u>	<u>38,464,543</u>
EXPENSES				
Operating expenses before depreciation	13,790,366	45,347,557	16,465,713	38,453,602
Depreciation	752,386	906,138	144,824	--
Total operating expenses	<u>14,542,752</u>	<u>46,253,695</u>	<u>16,610,537</u>	<u>38,453,602</u>
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	<u>1,633,963</u>	<u>2,913,665</u>	<u>(208,430)</u>	<u>10,941</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	337,769	239,417	71,627	--
Unrealized gain on investments	21,169	14,144	--	--
Interest on other debt	(73,088)	(301,709)	--	--
Amortization of bond issue cost	(752)	(2,426)	--	--
Other nonoperating expense	(92,801)	(138,748)	(26,203)	--
Total nonoperating revenues (expenses)	<u>192,297</u>	<u>(189,322)</u>	<u>45,424</u>	<u>--</u>
Income (loss) before operating transfers	1,826,260	2,724,343	(163,006)	10,941
Operating transfers:				
Operating transfers out	(630,000)	--	--	--
Net income (loss)	<u>1,196,260</u>	<u>2,724,343</u>	<u>(163,006)</u>	<u>10,941</u>
Retained earnings at beginning of year	612,985	(2,072,582)	163,006	(4,974,650)
Retained earnings at end of year	<u>\$ 1,809,245</u>	<u>651,761</u>	<u>--</u>	<u>(4,963,709)</u>

- (1) Information Systems Fund is reported in the Support Services Fund in fiscal year 1998.
(2) Utility Customer Service Fund was closed to the Electric Utility Fund at the end of fiscal year 1998.

CITY OF AUSTIN, TEXAS
Exhibit G-2

Liability Reserve Fund	Workers' Compensation Fund	Radio Communication Fund	Infrastructure Support Services Fund	Capital Projects Management Fund	Totals	
					1998	1997
5,004,000	4,762,370	1,403,732	7,609,322	9,985,878	135,107,376	130,808,492
--	--	--	--	--	13,864,121	12,739,791
--	--	308,895	--	2,595,858	2,909,283	2,474,237
5,004,000	4,762,370	1,712,627	7,609,322	12,581,736	151,880,780	146,022,520
1,580,266	4,613,721	1,707,882	7,139,039	12,102,439	141,200,585	142,707,109
--	--	11,063	124,952	19,922	1,959,285	1,931,831
1,580,266	4,613,721	1,718,945	7,263,991	12,122,361	143,159,870	144,638,940
3,423,734	148,649	(6,318)	345,331	459,375	8,720,910	1,383,580
--	--	--	98,689	47,831	795,333	611,549
--	--	--	8,814	2,098	46,225	--
--	--	--	--	--	(374,797)	(290,960)
--	--	--	--	--	(3,178)	--
--	--	--	(34,639)	(9,896)	(302,287)	(930,772)
--	--	--	72,864	40,033	161,296	(610,183)
3,423,734	148,649	(6,318)	418,195	499,408	8,882,206	773,397
--	--	--	--	--	(630,000)	(791,000)
3,423,734	148,649	(6,318)	418,195	499,408	8,252,206	(17,603)
(3,967,637)	1,653,194	(133,335)	483,714	(933,290)	(9,168,595)	(9,150,992)
(543,903)	1,801,843	(139,653)	901,909	(433,882)	(916,389)	(9,168,595)

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

	Fleet Maintenance Fund	Support Services Fund (1)	Utility Customer Service Fund (2)	Employee Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 16,173,134	49,478,898	16,402,107	38,464,543
Cash payments to suppliers for goods and services	(6,071,548)	(11,093,781)	(11,168,976)	(19,295,782)
Cash payments to employees for services	(7,876,053)	(34,939,281)	(6,666,042)	--
Cash payments to claimants/beneficiaries	--	--	--	(19,333,155)
Net cash provided (used) by operating activities	2,225,533	3,445,836	(1,432,911)	(164,394)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers out	(630,000)	--	--	--
Cash received from other funds	77,370	--	--	--
Loan to other funds	--	--	--	--
Contributions from municipality	--	--	165,939	--
Net cash used by noncapital financing activities	(552,630)	--	165,939	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	(269,558)	(888,131)	--	--
Interest paid on other debt	(74,913)	(271,334)	--	--
Acquisition and construction of capital assets	(8,460,661)	(1,331,219)	--	--
Contributions from municipality	7,114,327	--	--	--
Net cash provided (used) by capital and related financing activities	(1,690,805)	(2,490,684)	--	--
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	242,531	170,574	52,743	--
Reverse repurchase agreement income	95,238	68,843	18,884	--
Unrealized gain on investments	21,169	14,144	--	--
Reverse repurchase agreement expense	(92,648)	(66,965)	(18,372)	--
Net cash provided by investing activities	266,290	186,596	53,255	--
Net increase (decrease) in cash and cash equivalents	248,388	1,141,748	(1,213,717)	(164,394)
Cash and cash equivalents, October 1 (including \$342,111 in restricted accounts)	4,432,594	5,438,365	1,213,717	8,017,090
Cash and cash equivalents, September 30 (including \$340,394 in restricted accounts)	\$ 4,680,982	6,580,113	--	7,852,696

- (1) Information Systems Fund is reported in the Support Services Fund in fiscal year 1998.
(2) Utility Customer Service Fund was closed to the Electric Utility Fund at the end of fiscal year 1998.

CITY OF AUSTIN, TEXAS
Exhibit G-3

Liability Reserve Fund	Workers' Compensation Fund	Radio Communication Fund	Infrastructure Support Services Fund	Capital Projects Management Fund	Totals	
					1998	1997
5,004,000	4,762,370	1,762,108	7,532,386	10,751,917	150,331,463	148,705,149
(820,034)	(2,053,329)	(659,984)	(1,809,084)	(3,488,844)	(56,461,362)	(54,440,772)
--	--	(958,770)	(5,242,427)	(8,407,416)	(64,089,989)	(59,859,325)
(2,980,247)	(3,892,009)	--	--	--	(26,205,411)	(24,878,116)
1,203,719	(1,182,968)	143,354	480,875	(1,144,343)	3,574,701	9,526,936
--	--	--	--	--	(630,000)	(791,000)
--	--	--	--	--	77,370	127,465
--	--	(77,370)	--	--	(77,370)	(127,465)
--	--	--	--	--	165,939	--
--	--	(77,370)	--	--	(464,061)	(791,000)
--	--	--	--	--	(1,157,689)	(799,709)
--	--	--	--	--	(346,247)	(217,249)
--	--	(65,984)	(431,542)	(157,715)	(10,447,121)	(8,075,051)
--	--	--	--	--	7,114,327	6,768,957
--	--	(65,984)	(431,542)	(157,715)	(4,836,730)	(2,323,052)
--	--	--	70,287	37,671	573,806	541,665
--	--	--	28,402	10,160	221,527	69,884
--	--	--	8,814	2,098	46,225	--
--	--	--	(27,629)	(9,896)	(215,510)	(67,953)
--	--	--	79,874	40,033	626,048	543,596
1,203,719	(1,182,968)	--	129,207	(1,262,025)	(1,100,042)	6,956,480
11,599,529	9,476,038	800	1,254,365	2,763,104	44,195,602	37,239,122
12,803,248	8,293,070	800	1,383,572	1,501,079	43,095,560	44,195,602

(continued)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997

	Fleet Maintenance Fund	Support Services Fund (1)	Utility Customer Service Fund (2)	Employee Benefits Fund
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,633,963	2,913,665	(208,430)	10,941
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	752,386	906,138	144,824	--
Allowance for doubtful accounts	--	--	--	--
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,579)	12,428	--	--
(Increase) decrease in due from other funds	--	--	--	--
(Increase) decrease in inventory	(319,480)	--	--	--
(Increase) in prepaid expenses	--	(281)	--	--
Decrease in deferred expenses	--	45,939	--	--
Increase (decrease) in accounts payable	70,406	(261,437)	(324,965)	150,638
Increase (decrease) in accrued payroll and compensated absences	100,773	256,758	(1,041,974)	--
Increase (decrease) in deferred revenue	(98,940)	--	--	--
Increase (decrease) in claims payable	--	--	--	(365,000)
Decrease in due to other funds	--	(61,670)	--	--
(Increase) decrease in advance from other funds	98,938	(371,975)	--	--
Increase (decrease) in other liabilities	(8,934)	6,271	(2,366)	39,027
Total adjustments	<u>591,570</u>	<u>532,171</u>	<u>(1,224,481)</u>	<u>(175,335)</u>
Net cash provided (used) by operating activities	<u>\$ 2,225,533</u>	<u>3,445,836</u>	<u>(1,432,911)</u>	<u>(164,394)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Increase in deferred assets/expenses	\$ 17,182	61,682	--	--
Amortization of bond discounts/issue costs on advance refundings	(752)	(2,426)	--	--
Loss on disposal of assets	(153)	(71,783)	(7,831)	--
Contributions (to) from municipality	\$ 5,710,434	(2,046,508)	434,833	--

(1) Information Systems Fund is reported in the Support Services Fund in fiscal year 1998.

(2) Utility Customer Service Fund was closed to the Electric Utility Fund at the end of fiscal year 1998.

CITY OF AUSTIN, TEXAS
Exhibit G-3
(Continued)

Liability Reserve Fund	Workers' Compensation Fund	Radio Communication Fund	Infrastructure Support Services Fund	Capital Projects Management Fund	Totals	
					1998	1997
3,423,734	148,649	(6,318)	345,331	459,375	8,720,910	1,383,580
--	--	11,063	124,952	19,922	1,959,285	1,931,831
--	--	--	--	--	--	(21,862)
--	--	49,481	(76,936)	(102,048)	(120,654)	420,029
--	--	--	--	39,550	39,550	(39,550)
--	--	54,195	--	--	(265,285)	(71,294)
--	--	--	--	--	(281)	51,090
--	--	--	--	--	45,939	43,269
(32,906)	(38,617)	5,314	(11,738)	81,012	(362,293)	(804,696)
--	--	29,619	99,266	125,167	(430,391)	2,406,893
--	--	--	--	(1,767,321)	(1,866,261)	2,324,012
(2,187,109)	(1,293,000)	--	--	--	(3,845,109)	1,959,460
--	--	--	--	--	(61,670)	(61,857)
--	--	--	--	--	(273,037)	(40,849)
--	--	--	--	--	33,998	46,880
(2,220,015)	(1,331,617)	149,672	135,544	(1,603,718)	(5,146,209)	8,143,356
1,203,719	(1,182,968)	143,354	480,875	(1,144,343)	3,574,701	9,526,936
--	--	--	--	--	78,864	--
--	--	--	--	--	(3,178)	--
--	--	--	(7,010)	--	(86,777)	(862,819)
--	--	--	--	--	4,098,759	1,382,683

**INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1998**

	Assets					
	Balance September 30, 1997	Additions	Retirements	Transfers from Construction in Progress	Transfers from (to) Other Funds (1)	Balance September 30, 1998
Property, plant and equipment in service:						
Fleet Maintenance	\$ 23,781,051	8,811,248	(153)	--	(5,710,435)	26,881,711
Support Services (2)	13,545,855	1,331,221	(71,783)	--	223,493	15,028,786
Utility Customer Service (3)	1,731,226	3	(7,833)	--	(1,723,396)	--
Radio Communication	67,987	65,984	--	--	--	133,971
Infrastructure Support Services	901,471	431,542	(7,009)	--	--	1,326,004
Capital Projects Management	212,276	157,715	--	--	--	369,991
Total	\$ 40,239,866	10,797,713	(86,778)	--	(7,210,338)	43,740,463

	Fleet Maintenance Fund	Support Services Fund (2)	Utility Customer Service Fund (3)	Radio Communication Fund	Infrastructure Support Services Fund	Capital Projects Management Fund
Property, plant and equipment:						
Land	\$ --	485,463	--	--	--	--
Buildings	3,528,426	1,500	--	--	--	--
Furniture and equipment	4,913,627	6,456,274	--	22,656	787,452	13,445
Vehicles	6,414,332	861,269	--	49,073	--	28,300
Completed construction unclassified	12,025,326	7,224,280	--	62,242	538,552	328,246
	26,881,711	15,028,786	--	133,971	1,326,004	369,991
Less accumulated depreciation	(14,239,709)	(6,514,694)	--	(19,759)	(597,853)	(32,189)
Net property, plant and equipment	\$ 12,642,002	8,514,092	--	114,212	728,151	337,802

(1) Transfers from (to) other funds and account groups are as follows:

Electric	\$ --	--	(1,723,396)	--	--	--
Fleet Maintenance	--	223,493	--	--	--	--
Support Services	(223,493)	--	--	--	--	--
General Fixed Assets	\$ (5,486,944)	--	--	--	--	--
	\$ (5,710,437)	223,493	(1,723,396)	--	--	--

(2) Information Systems Fund is reported in the Support Services fund in fiscal year 1998.

(3) Utility Customer Service Fund was closed to the Electric Utility Fund at the end of fiscal year 1998.

CITY OF AUSTIN, TEXAS
Exhibit G-4

Accumulated Depreciation

Balance September 30, 1997	Current Depreciation	Retirements	Transfers and Adjustments	Balance September 30, 1998
13,487,323	752,386	--	--	14,239,709
5,608,555	906,138	--	1	6,514,694
811,860	144,824	--	(956,684)	--
8,696	11,063	--	--	19,759
472,900	124,952	--	1	597,853
12,267	19,922	--	--	32,189
<u>20,401,601</u>	<u>1,959,285</u>	<u>--</u>	<u>(956,682)</u>	<u>21,404,204</u>

Total

485,463
3,529,926
12,193,454
7,352,974
<u>20,178,646</u>
43,740,463
<u>(21,404,204)</u>
<u>22,336,259</u>

(1,723,396)
223,493
(223,493)
<u>(5,486,945)</u>
<u>(7,210,341)</u>



FIDUCIARY FUNDS

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

The expendable trust funds include a variety of activities, as described on the following page.

The nonexpendable trust fund includes contributions for various governmental purposes, including purchase of library books and cemetery and preserve maintenance.

The agency funds include the Municipal Utility Districts Fund and various others.

See next page for descriptions of the individual funds.

Expendable Trust Funds

Penta Development Fund - Donation for the Penta Development Nature Conservancy.

Police Benefit Fund - Donations for the benefit and improvement of the Police Department.

Fairway Ridge Fund - Accounts for deposits for Fairway Ridge Subdivision.

Miscellaneous Fund - Various donations and revenues to be used for specified purposes.

Brackenridge Imaging Fund - Accounts for participation in and support of programs which will provide health care services.

Adaptive Programs Fund - Accounts for programs and activities sponsored by the Parks and Recreation Department.

Austin History Center Fund - Donations to be used for the Austin History Center.

Cemetery Fund - Revenues to be used for maintenance and care of cemeteries.

First Step - A Community - Accounts for programs and activities to improve community relations.

PARD Miscellaneous Fund - Various donations and revenues to be used for specified purposes for Parks and Recreation Department activities.

Planting for the Future Fund - Donations to be used for plantings in the City of Austin.

Special Library Fund - Donations received to purchase books or special equipment in memory of an individual.

Summer Musical Fund - Donations and revenues to be used for the annual summer musical production that is administered by PARD.

Teen Activity Fund - Donations and revenues to be used for teen activities sponsored by the Parks and Recreation Department.

Town Lake Beautification Fund - Donations to be used for the beautification of Town Lake.

Nonexpendable Trust Funds

Interest income from contributions may be used for specified purposes, such as purchase of library books or maintenance of cemeteries and preserves.

Agency Funds

Municipal Utility Districts Funds - Receives revenues from municipal utility districts which are used to make debt service payments for the districts.

Neighborhood Revitalization Funds - Accounts for various loans related to revitalization programs.

Municipal Courts Fund - Holds fees collected by the City to be remitted to the State.

BCCP Permit Fund - Receives permit fees to support City of Austin and Travis County preserve administration for the Balcones Canyonlands Conservation Plan.



**TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
September 30, 1998
With comparative totals for September 30, 1997**

**CITY OF AUSTIN, TEXAS
Exhibit H-1**

	Expendable Trust Funds	Nonexpendable Trust Funds	Agency Funds	Totals	
				1998	1997
ASSETS					
Pooled investments and cash	\$ 3,770,695	76,374	3,534,635	7,381,704	6,459,220
Receivables from other governments	--	--	22,581	22,581	--
Total assets	3,770,695	76,374	3,557,216	7,404,285	6,459,220
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	38,425	--	26,676	65,101	33,552
Due to other governments:					
Municipal Utility Districts	--	--	--	--	53,815
Others	--	--	1,470,413	1,470,413	1,423,796
Total due to other governments	--	--	1,470,413	1,470,413	1,477,611
Due to other funds	--	--	38,315	38,315	10,695
Escrow and other deposits	--	--	2,021,812	2,021,812	1,770,949
Other liabilities	213,402	--	--	213,402	147,636
Total liabilities	251,827	--	3,557,216	3,809,043	3,440,443
Fund balances					
Reserved for nonexpendable trust	--	76,374	--	76,374	76,374
Unreserved:					
Designated for purposes of trust	3,518,868	--	--	3,518,868	2,942,403
Total fund balances	3,518,868	76,374	--	3,595,242	3,018,777
Total liabilities and fund balances	\$ 3,770,695	76,374	3,557,216	7,404,285	6,459,220

**TRUST AND AGENCY FUNDS
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET**

**CITY OF AUSTIN, TEXAS
Exhibit H-2**

September 30, 1998

With comparative totals for September 30, 1997

	Assets		Liabilities			Unreserved Fund Balances Designated for Trust	Total Liabilities and Fund Balances
	Investments and Cash	Total Assets	Accounts Payable	Other Liabilities	Total Liabilities		
Urban growth management							
Penta Development	\$ 111,000	111,000	--	--	--	111,000	111,000
Total urban growth management	111,000	111,000	--	--	--	111,000	111,000
Public safety							
Police Benefit	23,827	23,827	5,565	1,332	6,897	16,930	23,827
Total public safety	23,827	23,827	5,565	1,332	6,897	16,930	23,827
Public services and utilities							
Fairway Ridge	230,974	230,974	21,998	--	21,998	208,976	230,974
Miscellaneous	248,882	248,882	771	212,070	212,841	36,041	248,882
Total public services and utilities	479,856	479,856	22,769	212,070	234,839	245,017	479,856
Public health							
Brackenridge Imaging	759,214	759,214	--	--	--	759,214	759,214
Total public health	759,214	759,214	--	--	--	759,214	759,214
Public recreation and culture							
Adaptive Programs	15,616	15,616	--	--	--	15,616	15,616
Austin History Center	145,988	145,988	--	--	--	145,988	145,988
Cemetery	1,077,593	1,077,593	--	--	--	1,077,593	1,077,593
First Step - A Community Proje	410,060	410,060	--	--	--	410,060	410,060
PARD Miscellaneous	354,199	354,199	6,261	--	6,261	347,938	354,199
Planting for the Future	117,752	117,752	560	--	560	117,192	117,752
Special Library	162,721	162,721	3,156	--	3,156	159,565	162,721
Summer Musical	60,417	60,417	114	--	114	60,303	60,417
Teen Activity	23,694	23,694	--	--	--	23,694	23,694
Town Lake Beautification	28,758	28,758	--	--	--	28,758	28,758
Total public recreation and culture	2,396,798	2,396,798	10,091	--	10,091	2,386,707	2,396,798
1998 Total	3,770,695	3,770,695	38,425	213,402	251,827	3,518,868	3,770,695
1997 Total	\$ 3,119,241	3,119,241	29,202	147,636	176,838	2,942,403	3,119,241

**TRUST AND AGENCY FUNDS
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

	Fund Balances September 30, 1997	Contributions	Revenues Interest and Other
Urban growth management			
Penta Development	\$ 111,000	--	--
Total urban growth management	111,000	--	--
Public safety			
Police Benefit	24,669	28,653	--
Total public safety	24,669	28,653	--
Public services and utilities			
Fairway Ridge	251,400	--	--
Miscellaneous	39,793	522	3,666
Total public services and utilities	291,193	522	3,666
Public health			
Brackenridge Imaging	678,430	--	95,639
Total public health	678,430	--	95,639
Public recreation and culture			
Adaptive Programs	15,616	--	--
Austin History Center	123,910	24,189	--
Cemetery	1,021,266	--	80,834
First Step - A Community Project	--	--	87
PARD Miscellaneous	317,920	173,993	--
Planting for the Future	60,629	96,656	--
Special Library	173,324	12,320	--
Summer Musical	56,819	19,762	--
Teen Activity	29,844	--	--
Town Lake Beautification	37,783	8,479	--
Total public recreation and culture	1,837,111	335,399	80,921
1998 Total	2,942,403	364,574	180,226
1997 Total	\$ 2,523,910	747,171	107,012

(1) Expenditures include capital outlay of \$27,277.

CITY OF AUSTIN, TEXAS
Exhibit H-3

Unrealized Gains on Investments	Total Revenues	Expenditures (1)	Operating Transfers In	Fund Balances September 30, 1998
--	--	--	--	111,000
--	--	--	--	111,000
--	28,653	36,392	--	16,930
--	28,653	36,392	--	16,930
--	--	42,424	--	208,976
--	4,188	7,940	--	36,041
--	4,188	50,364	--	245,017
--	95,639	14,855	--	759,214
--	95,639	14,855	--	759,214
--	--	--	--	15,616
--	24,189	2,111	--	145,988
13,423	94,257	37,930	--	1,077,593
--	87	27	410,000	410,060
--	173,993	143,975	--	347,938
--	96,656	40,093	--	117,192
--	12,320	26,079	--	159,565
--	19,762	16,278	--	60,303
--	--	6,150	--	23,694
--	8,479	17,504	--	28,758
13,423	429,743	290,147	410,000	2,386,707
13,423	558,223	391,758	410,000	3,518,868
--	854,183	435,690	--	2,942,403

**TRUST AND AGENCY FUNDS
AGENCY FUNDS
COMBINING BALANCE SHEET**

**CITY OF AUSTIN, TEXAS
Exhibit H-4**

**September 30, 1998
With comparative totals for September 30, 1997**

	Municipal Utility Districts	Neighborhood Revitalization	Municipal Courts	BCCP Permit Fund	Totals	
					1998	1997
ASSETS						
Pooled investments and cash	\$ 1,184,817	130,014	2,143,175	76,629	3,534,635	3,263,605
Receivables from other government	22,581	--	--	--	22,581	--
Total assets	1,207,398	130,014	2,143,175	76,629	3,557,216	3,263,605
LIABILITIES						
Accounts payable	--	--	26,676	--	26,676	4,350
Due to other governments	--	--	1,432,099	38,314	1,470,413	1,477,611
Due to other funds	--	--	--	38,315	38,315	10,695
Escrow and other deposits	1,207,398	130,014	684,400	--	2,021,812	1,770,949
Total liabilities	\$ 1,207,398	130,014	2,143,175	76,629	3,557,216	3,263,605

**TRUST AND AGENCY FUNDS
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
 Exhibit H-5**

	Assets			Balance September 30, 1998
	Balance September 30, 1997	Debits	Credits	
	Municipal Utility Districts			
Pooled investments and cash	\$ 934,018	535,059	284,260	1,184,817
Receivables from other governments	--	22,581	--	22,581
Total	934,018	557,640	284,260	1,207,398
Neighborhood revitalization				
Pooled investments and cash	243,426	313,052	426,464	130,014
Total	243,426	313,052	426,464	130,014
Municipal courts				
Pooled investments and cash	2,064,771	8,219,841	8,141,437	2,143,175
Total	2,064,771	8,219,841	8,141,437	2,143,175
BCCP Permit Fund				
Pooled investments and cash	21,390	827,193	771,954	76,629
Total	21,390	827,193	771,954	76,629
Combined totals - all agency funds				
Pooled investments and cash	3,263,605	9,895,145	9,624,115	3,534,635
Receivables from other governments	--	22,581	--	22,581
Total	\$ 3,263,605	9,917,726	9,624,115	3,557,216

(continued)

**TRUST AND AGENCY FUNDS
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
 Exhibit H-5
 (Continued)**

	Liabilities			Balance September 30, 1998
	Balance September 30, 1997	Debits	Credits	
Municipal Utility Districts				
Due to other governments	\$ 53,815	224,692	170,877	--
Escrow and other deposits	880,203	82,458	409,653	1,207,398
Total	934,018	307,150	580,530	1,207,398
Neighborhood revitalization				
Escrow and other deposits	243,426	842,523	729,111	130,014
Total	243,426	842,523	729,111	130,014
Municipal courts				
Accounts payable	4,350	374,615	396,941	26,676
Due to other governments	1,413,101	6,812,968	6,831,966	1,432,099
Escrow and other deposits	647,320	679,122	716,202	684,400
Total	2,064,771	7,866,705	7,945,109	2,143,175
BCCP Permit Fund				
Due to other governments	10,695	--	27,619	38,314
Due to other funds	10,695	--	27,620	38,315
Total	21,390	--	55,239	76,629
Combined totals - all agency funds				
Accounts payable	4,350	374,615	396,941	26,676
Due to other governments	1,477,611	7,037,660	7,030,462	1,470,413
Due to other funds	10,695	--	27,620	38,315
Escrow and other deposits	1,770,949	1,604,103	1,854,966	2,021,812
Total	\$ 3,263,605	9,016,378	9,309,989	3,557,216

ACCOUNT GROUPS

Account groups are self-balancing sets of accounts established to provide accounting control over certain fixed assets and long-term debt.

The General Fixed Asset Account Group is used to account for all fixed assets of the City other than those accounted for in the proprietary funds.

The General Long-Term Debt Account Group is used to account for all long-term debt of the City except for that accounted for in the proprietary funds.

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**GENERAL FIXED ASSETS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit I-1**

	Balance September 30, 1997	Additions	Retirements	Completed Construction	Transfers from (to) Other Funds (1)	Balance September 30, 1998
Property, plant and equipment in service:						
Land and buildings:						
Land and easements	\$ 159,561,701	--	--	6,696,456	--	166,258,157
Buildings	128,165,710	--	--	13,601,970	--	141,767,680
	<u>287,727,411</u>	--	--	<u>20,298,426</u>	--	<u>308,025,837</u>
Improvements other than buildings:						
Grounds	2,562,982	--	--	128,141	--	2,691,123
Parks	23,108,685	--	--	1,898,518	--	25,007,203
Library book stock	--	--	--	1,065,864	--	1,065,864
Other	4,190,431	--	--	(3,219)	--	4,187,212
	<u>29,862,098</u>	--	--	<u>3,089,304</u>	--	<u>32,951,402</u>
Machinery and equipment:						
Machinery	41,782,568	--	--	6,955,446	--	48,738,014
Park equipment	1,121,479	--	--	--	--	1,121,479
Furniture and fixtures	2,129,318	--	--	23,271	--	2,152,589
Barges	74,075	--	--	--	--	74,075
Communication equipment	10,056,946	--	--	455,886	--	10,512,832
Computer equipment	10,697,722	--	--	568,716	--	11,266,438
	<u>65,862,108</u>	--	--	<u>8,003,319</u>	--	<u>73,865,427</u>
Total property, plant and equipment in service	383,451,617	--	--	31,391,049	--	414,842,666
Construction in progress	115,790,032	45,962,565	(239,883)	(31,391,049)	5,486,943	135,608,608
Totals	<u>\$ 499,241,649</u>	<u>45,962,565</u>	<u>(239,883)</u>	<u>--</u>	<u>5,486,943</u>	<u>550,451,274</u>

**General
Fixed
Assets**

(1) Transfers from (to) other funds:

Internal service funds:

Fleet Maintenance

Total transfers

\$ 5,486,943

\$ 5,486,943

GENERAL LONG-TERM DEBT
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
Year ended September 30, 1998

	Balance September 30, 1997	Increase (Decrease in Other Long-Term Liabilities	Debt Issued During Year
AMOUNT AVAILABLE AND TO BE PROVIDED			
Amount available in Debt Service Fund	\$ 7,529,385	--	--
Amount to be provided for accrued compensated absences	33,079,299	9,578,886	--
Amount to be provided for retirement of general long-term debt	475,076,408	--	35,334,999
Total available and to be provided	<u>515,685,092</u>	<u>9,578,886</u>	<u>35,334,999</u>
GENERAL LONG-TERM DEBT PAYABLE			
Accrued compensated absences	33,079,299	9,578,886	--
General obligation bonds and other tax supported debt	482,605,793	--	35,334,999
Total general long-term debt payable	<u>\$ 515,685,092</u>	<u>9,578,886</u>	<u>35,334,999</u>

CITY OF AUSTIN, TEXAS
Exhibit I-2

Increase (Decrease) In Long-Term Debt Due to Refinancing	Debt Assumed During Year	Long-Term Debt Retired During Year	Debt Service Fund Activity	Balance September 30, 1998
--	--	--	(259,405)	7,269,980
--	--	--	--	42,658,185
3,017,058	8,909,336	(22,570,196)	259,405	500,027,010
<u>3,017,058</u>	<u>8,909,336</u>	<u>(22,570,196)</u>	<u>--</u>	<u>549,955,175</u>
--	--	--	--	42,658,185
3,017,058	8,909,336	(22,570,196)	--	507,296,990
<u>3,017,058</u>	<u>8,909,336</u>	<u>(22,570,196)</u>	<u>--</u>	<u>549,955,175</u>



SUPPLEMENTAL SCHEDULES

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**SCHEDULE OF GENERAL OBLIGATION BONDS AUTHORIZED CITY OF AUSTIN, TEXAS
AND UNISSUED
Year ended September 30, 1998**

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 1998
09-11-82	Parks and recreation	\$ 27,800,000	26,463,000	1,337,000	--
10-22-83	Brackenridge 2000	50,000,000	40,785,000	--	9,215,000
09-08-84	Street improvements	200,070,000	186,298,000	7,029,000	6,743,000
09-08-84	Drainage and flood control	48,535,000	43,932,000	1,236,000	3,367,000
09-08-84	Parks improvements	9,975,000	9,266,000	382,000	327,000
01-19-85	Cultural arts	20,285,000	14,890,000	--	5,395,000
08-10-92	Fire Stations	8,760,000	7,760,000	1,000,000	--
08-10-92	Asbestos Abatement, ADA Compliance & East Austin Health Clinic	18,800,000	10,430,000	1,740,000	6,630,000
08-10-92	Erosion & Flood Control	21,570,000	14,661,000	341,000	6,568,000
08-10-92	Street Construction & Traffic Signals	27,500,000	24,835,000	2,665,000	--
08-10-92	Parks & Recreation Facilities	17,350,000	16,550,000	800,000	--
08-10-92	Libraries	16,395,000	14,520,000	1,875,000	--
05-03-97	Communication Equipment	38,000,000	--	10,890,000	27,110,000
		<u>\$505,040,000</u>	<u>410,390,000</u>	<u>29,295,000</u>	<u>65,355,000</u>

Source: Bond Sale Official Statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein. It does not display all debt previously issued and still outstanding.

**SCHEDULE OF REVENUE BONDS AUTHORIZED,
DEAUTHORIZED AND UNISSUED
Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit J-2**

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 1998
ELECTRIC UTILITY						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000,000	--	10,620,000	--	28,380,000
03-01-84	Electric system, South Texas Nuclear Project	605,000,000	--	315,232,000	--	289,768,000
09-08-84	Electric improvements (gas turbines)	32,775,000	--	31,237,000	--	1,538,000
09-08-84	Electric improvements (western coal plant)	47,725,000	--	31,199,000	--	16,526,000
09-08-84	Electric improvements (refuse-fueled plant)	80,000,000	64,669,000	15,331,000	--	--
09-08-84	Electric transmission and reliability improvements	39,945,000	--	20,040,000	--	19,905,000
12-14-85	Transmission lines and substations	175,130,000	--	96,017,000	--	79,113,000
12-14-85	Overhead and underground distribution	76,055,000	--	46,845,000	--	29,210,000
12-14-85	Miscellaneous	25,891,000	--	10,443,000	--	15,448,000
08-10-92	Electrical distribution and street lighting	82,500,000	--	--	--	82,500,000
		<u>1,204,021,000</u>	<u>64,669,000</u>	<u>576,964,000</u>	<u>--</u>	<u>562,388,000</u>
WATER UTILITY						
09-11-82	Green water treatment plant, water lines and reservoir	40,300,000	--	28,885,000	--	11,415,000
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100,000	--	42,210,000	--	6,890,000
09-11-82	Davis water treatment plant, water lines and reservoir	40,800,000	--	32,274,000	--	8,526,000
09-11-82	Waterworks system rehabilitation and improvements	12,800,000	--	9,164,000	--	3,636,000
09-08-84	Waterworks north central, northeast, and east service area	39,385,000	17,000,000	3,990,000	--	18,395,000
09-08-84	Waterworks northwest service area	14,970,000	--	11,430,000	--	3,540,000
09-08-84	Water improvements in north central and northwest service area	14,470,000	--	2,745,000	--	11,725,000
09-08-84	Waterworks system improvements	141,110,000	--	36,513,000	--	104,597,000
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870,000	--	23,245,000	--	24,625,000
09-08-84	Water lines, reservoir improvements to south corridor area	12,570,000	--	6,585,000	--	5,985,000
09-08-84	Water lines, pump station improvements to North Austin area	7,945,000	--	7,765,000	--	180,000
09-08-84	Waterworks system rehabilitation and improvements	26,500,000	--	3,665,000	--	22,835,000
12-14-85	Northeast area improvements	37,950,000	10,000,000	7,493,000	--	20,457,000
12-14-85	South/southeast area improvements	42,090,000	14,000,000	6,035,000	--	22,055,000
12-14-85	Improvements/extensions	9,775,000	--	3,689,000	--	6,086,000
08-10-92	Improvements to meet EPA safe drinking water act	23,000,000	--	--	--	23,000,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000,000	--	--	--	5,000,000
08-10-92	General utility relocation	2,000,000	--	--	--	2,000,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000,000	--	--	--	35,000,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000,000	--	--	--	65,000,000
		<u>\$ 667,635,000</u>	<u>41,000,000</u>	<u>225,688,000</u>	<u>--</u>	<u>400,947,000</u>

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

**SCHEDULE OF REVENUE BONDS AUTHORIZED,
DEAUTHORIZED AND UNISSUED
Year ended September 30, 1998**

**CITY OF AUSTIN, TEXAS
Exhibit J-2
(Continued)**

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 1998
(continued)						
WASTEWATER UTILITY						
11-20-76	Sewer system improvements	\$ 46,920,000	--	38,920,000	--	8,000,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300,000	--	24,658,000	--	3,642,000
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000,000	--	49,345,000	--	7,655,000
09-11-82	Sewer lines for north central and northwest Austin	20,700,000	--	17,975,000	--	2,725,000
09-11-82	Walnut Creek sewage treatment plant additions	20,400,000	--	17,971,000	--	2,429,000
09-11-82	Sewer system rehabilitation and improvements	4,800,000	--	3,930,000	--	870,000
09-08-84	Sewer system rehabilitation and improvements	43,515,000	--	36,950,000	--	6,565,000
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795,000	--	42,284,000	--	2,511,000
09-08-84	Sewer system rehabilitation and improvements	46,230,000	--	14,925,000	--	31,305,000
05-06-85	Sewer system improvements	54,000,000	--	33,106,000	--	20,894,000
12-14-85	Advanced wastewater treatment	34,500,000	--	--	--	34,500,000
12-14-85	Northeast area improvements	47,035,000	32,300,000	1,857,000	--	12,878,000
12-14-85	Southeast area improvements	9,200,000	4,200,000	757,000	--	4,243,000
12-14-85	Improvements/extensions	24,725,000	--	12,621,000	--	12,104,000
12-14-85	Walnut Creek WWTP expansion	46,000,000	--	13,717,000	--	32,283,000
12-14-85	Bear Creek interceptor	1,840,000	1,511,340	265,000	--	63,660
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000,000	--	--	--	11,000,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000,000	--	--	--	3,000,000
		<u>543,960,000</u>	<u>38,011,340</u>	<u>309,281,000</u>	<u>--</u>	<u>196,667,660</u>
Total Utility		<u>2,415,616,000</u>	<u>143,680,340</u>	<u>1,111,933,000</u>	<u>--</u>	<u>1,160,002,660</u>
AIRPORT						
11-03-87	Relocation/Construction of new airport	728,000,000	--	30,000,000	--	698,000,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000,000	--	362,205,000	--	37,795,000
Total Airport		<u>1,128,000,000</u>	<u>--</u>	<u>392,205,000</u>	<u>--</u>	<u>735,795,000</u>
CONVENTION CENTER						
07-29-89	New convention center	69,000,000	--	68,240,000	--	760,000
05-02-98	Convention Center expansion and Waller Creek Tunnel project	135,000,000	--	--	--	135,000,000
Total Convention Center		<u>204,000,000</u>	<u>--</u>	<u>68,240,000</u>	<u>--</u>	<u>135,760,000</u>
DRAINAGE						
05-02-98	Walnut Creek watershed	10,000,000	--	--	--	10,000,000
Total revenue bonds		<u>\$3,757,616,000</u>	<u>143,680,340</u>	<u>1,572,378,000</u>	<u>--</u>	<u>2,041,557,660</u>

Source: Bond sale official statements



STATISTICAL SECTION

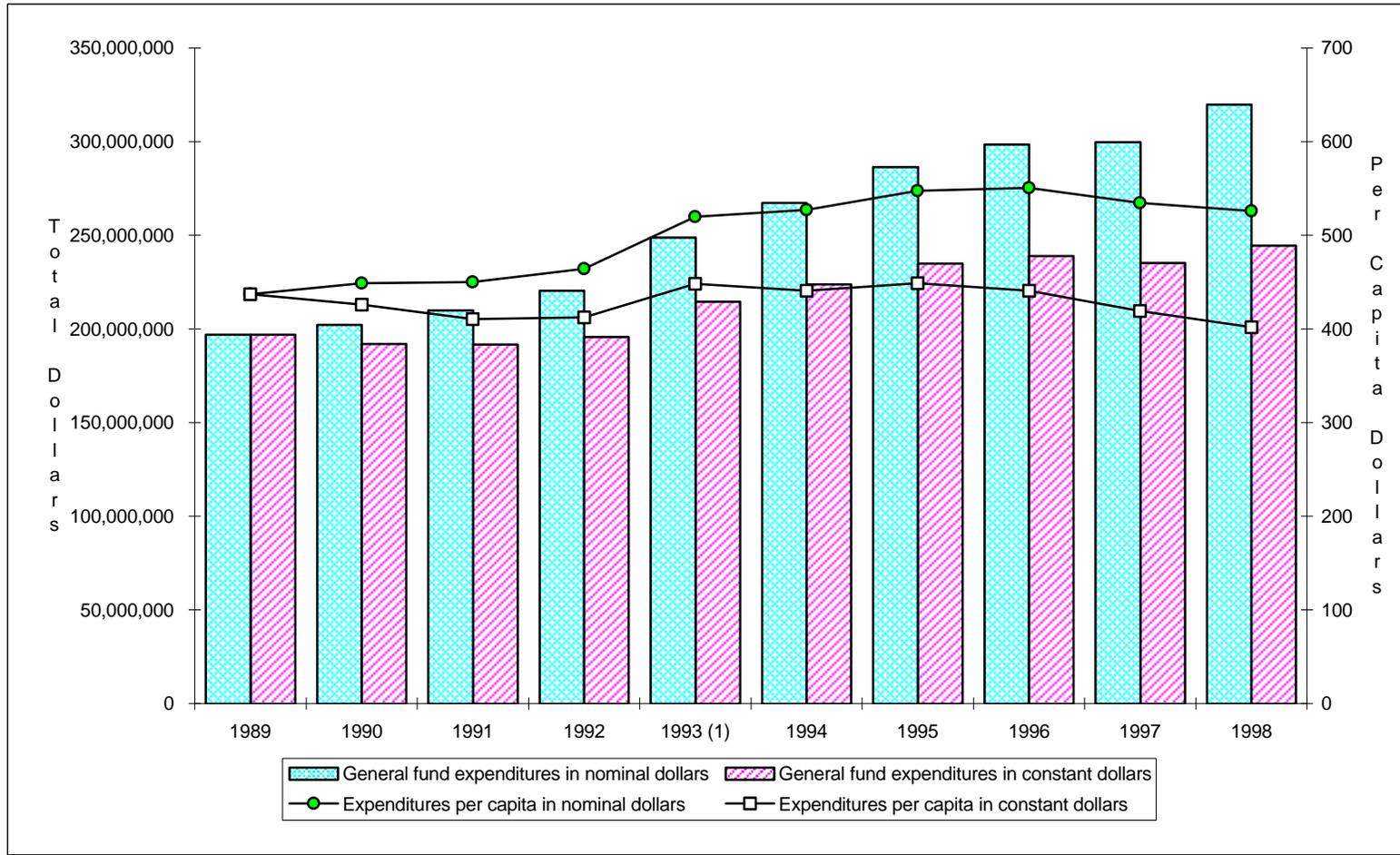
Financial presentations included in the Statistical Section provide data on the financial, physical and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.

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**GENERAL GOVERNMENT TOTAL EXPENDITURES AND EXPENDITURES PER CAPITA
1989-1998**
In nominal and constant 1989 dollars

CITY OF AUSTIN, TEXAS
Exhibit 1

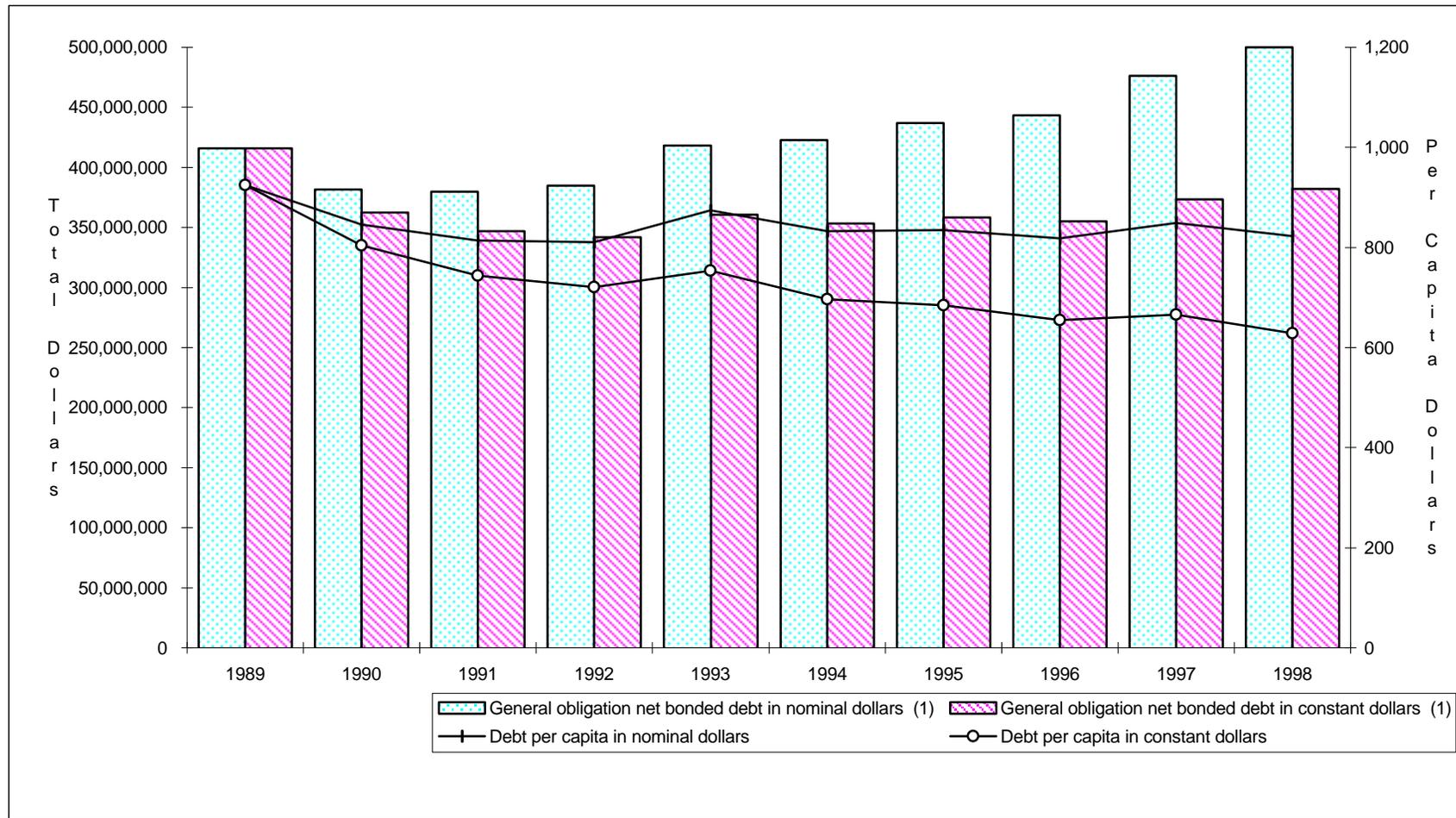


Population 450,000 451,000 467,000 475,000 478,000 507,000 523,000 542,000 561,000

(1) Certain expenditures shown in the General Fund prior to 1993 are now reported in internal service funds but are included in this exhibit for comparative purposes only. Table 1 for more information.

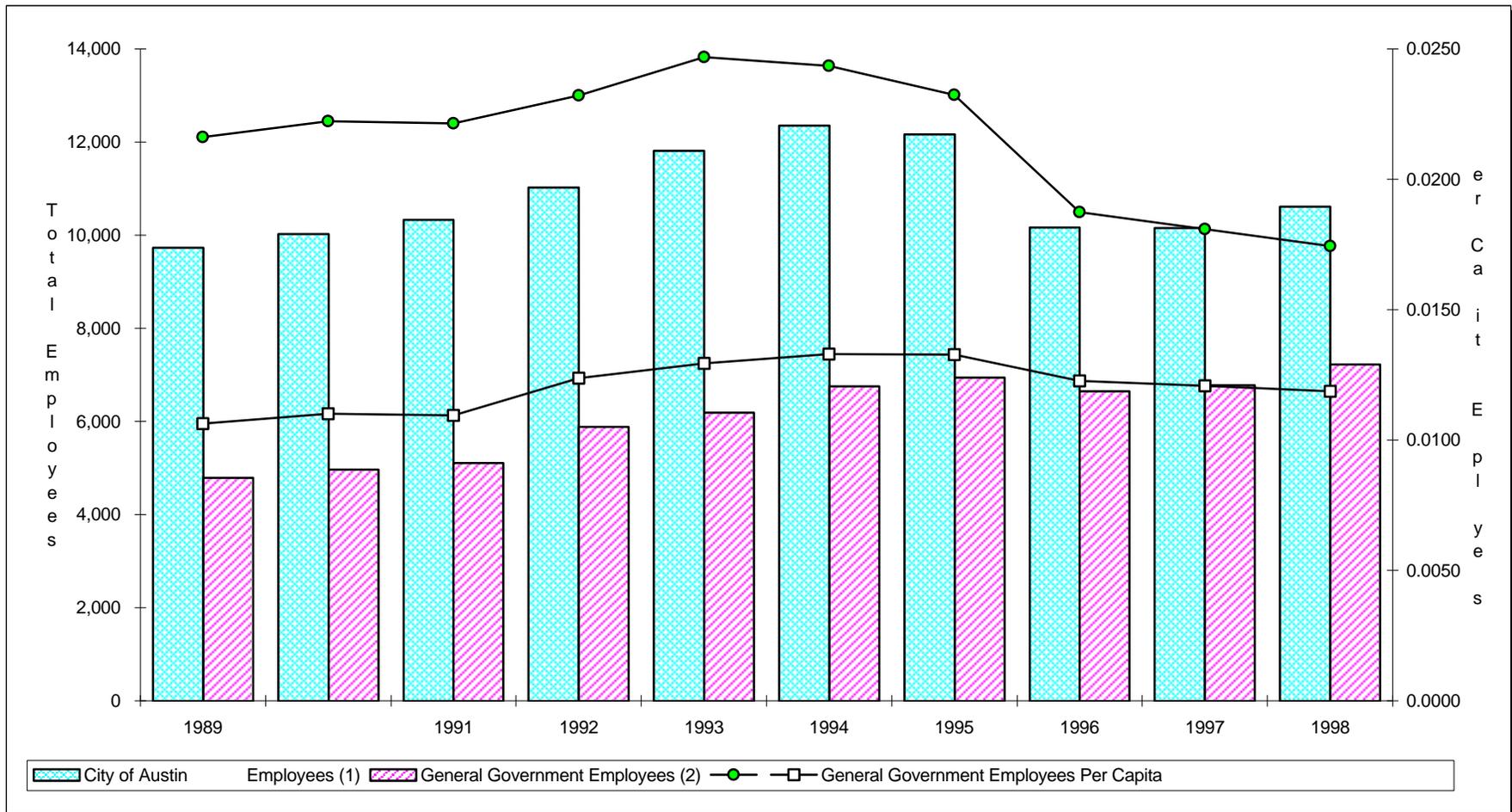
**GENERAL OBLIGATION NET DEBT AND NET DEBT PER CAPITA
1989-1998**
In nominal and constant 1989 dollars

CITY OF AUSTIN, TEXAS
Exhibit 2



Population 450,000 451,000 467,000 475,000 478,000 507,000 523,000 542,000 561,000 608,000

(1) Beginning in 1991, net bonded debt is shown net of amounts supported by enterprise funds.



Population 450,000 451,000 467,000 475,000 478,000 507,000 523,000 542,000 561,000 608,000

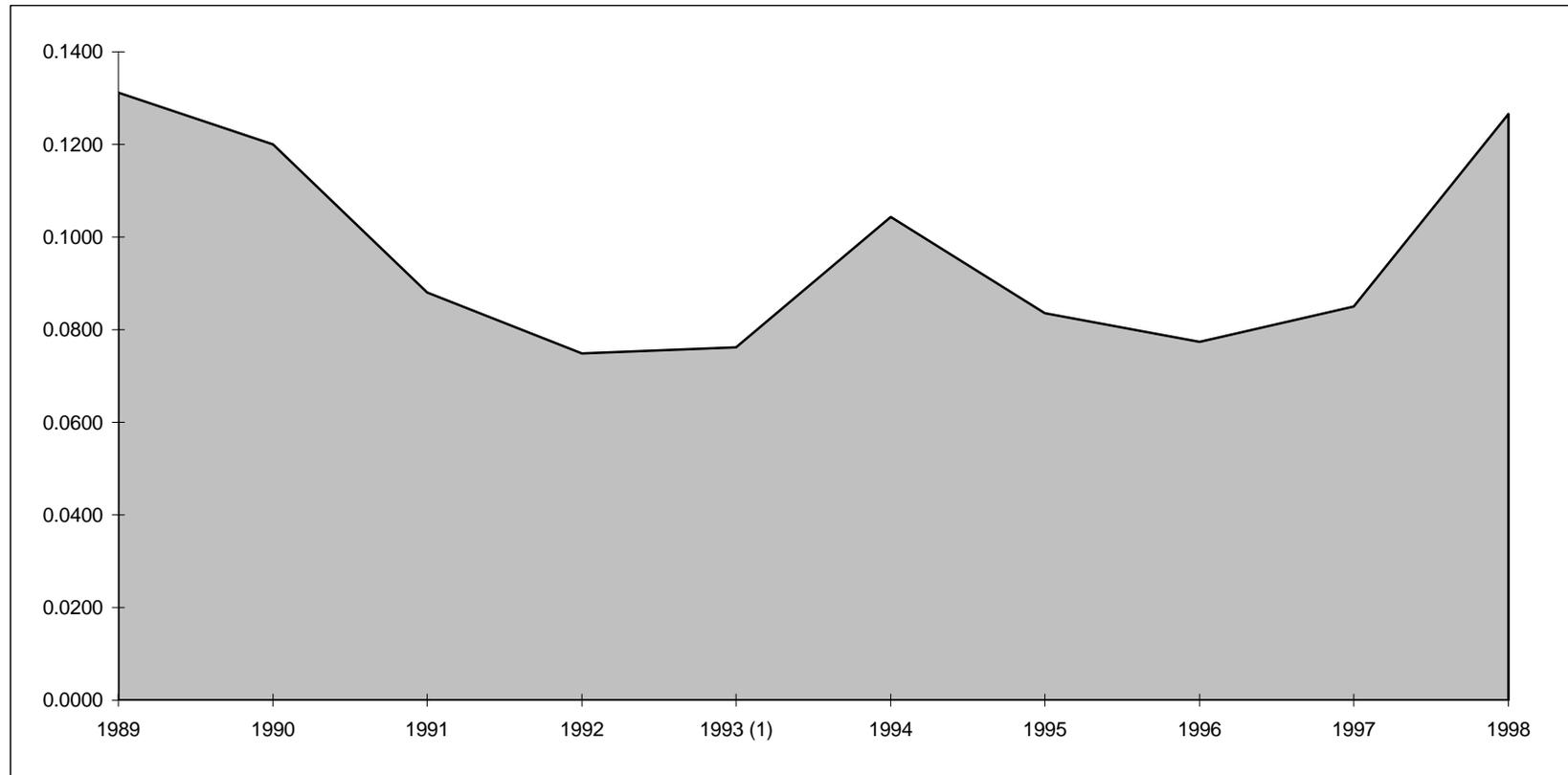
(1) Includes part-time employees

(2) Includes grant-funded employees and part-time employees

**RATIO OF GENERAL FUND UNRESERVED ENDING BALANCE
TO GENERAL GOVERNMENT ANNUAL EXPENDITURES
1989-1998**

**CITY OF AUSTIN, TEXAS
Exhibit 4**

	1989	1990	1991	1992	1993 (1)	1994	1995	1996	1997	1998
Unreserved fund balance	\$ 25,819,081	24,253,513	18,479,639	16,505,238	18,952,547	27,902,916	23,928,888	23,082,628	25,500,778	40,502,255
Annual expenditures	\$ 196,796,206	202,191,862	209,905,019	220,426,372	248,704,122	267,435,219	286,526,640	298,415,663	299,845,025	319,903,209



(1) Certain expenditures shown in the General Fund prior to 1993 are now reported in internal service funds but are included in this exhibit for comparative purposes only. See Table 1 for more information.

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 1**

EXPENDITURES BY FUNCTION

Fiscal Year Ended Sept. 30	Total (1)	Administration	Fiscal Management	Public Safety	Public Services and Utilities	Public Health	Public Recreation and Culture		Social Services Management	Supportive Services	Urban Growth Management	Non Departmental
							Parks	Libraries				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1989	196,796,206	4,909,734	8,937,389	82,986,789	14,245,343	34,110,724	15,342,512	6,288,281	5,595,261	11,863,014	10,778,941 (2)	1,738,218
1990	202,191,862	6,147,227	7,421,498	88,483,349	14,684,845	36,747,269	16,010,550	6,475,481	4,973,095	10,354,266	8,290,282 (3)	2,604,000
1991	209,905,019	6,335,913	7,223,267	94,898,960	12,559,047	38,955,330	16,601,559	7,390,735	5,418,179	11,394,880	7,948,749	1,178,400
1992	220,426,372	7,159,457	7,381,795	106,094,779	16,639,362	34,492,079 (4)	17,117,196	7,870,136	5,707,872	8,992,090 (5)	8,079,538	892,068
1993	248,704,122 (7)	9,102,518	10,496,320	111,994,491	13,888,153	40,539,969	17,569,271	8,615,651	6,825,339	18,812,906	9,246,220	1,613,284
1994	267,435,219	10,013,499	13,117,145	122,433,078	14,087,484	39,454,664 (6)	18,796,265	9,974,592	7,152,881	21,944,081	10,860,524	(398,994)
1995	286,526,640	9,186,152	12,499,259	131,742,620	15,550,020	40,431,597	19,257,877	10,616,810	7,334,861	20,450,561	11,401,778	8,055,105
1996	298,415,663	10,530,309	15,419,557	141,140,763	11,903,772	43,647,282	19,411,112	10,681,059	7,285,563	21,356,793	10,567,446	6,472,007
1997	299,845,025	10,660,570	16,250,379	144,288,202	9,675,512	43,189,920	21,283,492	11,481,048	6,738,940	22,512,873	7,501,086	6,263,003
1998	319,903,209	10,923,336	16,566,639	162,733,100	10,128,139	37,060,371	23,066,337	12,795,286	8,204,845	24,304,142	8,380,122	5,740,892

(1) Total does not include transfers to other funds.

(2) Planning, Building Safety, and Environmental Protection converted to General Fund from Growth Services Enterprise Fund in fiscal year 1988-89.

(3) Environmental Protection converted to Enterprise Fund from General Fund in fiscal year 1989-90.

(4) Emergency Medical Services was combined under Public Safety in fiscal year 1991-92.

(5) Communications was combined under Administration in fiscal year 1991-92.

(6) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in a special revenue fund.

(7) Beginning in 1993, certain expenditures for support services are reported in internal service funds but have been included in this table for comparative purposes only.

(The reader should also note that support service amounts shown prior to 1993 are net of expenses refunds).

Reconciliation of Internal Service Fund expenses and General Fund expenditures

	Administration	Fiscal Management	Supportive Services	Total
Internal Service Fund expenditures				
Mayor/Council	\$ 720,893			720,893
Management Services	1,960,689			1,960,689
City Clerk	1,545,194			1,545,194
Office of the City Auditor		1,342,571		1,342,571
Financial Services		15,224,068	10,600,204	25,824,272
Human Resources			5,985,883	5,985,883
Small and Minority Business Resources			912,681	912,681
City Attorney			6,805,374	6,805,374
Nondepartmental expenditures	227,000	12,000	11,000	250,000
Total Support Services Fund	4,453,776	16,578,639	24,315,142	45,347,557
General Government total expenses by function				319,903,209
Plus budget-basis adjustment for operating transfers (see Schedule B-5)				35,639,567
Less Internal Service Fund expenditures				(45,347,557)
Total General Fund expenditures (see Schedule B-2)				\$ 310,195,219

(continued)

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 1
(Continued)**

EXPENDITURES BY FUNCTION AS A PERCENT OF TOTAL EXPENDITURES

Fiscal Year Ended Sept. 30	Total (1) %	Administration %	Fiscal Management %	Public Safety %	Public Services and Utilities %	Public Health %	Public Recreation and Culture		Social Services Management %	Supportive Services %	Urban Growth Management %	Non Departmental %
							Parks %	Libraries %				
1989	100.00	2.49	4.54	42.17	7.24	17.33	7.80	3.20	2.84	6.03	5.48 (2)	0.88
1990	100.00	3.04	3.67	43.76	7.26	18.18	7.92	3.20	2.46	5.12	4.10 (3)	1.29
1991	100.00	3.02	3.44	45.21	5.98	18.56	7.91	3.52	2.58	5.43	3.79	0.56
1992	100.00	3.25	3.35	48.13	7.55	15.65 (4)	7.76	3.57	2.59	4.08 (5)	3.67	0.40
1993	100.00	(7) 3.66	4.22	45.03	5.59	16.30	7.07	3.46	2.74	7.56	3.72	0.65
1994	100.00	3.74	4.90	45.78	5.28	14.75 (6)	7.04	3.73	2.67	8.21	4.06	-0.15
1995	100.00	3.21	4.36	45.98	5.43	14.11	6.72	3.70	2.56	7.14	3.98	2.81
1996	100.00	3.53	5.17	47.30	3.99	14.63	6.50	3.58	2.44	7.16	3.54	2.17
1997	100.00	3.56	5.42	48.11	3.23	14.40	7.10	3.83	2.25	7.51	2.50	2.09
1998	100.00	3.41	5.18	50.88	3.17	11.58	7.21	4.00	2.56	7.60	2.62	1.79

(1) Total does not include transfers to other funds.

(2) Planning, Building Safety, and Environmental Protection converted to General Fund from Growth Services Enterprise Fund in fiscal year 1988-89.

(3) Environmental Protection converted to Enterprise Fund from General Fund in fiscal year 1989-90.

(4) Emergency Medical Services was combined under Public Safety in fiscal year 1991-92.

(5) Communications was combined under Administration in fiscal year 1991-92.

(6) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in another special revenue fund.

(7) Beginning in 1993, certain expenditures for support services are reported in internal service funds but have been included in this table for comparative purposes only.

(The reader should also note that support service amounts shown prior to 1993 are net of expenses refunds).

The table on the facing page shows by function internal service funds expenses that are included above in 1998.

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
1989-1998
In constant 1989 dollars**

**CITY OF AUSTIN, TEXAS
Table 2**

	1989	1990	1991	1992	1993 (7)	1994	1995	1996	1997	1998
Administration	\$ 4,909,734	5,838,222	5,782,416	6,357,598	7,847,608	8,372,869	7,532,136	8,431,843	8,362,709	8,347,610
Fiscal management	8,937,389	7,048,439	6,592,252	6,555,034	9,049,255	10,968,008	10,248,700	12,346,769	12,747,647	12,660,220
Public safety	82,986,789	84,035,523	86,608,712	94,212,164	96,554,474	102,373,421	108,021,650	113,014,425	113,187,211	124,360,579
Public services and utilities	14,245,343	13,946,676	11,461,905	14,775,753	11,973,476	11,779,365	12,750,155	9,531,605	7,589,978	7,739,920
Public health	34,110,724	34,900,080	35,552,244	30,628,966 (4)	34,950,964	32,990,341 (6)	33,151,670	34,949,311	33,880,432	28,321,523
Parks	15,342,512	15,205,742	15,151,269	15,200,070	15,147,100	15,716,651	15,790,392	15,542,892	16,695,884	17,627,287
Libraries	6,288,281	6,149,976	6,745,090	6,988,681	7,427,862	8,340,337	8,705,196	8,552,552	9,006,334	9,778,153
Social services management	5,595,261	4,723,111	4,944,854	5,068,590	5,884,370	5,980,940	6,014,180	5,833,706	5,286,377	6,270,140
Support services	11,863,014	9,833,784	10,399,438	7,984,976 (5)	16,219,282	18,348,723	16,768,327	17,100,841	17,660,275	18,573,217
Urban growth management	10,778,941 (2)	7,873,551 (3)	7,254,357	7,174,630	7,971,498	9,081,116	9,348,826	8,461,580	5,884,244	6,404,086
Nondepartmental	1,738,218	2,473,104	1,075,457	792,156	1,390,870	(333,622)	6,604,740	5,182,274	4,913,027	4,387,188
Total (1)	<u>\$ 196,796,206</u>	<u>192,028,208</u>	<u>191,567,994</u>	<u>195,738,618</u>	<u>214,416,759</u>	<u>223,618,149</u>	<u>234,935,972</u>	<u>238,947,798</u>	<u>235,214,118</u>	<u>244,469,923</u>

(1) Total does not include transfers to other funds.

(2) Planning, Building Safety, and Environmental Protection converted to General Fund from Growth Services Enterprise Fund in fiscal year 1988-89.

(3) Environmental Protection converted to Enterprise Fund from General Fund in fiscal year 1989-90.

(4) Emergency Medical Services was combined under Public Safety in fiscal year 1991-92.

(5) Communications was combined under Administration in fiscal year 1991-92.

(6) In 1994, the Federally Qualified Health Center was created and certain expenditures shown previously in Public Health are now reported in a special revenue fund.

(7) Beginning in 1993, certain expenditures for support services are reported in internal service funds but have been included in this table for comparative purposes only.
(The reader should also note that support service amounts shown prior to 1993 are net of expenses refunds).

The table below shows by function internal service funds expenses that are included above in 1998.

<u>Department</u>	<u>Administration</u>	<u>Fiscal Management</u>	<u>Supportive Services</u>	<u>Total</u>
Mayor/Council	\$ 550,906			550,906
Management Services	1,498,360			1,498,360
City Clerk	1,180,837			1,180,837
Office of the City Auditor		1,025,992		1,025,992
Financial Services		11,634,228	8,100,672	19,734,900
Human Resources			4,574,410	4,574,410
Small and Minority Business Resources			697,471	697,471
City Attorney			5,200,664	5,200,664
Nondepartmental expenditures	173,473	9,170	8,406	191,049
Total Support Services Fund	<u>3,403,576</u>	<u>12,669,390</u>	<u>18,581,623</u>	<u>34,654,589</u>

Note: Numbers are actual expenditures adjusted by a Consumer Price Index (CPI) based on the Texas CPI.

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY SOURCE
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 3**

REVENUES AND OTHER FINANCING SOURCES

Fiscal Year Ended Sept. 30	Operating Transfers In				Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Interest and Other	Unrealized Gain on Investments
	Total	Utility System Funds	Other Funds	Subtotal									
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1989	210,303,132	64,459,956	9,750,483	136,092,693	48,827,708	47,172,111	1,329,005	7,781,282	7,057,143	6,226,239	(1) 11,807,125	5,892,080	--
1990	220,402,149	63,665,887	3,883,415	152,852,847	54,701,835	51,540,272	1,373,893	7,972,807	8,124,047	5,935,001	11,830,625	11,374,367	--
1991	217,244,562	63,054,576	2,488,632	151,701,354	51,617,232	55,400,628	1,555,304	9,569,452	7,140,162	6,486,418	7,626,280	12,305,878	--
1992	232,688,738	73,237,718	2,147,248	157,303,772	55,243,842	58,255,348	1,636,097	11,008,628	7,469,760	7,891,542	8,045,410	7,753,145	--
1993	239,998,196	68,581,868	--	171,416,328	58,755,948	67,054,207	1,724,069	11,241,961	9,501,047	10,306,752	7,238,465	5,593,879	--
1994	256,510,874	67,914,376	25,000	188,571,498	63,567,361	75,780,061	1,809,240	12,187,668	9,764,462	12,850,578	6,518,502	6,093,626	--
1995	270,534,111	71,110,681	203,248	199,220,182	66,252,760	80,474,693	1,927,844	12,416,705	10,966,311	13,074,490	8,021,247	6,086,132	--
1996	288,329,168	73,582,839	342,401	214,403,928	74,441,453	83,681,314	2,041,643	13,578,705	12,159,358	14,311,481	8,174,721	6,015,253	--
1997	298,031,786	71,449,866	255,994	226,325,926	80,528,871	88,150,309	2,187,385	14,987,003	12,570,388	12,888,265	9,427,193	5,586,512	--
1998	333,902,489	72,721,264	--	261,181,225	90,774,546	97,581,417	2,353,980	17,100,782	14,492,863	15,540,712	10,260,908	12,623,348	452,669

**REVENUES AND OTHER FINANCING SOURCES
AS A PERCENT OF TOTAL REVENUES AND SOURCES**

Fiscal Year Ended Sept. 30	Operating Transfers In				Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Interest and Other	Unrealized Gain on Investments
	Total	Utility System Funds	Other Funds	Subtotal									
	%	%	%	%	%	%	%	%	%	%	%	%	%
1989	100.00	30.65	4.64	64.71	23.22	22.43	0.63	3.70	3.36	2.96	(1) 5.61	2.80	--
1990	100.00	28.89	1.76	69.35	24.82	23.38	0.62	3.62	3.69	2.69	5.37	5.16	--
1991	100.00	29.02	1.15	69.83	23.76	25.50	0.72	4.40	3.29	2.99	3.51	5.66	--
1992	100.00	31.47	0.92	67.61	23.74	25.04	0.70	4.73	3.21	3.39	3.46	3.34	--
1993	100.00	28.58	--	71.42	24.48	27.94	0.72	4.68	3.96	4.29	3.02	2.33	--
1994	100.00	26.48	0.01	73.51	24.78	29.54	0.70	4.75	3.81	5.01	2.54	2.38	--
1995	100.00	26.29	0.08	73.63	24.49	29.75	0.71	4.59	4.05	4.83	2.96	2.25	--
1996	100.00	25.52	0.12	74.36	25.82	29.02	0.71	4.71	4.22	4.96	2.83	2.09	--
1997	100.00	23.98	0.09	75.93	27.02	29.58	0.73	5.03	4.22	4.32	3.16	1.87	--
1998	100.00	21.78	--	78.22	27.19	29.23	0.70	5.12	4.34	4.65	3.07	3.78	0.14

(1) Planning, Building Safety, and Environmental Protection converted to General Fund in fiscal year 1988-89.

**ASSESSED VALUATION, ESTIMATED MARKET VALUE, TAX RATES,
TAX LEVIES, AND TAX COLLECTIONS
1989-1999**

**CITY OF AUSTIN, TEXAS
Table 4**

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Assessed Value to Market Value	Assessed Valuation	Estimated Market Value	Percent of Growth in Market Value	Tax Rate (per \$100 Valuation)		
						General Fund	Debt Service Fund	Total
		%	\$	\$	%	\$	\$	\$
1989	1988	100	19,167,564,379	19,167,564,379	(10.0)	0.2521	0.2779	0.5300
1990	1989	100	17,764,618,446	17,764,618,446	(7.3)	0.3069	0.2681	0.5750
1991	1990	100	17,189,792,203	17,189,792,203	(3.2)	0.2984	0.2711	0.5695
1992	1991	100	16,926,074,265	16,926,074,265	(1.5)	0.3265	0.2762	0.6027
1993	1992	100	16,977,306,423	16,977,306,423	0.3	0.3460	0.2950	0.6410
1994	1993	100	18,237,532,094	18,237,532,094	7.4	0.3462	0.2763	0.6225
1995	1994	100	20,958,589,300	20,958,589,300	14.9	0.3132	0.2493	0.5625
1996	1995	100	23,303,015,047	23,303,015,047	11.2	0.3177	0.2269	0.5446
1997	1996	100	25,823,385,257	25,823,385,257	10.8	0.3117	0.2134	0.5251
1998	1997	100	27,493,058,735	27,493,058,735	6.5	0.3304	0.2097	0.5401
1999 (1)	1998	100	32,761,610,364	32,761,610,364	19.2	0.3265	0.1877	0.5142

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1989	1988	101,588,091	98,560,815	97.02	2,546,885	101,107,700	99.53	4,708,651	4.64
1990	1989	102,146,556	99,448,384	97.36	2,142,423	101,590,807	99.46	5,443,306	5.33
1991	1990	97,895,866	95,259,049	97.31	1,949,802	97,208,851	99.30	5,827,042	5.95
1992	1991	102,013,450	99,780,652	97.81	1,830,260	101,610,912	99.60	6,419,300	6.29
1993	1992	108,824,534	106,677,219	98.03	1,594,988	108,272,207	99.49	6,765,751	6.22
1994	1993	113,528,637	112,118,783	98.76	1,491,539	113,610,322	100.07	6,660,770	5.87
1995	1994	117,892,065	116,714,522	99.00	1,292,960	118,007,482	100.10	6,554,774	5.56
1996	1995	126,908,220	125,670,964	99.03	1,124,436	126,795,400	99.91	6,497,489	5.12
1997	1996	135,598,596	134,188,550	98.96	696,317	134,884,867	99.47	6,709,208	4.95
1998	1997	148,490,010	146,707,221	98.80	844,378	147,551,599	99.37	6,945,055	4.68
1999 (1)	1998	168,460,201	**	**	**	**	**	**	**

** Information not yet available for tax year 1998

(1) Assessed valuation for tax year 1998 is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

PRINCIPAL TAXPAYERS
September 30, 1998

CITY OF AUSTIN, TEXAS
Table 5

Taxpayer	Type of Property	January 1,	Percent of
		1997 Assessed Valuation	Total Assessed Valuation of \$27,493,058,735
		\$	%
Motorola, Inc.	Manufacturing	1,007,177,690	3.66
Advanced Micro Devices, Inc.	Manufacturing	646,247,349	2.35
IBM Corporation	Manufacturing	638,343,331	2.32
Southwestern Bell Telephone Company	Telephone Utility	281,567,605	1.02
Minnesota Mining & Manufacturing	Manufacturing	163,610,776	0.60
Applied Material Inc.	Manufacturing	157,702,168	0.57
Crescent Real Estate Equities	Commercial	96,544,524	0.35
Metropolitan Life Insurance Company	Commercial	85,025,000	0.31
Dell Computer Corporation	Manufacturing	82,744,819	0.30
Security Capital Pacific Trust	Commercial	78,259,656	0.28
		<u>3,237,222,918</u>	<u>11.76</u>

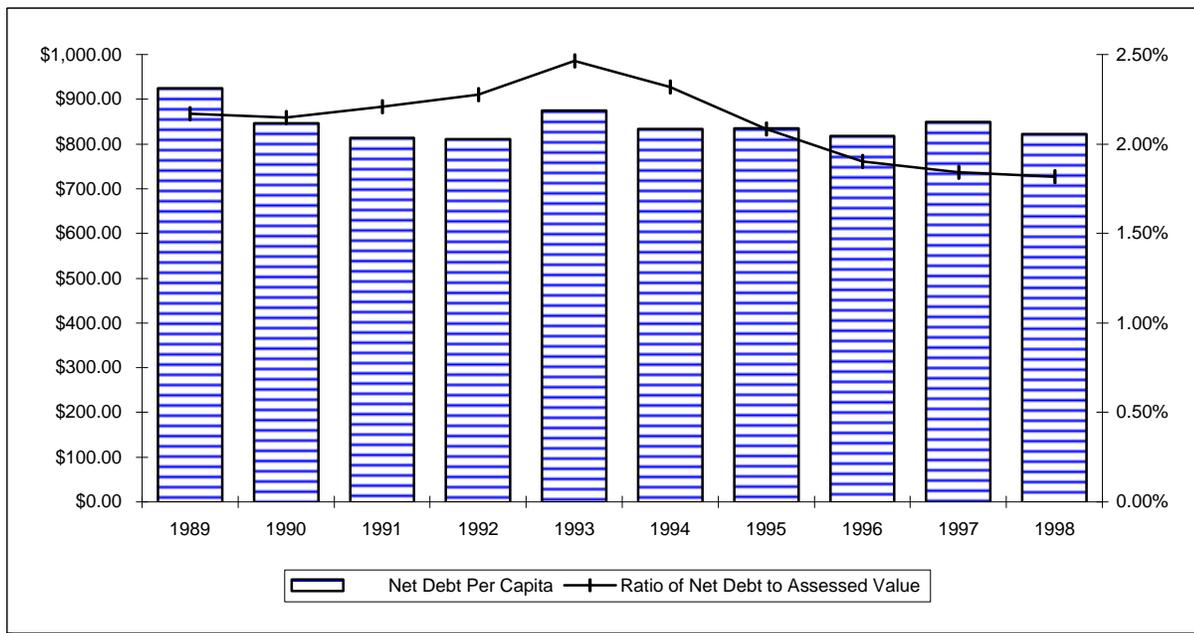
Source: Travis Central Appraisal District

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 6**

Fiscal Year Ended Sept. 30	Population Estimate	Assessed Value \$	Gross Bonded Debt \$	Amount Available in Debt Service Fund \$	Net Bonded Debt \$	Ratio of Net Bonded Debt to		Net Debt Per Capita \$
						Assessed Value %	Market Value %	
1989	450,107	19,167,564,379	424,743,455 (1)	8,645,716	416,097,739	2.17	2.17	924.44
1990	450,830 (2)	17,764,618,446	389,476,509 (3)	8,069,923	381,406,586	2.15	2.15	846.01
1991	466,530	17,189,792,203	387,208,567 (3)	7,298,835	379,909,732	2.21	2.21	814.33
1992	474,715	16,926,074,265	391,025,600 (3)	5,996,676	385,028,924	2.27	2.27	811.07
1993	478,254	16,977,306,423	424,686,831 (3)	6,453,738	418,233,093	2.46	2.46	874.50
1994	507,468	18,237,532,094	429,260,808 (3)	6,522,820	422,737,988	2.32	2.32	833.03
1995	523,352	20,958,589,300	445,802,719 (3)	8,934,818	436,867,901	2.08	2.08	834.75
1996	541,889	23,303,015,047	451,722,180 (3)	8,475,146	443,247,034	1.90	1.90	817.97
1997	560,939	25,823,385,257	483,676,552 (3)	7,529,385	476,147,167	1.84	1.84	848.84
1998	608,214	27,493,058,735	507,296,990 (3)	7,269,980	500,027,010	1.82	1.82	822.12

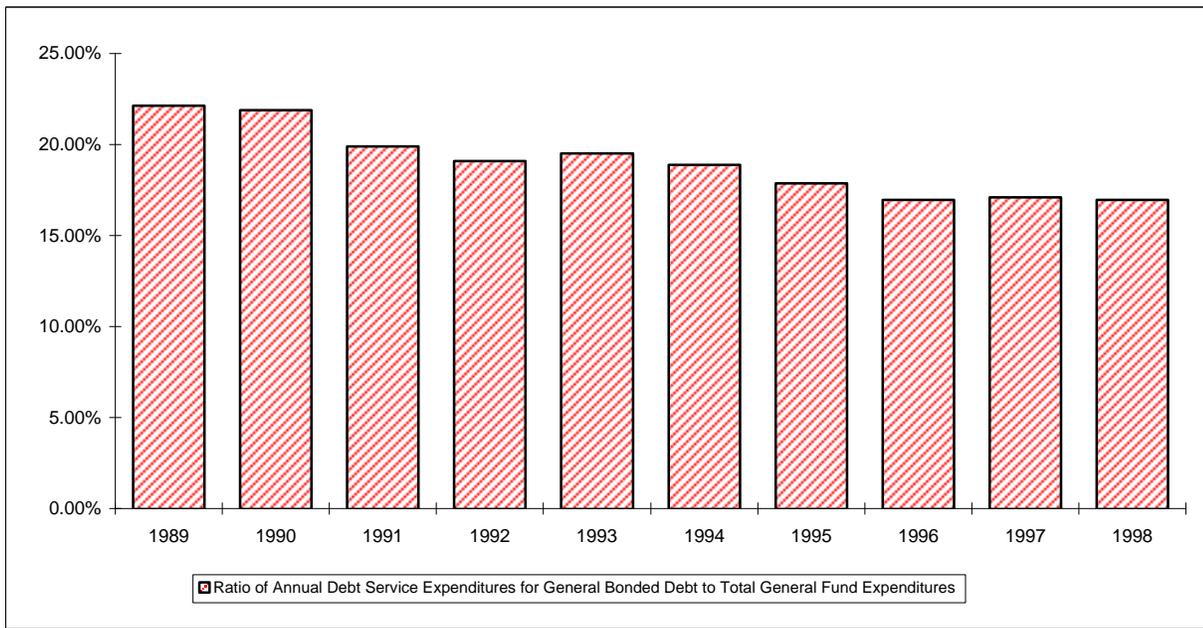
- (1) Includes general obligation bonds for enterprise funds. Excludes revenue bonds.
- (2) Estimate based on U.S. Census Bureau data modified for full-purpose area.
- (3) Excludes general obligation bonds, public property finance contractual obligations, and certificates of obligation issued for proprietary funds. Excludes revenue bonds.



**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL CITY OF AUSTIN, TEXAS
 BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES** **Table 7**
1989-1998

Fiscal Year Ended Sept. 30	Principal (2)	Interest and Paying Agents' Commissions (2)	Total Debt Service	Total General Fund Expenditures (3)	Total Debt Service plus Total General Fund Expenditures	Ratio of Debt Service to Total (1)
	\$	\$	\$	\$	\$	%
1989	22,465,000	33,507,356	55,972,356	196,796,206	252,768,562	22.14
1990	24,210,000	32,494,854	56,704,854	202,191,862	258,896,716	21.90
1991	21,607,942	30,491,982	52,099,924	209,905,019	262,004,943	19.89
1992	22,412,341	29,645,676	52,058,017	220,426,372	272,484,389	19.10
1993	26,479,680	25,676,027	52,155,707	215,064,378	267,220,085	19.52
1994	28,329,565	24,604,771	52,934,336	227,410,704	280,345,040	18.88
1995	22,023,089	32,214,134	54,237,223	249,615,058	303,852,281	17.85
1996	22,722,983	35,038,577	57,761,560	282,773,007	340,534,567	16.96
1997	21,502,464	38,481,239	59,983,703	290,577,756	350,561,459	17.11
1998	22,570,196	40,751,170	63,321,366	310,195,219	373,516,585	16.95

- (1) Ratio of total debt service to total debt service plus total General Fund.
- (2) Prior to 1991, includes payments for enterprise fund general obligation debt. Subsequent to 1990, excludes such payments.
- (3) Amounts shown prior to 1993 include certain expenditures now shown in internal service funds. See Table 1 for more information.



COMPUTATION OF LEGAL DEBT MARGIN
September 30, 1998

CITY OF AUSTIN, TEXAS
Table 8

Assessed value (100% of estimated market value) as of January 1, 1997		<u>\$ 27,493,058,735</u>
Debt limit		\$ 3,846,516,379
Amount of debt applicable to debt limit:		
Total general obligation bonds, contractual obligations, and certificates of obligation excluding enterprise fund balances of \$43,713,728	\$ 507,296,990	
Less: Amount available in Debt Service Fund	<u>7,269,980</u>	
Debt applicable to debt limit		<u>500,027,010</u>
Legal debt margin		<u>\$ 3,346,489,369</u>

Note - Ad valorem tax limitations: 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 payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 of assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of assessed valuation is established by referring to the State Statute and City Charter limitations.

Assuming the maximum tax rate for debt service of \$1.50 on January 1, 1997 and assessed valuation of \$27,493,058,735 at 95% collection, tax revenues of \$391,776,086 would be produced. This revenue could service the debt on \$3,846,516,379 issued as 8% - 20 year serial bonds with level debt service payments.

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 1998

CITY OF AUSTIN, TEXAS
Table 9

Name of Governmental Unit	Total Debt Outstanding as of September 30, 1998	Percent Applicable to City of Austin (1)	Amount Applicable to City of Austin
	\$	%	\$
Austin Independent School District	525,309,422	81.26	426,866,436
City of Austin	507,296,990	100.00	507,296,990
Travis County	336,804,146	89.00	299,755,690
Round Rock Independent School District	263,641,167	3.08	8,120,148
Leander Independent School District	141,455,698	0.51	721,424
Pflugerville Independent School District	102,894,148	1.87	1,924,121
Williamson County	47,230,000	2.65	1,251,595
Manor Independent School District	39,705,418	1.32	524,112
Eanes Independent School District	39,147,614	2.77	1,084,389
Austin Community College	29,645,000	81.26	24,089,527
North Austin MUD #1	15,619,760	100.00	15,619,760
Northwest Travis County RD #3	6,975,000	100.00	6,975,000
Del Valle Independent School District	6,025,000	32.00	1,928,000
Northwest Austin MUD #1	5,949,231	100.00	5,949,231
Austin MUD #2	1,785,000	100.00	1,785,000
Anderson Mill MUD #1	1,104,999	1.49	16,464
Total direct and overlapping debt			<u><u>1,303,907,887</u></u>

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

4.74 %

Per capita overlapping debt (3)

\$ 2,143.83

(1) Source: Taxing jurisdictions

(2) Based on assessed valuation of \$27,493,058,735

(3) Based on 1998 estimated population of 608,214

**PROPERTY TAX RATES AND TAX LEVIES
FOR DIRECT AND OVERLAPPING GOVERNMENTS WITH APPLICABLE PERCENTAGES OVER 10%
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 10**

Tax Rates (Per \$100 of Assessed Value)

Fiscal Year Ended Sept. 30	Austin I.S.D.	City of Austin	Travis County (1)	Austin Community College	North Austin MUD #1	NW Travis County RD #3	Del Valle I.S.D.	NW Austin MUD #1	Austin MUD #2
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1989	1.0723	0.5300	0.3862	0.0475	--	--	0.8700	0.4000	--
1990	1.1935	0.5750	0.3862	0.0500	--	0.8200	0.9653	0.4000	--
1991	1.2660	0.5695	0.4090	0.0500	--	1.0217	1.1100	0.4300	0.8980
1992	1.4696	0.6027	0.5132	0.0500	--	2.0695	1.2500	0.4300	0.7700
1993	1.5508	0.6410	0.5762	0.0482	--	1.7562	1.3208	0.4000	0.7900
1994	1.4623	0.6225	0.5966	0.0482	--	0.7500	1.4411	0.3800	0.7700
1995	1.3450	0.5625	0.5552	0.0466	--	0.4500	1.4928	0.4000	0.9400
1996	1.2832	0.5446	0.5186	0.0482	--	0.3541	1.4900	0.3926	0.9400
1997	1.3110	0.5251	0.4950	0.0500	0.7500	0.3500	1.4750	0.3926	0.9195
1998	1.4010	0.5401	0.4938	0.0500	0.7100	0.2700	1.6800	0.4000	0.9195

Tax Levies

Fiscal Year Ended Sept. 30	Austin I.S.D.	City of Austin	Travis County (1)	Austin Community College	North Austin MUD #1	NW Travis County RD #3	Del Valle I.S.D.	NW Austin MUD #1	Austin MUD #2
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1989	197,246,556	101,588,091	87,076,637	9,224,134	--	--	7,387,472	39,224	--
1990	199,062,522	102,146,556	88,310,400	8,753,590	--	459,002	9,301,791	65,436	--
1991	211,411,187	97,895,866	89,173,677	8,510,148	--	229,041	9,464,343	102,380	124,734
1992	225,211,688	102,013,450	108,443,223	8,510,157	--	739,443	9,056,989	157,384	130,969
1993	239,317,335	108,824,534	121,693,526	7,824,418	--	741,724	9,266,941	198,469	127,482
1994	251,813,206	113,528,637	135,026,733	8,640,553	--	342,622	10,082,906	322,716	217,110
1995	272,094,412	117,892,065	143,659,154	9,457,674	--	388,340	11,836,035	434,431	347,006
1996	277,255,326	126,908,220	149,800,934	11,950,865	--	427,730	14,546,373	509,269	348,004
1997	321,567,233	135,598,596	157,852,081	13,900,000	2,389,793	576,353	20,453,921	124,781	389,058
1998	348,752,846	148,490,010	168,088,920	13,971,450	2,372,092	539,240	25,674,110	644,810	451,239

Note: Initial tax levies were as follows: Austin Community College - 1988, Northwest Travis County RD#3 - 1990, Northwest Austin MUD #1 - 1989 and Austin MUD #2 - 1991.

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

Source: Travis Central Appraisal District and taxing entity.

**CITY SALES TAX
TAX LEVIED EFFECTIVE JANUARY 1, 1968
1968-1998**

**CITY OF AUSTIN, TEXAS
TABLE 11**

Fiscal Year Ended Sept. 30	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.	Total	Percent Base Year	Annual Percent Increase (Decrease)	Percent of Tax Levy	Equivalent Tax Rate
	\$	\$	\$	\$	\$	%	%	%	¢
1968 (1)	--	--	--	1,457,957	1,457,957	100.00	0.00	14.58	19.54
1969	875,858	906,029	851,768	917,593	3,551,248	243.58	143.58	34.07	43.96
1970	973,702	1,088,570	951,522	1,041,129	4,054,923	278.12	14.18	35.08	45.25
1971	1,128,941	1,245,226	1,137,359	1,234,512	4,746,038	325.53	17.04	34.41	44.39
1972	1,308,930	1,464,787	1,339,538	1,414,787	5,528,042	379.16	16.48	35.50	45.80
1973	1,569,320	1,715,523	1,591,553	1,691,794	6,568,190	450.51	18.82	38.37	48.73
1974	1,730,025	1,946,199	1,695,216	1,887,840	7,259,280	497.91	10.52	38.45	48.82
1975	1,961,267	1,972,355	2,327,542	1,644,231	7,905,395	542.22	8.90	36.05	42.89
1976	2,241,741	2,318,177	2,045,637	2,560,088	9,165,643	628.66	15.94	36.17	45.94
1977	1,797,941	3,173,023	2,653,062	3,867,237	11,491,263	788.18	25.37	35.92	45.62
1978	3,022,385	3,500,951	3,154,677	3,852,911	13,530,924	928.07	17.75	40.00	49.60
1979	3,815,525	3,908,796	3,486,853	4,066,500	15,277,674	1047.88	12.91	45.75	43.92
1980	3,792,600	4,269,264	3,721,919	6,000,029	17,783,812	1219.78	16.40	49.42	47.44
1981	3,792,138	5,652,320	5,033,556	7,102,891	21,580,905	1480.22	21.35	56.20	32.03
1982	4,483,423	6,283,622	5,625,486	8,024,660	24,417,191	1674.75	13.14	53.86	33.39
1983	5,170,854	7,089,595	6,784,754	9,051,752	28,096,955	1927.15	15.07	53.02	29.81
1984	6,331,036	8,823,690	8,962,819	12,755,753	36,873,298	2529.11	31.24	57.00	37.05
1985	7,916,721	11,289,037	10,921,876	14,506,719	44,634,353	3061.43	21.05	61.53	28.98
1986	8,378,407	11,393,785	10,435,305	13,741,340	43,948,837	3014.41	-1.54	49.24	26.00
1987	7,668,943	10,352,615	9,677,073	12,189,597	39,888,228	2735.90	-9.24	35.23	17.01
1988	7,317,701	10,596,174	10,651,574	14,359,464	42,924,913	2944.18	7.61	37.92	20.16
1989	8,038,526	9,426,849	14,140,172	15,566,564	47,172,111	3235.49	9.89	46.43	24.61
1990	12,381,190	13,276,731	8,918,588	16,963,763	51,540,272	3535.10	9.26	50.46	29.01
1991	12,762,277	10,538,818	13,577,375	18,522,158	55,400,628	3799.88	7.49	56.59	32.23
1992	9,303,794	14,712,861	14,231,541	20,007,152	58,255,348	3995.68	5.15	57.11	34.42
1993	10,868,639	17,392,838	15,971,215	22,821,515	67,054,207	4599.19	15.10	61.62	39.50
1994	11,896,613	19,225,170	18,072,107	26,586,171	75,780,061	5197.69	13.01	66.75	41.55
1995	13,198,475	21,627,680	18,836,109	26,812,429	80,474,693	5519.69	6.20	68.26	38.40
1996	5,643,150	22,055,837	20,293,853	35,688,474	83,681,314	5739.63	3.98	65.94	35.91
1997	5,570,840	23,258,686	20,849,873	38,470,910	88,150,309	6046.15	5.34	65.01	34.14
1998	8,334,970	23,187,979	24,054,142	42,004,326	97,581,417	6693.02	10.70	65.72	35.50

(1) 1% City sales tax levied effective January 1, 1968. This tax is collected and remitted to the City by the State Comptroller.

**ELECTRIC FUND AND
WATER AND WASTEWATER FUND
MISCELLANEOUS STATISTICS
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Table 12**

ELECTRIC FUND

Plant capacity -- 2 plants with a combined capacity of 1,450 net MW and two joint venture power plants with a capacity of 970 net MW at 100% power factor.

Service area peak demand -- maximum 1,820

Distribution -- 5,418 miles overhead distribution lines (12KV)
3,462 miles underground distribution lines (12KV)
55 miles transmission line (Fayette Power Project 345KV)
61 miles transmission line (Fayette Power Project 345KV)
(50% ownership with LCRA)
94 miles transmission line (South Texas Power Project 345KV)
327 miles transmission line (69KV and 138KV)

WATER AND WASTEWATER FUND

Source of supply · 150 mile long network of lakes created along the Colorado River by six dams with a combined storage capacity in excess of 3,300,000 acre-feet of water.

Water treatment plants	3	
Rated peak daily capacity	227,000,000	gallons
Average daily consumption	116,575,000	gallons
Average daily consumption per capita	180	gallons (based on 1998 population)
Water distribution --	3,230	miles of mains
	32	booster pump stations
Water connections --	163,263	metered services
	18,640	fire hydrants
Wastewater treatment plants	4	
Combined daily capacity	130,000,000	gallons
Average daily volume	68,671,000	gallons
Collection : Sanitary sewer mains	2,277	miles
Connections	149,663	
Lift stations	109	

**ELECTRIC FUND AND
WATER AND WASTEWATER FUND
FIVE-YEAR COMPARATIVE OPERATING STATEMENT
1994-1998**

**CITY OF AUSTIN, TEXAS
Table 13**

	Fiscal Year Ended September 30				
	1998	1997	1996	1995	1994
	\$	\$	\$	\$	\$
REVENUE					
Electric					
Domestic and rural residential	252,740,995	224,232,524	227,156,977	207,675,076	194,393,338
Commercial general	328,596,713	308,508,479	301,859,452	281,744,433	267,759,691
City utility departments	13,428,444	12,017,703	11,865,185	10,962,725	10,906,744
Public street lighting	4,464,664	4,441,797	4,460,674	4,374,329	4,361,900
City general government departments	4,106,850	4,191,198	3,856,689	3,847,215	3,902,358
Sales to other utilities (including capacity contract)	56,566,516	31,236,225	35,603,644	6,746,380	6,868,747
Rent from electric property	870,118	696,701	580,053	838,786	220,277
Customers' forfeited discounts and penalties	3,982,395	3,928,675	3,880,369	3,421,037	3,543,024
Miscellaneous	3,614,356	5,077,852	24,385,379	3,141,133	3,654,194
Total electric	668,371,051	594,331,154	613,648,422	522,751,114	495,610,273
Water					
Urban	88,970,989	73,284,637	79,983,878	70,647,422	70,222,144
Rural	5,860,807	5,200,271	6,440,999	5,180,951	9,192,290
City utility departments	369,646	286,698	322,100	380,833	631,773
City general government departments	1,206,260	1,065,464	1,286,521	917,740	1,004,193
Sales to other water utilities	7,452,052	7,177,235	8,435,906	6,061,370	6,489,951
Water connections	249,250	259,616	270,584	255,349	287,179
Customers' forfeited discounts and penalties	630,236	598,582	636,517	568,874	617,625
Miscellaneous	1,157,918	1,075,847	1,246,025	664,393	613,342
Total water	105,897,158	88,948,350	98,622,530	84,676,932	89,058,497
Wastewater					
Urban	83,179,862	77,745,986	76,258,100	73,231,305	67,922,637
Rural	1,862,117	2,172,354	1,989,925	1,885,000	2,524,495
City utility departments	501,761	662,706	664,106	508,948	49,019
City general government departments	258,645	43,994	48,714	45,497	296,653
Sales to other sewer utilities	3,102,116	4,010,258	3,191,700	3,221,366	2,938,854
Sewer connections	231,447	241,072	251,256	237,110	266,666
Customers' forfeited discounts and penalties	539,652	585,706	548,926	529,122	527,489
Miscellaneous	6,219,036	5,520,010	4,853,869	3,745,480	3,611,971
Total wastewater	95,894,636	90,982,086	87,806,596	83,403,828	78,137,784
Interest	48,345,300	37,924,320	31,293,078	26,399,616	21,753,329
Total operating and interest revenues	918,508,145	812,185,910	831,370,626	717,231,490	684,559,883

(continued)

**ELECTRIC FUND AND
WATER AND WASTEWATER FUND
FIVE-YEAR COMPARATIVE OPERATING STATEMENT
1994-1998**

**CITY OF AUSTIN, TEXAS
Table 13
(Continued)**

	Fiscal Year Ended September 30				
	1998	1997	1996	1995	1994
	\$	\$	\$	\$	\$
EXPENSE					
Electric (1)					
Production, excluding joint facilities	147,644,118	104,781,995	106,264,915	62,277,286	102,973,982
Joint facilities production	94,894,787	118,057,789	127,827,485	132,500,524	125,816,894
System control	5,644,060	4,594,380	4,723,237	5,005,160	5,390,464
Transmission and distribution	28,676,536	28,773,121	27,932,260	27,346,986	23,104,220
Jobbing and contract work	(212,629)	524,455	84,577	178,327	361,567
Interdepartmental services	--	--	--	--	700,000
Customer accounting and collection	16,979,134	11,731,914	14,074,658	13,956,115	13,098,641
Customer services	14,409,267	15,258,610	1,499,284	16,237,044	13,545,000
Administrative and general	24,950,325	24,367,715	21,151,178	16,073,327	12,887,902
Total electric	332,985,598	308,089,979	303,557,594	273,574,769	297,878,670
Water					
Purification	14,457,475	12,077,872	12,431,682	11,377,660	11,470,681
Distribution	13,601,407	15,189,496	14,349,046	13,803,750	13,952,863
Customer accounting and collection	3,194,097	3,009,229	3,489,300	5,892,612	5,629,303
Jobbing and contract work	16,855	17,431	30,877	(35,263)	98,994
Design engineering	1,203,702	629,797	1,041,740	856,405	750,820
Administrative and general	10,866,801	9,314,654	9,898,132	10,563,975	9,716,688
Total water	43,340,337	40,238,479	41,240,777	42,459,139	41,619,349
Wastewater					
Sewer lines	8,588,828	6,203,528	7,022,371	7,580,057	7,075,877
Sewage treatment plant	16,041,275	15,730,827	14,769,358	14,771,860	14,530,522
Customer accounting and collection	2,235,435	2,143,126	2,438,384	3,658,869	3,469,234
Jobbing and contract work	43,233	11,769	15,927	6,073	119,996
Design engineering	1,991,976	3,018,212	2,344,178	2,281,847	2,277,044
Administrative and general	8,711,831	7,685,425	9,018,513	7,670,025	6,023,989
Total wastewater	37,612,578	34,792,887	35,608,731	35,968,731	33,496,662
Total expenses (2)	413,938,513	383,121,345	380,407,102	352,002,639	372,994,681
Net revenue available for debt service	504,569,632	429,064,565	450,963,524	365,228,851	311,565,202

(1) Electric operating expenses were reallocated to different categories in September 1995.

(2) Interest expense, depreciation, amortization and other nonoperating items are not included in total expense.

**ELECTRIC FUND AND
WATER AND WASTEWATER FUND
PLANT COST AND EQUITY IN UTILITY SYSTEMS
1994-1998**

**CITY OF AUSTIN, TEXAS
Table 14**

	Fiscal Year Ended September 30				
	1998	1997	1996	1995	1994
	\$	\$	\$	\$	\$
PLANT COST					
Utility systems					
Electric	2,625,217,308	2,572,557,667	2,486,095,321	2,412,069,533	2,328,409,045
Water	893,668,714	821,502,655	776,444,397	751,582,994	731,965,029
Wastewater	921,580,649	867,001,907	842,267,292	808,005,591	777,812,345
Total cost	<u>4,440,466,671</u>	<u>4,261,062,229</u>	<u>4,104,807,010</u>	<u>3,971,658,118</u>	<u>3,838,186,419</u>
Allowance for depreciation:					
Electric	895,154,272	818,396,311	745,058,632	680,744,173	616,810,266
Water	202,674,479	182,053,656	165,534,650	150,767,689	137,501,864
Wastewater	256,629,792	230,946,972	209,687,758	189,861,891	171,052,554
Total depreciation	<u>1,354,458,543</u>	<u>1,231,396,939</u>	<u>1,120,281,040</u>	<u>1,021,373,753</u>	<u>925,364,684</u>
Cost after depreciation	<u>3,086,008,128</u>	<u>3,029,665,290</u>	<u>2,984,525,970</u>	<u>2,950,284,365</u>	<u>2,912,821,735</u>
EQUITY IN UTILITY SYSTEMS					
Utility systems	4,440,466,671	4,261,062,229	4,104,807,010	3,971,658,118	3,838,186,419
Plus:					
Inventories, materials and supplies (1)	31,950,001	30,687,913	31,374,457	31,758,310	30,745,970
Net construction assets and unamortized bond issue cost (2)	129,476,175	134,997,115	113,231,834	103,174,715	85,627,761
	<u>4,601,892,847</u>	<u>4,426,747,257</u>	<u>4,249,413,301</u>	<u>4,106,591,143</u>	<u>3,954,560,150</u>
Less:					
Allowance for depreciation	1,354,458,543	1,231,396,939	1,120,281,040	1,021,373,753	925,364,684
Construction contracts payable	2,222,064	2,889,429	3,272,515	3,442,474	4,578,337
	<u>1,356,680,607</u>	<u>1,234,286,368</u>	<u>1,123,553,555</u>	<u>1,024,816,227</u>	<u>929,943,021</u>
Utility systems, net	<u>3,245,212,240</u>	<u>3,192,460,889</u>	<u>3,125,859,746</u>	<u>3,081,774,916</u>	<u>3,024,617,129</u>
Revenue bonds and other debt outstanding (3)	2,818,680,622	2,780,846,233	2,743,087,222	2,717,960,775	2,629,709,310
Less:					
Bond retirement and reserve funds (4)	169,005,087	160,527,625	160,900,333	161,593,286	166,319,664
Net debt	<u>2,649,675,535</u>	<u>2,620,318,608</u>	<u>2,582,186,889</u>	<u>2,556,367,489</u>	<u>2,463,389,646</u>
Equity in utility systems	<u>595,536,705</u>	<u>572,142,281</u>	<u>543,672,857</u>	<u>525,407,427</u>	<u>561,227,483</u>
Percentage of equity in utility systems	<u>18.35%</u>	<u>17.92%</u>	<u>17.39%</u>	<u>17.05%</u>	<u>18.56%</u>

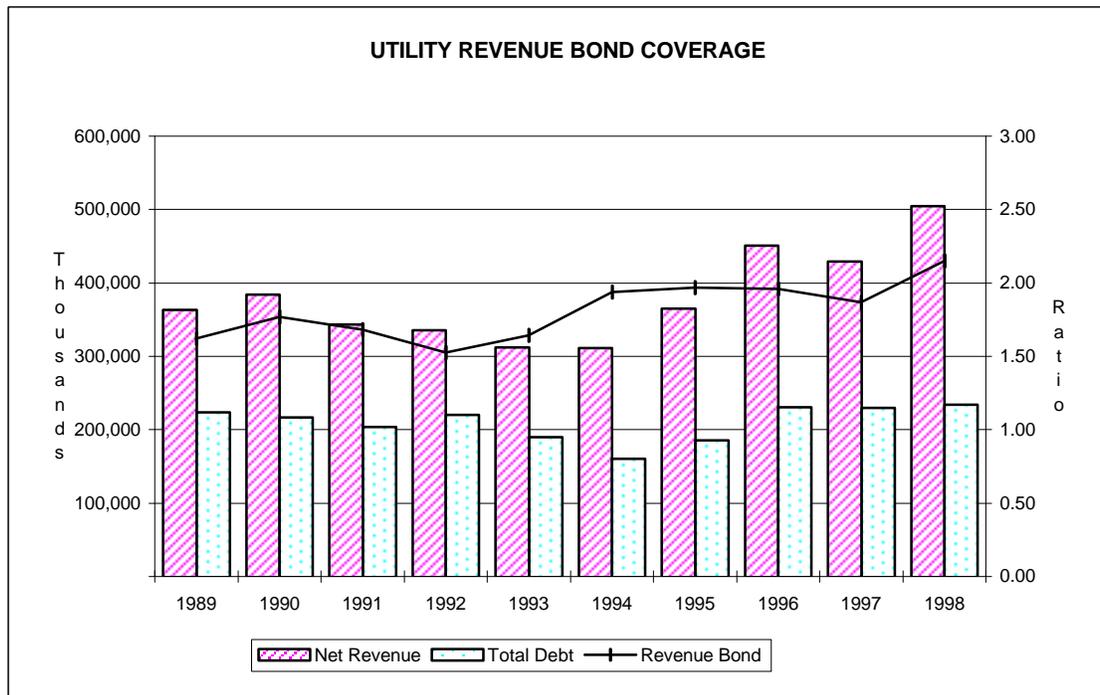
- (1) Does not include fuel oil or coal inventories of approximately \$10,394,883 at September 30, 1998. Consists primarily of spare parts inventory at Fayette Plant and South Texas Project.
- (2) Includes investment in municipal utility districts of \$2,746,428.
- (3) Includes Revenue Bonds and Tax/Revenue Bonds of \$2,382,404,625 (net of discounts and inclusive of premiums); Contract Revenue Bonds of \$107,054,940; Capital Lease Obligations of \$23,448,918; Water District Bonds of \$1,408,000; Commercial Paper of \$294,412,023; General Obligation Bonds of \$4,631,994; and Contractual Obligation Bonds of \$5,320,122.
- (4) Includes MUD Reserves of \$328,030 that are not included elsewhere in the financial statements.

**SCHEDULE OF COMBINED UTILITY SYSTEMS
ELECTRIC, WATER, AND WASTEWATER
REVENUE BOND COVERAGE
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 15**

Fiscal Year Ended Sept. 30	Net Revenue Available for Debt Service			Debt Service Requirements (3)			Revenue Bond Coverage (4)
	Total Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total Debt Service	
	\$	\$	\$	\$	\$	\$	\$
1989	592,746,498	229,429,411	363,317,087	32,780,000	191,114,545	223,894,545	1.62
1990	638,931,733	255,122,157	383,809,576	33,650,000	183,148,383	216,798,383	1.77
1991	614,691,145	271,461,552	343,229,593	22,020,000	181,868,568	203,888,568	1.68
1992	610,003,346	274,749,207	335,254,139	29,005,000	190,946,822	219,951,822	1.52
1993	670,277,492	358,279,919	311,997,573	19,810,000	170,224,959	190,034,959	1.64
1994	684,559,883	372,994,681	311,565,202	14,885,000	145,844,823	160,729,823	1.94
1995	717,231,490	352,002,639	365,228,851	34,547,200	150,951,667	185,498,867	1.97
1996	831,370,626	380,407,102	450,963,524	75,520,330	154,727,958	230,248,288	1.96
1997	812,185,910	383,121,345	429,064,565	82,540,580	146,997,910	229,538,490	1.87
1998	918,508,145	413,938,513	504,569,632	93,922,453	140,541,178	234,463,631	2.15

- (1) Operating revenue and interest income.
- (2) Operating expenses other than interest on debt, depreciation and amortization.
- (3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements.
- (4) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest payments made during each fiscal year. Coverage includes prior and subordinate lien bonds only.



**TRANSFERS FROM ELECTRIC FUND AND
WATER AND WASTEWATER FUND
TO GENERAL FUND
1979-1998**

**CITY OF AUSTIN, TEXAS
Table 16**

Fiscal Year	Operating Revenue	Other Revenue	Total Revenue	Transfers to General Fund	Percentage of Total Revenue
	\$	\$	\$	\$	%
1979	176,240,453	27,117,853	203,358,306	17,330,000	8.52
1980	242,003,693	16,982,350	258,986,043	25,426,000	9.82
1981	322,290,425	11,504,342	333,794,767	30,293,933	9.08
1982	388,676,515	17,855,612	406,532,127	37,082,911	9.12
1983	364,544,307	24,715,181	389,259,488	40,836,300	10.49
1984	451,145,965	31,330,815	482,476,780	46,057,000	9.55
1985	447,699,487	42,189,950	489,889,437	50,524,900	10.31
1986	516,724,133	51,724,247	568,448,380	56,089,577	9.87
1987	525,349,519	56,137,604	581,487,123	60,203,227	10.35
1988	556,355,820	42,873,171	599,228,991	63,740,768	10.64
1989	542,515,706	50,230,792	592,746,498	64,459,956	10.87
1990	585,184,149	53,747,584	638,931,733	63,665,887	9.96
1991	571,816,378	42,874,767	614,691,145	63,054,576	10.26
1992	578,276,283	31,038,077	609,314,360	73,237,718	12.02
1993	645,075,003	25,202,489	670,277,492	68,581,868	10.23
1994	662,806,554	21,753,329	684,559,883	67,914,376	9.92
1995	690,831,874	26,399,616	717,231,490	71,110,681	9.91
1996	800,077,548	31,293,078	831,370,626	73,582,839	8.85
1997	774,261,590	37,924,320	812,185,910	71,449,866	8.80
1998	870,162,845	48,345,300	918,508,145	72,721,264	7.92

**ELECTRIC FUND AND
WATER AND WASTEWATER FUND
STATISTICAL DATA
Year ended September 30, 1998
With comparative totals for year ended September 30, 1997**

**CITY OF AUSTIN, TEXAS
Table 17**

	Electric Sales (KWH)		Number of Metered Customers	
	1998	1997	1998	1997
Electric:				
Residential - multi-fuel	2,061,696,520	1,907,574,022	186,807	184,661
Residential - single-fuel	1,239,426,064	1,103,034,095	119,233	107,456
General service	5,393,425,379	5,075,325,230	49,503	47,693
Public street lighting	28,174,152	28,446,894	3	3
Other public authorities	84,043,151	77,608,259	505	499
Interdepartmental	204,290,381	189,256,272	215	218
Sales to other utilities	533,754,000	427,189,000	16	10
	<u>9,544,809,647</u>	<u>8,808,433,772</u>	<u>356,282</u>	<u>340,540</u>

	1998		1997	
	Average Customers	Thousand Gallons	Average Customers	Thousand Gallons
Water and Wastewater:				
Thousands of gallons pumped		46,668,512 (1)		42,802,212
Less: Sales to other utilities		<u>3,797,257</u>		<u>3,662,066</u>
Thousand gallons to system		<u>42,871,255</u>		<u>39,140,146</u>
Water sales:				
Urban	152,545	36,026,412	143,177	30,219,525
Rural	10,131	1,968,939	11,139	1,787,935
	<u>162,676</u>	<u>37,995,351</u>	<u>154,316</u>	<u>32,007,460</u>
City departments	481	705,983	364	559,575
	<u>163,157</u>	<u>38,701,334</u>	<u>154,680</u>	<u>32,567,035</u>
Used by utility		1,418,185		1,306,684
Loss and unaccounted for		<u>2,751,736</u>		<u>5,266,427</u>
Thousand gallons to system		<u>42,871,255</u>		<u>39,140,146</u>
Maximum daily use		206,371		190,919

(1) Pumpage includes the Davenport WTP estimate of 248.6 million gallons provided by ST Environmental Services (January 1998-September 1998).

**ELECTRIC FUND AND
WATER AND WASTEWATER FUND
LARGE CUSTOMERS
FIVE-YEAR COMPARATIVE DATA (1994-1998)**

**CITY OF AUSTIN, TEXAS
Table 18**

Fiscal Year Ended September 30 (dollars in thousands)

	1998		1997		1996		1995		1994	
	MWh	Revenue	MWh	Revenue	MWh	Revenue	MWh	Revenue	MWh	Revenue
	\$		\$		\$		\$		\$	
LARGE ELECTRIC CUSTOMERS										
Motorola, Inc. (Ed Bluestein) (1)	239,911	9,966	240,191	10,090	217,535	9,847	193,836	8,691	178,276	8,986
Motorola, Inc. (U. S. 290)	212,960	8,824	212,480	8,899	88,544	4,134	59,646	2,708	56,598	2,879
Advanced Micro Devices (2) (3)	179,031	7,727	155,689	6,460	120,077	5,210	82,176	3,487	--	--
Motorola, Inc. (Ed Bluestein) (1) (3)	144,506	6,275	131,598	5,485	113,481	4,922	41,870	1,956	--	--
Samsung Austin Semiconductor (4)	117,443	4,880	--	--	--	--	--	--	--	--
Advanced Micro Devices (2)	112,394	4,624	115,317	4,826	112,185	5,081	113,801	5,027	119,011	5,945
IBM Corporation (South) (5)	82,244	3,721	110,713	5,024	105,949	5,265	109,990	5,340	113,953	6,089
Blackstone/TCC Austin Partners (6)	63,862	3,013	53,657	2,514	--	--	--	--	--	--
UT - Sematech	60,959	2,618	59,207	2,440	54,615	2,345	62,033	2,526	63,629	2,783
IBM Corporation (North) (5)	44,255	1,952	54,191	2,407	50,533	2,443	52,073	2,455	64,227	3,386
	1,257,565	53,600	1,133,043	48,145	862,919	39,247	715,425	32,190	595,694	30,068

- (1) Both Motorola facilities are at the same location but are billed separately.
(2) Both Advanced Micro Devices facilities are at the same location but are billed separately.
(3) Facilities that have no comparative data prior to 1995.
(4) Facilities that have no comparative data prior to 1998.
(5) Both IBM facilities are at the same location but are billed separately.
(6) Facilities that have no comparative data prior to 1997.

Fiscal Year Ended September 30 (dollars in thousands)

	1998		1997		1996		1995		1994	
	Gallons	Revenue								
	\$		\$		\$		\$		\$	
LARGE WATER CUSTOMERS										
Motorola, Inc. (1)	1,904,313	3,927	1,894,879	3,918	1,887,195	4,036	1,640,673	3,646	1,308,501	2,933
Advanced Micro Devices	1,250,741	2,584	1,151,306	2,384	1,114,446	2,385	904,760	2,011	594,090	1,339
The University of Texas at Austin (2)	824,213	1,784	824,049	1,767	909,263	2,003	738,460	1,657	870,750	1,981
Travis County Water Control and Improvement District #10	737,810	1,509	579,175	999	754,505	1,380	537,982	901	573,626	935
Wells Branch Municipal Utility District	559,016	1,013	463,043	851	482,172	828	372,745	599	380,218	601
Anderson Mill Municipal Utility District	542,058	899	467,978	799	485,628	803	509,011	804	495,216	771
IBM Corporation	421,600	581	332,299	699	357,662	774	385,338	860	406,899	923
Samsung Austin Semiconductor (3)	363,761	812	--	--	--	--	--	--	--	--
North Austin Municipal Utility District	323,138	658	276,784	557	285,922	546	219,282	373	209,193	358
Lost Creek Municipal Utility District	320,721	655	237,423	497	321,987	660	252,385	485	277,899	569
	7,247,371	14,422	6,226,936	12,471	6,598,780	13,415	5,560,636	11,336	5,116,392	10,410

- (1) Totals for Motorola, Inc. include their east Austin plant site and their west Austin plant site.
(2) Totals for the University of Texas at Austin are citywide for 1996 through 1998. Previous years include the central area campus only.
(3) Facilities that have no comparative data prior to 1998.

**CITY OF AUSTIN
SCHEDULE OF INSURANCE IN FORCE
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Table 19**

Department and Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City Wide (Excluding Austin Energy Services) <ul style="list-style-type: none"> • All-Risk Property • Boiler and Machinery 	10/1/98	\$751,255	Arkwright	\$1,578,213,000	Provides replacement cost coverage for loss or damage to City buildings, and contents due to fire, wind storm, hail, or other perils. Subject to a \$100,000 per occurrence deductible. Provides coverage for fine arts owned or on loan subject to \$1,000 deductible per claim. Covers Cable TV equipment with \$1,000 deductible. Covers damages from boiler and fired pressure vehicle accidents with a \$10,000 deductible.
City Wide <ul style="list-style-type: none"> • Commercial Crime 	10/20/98	\$17,044	United States Fire Insurance Company	\$5,000,000	Covers loss of funds through public employee dishonesty. Subject to \$5,000 deductible.
			United States Fire Insurance Company	\$1,000,000	Covers loss of funds through forgery or alteration of, on, or in any covered instrument. Subject to \$5,000 deductible.
City Wide Selected Capital Improvement Projects <ul style="list-style-type: none"> • Hired and Nonowned Auto 	11/1/98	Premium is for a 4 year term; \$1,000 paid in 1997	St. Paul Insurance	\$1,000,000 per occurrence	Provides bodily injury and property damage coverage to the City and contractors signed up in the Rolling Owner Controller Insurance Program (ROCIP). Coverage is provided for nonowned and hired vehicles and is intended to be excess over primary auto coverage.
City Wide Selected Capital Improvement Projects <ul style="list-style-type: none"> • Commercial General Liability 	11/1/98	\$191,209 Premium is for a 4 year term. Premium may vary based on experience.	St. Paul Insurance	\$2,000,000 per occurrence; \$2,000,000 general aggregate	Provides bodily injury, property damage, and completed operations coverage to the City and contractors signed up in the ROCIP program. Coverage is provided only at specified Capital Improvement project sites participating in the program.
City Wide Selected Capital Improvement Projects <ul style="list-style-type: none"> • Workers Compensation and Employers Liability 	11/1/98	\$327,582 Premium is for a 4 year term. Premium may vary based on experience.	St. Paul Insurance	Workers' compensation: Statutory Employers' Liability: \$1,000,000 each accident \$1,000,000 policy limit \$1,000,000 each employee	Provides workers' compensation and employers' liability coverage to all contractors working on specified Capital Improvement project sites participating in the ROCIP program.

(continued)

**CITY OF AUSTIN
SCHEDULE OF INSURANCE IN FORCE
September 30, 1998**

**CITY OF AUSTIN, TEXAS
Table 19
(Continued)**

Department and Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City Wide Selected Capital Improvement Projects • Excess Liability	11/1/98	\$60,160 Premium is for a 4 year term.	St. Paul Insurance	\$8,000,000	Provides excess coverage over the primary auto, employers' liability, and general liability coverage. Self-insured retention is \$25,000.
Austin Energy Services • All-Risk Property including Boiler and Machinery	10/1/98	\$749,760	Cigna	\$895,665,695/ \$450,000,000 location sublimit	Provides replacement cost coverage for loss or damage to Austin Energy Services buildings or contents due to fire, wind storm, hail or other perils. Also covers damages from boiler and fired pressured vehicle accidents and electrical apparatus and equipment used to generate, transmit or use electrical power. Subject to a \$100,000 deductible.
Aviation • Airport Liability	3/24/99	\$83,695	National Union Fire Insurance Company	\$100,000,000	Provides liability protection for operations at the airport. \$100,000,000 per occurrence. Personal injury limits of \$25,000,000.
Finance • Fidelity Bond	5/6/99	\$850	Western Surety	\$100,000	Covers loss of funds through employee dishonesty for the Director of Finance and City Treasurer. No deductible applicable.
Health and Human Services Department (HHSD) • Medical Malpractice	5/20/99	\$86,427	Texas Medical Liability Trust	\$200,000 per occurrence; \$600,000 aggregate	Provides medical malpractice coverage for physicians. Coverage is on a claims made basis and is offered as a benefit for physicians employed by the City in the HHSD clinics.
Police • Airplane Liability	8/21/99	\$650	Signal Aviation Underwriters, Inc.	\$100,000 per person, \$1,000,000 per occurrence	Aircraft physical damage; liability to others; medical expense.
Public Works • Commercial General Liability	5/12/99	\$14,248	USF Insurance Company	\$1,000,000 per occurrence; \$2,000,000 general aggregate	Provides bodily injury and property damage coverage to the City. Coverage is provided only for 505 Barton Springs Road, One Texas Center. Purchased for compliance with tenant lease agreements.
Austin Energy Services • Excess Liability	12/31/98	\$289,127	Aegis	\$25,000,000 per occurrence	Provides bodily injury and property damage coverage for the Austin Energy Services of the City. Excess coverage is provided for general liability, automobile liability, and employers liability.

**HOTEL-MOTEL OCCUPANCY TAX
TAX LEVIED EFFECTIVE JANUARY 1, 1971
1971-1998**

**CITY OF AUSTIN, TEXAS
TABLE 20**

Fiscal Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Percent	Annual
Ended	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sept.		Base Year	Increase
Sept. 30							(Decrease)
	\$	\$	\$	\$	\$	%	%
1971 (1)	--	--	69,071	73,184	142,255	100.00	--
1972	76,984	66,993	72,548	79,457	295,982	208.06	108.06
1973	81,045	72,409	86,576	92,679	332,709	233.88	12.41
1974	93,177	80,532	86,948	99,453	360,110	253.14	8.24
1975	99,215	94,190	96,739	113,131	403,275	283.49	11.99
1976	117,374	102,840	123,474	148,508	492,196	346.00	22.05
1977 (2)	151,665	136,046	185,907	138,515	612,133	430.31	24.37
1978	184,781	214,007	237,216	293,196	929,200	653.19	51.80
1979	288,919	272,772	307,652	353,143	1,222,486	859.36	31.56
1980	341,993	321,153	361,385	401,138	1,425,669	1,002.19	16.62
1981	409,762	362,559	443,138	481,192	1,696,651	1,192.68	19.01
1982	548,825	435,653	507,105	602,974	2,094,557	1,472.40	23.45
1983	630,232	519,503	648,948	699,246	2,497,929	1,755.95	19.26
1984 (3)	689,264	641,817	767,887	917,109	3,016,077	2,120.19	20.74
1985	941,893	1,491,967	1,557,235	1,923,513	5,914,608	4,157.75	96.10
1986	1,705,665	1,438,165	1,597,429	1,554,359	6,295,618	4,425.59	6.44
1987	1,674,558	1,223,621	1,681,665	1,569,008	6,148,852	4,322.42	(2.33)
1988	1,379,099	1,329,160	1,522,765	1,709,054	5,940,078	4,175.65	(3.40)
1989	1,674,823	1,683,558	1,907,258	2,126,998	7,392,637	5,196.75	24.45
1990	1,878,569	1,620,368	1,918,927	2,151,947	7,569,811	5,321.30	2.40
1991	1,942,450	1,860,253	2,154,340	2,350,986	8,308,029	5,840.24	9.75
1992	2,224,053	1,957,134	2,317,423	2,622,315	9,120,925	6,411.67	9.78
1993	2,463,470	2,260,375	2,778,975	3,011,457	10,514,277	7,391.15	15.28
1994	2,727,486	2,408,591	2,896,697	3,443,893	11,476,667	8,067.67	9.15
1995	3,115,451	2,869,919	3,500,988	3,653,908	13,140,266	9,237.12	14.50
1996	3,494,394	3,202,865	3,762,935	3,799,614	14,259,808	10,024.12	8.52
1997	3,536,872	3,353,333	3,859,507	4,468,147	15,217,859	10,697.59	6.72
1998 (4)	4,538,958	4,284,084	4,936,295	5,061,261	18,820,598	13,230.18	23.67

- (1) 3% tax levied effective January 1, 1971. Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.
- (2) Tax levy increased to 4% effective October 1, 1977. Ordinance No. 770901-1 amended Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.
- (3) Tax levy increased to 7% effective October 1, 1984. Ordinance No. 840712-U amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.
- (4) Tax levy increased to 9% effective August 1, 1998. Ordinance No. 980709-G amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.

MISCELLANEOUS STATISTICAL DATA

**CITY OF AUSTIN, TEXAS
Table 21**

Date of Incorporation:	December 27, 1839	Police protection:	
Date first Charter adopted:	December 27, 1839	Number of employees	1,554
Date present Charter adopted:	January 31, 1953	Number of law offenses	106,195
Form of Government:	Council - Manager	Number of arrests	44,993
Number of Employees:	10,606	Vehicle patrol units	263
		Number of employees per 1,000 population (1)	2.5550
Elections:		Library:	
Number of registered voters, November 3, 1998	499,696 Travis County 397,026 City of Austin	Central and branch libraries	21
		Volumes in collection	1,271,537
		Materials circulated	2,983,854
Number of votes cast in: Last general election, November 3, 1998	177,079	Registered borrowers	419,640
		Recreation:	
Last bond election, November 3, 1998	126,926	District parks	12
Last municipal election, November 3, 1998	126,926	Metropolitan parks	9
		Natural preserves	10
		Greenbelts	23
Percentage of registered voters voting in: Last general election, November 3, 1998	35.43%	Neighborhood parks	77
Last bond election, November 3, 1998	31.00%	Special parks (museums and miscellaneous)	22
Last municipal election, November 3, 1998	31.00%	Golf courses	5
		Swimming pools	47
Fire protection:		Recreation centers	15
Number of stations	36	Senior activity sites	20
Number of employees	911	Athletic fields	88
Number of alarms answered	46,660	Tennis courts	106
Number of employees per 1,000 population (1)	1.4978	Open fields	88
		Senior activity centers	3

POPULATION ANALYSIS

Year	Austin (1)		Travis County (1)		Texas (2)		United States (2)	
	Population	Percentage Change %	Population	Percentage Change %	Population	Percentage Change %	Population	Percentage Change %
1940	87,930	--	111,053	--	6,414,824	--	132,165,000	--
1950	132,459	50.64	160,980	44.96	7,711,194	20.21	151,326,000	14.50
1960	186,545	40.83	212,136	31.78	9,579,677	24.23	179,323,000	18.50
1970	253,539	35.91	295,516	39.30	11,198,655	16.90	203,302,000	13.37
1980	345,496	36.27	419,573	41.98	14,228,383	27.05	222,110,000	9.25
1983	375,000	8.54	486,847	16.03	15,345,000	7.85	234,545,000	5.60
1984	403,723	7.66	511,588	5.08	15,989,000	4.20	237,457,000	1.24
1985	406,584	0.71	527,120	3.04	16,370,000	2.38	238,740,000	0.54
1986	431,851	6.21	551,101	4.55	16,685,000	1.92	241,078,000	0.98
1987	444,684	2.97	563,787	2.30	16,790,000	0.63	243,249,000	0.90
1988	447,582	0.65	569,700	1.05	16,841,000	0.30	247,031,000	1.55
1989	450,107	0.56	573,805	0.72	17,451,000	3.62	247,732,000	0.28
1990	450,830	0.16	576,407	0.45	16,986,510	(2.66)	249,632,692	0.77
1991	466,530	3.48	585,731	1.62	17,349,000	2.13	252,177,000	1.02
1992	474,715	1.75	594,560	1.51	17,615,745	1.54	255,020,000	1.13
1993	478,254	0.75	600,427	0.99	17,805,566	1.08	257,592,000	1.01
1994	507,468	6.11	636,991	6.09	18,291,000	2.73	261,212,000	1.41
1995	523,352	3.13	656,979	3.14	18,724,000	2.37	262,755,000	0.59
1996	541,889	3.54	681,654	3.76	19,128,000	2.16	265,410,000	1.01
1997	560,939	3.52	703,717	3.24	19,439,337	1.63	267,792,000	0.90
1998	608,214	8.43	725,669	3.12	19,759,614	1.65	271,685,044	1.45

(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. Estimates for 1985 through 1989 were revised in 1990 based on the 1990 census.

(2) U.S. Bureau of the Census official estimates as of July 31, except for census years.

**MISCELLANEOUS STATISTICAL DATA
ECONOMIC AND GROWTH INDICATORS
1989-1998**

**CITY OF AUSTIN, TEXAS
Table 22**

Year	Area of Incorporation (Sq. Miles)	Population (1)	Utility Connection (2)			Effective Buying Income (EBI) (3)	
			Electric	Water	Gas	Median Household EBI	Per Capita EBI
						\$	\$
1989	185.29	450,107	257,525	136,233	109,366	22,977	12,118
1990	186.44	450,830	275,840	137,936	111,114	22,711	13,917
1991	189.98	466,530	281,926	142,721	131,713	24,809	14,585
1992	190.12	474,715	286,413	141,210	139,529	28,679	15,475
1993	193.15	478,254	291,896	146,396	143,088	29,662	16,965
1994	192.16	507,468	298,662	148,148	142,373	32,062	17,487
1995	196.68	523,352	306,670	149,867	147,023	33,981	18,490
1996	195.74	541,889	319,518	151,757	148,124	29,803	16,685
1997	232.26	560,939	326,816	156,397	156,752	31,362	17,494
1998	253.67	608,214	342,263	168,907	165,274	33,690	18,999
1989-1998 Change	36.90%	35.13%	32.90%	23.98%	51.12%	46.62%	56.78%

Year	Building Permits			Austin Area Home Sales (5)		
	Federal, State and Municipal	Taxable	Total	Retail Sales (Austin) (4)	Average Sale Price	Number of Homes Sold
	\$	\$	\$	\$	\$	
1989	12,516,321	361,440,727	373,957,048	4,682,139,494	85,562	6,746
1990	48,312,493	309,999,799	358,312,292	4,804,199,274	84,744	7,672
1991	33,619,419	327,777,503	361,396,922	5,063,115,033	89,263	8,336
1992	5,162,800	435,053,697	440,216,497	5,644,034,689	106,265	8,914
1993	70,976,449	607,717,144	678,693,593	6,253,828,689	114,908	11,104
1994	19,643,501	840,043,119	859,686,620	6,784,452,526	120,161	10,833
1995	11,087,831	870,446,315	881,534,146	7,286,274,112	126,726	8,436
1996	89,945,847	1,246,232,619	1,336,178,466	7,932,937,305	132,699	9,773
1997	2,574,539	1,023,114,762	1,025,689,301	8,513,655,224	146,763	8,094
1998	46,722,845	1,434,660,615	1,481,383,460	10,842,488,373	155,600	10,536
1989-1998 Change	273.30%	296.93%	296.14%	131.57%	81.86%	56.18%

Note: All numbers are as of fiscal year ended September 30, except where noted.

- (1) Figures represent full purpose population as of December 31.
- (2) Figures 1991 through 1998 are as of September 30.
- (3) Source: 1998 Survey of Buying Power, Sales and Marketing Management.
- (4) Source: State of Texas Comptroller's Office. Amount is an estimate based on State of Texas Comptroller's Office data.
- (5) Source: Austin Board of Realtors.

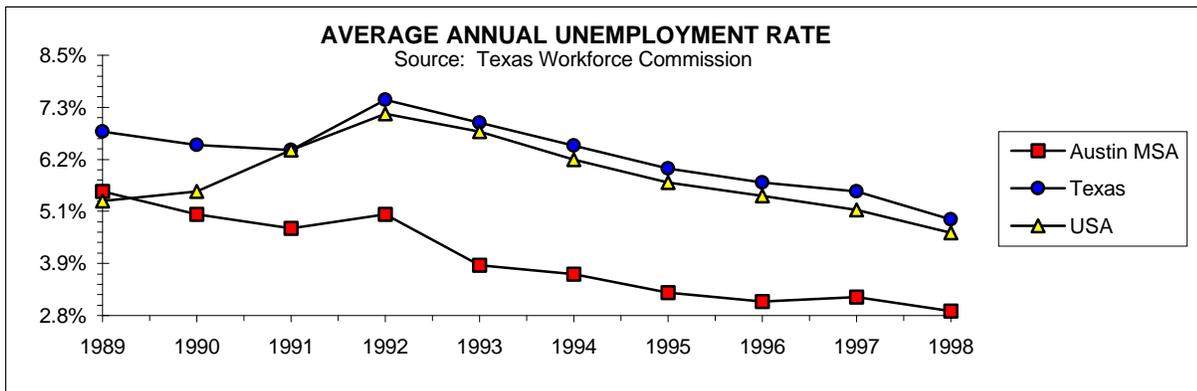
EMPLOYMENT BY INDUSTRY IN THE AUSTIN
METROPOLITAN STATISTICAL AREA (1)

Industrial Classification	1970		1996		1997		1998	
	Number	% of Total						
Manufacturing	13,300	10.3	71,500	13.1	75,485	13.5	81,871	13.8
Government	51,150	39.5	130,400	23.8	127,151	22.7	130,036	21.9
Trade	26,100	20.2	122,700	22.4	121,548	21.8	128,552	21.6
Services and miscellaneous	19,600	15.1	148,600	27.1	156,173	27.9	168,985	28.4
Finance, insurance and real estate	6,150	4.7	29,100	5.3	29,083	5.2	30,587	5.1
Contract construction	8,750	6.8	26,800	4.9	29,954	5.4	33,758	5.7
Transportation and utilities	4,000	3.1	17,500	3.2	18,501	3.3	19,451	3.3
Mining	450	0.3	1,100	0.2	1,224	0.2	1,308	0.2
Totals	129,500	100.0	547,700	100.0	559,119	100.0	594,548	100.0

Source: Texas Workforce Commission

(1) Austin MSA includes Travis, Bastrop, Caldwell, Hays, and Williamson Counties.

Numbers for 1998 are an estimate based on TWC and the Bureau of Labor Statistics, U.S. Department of Labor data as of June 30, 1998.



TEN LARGEST EMPLOYERS
September 30, 1998

Employer	Product or Service	Number of Employees	% of Total (2)
The University of Texas at Austin	Education and research	20,342	3.4
Dell Computer Corporation	Computers	10,700	1.8
City of Austin	City government	10,606	1.8
Motorola, Inc.	Electronic components	10,000	1.7
Austin Independent School District	Education	9,159	1.5
IBM Corporation	Office machines	7,000	1.2
Internal Revenue Service	Federal agency	5,700	1.0
Texas Department of Health	State government	5,634	0.9
Advanced Micro Devices	Computers	4,200	0.7
Texas Department of Public Safety	State government	4,000	0.7
		87,341	14.7

Source: Austin Chamber of Commerce

(2) Total refers to total work force of 594,548 as stated in the 'Employment by Industry' Table, above.

ENCUMBRANCE BALANCES OF SELECTED FUNDS
September 30, 1998

CITY OF AUSTIN, TEXAS
Table 24

Enterprise Funds:	
Electric	7,180,083
Water-Wastewater:	
Water	1,207,723
Wastewater	1,215,666
Hospital	18,132
Solid Waste Services	495,250
Airport	472,908
Convention Center	274,483
Drainage	1,069,721
Transportation	2,306,312
Performance Contracting	830,360
Golf	145,629
Parks and Recreation:	
Softball	56,352
Recreation Centers	39,090
Internal Service Funds:	
Fleet:	
Operating	831,741
Designated for acquisition	2,640,461
Support Services	3,079,147
Utility Customer Service	51,507
Employee Benefits	17,053
Liability Reserve	1,881
Radio Communication	38,783
Infrastructure Support Services	491,144
Capital Projects Management	93,919