

Comprehensive Annual Financial Report



City of Austin, Texas

*For the year ended
September 30, 2007*

*Prepared by:
Financial and Administrative Services Department*

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Deputy Chief Financial Officer*

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



City Council

Will Wynn

Mayor

Term expires June 20, 2009

Betty Dunkerley

Mayor Pro Tem

Term expires June 15, 2008

Council Members

Sheryl Cole	June 20, 2009
Jennifer Kim	June 15, 2008
Lee Leffingwell	June 15, 2008
Mike Martinez	June 20, 2009
Brewster McCracken	June 20, 2009

Marc A. Ott

City Manager

**CITY OF AUSTIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2007**

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INTRODUCTION



City of Austin

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

April 28, 2008

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Austin, Texas for the fiscal year ended September 30, 2007. The CAFR is provided to give detailed information about the financial position and activities of the City to citizens, City Council, City staff and other readers.

City management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City. These financial statements have been prepared by the Financial and Administrative Services Department, Controller's Office, in accordance with generally accepted accounting principles (GAAP) for local governments.

The combined financial statements and related notes have been jointly audited by the independent firms of Certified Public Accountants, KPMG LLP, and R. Mendoza & Company, P.C. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. Grant awards are being audited under the provisions of the Single Audit Act of 1996, as amended, and the *State of Texas Single Audit Circular*. The Single Audit reports will be issued separately.

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

REPORTING ENTITY

This CAFR includes all funds of the City, including those organizations required to be included because the City is financially accountable for them. The City provides a full range of services, including general government, public safety, transportation, planning and sustainability, public health, public recreation and culture, urban growth management, electric, water, wastewater, airport, convention and other enterprise services. In addition, the financial statements include these separate legal entities (and the fund where reported): Austin Housing Finance Corporation (Housing Assistance Fund), Austin Industrial Development Corporation (Austin Industrial Development Corporation Fund) and Mueller Local Government Corporation (Mueller Local Government Corporation Fund). These entities are reported as governmental activities.

AUSTIN'S GOVERNMENT, ECONOMY AND OUTLOOK

General Information

The City of Austin, chartered in 1839, has a Council-Manager form of government with a Mayor and six Councilmembers. The Mayor and Councilmembers are elected at large for three-year staggered terms with a maximum of two consecutive terms. The City Manager, appointed by the City Council, is responsible to them for the management of all City employees and the administration of all City affairs.

Austin, the capital of Texas, is the fourth largest city in the State (behind Houston, Dallas, and San Antonio), with an estimated population of more than 732,000 in 2007. Over the past ten years, Austin's population has increased by approximately 124,000 residents, or 14.7 percent. Geographically, Austin consists of approximately 297 square miles. The current estimated median household income and per capita income for the Austin-Round Rock Metropolitan Statistical Area (MSA) is \$42,263 and \$38,243, respectively.

Austin is frequently recognized as a great place to live for all ages, from young to retired: *Forbes.com* lists Austin as one of the Best Places for Singles because of nightlife, culture and low cost of living, and *AARP The Magazine* names Austin as one of the top four cities to watch as a retirement community.

Austin is also a great place for work, entertainment and healthy living. *Moody's Economy.com* rates Austin as one of the best places for business in the U.S., and *MovieMaker* magazine names Austin as the Top City in America to live and make movies. Austin offers a wide variety of entertainment, with music as a special element. Known as the "Live Music Capital of the World," Austin has more than 120 live music venues and is host to the annual South by Southwest and Austin City Limits music festivals. Austin's many public parks, exercise facilities and low stress factors lead *Latina Magazine* to rank Austin tenth of the top 25 healthiest cities. *MSN.com* lists Austin among America's Greenest Cities, based on the City's green energy program and climate protection plan.

The City also offers a broad range of educational opportunities. Austin is a highly educated city, with approximately 43 percent of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 27 percent for the U.S. as a whole. With its seven institutions of higher learning and more than 117,000 students, education is a significant aspect of life in the Austin area. The University of Texas at Austin (UT), the largest public university in the nation, is known as a world-class center of education and research.

Recent Economic Performance

Austin's economic growth continued during 2007, with increased tourism and low unemployment rates. Hotel occupancy rates averaged over 69%, resulting in increased bed tax revenues of approximately 15% from the previous year. *Forbes* magazine credits a strong economy to the combination of high-tech employers and engineering talent provided by the University of Texas. Since 1998, employment in Austin increased by more than 151,000 jobs. The Bureau of Labor Statistics reports the 2007 Austin MSA employment base at 826,000, a gain of more than 10,000 over 2006. Unemployment continued to remain low, up slightly from 3.3 percent in 2006 to 3.6 percent at the end of 2007.

The State of Texas reported that the state economy grew more slowly in 2007 than during 2006, but still added more jobs than any other state. For the first time since 2001, the Texas unemployment rate dropped below the national average during 2007. According to the Bureau of Labor statistics, Texas ended the year with an unemployment rate of 4.2 percent. The State Comptroller attributes the comparatively better performance of the Texas economy to the U.S. economy to a greater concentration of the strong oil and gas industry and a housing market that has dropped less abruptly than the national average.

The national economy continued to cool during 2007, hampered by subprime mortgage losses, drops in housing sales and construction, and higher fuel costs. The Bureau of Labor Statistics reports the unemployment rate fluctuated between 4.4 and 4.8 percent most of the year, and ended the year at 5 percent. Inflation increases during 2007 were similar at the State and national levels. The Texas Comptroller's *Fiscal Notes* reported the Texas Consumer Price Index (CPI-U) increased four percent from December 2006 to 2007, with a corresponding increase at the national level of 4.1 percent in December. The Bureau of Labor Statistics cited rising fuel, food and medical care costs as the primary sources of the increases at the national level.

Home sales are an important indicator of the local and national economy. In the Austin market, annual home sales declined, but remained stronger than the national average. Data compiled by the Real Estate Research Center at Texas A&M shows the percent change in Austin sales declined by 7.6 percent, with an ending inventory of 4.2 months. Texas sales show similar decreases, with annual home sales declined 6.1 percent, and an ending inventory of 5.7 months. The total nationwide housing inventory at the end of the year was more than a nine month supply, compared to about half that amount in Austin.

Economic Outlook

For several years, the Austin-area economy has been one of the most rapidly growing in the nation. One of the region's leading economists, Angelos Angelou, forecasts modest job growth for Austin in 2008, with growth in services, trade and government. The area's population is expected to grow by 85,000 over the next two years. The national real estate crunch is likely to have the most significant impact on the local economy. The local building industry has reacted to national concerns, and cut back on housing starts. This cut back, combined with expected growth, should result in a strong demand for rental property.

Southwest Economy, published by the Federal Reserve Bank of Dallas, expects the Texas economy to encounter lower economic growth in 2008, but still perform better than the nation. Texas should experience modest job growth. Businesses will continue to be attracted to Texas due to a relatively low cost of living. To its advantage, Texas is one of the few states that gains from high energy prices.

Long-term financial planning

A key City financial policy requires annual preparation of a five-year financial forecast projecting revenues and expenditures for all operating funds. This forecast is used as a planning tool in developing the following year's operating budget. In recent years, the City emphasized structural budgeting, which simply means not spending any more in a given year than collected in revenue. Standard and Poor's recognized Austin's sound financial management when the rating agency upgraded the City's general obligation bond rating to AAA status in January 2008.

The FY 2007-2008 Proposed Budget identified the most significant cost driver facing the General Fund as public safety staffing policies – maintaining 2.0 police officers per 1,000 population and enhanced task force staffing in the Austin Fire Department, as well as public safety labor contracts. Other cost factors are increased operations and maintenance costs for new or expanded facilities, additional street maintenance and rising personnel costs. The FY 2007-2008 budget authorizes almost \$23 million of the budget stabilization reserves to address costs due to growth trends, new investment in core services, replacement of critical equipment and other one-time needs. The Approved Budget projects budget reserves of \$70 million at the end of 2008.

Austin includes several enterprise activities. A key enterprise is Austin Energy, which is the ninth largest U.S. public power utility in customers served, according to the latest available data from the American Public Power Association. The utility has over \$1.1 billion in annual revenues, nearly 389,000 retail metered customers and almost 11,000 miles of overhead and underground distribution lines. The utility has a well rounded generation portfolio with adequate capacity to meet native load. The budget includes funding for 100 megawatts of additional peaking generation capacity at Sand Hill which is expected to be online in 2009.

The City enterprise activities also include the Austin Water Utility, which provides water and wastewater services. The FY 2007-2008 operating expense budget of \$394.7 million provides for increased funding for water conservation, environmental protection, and repair contracts to improve response times for leaks and breaks. The five-year forecast projects an average growth in base revenue of two percent annually. The Utility projects debt service to increase over the next five years to fund capital improvements estimated at \$1.3 billion.

Other enterprise funds and their FY 2007-2008 expense budgets include Aviation (\$75.6 million), Convention Center (\$54.9 million) and Solid Waste Services (\$57.8 million).

Major Initiatives

The City of Austin's vision of being the most livable city in the country means that Austin is a place where all residents participate in its opportunities, its vibrancy and its richness of culture and diversity.

Austin's City Council began defining its policy priorities in the early 1990s. In April 2007, the Council adopted four priorities:

- Rich social and cultural community
- Healthy, safe city
- Vibrant urban fabric
- Sustainable economic development and financial health

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

Waller Creek Tunnel Project. This project is a stormwater bypass tunnel that will include the stretch of Waller Creek from Waterloo Park to Lady Bird Lake. The project will take more than one million square feet of prime downtown land out of the floodplain and allow denser development. In March 2007, the Travis County Commissioners Court voted to join the City of Austin in the creation of a Tax Increment Financing District to fund the construction of the tunnel. The project has received the endorsement of the community, as well as key stakeholder groups. Estimated project cost at June 2007 was \$127,547,000 plus operations and maintenance costs. The four-year construction process is expected to begin in August 2010.

Zero Waste Master Plan. In January 2006, the City Council adopted guiding principles for the delivery of solid waste services. The Solid Waste Services Department, working with the Solid Waste Advisory Commission and other area solid waste representatives, is charged with developing a 50-year waste management plan to address landfill availability and waste reduction issues. In November 2007, the City Council approved a consultant contract to develop a zero waste plan for the City of Austin and surrounding regions, including Travis, Williamson, Bastrop, Caldwell, Hays, Blanco and Burnet counties. The consultant will take into consideration current and planned public and private solid waste infrastructure, as well as the City of Austin's Climate Protection Program. Recommendations developed through this process will be integral to achieve the U.N. Urban Environmental Accord's goal to reduce by 20% the per capita solid waste disposal to landfills by 2012 and zero waste by 2040.

Redevelopment of Green Water Treatment Plant. The Thomas C. Green Water Treatment Plant, the City's oldest water treatment plant, is reaching the end of its useful life. Located on the west edge of Downtown, a former warehouse and industrial district, it is now surrounded by a rapidly developing mixed-use urban neighborhood. The site's location between the City Hall / Second Street Retail District and the Seaholm Redevelopment makes it a strategic opportunity in the City's Downtown Redevelopment initiatives.

Austin Climate Protection Plan. Austin City Council passed the Austin Climate Protection Plan in February 2007. The plan directs staff to take the following actions to make Austin a carbon neutral community by the year 2020:

- City of Austin facilities, fleets and operations will be carbon-neutral by 2020.
- Implement the most aggressive utility greenhouse gas reduction plan in the nation through dramatic increases in conservation, efficiency and renewable programs. Require carbon neutrality on any new generation. Establish a CO² cap and a reduction plan for all utility emissions.
- Austin building codes for both residential and commercial properties will be the most energy efficient in the nation.
- Develop a comprehensive plan to reduce greenhouse gas emissions from sources community-wide.
- Provide mechanisms for all businesses and individuals to reduce their carbon footprint to zero.

Status as of June 2007, includes the following:

- Austin Energy to provide renewable energy for all city facilities by 2009.
- Austin Energy's baseline greenhouse gas inventory is complete and certified by California Climate Action Registry; Austin Water Utility is working on a similar baseline inventory.
- The City's Fleet Services Department is developing a baseline inventory of all city vehicles and continues to purchase alternative fueled or hybrid vehicles.

Affordable Housing. The City manages housing gap financing programs and direct housing services programs under the framework of the Housing Continuum and S.M.A.R.T HousingTM. The City Council has also taken action to enable the creation of new and additional tools to achieve deeper affordable housing levels with the following major initiatives:

- Affordable Housing Incentives Task Force. Council appointed this task force to explore ways to provide incentives for the construction of affordable housing in Austin. In May 2007, the task force reported to Council, followed by staff recommendations. These include key core values of deeper affordability targets, long-term affordability, and geographic dispersion, as well as zoning incentives. Categories include the Central Business District, Downtown Mixed Use, Multi-Family, and Single Family.
- General Obligation Bonds. In November 2006, citizens of Austin approved the use of \$55 million of general obligation bonds to increase homeownership and rental opportunities for low-to-moderate income households.

Council approved a process for allocating housing bond funds and three categories by which bond funds can be accessed, within prescribed limits. In April 2007, Council approved the Stoneridge redevelopment project, the first project for the housing bonds.

- Other Council Affordable Housing Initiatives include Vertical Mixed Use Developments, Affordable Housing Partnership Agreements (Green Water Treatment Redevelopment), Transit Oriented Developments, and Downtown Affordable Housing.

OTHER

Financial Policies

To help ensure that the City's financial resources are managed in a prudent manner, the City has adopted a comprehensive set of Financial Policies. These policies are reviewed as part of the annual budget process and are published in the Approved Budget.

Internal Controls

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

Budgetary Control

The annual operating budget is proposed by the City Manager and enacted by the City Council after public discussion. Annual updates to the Capital Improvements Program budgets follow a similar process. Primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. As demonstrated by the statements and schedules included in the City's 2007 CAFR, the City continues to meet its responsibility for sound financial management.

Cash Management

The City's investment policy is to minimize credit and market risk while maintaining a competitive portfolio yield. 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 most funds, except for debt service and other legally restricted funds, are pooled for investment purposes. The City's investments are made in accordance with the Texas Public Funds Investment Act and the City of Austin Investment Policy. During 2007, the City's cash resources were invested in local government investment pools and U.S. Treasury and Agency issues.

Risk Management

The City maintains internal service funds to account for its risk of loss associated with torts and employee and workers' compensation benefits. In addition, the City continues to be self-insured for liabilities for most health benefits, third-party claims, and workers' compensation.

Pensions

The City participates in three contributory, defined benefit retirement plans for City employees. The plans are authorized by State Legislation, which governs the benefit and contribution provisions.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report that meets the GFOA program standards. City management believes that this 2007 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

ACKNOWLEDGMENTS

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

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

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



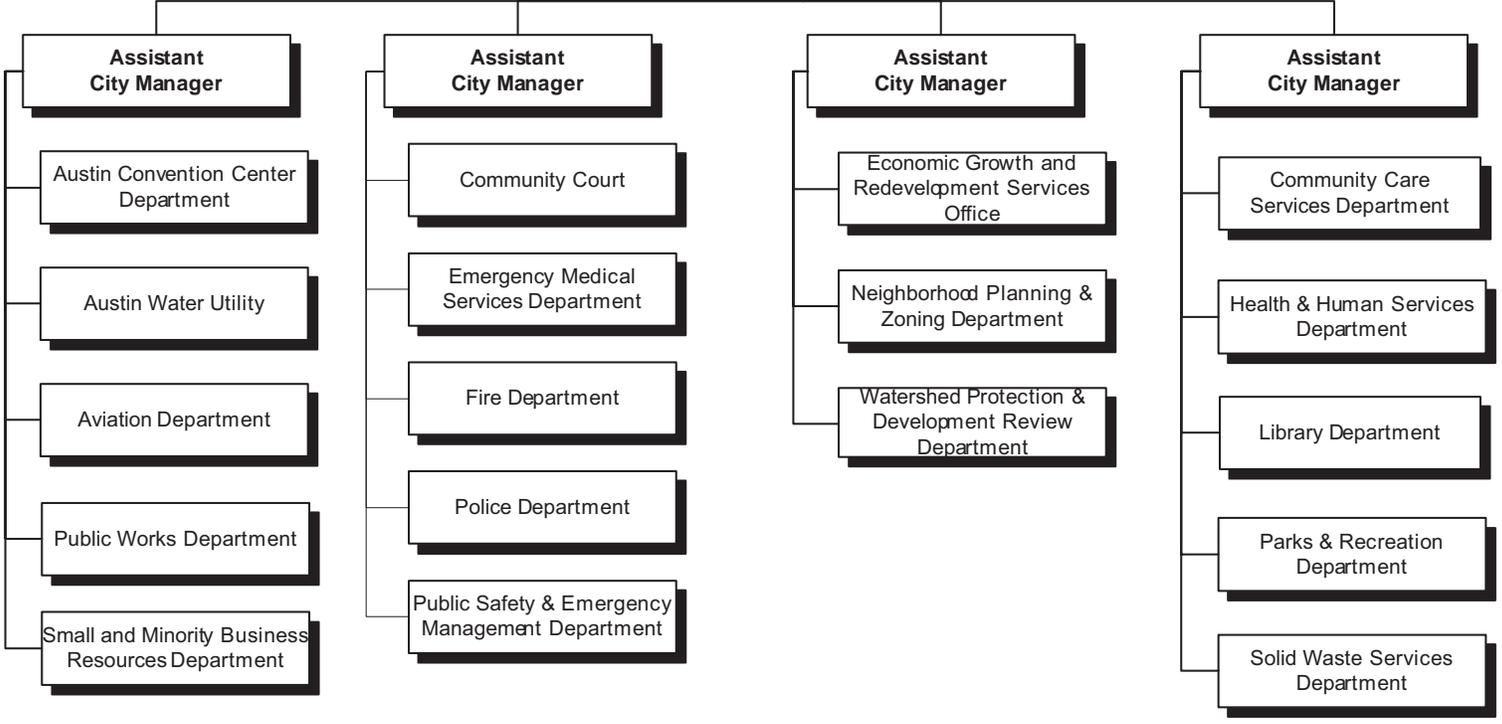
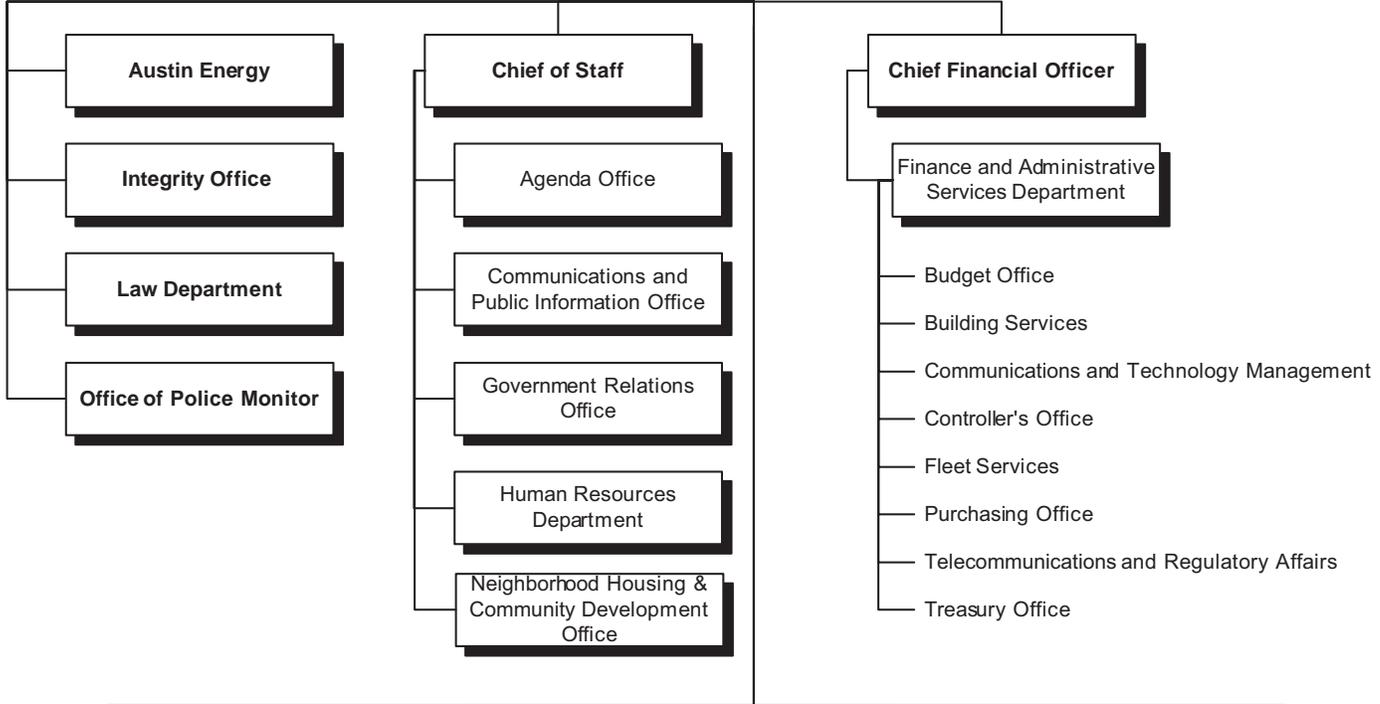
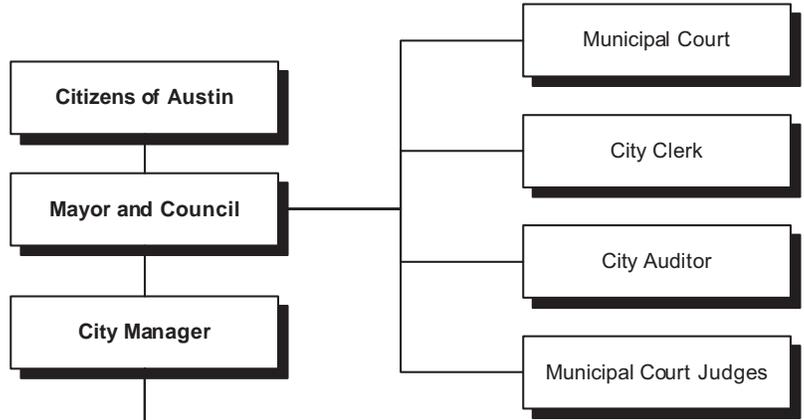
Marc A. Ott
City Manager



Leslie Browder, CPA
Chief Financial Officer

City of Austin, Texas

ORGANIZATIONAL CHART



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FINANCIAL SECTION



KPMG LLP
Suite 1900
111 Congress Avenue
Austin, TX 78701-4091



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Austin, Texas ("City"), as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 25, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14, the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budget Basis on pages 102 through 103, and the Retirement Plans Trend Information on page 104 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introduction, combining and fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and fund financial statements and schedules, and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

R. Mendoza & Company, P.C.

Austin, Texas
April 25, 2008

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The Management's Discussion and Analysis (MD&A) section of the City of Austin's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The City has implemented GASB Statements No. 1 through No. 42, No. 44 and No. 46.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2007, resulting in \$4.3 billion of net assets. Net assets associated with governmental activities are approximately \$1.6 billion, or 38% of the total net assets of the City. Net assets associated with business-type activities are approximately \$2.7 billion, or 62% of the total net assets of the City. The largest portion of net assets consists of investment in capital assets, net of related debt, which is \$3.2 billion, or 73% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, are \$591 million, or 14% of the City's total net assets. Unrestricted net assets for governmental activities are approximately \$28 million, or 2% of total governmental net assets; unrestricted net assets for business-type activities are approximately \$563 million, or 21% of total business-type net assets.

Total net assets for the City of Austin increased \$211.5 million, or 5.1% during fiscal year 2007. Of this amount, governmental activities increased \$67.1 million, or 4.3% from the previous year and business-type activities increased \$144.4 million, or 5.6% from the previous year.

Total revenues for the City decreased \$395 thousand; revenues for governmental activities increased \$21.4 million; revenues for business-type activities decreased \$21.8 million. Total expenses for the City increased \$60.6 million; expenses for governmental activities increased \$21.9 million; expenses for business-type activities increased \$38.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, consisting of three components:

- government-wide financial statements,
- fund financial statements, and
- notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements, including information on individual funds.

a -- Government-wide financial statements

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

- The **Statement of Net Assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Austin is improving or deteriorating.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

- The **Statement of Activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues for uncollected taxes and expenses for future general obligation debt payments. The statement includes the annual depreciation for infrastructure and governmental assets.

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

The government-wide financial statements include the City as well as blended component units: the Austin Housing Finance Corporation (AHFC), the Austin Industrial Development Corporation (AIDC), and the Mueller Local Government Corporation (MLGC). The operations of AHFC, AIDC, and MLGC are included within the governmental activities of the government-wide financial statements. AHFC is reported as the Housing Assistance Fund. Although legally separate from the City, these component units are blended with the City because of their governance or financial relationships to the City.

b -- Fund financial statements

The fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental, proprietary, and fiduciary funds. Within the governmental and proprietary categories, the emphasis is on the major funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in governmental funds. These funds focus on current sources and uses of liquid resources and on the balances of available resources at the end of the fiscal year. This information may be useful in determining what financial resources are available in the near term to finance the City's future obligations. Other governmental funds are referred to as nonmajor governmental funds and are presented as aggregated data.

Because the focus of governmental fund level statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide statements. In addition to the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balance, separate statements are provided that reconcile between the government-wide and fund level financial statements.

The City's General Fund is reported as a major fund and information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances. In addition, the City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Data from these governmental funds are combined into a single column labeled nonmajor governmental funds. Individual fund data for the funds is provided in the form of combining statements in the supplementary section of this report.

Proprietary funds. Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal units or departments of the City. Proprietary fund statements provide the same type of information shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of three of the City's major funds, Electric, Water and Wastewater and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

- Internal Service funds are used to report activities that provide supplies and services for many City programs and activities. The City's internal service funds include: Capital Projects Management; Combined Transportation, Emergency and Communications Center; Employee Benefits; Fleet Maintenance; Information Systems; Liability Reserve; Support Services; Wireless Communication, and Workers' Compensation. Because these services predominantly benefit governmental operations rather than business-type functions, they have been included in governmental activities in the government-wide financial statements.

The nonmajor enterprise funds and the internal service funds are combined into separately aggregated presentations in the proprietary fund financial statements. Individual fund data for the funds are provided in the form of combining statements in the supplementary section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside City government. Since the resources of fiduciary funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting policies applied to fiduciary funds are much like those used for proprietary funds.

Comparison of government-wide and fund financial components. The following chart compares how the City's funds are included in the government-wide and fund financial statements:

<u>Fund Types / Other</u>	<u>Government- wide</u>	<u>Fund Financials</u>
General Fund	Governmental	Governmental - Major
Special revenue funds	Governmental	Governmental - Nonmajor
Debt service funds	Governmental	Governmental - Nonmajor
Capital project funds	Governmental	Governmental - Nonmajor
Permanent funds	Governmental	Governmental - Nonmajor
Internal service funds	Governmental	Proprietary
Governmental capital assets, including infrastructure assets	Governmental	Excluded
Governmental liabilities not expected to be liquidated with available expendable financial resources	Governmental	Excluded
Electric	Business-type	Proprietary - Major
Water and wastewater	Business-type	Proprietary - Major
Airport	Business-type	Proprietary - Major
Convention	Business-type	Proprietary - Nonmajor
Environmental and health services	Business-type	Proprietary - Nonmajor
Public recreation	Business-type	Proprietary - Nonmajor
Urban growth management	Business-type	Proprietary - Nonmajor
Fiduciary funds	Excluded	Fiduciary

Basis of reporting - The government-wide statements and fund-level proprietary statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

c -- Notes to the financial statements

The notes to the financial statements provide additional information that is essential to fully understanding the data provided in the government-wide and fund financial statements.

d – Other information

The section, Required Supplementary Information (RSI), immediately follows the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund. The RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance. In addition, trend information related to the City's retirement plans is presented in RSI. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net assets

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

	Net Assets as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current assets	\$ 520,779	547,513	1,413,295	1,276,240	1,934,074	1,823,753
Capital assets	2,167,656	2,099,504	5,592,256	5,426,068	7,759,912	7,525,572
Other noncurrent assets	3,609	3,639	585,745	585,186	589,354	588,825
Total assets	<u>2,692,044</u>	<u>2,650,656</u>	<u>7,591,296</u>	<u>7,287,494</u>	<u>10,283,340</u>	<u>9,938,150</u>
Current liabilities	229,183	220,389	473,123	419,196	702,306	639,585
Noncurrent liabilities	834,640	869,169	4,414,160	4,308,650	5,248,800	5,177,819
Total liabilities	<u>1,063,823</u>	<u>1,089,558</u>	<u>4,887,283</u>	<u>4,727,846</u>	<u>5,951,106</u>	<u>5,817,404</u>
Net assets:						
Invested in capital assets, net of related debt	1,530,124	1,399,316	1,648,758	1,538,572	3,178,882	2,937,888
Restricted	69,982	84,218	492,356	469,238	562,338	553,456
Unrestricted	28,115	77,564	562,899	551,838	591,014	629,402
Total net assets	<u>\$ 1,628,221</u>	<u>1,561,098</u>	<u>2,704,013</u>	<u>2,559,648</u>	<u>4,332,234</u>	<u>4,120,746</u>

Total assets of the City increased by \$345.2 million in the current fiscal year. Total liabilities increased by \$133.7 million. Within the increase, governmental-type total assets increased by \$41.4 million and business-type increased \$303.8 million. Governmental-type liabilities decreased by \$25.7 million and business-type increased \$159.4 million.

Significant factors in the increase of governmental total assets include an increase in capital assets of \$68.2 million, an increase in pooled investments and cash of \$37.1 million and a decrease in accounts receivable of \$51.2 million. Factors in the increase of governmental-type liabilities include an increase in current liabilities of \$8.8 million, consisting of increases to accounts payable of \$10.7 million, accrued compensated absences of \$3.8 million, and a decrease to deferred credits and other liabilities of \$4.1 million. Noncurrent liabilities decreased \$34.5 million, consisting primarily of a decrease to general obligation bonds payable of \$58.1 million and increases to pension obligation payable of \$10.1 million and accrued compensated absences of \$10.9 million.

Significant factors in the increase of business-type total assets include an increase in current assets of \$137.1 million and noncurrent assets of \$166.7 million. Within current assets, significant factors include an increase in pooled investments and cash of \$142.5 million and a decrease in restricted investments of \$10.3 million. Noncurrent assets increased due to an increase in capital assets of \$166.2 million. Total liabilities increased by \$159.4 million; significant increases include accounts and retainage payable from restricted assets of \$10 million, bonded debt obligations of \$72.9 million, decommissioning expense payable of \$14.1 million, deferred credits and other liabilities of \$38.2 and pension obligation of \$9.3 million.

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$4.3 billion at the end of the current fiscal year. However, the largest portion of the City's net assets are invested in capital assets, net of related debt (e.g. land, building, and equipment), which are \$3.2 billion, or 73% of the total amount of the City's net assets. The City uses these capital assets to provide services to citizens. Capital assets are generally not highly liquid; consequently, they are not considered future available resources. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion, \$562.3 million of the City's net assets, represents resources that are subject to external restrictions on how they may be used in the future. The remaining balance, \$591 million of unrestricted net assets, may be used to meet the government's future obligations. Unrestricted net assets decreased \$38.4 million in the current fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole, as well as for governmental and business-type activities separately.

b -- Changes in net assets

Total net assets of the City increased by \$211.5 million in the current fiscal year. Governmental net assets increased \$67.1 million. The increase is attributable to transfers from other funds of \$67.4 million. Business-type net assets increased by \$144.4 million due to revenues exceeding expenses by \$211.7 million, net of transfers to other funds of \$67.4 million.

	Changes in Net Assets					
	September 30					
	(in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program revenues:						
Charges for services	\$ 132,670	139,776	1,594,441	1,610,435	1,727,111	1,750,211
Operating grants and contributions	57,331	77,923	--	--	57,331	77,923
Capital grants and contributions	2,942	1,111	50,898	69,804	53,840	70,915
General revenues:						
Property tax	258,943	236,146	--	--	258,943	236,146
Sales tax	153,098	139,289	--	--	153,098	139,289
Franchise fees and gross receipts tax	87,180	79,755	--	--	87,180	79,755
Grants and contributions not restricted to specific programs	73,711	90,083	--	--	73,711	90,083
Interest and other	54,963	35,315	60,970	47,905	115,933	83,220
Total revenues	<u>820,838</u>	<u>799,398</u>	<u>1,706,309</u>	<u>1,728,144</u>	<u>2,527,147</u>	<u>2,527,542</u>
Program expenses:						
General government	76,136	84,693	--	--	76,136	84,693
Public safety	397,583	373,361	--	--	397,583	373,361
Transportation, planning and sustainability	48,758	25,426	--	--	48,758	25,426
Public health	94,158	94,697	--	--	94,158	94,697
Public recreation and culture	72,082	65,453	--	--	72,082	65,453
Urban growth management	93,185	81,439	--	--	93,185	81,439
Unallocated depreciation expense - infrastructure	--	35,357	--	--	--	35,357
Interest on debt	39,166	38,766	--	--	39,166	38,766
Electric	--	--	929,057	918,369	929,057	918,369
Water	--	--	162,158	161,516	162,158	161,516
Wastewater	--	--	144,573	132,005	144,573	132,005
Airport	--	--	80,368	78,487	80,368	78,487
Convention	--	--	43,956	41,992	43,956	41,992
Environmental and health services	--	--	55,386	50,290	55,386	50,290
Public recreation	--	--	9,800	9,225	9,800	9,225
Urban growth management	--	--	69,293	63,981	69,293	63,981
Total expenses	<u>821,068</u>	<u>799,192</u>	<u>1,494,591</u>	<u>1,455,865</u>	<u>2,315,659</u>	<u>2,255,057</u>
Excess (deficiency) before special items and transfers	(230)	206	211,718	272,279	211,488	272,485
Transfers	67,353	65,974	(67,353)	(65,974)	--	--
Increase in net assets	67,123	66,180	144,365	206,305	211,488	272,485
Beginning net assets	1,561,098	1,494,918	2,559,648	2,353,343	4,120,746	3,848,261
Ending net assets	<u>\$ 1,628,221</u>	<u>1,561,098</u>	<u>2,704,013</u>	<u>2,559,648</u>	<u>4,332,234</u>	<u>4,120,746</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

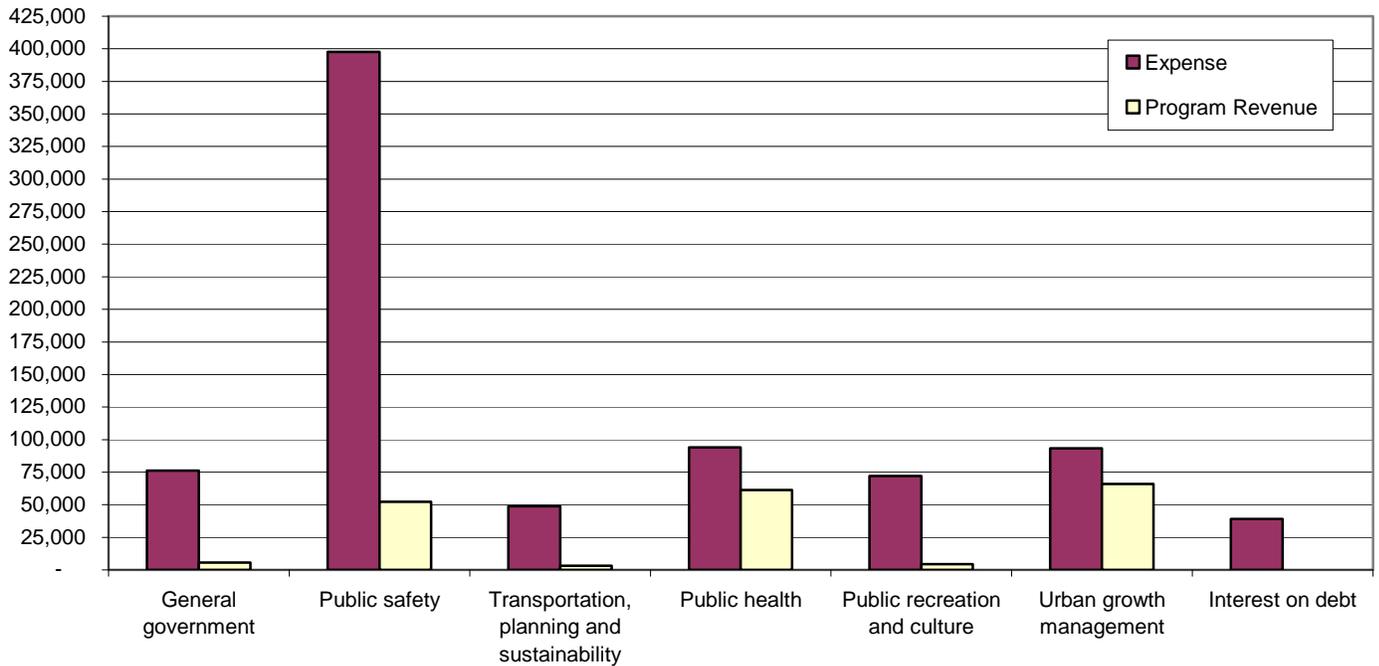
c -- Program revenues and expenses -- governmental activities

Governmental activities increased the City's net assets by \$67.1 million in fiscal year 2007, a 4.3% increase of governmental net assets from the previous year. Key factors for the change from fiscal year 2006 to 2007 are as follows:

- The City's property tax revenue increased by \$22.8 million from the previous year, despite a decrease in the City's tax rate from 44.3 cents to 41.3 per \$100 valuation as a result of an increase in assessed property values.
- Sales tax revenue increased \$13.8 million from the previous year, an increase of 10%.
- Franchise fees and gross receipts taxes increased \$7.4 million, largely due to a \$4.8 million increase in hotel occupancy tax collections and a \$1.6 million increase in franchise fees.
- Grants and contributions not restricted to specific programs decreased \$16.4 million, primarily due to a decrease in internal service capital contributions. Grants and contributions restricted to specific programs decreased \$18.8 million, primarily as a result of lower intergovernmental grant revenues.

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

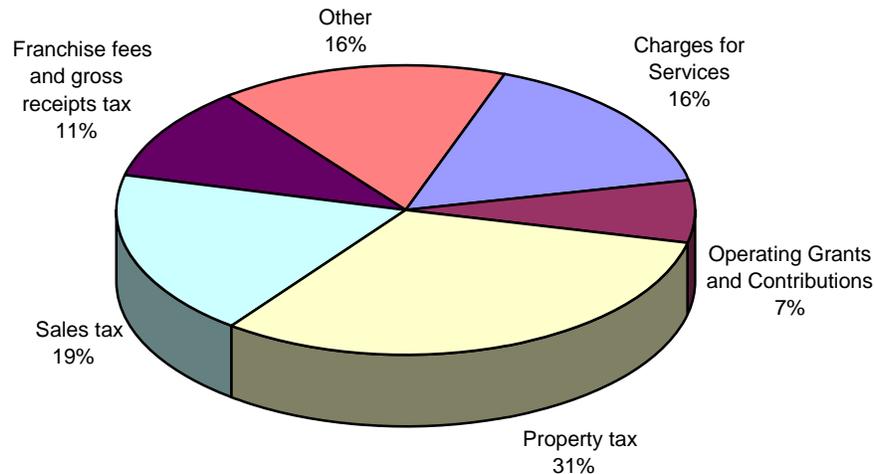
**Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)**



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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

Government-wide Revenues by Source -- Governmental Activities



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

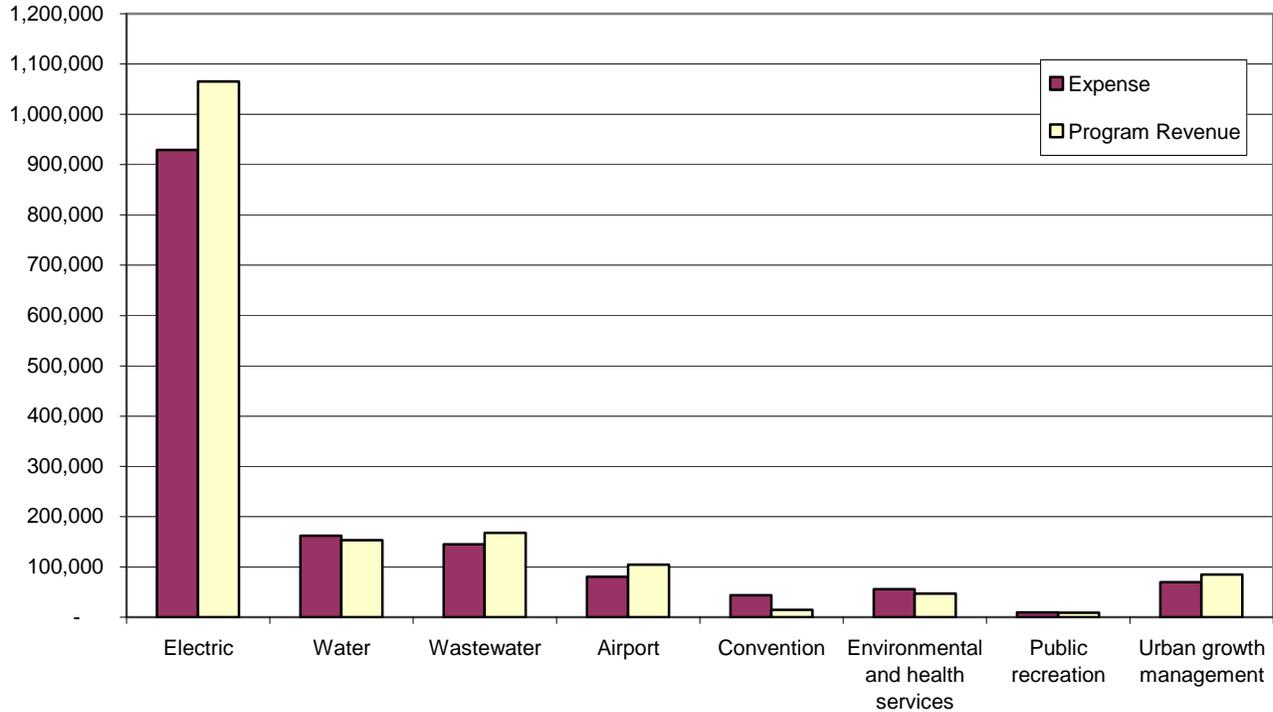
Business-type activities increased the City's net assets by approximately \$144.4 million, accounting for a 3.5% increase in the City's total net assets. Key factors include:

- Electric net assets increased approximately \$91.8 million. This increase is due primarily to an increase in electric consumption due to customer growth. Revenues decreased 2% due to decreased fuel costs while expenses increased 1% due to increased operating costs.
- Water and Wastewater net assets decreased approximately \$7.2 million. This decrease is due primarily to decreased water consumption due to weather conditions. Water revenue for 2007 decreased by approximately 16.2% from the prior year. Wastewater revenue increased by 6.3% from the prior year due to a rate increase.
- Airport net assets increased approximately \$31.6 million. Revenues increased due to an increase in passenger traffic, which was 9% higher than the previous calendar year. Expenses increased due to an increase in operations and maintenance costs.
- Convention net assets increased approximately \$11.9 million. Revenue was 3% less than the prior year due to decreased demand for convention space and events. Expenses increased due to an increase in operations and maintenance costs.
- Environmental and health services activities are comprised of nonmajor enterprise funds that include the Solid Waste Services Fund, Primary Care Fund, and Hospital Fund. Net assets decreased by approximately \$7.4 million. This decrease is primarily attributed to inadequate revenues needed to cover expenses in solid waste services operations.
- Public recreation activities are comprised of nonmajor enterprise funds that include the Golf Fund and Recreation Program Fund. Net assets decreased by \$466,000, primarily due to insufficient Golf Fund operating revenues to cover operating costs.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and Transportation Fund. Net assets increased by approximately \$23.4 million. This increase is primarily attributed to an increase in revenue of \$2.9 million due to system growth and capital contributions. Operating expenses increased by \$5.3 million due to salary increases, additional positions and programs added during the fiscal year.

As shown in the following chart, the electric utility, with expenses of \$929 million, is the City's largest business-type activity, followed by water (\$162 million), wastewater (\$145 million), airport (\$80 million), urban growth management (\$69 million), environmental and health services (\$55 million), convention (\$44 million), and public recreation (\$10 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except water, convention, public recreation, and environmental and health services.

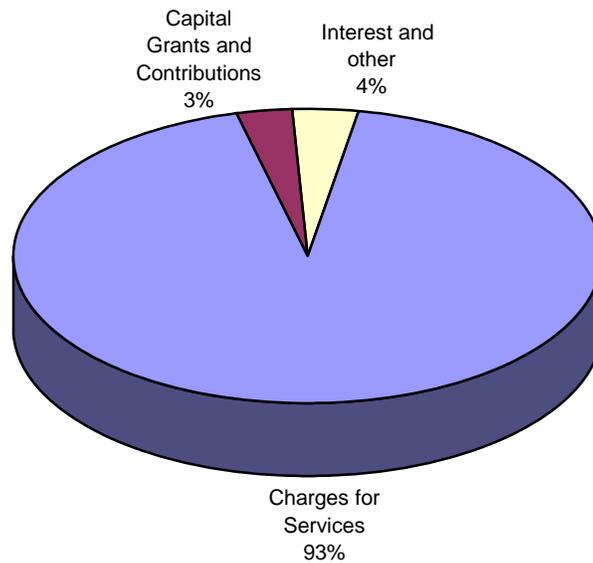
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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



For all business-type activities, charges for services provide the largest percentage of revenues (93%), followed by interest and other revenues (4%) and capital grants and contributions (3%).

Government-wide Revenue by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND LEVEL STATEMENTS

In comparison to the government-wide statements, the fund-level statements focus on the key funds of the City. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

a -- Governmental funds

The City reports the following types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the fiscal year, the City of Austin's governmental funds reported combined ending fund balances of \$310.8 million, a decrease of \$38.8 million from the previous year. Approximately \$193 million represents unreserved ending balance, which is available for future use. The remainder of fund balance is reserved and only available for commitments for the purchase of goods and services, receivables, property held for resale, legally restricted permanent fund resources, and certain debt service amounts. Reserved fund balance increased \$28 million in comparison to the prior year, primarily due to an increase in the reservation for encumbrances of \$24.2 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$97.4 million, while total fund balance was \$106.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18% of total General Fund expenditures of \$535.9 million, and total fund balance represents 20% of expenditures. The City's financial policies provide that surplus fund balance be designated for budget stabilization. This amount is a component of unreserved fund balance. The fund balance designated for budget stabilization was \$51.4 million. The balance designated for budget stabilization may be appropriated to fund capital or other one-time expenditures in the subsequent fiscal year, but such appropriation will not normally exceed one-third of the total designated amount, with the other two-thirds designated for budget stabilization in future years.

The General Fund fund balance decreased \$5 million during the fiscal year, while unreserved fund balance decreased \$7.7 million. Significant differences from the previous year include:

- Property tax revenues increased \$17.8 million due to an increase in assessed property values. The City's property tax rate decreased from 44.3 cents to 41.3 cents per \$100 valuation.
- Sales tax revenues increased \$13.8 million.
- Licenses, permits, and inspections revenues increased \$3.5 million largely due to increased building permits and inspections.
- General fund expenditures increased \$55 million, due primarily to an increase in public safety expenditures of \$35.5 million, an increase in general government expenditures of \$8.3 million and an increase in public recreation and culture expenditures of \$5.2 million.

b -- Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Overall, net assets of the City's enterprise funds, including consolidation of the internal service funds activities, increased by \$144.4 million.

Factors that contributed to the increase in net assets are discussed in the business-type activities section of the government-wide section.

OTHER INFORMATION

a -- General Fund budgetary highlights

The original expenditure budget of the General Fund was amended during fiscal year 2007 for increased public safety costs and general city responsibilities. The final expenditure budget was \$893,000 higher than the original budget. The General Fund transfer budget was also amended by \$2.1 million for increased internal service transfers.

During the year, revenues were \$12.7 million more than budgeted. The difference resulted from higher than anticipated property tax and sales tax collections, in addition to an increase in building permit and development fees.

Actual General Fund budget-basis expenditures were \$2.2 million less than budgeted. Police expenditures exceeded budget by \$391,000; while all other General Fund departments were under budget. The total budget-basis fund balance at year-end amounted to \$94.7 million, which was \$18.9 million higher than budgeted.

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2007, total \$7.8 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, construction in progress, nuclear fuel, and plant held for future use. The total increase in the City's capital assets for the current fiscal year was \$234 million (3.1%), with an increase of 3.3% for governmental activities and an increase of 3.1% for business-type activities. Additional information on capital assets can be found in Note 7. Capital asset balances are as follows:

Capital Assets, Net of Accumulated Depreciation
September 30
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land and improvements	\$ 261	240	365	295	626	535
Other assets not depreciated	19	19	1	1	20	20
Building and improvements	425	412	1,367	1,385	1,792	1,797
Equipment	81	80	3,071	2,813	3,152	2,893
Vehicles	32	28	52	45	84	73
Infrastructure	1,167	1,140	--	--	1,167	1,140
Construction in progress	183	181	680	830	863	1,011
Nuclear fuel, net of amortization	--	--	28	29	28	29
Plant held for future use	--	--	28	28	28	28
Total net assets	\$ 2,168	2,100	5,592	5,426	7,760	7,526

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

- Governmental capital assets increased \$68 million primarily due to infrastructure additions, land acquisitions, and facility and system improvements.
- Business-type activities purchased or completed construction on capital assets of \$166 million. The increase was largely due to Wastewater Fund expenditures for the South Austin Regional Wastewater Treatment Plant, the Northeast Austin Wastewater Treatment Plant, and Walnut Creek Wastewater Treatment Plant improvements, as well as for wastewater projects associated with the Austin Clean Water Program and Electric Fund expenditures for general infrastructure improvements.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported \$4.4 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 10.

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds and other tax supported debt, net	\$ 787	847	101	111	888	958
Commercial paper notes, net	--	--	309	240	309	240
Revenue notes	--	--	28	28	28	28
Revenue bonds, net	--	--	3,194	3,201	3,194	3,201
Capital lease obligations	--	1	4	6	4	7
Total	\$ 787	848	3,636	3,586	4,423	4,434

During fiscal year 2007, the City's total outstanding debt decreased by \$11 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities decreased \$60 million due to the payment of existing debt. No new debt was issued.
- Outstanding debt for business-type functions increased \$50 million. The City issued Electric Fund and Water and Wastewater Fund separate lien revenue refunding bonds to refund commercial paper and existing debt.

During the current year the City's general obligation and combined utility revenue bond ratings remained unchanged while the Water and Wastewater separate lien revenue bonds received a favorable bond rating upgrade. Ratings at September 30, 2007 of the City's obligations for various debt instruments are as follows:

Debt	Moody's Investors Service, Inc		Standard & Poor's		Fitch, Inc.	
	2007	2006	2007	2006	2007	2006
General obligation bonds and other tax supported debt	Aa1	Aa1	AA+	AA+	AA+	AA+
Commercial paper notes	P-1	P-1	A-1+	A-1+	F1+	F1+
Commercial paper notes - taxable	P-1	P-1	A-1+	A-1+	F1+	F1+
Utility revenue bonds - prior lien	A1	A1	AA-	AA-	AA-	AA-
Utility revenue bonds - subordinate lien	A1	A1	A+	A+	AA-	AA-
Utility revenue bonds - separate lien:						
Electric	A1	A1	A+	A+	AA-	AA-
Water and Wastewater	Aa3	A1	A+	A	AA-	AA-
Airport system revenue bonds	NUR(1)	NUR(1)	A-	A-	NUR(1)	NUR(1)
Airport variable rate bonds	P-1	P-1	NUR(1)	NUR(1)	NUR(1)	NUR(1)
Convention Center revenue bonds	NUR(1)	NUR(1)	A-	A-	NUR(1)	NUR(1)

(1) No underlying rating

OTHER INFORMATION, continued

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

The local economy continued to grow in 2007, with sales tax revenues and property tax collections both increasing by 10% as compared to 2006. Job growth for the area continues to increase, with moderate growth forecasted in 2008. The local economy is expected to encounter lower economic growth in 2008, but is expected to perform better than the national economy. Nationally, the U.S. economy continues to be impacted by the housing crisis and rising oil prices. These issues are expected to significantly impact the local economy as well.

For the upcoming 2008 budget, the City will continue to focus on a multi-year budget horizon by judiciously adding to the budget for critical ongoing needs and one-time needs while maintaining a structurally balanced budget. The Austin City Council has adopted a comprehensive set of financial policies to provide the foundation for long-range financial sustainability. These financial policies are directly aligned with the City Council's priority of affordability, and continue to position the City to invest in its future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings. City management will continue to monitor the economy and will be prepared to take any corrective actions to help mitigate unfavorable economic events.

The assessed taxable property value within the City increased by 13.6% for 2007. The property tax rate for fiscal year 2008 is 40.34 cents per \$100 valuation. The tax rate consists of 27.30 cents for the General Fund and 13.04 cents for debt service. Each 1 cent of the property tax rate is equivalent to \$6,873,679 of tax levy, as compared to \$6,051,232 in the previous year. Rate increases for the Water and Wastewater Fund are: 6.9% for Water and 12.7% for Wastewater for a combined increase of 9.8%.

e -- Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial and Administrative Services Department of the City of Austin, P.O. Box 1088, Austin, Texas 78767, or (512) 974-3344 or on the web at <http://www.ci.austin.tx.us/controller/>.



BASIC FINANCIAL STATEMENTS



Statement of Net Assets
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	2007 Total (†)
ASSETS			
Current assets:			
Cash	\$ 90	63	153
Pooled investments and cash	376,730	365,810	742,540
Pooled investments and cash - restricted	--	400,380	400,380
Total pooled investments and cash	376,730	766,190	1,142,920
Investments, at fair value	15,201	2,889	18,090
Investments, at fair value - restricted	--	325,035	325,035
Cash held by trustee	4,017	--	4,017
Cash held by trustee - restricted	--	34,756	34,756
Working capital advances	--	5,100	5,100
Property taxes receivable	11,017	--	11,017
Less allowance for uncollectible taxes	(3,206)	--	(3,206)
Net property taxes receivable	7,811	--	7,811
Accounts and other receivables	166,443	206,465	372,908
Less allowance for doubtful accounts	(85,763)	(7,575)	(93,338)
Net accounts receivable	80,680	198,890	279,570
Receivables from other governments	14,147	--	14,147
Notes receivable, net of allowance	9,607	--	9,607
Internal balances	(1,564)	1,564	--
Internal balances - restricted	(1,065)	1,065	--
Inventories, at cost	1,988	70,556	72,544
Real property held for resale	11,831	--	11,831
Prepaid items	50	1,807	1,857
Other assets	1,256	2,214	3,470
Other receivables - restricted	--	3,166	3,166
Total current assets	520,779	1,413,295	1,934,074
Noncurrent assets:			
Investments held by trustee - restricted	--	99,200	99,200
Interest receivable - restricted	--	1,481	1,481
Capital assets			
Land and other nondepreciable assets	280,242	366,201	646,443
Property, plant, and equipment in service	2,540,623	7,269,960	9,810,583
Less accumulated depreciation	(836,439)	(2,779,471)	(3,615,910)
Net property, plant, and equipment in service	1,704,184	4,490,489	6,194,673
Construction in progress	183,230	680,161	863,391
Nuclear fuel, net of amortization	--	27,622	27,622
Plant held for future use	--	27,783	27,783
Total capital assets	2,167,656	5,592,256	7,759,912
Intangible assets, net of amortization	--	80,102	80,102
Other long-term assets	--	144	144
Deferred costs and expenses, net of amortization	3,609	404,818	408,427
Total noncurrent assets	2,171,265	6,178,001	8,349,266
Total assets	\$ 2,692,044	7,591,296	10,283,340

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

(Continued)

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

Statement of Net Assets
September 30, 2007
(In thousands)

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

	Governmental	Business-type	2007
	Activities	Activities	Total (†)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 35,771	77,255	113,026
Accounts and retainage payable from restricted assets	--	43,733	43,733
Accrued payroll	22,535	11,752	34,287
Accrued compensated absences	39,404	18,876	58,280
Due to other governments	1	--	1
Claims payable	12,030	--	12,030
Accrued interest payable from restricted assets	--	49,856	49,856
Interest payable on other debt	3,313	4,762	8,075
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	57,174	7,120	64,294
General obligation bonds payable and other tax supported debt payable from restricted assets, net of discount and inclusive of premium	--	3,153	3,153
Revenue bonds payable	--	36,960	36,960
Revenue bonds payable payable from restricted assets	--	128,589	128,589
Capital lease obligations payable	159	1,805	1,964
Customer and escrow deposits payable from restricted assets	--	28,336	28,336
Nuclear fuel expense payable from restricted assets	--	23,714	23,714
Accrued landfill closure and postclosure costs	--	1,265	1,265
Deferred credits and other liabilities	58,796	35,947	94,743
Total current liabilities	229,183	473,123	702,306
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	52,698	5,124	57,822
Claims payable	10,191	--	10,191
Capital appreciation bond interest payable	--	232,175	232,175
Commercial paper notes payable, net of discount	--	309,003	309,003
Revenue notes payable	--	28,000	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	729,733	90,655	820,388
Revenue bonds payable, net of discount and inclusive of premium	--	3,028,054	3,028,054
Pension obligation payable	24,022	21,049	45,071
Capital lease obligations payable	316	2,767	3,083
Accrued landfill closure and postclosure costs	--	8,810	8,810
Decommissioning expense payable from restricted assets	--	148,763	148,763
Deferred credits and other liabilities	17,680	537,080	554,760
Other liabilities payable from restricted assets	--	2,680	2,680
Total noncurrent liabilities	834,640	4,414,160	5,248,800
Total liabilities	1,063,823	4,887,283	5,951,106
NET ASSETS			
Invested in capital assets, net of related debt	1,530,124	1,648,758	3,178,882
Restricted for:			
Debt service	14,548	107,187	121,735
Strategic reserve	--	169,479	169,479
Capital projects	37,608	116,719	154,327
Renewal and replacement	--	73,480	73,480
Passenger facility charges	--	16,266	16,266
Operating reserve	--	9,225	9,225
Perpetual Care:			
Expendable	660	--	660
Nonexpendable	1,040	--	1,040
Other purposes	16,126	--	16,126
Unrestricted	28,115	562,899	591,014
Total net assets	\$ 1,628,221	2,704,013	4,332,234

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

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

Statement of Activities
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2007 Total
Governmental activities							
General government	\$ 76,136	2,633	103	2,942	(70,458)	--	(70,458)
Public safety	397,583	40,529	11,788	--	(345,266)	--	(345,266)
Transportation, planning, and sustainability	48,758	3,260	--	--	(45,498)	--	(45,498)
Public health	94,158	40,238	20,983	--	(32,937)	--	(32,937)
Public recreation and culture	72,082	2,998	1,507	--	(67,577)	--	(67,577)
Urban growth management	93,185	43,012	22,950	--	(27,223)	--	(27,223)
Interest on debt	39,166	--	--	--	(39,166)	--	(39,166)
Total governmental activities	<u>821,068</u>	<u>132,670</u>	<u>57,331</u>	<u>2,942</u>	<u>(628,125)</u>	<u>--</u>	<u>(628,125)</u>
Business-type activities							
Electric	929,057	1,056,488	--	8,513	--	135,944	135,944
Water	162,158	138,350	--	14,798	--	(9,010)	(9,010)
Wastewater	144,573	154,118	--	13,733	--	23,278	23,278
Airport	80,368	96,562	--	7,900	--	24,094	24,094
Convention	43,956	14,577	--	--	--	(29,379)	(29,379)
Environmental and health services	55,386	46,310	--	330	--	(8,746)	(8,746)
Public recreation	9,800	8,784	--	289	--	(727)	(727)
Urban growth management	69,293	79,252	--	5,335	--	15,294	15,294
Total business-type activities	<u>1,494,591</u>	<u>1,594,441</u>	<u>--</u>	<u>50,898</u>	<u>--</u>	<u>150,748</u>	<u>150,748</u>
Total	<u>\$ 2,315,659</u>	<u>1,727,111</u>	<u>57,331</u>	<u>53,840</u>	<u>(628,125)</u>	<u>150,748</u>	<u>(477,377)</u>
General revenues:							
Property tax					258,943	--	258,943
Sales tax					153,098	--	153,098
Franchise fees and gross receipts tax					87,180	--	87,180
Grants and contributions not restricted to specific programs					73,711	--	73,711
Interest and other					54,963	60,970	115,933
Transfers-internal activities					67,353	(67,353)	--
Total general revenues and transfers					<u>695,248</u>	<u>(6,383)</u>	<u>688,865</u>
Change in net assets					67,123	144,365	211,488
Beginning net assets					1,561,098	2,559,648	4,120,746
Ending net assets					<u>\$ 1,628,221</u>	<u>2,704,013</u>	<u>4,332,234</u>

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



**Governmental Funds
Balance Sheet
September 30, 2007
(In thousands)**

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

	2007		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 68	5	73
Pooled investments and cash	90,921	191,739	282,660
Investments, at fair value	--	15,201	15,201
Cash held by trustee	--	3,185	3,185
Property taxes receivable	6,694	4,323	11,017
Less allowance for uncollectible taxes	(2,013)	(1,193)	(3,206)
Net property taxes receivable	4,681	3,130	7,811
Accounts and other receivables	136,336	25,766	162,102
Less allowance for doubtful accounts	(82,625)	(2,916)	(85,541)
Net accounts receivable	53,711	22,850	76,561
Receivables from other governments	--	14,147	14,147
Notes receivable, net of allowance	--	9,607	9,607
Due from other funds	237	37,944	38,181
Advances to other funds	--	7,721	7,721
Inventories, at cost	833	--	833
Real property held for resale	--	11,831	11,831
Prepaid items	31	--	31
Other assets	60	1,196	1,256
Total assets	<u>150,542</u>	<u>318,556</u>	<u>469,098</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	6,038	19,035	25,073
Accrued payroll	17,457	1,048	18,505
Accrued compensated absences	410	--	410
Due to other funds	630	38,169	38,799
Due to other governments	1	--	1
Deferred revenue	15,784	9,606	25,390
Advances from other funds	--	348	348
Deposits and other liabilities	3,412	46,382	49,794
Total liabilities	<u>43,732</u>	<u>114,588</u>	<u>158,320</u>
Fund balances			
Reserved:			
Encumbrances	8,594	60,278	68,872
Inventories and prepaid items	864	--	864
Notes receivable	--	9,607	9,607
Advances receivable	--	7,721	7,721
Real property held for resale	--	11,831	11,831
Debt service	--	17,861	17,861
Permanent funds	--	1,040	1,040
Unreserved, designated:			
Emergencies	40,000	--	40,000
Contingencies	5,089	--	5,089
Future use	845	--	845
Budget stabilization	51,418	--	51,418
Unreserved, undesignated:			
Special revenue	--	48,916	48,916
Capital projects	--	46,054	46,054
Permanent funds	--	660	660
Total fund balances	<u>106,810</u>	<u>203,968</u>	<u>310,778</u>
Total liabilities and fund balances	<u>\$ 150,542</u>	<u>318,556</u>	<u>469,098</u>

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

Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds	\$ 310,778
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,115,170
Other long-term assets are not available as current-period resources and are not reported in the funds.	4,255
Long-term liabilities are not payable in the current period and are not reported in the funds.	(881,116)
Internal service funds are used by management to charge the costs of capital project management, combined emergency communication center, employee benefits, fleet maintenance, information systems, liability reserve, support services, wireless communication, and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	79,134
Total net assets - Governmental activities	<u>\$ 1,628,221</u>

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

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit B-2

	2007		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 168,292	83,178	251,470
Sales taxes	153,098	--	153,098
Franchise fees and other taxes	37,461	49,719	87,180
Fines, forfeitures and penalties	16,094	4,865	20,959
Licenses, permits and inspections	25,635	--	25,635
Charges for services/goods	26,357	61,579	87,936
Intergovernmental	--	73,886	73,886
Property owners' participation and contributions	--	2,639	2,639
Interest and other	13,602	41,920	55,522
Total revenues	440,539	317,786	758,325
EXPENDITURES			
Current:			
General government	57,593	1,450	59,043
Public safety	369,535	14,150	383,685
Transportation, planning and sustainability	949	4,610	5,559
Public health	32,857	57,862	90,719
Public recreation and culture	54,827	7,751	62,578
Urban growth management	20,106	57,822	77,928
Debt service:			
Principal	--	59,929	59,929
Interest	--	39,156	39,156
Fees and commissions	--	10	10
Capital outlay-capital project funds	--	94,228	94,228
Total expenditures	535,867	336,968	872,835
Excess (deficiency) of revenues over expenditures	(95,328)	(19,182)	(114,510)
OTHER FINANCING SOURCES (USES)			
Transfers in	107,241	64,754	171,995
Transfers out	(16,907)	(79,341)	(96,248)
Total other financing sources (uses)	90,334	(14,587)	75,747
Net change in fund balances	(4,994)	(33,769)	(38,763)
Fund balances at beginning of year	111,804	237,737	349,541
Fund balances at end of year	\$ 106,810	203,968	310,778

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

Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
 Exhibit B-2.1

Net change in fund balances - Governmental funds	\$ (38,763)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	12,879
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.	55,159
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	59,929
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	(22,936)
The net revenue of certain activities of internal service funds is reported with governmental activities.	855
Change in net assets - Governmental activities	<u>\$ 67,123</u>

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

Proprietary Funds
Statement of Net Assets
September 30, 2007
(In thousands)

	Electric	Water and Wastewater	Airport
ASSETS			
Current assets:			
Cash	\$ 18	9	6
Pooled investments and cash	233,974	24,945	931
Pooled investments and cash - restricted	175,587	24,107	132,177
Total pooled investments and cash	<u>409,561</u>	<u>49,052</u>	<u>133,108</u>
Investments, at fair value	--	--	--
Investments, at fair value - restricted	249,940	59,857	12,998
Cash held by trustee	--	--	--
Cash held by trustee - restricted	28,762	5,994	--
Working capital advances	5,100	--	--
Accounts receivable	140,474	44,650	5,204
Less allowance for doubtful accounts	(2,004)	(715)	(165)
Net accounts receivable	<u>138,470</u>	<u>43,935</u>	<u>5,039</u>
Due from other funds	225	--	--
Due from other funds - restricted	--	27	617
Inventories, at cost	68,019	1,997	--
Prepaid expenses	1,670	125	12
Other assets	2,214	--	--
Other receivables - restricted	<u>58</u>	<u>155</u>	<u>258</u>
Total current assets	<u>904,037</u>	<u>161,151</u>	<u>152,038</u>
Noncurrent assets:			
Advances to other funds	2,460	--	--
Advances to other funds - restricted	--	81	140
Investments held by trustee - restricted	99,200	--	--
Interest receivable - restricted	1,481	--	--
Capital assets			
Land and other nondepreciable assets	59,662	145,357	88,428
Property, plant, and equipment in service	3,536,625	2,622,641	666,855
Less accumulated depreciation	(1,614,321)	(889,671)	(151,145)
Net property, plant, and equipment in service	<u>1,922,304</u>	<u>1,732,970</u>	<u>515,710</u>
Construction in progress	192,047	435,118	16,303
Nuclear fuel, net of amortization	27,622	--	--
Plant held for future use	<u>27,783</u>	<u>--</u>	<u>--</u>
Total capital assets	2,229,418	2,313,445	620,441
Intangible assets, net of amortization	--	80,102	--
Other long-term assets	144	--	--
Deferred costs and expenses, net of amortization	<u>214,622</u>	<u>183,807</u>	<u>3,615</u>
Total noncurrent assets	<u>2,547,325</u>	<u>2,577,435</u>	<u>624,196</u>
Total assets	\$ 3,451,362	2,738,586	776,234

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

	<u>Nonmajor Enterprise Funds</u>	<u>2007 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
ASSETS			
Current assets:			
Cash	30	63	17
Pooled investments and cash	105,960	365,810	94,070
Pooled investments and cash - restricted	68,509	400,380	--
Total pooled investments and cash	<u>174,469</u>	<u>766,190</u>	<u>94,070</u>
Investments, at fair value	2,889	2,889	--
Investments, at fair value - restricted	2,240	325,035	--
Cash held by trustee	--	--	832
Cash held by trustee - restricted	--	34,756	--
Working capital advances	--	5,100	--
Accounts receivable	16,137	206,465	3,651
Less allowance for doubtful accounts	(4,691)	(7,575)	(222)
Net accounts receivable	<u>11,446</u>	<u>198,890</u>	<u>3,429</u>
Due from other funds	905	1,130	948
Due from other funds - restricted	--	644	--
Inventories, at cost	540	70,556	1,155
Prepaid expenses	--	1,807	19
Other assets	--	2,214	--
Other receivables - restricted	2,695	3,166	--
Total current assets	<u>195,214</u>	<u>1,412,440</u>	<u>100,470</u>
Noncurrent assets:			
Advances to other funds	1	2,461	--
Advances to other funds - restricted	200	421	--
Investments held by trustee - restricted	--	99,200	--
Interest receivable - restricted	--	1,481	--
Capital assets			
Land and other nondepreciable assets	72,754	366,201	712
Property, plant, and equipment in service	443,839	7,269,960	84,871
Less accumulated depreciation	(124,334)	(2,779,471)	(37,178)
Net property, plant, and equipment in service	<u>319,505</u>	<u>4,490,489</u>	<u>47,693</u>
Construction in progress	36,693	680,161	4,081
Nuclear fuel, net of amortization	--	27,622	--
Plant held for future use	--	27,783	--
Total capital assets	<u>428,952</u>	<u>5,592,256</u>	<u>52,486</u>
Intangible assets, net of amortization	--	80,102	--
Other long-term assets	--	144	--
Deferred costs and expenses, net of amortization	2,774	404,818	44
Total noncurrent assets	<u>431,927</u>	<u>6,180,883</u>	<u>52,530</u>
Total assets	<u>627,141</u>	<u>7,593,323</u>	<u>153,000</u>

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2007
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 66,474	2,849	2,043
Accounts and retainage payable from restricted assets	13,086	25,018	1,703
Accrued payroll	5,088	2,546	787
Accrued compensated absences	8,471	4,568	1,146
Claims payable	--	--	--
Due to other funds	--	--	10
Accrued interest payable from restricted assets	22,875	25,420	1,561
Interest payable on other debt	923	1,049	1
General obligation bonds payable and other tax supported debt	--	--	23
General obligation bonds payable and other tax supported debt payable from restricted assets	152	3,001	--
Revenue bonds payable	--	33,520	--
Revenue bonds payable from restricted assets	89,185	27,624	11,780
Capital lease obligations payable	30	1,327	446
Customer and escrow deposits payable from restricted assets	18,549	6,165	461
Nuclear fuel expense payable from restricted assets	23,714	--	--
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	27,940	7,077	527
Total current liabilities	<u>276,487</u>	<u>140,164</u>	<u>20,488</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	2,345	805	167
Claims payable	--	--	--
Advances from other funds	--	4,506	--
Capital appreciation bond interest payable	112,506	119,669	--
Commercial paper notes payable, net of discount	149,941	159,062	--
Revenue notes payable	--	--	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	1,596	16,475	311
Revenue bonds payable, net of discount and inclusive of premium	1,078,114	1,415,507	318,055
Pension obligation payable	9,382	4,741	1,478
Capital lease obligations payable	1,212	--	1,555
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning expense payable from restricted assets	148,763	--	--
Deferred credits and other liabilities	76,003	456,238	617
Other liabilities payable from restricted assets	--	2,439	241
Total noncurrent liabilities	<u>1,579,862</u>	<u>2,179,442</u>	<u>350,424</u>
Total liabilities	<u>1,856,349</u>	<u>2,319,606</u>	<u>370,912</u>
NET ASSETS			
Invested in capital assets, net of related debt	898,760	321,975	263,883
Restricted for:			
Debt service	57,585	34,437	12,925
Strategic reserve	169,479	--	--
Capital projects	13,100	--	89,489
Renewal and replacement	61,559	--	10,000
Passenger facility charges	--	--	16,266
Operating reserve	--	--	7,882
Unrestricted	394,530	62,568	4,877
Total net assets	<u>\$ 1,595,013</u>	<u>418,980</u>	<u>405,322</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	3,306	2,746	953
Total net assets - Business-type activities	<u>\$ 1,598,319</u>	<u>421,726</u>	<u>406,275</u>

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

(Continued)

	<u>Nonmajor Enterprise Funds</u>	<u>2007 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,889	77,255	10,698
Accounts and retainage payable from restricted assets	3,926	43,733	--
Accrued payroll	3,331	11,752	4,030
Accrued compensated absences	4,691	18,876	6,257
Claims payable	--	--	12,030
Due to other funds	1,130	1,140	964
Accrued interest payable from restricted assets	--	49,856	--
Interest payable on other debt	2,789	4,762	76
General obligation bonds payable and other tax supported debt	7,097	7,120	3,459
General obligation bonds payable and other tax supported debt payable from restricted assets	--	3,153	--
Revenue bonds payable	3,440	36,960	--
Revenue bonds payable from restricted assets	--	128,589	--
Capital lease obligations payable	2	1,805	1
Customer and escrow deposits payable from restricted assets	3,161	28,336	--
Nuclear fuel expense payable from restricted assets	--	23,714	--
Accrued landfill closure and postclosure costs	1,265	1,265	--
Deferred credits and other liabilities	403	35,947	1,096
Total current liabilities	<u>37,124</u>	<u>474,263</u>	<u>38,611</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,807	5,124	896
Claims payable	--	--	10,191
Advances from other funds	5,496	10,002	253
Capital appreciation bond interest payable	--	232,175	--
Commercial paper notes payable, net of discount	--	309,003	--
Revenue notes payable	--	28,000	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	72,273	90,655	14,800
Revenue bonds payable, net of discount and inclusive of premium	216,378	3,028,054	--
Pension obligation payable	5,448	21,049	--
Capital lease obligations payable	--	2,767	--
Accrued landfill closure and postclosure costs	8,810	8,810	--
Decommissioning expense payable from restricted assets	--	148,763	--
Deferred credits and other liabilities	4,222	537,080	--
Other liabilities payable from restricted assets	--	2,680	--
Total noncurrent liabilities	<u>314,434</u>	<u>4,424,162</u>	<u>26,140</u>
Total liabilities	<u>351,558</u>	<u>4,898,425</u>	<u>64,751</u>
NET ASSETS			
Invested in capital assets, net of related debt	164,140	1,648,758	33,055
Restricted for:			
Debt service	2,240	107,187	--
Strategic reserve	--	169,479	--
Capital projects	14,130	116,719	14,943
Renewal and replacement	1,921	73,480	--
Passenger facility charges	--	16,266	--
Operating reserve	1,343	9,225	--
Unrestricted	91,809	553,784	40,251
Total net assets	<u>275,583</u>	<u>2,694,898</u>	<u>88,249</u>
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	2,110	9,115	
Total net assets - Business-type activities	<u>277,693</u>	<u>2,704,013</u>	

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

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2007
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
OPERATING REVENUES			
Utility services	\$ 1,056,488	292,468	--
User fees and rentals	--	--	79,871
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	<u>1,056,488</u>	<u>292,468</u>	<u>79,871</u>
OPERATING EXPENSES			
Operating expenses before depreciation	711,181	134,824	47,298
Depreciation and amortization	115,166	73,592	17,722
Total operating expenses	<u>826,347</u>	<u>208,416</u>	<u>65,020</u>
Operating income (loss)	<u>230,141</u>	<u>84,052</u>	<u>14,851</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	40,381	4,007	7,548
Interest on revenue bonds and other debt	(90,006)	(90,951)	(16,501)
Interest capitalized during construction	--	--	1,478
Passenger facility charges	--	--	16,691
Amortization of bond issue cost	(723)	(721)	(229)
Cost (recovered) to be recovered in future years	6,487	(9,623)	--
Other nonoperating expense	(19,300)	2,770	(24)
Total nonoperating revenues (expenses)	<u>(63,161)</u>	<u>(94,518)</u>	<u>8,963</u>
Income (loss) before contributions and transfers	166,980	(10,466)	23,814
Capital contributions	8,513	28,531	7,900
Transfers in	--	--	--
Transfers out	(84,500)	(25,491)	--
Change in net assets	<u>90,993</u>	<u>(7,426)</u>	<u>31,714</u>
Total net assets - beginning	1,504,020	426,406	373,608
Total net assets - ending	<u>\$ 1,595,013</u>	<u>418,980</u>	<u>405,322</u>
Reconciliation to government-wide Statement of Activities			
Change in net assets	90,993	(7,426)	31,714
Adjustment to consolidate internal service activities	832	210	(72)
Change in net assets - Business-type activities	<u>\$ 91,825</u>	<u>(7,216)</u>	<u>31,642</u>

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

	Nonmajor Enterprise Funds	2007 Total	Governmental Activities- Internal Service Funds
OPERATING REVENUES			
Utility services	--	1,348,956	--
User fees and rentals	148,923	228,794	--
Billings to departments	--	--	253,305
Employee contributions	--	--	31,441
Operating revenues from other governments	--	--	3,285
Other operating revenues	--	--	2,669
Total operating revenues	148,923	1,577,750	290,700
OPERATING EXPENSES			
Operating expenses before depreciation	147,022	1,040,325	272,260
Depreciation and amortization	18,818	225,298	9,223
Total operating expenses	165,840	1,265,623	281,483
Operating income (loss)	(16,917)	312,127	9,217
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	9,034	60,970	1,303
Interest on revenue bonds and other debt	(13,972)	(211,430)	(698)
Interest capitalized during construction	1,671	3,149	--
Passenger facility charges	--	16,691	--
Amortization of bond issue cost	(149)	(1,822)	(2)
Cost (recovered) to be recovered in future years	--	(3,136)	--
Other nonoperating expense	(842)	(17,396)	(4,007)
Total nonoperating revenues (expenses)	(4,258)	(152,974)	(3,404)
Income (loss) before contributions and transfers	(21,175)	159,153	5,813
Capital contributions	5,954	50,898	5,103
Transfers in	45,458	45,458	--
Transfers out	(2,820)	(112,811)	(8,394)
Change in net assets	27,417	142,698	2,522
Total net assets - beginning	248,166	2,552,200	85,727
Total net assets - ending	275,583	2,694,898	88,249
Reconciliation to government-wide Statement of Activities			
Change in net assets	27,417	142,698	
Adjustment to consolidate internal service activities	697	1,667	
Change in net assets - Business-type activities	28,114	144,365	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,114,389	298,204	78,135
Cash payments to suppliers for goods and services	(570,583)	(69,867)	(32,164)
Cash payments to employees for services	(120,578)	(61,685)	(14,111)
Cash payments to claimants/beneficiaries	--	--	--
Taxes collected and remitted to other governments	(29,628)	--	--
Net cash provided (used) by operating activities	<u>393,600</u>	<u>166,652</u>	<u>31,860</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	--
Transfers out	(84,500)	(25,491)	--
Interest paid on revenue notes and other debt	(73)	(24)	--
Increase in deferred assets	1,867	--	--
Loans to other funds	(225)	--	--
Loans from other funds	--	725	10
Loan repayments to other funds	--	--	--
Loan repayments from other funds	435	27	668
Net cash provided (used) by noncapital financing activities	<u>(82,496)</u>	<u>(24,763)</u>	<u>678</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	95,500	107,630	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	4,420	--
Principal paid on long-term debt	(103,580)	(50,493)	(10,084)
Purchased interest received	593	507	--
Interest paid on revenue bonds and other debt	(69,969)	(71,214)	(15,651)
Passenger facility charges	--	--	16,691
Acquisition and construction of capital assets	(183,160)	(138,133)	(19,994)
Contributions from municipality	--	--	--
Contributions from state and federal governments	--	--	12,016
Contributions in aid of construction	9,671	12,853	--
Bond issuance costs	--	165	--
Bond premiums	115	55	--
Cash paid for nuclear fuel inventory	(8,957)	--	--
Net cash provided (used) by capital and related financing activities	<u>\$ (259,787)</u>	<u>(134,210)</u>	<u>(17,022)</u>

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

	Nonmajor Enterprise Funds	2007 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	148,878	1,639,606	288,002
Cash payments to suppliers for goods and services	(63,385)	(735,999)	(104,975)
Cash payments to employees for services	(75,233)	(271,607)	(95,562)
Cash payments to claimants/beneficiaries	--	--	(68,543)
Taxes collected and remitted to other governments	--	(29,628)	--
Net cash provided (used) by operating activities	10,260	602,372	18,922
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	45,458	45,458	--
Transfers out	(2,820)	(112,811)	(8,394)
Interest paid on revenue notes and other debt	(3)	(100)	--
Increase in deferred assets	--	1,867	--
Loans to other funds	(573)	(798)	(230)
Loans from other funds	524	1,259	730
Loan repayments to other funds	(339)	(339)	(30)
Loan repayments from other funds	87	1,217	--
Net cash provided (used) by noncapital financing activities	42,334	(64,247)	(7,924)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	203,130	--
Proceeds from the sale of general obligation bonds and other tax supported debt	9,700	14,120	--
Principal paid on long-term debt	(7,247)	(171,404)	(3,328)
Purchased interest received	37	1,137	--
Interest paid on revenue bonds and other debt	(13,342)	(170,176)	(709)
Passenger facility charges	--	16,691	--
Acquisition and construction of capital assets	(31,665)	(372,952)	(9,923)
Contributions from municipality	--	--	2,419
Contributions from state and federal governments	--	12,016	--
Contributions in aid of construction	3,454	25,978	--
Bond issuance costs	(35)	130	--
Bond premiums	96	266	--
Cash paid for nuclear fuel inventory	--	(8,957)	--
Net cash provided (used) by capital and related financing activities	(39,002)	(450,021)	(11,541)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (295,744)	(83,884)	(27,839)
Proceeds from sale and maturities of investment securities	313,565	73,069	38,891
Interest on investments	36,710	3,857	6,931
Net cash provided (used) by investing activities	<u>54,531</u>	<u>(6,958)</u>	<u>17,983</u>
Net increase in cash and cash equivalents	105,848	721	33,499
Cash and cash equivalents, October 1	332,493	54,334	99,615
Cash and cash equivalents, September 30	<u>438,341</u>	<u>55,055</u>	<u>133,114</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	230,141	84,052	14,851
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	115,166	71,092	17,722
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	(1,084)	--	--
(Increase) decrease in accounts receivable	(3,181)	4,466	(1,353)
Increase (decrease) in allowance for doubtful accounts	(267)	22	15
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	(7,006)	(349)	--
Decrease in prepaid expenses and other assets	6,084	4	--
Decrease in deferred costs and other expenses	9,073	--	--
(Increase) decrease in other long-term assets	523	--	--
Increase (decrease) in accounts payable	(696)	21	518
Increase in accrued payroll and compensated absences	1,268	550	357
Decrease in claims payable	--	--	--
Increase in pension obligations payable	4,128	2,058	621
Increase (decrease) in deferred credits and other liabilities	35,316	868	(989)
Increase in customer deposits	4,135	1,368	118
Total adjustments	<u>163,459</u>	<u>82,600</u>	<u>17,009</u>
Net cash provided (used) by operating activities	<u>\$ 393,600</u>	<u>166,652</u>	<u>31,860</u>

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

(Continued)

	Nonmajor Enterprise Funds	2007 Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(12,859)	(420,326)	--
Proceeds from sale and maturities of investment securities	11,232	436,757	--
Interest on investments	9,036	56,534	1,303
Net cash provided (used) by investing activities	7,409	72,965	1,303
Net increase in cash and cash equivalents	21,001	161,069	760
Cash and cash equivalents, October 1	153,498	639,940	94,159
Cash and cash equivalents, September 30	174,499	801,009	94,919
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(16,917)	312,127	9,217
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	18,818	222,798	9,223
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	--	(1,084)	--
(Increase) decrease in accounts receivable	(1,041)	(1,109)	(1,970)
Increase (decrease) in allowance for doubtful accounts	664	434	--
Decrease in due from other funds	(25)	(25)	(511)
(Increase) decrease in inventory	286	(7,069)	(84)
Decrease in prepaid expenses and other assets	15	6,103	3
Decrease in deferred costs and other expenses	--	9,073	28
(Increase) decrease in other long-term assets	--	523	(31)
Increase (decrease) in accounts payable	2,241	2,084	1,080
Increase in accrued payroll and compensated absences	1,444	3,619	1,164
Decrease in claims payable	--	--	1,012
Increase in pension obligations payable	2,485	9,292	--
Increase (decrease) in deferred credits and other liabilities	1,806	37,001	(209)
Increase in customer deposits	484	6,105	--
Total adjustments	27,177	290,245	9,705
Net cash provided (used) by operating activities	10,260	602,372	18,922

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	<u>Electric</u>	<u>Water and Wastewater</u>	<u>Airport</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	\$ (11,215)	128	--
Increase in capital appreciation bond interest payable	9,219	11,535	--
Capital assets contributed from (to) other funds	(149)	--	(70)
Increase in contributed facilities	--	15,883	--
Net increase in the fair value of investments	(4,050)	(450)	(666)
Amortization of bond issue costs	(689)	(721)	(229)
Amortization of bond discounts and premiums	(3,942)	(3,420)	(276)
Amortization of deferred loss on refundings	9,657	8,604	1,085
Gain (loss) on disposal of assets	(19,300)	2,769	(24)
Deferred loss on bond refunding	(20,433)	--	--
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	14,848	--	--
Deferred costs (recovered) to be recovered	6,487	(9,623)	--
Contributions from other funds	--	--	--
Increase in deferred credits and other liabilities	11,086	--	--
Capital lease obligations	1	--	2,320
Bonds issued for the advance refundings of debt	284,439	135,000	--
Bond issuance costs on advance refundings	(1,579)	(1,288)	--
Bond discounts on advance refundings	(1,291)	--	--
Bond premiums on advance refundings	18,192	488	--
Reduction of long-term debt due to advance refundings	(293,875)	(134,200)	--

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

(Continued)

	<u>Nonmajor Enterprise Funds</u>	<u>2007 Total</u>	<u>Governmental Activities- Internal Service Funds</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	(28)	(11,115)	--
Increase in capital appreciation bond interest payable	--	20,754	--
Capital assets contributed from (to) other funds	(41)	(260)	2,703
Increase in contributed facilities	--	15,883	--
Net increase in the fair value of investments	(999)	(6,165)	--
Amortization of bond issue costs	(148)	(1,787)	--
Amortization of bond discounts and premiums	(599)	(8,237)	(5)
Amortization of deferred loss on refundings	1,135	20,481	2
Gain (loss) on disposal of assets	(865)	(17,420)	(1,052)
Deferred loss on bond refunding	--	(20,433)	--
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	--	14,848	--
Deferred costs (recovered) to be recovered	--	(3,136)	--
Contributions from other funds	--	--	199
Increase in deferred credits and other liabilities	--	11,086	(258)
Capital lease obligations	3	2,324	--
Bonds issued for the advance refundings of debt	--	419,439	--
Bond issuance costs on advance refundings	--	(2,867)	--
Bond discounts on advance refundings	--	(1,291)	--
Bond premiums on advance refundings	--	18,680	--
Reduction of long-term debt due to advance refundings	--	(428,075)	--

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

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Private-purpose</u> <u>Trust</u>	<u>Agency</u>
ASSETS		
Pooled investments and cash	\$ 1,155	3,625
Other assets	121	--
Total assets	<u>1,276</u>	<u>3,625</u>
LIABILITIES		
Accounts payable	--	80
Due to other governments	--	2,704
Deposits and other liabilities	538	841
Total liabilities	<u>538</u>	<u>3,625</u>
NET ASSETS		
Held in trust	738	
Total net assets	<u>\$ 738</u>	

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private-purpose Trust</u>
ADDITIONS	
Contributions	\$ 271
Interest and other	54
Total additions	<u>325</u>
DEDUCTIONS	
Benefit payments	<u>370</u>
Total deductions	<u>370</u>
Net additions (deductions) before transfers	<u>(45)</u>
Total net assets - beginning	783
Total net assets - ending	<u>\$ 738</u>

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The City of Austin's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with GAAP for local governments as prescribed by the GASB. The City has implemented GASB Statements No. 1 through No. 42, No. 44, and No. 46. The more significant accounting and reporting policies and practices used by the City are described below.

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

a -- Reporting Entity

As required by GAAP, these financial statements present the City's primary government, its component units, and other entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations; therefore, data from these units are combined with data of the City.

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

The Mueller Local Government Corporation (MLGC) is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. MLGC was created for the purpose of financing infrastructure projects required for the development of the former site of Mueller Airport. The Austin City Council acts as the board of directors of the corporation; and members of the City staff serve as officers of the corporation. The entity is reported as a nonmajor special revenue fund in the City's financial statements.

Related Organizations -- The City Council appoints board members, but the City has no significant financial accountability for the following related organizations:

- Capital Metropolitan Transit Authority (Capital Metro) - The City's accountability for this organization does not extend beyond appointing board members.
- Austin-Bergstrom International Airport (ABIA) Development Corporation – City Councilmembers appoint themselves as members of the board, but their function on the board is ministerial rather than substantive.
- Austin-Bergstrom Landhost Enterprises, Inc. and Austin Convention Enterprises, Inc. – City Councilmembers appoint members of these boards. Debt issues by these entities do not constitute a debt or pledge of the faith and credit of the City.
- Austin Travis County Mental Health Retardation Center – The nine board members are appointed by the City, Travis County, and the Austin Independent School District.
- Urban Renewal Agency - The Mayor, with consent of the City Council, appoints the board of commissioners for this agency, whose primary responsibility is to oversee the implementation and compliance of urban renewal plans adopted by the City Council.
- Austin Housing Authority - The Mayor appoints the persons to serve as commissioners of this organization.
- Travis County Hospital District - City Councilmembers appoint four board managers, Travis County appoints four board managers, and the City and County mutually appoint one board manager. Travis County reports the Hospital District as a component unit on their financial statements.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued
a -- Reporting Entity, continued

All of these entities are separate from the operating activities of the City. Related organizations are not included in the City's reporting entity.

The City of Austin retirement plans (described in Note 8) and the City of Austin Deferred Compensation Plan are not included in the City's reporting entity since the City does not exercise substantial control over these plans.

b -- Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all governmental and business-type activities of the primary government and its component units. Fiduciary activities are not included in the government-wide statements. Internal service fund asset and liability balances that are not eliminated in the statement of net assets are reported in the governmental activities column on the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

The accounts of the City are organized on the basis of funds. The fund level statements focus on the governmental, proprietary, and fiduciary funds. Each fund was established to account for specific activities in accordance with applicable regulations, restrictions, or limitations. Major funds are determined by criteria specified by GASB Statement 34; the City has not elected to present additional major funds that do not meet the minimum criteria. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into governmental or enterprise nonmajor fund groupings.

The City's fiduciary funds are presented in the fund financial statements by type (private-purpose and agency). By definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the primary government; therefore, they are not included in the government-wide statements. Reconciliation of the fund financial statements to the government-wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB 34.

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

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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

The City reports the following major governmental fund:

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

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

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

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

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

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

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

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

Enterprise Funds: Account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges. The City has elected to follow GASB statements issued after November 30, 1989, rather than statements issued by the Financial Accounting Standards Board (FASB), in accordance with GASB Statement No. 20

The City reports the following major enterprise funds:

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

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

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

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Convention – Accounts for convention center and public events activities.

Environmental and health services – Accounts for hospital, primary care, and solid waste services activities.

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

Urban growth – Accounts for drainage and transportation activities.

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

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

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

Agency Funds: Account for resources held by the City in a custodial capacity for permit fees; campaign financing donations and fees; Municipal Court service fees; and escrow deposits and payments to loan recipients.

d -- Budget

The City Manager is required by the City Charter to present a proposed operating and capital budget to the City Council no later than thirty days before the beginning of the new fiscal year. The final budget shall be adopted no later than the twenty-seventh day of the last month of the preceding fiscal year. During the final adoption process, the City Council passes an appropriation ordinance and a tax-levying ordinance.

Annual budgets are legally adopted for the General Fund, certain special revenue funds, and debt service funds. Additional information related to special revenue funds with legally adopted budgets can be found in Exhibit E-13. Annual budgets are also adopted for enterprise and internal service funds, although they are not legally required. Multi-year budgets are adopted for capital projects and grant funds, where appropriations remain authorized for the life of the project, irrespective of fiscal year. Expenditures are appropriated on a modified accrual basis, except that commitments related to purchase orders are treated as expenditures in the year of commitment. Certain charges to ending fund balance are budgeted as general city responsibilities.

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

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

e -- Financial Statement Elements

Pooled Investments and Cash -- Cash balances of all city funds (except for certain funds shown in Note 5 as having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of U.S. government obligations and U.S. agency obligations, are stated at fair value. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that incur a negative balance in pooled cash and investments are not allocated interest earnings nor charged interest expense.

Investments -- Certain investments are required to be reported at fair value, based on quoted market prices. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold. The City carries all of its investments in U.S. government and agency debt securities and money market mutual funds at fair value as of September 30, 2007. Investments in local government investment pools are carried at amortized cost, which approximates fair value.

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

Accounts Receivable -- Balances of accounts receivable, reported on the government-wide statement of net assets, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. In order to assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2007 (in thousands):

	Charges for Services	Fines	Taxes	Other Govern- ments	Other	Total
Governmental activities						
General Fund	\$ 76,380	26,354	34,292	--	--	137,026
Nonmajor governmental funds	2,590	21	12,389	6,843	3,923	25,766
Internal service funds	3,651	--	--	--	--	3,651
Allowance for doubtful accounts	(72,779)	(12,984)	--	--	--	(85,763)
Total	\$ 9,842	13,391	46,681	6,843	3,923	80,680

Business-type activities are primarily comprised of charges for services.

Elimination of Internal Activities -- The elimination of internal service fund activity is needed in order to eliminate duplicate activity in making the transition from the fund level financial statements to the government-wide financial statements. In addition, the elimination of internal service fund activity requires the City to “look back” and adjust the internal service funds’ internal charges. A positive change in net assets derived from internal service fund activity results in a pro-rata reduction in the charges made to the participatory funds. A deficit change in net assets of internal service funds requires a pro-rata increase in the amounts charged to the participatory funds.

Internal Balances -- In the government-wide statement of net assets, internal balances are the receivables and payables between the governmental and business-type activities.

Interfund Activities -- In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred in the Support Services Fund, which is reported as an internal service fund. Indirect costs are calculated in a citywide cost allocation plan or through indirect cost rates, which are based on the cost allocation plan.

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

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

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

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

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

Restricted assets -- Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Since the Electric Fund and Water and Wastewater Fund report in accordance with FASB Statement No. 71, enabling legislation also includes restrictions on asset use established by its governing board which is the City Council.

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

	Electric	Water and Wastewater	Airport	Nonmajor Enterprise	Total Restricted Assets
Strategic reserve	\$ 169,697	--	--	--	169,697
Capital projects	48,044	21,762	94,384	53,073	217,263
Customer and escrow deposits	20,416	8,602	461	3,162	32,641
Debt service	80,461	59,857	12,925	2,440	155,683
Federal grants	--	--	258	--	258
Plant decommissioning	149,483	--	--	--	149,483
Nuclear fuel inventory replacement	25,368	--	--	--	25,368
Operating reserve account	--	--	7,882	7,876	15,758
Passenger facility charge account	--	--	20,280	--	20,280
Renewal and replacement account	61,559	--	10,000	7,093	78,652
	<u>\$ 555,028</u>	<u>90,221</u>	<u>146,190</u>	<u>73,644</u>	<u>865,083</u>

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

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

Interest is not capitalized on governmental capital assets. Enterprise funds, with the exception of the Electric Fund and Water and Wastewater Fund, capitalize interest paid on long-term debt when it can be attributed to a specific project and when it materially exceeds the interest revenue generated by the bond proceeds issued to fund the project. Interest is not capitalized on Electric Fund and Water and Wastewater Fund assets in accordance with FASB Statement No. 71.

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

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

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

(1) Includes internal service funds

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

In the government-wide and proprietary fund statements, the City recognizes a gain or loss on the disposal of assets when it retires or otherwise disposes of capital assets (other than debt-financed assets of the utility funds, where the gain or loss is deferred in accordance with FASB Statement No. 71).

Intangible Assets -- Proprietary Funds - Intangible assets include the amortized cost of a \$100 million contract between the City and the Lower Colorado River Authority (LCRA) for a fifty-year assured water supply agreement, with an option to extend another fifty years. The City and LCRA entered into the contract in 1999. The asset amortization period is 40 years.

Deferred Expenses or Credits -- In accordance with FASB Statement No. 71, certain utility expenses that do not currently require funding are deferred to future periods in which they are intended to be recovered by rates. Likewise, certain credits to income are deferred to periods in which they are matched with related costs. These expenses or credits include changes in fair value of investments, contributions, and gain or loss on disposition of debt-financed assets. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the related debt service requirements. If deferred expenses are not recoverable in future rates, the deferred expenses will be subject to write off. Retail deregulation of electric rates in the future may affect the City's current accounting treatment of its electric utility revenues, expenses, and deferred amounts.

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

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

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

	Work-week	Non-Civil Service Employees (1)	Civil Service Police (2)	Civil Service Fire (3)
Vacation	0-40	240	240	240
	42	270	N/A	N/A
	48	309	N/A	N/A
	53	N/A	N/A	360
	56	360	N/A	N/A
Sick leave	0-40	720	1020	720
	42	756	N/A	N/A
	48	926	N/A	N/A
	53	N/A	N/A	1080
	56	1080	N/A	N/A

- (1) Non-civil service employees are eligible for accumulated sick leave payout if hired on or before October 1, 1986.
- (2) Civil service police employees with 5 years of actual service are eligible for accumulated sick leave payout.
- (3) Civil service fire employees are eligible for accumulated sick leave payout regardless of hire date.

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

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

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from net revenues of these funds. The corresponding debt is recorded in the applicable fund. Operating revenues and interest income that are used as security for revenue bonds are reported separately from other revenues.

The City has certain contractual commitments with several municipal utility districts (MUDs) for the construction of additions and improvements to the City's water and wastewater system that serve the MUDs and surrounding areas. These additions and improvements are funded by contract revenue bonds, whose principal and interest are payable primarily from the net revenues of Austin Water.

The City defers and amortizes gains or losses realized by proprietary funds on refundings of debt and for governmental activities in the government-wide financial statements, and reports both the new debt liability and the related deferred amount on the funds' statement of net assets. Austin Energy and Austin Water recognize gains or losses on debt defeasance in accordance with FASB Statement No. 71.

Other Long-Term Liabilities -- Capital appreciation bonds are recorded at net accreted value. Annual accretion of the bonds is recorded as interest expense during the life of the bonds. The cumulative accretion of capital appreciation bonds, net of interest payments on the bonds, is recorded as capital appreciation bond interest payable.

Landfill Closure and Postclosure Care Costs -- Municipal solid waste landfill costs are reported in accordance with GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs". The liability for landfill closure and postclosure costs is reported in the Solid Waste Services Fund, a nonmajor enterprise fund.

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

Operating Revenues -- Revenues are recorded net of allowances, including bad debt, in the government-wide and proprietary fund-level statements. The funds listed below reduced revenues by bad debt expense, as follows (in thousands):

Electric Fund	\$	3,538
Water and Wastewater Fund		1,072
Airport		82
Nonmajor Enterprise Funds		703

Electric, water, and wastewater revenue is recorded when earned. Customers' electric and water meters are read and bills are rendered on a cycle basis by billing district. Electric rate schedules include fuel cost adjustment clauses that permit recovery of fuel costs in the month incurred or in future months. The City reported fuel costs on the same basis as it recognized revenue in 2007 and prior years. Unbilled revenue was recorded in the Electric Fund by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2007. The amount of unbilled revenue recorded, as of September 30, 2007, for the Electric Fund was \$39.7 million. The Water and Wastewater Fund recorded unbilled revenue as earned based upon the percentage of October's billing that represented water usage through September 30, 2007. The amount of unbilled revenue recorded as of September 30, 2007 was \$9.1 million for water and \$9 million for wastewater.

Interfund Revenues, Expenses, and Transfers -- Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds. The effect of interfund activity has been eliminated in the government-wide statements. However, if interfund services are provided, and used, such as billing for utility services, the costs and related revenue are not eliminated.

Intergovernmental Revenues, Receivables, and Liabilities -- Intergovernmental revenues and related receivables arise primarily through funding received from Federal and State grants. 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.

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

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

Restricted Resources -- If both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and unrestricted resources as needed.

Reservations of Fund Equity -- Reservation of fund balances of the governmental funds indicate the portion of fund equity that is not available for appropriation for expenditure or is legally restricted by outside parties for use for a specific purpose. Designations of fund balance are the representations of management for the utilization of resources in future periods.

Cash and Cash Equivalents -- For purposes of the statement of cash flows, the City considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, and all amounts included in pooled investments and cash accounts. The City considers the investment pool to be highly liquid, similar to a mutual fund.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

f -- Comparative Data

Pension Costs -- State law governs pension contribution requirements and benefits. Pension costs are composed of normal cost and, where applicable, amortization of unfunded actuarial accrued liability and of unfunded prior service cost (see Note 8).

Risk Management -- The City is exposed to employee-related risks for health benefits and workers' compensation, as well as to various risks of loss related to torts; theft of, damage to, or destruction of assets; fraud; and natural disasters. The City is self-insured for legal liabilities, workers' compensation claims, and a portion of employee health benefits.

The City does not participate in a risk pool but purchases commercial insurance for coverage for property loss or damage, commercial crime, fidelity bonds, airport operations, and contractors working at selected capital improvement project sites. It complies with GASB Statement No. 10, *"Accounting and Reporting for Risk Financing and Related Insurance Issues"* (see Note 14).

Austin Energy has established an energy risk management program. This program was authorized by City Council and led by the risk oversight committee. Under this program, Austin Energy enters into futures contracts, options, and swaps to reduce exposure to natural gas and energy price fluctuations. For additional details see Note 14.

Governments are required to present comparative data only in connection with Management's Discussion and Analysis (MD&A). Comparative data has been utilized within the MD&A to more fully understand the City's financial statements for the current period.

g -- Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

a -- Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets

Total fund balance reported in the City's fund-level governmental funds balance sheet (\$310.8 million) differs from the net assets reported in governmental activities within the government-wide financial statements (\$1.63 billion). The differences result from the long-term economic resources measurement focus in the government-wide statement of net assets versus the current financial resources measurement focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Total fund balances - Governmental funds - balance sheet		\$ 310,778
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	2,914,431	
Less: accumulated depreciation	<u>(799,261)</u>	
Total		2,115,170
Other long-term assets are not available as current-period resources and are not reported in the funds.		
Accounts and other taxes receivable	690	
Deferred costs and expenses	<u>3,565</u>	
Total		4,255
Long-term liabilities are not payable in the current period and are not reported in the funds.		
Bonds and other tax supported debt payable, net	(768,648)	
Pension obligation payable	(24,022)	
Capital lease obligations payable	(474)	
Compensated absences	(84,539)	
Interest payable	(3,237)	
Deferred credits and other liabilities	<u>(196)</u>	
Total		(881,116)
Internal service funds		79,134
Total net assets - Governmental activities		<u><u>\$ 1,628,221</u></u>

2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, continued

b -- Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances of governmental funds (\$38.8 million) differs from the change in net assets for governmental activities (\$67.1 million) as reported in the statement of activities. The differences result from the long-term economic resources measurement focus in the government-wide statement of net assets versus the current financial resources measurement focus of the governmental fund balance sheets. The differences are shown below (in thousands):

Net change in fund balances - Governmental funds		\$ (38,763)
Governmental funds report capital outlay as expenditures. In the statement of activities, the cost of assets is allocated over the estimated useful life of the asset and reported as depreciation expense.		
Capital outlay	93,984	
Depreciation expense	(81,036)	
Loss on disposal of capital assets	(69)	
Total	12,879	12,879
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.		
Property taxes	7,473	
Charges for services	(5,635)	
Operating grants and contributions	(715)	
Interest and other	(3)	
Capital assets contribution	54,039	
Total	55,159	55,159
Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but are deferred and amortized throughout the period during which the related debt is outstanding in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal repayment on long-term debt	59,929	
Total	59,929	59,929
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(13,836)	
Pension obligation	(10,108)	
Interest and other	1,008	
Total	(22,936)	(22,936)
Internal services. The net revenue (expense) of the internal service funds is reported with the governmental activities.		
Change in net assets - Governmental activities		855
		\$ 67,123

3 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2007, the following funds reported deficits in fund balances or net assets. Management intends to recover these deficits through future operating revenues, transfers, or debt issues.

<u>Nonmajor Governmental</u>	<u>Deficit</u>
<u>Special Revenue Funds:</u>	<u>(in thousands)</u>
Medicaid Administrative Claims	\$ 696
Cable TV	104
Rutherford Lane Facility Fund	501
City Hall Fund	328
RMMA Reimbursement	18
 Capital Projects Funds:	
Parks and recreation facilities	283
Radio Trunking	3,434
Transportation	1,239
Drainage & Open Spaces	3,253
Parks	2,799
Cultural Facilities	3
Public Safety	163
Health projects	73
Build Austin	574
Build Central Texas	1,860
CMTA Mobility	1,926
Capital reserve	3,944
Public Works	268
Watershed Protection	657
City Hall, plaza, parking garage	7,082
Conservation Land	15
 Internal Service Funds:	
Capital Projects Management	469

4 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2007 (in thousands):

	Pooled Investments and Cash	
	<u>Unrestricted</u>	<u>Restricted</u>
General Fund	\$ 90,921	--
Nonmajor governmental funds	191,739	--
Electric	233,974	175,587
Water and Wastewater	24,945	24,107
Airport	931	132,177
Nonmajor enterprise funds	105,960	68,509
Internal service funds	94,070	--
Fiduciary funds	4,780	--
Subtotal pooled investments and cash	<u>747,320</u>	<u>400,380</u>
Total pooled investments and cash	<u>\$ 1,147,700</u>	

5 – INVESTMENTS AND DEPOSITS

a -- Investments

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

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

The City Treasurer submits an investment report each quarter to the investment committee and City Council. The report details the investment position of the City and the compliance of the investment portfolio as it relates to both the adopted investment strategy statements and Texas state law.

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

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas;
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities;
4. Obligations of other states, cities, counties or other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent;
5. Bankers' acceptances so long as each such acceptance has a stated maturity of 270 days or less from the date of its issuance, will be liquidated in full at maturity, is eligible collateral for borrowing from a Federal Reserve Bank and is accepted by a domestic bank whose short-term obligations are rated at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency or which is the largest subsidiary of a bank holding company whose short-term obligations are so rated;
6. Commercial paper with a stated maturity of 270 days or less from the date of its issuance that is either rated not less than A-1, P-1 or the equivalent by at least two nationally recognized credit rating agencies or is rated at least A-1, P-1 or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof;
7. Collateralized repurchase agreements having a defined termination date and described in more detail in the Investment Policy;
8. Certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or as further described in the Investment Policy;
9. Certificates of deposit issued by savings banks domiciled in Texas;
10. Share certificates issued by a state or federal credit unions domiciled in Texas;
11. Money market mutual funds; and
12. Local government investment pools (LGIPs).

The City participates in two Local Government Investment Pools: TexPool and TexasDAILY. The State Comptroller oversees TexPool, with Lehman Brothers and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees maintains oversight responsibility for TexasDAILY. Public Financial Management Asset Management LLC manages the daily operations of the pool under a contract with the advisory board.

5 – INVESTMENTS AND DEPOSITS, continued
a -- Investments

The City invests in TexPool and TexasDAILY to provide its liquidity needs. TexPool and TexasDAILY are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool and TexasDAILY are 2(a)7- like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool and TexasDAILY are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2007, TexPool and TexasDAILY had a weighted average maturity of 54 days and 42 days, respectively. The City considers the holdings in these funds to have a weighted average maturity of one day, due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City did not participate in any reverse repurchase agreements or security lending agreements during fiscal year 2007.

All city investments are insured, registered, or held by an agent in the City's name; therefore, the City is not exposed to custodial credit risk.

The following table includes the portfolio balances of all non-pooled and pooled investment types of the City at September 30, 2007 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Non-pooled investments:				
Local Government Investment Pools	\$ 15,201	164,439	--	179,640
US Treasury Notes	--	111,835	--	111,835
US Agency Bonds	--	150,850	--	150,850
Total non-pooled investments	<u>15,201</u>	<u>427,124</u>	<u>--</u>	<u>442,325</u>
Pooled investments:				
Local Government Investment Pools	119,505	242,908	1,465	363,878
US Treasury Notes	4,944	10,056	63	15,063
US Agency Bonds	250,073	508,515	3,252	761,840
Total pooled investments (1)	<u>374,522</u>	<u>761,479</u>	<u>4,780</u>	<u>1,140,781</u>
Total investments	<u>\$ 389,723</u>	<u>1,188,603</u>	<u>4,780</u>	<u>1,583,106</u>

(1) A difference of \$6.9 million exists between the investment portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

At September 30, 2007, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in thousands): Federal Home Loan Bank (\$387,002 or 24%), Federal Home Loan Mortgage Corporation (\$164,236 or 10%), and Federal National Mortgage Association (\$249,814 or 16%).

b -- Investment categories

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

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

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

5 – INVESTMENTS AND DEPOSITS, continued
b – Investment categories

Operating Funds (excluding special project fund)

As of September 30, 2007, the City operating funds (excluding the special project fund) had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>				<u>Weighted Average Maturity (days)</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	
Local Government Invest Pools	\$ 119,505	242,908	1,465	363,878	1
US Treasury Notes	4,944	10,056	63	15,063	350
US Agency Bonds	250,073	508,515	3,252	761,840	461
Total pooled investments	<u>\$ 374,522</u>	<u>761,479</u>	<u>4,780</u>	<u>1,140,781</u>	<u>312</u>

Credit Risk

Approximately 8% of the portfolio consists of direct obligations of the US government. As of September 30, 2007, Standard and Poor's issued the following ratings for other investments:

<u>Investment Type</u>	<u>Portfolio %</u>	<u>Rating</u>
LGIPs	34	AAAm
US Agency Bonds and Step Bonds	58	AAA

At September 30, 2007, the operating funds held investments with more than 5 percent of the total in securities of the following issuers: Federal Home Loan Bank (\$326 million or 29 percent), Federal National Mortgage Association (\$215 million or 19 percent), Federal Home Loan Mortgage Corporation (\$150 million or 13 percent) and Federal Farm Credit Bank (\$70 million or 6%).

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City's cash flow requirements. Three years is the maximum period before maturity.

At September 30, 2007, nearly a third of the Investment Pool was invested in AAAM rated LGIPs (2(a) 7-like pools), with the remainder invested in short-to-medium term US Agency and Treasury obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity for all securities was 312 days, which was less than the threshold of 365 days.

Debt Service Funds

As of September 30, 2007, the City's debt service funds had the following investments:

	<u>Fair Value (in thousands)</u>		<u>Final Maturity</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
General Obligation Debt Service			
TexPool (LGIPs)	\$ 15,201	–	N/A
Enterprise-Utility (1)			
TexPool (LGIPs)	--	140,019	N/A
US Treasury SLG 3.937% of 11/17/07	--	297	11/17/2007
Enterprise-Airport			
TexPool (LGIPs)	--	12,925	N/A
Nonmajor Enterprise-Convention Center			
TexPool (LGIPs)	--	5,129	N/A
Total	<u>\$ 15,201</u>	<u>158,370</u>	

(1) Includes combined pledge debt service

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

Credit Risk

As of September 30, 2007, Standard and Poor's rated both TexPool and TexasDAILY AAAM.

Interest Rate Risk

Investment strategies for debt service funds have as the primary objective the assurance of investment liquidity adequate to cover the debt service obligation on the required payment date. As a means of minimizing risk of loss due to interest rate fluctuations, securities purchased cannot have a stated final maturity date which exceeds the debt service payment date.

At September 30, 2007, portfolios in this category held investments in AAAM rated LGIPs or direct obligations of the US Treasury.

Special Project Fund

As of September 30, 2007, the City's special project fund had the following investments:

	<u>Fair Value (in thousands)</u>	<u>Final Maturity</u>
<u>Business-type Activities</u>		
Airport Construction		
TexPool (LGIPs)	\$ 73	N/A
Total special projects fund	<u>\$ 73</u>	

Credit Risk

As of September 30, 2007, Standard and Poor's rated TexPool AAAM.

Interest Rate Risk

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

At September 30, 2007, the portfolios held investments in an AAAM rated LGIP and US Agencies with maturities that will meet anticipated cash flow requirements.

Special Purpose Funds

Austin Energy Strategic Reserve Fund

As of September 30, 2007, the City's Special Purpose Fund (Austin Energy Strategic Reserve Fund) had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (days)</u>
Local Government Investment Pools	\$ 6,293	1
US Treasury Notes	70,720	1,254
US Agency Bonds	92,468	1,332
Total	<u>\$ 169,481</u>	<u>1,250</u>

Credit Risk

At September 30, 2007, the Electric Utility Department Strategic Reserve Fund held an investment in TexPool, an LGIP rated AAAM by Standard and Poor's, with the remainder invested in short-to-medium term US Agency and Treasury obligations. Standard and Poor's rated the US Agency Bonds AAA. The remaining securities are direct obligations of the US government.

At September 30, 2007, the Austin Energy Strategic Reserve Fund held investments with more than 5 percent of the total in securities of the following issuers: Federal Farm Credit Bank (\$23 million or 14 percent), and Federal Home Loan Bank (\$44 million or 26 percent), and Federal National Mortgage Association (\$25 million or 15%).

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

Interest Rate Risk

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

At September 30, 2007, the portfolios held investments in TexPool (AAAm rated LGIP), US Treasuries, and US Agencies with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 1,250 days (3.42 years).

Austin Energy Nuclear Decommissioning Trust Funds

As of September 30, 2007, the Austin Energy's Special Purpose Fund (Nuclear Decommissioning Trust Funds, NDTF) had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (years)</u>
US Treasury Notes	\$ 40,818	4.45
US Agency Bonds	58,382	5.06
Total	<u>\$ 99,200</u>	<u>4.82</u>

Credit Risk

As of September 30, 2007, Standard and Poor's rate the US Agency Bonds AAA. The remaining securities are direct obligations of the US government.

At September 30, 2007, the NDTF held investments with more than 5 percent of the total in securities of the following issuers: Federal Home Loan Bank (\$16 million or 16 percent), Federal Home Loan Mortgage Corporation (\$14 million or 14 percent), Federal National Mortgage Association (\$10 million or 10 percent), and Federal Farm Credit Bank (\$18 million or 18 percent).

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy for the Decommissioning Trust Fund portfolios requires that the dollar weighted average maturity, using final stated maturity dates, shall not exceed seven years, although the portfolio's weighted average maturity may be substantially shorter if market conditions so dictate. At September 30, 2007, the dollar weighted average maturity was 4.82 years.

Investments and deposits at September 30, 2007, are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Non-pooled investments and cash	\$ 19,308	461,943	--	481,251
Pooled investments and cash	374,952	762,355	4,780	1,142,087
Total investments and cash	<u>394,260</u>	<u>1,224,298</u>	<u>4,780</u>	<u>1,623,338</u>
Unrestricted cash	4,107	63	--	4,170
Restricted cash	--	34,756	--	34,756
Pooled cash	374,952	762,355	4,780	1,142,087
Investments	15,201	427,124	--	442,325
Total investments and cash	<u>\$ 394,260</u>	<u>1,224,298</u>	<u>4,780</u>	<u>1,623,338</u>

A difference of \$5.6 million exists between bank balance and book balance, primarily due to deposits in transit offset by outstanding checks.

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

Deposits

The September 30, 2007, carrying amount of deposits is as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash			
Unrestricted	\$ 90	63	153
Cash held by trustee			
Unrestricted	4,017	--	4,017
Restricted	--	34,756	34,756
Pooled cash	430	876	1,306
Total deposits	<u>\$ 4,537</u>	<u>35,695</u>	<u>40,232</u>

All bank accounts were either insured or collateralized with securities held by the City or its agents in the City's name at September 30, 2007.

6 – PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2006, upon which the 2007 levy was based, was \$60,512,328,889.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2007, 99.61% of the current tax levy (October 1, 2006) was collected. The statutory lien date is January 1.

The methods of property assessment and tax collection are determined by Texas statutes. The statutes provide for a property tax code, countywide appraisal districts, a State property tax board, and certain exemptions from taxation, such as intangible personal property, household goods, and family-owned automobiles.

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District and the Williamson County Appraisal District. The appraisal districts are required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every two years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District has chosen to review the value of property every two years, while the Williamson County Appraisal District has chosen to review the value of property on an annual basis. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

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

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

6 – PROPERTY TAXES, continued

The tax rate to finance general governmental functions, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2007, was \$.2760 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.7240 per \$100 assessed valuation, and could levy approximately \$438,109,261 in additional taxes from the assessed valuation of \$60,512,328,889 before the legislative limit is reached.

The City has reserved a portion of the taxes collected for lawsuits filed by certain taxpayers against the appraisal districts challenging assessed values in the government-wide financial statements.

7 – CAPITAL ASSETS AND INFRASTRUCTURE

The City has recorded capitalized interest for fiscal year 2007 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

Enterprise Funds	
Major fund:	
Airport	\$ 1,478
Nonmajor enterprise funds:	
Convention Center	366
Drainage	1,168
Golf	16
Solid Waste Services	115
Transportation	6

Interest is not capitalized on governmental capital assets. In accordance with FASB Statement No. 71, interest is also not capitalized on electric and water and wastewater capital assets.

Capital asset balances as of September 30, 2007 (in thousands):

	Governmental Activities	Business-type Activities	Total
Capital assets not depreciated			
Land and improvements	\$ 261,328	364,811	626,139
Arts and treasures	5,153	1,390	6,543
Library collections	13,761	--	13,761
Total	280,242	366,201	646,443
Depreciable property, plant, and equipment in service			
Building and improvements	570,368	2,035,399	2,605,767
Equipment	152,248	5,120,246	5,272,494
Vehicles	81,723	114,315	196,038
Infrastructure	1,736,284	--	1,736,284
Total	2,540,623	7,269,960	9,810,583
Less accumulated depreciation for			
Building and improvements	(145,571)	(668,039)	(813,610)
Equipment	(70,835)	(2,048,831)	(2,119,666)
Vehicles	(50,221)	(62,601)	(112,822)
Infrastructure	(569,812)	--	(569,812)
Total	(836,439)	(2,779,471)	(3,615,910)
Net property, plant, and equipment in service	1,704,184	4,490,489	6,194,673
Other capital assets not depreciated			
Construction in progress	183,230	680,161	863,391
Nuclear fuel, net of amortization	--	27,622	27,622
Plant held for future use	--	27,783	27,783
Total capital assets	\$ 2,167,656	5,592,256	7,759,912

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2007, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 240,388	20,940	--	261,328
Arts and treasures	5,029	124	--	5,153
Library collections	13,761	--	--	13,761
Total	<u>259,178</u>	<u>21,064</u>	<u>--</u>	<u>280,242</u>
Depreciable property, plant, and equipment in service				
Building and improvements	540,350	30,018	--	570,368
Equipment	134,344	18,317	(413)	152,248
Vehicles	71,672	10,467	(416)	81,723
Infrastructure	1,659,449	76,835	--	1,736,284
Total	<u>2,405,815</u>	<u>135,637</u>	<u>(829)</u>	<u>2,540,623</u>
Less accumulated depreciation for				
Building and improvements	(129,212)	(16,359)	--	(145,571)
Equipment	(54,154)	(17,028)	347	(70,835)
Vehicles	(43,369)	(7,156)	304	(50,221)
Infrastructure	(520,096)	(49,716)	--	(569,812)
Total	<u>(746,831)</u>	<u>(90,259) (2)</u>	<u>651</u>	<u>(836,439)</u>
Net property, plant, and equipment in service	<u>1,658,984</u>	<u>45,378</u>	<u>(178)</u>	<u>1,704,184</u>
Other capital assets not depreciated				
Construction in progress	181,342	97,446	(95,558)	183,230
Total capital assets	<u>\$ 2,099,504</u>	<u>163,888</u>	<u>(95,736)</u>	<u>2,167,656</u>

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

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

Governmental activities:

General government	\$ 3,536
Public safety	11,940
Transportation, planning, and sustainability	42,647
Public health	1,414
Public recreation and culture	7,670
Urban growth management	13,829
Internal service funds	9,223
Total increases in accumulated depreciation	<u>\$ 90,259</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Electric Fund

Capital asset activity for the year ended September 30, 2007, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 40,469	19,193	--	59,662
Total	<u>40,469</u>	<u>19,193</u>	<u>--</u>	<u>59,662</u>
Depreciable property, plant, and equipment in service				
Building and improvements	661,898	2,340	(12,158)	652,080
Equipment	2,777,448	142,558	(60,781)	2,859,225
Vehicles	23,309	2,278	(267)	25,320
Total	<u>3,462,655</u>	<u>147,176</u>	<u>(73,206)</u>	<u>3,536,625</u>
Less accumulated depreciation for				
Building and improvements	(302,506)	(18,311)	9,913	(310,904)
Equipment	(1,236,557)	(95,357)	44,577	(1,287,337)
Vehicles	(14,802)	(1,498)	220	(16,080)
Total	<u>(1,553,865)</u>	<u>(115,166) (1)</u>	<u>54,710</u>	<u>(1,614,321)</u>
Net property, plant, and equipment in service	<u>1,908,790</u>	<u>32,010</u>	<u>(18,496)</u>	<u>1,922,304</u>
Other capital assets not depreciated				
Construction in progress	170,114	22,887	(954)	192,047
Nuclear fuel, net of amortization	29,284	--	(1,662)	27,622
Plant held for future use	27,783	--	--	27,783
Total capital assets	<u>\$ 2,176,440</u>	<u>74,090</u>	<u>(21,112)</u>	<u>2,229,418</u>
(1) Components of accumulated depreciation increases:				
Current year depreciation	<u>\$ 115,166</u>			
Total increases in accumulated depreciation	<u>\$ 115,166</u>			

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Water and Wastewater Fund

Capital asset activity for the year ended September 30, 2007, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 141,356	4,001	--	145,357
Total	<u>141,356</u>	<u>4,001</u>	<u>--</u>	<u>145,357</u>
Depreciable property, plant, and equipment in service				
Building and improvements	417,389	12,535	--	429,924
Equipment	1,892,156	274,914	(184)	2,166,886
Vehicles	21,557	4,314	(40)	25,831
Total	<u>2,331,102</u>	<u>291,763</u>	<u>(224)</u>	<u>2,622,641</u>
Less accumulated depreciation for				
Building and improvements	(133,228)	(12,861)	--	(146,089)
Equipment	(671,535)	(56,712)	102	(728,145)
Vehicles	(13,974)	(1,519)	56	(15,437)
Total	<u>(818,737)</u>	<u>(71,092)</u> (2)	<u>158</u>	<u>(889,671)</u>
Net property, plant, and equipment in service	<u>1,512,365</u>	<u>220,671</u>	<u>(66)</u>	<u>1,732,970</u>
Other capital assets not depreciated				
Construction in progress	569,945	147,201	(282,028)	435,118
Total capital assets	<u>\$ 2,223,666</u>	<u>371,873</u>	<u>(282,094)</u>	<u>2,313,445</u>

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

(2) Components of accumulated depreciation increases:

Current year depreciation	
Water	\$ 34,627
Wastewater	36,465
Total increases in accumulated depreciation	<u>\$ 71,092</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2007, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 58,632	29,018	--	87,650
Arts and treasures	778	--	--	778
Total	<u>59,410</u>	<u>29,018</u>	<u>--</u>	<u>88,428</u>
Depreciable property, plant, and equipment in service				
Building and improvements	615,985	25,451	--	641,436
Equipment	16,915	3,199	(213)	19,901
Vehicles	4,968	696	(146)	5,518
Total	<u>637,868</u>	<u>29,346</u>	<u>(359)</u>	<u>666,855</u>
Less accumulated depreciation for				
Building and improvements	(125,187)	(15,836)	--	(141,023)
Equipment	(5,932)	(1,518)	71	(7,379)
Vehicles	(2,412)	(368)	37	(2,743)
Total	<u>(133,531)</u>	<u>(17,722)</u> (1)	<u>108</u>	<u>(151,145)</u>
Net property, plant, and equipment in service	<u>504,337</u>	<u>11,624</u>	<u>(251)</u>	<u>515,710</u>
Other capital assets not depreciated				
Construction in progress	50,887	20,110	(54,694)	16,303
Total capital assets	<u>\$ 614,634</u>	<u>60,752</u>	<u>(54,945)</u>	<u>620,441</u>
(1) Components of accumulated depreciation increases:				
Current year depreciation	\$ 17,722			
Total increases in accumulated depreciation	<u>\$ 17,722</u>			

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2007, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 54,799	17,343	--	72,142
Arts and treasures	612	--	--	612
Total	<u>55,411</u>	<u>17,343</u>	<u>--</u>	<u>72,754</u>
Depreciable property, plant, and equipment in service				
Building and improvements	310,677	1,282	--	311,959
Equipment	62,131	12,398	(295)	74,234
Vehicles	49,860	8,882	(1,096)	57,646
Total	<u>422,668</u>	<u>22,562</u>	<u>(1,391)</u>	<u>443,839</u>
Less accumulated depreciation for				
Building and improvements	(59,993)	(10,030)	--	(70,023)
Equipment	(22,121)	(3,858)	9	(25,970)
Vehicles	(23,443)	(4,930)	32	(28,341)
Total	<u>(105,557)</u>	<u>(18,818) (2)</u>	<u>41</u>	<u>(124,334)</u>
Net property, plant, and equipment in service	<u>317,111</u>	<u>3,744</u>	<u>(1,350)</u>	<u>319,505</u>
Other capital assets not depreciated				
Construction in progress	38,806	28,019	(30,132)	36,693
Total capital assets	<u>\$ 411,328</u>	<u>49,106</u>	<u>(31,482)</u>	<u>428,952</u>

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

(2) Components of accumulated depreciation increases:

Current year depreciation	
Convention Center	\$ 8,574
Other nonmajor enterprise funds	10,244
Total increases in accumulated depreciation	<u>\$ 18,818</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2007, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 295,256	69,555	--	364,811
Arts and treasures	1,390	--	--	1,390
Total	<u>296,646</u>	<u>69,555</u>	<u>--</u>	<u>366,201</u>
Depreciable property, plant, and equipment in service				
Building and improvements	2,005,949	41,608	(12,158)	2,035,399
Equipment	4,748,650	433,037	(61,441)	5,120,246
Vehicles	99,694	16,103	(1,482)	114,315
Total	<u>6,854,293</u>	<u>490,748</u>	<u>(75,081)</u>	<u>7,269,960</u>
Less accumulated depreciation for				
Building and improvements	(620,914)	(57,038)	9,913	(668,039)
Equipment	(1,936,145)	(157,445)	44,759	(2,048,831)
Vehicles	(54,631)	(8,315)	345	(62,601)
Total	<u>(2,611,690)</u>	<u>(222,798) (2)</u>	<u>55,017</u>	<u>(2,779,471)</u>
Net property, plant, and equipment in service	<u>4,242,603</u>	<u>267,950</u>	<u>(20,064)</u>	<u>4,490,489</u>
Other capital assets not depreciated				
Construction in progress	829,752	218,217	(367,808)	680,161
Nuclear fuel, net of amortization	29,284	--	(1,662)	27,622
Plant held for future use	27,783	--	--	27,783
Total capital assets	<u>\$ 5,426,068</u>	<u>555,722</u>	<u>(389,534)</u>	<u>5,592,256</u>

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

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

Business-type activities:

Electric	\$ 115,166
Water	34,627
Wastewater	36,465
Airport	17,722
Convention Center	8,574
Other nonmajor enterprise funds	10,244
Total increases in accumulated depreciation	<u>\$ 222,798</u>

8 – RETIREMENT PLANS
a -- Description

The City participates in funding three contributory, defined benefit retirement plans: City of Austin Employees' Retirement and Pension Fund, City of Austin Police Officers' Retirement and Pension Fund, and Fire Fighters' Relief and Retirement Fund of Austin, Texas. An independent board of trustees administers each plan. These plans are Citywide single employer funded plans that cover substantially all full-time employees. The fiscal year of each pension fund ends December 31. The most recently available financial statements of the pension funds are for the year ended December 31, 2006. Membership in the plans at December 31, 2006, is as follows:

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	4,181	432	443	5,056
Current employees	8,055	1,455	974	10,484
Total	<u>12,236</u>	<u>1,887</u>	<u>1,417</u>	<u>15,540</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 www.coaers.org	(512)458-2551
Police Officers' Retirement and Pension Fund	2520 S. IH 35, Ste. 205 Austin, Texas 78704 www.ausprs.org	(512)416-7672
Fire Fighters' Relief and Retirement Fund	4101 Parkstone Heights Dr., Ste. 270 Austin, Texas 78746 www.afrs.org	(512)454-9567

8 – 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)	8.0%	11.0%	15.7%
City's contribution (percent of earnings)	8.0% (1)	18.0%	18.05%

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

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted. The actuary for the Police Officers plan has certified that the contribution commitment by the participants and the City provides an adequate financing arrangement. Contributions for fiscal year ended September 30, 2007, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 31,634	18,047	12,389	62,070
Employees	31,529	11,021	10,819	53,369
Total contributions	\$ 63,163	29,068	23,208	115,439

c -- Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$79,602,000 for fiscal year ended September 30, 2007, was \$17,532,000 more than the City's actual contributions. Three-year trend information is as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City's Annual Pension Cost (APC):				
2005	\$ 32,438	15,451	10,746	58,635
2006	40,988	18,047	12,976	72,011
2007	49,818	18,047	11,737	79,602
Percentage of APC contributed:				
2005	82%	100%	100%	N/A
2006	73%	100%	92%	N/A
2007	63%	100%	106%	N/A
Net Pension Obligation:				
2005	\$ 11,761	--	--	11,761
2006	24,061	--	1,609	25,670
2007	43,334	--	1,737	45,071

8 – RETIREMENT PLANS, continued
c -- Annual Pension Cost and Net Pension Obligation, continued

The Net Pension Obligation associated with the City Employees Retirement and Pension Fund and the Fire Fighters' Relief and Retirement Fund for the fiscal year ended December 31, 2006 (in thousands):

	<u>City Employees</u>	<u>Fire Fighters</u>	<u>Total</u>
Annual required contribution	\$ 49,391	13,346	62,737
Interest in net pension obligation	1,865	--	1,865
Adjustment to annual required contribution	<u>(1,438)</u>	<u>(1,609)</u>	<u>(3,047)</u>
Annual pension cost	49,818	11,737	61,555
Employer contributions	<u>(30,545)</u>	<u>(11,609)</u>	<u>(42,154)</u>
Change in net pension obligation	19,273	128	19,401
Beginning net pension obligation	<u>24,061</u>	<u>1,609</u>	<u>25,670</u>
Net pension obligation	<u>\$ 43,334</u>	<u>1,737</u>	<u>45,071</u>

The latest actuarial valuations were completed as of December 31, 2005. 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	3.5%	4%	3.15%
Projected Annual Salary Increases	5% to 6%	6.8% average	8.0%
Post retirement benefit increase	None	None	1%
Assumed Rate of Return on Investments	7.75%	8%	7.75%
Amortization method	Level percent of projected pay, open	Level percent of projected pay, open	Level percent of projected pay, open
Remaining Amortization Period	30 years	30 years	30 years

9 – SELECTED REVENUES

a -- Major enterprise funds

Electric and Water and Wastewater

The Texas Public Utility Commission has jurisdiction over electric utility wholesale 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 determines electric utility and water and wastewater utility rates based on the cost of operations and a debt service coverage approach.

Under a bill passed by the Texas Legislature in 1999, municipally-owned electric utilities such as the City's utility system have the option of offering retail competition after January 1, 2002. As of September 30, City management has elected not to enter the retail market, as allowed by State law.

Electric rates include a fixed rate and a fuel recovery cost-adjustment factor that allows recovery of coal, gas, purchased power, and other fuel costs. If actual fuel costs differ from amounts billed to customers, deferred or unbilled revenues are recorded by the electric utility. Any over- or under-collections are applied to the cost-adjustment factor. The fuel factor is revised annually on a calendar year basis or when over- or under-recovery is more than 10% of expected fuel costs.

Airport

The City has entered into certain lease agreements as lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In fiscal year 2007, the Airport Fund revenues included minimum concession guarantees of \$7,774,303.

The following is a schedule by year of minimum future rentals on noncancelable operating leases for terms of up to thirty years for the Airport Fund as of September 30, 2007 (in thousands):

Fiscal Year Ended September 30	Enterprise Airport Lease Payments
2008	\$ 6,719
2009	4,533
2010-2014	811
2015-2019	392
2020-2024	392
2025-2029	392
2030-2034	65
Totals	<u>\$ 13,304</u>

Projection of minimum future rentals for the Austin-Bergstrom Landhost Enterprises, Inc. is based on the current adjusted minimum rent for the period May 1, 2006, through April 30, 2009. The minimum rent is adjusted every five years commensurate with the percentage increase in the Consumer Price Index – Urban Wage Earners and Clerical Workers, U.S. Owner Average, (CPI) published by the U.S. Department of Labor Bureau of Labor Statistics over the five-year period.

10 – DEBT AND NON-DEBT LIABILITIES
a -- Long-Term Liabilities

The following is a summary of long-term obligations. Balances at September 30, 2007 (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Long-term obligations			
General obligation bonds	\$ 659,761	16,593	676,354
Certificates of obligation	94,919	47,413	142,332
Contractual obligations	32,227	29,154	61,381
Other tax supported debt	--	7,768	7,768
General obligation bonds and other tax supported debt total	786,907	100,928	887,835
Commercial paper	--	309,003	309,003
Revenue notes	--	28,000	28,000
Revenue bonds	--	3,191,180	3,191,180
Contract revenue bonds	--	2,423	2,423
Capital lease obligations	475	4,572	5,047
Debt service requirements total	787,382	3,636,106	4,423,488
Other long-term obligations			
Accrued compensated absences	92,102	24,000	116,102
Claims payable	22,221	--	22,221
Pension obligation payable	24,022	21,049	45,071
Accrued landfill closure and postclosure costs	--	10,075	10,075
Decommissioning expense payable	--	148,763	148,763
Deferred credits and other liabilities	76,476	604,043	680,519
	214,821	807,930	1,022,751
Total long-term obligations	\$ 1,002,203	4,444,036	5,446,239

This schedule excludes select current liabilities of \$61,620 for governmental activities and \$211,072 for business-type activities and long-term interest payable of \$232,175 for business-type activities.

Payments on bonds for governmental activities will be made in the general obligation debt service funds. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, and internal service funds. Claims payable will be liquidated by internal service funds. Deferred revenue and other liabilities that pertain to governmental activities will be liquidated by the General Fund, special revenue funds, general governmental capital improvement projects funds, and internal service funds.

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

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included in governmental activities.

10 - DEBT AND NON-DEBT LIABILITIES, continued
a -- Long-Term Liabilities, continued

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2007 are (in thousands):

Description	September 30, 2006	Increases	Decreases	September 30, 2007	Amounts Due Within One Year
Governmental activities (1)					
General obligation bonds, net	\$ 709,172	--	(49,411)	659,761	45,727
Certificates of obligation, net	101,334	--	(6,415)	94,919	6,733
Contractual obligations, net	37,229	--	(5,002)	32,227	4,714
General obligation bonds and other tax supported debt total	847,735	--	(60,828)	786,907	57,174
Capital lease obligations	514	--	(39)	475	159
Debt service requirements total	848,249	--	(60,867)	787,382	57,333
Other long-term obligations					
Accrued compensated absences	77,393	14,833	(124)	92,102	39,404
Claims payable	21,209	9,805	(8,793)	22,221	12,030
Pension obligation payable	13,912	10,110	--	24,022	--
Deferred credits and other liabilities	79,155	3,659	(6,338)	76,476	58,796
Governmental activities total	1,039,918	38,407	(76,122)	1,002,203	167,563
Business-type activities:					
Electric activities					
General obligation bonds, net	1,293	--	(62)	1,231	12
Contractual obligations	719	--	(202)	517	140
General obligation bonds and other tax supported debt total	2,012	--	(264)	1,748	152
Commercial paper notes, net	54,326	95,615	--	149,941	--
Revenue bonds, net	1,260,174	280,907	(373,782)	1,167,299	89,185
Capital lease obligations	3,253	1	(2,012)	1,242	30
Debt service requirements total	1,319,765	376,523	(376,058)	1,320,230	89,367
Other long-term obligations					
Accrued compensated absences	9,644	1,205	(33)	10,816	8,471
Decommissioning expense payable	134,664	14,099	--	148,763	--
Pension obligation payable	5,254	4,128	--	9,382	--
Deferred credits and other liabilities	93,578	94,282	(65,368)	122,492	46,489
Electric activities total	1,562,905	490,237	(441,459)	1,611,683	144,327
Water and Wastewater activities					
General obligation bonds, net	3,810	--	(1,076)	2,734	739
Contractual obligations, net	10,470	55	(1,551)	8,974	1,668
Other tax supported debt, net	8,405	--	(637)	7,768	594
General obligation bonds and other tax supported debt total	22,685	55	(3,264)	19,476	3,001
Commercial paper notes, net	185,632	107,630	(134,200)	159,062	--
Revenue bonds, net	1,378,835	135,488	(40,095)	1,474,228	60,394
Contract revenue bonds, net	3,134	--	(711)	2,423	750
Capital lease obligations	2,566	--	(1,239)	1,327	1,327
Debt service requirements total	1,592,852	243,173	(179,509)	1,656,516	65,472
Other long-term obligations					
Accrued compensated absences	4,871	2,447	(1,945)	5,373	4,568
Pension obligation payable	2,683	2,058	--	4,741	--
Deferred credits and other liabilities	460,117	12,122	(320)	471,919	13,242
Water and Wastewater activities total	2,060,523	259,800	(181,774)	2,138,549	83,282

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

10 - DEBT AND NON-DEBT LIABILITIES, continued
a -- Long-Term Liabilities, continued

Business-type activities (continued):

Description	September 30, 2006	Increases	Decreases	September 30, 2007	Amounts Due Within One Year
Airport activities					
General obligation bonds, net	386	--	(52)	334	23
Contractual obligations	12	--	(12)	--	--
General obligation bonds and other tax supported debt total	398	--	(64)	334	23
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	338,578	--	(8,743)	329,835	11,780
Capital lease obligations	149	2,320	(468)	2,001	446
Debt service requirements total	367,125	2,320	(9,275)	360,170	12,249
Other long-term obligations					
Accrued compensated absences	1,020	293	--	1,313	1,146
Pension obligation payable	857	621	--	1,478	-
Deferred credits and other liabilities	3,333	2,599	(4,086)	1,846	988
Airport activities total	372,335	5,833	(13,361)	364,807	14,383
Nonmajor activities					
General obligation bonds, net	13,307	--	(1,013)	12,294	1,220
Certificates of obligation, net	49,760	--	(2,347)	47,413	2,373
Contractual obligations	22,313	96	(2,746)	19,663	3,504
General obligation bonds and other tax supported debt total	85,380	96	(6,106)	79,370	7,097
Revenue bonds, net	220,409	--	(591)	219,818	3,440
Capital lease obligations	16	--	(14)	2	2
Debt service requirements total	305,805	96	(6,711)	299,190	10,539
Other long-term obligations					
Accrued compensated absences	5,428	1,079	(9)	6,498	4,691
Accrued landfill closure and postclosure costs	8,379	1,696	--	10,075	1,265
Pension obligation payable	2,964	2,484	--	5,448	--
Deferred credits and other liabilities	2,931	5,446	(591)	7,786	3,564
Nonmajor activities total	325,507	10,801	(7,311)	328,997	20,059
Total business-type activities					
General obligation bonds, net	18,796	--	(2,203)	16,593	1,994
Certificates of obligation, net	49,760	--	(2,347)	47,413	2,373
Contractual obligations, net	33,514	151	(4,511)	29,154	5,312
Other tax supported debt, net	8,405	--	(637)	7,768	594
General obligation bonds and other tax supported debt total	110,475	151	(9,698)	100,928	10,273
Commercial paper notes, net	239,958	203,245	(134,200)	309,003	--
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	3,197,996	416,395	(423,211)	3,191,180	164,799
Contract revenue bonds	3,134	--	(711)	2,423	750
Capital lease obligations	5,984	2,321	(3,733)	4,572	1,805
Debt service requirements total	3,585,547	622,112	(571,553)	3,636,106	177,627
Other long-term obligations					
Accrued compensated absences	20,963	5,024	(1,987)	24,000	18,876
Accrued landfill closure and postclosure costs	8,379	1,696	--	10,075	1,265
Decommissioning expense payable	134,664	14,099	--	148,763	--
Pension obligation payable	11,758	9,291	--	21,049	--
Deferred credits and other liabilities	559,959	114,449	(70,365)	604,043	64,283
Business-type activities total	4,321,270	766,671	(643,905)	4,444,036	262,051
Total long-term liabilities	\$ 5,361,188	805,078	(720,027)	5,446,239	429,614

This schedule excludes current liabilities of \$61,620 for governmental activities and \$211,072 for business-type activities and long-term interest payable of \$232,175 for business-type activities.

10 – DEBT AND NON-DEBT LIABILITIES, continued
b -- Governmental Activities Long-Term Liabilities

General Obligation Bonds -- General obligation debt is collateralized by the full faith and credit of the City. The City intends to retire its general obligation debt, plus interest, from future ad valorem tax levies, and is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. General obligation debt issued to finance capital assets of enterprise funds is reported as an obligation of these enterprise funds, although the funds are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation debt. However, the City intends for the enterprise funds to meet the debt service requirements from program revenues.

The following table summarizes significant facts about general obligation bonds, certificates of obligation, contractual obligations, and assumed municipal utility district (MUD) bonds outstanding at September 30, 2007, including those reported in certain proprietary funds (in thousands):

Series	Date Issued	Original	Principal Outstanding	Aggregate Interest	Interest Rates	Maturity Dates of Serial Debt
		Amount Issue		Requirements Outstanding	of Debt Outstanding	
Series 1993	February 1993	\$ 71,600	7,615	599 (1)	5.75%	9/1/2008-2009
Series 1996	October 1996	30,550	4,590	417 (1)	6.00%	9/1/2008-2009
Series 1997	October 1997	2,120	215	16 (1)	4.90 - 5.00%	9/1/2008-2009
Series 1998	January 1998	110,300	85,445	19,242 (1)	4.60 - 5.25%	9/1/2008-2016
Assumed MUD Debt	December 1997	33,680	8,645	2,864 (3)(4)	4.40 - 10.50%	11/15/2007-2017
Series 1998	October 1998	13,430	9,690	3,409 (1)	4.40 - 7.13%	9/1/2008-2018
Series 1998	October 1998	22,770	11,920	4,164 (1)	4.30 - 4.75%	9/1/2008-2018
Series 1999	October 1999	51,100	3,136	324 (1)	4.88 - 5.25%	9/1/2008-2009
Series 1999	October 1999	5,590	1,060	138 (1)	5.00 - 5.25%	9/1/2008-2011
Series 2000	October 2000	52,930	19,770	7,157 (1)	4.60 - 6.00%	9/1/2008-2017
Series 2000	October 2000	6,060	2,065	442 (1)	5.00 - 5.25%	9/1/2008-2014
Series 2001	June 2001	123,445	33,030	7,666 (1)	4.75 - 5.50%	9/1/2008-2022
Series 2001	October 2001	79,650	44,970	19,404 (1)	4.00 - 5.25%	9/1/2008-2021
Series 2001	October 2001	2,650	660	26 (2)	3.75 - 3.88%	11/1/2007-2008
Series 2001	October 2001	65,335	45,600	14,094 (1)	4.38 - 5.25%	9/1/2008-2021
Series 2002	July 2002	12,190	11,440	2,991 (1)	3.50 - 5.00%	3/1/2008-2017
Series 2002	July 2002	2,495	925	46 (1)	4.63 - 5.00%	3/1/2008-2009
Series 2002	September 2002	99,615	89,400	35,939 (1)	3.25 - 5.00%	9/1/2008-2022
Series 2002	September 2002	8,690	3,470	174 (2)	2.80 - 3.40%	11/1/2007-2009
Series 2002	September 2002	34,095	23,975	9,108 (1)	3.00 - 5.38%	9/1/2008-2022
Series 2003	June 2003	62,585	28,720	4,260 (1)	5.00%	9/1/2008-2013
Series 2003	September 2003	68,855	64,195	28,877 (1)	3.75 - 5.00%	9/1/2008-2023
Series 2003A	September 2003	2,530	1,835	321 (1)	4.00 - 5.00%	9/1/2008-2013
Series 2003	September 2003	4,450	3,855	1,642 (1)	4.00 - 4.80%	9/1/2008-2023
Series 2003	September 2003	8,610	4,640	294 (2)	2.38 - 3.38%	11/1/2007-2010
Series 2004	September 2004	67,835	65,270	28,890 (1)	3.00 - 5.00%	9/1/2008-2024
Series 2004A	September 2004	2,430	2,020	413 (1)	4.00 - 4.75%	9/1/2008-2014
Series 2004	September 2004	25,000	22,560	11,162 (1)	3.00 - 5.00%	9/1/2008-2024
Series 2004	September 2004	21,830	15,120	1,214 (2)	2.20 - 3.35%	11/1/2007-2011
Series 2005	March 2005	145,345	145,345	59,629 (1)	5.00%	9/1/2008-2020
Series 2005	September 2005	19,535	19,535	9,091 (1)	3.50 - 5.00%	9/1/2008-2025
Series 2005	September 2005	7,185	6,750	3,047 (1)	3.50 - 6.50%	9/1/2008-2025
Series 2005	September 2005	14,940	12,040	1,279 (2)	3.00 - 3.75%	11/1/2007-2012
Series 2006	September 2006	31,585	31,585	20,838 (1)	4.00 - 5.38%	9/1/2009-2026
Series 2006	September 2006	24,150	23,420	11,526 (1)	4.00 - 5.00%	9/1/2008-2026
Series 2006	September 2006	14,120	13,335	1,982 (2)	4.00 - 4.25%	11/1/2007-2013
Series 2006	September 2006	12,000	12,000	6,261 (1)(5)	4.00 - 6.00%	9/1/2009-2026
			<u>\$ 879,846</u>			

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

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

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

(4) Includes Water and Wastewater Fund principal of \$7,808 and interest of \$2,607.

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

10 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Governmental Activities Long-Term Liabilities, continued

General obligation bonds authorized and unissued amounted to \$642,335,000 at September 30, 2007. Bond ratings at September 30, 2007, were Aa1 (Moody's Investor Services, Inc.), AA+ (Standard & Poor's), and AA+ (Fitch).

c -- Business-Type Activities Long-Term Liabilities

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

Combined Utility Systems Debt -- General - The City's Electric Fund and Water and Wastewater Fund comprise the combined utility systems, which issue combined utility systems revenue bonds to finance capital projects. Principal and interest on these bonds are payable solely from the combined net revenues of the Electric Fund and Water and Wastewater Fund.

The total combined utility systems revenue bond obligations at September 30, 2007, exclusive of discounts, premiums, and loss on refundings consists of \$417,288,752 prior lien bonds and \$248,964,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$594,082,479 at September 30, 2007. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2007, for the prior lien and subordinate lien bonds were, respectively, A1 and A1 (Moody's Investor Services, Inc.), AA- and A+ (Standard & Poor's), and AA- and AA- (Fitch).

Combined Utility Systems Debt -- Revenue Bond Refunding Issues - The combined utility systems have refunded various issues of revenue bonds, notes, and certificates of obligation through refunding revenue bonds. Principal and interest on these refunding bonds are payable solely from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund. The prior lien bonds are subordinate only to the prior lien revenue bonds outstanding at the time of issuance, while the subordinate lien bonds are subordinate to prior lien revenue bonds and to subordinate lien revenue bonds outstanding at the time of issuance.

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

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2007 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1990B Refunding	February 1990	\$ 236,009	3,668	20,502 (1)	7.35%	11/15/2014-2017
1992 Refunding	March 1992	265,806	30,116	78,049 (1)	6.80 - 6.85%	11/15/2009-2012
1992A Refunding	May 1992	351,706	78,971	112,368 (1)	6.70 - 12.50%	11/15/2007-2011
1993 Refunding	February 1993	203,166	54,916	36,749 (1)	6.20 - 6.30%	11/15/2007-2014
1993A Refunding	June 1993	263,410	12,814	19,601 (1)	5.60 - 5.95%	05/15/2008-2010
1994 Refunding	October 1994	142,559	26,894	96,961 (1)	6.60%	05/15/2017-2019
1996A Refunding	September 1996	198,260	41,475	2,709 (1)	5.00 - 5.13%	11/15/2007-2009
1997 Refunding	August 1997	227,215	66,220	24,945 (1)	4.80 - 5.13%	11/15/2008-2020
1998 Refunding	August 1998	180,000	102,215	21,599 (1)	6.50 - 6.75%	11/15/2007-2012
1998 Refunding	November 1998	139,965	139,070	96,926 (1)	4.00 - 5.25%	05/15/2008-2025
1998A Refunding	November 1998	105,350	102,944	82,198 (1)	4.25 - 5.00%	05/15/2008-2028
1998B	November 1998	10,000	6,950	1,475 (1)	3.10 - 3.75%	11/15/2007-2017
			<u>\$ 666,253</u>			

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

Combined Utility Systems Debt -- Commercial Paper Notes - The City is authorized by ordinance to issue commercial paper notes in an aggregate principal amount not to exceed \$350,000,000 outstanding at any one time. Proceeds from the notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2007, were P-1 (Moody's Investor Services, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch). The notes are in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the notes are payable from the combined net revenues of the City's Electric Fund and Water and Wastewater Fund.

At September 30, 2007, the Electric Fund had outstanding commercial paper notes of \$107,257,000 and the Water and Wastewater Fund had \$159,062,000 of commercial paper notes outstanding. Interest rates on the notes range from 3.45 % to 3.97%, which are adjusted daily. Subsequent issues cannot exceed the maximum rate of 15%. The City intends to refinance maturing commercial paper notes by issuing additional commercial paper notes or by issuing long-term debt.

Combined Utility Systems Debt -- Taxable Commercial Paper Notes - The City is authorized by ordinance to issue taxable commercial paper notes (the "taxable notes") in an aggregate principal amount not to exceed \$50,000,000 outstanding at any time. Proceeds from the taxable notes are used to provide interim financing for capital project costs for additions, improvements, and extensions to the City's electric system and the City's water and wastewater system and to refinance, renew, or refund maturing notes and other obligations of the systems. Note ratings at September 30, 2007, were P-1 (Moody's Investor Services, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch).

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

At September 30, 2007, the Electric Fund had outstanding taxable notes of \$42,684,000 (net of discount of \$126,503), and the Water and Wastewater Fund had no taxable notes outstanding. Interest rates on the taxable notes range from 5.05% to 5.6%. The City intends to refinance maturing commercial paper notes by issuing long-term debt.

Electric Utility System Revenue Debt -- General - The City is authorized by ordinance to issue electric utility system revenue obligations. Proceeds from these obligations are used only to fund electric capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Electric Fund.

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

Electric Utility Systems Revenue Debt -- Revenue Bond Refunding Issues – In November 2006, the City issued \$137,800,000 of Electric Utility System Revenue Refunding Bonds, Series 2006A. Proceeds from the bond refunding were used to refund Combined Utility System Revenue Refunding Bonds, Series 1996A in the amount of \$74,585,000; Electric Utility System Revenue Refunding Bonds, Series 2001 in the amount of \$48,500,000; and Electric Utility System Revenue Refunding Bonds, Series 2003 in the amount of \$18,800,000. The debt service requirements on the refunding bonds were \$197,506,917, with an interest rate of 5%. The City realized an economic gain of \$6,277,592 on this transaction. The change in net cash flows that resulted was a decrease of \$8,024,020. An accounting loss of \$3,864,566, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on this refunding.

In August 2007, the City issued \$146,635,000 of Electric Utility System Revenue Refunding Bonds, Series 2007. Proceeds from the bond refunding were used to refund Combined Utility System Revenue Refunding Bonds, Series 1997 in the amount of \$151,990,000. The debt service requirements on the refunding bonds were \$199,169,492, with an interest rate of 5%. The City realized an economic gain of \$8,784,770 on this transaction. The change in net cash flows that resulted was a decrease of \$10,068,568. An accounting loss of \$16,568,803, which will be deferred and amortized in accordance with FASB Statement No. 71, was recognized on this refunding.

Bond ratings at September 30, 2007, were A1 (Moody's Investor Services, Inc.), A+ (Standard & Poor's), and AA- (Fitch).

Electric Utility System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all electric system original and refunding revenue bonds outstanding at September 30, 2007 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2001 Refunding	February 2001	\$ 126,700	76,200	70,117 (1)	5.00 - 7.25%	11/15/2007-2030
2002 Refunding	March 2002	74,750	66,570	17,387 (1)	3.75 - 5.50%	11/15/2007-2014
2002A Refunding	August 2002	172,880	115,800	37,729 (1)	4.00 - 5.50%	11/15/2007-2016
2003 Refunding	March 2003	182,100	158,800	102,561 (1)	3.00 - 5.25%	11/15/2007-2028
2006 Refunding	June 2006	150,000	150,000	132,832 (1)	4.00 - 5.00%	11/15/2008-2035
2006A Refunding	November 2006	137,800	137,800	55,688 (1)	5.00%	11/15/2009-2022
2007 Refunding	August 2007	146,635	146,635	52,534 (1)	5.00%	11/15/2007-2020
			<u>\$ 851,805</u>			

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

Water and Wastewater System Revenue Debt -- General - The City is authorized by ordinance to issue water and wastewater system revenue obligations. Proceeds from these obligations are used only to fund water and wastewater capital projects or to refund debt issued to fund these capital projects. Principal and interest on these obligations are payable solely from the net revenues of the Water and Wastewater Fund.

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues – In December 2006, the City issued \$135,000,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2006A. Proceeds from the bond refunding were used to refund \$134,200,000 of the City's outstanding commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds were \$250,027,850, with interest rates ranging from 3.5% to 5%. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

Bond ratings at September 30, 2007, were Aa3 (Moody's Investor Services, Inc.), A+ (Standard & Poor's), and AA- (Fitch).

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

Water and Wastewater System Revenue Debt -- Bonds Issued and Outstanding - The following table summarizes all water and wastewater system original and refunding revenue bonds outstanding at September 30, 2007 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
North Austin MJD #1, 2003 RFD	August 2003	\$ 4,510	2,445	120 (1)	3.00 - 3.25%	11/15/2007-2009
2000 Refunding	June 2000	100,000	6,200	826 (1)	6.50%	11/15/2007-2010
2001A Refunding	June 2001	152,180	87,960	79,728 (1)	4.38 - 6.00%	11/15/2007-2031
2001B Refunding	June 2001	73,200	42,135	38,562 (1)	5.13 - 6.00%	11/15/2007-2031
2001C Refunding	December 2001	95,380	40,805	6,201 (1)	4.00 - 5.38%	11/15/2007-2015
2002A Refunding	August 2002	139,695	99,440	31,642 (1)	4.00 - 5.50%	11/15/2007-2016
2003 Refunding	March 2003	121,500	89,300	61,099 (1)	2.50 - 5.00%	11/15/2007-2028
2004 Refunding	August 2004	132,475	116,575	44,686 (2)	3.93%	11/15/2007-2024
2004A Refunding	October 2004	165,145	165,145	112,323 (1)	5.00%	11/15/2007-2029
2005 Refunding	November 2005	198,485	198,485	126,654 (1)	4.00 - 5.00%	05/15/2012-2030
2005A Refunding	June 2005	142,335	140,890	112,281 (1)	4.00 - 5.00%	11/15/2007-2035
2006 Refunding	August 2006	63,100	62,150	31,422 (1)	5.00%	11/15/2007-2025
2006A Refunding	December 2006	135,000	135,000	112,013 (1)	3.50 - 5.00%	11/15/2008-2036
			<u>\$ 1,186,530</u>			

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

(2) Interest is paid monthly and is based on a variable rate.

Airport -- Revenue Bonds - The City's Airport Fund issues airport system revenue bonds to fund Airport Fund capital projects. Principal and interest on these bonds are payable solely from the net revenues of the Airport Fund. At September 30, 2007, the total airport system obligation for prior lien bonds is \$345,545,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$161,343,498 at September 30, 2007. Revenue bonds authorized and unissued amount to \$735,795,000.

Bond ratings at September 30, 2007, for the prior lien bonds were NUR (Moody's Investor Services, Inc.), A- (Standard & Poor's), and NUR (Fitch).

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2007 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2003 Refunding	December 2003	\$ 54,250	54,245	22,325 (1)	3.00 - 5.25%	11/15/2007-2018
2005 Refunding	August 2005	306,225	291,300	139,018 (2)	4.37%	11/15/2007-2025
			<u>\$ 345,545</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Subsequent to year-end, the rates have ranged from 3.9% on October 25, 2007 to 10.5% on March 31, 2008.

Airport Debt -- Variable Rate Revenue Notes - The City is authorized to issue airport system variable rate revenue notes, pursuant to Ordinance No. 950817B, as amended and restated by Ordinance 980205A, adopted by the City Council on February 5, 1998. At September 30, 2007, the airport system had outstanding variable rate revenue notes of \$28,000,000. The debt service fund required by the bond ordinance held assets of \$10,355,359, including accrued interest, at September 30, 2007, and was restricted within the airport system. During fiscal year 2007, interest rates on the notes ranged from 3.47% to 4.09%, adjusted weekly at market rates; subsequent rate changes cannot exceed the maximum rate of 15%. Subsequent to year-end, the rates have ranged from 1.26% on October 3, 2007 to 3.67% on March 31, 2008. Principal and interest on the notes are payable from the net revenues of the airport system.

The bond rating at September 30, 2007, for the airport variable rate notes was P-1 (Moody's Investor Services, Inc.).

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

Nonmajor fund:

Convention Center -- Prior and Subordinate Lien Revenue Bonds - The City's Convention Center Fund issues convention center revenue bonds and hotel occupancy tax revenue bonds to fund Convention Center Fund capital projects. Principal and interest on these bonds are payable solely from pledged hotel occupancy tax revenues and the special motor vehicle rental tax revenues. At September 30, 2007, the total convention center obligation for prior and subordinate lien bonds is \$234,400,000, exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$125,215,817 at September 30, 2007. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2007.

Bond ratings at September 30, 2007, for the revenue bonds were NUR (Moody's Investor Services, Inc.), A- (Standard & Poor's), and NUR (Fitch).

The following table summarizes Convention Center original and refunding revenue bonds outstanding at September 30, 2007 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1999A	June 1999	\$ 25,000	23,130	17,306 (1)	4.90 - 5.50%	11/15/2007-2029
1999	November 1999	40,000	2,545	265 (1)	6.75%	11/15/2007-2009
2004 Refunding	February 2004	52,715	52,715	18,583 (1)	2.00 - 5.00%	11/15/2007-2019
2005 Refunding	May 2005	36,720	36,720	27,072 (1)	3.30 - 5.00%	11/15/2011-2029
2005 Refunding	August 2005	119,290	119,290	61,990 (2)	3.85%	11/15/2009-2029
			<u>\$ 234,400</u>			

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

(2) Interest is paid monthly and is based on a variable rate.

d -- Debt Service Requirements

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 45,727	30,770	6,733	4,344	4,714	1,121
2009	44,979	28,630	7,103	4,026	5,258	991
2010	47,432	26,449	6,616	3,688	4,957	828
2011	48,203	24,234	6,970	3,378	4,153	670
2012	47,240	21,982	7,200	3,052	2,629	534
2013-2017	214,419	77,812	29,634	10,773	3,335	2,014
2018-2022	161,266	30,548	22,042	4,894	3,615	1,301
2023-2027	41,614	4,124	8,606	914	3,563	411
	<u>650,880</u>	<u>244,549</u>	<u>94,904</u>	<u>35,069</u>	<u>32,224</u>	<u>7,870</u>
Less: Unamortized bond discounts	(748)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(9,106)	--	--	--	--	--
Add: Unamortized bond premiums	18,735	--	15	--	3	--
Net debt service requirements	<u>659,761</u>	<u>244,549</u>	<u>94,919</u>	<u>35,069</u>	<u>32,227</u>	<u>7,870</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2008	159	12	57,333	36,247
2009	316	5	57,656	33,652	91,308
2010	--	--	59,005	30,965	89,970
2011	--	--	59,326	28,282	87,608
2012	--	--	57,069	25,568	82,637
2013-2017	--	--	247,388	90,599	337,987
2018-2022	--	--	186,923	36,743	223,666
2023-2027	--	--	53,783	5,449	59,232
	<u>475</u>	<u>17</u>	<u>778,483</u>	<u>287,505</u>	<u>1,065,988</u>
Less: Unamortized bond discounts	--	--	(748)	--	(748)
Unamortized gain(loss) on bond refundings	--	--	(9,106)	--	(9,106)
Add: Unamortized bond premiums	--	--	18,753	--	18,753
Net debt service requirements	<u>\$ 475</u>	<u>17</u>	<u>787,382</u>	<u>287,505</u>	<u>1,074,887</u>

d -- Debt Service Requirements

Electric Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Commercial Paper Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 12	58	140	14	150,068	927
2009	18	57	146	11	--	--
2010	53	56	152	6	--	--
2011	63	54	79	1	--	--
2012	69	50	--	--	--	--
2013-2017	668	167	--	--	--	--
2018-2022	275	24	--	--	--	--
	<u>1,158</u>	<u>466</u>	<u>517</u>	<u>32</u>	<u>150,068</u>	<u>927</u>
Less: Unamortized bond discount	(3)	--	--	--	(127)	--
Add: Unamortized bond premium	76	--	--	--	--	--
Net debt service requirements	<u>1,231</u>	<u>466</u>	<u>517</u>	<u>32</u>	<u>149,941</u>	<u>927</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Electric Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2008	89,185	63,647	30	61	239,435	64,707	304,142
2009	78,773	82,114	31	60	78,968	82,242	161,210
2010	64,739	87,190	32	58	64,976	87,310	152,286
2011	73,765	79,632	34	57	73,941	79,744	153,685
2012	74,413	73,432	36	55	74,518	73,537	148,055
2013-2017	384,531	171,215	207	245	385,406	171,627	557,033
2018-2022	159,553	95,646	266	187	160,094	95,857	255,951
2023-2027	152,736	51,121	341	111	153,077	51,232	204,309
2028-2032	95,100	17,908	265	22	95,365	17,930	113,295
2033-2037	34,001	3,500	--	--	34,001	3,500	37,501
	<u>1,206,796</u>	<u>725,405</u>	<u>1,242</u>	<u>856</u>	<u>1,359,781</u>	<u>727,686</u>	<u>2,087,467</u>
Less: Unamortized bond discounts	(5,016)	--	--	--	(5,146)	--	(5,146)
Unamortized gain(loss) on bond refundings	(81,823)	--	--	--	(81,823)	--	(81,823)
Add: Unamortized bond premiums	47,342	--	--	--	47,418	--	47,418
Net debt service requirements	<u>\$ 1,167,299</u>	<u>725,405</u>	<u>1,242</u>	<u>856</u>	<u>1,320,230</u>	<u>727,686</u>	<u>2,047,916</u>

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

e - Debt Service Requirements

Water and Wastewater Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
	2008	\$ 739	232	1,668	305	594
2009	471	194	1,633	250	532	374
2010	589	170	1,550	196	564	348
2011	562	138	1,557	141	596	319
2012	527	108	1,309	84	627	288
2013-2017	1,223	221	1,216	48	4,274	846
2018-2022	335	38	--	--	621	31
	<u>4,446</u>	<u>1,101</u>	<u>8,933</u>	<u>1,024</u>	<u>7,808</u>	<u>2,607</u>
Less: Unamortized bond discounts	(21)	--	--	--	(40)	--
Unamortized gain(loss) on bond refundings	(1,911)	--	--	--	--	--
Add: Unamortized bond premiums	220	--	41	--	--	--
Net debt service requirements	<u>2,734</u>	<u>1,101</u>	<u>8,974</u>	<u>1,024</u>	<u>7,768</u>	<u>2,607</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds		Municipal Utility District Contract Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2008	159,062	1,322	60,394	70,764	750
2009	--	--	58,309	77,978	780	41
2010	--	--	51,023	85,189	915	15
2011	--	--	47,174	80,904	--	--
2012	--	--	54,440	77,772	--	--
2013-2017	--	--	392,288	306,304	--	--
2018-2022	--	--	269,331	250,131	--	--
2023-2027	--	--	302,541	102,567	--	--
2028-2032	--	--	197,551	35,983	--	--
2033-2037	--	--	62,296	7,370	--	--
	<u>159,062</u>	<u>1,322</u>	<u>1,495,347</u>	<u>1,094,962</u>	<u>2,445</u>	<u>120</u>
Less: Unamortized bond discounts	--	--	(9,581)	--	(11)	--
Unamortized gain(loss) on bond refundings	--	--	(54,780)	--	(26)	--
Add: Unamortized bond premiums	--	--	43,242	--	15	--
Net debt service requirements	<u>\$ 159,062</u>	<u>1,322</u>	<u>1,474,228</u>	<u>1,094,962</u>	<u>2,423</u>	<u>120</u>

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

e - Debt Service Requirements

Water and Wastewater Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	Capital Lease Obligations		Total Water and Wastewater Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2008	\$ 1,327	53	224,534	73,141	297,675
2009	--	--	61,725	78,837	140,562
2010	--	--	54,641	85,918	140,559
2011	--	--	49,889	81,502	131,391
2012	--	--	56,903	78,252	135,155
2013-2017	--	--	399,001	307,419	706,420
2018-2022	--	--	270,287	250,200	520,487
2023-2027	--	--	302,541	102,567	405,108
2028-2032	--	--	197,551	35,983	233,534
2033-2037	--	--	62,296	7,370	69,666
	<u>1,327</u>	<u>53</u>	<u>1,679,368</u>	<u>1,101,189</u>	<u>2,780,557</u>
Less: Unamortized bond discounts	--	--	(9,653)	--	(9,653)
Unamortized gain(loss) on bond refundings	--	--	(56,717)	--	(56,717)
Add: Unamortized bond premiums	--	--	43,518	--	43,518
Net debt service requirements	<u>\$ 1,327</u>	<u>53</u>	<u>1,656,516</u>	<u>1,101,189</u>	<u>2,757,705</u>

d -- Debt Service Requirements

Airport Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation		Revenue Notes (1)		Revenue Bonds	
	Bonds		Principal	Interest	Principal	Interest
	Principal	Interest				
2008	\$ 23	16	--	1,106	11,780	15,050
2009	16	15	--	1,106	12,325	14,533
2010	23	14	--	1,106	12,910	13,982
2011	26	13	--	1,106	13,515	13,406
2012	28	11	--	1,106	14,165	12,791
2013-2017	145	34	--	5,530	82,720	53,492
2018-2022	54	5	28,000	551	105,105	30,933
2023-2027	--	--	--	--	93,025	7,156
	<u>315</u>	<u>108</u>	<u>28,000</u>	<u>11,611</u>	<u>345,545</u>	<u>161,343</u>
Less: Unamortized bond discounts	(1)	--	--	--	(1,159)	--
Unamortized gain(loss) on bond refundings	1	--	--	--	(17,674)	--
Add: Unamortized bond premiums	19	--	--	--	3,123	--
Net debt service requirements	<u>334</u>	<u>108</u>	<u>28,000</u>	<u>11,611</u>	<u>329,835</u>	<u>161,343</u>

Fiscal Year Ended September 30	Capital Lease		Total Airport		
	Obligations		Debt Service Requirements		Total
	Principal	Interest	Principal	Interest	
2008	446	65	12,249	16,237	28,486
2009	459	48	12,800	15,702	28,502
2010	476	32	13,409	15,134	28,543
2011	493	14	14,034	14,539	28,573
2012	127	1	14,320	13,909	28,229
2013-2017	--	--	82,865	59,056	141,921
2018-2022	--	--	133,159	31,489	164,648
2023-2027	--	--	93,025	7,156	100,181
	<u>2,001</u>	<u>160</u>	<u>375,861</u>	<u>173,222</u>	<u>549,083</u>
Less: Unamortized bond discounts	--	--	(1,160)	--	(1,160)
Unamortized gain(loss) on bond refundings	--	--	(17,673)	--	(17,673)
Add: Unamortized bond premiums	--	--	3,142	--	3,142
Net debt service requirements	<u>\$ 2,001</u>	<u>160</u>	<u>360,170</u>	<u>173,222</u>	<u>533,392</u>

(2) These are variable rate notes with an assumed rate of 3.95%.

d -- Debt Service Requirements

Nonmajor Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,220	632	2,373	2,165	3,504	678
2009	1,064	570	2,497	2,073	3,658	562
2010	1,604	515	2,204	1,975	3,411	435
2011	1,450	434	2,305	1,891	3,141	318
2012	1,249	363	2,250	1,782	2,963	200
2013-2017	4,736	919	15,901	6,968	2,914	109
2018-2022	1,230	114	15,123	3,147	--	--
2023-2027	--	--	3,864	270	--	--
	<u>12,553</u>	<u>3,547</u>	<u>46,517</u>	<u>20,271</u>	<u>19,591</u>	<u>2,302</u>
Less: Unamortized bond discounts	(41)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(914)	--	--	--	--	--
Add: Unamortized bond premiums	696	--	896	--	72	--
Net debt service requirements	<u>12,294</u>	<u>3,547</u>	<u>47,413</u>	<u>20,271</u>	<u>19,663</u>	<u>2,302</u>

Fiscal Year Ended September 30	Revenue Bonds		Capital Lease Obligations		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2008	3,440	10,046	2	--	10,539	13,521	24,060
2009	4,720	9,901	--	--	11,939	13,106	25,045
2010	7,935	9,627	--	--	15,154	12,552	27,706
2011	8,265	9,314	--	--	15,161	11,957	27,118
2012	9,170	8,965	--	--	15,632	11,310	26,942
2013-2017	55,985	37,815	--	--	79,536	45,811	125,347
2018-2022	57,560	24,330	--	--	73,913	27,591	101,504
2023-2027	51,180	13,121	--	--	55,044	13,391	68,435
2028-2032	36,145	2,097	--	--	36,145	2,097	38,242
	<u>234,400</u>	<u>125,216</u>	<u>2</u>	<u>--</u>	<u>313,063</u>	<u>151,336</u>	<u>464,399</u>
Less: Unamortized bond discounts	(1,069)	--	--	--	(1,110)	--	(1,110)
Unamortized gain(loss) on bond refundings	(18,147)	--	--	--	(19,061)	--	(19,061)
Add: Unamortized bond premiums	4,634	--	--	--	6,298	--	6,298
Net debt service requirements	<u>\$ 219,818</u>	<u>125,216</u>	<u>2</u>	<u>--</u>	<u>299,190</u>	<u>151,336</u>	<u>450,526</u>

d -- Debt Service Requirements

Fiscal Year Ended September 30	Business-Type Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,994	938	2,373	2,165	5,312	997
2009	1,569	836	2,497	2,073	5,437	823
2010	2,269	755	2,204	1,975	5,113	637
2011	2,101	639	2,305	1,891	4,777	460
2012	1,873	532	2,250	1,782	4,272	284
2013-2017	6,772	1,341	15,901	6,968	4,130	157
2018-2022	1,894	181	15,123	3,147	--	--
2023-2027	--	--	3,864	270	--	--
	<u>18,472</u>	<u>5,222</u>	<u>46,517</u>	<u>20,271</u>	<u>29,041</u>	<u>3,358</u>
Less: Unamortized bond discounts	(66)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(2,824)	--	--	--	--	--
Add: Unamortized bond premiums	1,011	--	896	--	113	--
Net debt service requirements	<u>16,593</u>	<u>5,222</u>	<u>47,413</u>	<u>20,271</u>	<u>29,154</u>	<u>3,358</u>

Fiscal Year Ended September 30	Tax Supported Debt		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2008	594	401	309,130	2,249	--
2009	532	374	--	--	--	1,106
2010	564	348	--	--	--	1,106
2011	596	319	--	--	--	1,106
2012	627	288	--	--	--	1,106
2013-2017	4,274	846	--	--	--	5,530
2018-2022	621	31	--	--	28,000	551
	<u>7,808</u>	<u>2,607</u>	<u>309,130</u>	<u>2,249</u>	<u>28,000</u>	<u>11,611</u>
Less: Unamortized bond discounts	(40)	--	(127)	--	--	--
Net debt service requirements	<u>\$ 7,768</u>	<u>2,607</u>	<u>309,003</u>	<u>2,249</u>	<u>28,000</u>	<u>11,611</u>

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

(2) These are variable rate notes with an assumed rate of 3.65%.

d -- Debt Service Requirements

Fiscal Year Ended September 30	Business-Type Activities (in thousands)					
	Revenue Bonds		Municipal Utility District Contract Revenue Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 164,799	159,507	750	64	1,805	179
2009	154,127	184,526	780	41	490	108
2010	136,607	195,988	915	15	508	90
2011	142,719	183,256	--	--	527	71
2012	152,188	172,960	--	--	163	56
2013-2017	915,524	568,826	--	--	207	245
2018-2022	591,549	401,040	--	--	266	187
2023-2027	599,482	173,965	--	--	341	111
2028-2032	328,796	55,988	--	--	265	22
2033-2037	96,297	10,870	--	--	--	--
	<u>3,282,088</u>	<u>2,106,926</u>	<u>2,445</u>	<u>120</u>	<u>4,572</u>	<u>1,069</u>
Less: Unamortized bond discounts	(16,825)	--	(11)	--	--	--
Unamortized gain(loss) on bond refundings	(172,424)	--	(26)	--	--	--
Add: Unamortized bond premiums	98,341	--	15	--	--	--
Net debt service requirements	<u>3,191,180</u>	<u>2,106,926</u>	<u>2,423</u>	<u>120</u>	<u>4,572</u>	<u>1,069</u>

Fiscal Year Ended September 30	Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Total
2008	486,757	167,606	654,363
2009	165,432	189,887	355,319
2010	148,180	200,914	349,094
2011	153,025	187,742	340,767
2012	161,373	177,008	338,381
2013-2017	946,808	583,913	1,530,721
2018-2022	637,453	405,137	1,042,590
2023-2027	603,687	174,346	778,033
2028-2032	329,061	56,010	385,071
2033-2037	96,297	10,870	107,167
	<u>3,728,073</u>	<u>2,153,433</u>	<u>5,881,506</u>
Less: Unamortized bond discounts	(17,069)	--	(17,069)
Unamortized gain(loss) on bond refundings	(175,274)	--	(175,274)
Add: Unamortized bond premiums	100,376	--	100,376
Net debt service requirements	<u>\$ 3,636,106</u>	<u>2,153,433</u>	<u>5,789,539</u>

11 – CONDUIT DEBT

The City has issued several series of housing and industrial development revenue bonds to provide for low cost housing and for acquisition and construction of industrial and commercial facilities. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Prior to September 30, 1997, the City issued several series of bonds. The aggregate principal amount payable of these bonds could not be determined; however, their original issue amounts totaled \$310.2 million. In 2007, \$20.4 million of multiple-family housing revenue bonds was issued. The City has \$103.2 million in bonds of various series outstanding as of September 30, 2007 that had an original issue value of \$104.2 million.

Revenue bonds have been issued by various related entities to provide for facilities located at the international airport and convention center. These bonds are special limited obligations payable solely from and secured by a pledge of revenue to be received from agreements between the entities and various third parties. As of September 30, 2007, \$360.7 million in revenue and revenue refunding bonds was outstanding that had an original issue value of \$375.3 million.

The above bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements.

12 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables at September 30, 2007, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Long-Term
Governmental funds:			
Nonmajor governmental funds	General Fund	\$ 13	--
	Nonmajor governmental funds	37,931	--
	Water and Wastewater	--	4,506
	Nonmajor enterprise funds	--	3,043
	Internal service funds	--	172
General Fund	Nonmajor governmental funds	227	--
	Proprietary	10	--
Internal Service funds:			
Information Systems	Internal service funds	230	--
Support Services	Nonmajor governmental funds	11	--
Wireless Services	Internal service funds	707	--
Business-type funds:			
Electric	Nonmajor enterprise funds	225	2,453
	Nonmajor governmental funds	--	7
Water and Wastewater (restricted)	Internal service funds	27	81
	General Fund	617	--
Airport (restricted)	Nonmajor governmental funds	--	140
	Nonmajor enterprise funds	--	201
	Nonmajor enterprise funds	905	--
		<u>\$ 40,903</u>	<u>10,603</u>

Interfund receivables and payables reflect loans between funds. Of the above current amount, \$12.0 million is an interfund loan from the Fiscal Surety Fund, a special revenue fund, to other special revenue funds (primarily grant funds) to cover deficit pooled investments and cash. The above current amount also includes \$25.0 million in interfund loans between capital project funds to cover deficit pooled investments and cash.

12 – INTERFUND BALANCES AND TRANSFERS, continued

Interfund transfers during fiscal year 2007 were as follows (in thousands):

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Proprietary</u>	
General Fund	\$ --	9,781	7,126	16,907
Nonmajor governmental funds	770	41,296	37,275	79,341
Electric	84,500	--	--	84,500
Water and Wastewater	21,971	3,520	--	25,491
Nonmajor enterprise funds	--	2,820	--	2,820
Internal service funds	--	7,337	1,057	8,394
Total transfers out	<u>\$ 107,241</u>	<u>64,754</u>	<u>45,458</u>	<u>217,453</u>

Interfund transfers are authorized through City Council approval. Significant transfers include the electric and water and wastewater transfers to the General Fund, which are comparable to a return on investment to owners.

13 – LITIGATION

A number of claims against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and city management are of the opinion that settlement of these claims and pending litigation will not have a material effect on the City's financial statements. The City has accrued liabilities in the Liability Reserve Fund for claims payable at September 30, 2007. These liabilities include amounts for lawsuits settled subsequent to year-end, which are reported in the government-wide statement of net assets.

14 – COMMITMENTS AND CONTINGENCIES

a -- Fayette Power Project

Austin Energy's coal-fired electric generating units are located at the Fayette Power Project (FPP) and operate pursuant to a participation agreement with the Lower Colorado River Authority (LCRA, Project Manager). Austin Energy has an undivided 50 percent interest in Units 1 and 2, and LCRA wholly owns Unit 3. Austin Energy's investment is financed with city funds, and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's equity in FPP was \$67.1 million as of September 30, 2007. The equity interest in the FPP is calculated pursuant to the participation agreement and is reported in various asset and liability accounts within the City's financial statements.

The original cost of the Austin Energy's share of FPP's generation and transmission facilities is recorded in the utility plant accounts of the City in accordance with its accounting policies. Each participant issued its own debt to finance its portion of construction costs. The City's portion was financed through utility revenue bonds. In addition, each participant has the obligation to finance its portion of any operating and capital costs, as well as its deficits.

A management committee of four members governs FPP; each participant administratively appoints two members. As managing partner, LCRA is responsible for the operation of the project and appoints project management.

b -- South Texas Project

Austin Energy is one of three participants in the South Texas Project (STP), which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the STP are NRG South Texas LP and City Public Service of San Antonio. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. Austin Energy's 16 percent ownership in the STP represents 400 megawatts of plant capacity. At September 30, 2007, Austin Energy's investment in the STP was approximately \$508 million, net of accumulated depreciation.

14 – COMMITMENTS AND CONTINGENCIES, continued

b -- South Texas Project, continued

Effective November 17, 1997, the participation agreement among the owners of STP was amended and restated, and the STP Nuclear Operating Company (STPNOC), a Texas non-profit non-member corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. Each participant is responsible for its STP funding. The City's portion is financed through operations, revenue bonds, or commercial paper, which are repaid by the Electric Fund (see Note 10). In addition, each participant has the obligation to finance any deficits that may occur.

Each participant appoints one member to the board of directors of STPNOC, as well as one other member to the management committee. A member of the management committee may serve on the board of directors in the absence of a board member. The City's portion of STP is classified as plant in service, construction in progress, and nuclear fuel inventory. Nuclear fuel includes fuel in the reactor as well as nuclear fuel in process.

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 funding required for plant decommissioning. In addition, reasonable assurance must be demonstrated that sufficient funds are being accumulated to provide the minimum requirement for decommissioning. This amount must be adjusted annually as required by the NRC. At September 30, 2007, Austin Energy funded its share of the estimated decommissioning liability as follows:

	<u>2007</u>	
Estimated cost to decommission STP	\$ 237,126,400	
Decommissioning trust assets	130,478,554	(Includes other restricted assets of \$31.3 million)

Austin Energy and other STP participants have provided the required information to the NRC and have collected decommissioning funds through rates since 1989. Austin Energy established an external irrevocable trust for collecting sufficient funds for its share of the estimated decommissioning costs. For fiscal year 2007, Austin Energy collected \$4,957,967 for decommissioning requirements.

d -- Energy Risk Management Program

In an effort to mitigate the financial and market risk associated with the purchase of natural gas and energy price volatility, Austin Energy has established a Risk Management Program. This program was authorized by the Austin City Council and is led by the Risk Oversight Committee. Under this program, Austin Energy enters into futures contracts, options, and swaps for the purpose of reducing exposure to natural gas and energy price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. Austin Energy typically settles these contracts in cash.

Austin Energy has entered into brokerage agreements with the following organizations to execute the exchange-traded instruments for Austin Energy's risk management activities:

<u>Brokerage</u>	<u>Credit Rating</u>
Citigroup Global Market Holding Inc.	AA-
Man Group	A-

The realized gains and losses related to these transactions are netted to fuel expense in the period realized. As of September 30, 2007, Austin Energy's options, and swaps, valued at mark-to-market, net to an unrealized gain of \$8,626,847. This reflects the present value of the difference between the cost and the fair market value of these contracts on September 30, 2007. Initial margins are flat fees per contract and are paid in cash or equity. Fair market values are calculated by multiplying the number of outstanding contracts by the forward prices as quoted by New York Mercantile Exchange or calculated by using prices on the New York Mercantile Exchange. The unrealized gain/loss refers to the difference between the cost and fair market value of the contracts, which is not included in the financial statements at September 30, 2007.

14 – COMMITMENTS AND CONTINGENCIES, continued
d -- Energy Risk Management Program, continued

<u>Options</u>	
Contracts effective date	September 2005 through September 2007
Contracts maturity date	Through June 2012
Fair value	\$(24,442,956)
Unrealized Gain/ (Loss)	(21,812,076)

The options and future contracts traded on New York Mercantile Exchange expose Austin Energy to a minimal amount of credit risk. In the event of default or nonperformance by brokers or the exchange, the operations of Austin Energy will not be materially affected. However, Austin Energy does not expect the brokerages to fail to meet their obligations given their high credit rating and the strict and deep credit requirements upheld by the New York Mercantile Exchange of which these brokerage houses are members. Termination risk for exchange traded instruments is greatly reduced by the strict rules and guidelines set up by the exchange, which is governed by the Commodity Futures Trade Commission.

<u>Swaps</u>	
Contracts effective date	June 2005 through September 2007
Contracts maturity date	Through June 2012
Fair market value	\$418,672,544
Unrealized Gain/ (Loss)	30,438,923

<u>SO2</u>	
Contracts effective date	August 2007 through September 2007
Contracts maturity date	Through October 2007
Fair market value	\$(137,745)
Unrealized Gain/ (Loss)	(137,745)

The over-the-counter agreements expose Austin Energy to credit, termination, and non-performance risk. However, Austin Energy does not expect the counterparties to fail to meet their obligations given their high credit rating, minimum of A- by S&P. Austin Energy's exposure to termination and non-performance risk is minimal due to the high credit rating of the counterparties, and the contractual provisions under the International Swaps and Derivatives Association (ISDA) agreement applied to these contracts.

e -- Derivative Instruments

Swap for the Water & Wastewater System

Objective of the swap. In order to lower its borrowing costs, the City entered into a swap in connection with its Series 2004 Water and Wastewater System Variable Rate Revenue Refunding Bonds (the "Series 2004 Bonds") on July 2, 2004. The variable rate bonds were issued to advance-refund various outstanding Combined Utility System Revenue Refunding Bonds. The swap was used to hedge the interest rate on the variable rate refunding bonds to a fixed rate and the synthetic fixed rate refunding produces a lower expected interest rate cost to the City.

Terms, fair values, and credit risk. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2004 Bonds were issued on August 27, 2004, with a principal amount of \$132,475,000. The swap was structured to match the principal amortization structure and dates of the Series 2004 Bonds.

14 – COMMITMENTS AND CONTINGENCIES, continued
e -- Derivative Instruments, continued

The counterparty to the swap is JPMorgan Chase Bank. A summary of the terms and fair value of the swap, as of September 30, 2007, is as follows:

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Fair Value
Water & Wastewater Variable Rate Revenue Refunding Bonds, Series 2004	May 15, 2024	JP Morgan	Aa2/AA/AA-	68% of 1-month LIBOR	3.657%	\$(1,378,108)

The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds in advance of issuance, protecting the City against *potential* increases in long-term interest rates.

Fair value. The swap had a negative fair value as of September 30, 2007, of \$1,378,108. This fair value takes into consideration the prevailing interest rate, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the London InterBank Offered Rate (LIBOR) swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap.

Credit risk. As of September 30, 2007, the City was not exposed to credit risk on its outstanding swap since the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City's credit risk exposure is the amount of the positive fair value. Future interest rate increases or decreases determine the fair value and the extent of credit risk the City will incur. The current credit ratings of the JPMorgan Chase Bank are Aa2 (Moody's Investor Service Inc.), AA (Standard and Poor's) and AA- (Fitch). The City will be exposed to interest rate risk only if the counterparty defaults or if the swap is terminated.

The swap agreement contains a collateral agreement with the counterparty. Collateralization of the fair value of the swap is required should the counterparty's credit rating fall below the applicable thresholds in the agreement. The City purchased insurance to mitigate the need to post collateral as long as the insurer, Financial Security Assurance, maintains a credit rating above A2 (Moody's Investor Service, Inc.) and A (Standard and Poor's).

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. Basis risk exists since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. Exposure to basis risk may occur should the floating rate be less than the actual variable rate the City pays on the bonds. The magnitude and duration of any basis risk shortfall will determine the extent of basis risk incurred.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, which is a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 68% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. If the swap were terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. The City would be liable to the counterparty for a payment equal to the swap's fair value if it were negative at the time of the termination. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the City. Additionally, the City purchased insurance to mitigate the possibility of termination risk.

14 – COMMITMENTS AND CONTINGENCIES, continued
e -- Derivative Instruments, continued

Swap payments and associated debt. As of September 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (as rates vary, variable-rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Water and Wastewater Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total
	Principal	Interest		
	2008	\$ 1,200	4,566	(318)
2009	-	4,534	(315)	4,219
2010	-	4,534	(315)	4,219
2011	830	4,523	(314)	4,209
2012	6,905	4,364	(303)	4,061
2013-2017	69,990	15,369	(1,068)	14,301
2018-2022	22,620	6,105	(424)	5,681
2023-2027	15,030	691	(48)	643
Total	\$ 116,575	44,686	(3,105)	41,581

Swap for the Airport System

Objective of the swap. In order to lower its borrowing costs the City entered into an interest rate swap in connection with its Airport System Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds") on July 2, 2004. The variable rate bonds were issued to forward refund various outstanding bonds of the airport. The swap was used to hedge the interest rate on the variable rate refunding bonds to a fixed rate and the synthetic fixed rate refunding produces a lower expected interest rate cost to the City.

Terms, fair values, and credit risk. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2005 Bonds were issued on August 17, 2005, with a principal amount of \$306,225,000. The swap was structured to match the likely principal amortization structure and dates of the Series 2005 Bonds. The counterparty to the swap is Morgan Stanley Capital Services, Inc ("Morgan Stanley") with a guarantee from Morgan Stanley. A summary of the terms and fair value of the swap, as of September 30, 2007, is as follows:

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Fair Value
Airport System Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005	Nov 15, 2025	Morgan Stanley	Aa3/AA-/AA-	71% of 1-month LIBOR	4.051%	\$ (7,904,889)

The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds in advance of issuance, protecting the City against potential increases in long-term interest rates. Other than the aforementioned swap agreement, there are no other monetary fees for the swap transaction.

Fair value. The swap had a negative fair value as of September 30, 2007, of \$7,904,889. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. The method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates.

14 – COMMITMENTS AND CONTINGENCIES, continued
e -- Derivative Instruments, continued

The payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swap.

Credit risk. As of September 30, 2007, the City was not exposed to credit risk on its outstanding swap since the swap had a negative fair value. However, should interest rates change and the fair values of the swap become positive, the City's exposure is the amount of the swap's positive fair value. This amount may become positive if interest rates increase in the future. The current credit ratings of Morgan Stanley are Aa3 (Moody's Investor Services, Inc.), AA- (Standard & Poor's), and AA- (Fitch). The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

The swap agreement contains a collateral agreement with the counterparty. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreement. The City purchased swap insurance to mitigate the need to post collateral as long as the insurer, Financial Security Assurance, maintains a credit rating above A2 (Moody's Investor Services, Inc.) and A (Standard & Poor's).

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. Basis risk exists since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. The City may be exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. The magnitude and duration of any basis risk shortfall will determine the extent of basis risk incurred.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The City is receiving 71% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the respective contracts. If the swap were terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. The City would be liable to the counterparty for a payment equal to the swap's fair value, if it were negative at the time of the termination. The additional termination events in the agreement are limited to non-issuance of the Series 2005 Bonds and credit related events only and the ratings triggers are substantially below the current credit rating of the City. Additionally, the City purchased insurance to mitigate the possibility of termination risk.

Swap payments and associated debt. As of September 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (as rates vary, variable-rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Airport Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total
	Principal	Interest		
	2008	\$ 10,000		
2009	10,475	11,925	(865)	11,060
2010	10,975	11,450	(831)	10,619
2011	11,500	10,953	(795)	10,158
2012	12,050	10,431	(757)	9,674
2013-2017	57,225	44,408	(3,223)	41,185
2018-2022	86,050	30,317	(2,200)	28,117
2023-2027	93,025	7,157	(520)	6,637
Total	\$ 291,300	139,019	(10,089)	128,930

14 – COMMITMENTS AND CONTINGENCIES, continued
e -- Derivative Instruments, continued

Swaps for the Hotel Occupancy Tax

Objective of the swaps. In order to lower its borrowing costs, the City entered into interest rate swaps in connection with its Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005 (the "Series 2005 VRRB") on July 19, 2005. The variable rate bonds were issued to refund various outstanding bonds associated with the Hotel Occupancy Tax. The swaps were used to hedge the interest rate on the variable rate refunding bonds to a fixed rate and the synthetic fixed rate refunding produces a lower expected interest rate cost to the City. At the same time, the City incurs no basis risk over the escrow period of the refunded bonds.

Terms, fair values, and credit risk. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2005 Bonds were issued on August 17, 2005, with a principal amount of \$119,290,000. The swaps were structured to match the likely principal amortization structure and dates of the Series 2005 VRRB.

The counterparty to the swap that fixes the bonds at 3.4007% was Lehman Brothers Derivative Products, a Lehman Brothers subsidiary. The counterparty to the swap portion that eliminates basis risk for the escrow period is Lehman Brothers Special Financing Inc. with a guarantee from Lehman Brothers. The table below contains a summary of the terms and fair value of the swaps as of September 30, 2007:

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Fair Value
Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005	Nov 15, 2029	Lehman Brothers Derivative Products	Aaa/AAAt/AAA	BMA + 0.0525% to 11/15/09; 67% of 1 Mo USD-LIBOR thereafter	3.401%	\$ 1,325,757
Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2005	Nov 15, 2009	Lehman Brothers Special Financing	A1/A+/AA-	VRRB Rate + 0.0525%	BMA + 0.0525%	\$ --

The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transactions allowed the City to create a synthetic fixed rate on the Bonds in advance of issuance, protecting the City against potential increases in long-term interest rates, and eliminating basis risk during the escrow period of the refunded bonds.

Fair value. The swaps had a fair value as of September 30, 2007, of \$1,325,757. The fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction, and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. The payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of September 30, 2007, the City was exposed to credit risk on its outstanding swaps since the swaps had a positive fair value of \$1,325,757. The City's exposure is the amount of positive fair value. The current credit ratings of Lehman Brothers are A1 (Moody's Investor Services, Inc.), A+ (Standard & Poor's), and A+ (Fitch). The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if it is terminated.

14 – COMMITMENTS AND CONTINGENCIES, continued
e -- Derivative Instruments, continued

The swap agreements contain collateral agreements with the counterparties. The swap requires collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreement. The City purchased swap insurance to mitigate the need to post collateral as long as the insurer, CIFG, maintains a credit rating above A3 (Moody's Investor Services, Inc.) and A- (Standard & Poor's).

Basis risk. Basis risk is the risk that the interest rate paid by the City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The City bears no basis risk until November 15, 2009. Afterward, the swap has basis risk since the City receives a percentage of LIBOR to offset the actual variable bond rate the City pays on its bonds. The City may be exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. The magnitude and duration of any basis risk shortfall will determine the extent of basis risk incurred.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. Tax risk exists only after November 15, 2009. The City is receiving 67% of LIBOR (a taxable index) on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The City or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps were terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. The City would be liable to the counterparty for a payment equal to the swaps' fair value if it were negative at the time of the termination. The additional termination events in the agreement are limited to non-issuance of the Series 2005 VRRB and credit related events only. The ratings triggers are substantially below the current credit rating of the City.

Swap payments and associated debt. As of September 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows (as rates vary, variable-rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Convention Center Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total
	Principal	Interest		
2008	\$ --	4,593	(536)	4,057
2009	--	4,593	(536)	4,057
2010	3,045	4,495	(525)	3,970
2011	4,145	4,342	(506)	3,836
2012	4,290	4,178	(487)	3,691
2013-2017	23,690	18,228	(2,128)	16,100
2018-2022	21,970	13,219	(3,487)	9,732
2023-2027	39,145	7,288	1,093	8,381
2028-2032	23,005	1,054	(123)	931
Total	\$ 119,290	61,990	(7,235)	54,755

f -- Certificates of Participation

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

\$ 14,000,000 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 as long-term bonds and are recorded as a liability in the Water and Wastewater Fund.

The following table presents information regarding these certificates:

Description	Water and Wastewater Fund Office Project (1)
Date issued	August 1987
Amount issued	\$ 14,000,000
Interest rates	5.25% - 8.00%
Interest payable on	May 15 and November 15
Maturity dates	November 15 1989 - 2007
Present value of lease payments	\$ 1,377,475
Reserve Fund (2)	\$ 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.

g -- Federal and State Financial Assistance Programs

The City participates in a number of federally assisted and state grant programs, financed primarily by the U.S. Housing and Urban Development (HUD) Department, U.S. Health and Human Services (HHS) Department, and U.S. Department of Transportation (DOT). The City's programs are subject to program compliance audits by the granting agencies. Management believes that no material liability will arise from any such audits.

h -- Arbitrage Rebate Payable

The City's financial advisor has determined that the City has earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. The City will be required to rebate the excess amounts to the federal government. The estimated amounts payable at September 30, 2007, are as follows (in thousands):

Governmental Activities	Business-type Activities		
	Electric	Water and Wastewater	Total
\$ 46	648	266	\$ 914

i -- Capital Improvement Plan

As required by charter, the City has a *Capital Improvements Program* plan (capital budget) covering a five-year period which details anticipated spending for projects in the upcoming and future years. The City's 2007 Capital Budget includes new appropriations of \$717.6 million for the City's enterprise funds and \$160.6 million for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

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

Project	Spent-to-Date	Remaining Commitment
Governmental activities:		
General government	\$ 89,063	43,420
Public safety	6,660	11,404
Transportation	182,491	142,671
Public health	1,342	13,050
Public recreation and culture	126,099	197,405
Urban growth management	83,457	57,705
Business-type activities:		
Electric	3,516,190	435,623
Water	619,694	734,063
Wastewater	1,111,666	553,788
Airport	115,090	110,101
Convention	4,555	4,862
Environmental and health services	35,996	61,451
Urban growth management	189,443	285,768
Total	\$ 6,081,746	2,651,311

j -- Landfill Closure and Postclosure Liability

State and federal regulations require the City to place a final cover on the City of Austin landfill site (located on FM 812) when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, a portion of these future closure and postclosure care costs are reported as an operating expense in each period as incurred in the Solid Waste Services Fund, a nonmajor enterprise fund. The amount of costs reported is based on landfill capacity as of the City's fiscal year-end. The \$10.1 million reported as accrued landfill closure and postclosure costs at September 30, 2007, represents the cumulative amount reported to date based on the use of 98.9% of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of \$112 thousand as the remaining estimated capacity is filled over the next year. The total estimated costs of \$10.2 million include costs of closure in 2008 of \$2.6 million and postclosure costs over the subsequent thirty years of \$7.6 million. These amounts are based on current cost estimates to perform closure and postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. State and federal laws require owners to demonstrate financial assurance for closure, postclosure, and/or corrective action. The City complies with the financial and public notice components of the local government financial test and government-guarantee of the test.

14 – COMMITMENTS AND CONTINGENCIES, continued
k -- Risk-Related Contingencies

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

<u>Fund name</u>	<u>Description</u>
Employee Benefits	City employees and retirees may choose a self-insured PPO or an HMO for health coverage. Approximately 30% of city employees and 50% of retirees use the HMO option; approximately 70% of city employees and 50% of retirees use the PPO. Costs are charged to city funds through a charge per employee per pay period.
Liability Reserve	This self-insured program includes losses and claims related to liability for bodily injury, property damage, professional liability and certain employment liability. Premiums are charged to other city funds each year based on historical costs.
Workers' Compensation	Premium charges for this self-insured program are assessed to other funds each year based on historical costs.

The City purchases stop-loss insurance for the City's PPO. This stop-loss insurance covers individual claims that exceed \$500,000 per calendar year, up to a maximum of \$1 million. In fiscal years 2007 and 2006, no claims exceeded the stop-loss limit of \$500,000; during fiscal year 2005, two claims exceeded the stop-loss limit of \$500,000; and during fiscal year 2004, no claim exceeded the stop-loss limit of \$500,000. City coverage is limited to \$1 million in lifetime benefits. The City does not purchase stop-loss insurance for workers' compensation claims.

The City is self-insured for much of its risk exposure; however, the City purchases commercial insurance coverage for loss or damage to real property, theft and other criminal acts committed by employees, and third party liability associated with the airport, owned aircraft, and electric utility operations. There have been no claims settlements in excess of the purchased insurance coverage for the last three years. The City also purchases a broad range of insurance coverage through a program that provides workers' compensation, employer's liability and third party liability coverage to contractors working on designated capital improvement project sites.

Liabilities are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The City utilizes actuarial information and historical claim settlement trends to determine the claim liabilities for the Employee Benefits Fund and Workers' Compensation Fund. Claims liabilities for the Liability Reserve Fund are calculated based on an estimate of outstanding claims, which may differ from the actual amounts paid. The amount to be paid out ultimately may vary from the amount accrued at September 30, 2007. Possible losses are estimated to range from \$22.2 to \$36.9 million. The City contributes amounts to an internal service fund based on an estimate of anticipated costs for claims each year.

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

	<u>Employee Benefits</u>		<u>Liability Reserve</u>		<u>Workers' Compensation</u>	
	2007	2006	2007	2006	2007	2006
Liability balances, beginning of year	\$ 4,382	4,940	6,862	13,919	9,965	9,959
Claims and changes in estimates	4,024	2,786	882	(3,126)	4,899	3,113
Claim payments	(4,024)	(3,344)	(2,098)	(3,931)	(2,671)	(3,107)
Liability balances, end of year	<u>\$ 4,382</u>	<u>4,382</u>	<u>5,646</u>	<u>6,862</u>	<u>12,193</u>	<u>9,965</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$2.8 million discounted at 4.63% in 2007 and \$3.5 million discounted at 4.55% in 2006.

14 – COMMITMENTS AND CONTINGENCIES, continued

l -- Environmental Remediation Contingencies

Austin Energy may incur costs for environmental remediation of certain sites including the Holly and Seaholm Power Plants. The financial statements include a liability of approximately \$21 million at September 30, 2007. This amount includes the cost of PCB inspection and estimated remaining costs for the remediation of the contaminated sites. Austin Energy anticipates payment of these costs in 2007 and future years.

The EPA issued an administrative order to Austin Water on April 29, 1999, which requires the utility to perform a series of activities designed to result in an improved wastewater collection system free from sanitary sewer overflows. These activities include Infiltration/Inflow studies, sanitary sewer evaluation studies, as well as subsequent design and construction of necessary improvements to the wastewater collection system to eliminate overflows by June 30, 2009. Construction costs are estimated to be \$400 million, and Austin Water is on schedule to comply with the administrative order.

Austin Water is planning to close the Green Water Treatment Plant (GWTP) no later than September 2008. The estimated decommissioning cost to close the GWTP is \$13 million. The financial statements include a decommissioning liability of approximately \$6.3 million at September 30, 2007. Plant decommissioning is estimated to be completed February 2010.

The Airport Fund may also incur costs for the environmental remediation of certain sites and has recorded an estimated liability of \$241,000 as of September 30, 2007.

m -- Redevelopment of Robert Mueller Municipal Airport

In December 2004, City Council approved a master development agreement with Catellus Development Corporation (Catellus) to develop approximately 709 acres at the former site of the City's municipal airport near downtown Austin. Both the City and Catellus have numerous obligations under the agreement. Catellus will develop and market the property. The City will issue debt to fund infrastructure such as streets, drainage facilities, public parks, and greenways, which will be supported by taxes generated from this development. Additional water and wastewater infrastructure will also be constructed to enhance utility services to this site. To date, a portion of the property has been sold, and construction has been completed on a new children's hospital, the first phase of a regional retail shopping center, several office buildings, a visitor center, and a number of single family homes. Streets, greenways, and other infrastructure in the northwest quadrant of the property have also been constructed, and work is progressing on a major feature of the development, a lake park. With the signing of a 99-year ground lease with the University of Texas in October 2006, the project will also become home to the Dell Pediatric Research Institute. Construction of the first building associated with this institute has begun.

In August 2005, the developer filed a site plan for the regional retail portion of the property. This action triggered a requirement that the City or the Mueller Local Government Corporation (MLGC), created by the City for this development, issue debt to be supported by the estimated sales tax revenue generated from the retail property. Debt was issued in the amount of \$12 million by the MLGC in September 2006. Proceeds of the debt have been used to reimburse the developer for eligible infrastructure such as streets, drainage, and parks. Debt service payments will be funded through an economic development grant from the City of Austin, and supported by sales tax proceeds from the development.

n -- Other Commitments and Contingencies

The City is committed under various leases for building and office space, tracts of land and rights-of-way, and certain equipment. These leases are considered operating leases for accounting purposes. Lease expense for the year ended September 30, 2007, was \$19.3 million. The City expects these leases to be replaced with similar leases in the ordinary course of business. Future minimum lease payments for these leases will remain approximately the same.

The City has entered into certain lease agreements to finance personal computers and other equipment for both governmental and business-type activities. As mentioned in a preceding section of this note, certificates of participation have been issued by the Electric Fund and Water and Wastewater Fund for financing certain office buildings. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. Refer to Note 10 for the debt service requirements on these leases.

14 – COMMITMENTS AND CONTINGENCIES, continued
n -- Other Commitments and Contingencies

The following summarizes assets recorded at September 30, 2007, under capital lease obligations (in thousands):

Assets	Governmental Activities	Business-type Activities				Total
		Electric	Water and Wastewater	Airport	Nonmajor	
Building and improvements	\$ --	1,405	13,429	--	--	14,834
Equipment	1,022	6	27	2,372	31	2,436
Accumulated depreciation	(630)	(180)	(5,080)	(412)	(29)	(5,701)
Net assets	\$ 392	1,231	8,376	1,960	2	11,569

15 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the contributions made to the three pension systems, the City provides certain other post-employment benefits to its retirees. Other post-employment benefits include access to medical 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 and unmarried children dependent on the retiree for support. The children covered include children under age 25 that are: natural children; stepchildren; legally adopted children; children for whom the retiree has obtained court-ordered guardianship/conservatorship; qualified children placed pending adoption; grandchildren if claimed as a dependent on the retiree's or retiree spouse's federal income tax return; and eligible disabled children beyond 25 years of age, if covered prior to age 25. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries. A surviving spouse of a deceased retiree may continue dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee. Other surviving dependents of a deceased retiree may continue medical and dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee.

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 or their dependents. 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 approval 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	16% - 17%	11% - 12%
5 to 9 years	24% - 25%	17%
10 to 14 years	41% - 42%	28% - 29%
15 to 20 years	57% - 58%	39% - 41%
Greater than 20 years	81% - 83%	56% - 58%

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 an expense and corresponding revenue in the Employee Benefits Fund. Medical, dental and life insurance claims and premiums are reported in the Employee Benefits Fund. The estimated cost of providing these benefits for 2,800 retirees was \$16.9 million in 2007 and \$15.7 million in 2006 for 2,682 retirees.

15 – OTHER POST-EMPLOYMENT BENEFITS, continued

As more fully described in Note 14, the City is a participant in the South Texas Project Nuclear Operating Company (STPNOC) and as such is liable for certain post-employment benefits for STPNOC employees. At December 31, 2006, the City's portion of this obligation, \$11.7 million, is not reflected in the financial statements of the Electric Fund.

16 – SUBSEQUENT EVENTS

a -- General Obligation Bonds Issues

In October 2007, the City delivered \$97,525,000 of Public Improvement Bonds, Series 2007. The proceeds from the issue will be used as follows: streets and signals (\$62,000,000), parks and recreation (\$8,675,000), affordable housing (\$5,000,000), and public safety facilities (\$21,850,000). These bonds will be amortized serially on September 1 of each year from 2008 to 2027. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2008. Total interest requirements for these bonds, at rates ranging from 4.64% to 4.80%, are \$71,596,615.

In October 2007, the City delivered \$3,820,000 of Certificates of Obligation, Series 2007. The proceeds from the issue will be used as follows: Circle C Metro Park (\$2,500,000) and Compressed Natural Gas Facility (\$1,320,000). These certificates of obligation will be amortized serially on September 1 of each year from 2008 to 2027. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2008. Total interest requirements for these bonds, at a rate of 4.88%, are \$2,241,864.

In October 2007, the City delivered \$9,755,000 of Public Property Finance Contractual Obligations, Series 2007. The proceeds from the issue will be used as follows: fire trucks (\$4,035,000), public works transportation equipment (\$1,500,000), water utility capital equipment (\$2,173,000), and wastewater utility capital equipment (\$2,047,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2008 to 2017. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2008. Total interest requirements for these obligations, at a rate of 3.66%, are \$1,680,905.

b -- Water and Wastewater System Revenue Bond Refunding Issue

In December 2007, the City issued \$135,000,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2007. Proceeds from the bond refunding were used to refund \$136,900,000 of the City's outstanding commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds were \$263,568,086, with interest rates ranging from 4% to 5.25%. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

c -- Public Improvement Refunding Bond Issue

In March 2008, the City issued \$172,505,000 of Public Improvement Refunding Bonds, Series 2008. The net proceeds of \$188,363,353 (after issue costs, discounts, and premiums) from the refunding were used to refund \$180,895,000 of public improvement bonds, series 1998, 2000, 2001, and 2002 and certificates of obligation, series 1997, 1998, 1999, 2000, 2001, 2002, and 2004. The refunding resulted in future interest requirements to service the debt of \$56,849,570 with interest rates ranging from 3.5% to 5%. An economic gain of \$9,551,705 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$12,229,025. An accounting loss of \$6,970,028 which will be deferred and amortized, was recognized on this refunding.

d -- Electric System Revenue Bond Refunding Issue

In March 2008, the City issued \$50,000,000 of Electric System Revenue Refunding Bonds, Taxable Series 2008. Proceeds from the bond refunding were used to refund \$48,800,000 of the City's outstanding commercial paper issued for the electric utility system. The debt service requirements on the refunding bonds were \$98,308,413, with interest rates ranging from 3.08% to 6.26%. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.





**REQUIRED SUPPLEMENTARY
INFORMATION**



General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
RSI-1

	2007					
	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 326,576	--	326,576	321,408	321,408	5,168
Franchise fees	32,275	--	32,275	30,454	30,454	1,821
Fines, forfeitures and penalties	16,094	--	16,094	18,001	18,001	(1,907)
Licenses, permits and inspections	25,635	(59)	25,576	19,114	19,114	6,462
Charges for services/goods	26,357	(34)	26,323	26,069	26,069	254
Interest and other	13,602	(1,189)	12,413	11,466	11,466	947
Total revenues	440,539	(1,282)	439,257	426,512	426,512	12,745
EXPENDITURES						
General government						
Municipal Court	10,607	(412)	10,195	10,366	10,366	171
Public safety						
Police	198,115	873	198,988	197,746	198,597	(391)
Fire	108,024	(167)	107,857	108,449	108,449	592
Emergency Medical Services	40,589	(994)	39,595	39,715	39,715	120
Public Safety & Emergency Mgmt	5,421	(72)	5,349	5,465	5,465	116
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	297	--	297	300	300	3
Public health:						
Health	32,545	(460)	32,085	32,347	32,347	262
Public recreation and culture						
Parks and Recreation	32,125	185	32,310	32,318	32,318	8
Austin Public Library	21,088	160	21,248	21,391	21,391	143
Urban growth management						
Neighborhood Planning and Zoning	4,319	(59)	4,260	4,899	4,899	639
Development Services and						
Watershed Protection	14,567	(29)	14,538	14,659	14,659	121
General city responsibilities (4)	68,170	(58,749)	9,421	9,788	9,828	407
Total expenditures	535,867	(59,724)	476,143	477,443	478,334	2,191
Excess (deficiency) of revenues over expenditures	(95,328)	58,442	(36,886)	(50,931)	(51,822)	14,936
OTHER FINANCING SOURCES (USES)						
Transfers in	107,241	850	108,091	108,091	108,091	--
Transfers out	(16,907)	(59,151)	(76,058)	(73,677)	(75,739)	(319)
Total other financing sources (uses)	90,334	(58,301)	32,033	34,414	32,352	(319)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,994)	141	(4,853)	(16,517)	(19,470)	14,617
Fund balance at beginning of year	111,804	(12,286)	99,518	95,198	95,198	4,320
Fund balance at end of year	\$ 106,810	(12,145)	94,665	78,681	75,728	18,937

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

1 – BUDGET BASIS REPORTING

a -- General

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

The General Fund budget includes other revenues and requirements, which are presented in the general city responsibilities category. The expenditure budget for these general city requirements includes the following: tuition reimbursement (\$255,000), expenditures for workers' compensation (\$3,027,009), liability reserve (\$2,500,000), and public safety (\$2,411,190).

b -- Reconciliation of GAAP Basis and Budget Basis Amounts

The primary differences between GAAP-basis and budget-basis reporting for the General Fund are the reporting of encumbrances and the reporting of certain transfers. General Fund accrued payroll is recorded at the department level on a GAAP basis and as an expenditure in the general city responsibilities activity on the budget basis. Adjustments necessary to convert the excess revenues and other sources over expenditures and other uses on a GAAP basis to a budget basis for the General Fund are provided, as follows (in thousands):

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	\$ (4,994)
Adjustments - increases (decreases) due to:	
Accrued payroll expenditures	1,081
Net compensated absences accrual	(3)
Outstanding encumbrances established in current year	(5,683)
Payments against prior year encumbrances	3,962
Transfer to Airport Fund	(700)
Other	1,484
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ (4,853)</u>

c -- Budget Amendments

The original budget of the General Fund was amended several times during fiscal year 2007 primarily for increased public safety and urban growth management costs. The original and final budget is presented in the accompanying financial statements.

RETIREMENT PLANS

Trend Information

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

Valuation Date, December 31st	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees						
1999	1,105,100	1,044,500	(60,600)	105.8%	244,500	(24.8%)
2001	1,311,288	1,360,270	48,982	96.4%	316,793	15.5%
2002	1,250,851	1,440,199	189,348	86.9%	322,008	58.8%
2003	1,348,800	1,551,800	203,000	86.9%	312,800	64.9%
2004	1,356,800	1,678,200	321,400	80.8%	326,600	98.4%
2005	1,398,800	1,794,200	395,400	78.0%	348,600	113.4%
2006	1,497,800	1,974,000	476,200	75.9%	391,000	121.8%
Police Officers						
1999	226,913	257,850	30,937	88.0%	54,695	56.6%
2001	284,761	347,548	62,787	81.9%	69,707	90.1%
2002	298,782	384,992	86,210	77.6%	79,236	108.8%
2003	320,354	413,965	93,611	77.4%	80,959	115.6%
2004	343,447	451,580	108,133	76.1%	86,674	124.8%
2005	371,505	494,641	123,136	75.1%	93,429	131.8%
2006	417,284	576,125	158,841	72.4%	100,090	158.7%
Fire Fighters (2)						
1997	268,241	279,472	11,231	96.0%	35,130	32.0%
1999	341,593	317,223	(24,370)	107.7%	38,690	(63.0%)
2001	395,371	406,266	10,895	97.3%	49,726	21.9%
2003	421,136	452,669	31,533	93.0%	55,939	56.4%
2005	493,567	580,054	86,487	85.1%	65,885	131.3%

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

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

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



**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-1

	2007				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 166,635	--	166,635	164,573	2,062
Delinquent	786	--	786	500	286
Penalty and interest	871	1	872	800	72
Sales taxes	153,098	--	153,098	150,663	2,435
Other taxes	5,186	(1)	5,185	4,872	313
Total taxes	326,576	--	326,576	321,408	5,168
Franchise fees	32,275	--	32,275	30,454	1,821
Fines, forfeitures, and penalties					
Library fines	647	--	647	680	(33)
Traffic fines	7,107	--	7,107	7,992	(885)
Parking violations	2,646	--	2,646	2,400	246
Other	5,694	--	5,694	6,929	(1,235)
Total fines, forfeitures, and penalties	16,094	--	16,094	18,001	(1,907)
Licenses, permits, and inspections					
Alarm permits	1,766	--	1,766	1,179	587
Commercial solid waste	866	(64)	802	801	1
Public health	2,425	--	2,425	2,209	216
Development	5,547	1	5,548	4,654	894
Building safety	14,355	--	14,355	9,614	4,741
Beer and wine permits	261	--	261	265	(4)
Other	415	4	419	392	27
Total licenses, permits, and inspections	25,635	(59)	25,576	19,114	6,462
Charges for services/goods					
Recreation and culture	2,351	--	2,351	2,332	19
Public health	2,014	(33)	1,981	1,846	135
Emergency medical services	20,359	(1)	20,358	20,680	(322)
General government	1,633	--	1,633	1,211	422
Total charges for services/goods	26,357	(34)	26,323	26,069	254
Interest and other					
Interest	8,864	--	8,864	8,276	588
Rental income	1,906	67	1,973	2,121	(148)
Sale of property	870	--	870	430	440
Other	1,962	(1,256)	706	639	67
Total interest and other	13,602	(1,189)	12,413	11,466	947
Total revenues	\$ 440,539	(1,282)	439,257	426,512	12,745

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

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-2

	2007				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Administration					
Municipal Court:					
Salaries and fringe benefits	\$ 8,559	(53)	8,506	8,444	(62)
Contractual services	1,999	(370)	1,629	1,788	159
Commodities	119	11	130	173	43
Expense refunds	(75)	--	(75)	(44)	31
Capital outlay	5	--	5	5	--
Total administration	10,607	(412)	10,195	10,366	171
Public safety					
Police:					
Salaries and fringe benefits	185,885	(228)	185,657	185,234	(423)
Contractual services	17,438	89	17,527	16,241	(1,286)
Commodities	2,310	24	2,334	3,061	727
Expense refunds	(7,706)	3	(7,703)	(7,142)	561
Capital outlay	188	985	1,173	1,203	30
	198,115	873	198,988	198,597	(391)
Fire:					
Salaries and fringe benefits	105,809	(275)	105,534	105,499	(35)
Contractual services	8,116	43	8,159	6,017	(2,142)
Commodities	1,426	65	1,491	1,691	200
Indirect cost	269	--	269	271	2
Expense refunds	(7,614)	--	(7,614)	(5,049)	2,565
Capital outlay	18	--	18	20	2
	108,024	(167)	107,857	108,449	592
Emergency Medical Services:					
Salaries and fringe benefits	34,354	(142)	34,212	34,259	47
Contractual services	3,298	20	3,318	3,308	(10)
Commodities	2,219	19	2,238	1,770	(468)
Expense refunds	(666)	--	(666)	(292)	374
Capital outlay	1,384	(891)	493	670	177
	40,589	(994)	39,595	39,715	120
Public Safety & Emerg Mgmt:					
Salaries and fringe benefits	9,755	(67)	9,688	9,787	99
Contractual services	605	--	605	519	(86)
Commodities	210	(5)	205	196	(9)
Expense refunds	(5,158)	--	(5,158)	(5,046)	112
Capital outlay	9	--	9	9	--
	5,421	(72)	5,349	5,465	116
Total public safety	\$ 352,149	(360)	351,789	352,226	437

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2007				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transportation, planning, and sustainability					
Transportation, Planning, and Sustainability:					
Contractual services	\$ 297	--	297	300	3
Total transportation, planning, and sustainability	297	--	297	300	3
Public health					
Salaries and fringe benefits	15,716	(66)	15,650	15,358	(292)
Contractual services	16,563	(414)	16,149	16,636	487
Commodities	1,219	17	1,236	1,079	(157)
Expense refunds	(965)	(3)	(968)	(735)	233
Capital outlay	12	6	18	9	(9)
Total public health	32,545	(460)	32,085	32,347	262
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	23,817	(75)	23,742	24,151	409
Contractual services	8,915	125	9,040	8,047	(993)
Commodities	1,879	(10)	1,869	2,117	248
Indirect cost	247	--	247	314	67
Expense refunds	(3,019)	--	(3,019)	(2,781)	238
Capital outlay	286	145	431	470	39
	32,125	185	32,310	32,318	8
Austin Public Library:					
Salaries and fringe benefits	17,132	(78)	17,054	17,455	401
Contractual services	2,437	144	2,581	2,296	(285)
Commodities	1,665	69	1,734	1,705	(29)
Expense refunds	(148)	--	(148)	(92)	56
Capital outlay	2	25	27	27	--
	21,088	160	21,248	21,391	143
Total public recreation and culture	\$ 53,213	345	53,558	53,709	151

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2007				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	\$ 4,430	(25)	4,405	5,028	623
Contractual services	1,130	(31)	1,099	961	(138)
Commodities	48	(4)	44	54	10
Expense refunds	(1,295)	--	(1,295)	(1,153)	142
Capital outlay	6	1	7	9	2
	<u>4,319</u>	<u>(59)</u>	<u>4,260</u>	<u>4,899</u>	<u>639</u>
Development Services and Watershed Protection:					
Salaries and fringe benefits	13,237	(69)	13,168	13,009	(159)
Contractual services	2,315	34	2,349	2,548	199
Commodities	141	5	146	208	62
Expense refunds	(1,130)	--	(1,130)	(1,117)	13
Capital outlay	4	1	5	11	6
	<u>14,567</u>	<u>(29)</u>	<u>14,538</u>	<u>14,659</u>	<u>121</u>
Total urban growth management	<u>18,886</u>	<u>(88)</u>	<u>18,798</u>	<u>19,558</u>	<u>760</u>
General city responsibilities (2)	68,170	(58,749)	9,421	9,828	407
Total expenditures	<u>535,867</u>	<u>(59,724)</u>	<u>476,143</u>	<u>478,334</u>	<u>2,191</u>
General fund expenditures					
Salaries	418,694	(1,078)	417,616	418,224	608
Contractuals	63,113	(360)	62,753	58,661	(4,092)
Commodities	11,236	191	11,427	12,054	627
Indirect cost	516	--	516	585	69
Expense refunds	(27,776)	--	(27,776)	(23,451)	4,325
Capital outlay	1,914	272	2,186	2,433	247
General city responsibilities	68,170	(58,749)	9,421	9,828	407
Total expenditures	<u>\$ 535,867</u>	<u>(59,724)</u>	<u>476,143</u>	<u>478,334</u>	<u>2,191</u>

- (1) Includes adjustments for current year encumbrances, payments against prior year encumbrances, accrued payroll, compensated absences and amounts budgeted as operating transfers or fund-level expenditures.
- (2) Actual expenditures include employee training costs and amounts budgeted as fund-level expenditures or operating transfers. Actual-budget basis expenditures include employee training costs, budgeted payroll accrual, and amounts budgeted as fund-level expenditures.

General Fund
Schedule of Transfers - Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-3

	2007				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
Special revenue					
Good neighbor program	\$ 770	--	770	770	--
Enterprise funds:					
Electric	84,500	--	84,500	84,500	--
Water and Wastewater	21,971	850	22,821	22,821	--
Total transfers in	107,241	850	108,091	108,091	--
Transfers out					
Special revenue funds:					
Neighborhood Housing and Conservation	2,540	--	2,540	2,540	--
Barton Springs Conservation	45	--	45	45	--
Mueller Local Government Corp	506	--	506	--	(506)
Sustainability Fund	2,356	--	2,356	2,356	--
Tax Increment Finance	100	--	100	100	--
Tourism and Promotion	125	--	125	125	--
Capital project funds	4,109	--	4,109	4,109	--
Enterprise funds:					
Electric	--	2,000	2,000	2,000	--
Airport	--	700	700	700	--
Drainage	299	--	299	299	--
Softball	186	--	186	186	--
Solid Waste Services	969	--	969	969	--
Transportation	5,672	--	5,672	5,672	--
Internal service funds:					
Capital Projects Management	--	1,873	1,873	1,873	--
CTECC	--	6,534	6,534	6,534	--
Fleet Maintenance	--	8,859	8,859	9,046	187
Information Systems	--	13,042	13,042	13,042	--
Support Services	--	24,749	24,749	24,749	--
Wireless Communication	--	1,242	1,242	1,242	--
Fiduciary funds:					
Voluntary Utility Assistance	--	152	152	152	--
Total transfers out	16,907	59,151	76,058	75,739	(319)
Net transfers	\$ 90,334	(58,301)	32,033	32,352	(319)

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





NONMAJOR GOVERNMENTAL FUNDS



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2007
(In thousands)**

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

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash	\$ 5	--	--	--	5
Pooled investments and cash	87,193	108	102,738	1,700	191,739
Investments, at fair value	--	15,201	--	--	15,201
Cash held by trustee-restricted	3,185	--	--	--	3,185
Property taxes receivable	--	4,323	--	--	4,323
Less allowance for uncollectible taxes	--	(1,193)	--	--	(1,193)
Net property taxes receivable	--	3,130	--	--	3,130
Accounts and other receivables	17,604	3,002	5,160	--	25,766
Less allowance for doubtful accounts	(247)	--	(2,669)	--	(2,916)
Net accounts receivable	17,357	3,002	2,491	--	22,850
Receivables from other governments	14,147	--	--	--	14,147
Notes receivable, net of allowance	9,607	--	--	--	9,607
Due from other funds	12,437	13	25,494	--	37,944
Advances to other funds	--	7,721	--	--	7,721
Real property held for resale	11,831	--	--	--	11,831
Other assets	653	--	543	--	1,196
Total assets	156,415	29,175	131,266	1,700	318,556
LIABILITIES AND FUND BALANCES					
Accounts payable	7,640	--	11,395	--	19,035
Accrued payroll	1,048	--	--	--	1,048
Due to other funds	12,437	238	25,494	--	38,169
Deferred revenue	6,599	3,007	--	--	9,606
Advances from other funds	--	348	--	--	348
Deposits and other liabilities	45,955	--	427	--	46,382
Total liabilities	73,679	3,593	37,316	--	114,588
Fund balances					
Reserved:					
Encumbrances	12,382	--	47,896	--	60,278
Notes receivable	9,607	--	--	--	9,607
Advances receivable	--	7,721	--	--	7,721
Real property held for resale	11,831	--	--	--	11,831
Debt service	--	17,861	--	--	17,861
Permanent funds	--	--	--	1,040	1,040
Unreserved, undesignated:					
Special revenue	48,916	--	--	--	48,916
Capital projects	--	--	46,054	--	46,054
Permanent funds	--	--	--	660	660
Total fund balances	82,736	25,582	93,950	1,700	203,968
Total liabilities and fund balances	\$ 156,415	29,175	131,266	1,700	318,556

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$ --	83,178	--	--	83,178
Franchise fees and other taxes	49,719	--	--	--	49,719
Fines, forfeitures and penalties	4,865	--	--	--	4,865
Charges for services/goods	61,579	--	--	--	61,579
Intergovernmental	59,588	--	14,298	--	73,886
Property owners' participation and contributions	1,400	--	1,239	--	2,639
Interest and other	19,860	13,325	8,503	232	41,920
Total revenues	197,011	96,503	24,040	232	317,786
EXPENDITURES					
Current:					
General government	1,450	--	--	--	1,450
Public safety	14,150	--	--	--	14,150
Transportation, planning, and sustainability	4,610	--	--	--	4,610
Public health	57,862	--	--	--	57,862
Public recreation and culture	7,736	--	--	15	7,751
Urban growth management	57,822	--	--	--	57,822
Debt service:					
Principal	--	59,929	--	--	59,929
Interest	--	39,156	--	--	39,156
Fees and commissions	--	10	--	--	10
Capital outlay	--	--	94,228	--	94,228
Total expenditures	143,630	99,095	94,228	15	336,968
Excess (deficiency) of revenues over expenditures	53,381	(2,592)	(70,188)	217	(19,182)
OTHER FINANCING SOURCES (USES)					
Transfers in	23,762	6,068	34,924	--	64,754
Transfers out	(69,558)	--	(9,783)	--	(79,341)
Total other financing sources (uses)	(45,796)	6,068	25,141	--	(14,587)
Net change in fund balances	7,585	3,476	(45,047)	217	(33,769)
Fund balances at beginning of year	75,151	22,106	138,997	1,483	237,737
Fund balances at end of year	\$ 82,736	25,582	93,950	1,700	203,968





SPECIAL REVENUE FUNDS

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

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

Other Special Revenue Funds

General Government

Municipal Court:

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

Municipal Court Juvenile Case Manager - Accounts for the collection of fees associated with fine only misdemeanor charges.

Municipal Court Technology Fund - Provides funding for technological enhancements to Municipal Court operations.

Public Safety

Police:

APD Incident Management Fund - Accounts for funds from Capital Metro to the Austin Police Dept. to establish a traffic command center within the APD.

Auto Theft Interdiction Fund - Accounts for funds seized related to current auto theft investigations.

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

Police Benefit Fund - Accounts for donations received for the benefit and improvement of the Police Department.

Police Federal Seized Funds Fund - 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.

Fire:

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

Emergency Medical Services:

EMS Travis County Reimbursed Fund - Accounts for expenses incurred in providing for expanded emergency medical services to the citizens of Travis County located outside the City of Austin and the corresponding reimbursements from Travis County.

Transportation, Planning and Sustainability

Public Works and Transportation:

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

Office of Emergency Management Miscellaneous Fund - Accounts for contributions for public safety awareness.

Recycle Bins Fund - Accounts for donations from citizens and businesses to help defray cost of purchasing recycle bins/containers.

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

RMD Loan Fund - Accounts for energy loans to customers.

Transportation, Planning, and Sustainability:

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

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

Environmental Remediation Fund - Accounts for remediation of sites affecting ground and surface water quality or public health and safety.

Pavement Life Recovery Fund - Collection of fees associated with pavement life recovery costs.

Railroad Right of Way Fund - Accounts for the City's management of the Austin and Northwestern Railroad right of way.

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

Public Health

Health and Human Services:

CCSD Operations-Travis County Hospital District - Accounts for expenses incurred by the City on behalf of Travis County for Health and Human Services and Community Care programs.

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

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

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

Medicaid Administrative Claims Fund - Holds additional Medicaid proceeds.

Other Public Health:

Animal Services Fund - Accounts for donations to fund animal services activities.

Animal Shelter Building Fund - Accounts for donations to improve the Town Lake Animal Shelter.

Public Recreation and Culture

Austin Public Library:

Austin History Center Fund - Accounts for contributions to be used for the Austin-Travis County Collection.

Julia Cousins Trust Fund - Accounts for funds received from the estate of Julia Cousins to purchase books for the public library.

Miscellaneous Library Fund - Accounts for miscellaneous deposits primarily related to Massie Library.

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

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

Parks and Recreation:

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

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

Other Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Urban Growth Management

Neighborhood Housing & Community Development:

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

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

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

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

Development Services and Watershed Protection:

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

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

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

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

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

Performance Contracting - Accounts for the energy conservation measures that reduce energy consumption.

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

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

Urban Forest Replenishment Fund - Assists in planting replacement trees, saving blocks of natural areas, providing a maintenance program for trees to be retained, requiring special construction techniques, and/or transplanting existing trees.

Other:

Austin Clean Water Program Fund - Accounts for improvements to the wastewater collections system to eliminate system overflows in accordance with the EPA administrative order.

Barton Springs Conservation Fund - Accounts for habitat conservation in Barton Springs.

Block 21 Sales Proceeds - Accounts for proceeds from the sale of Block 21.

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

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

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

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

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

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

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

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

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

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

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

Music Loan Program Fund - Provides resources for one-time music projects.

One Texas Center Fund - Accounts for the revenues and debt service requirements of the One Texas Center building.

RMMA Reimbursement Fund - Accounts for the expenses incurred by the City for the redevelopment of the former Robert Mueller Municipal Airport (RMMA) site and the corresponding reimbursements by the Catellus Development Corp

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

Sustainability Fund - Provides resources for one-time projects that will help the City of Austin build a sustainable economic, environmental, and equitable infrastructure.

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

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

Turner Robertson O & M Fund - Accounts for the redistribution of proceeds related to the Turner Robertson Recreation Center.

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

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

Special Revenue Funds
Combining Balance Sheet
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-6

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2007 Total
ASSETS				
Cash	\$ --	5	--	5
Pooled investments and cash	1,178	81,296	4,719	87,193
Cash held by trustee-restricted	3,180	5	--	3,185
Accounts and other receivables	--	16,741	863	17,604
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	16,741	616	17,357
Receivables from other governments	14,147	--	--	14,147
Notes receivable, net of allowance	--	--	9,607	9,607
Due from other funds	--	12,437	--	12,437
Real property held for resale	--	--	11,831	11,831
Other assets	12	538	103	653
Total assets	<u>18,517</u>	<u>111,022</u>	<u>26,876</u>	<u>156,415</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	101	6,643	896	7,640
Accrued payroll	--	1,048	--	1,048
Due to other funds	10,696	1,741	--	12,437
Deferred revenue	6,316	279	4	6,599
Deposits and other liabilities	1,404	42,384	2,167	45,955
Total liabilities	<u>18,517</u>	<u>52,095</u>	<u>3,067</u>	<u>73,679</u>
Fund balances				
Reserved:				
Encumbrances	--	9,214	3,168	12,382
Notes receivable	--	--	9,607	9,607
Real property held for resale	--	--	11,831	11,831
Unreserved, undesignated:				
Special revenue	--	49,713	(797)	48,916
Total fund balances	<u>--</u>	<u>58,927</u>	<u>23,809</u>	<u>82,736</u>
Total liabilities and fund balances	<u>\$ 18,517</u>	<u>111,022</u>	<u>26,876</u>	<u>156,415</u>

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2007 Total
REVENUES				
Franchise fees and other taxes	\$ --	49,719	--	49,719
Fines, forfeitures, and penalties	--	4,865	--	4,865
Charges for services/goods	--	61,579	--	61,579
Intergovernmental	50,581	--	9,007	59,588
Property owners' participation and contributions	--	1,400	--	1,400
Interest and other	--	18,549	1,311	19,860
Total revenues	50,581	136,112	10,318	197,011
EXPENDITURES				
Current:				
General government	103	1,347	--	1,450
Public safety	11,788	2,362	--	14,150
Transportation, planning, and sustainability	862	3,748	--	4,610
Public health	20,886	36,976	--	57,862
Public recreation and culture	2,633	5,103	--	7,736
Urban growth management	14,309	34,664	8,849	57,822
Total expenditures	50,581	84,200	8,849	143,630
Excess of revenues over expenditures	--	51,912	1,469	53,381
OTHER FINANCING SOURCES (USES)				
Transfers in	--	23,762	--	23,762
Transfers out	--	(69,558)	--	(69,558)
Total other financing sources (uses)	--	(45,796)	--	(45,796)
Net change in fund balances	--	6,116	1,469	7,585
Fund balances at beginning of year	--	52,811	22,340	75,151
Fund balances at end of year	\$ --	58,927	23,809	82,736

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets					Liabilities and Fund Balances						
	Receivables					Due to					Total Liabilities and Fund Balances	
	Pooled Investments and Cash	Cash held by trustee	Other from Governments	Other Assets	Total Assets	Accounts Payable	Other Funds	Deferred Revenue	Other Liabilities	Total Liabilities		Fund Balances
Federal grants												
U.S. Department of Agriculture	\$ --	--	692	--	692	24	578	90	--	692	--	692
U.S. Department of Commerce	--	--	30	--	30	--	30	--	--	30	--	30
Corporation for National and Community Service	--	--	--	--	--	--	--	--	--	--	--	--
Environmental Protection Agency	--	--	--	--	--	--	--	--	--	--	--	--
Equal Employment Opportunity Commission	--	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Interior	--	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Justice	--	--	3,305	--	3,305	13	3,050	242	--	3,305	--	3,305
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	10
U.S. Department of Transportation	17	--	621	--	638	--	616	22	--	638	--	638
U.S. Health & Human Services	12	--	5,514	12	5,538	40	3,424	2,050	24	5,538	--	5,538
U.S. Department of Homeland Security	184	--	2,274	--	2,458	1	2,267	190	--	2,458	--	2,458
U.S. Housing/Urban Development	786	3,180	611	--	4,577	--	--	3,229	1,348	4,577	--	4,577
U.S. National Foundation on the Arts and Humanities	--	--	271	--	271	13	238	20	--	271	--	271
Total federal grants	999	3,180	13,328	12	17,519	91	10,213	5,843	1,372	17,519	--	17,519
State grants												
Texas Governor's Office Criminal Justice Division	--	--	9	--	9	--	9	--	--	9	--	9
State Health Services	55	--	237	--	292	10	144	138	--	292	--	292
Texas Commission of the Arts	3	--	--	--	3	--	--	3	--	3	--	3
Texas Comptroller of Public Accounts	52	--	--	--	52	--	--	20	32	52	--	52
Texas Engineering Extension	--	--	42	--	42	--	5	37	--	42	--	42
Texas Health and Human Services Commission	--	--	145	--	145	--	145	--	--	145	--	145
Texas Department of Transportation	--	--	96	--	96	--	96	--	--	96	--	96
Texas State Library and Archives Commission	--	--	29	--	29	--	29	--	--	29	--	29
Total state grants	110	--	558	--	668	10	428	198	32	668	--	668
Other special revenue grants	69	--	261	--	330	--	55	275	--	330	--	330
Total all grants	\$ 1,178	3,180	14,147	12	18,517	101	10,696	6,316	1,404	18,517	--	18,517

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-9

	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess</u> <u>(Deficiency)</u>	<u>Fund Balances</u>	<u>Fund Balances</u>
	<u>Inter-</u>	<u>Special</u>	<u>Of Revenues</u>	<u>at Beginning</u>	<u>at End</u>
	<u>governmental</u>	<u>Projects</u>	<u>Over</u>	<u>of Year</u>	<u>of Year</u>
			<u>Expenditures</u>		
Federal grants					
U.S. Department of Agriculture	\$ 4,301	4,301	--	--	--
U.S. Department of Commerce	1,500	1,500	--	--	--
Corporation for National and Community Service	--	--	--	--	--
Environmental Protection Agency	--	--	--	--	--
Equal Employment Opportunity Commission	100	100	--	--	--
U.S. Department of Interior	563	563	--	--	--
U.S. Department of Justice	7,815	7,815	--	--	--
U.S. Department of Labor	12	12	--	--	--
U.S. Department of Transportation	1,168	1,168	--	--	--
U.S. Health & Human Services	14,753	14,753	--	--	--
U.S. Department of Homeland Security	2,562	2,562	--	--	--
U.S. Housing/Urban Development	15,086	15,086	--	--	--
U.S. National Foundation on the Arts and Humanities	396	396	--	--	--
Total federal grants	48,256	48,256	--	--	--
State grants					
Texas Governor's Office Criminal Justice Division	52	52	--	--	--
State Health Services	1,019	1,019	--	--	--
Texas Commission of the Arts	32	32	--	--	--
Texas Comptroller of Public Accounts	123	123	--	--	--
Texas Engineering Extension	--	--	--	--	--
Texas Health and Human Services Commission	--	--	--	--	--
Texas Department of Transportation	438	438	--	--	--
Texas State Library and Archives Commission	86	86	--	--	--
Total state grants	1,750	1,750	--	--	--
Other special revenue grants	575	575	--	--	--
Total all grants	\$ 50,581	50,581	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2007
(In thousands)

City of Austin, Texas
 Exhibit E-10

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	In-Kind		Total	In-Kind		In-Kind		Total	In-Kind		Total
	Grant	Match		Grant	Match	Grant	Match		Grant	Match	
Federal grants											
U.S. Department of Agriculture	\$ 4,211	--	4,211	4,301	--	8,512	--	8,512	9,161	--	9,161
U.S. Department of Commerce	--	--	--	1,500	--	1,500	--	1,500	1,500	--	1,500
Corporation for National and Community Service	1,147	246	1,393	--	--	1,147	246	1,393	748	166	914
Environmental Protection Agency	9	11	20	--	--	9	11	20	43	29	72
Equal Employment Opportunity Commission	86	--	86	100	--	186	--	186	285	--	285
U.S. Department of Interior	--	--	--	563	63	563	63	626	563	63	626
U.S. Department of Justice	4,716	482	5,198	7,815	4,572	12,531	5,054	17,585	16,109	8,836	24,945
U.S. Department of Labor	348	--	348	12	--	360	--	360	410	--	410
U.S. Department of Transportation	9,408	2,041	11,449	1,168	491	10,576	2,532	13,108	16,249	4,248	20,497
U.S. Health & Human Services	25,996	218	26,214	14,753	58	40,749	276	41,025	52,932	887	53,819
U.S. Department of Homeland Security	22,834	41	22,875	2,562	177	25,396	218	25,614	30,509	345	30,854
U.S. Housing/Urban Development	125,797	1,347	127,144	15,086	70	140,883	1,417	142,300	147,790	3,551	151,341
U.S. National Foundation on the Arts and Humanities	453	--	453	396	--	849	--	849	1,235	--	1,235
Total federal grants	195,005	4,386	199,391	48,256	5,431	243,261	9,817	253,078	277,534	18,125	295,659
State grants											
Texas Governor's Office Criminal Justice Division	139	37	176	52	87	191	124	315	224	132	356
State Health Services	1,258	--	1,258	1,019	--	2,277	--	2,277	2,964	--	2,964
Texas Commission of the Arts	27	--	27	32	--	59	--	59	61	--	61
Texas Comptroller of Public Accounts	1,048	--	1,048	123	--	1,171	--	1,171	1,218	--	1,218
Texas Engineering Extension	--	--	--	--	--	--	--	--	--	--	--
Texas Health and Human Services Commission	--	--	--	--	--	--	--	--	--	--	--
Texas Department of Transportation	363	273	636	438	436	801	709	1,510	1,185	951	2,136
Texas State Library and Archives Commission	89	--	89	86	--	175	--	175	348	--	348
Total state grants	2,924	310	3,234	1,750	523	4,674	833	5,507	6,000	1,083	7,083
Other special revenue grants	1,324	--	1,324	575	--	1,899	--	1,899	2,162	--	2,162
Total all grants	\$ 199,253	4,696	203,949	50,581	5,954	249,834	10,650	260,484	285,696	19,208	304,904

**Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2007
(In thousands)**

	Assets						Total Assets
	Cash						
	Cash	Pooled Investments and Cash	Held by Trustee Restricted	Net Accounts Receivable	Due from Other Funds	Other Assets	
General government							
Municipal Court:							
Municipal Court Building Security	\$ --	168	--	--	--	--	168
Municipal Court Juvenile Case Manager	--	612	--	--	--	--	612
Municipal Court Technology	--	374	--	--	--	--	374
Total general government	--	1,154	--	--	--	--	1,154
Public safety							
Police:							
APD Incident Management	--	189	--	250	--	--	439
Auto Theft Interdiction	--	37	--	--	--	--	37
Aviation Asset Forfeiture	--	219	--	--	--	--	219
Police Benefit	--	23	--	--	--	--	23
Police Federal Seized Funds	4	131	--	--	--	--	135
Police Seized Money	--	176	--	--	--	--	176
Total Police	4	775	--	250	--	--	1,029
Fire:							
Fire Miscellaneous	--	18	--	--	--	--	18
Total Fire	--	18	--	--	--	--	18
Emergency Medical Services:							
EMS Travis County Reimbursed	--	--	--	270	--	--	270
Total Emergency Medical Services	--	--	--	270	--	--	270
Total public safety	4	793	--	520	--	--	1,317
Transportation, planning, and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	27,399	--	--	12,437	--	39,836
Office of Emergency Management Miscellaneous	--	12	--	--	--	--	12
Recycle Bins	--	6	--	--	--	--	6
RMD Conservation	--	97	--	--	--	--	97
RMD Loan	--	866	--	--	--	113	979
Total Public Works and Transportation	--	28,380	--	--	12,437	113	40,930
Transportation, Planning, and Sustainability:							
Austin Transportation Study	--	--	--	744	--	--	744
Child Safety	--	438	--	--	--	--	438
Environmental Remediation	--	165	--	--	--	--	165
Pavement Life Recovery	--	101	--	21	--	--	122
Railroad Right of Way	--	6	--	--	--	--	6
Subdivision Participation	--	4,965	--	--	--	--	4,965
Total Transportation, Planning, and Sustainability	--	5,675	--	765	--	--	6,440
Total transportation, planning, and sustainability	\$ --	34,055	--	765	12,437	113	47,370

Liabilities						Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
47	--	--	--	--	47	67	54	121	168
--	6	--	--	--	6	--	606	606	612
32	--	--	--	--	32	76	266	342	374
79	6	--	--	--	85	143	926	1,069	1,154
--	--	--	--	--	--	258	181	439	439
--	--	--	--	31	31	--	6	6	37
--	--	--	--	--	--	12	207	219	219
--	--	--	--	--	--	--	23	23	23
--	--	--	--	--	--	24	111	135	135
46	--	--	--	--	46	46	84	130	176
46	--	--	--	31	77	340	612	952	1,029
--	--	--	--	1	1	--	17	17	18
--	--	--	--	1	1	--	17	17	18
104	--	155	--	4	263	7	--	7	270
104	--	155	--	4	263	7	--	7	270
150	--	155	--	36	341	347	629	976	1,317
130	--	--	--	39,391	39,521	--	315	315	39,836
--	--	--	--	--	--	--	12	12	12
--	--	--	--	--	--	--	6	6	6
--	--	--	--	--	--	--	97	97	97
119	--	--	--	--	119	--	860	860	979
249	--	--	--	39,391	39,640	--	1,290	1,290	40,930
129	--	556	32	--	717	8	19	27	744
3	50	--	--	--	53	6	379	385	438
7	--	--	--	49	56	--	109	109	165
--	--	--	--	--	--	--	122	122	122
--	--	--	--	--	--	--	6	6	6
--	--	--	--	1,442	1,442	--	3,523	3,523	4,965
139	50	556	32	1,491	2,268	14	4,158	4,172	6,440
388	50	556	32	40,882	41,908	14	5,448	5,462	47,370

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2007
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	
Public health							
Health and Human Services:							
CCSD Operations-Travis County Hospital District	\$ --	1,932	--	1,719	--	--	3,651
Disproportionate Share	--	126	--	--	--	--	126
Health and Human Services Travis County							
Reimbursed	--	--	--	615	--	--	615
Health Miscellaneous	--	133	--	--	--	--	133
Medicaid Administrative Claims	--	19	--	--	--	--	19
Total Health and Human Services	--	2,210	--	2,334	--	--	4,544
Other public health:							
Animal Services Fund	--	430	--	--	--	--	430
Animal Shelter Building	--	13	--	--	--	--	13
Total other public health	--	443	--	--	--	--	443
Total public health	--	2,653	--	2,334	--	--	4,987
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	189	--	--	--	--	189
Julia Cousins Trust	--	--	--	--	--	--	--
Miscellaneous Library	--	--	--	--	--	--	--
Friends of Austin Public Library	--	45	--	--	--	--	45
Special Library	--	580	--	--	--	--	580
Total Austin Public Library	--	814	--	--	--	--	814
Parks and Recreation:							
Adaptive Programs	--	50	--	--	--	--	50
Austin Creeks and Trails	--	26	--	--	--	--	26
Balcones Canyonlands	--	75	--	--	--	--	75
Friends of East Austin Youth	--	10	--	--	--	--	10
PARD Cultural Projects	--	2,099	--	--	--	--	2,099
PARD Miscellaneous	--	767	--	2	--	--	769
PARD Police Asset Forfeitures	--	2	--	--	--	--	2
Planting for the Future	--	162	--	--	--	--	162
Republic Square	--	3	--	--	--	--	3
Rifle Class	--	1	--	--	--	--	1
Senior Nutrition	--	10	--	--	--	--	10
Summer Musical	--	361	--	--	--	--	361
Teen Activity	--	41	--	--	--	--	41
Tennis League	--	5	--	--	--	--	5
Town Lake Beautification	--	80	--	--	--	--	80
Total Parks and Recreation	--	3,692	--	2	--	--	3,694
Total public recreation and culture	\$ --	4,506	--	2	--	--	4,508

(Continued)

Accounts Payable	Accrued Payroll	Liabilities				Fund Balances			Total Liabilities and Fund Balances
		Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
998	980	--	--	--	1,978	1,325	348	1,673	3,651
--	--	--	--	--	--	--	126	126	126
162	--	228	--	10	400	29	186	215	615
--	--	--	--	93	93	--	40	40	133
--	--	--	--	715	715	--	(696)	(696)	19
1,160	980	228	--	818	3,186	1,354	4	1,358	4,544
21	--	--	--	183	204	30	196	226	430
--	--	--	--	--	--	--	13	13	13
21	--	--	--	183	204	30	209	239	443
1,181	980	228	--	1,001	3,390	1,384	213	1,597	4,987
--	--	--	--	--	--	--	189	189	189
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
4	--	--	--	2	6	11	28	39	45
15	--	--	--	--	15	42	523	565	580
19	--	--	--	2	21	53	740	793	814
--	--	--	--	--	--	--	50	50	50
--	--	--	--	--	--	--	26	26	26
--	--	--	--	--	--	--	75	75	75
--	--	--	--	--	--	--	10	10	10
285	--	--	--	--	285	365	1,449	1,814	2,099
--	--	--	--	--	--	3	766	769	769
--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	--	162	162	162
--	--	--	--	--	--	--	3	3	3
--	--	--	--	--	--	--	1	1	1
--	--	--	10	--	10	--	--	--	10
--	--	--	--	--	--	--	361	361	361
--	--	--	--	--	--	--	41	41	41
--	--	--	--	--	--	--	5	5	5
--	--	--	--	--	--	--	80	80	80
285	--	--	10	--	295	368	3,031	3,399	3,694
304	--	--	10	2	316	421	3,771	4,192	4,508

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2007
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Miscellaneous	\$ --	47	--	--	--	--	47
Housing Trust Social Equity	--	2,498	--	--	--	--	2,498
Neighborhood Housing and Conservation	1	2,022	--	--	--	--	2,023
UNO Housing Trust Fund	--	358	--	--	--	--	358
Total Neighborhood Housing & Community Development	1	4,925	--	--	--	--	4,926
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	168	--	--	--	--	168
Austin Inner City Redevelopment Corporation	--	2	--	--	--	--	2
East Sixth Street Public Improvement District	--	37	--	8	--	--	45
Energy Conservation Rebates and Incentives	--	5,070	--	--	--	--	5,070
Fee Waiver	--	28	--	--	--	--	28
Performance Contracting Fund	--	--	--	--	--	--	--
Planning, Environmental Conservation Services	--	108	--	--	--	--	108
Public Improvement District	--	2,087	--	48	--	--	2,135
Urban Forest Replenishment	--	940	--	--	--	--	940
Total Development Services and Watershed Protection	--	8,440	--	56	--	--	8,496
Other urban growth management:							
Austin Clean Water Program	--	140	--	--	--	--	140
Barton Springs Conservation	--	23	--	--	--	--	23
Block 21 Sale Proceeds	--	15,220	--	--	--	--	15,220
Business Retention & Enhancement	--	337	--	33	--	--	370
Cable TV	--	53	--	--	--	--	53
Rutherford Lane Facility Fund	--	--	--	--	--	--	--
City Hall Fund	--	--	--	--	--	--	--
City Hall Retail Tenant Improvement	--	109	--	--	--	--	109
Downtown Development	--	208	--	--	--	--	208
Hotel-Motel Occupancy Tax	--	20	--	10,835	--	--	10,855
I-35 Parking Program	--	474	--	--	--	--	474
Katrina Disaster Relief	--	19	--	--	--	--	19
Mueller Development Fund	--	--	--	708	--	--	708
Mueller Local Government Corporation	--	2	5	--	--	--	7
Music Loan Program	--	273	--	--	--	--	273
One Texas Center	--	285	--	--	--	--	285
RMMA Reimbursement	--	--	--	--	--	--	--
Strategic Planning Investment	--	7	--	--	--	--	7
Sustainability	--	553	--	--	--	--	553
Tax Increment Finance	--	397	--	--	--	--	397
Tourism and Promotion	--	1,267	--	--	--	425	1,692
Turner Robertson O&M	--	314	--	--	--	--	314
Vehicle Rental Tax	--	--	--	1,488	--	--	1,488
Wildland Conservation	--	5,069	--	--	--	--	5,069
Total other urban growth management	--	24,770	5	13,064	--	425	38,264
Total urban growth management	1	38,135	5	13,120	--	425	51,686
2007 Total	\$ 5	81,296	5	16,741	12,437	538	111,022

(Continued)

Liabilities						Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	--	--	47	47	47
--	--	--	--	4	4	--	2,494	2,494	2,498
42	12	--	--	405	459	176	1,388	1,564	2,023
--	--	--	--	--	--	--	358	358	358
42	12	--	--	409	463	176	4,287	4,463	4,926
--	--	--	--	--	--	--	168	168	168
--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	20	25	45	45
2,684	--	--	--	--	2,684	3,319	(933)	2,386	5,070
--	--	--	--	--	--	--	28	28	28
--	--	--	--	--	--	313	(313)	--	--
--	--	--	--	--	--	3	105	108	108
506	--	--	--	--	506	1,517	112	1,629	2,135
--	--	--	--	--	--	--	940	940	940
3,190	--	--	--	--	3,190	5,172	134	5,306	8,496
--	--	--	--	14	14	--	126	126	140
--	--	--	--	--	--	--	23	23	23
--	--	--	--	--	--	--	15,220	15,220	15,220
--	--	--	--	--	--	--	370	370	370
157	--	--	--	--	157	9	(113)	(104)	53
37	--	461	--	3	501	68	(569)	(501)	--
47	--	280	--	1	328	62	(390)	(328)	--
--	--	--	--	15	15	9	85	94	109
--	--	--	--	--	--	--	208	208	208
--	--	--	--	21	21	--	10,834	10,834	10,855
--	--	--	237	--	237	15	222	237	474
11	--	--	--	--	11	18	(10)	8	19
--	--	43	--	--	43	58	607	665	708
--	--	--	--	--	--	--	7	7	7
--	--	--	--	--	--	--	273	273	273
--	--	--	--	--	--	38	247	285	285
--	--	18	--	--	18	--	(18)	(18)	--
--	--	--	--	--	--	--	7	7	7
309	--	--	--	--	309	452	(208)	244	553
--	--	--	--	--	--	19	378	397	397
748	--	--	--	--	748	748	196	944	1,692
--	--	--	--	--	--	--	314	314	314
--	--	--	--	--	--	--	1,488	1,488	1,488
--	--	--	--	--	--	61	5,008	5,069	5,069
1,309	--	802	237	54	2,402	1,557	34,305	35,862	38,264
4,541	12	802	237	463	6,055	6,905	38,726	45,631	51,686
6,643	1,048	1,741	279	42,384	52,095	9,214	49,713	58,927	111,022

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

	Revenues					Total Revenues
	Gross Receipts	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
	Taxes					
General government						
Municipal Court:						
Municipal Court Building Security	\$ --	385	--	--	10	395
Municipal Court Juvenile Case Manager	--	424	--	--	26	450
Municipal Court Technology	--	509	--	--	22	531
Total general government	--	1,318	--	--	58	1,376
Public safety						
Police:						
APD Incident Management	--	--	1,083	--	29	1,112
Auto Theft Interdiction	--	--	--	--	2	2
Aviation Asset Forfeiture	--	117	--	--	6	123
Police Benefit	--	--	6	--	1	7
Police Federal Seized Funds	--	262	--	--	7	269
Police Seized Money	--	182	--	--	40	222
Total Police	--	561	1,089	--	85	1,735
Fire:						
Fire Miscellaneous	--	--	22	--	1	23
Total Fire	--	--	22	--	1	23
Emergency Medical Services:						
EMS Travis County Reimbursed	--	--	1,285	--	--	1,285
Total Emergency Medical Services	--	--	1,285	--	--	1,285
Total public safety	--	561	2,396	--	86	3,043
Transportation, planning and sustainability						
Public Works and Transportation:						
Fiscal Surety - Land Development	--	--	--	--	635	635
Office of Emergency Management Miscellaneous	--	--	--	--	11	11
Recycle Bins	--	--	--	--	1	1
RMD Conservation	--	--	--	--	--	--
RMD Loan	--	--	--	--	--	--
Total Public Works and Transportation	--	--	--	--	647	647
Transportation, Planning and Sustainability:						
Austin Transportation Study	--	--	1,811	--	--	1,811
Child Safety	--	1,358	--	--	14	1,372
Environmental Remediation	--	--	--	--	19	19
Pavement Life Recovery	--	--	91	--	2	93
Railroad Right of Way	--	--	--	--	--	--
Subdivision Participation	--	--	--	--	222	222
Total Transportation, Planning and Sustainability	--	1,358	1,902	--	257	3,517
Total transportation, planning and sustainability	\$ --	1,358	1,902	--	904	4,164

(1) Expenditures include capital outlay of \$1,163

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)		Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
		Transfers In	Transfers Out			
467	(72)	--	--	(72)	193	121
145	305	--	--	305	301	606
735	(204)	--	--	(204)	546	342
1,347	29	--	--	29	1,040	1,069
383	729	--	--	729	(290)	439
--	2	--	--	2	4	6
60	63	--	--	63	156	219
1	6	--	--	6	17	23
363	(94)	--	--	(94)	229	135
208	14	--	--	14	116	130
1,015	720	--	--	720	232	952
26	(3)	--	--	(3)	20	17
26	(3)	--	--	(3)	20	17
1,321	(36)	--	--	(36)	43	7
1,321	(36)	--	--	(36)	43	7
2,362	681	--	--	681	295	976
--	635	--	--	635	(320)	315
5	6	--	--	6	6	12
--	1	--	--	1	5	6
--	--	--	--	--	97	97
--	--	--	--	--	860	860
5	642	--	--	642	648	1,290
1,745	66	--	--	66	(39)	27
1,368	4	--	--	4	381	385
630	(611)	724	(578)	(465)	574	109
--	93	--	--	93	29	122
--	--	--	--	--	6	6
--	222	--	--	222	3,301	3,523
3,743	(226)	724	(578)	(80)	4,252	4,172
3,748	416	724	(578)	562	4,900	5,462

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

	Revenues					Total Revenues
	Gross Receipts	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
	Taxes					
Public health						
Health and Human Services:						
CCSD Operations-Travis County Hospital District	\$ --	--	33,872	--	435	34,307
Disproportionate Share	--	--	--	--	--	--
Federally Qualified Health Center (2)	--	--	--	--	--	--
Health and Human Services Travis County						
Reimbursed	--	--	1,927	--	--	1,927
Health Miscellaneous	--	--	--	--	6	6
Medicaid Administrative Claims	--	--	--	--	--	--
Travis County Hospital District Reimbursed Fund	--	--	--	--	--	--
Total Health and Human Services	--	--	35,799	--	441	36,240
Other public health:						
Animal Services Fund	--	--	--	114	17	131
Animal Shelter Building	--	--	--	--	--	--
Total other public health	--	--	--	114	17	131
Total public health	--	--	35,799	114	458	36,371
Public recreation and culture						
Austin Public Library:						
Austin History Center	--	--	--	28	--	28
Julia Cousins Trust	--	--	--	--	--	--
Miscellaneous Library	--	--	--	--	--	--
Friends of Austin Public Library	--	--	--	65	--	65
Special Library	--	--	--	114	--	114
Total Austin Public Library	--	--	--	207	--	207
Parks and Recreation:						
Adaptive Programs	--	--	--	--	--	--
Austin Creeks and Trails	--	--	--	3	--	3
Balcones Canyonlands	--	--	--	--	--	--
Friends of East Austin Youth	--	--	--	--	--	--
PARD Cultural Projects	--	--	--	--	56	56
PARD Miscellaneous	--	--	--	142	7	149
PARD Police Asset Forfeitures	--	--	--	--	--	--
Planting for the Future	--	--	--	31	--	31
Republic Square	--	--	--	--	--	--
Rifle Class	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--
Summer Musical	--	--	--	29	--	29
Teen Activity	--	--	--	8	--	8
Tennis League	--	--	--	--	--	--
Town Lake Beautification	--	--	--	517	--	517
Total parks and recreation	--	--	--	730	63	793
Total public recreation and culture	\$ --	--	--	937	63	1,000

(1) Expenditures include capital outlay of \$1,163

(Continued)

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)		Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
		Transfers In	Transfers Out			
34,944	(637)	--	(1,200)	(1,837)	3,510	1,673
--	--	--	--	--	126	126
--	--	--	--	--	--	--
1,938	(11)	--	--	(11)	226	215
7	(1)	--	--	(1)	41	40
--	--	--	--	--	(696)	(696)
--	--	--	--	--	--	--
36,889	(649)	--	(1,200)	(1,849)	3,207	1,358
87	44	--	--	44	182	226
--	--	--	--	--	13	13
87	44	--	--	44	195	239
36,976	(605)	--	(1,200)	(1,805)	3,402	1,597
--	28	--	--	28	161	189
--	--	--	(1)	(1)	1	--
--	--	--	(1)	(1)	1	--
26	39	--	--	39	--	39
82	32	2	--	34	531	565
108	99	2	(2)	99	694	793
--	--	--	--	--	50	50
--	3	--	--	3	23	26
--	--	--	--	--	75	75
--	--	--	--	--	10	10
4,833	(4,777)	4,928	--	151	1,663	1,814
43	106	--	--	106	663	769
--	--	--	--	--	2	2
84	(53)	--	--	(53)	215	162
1	(1)	--	--	(1)	4	3
--	--	--	--	--	1	1
--	--	--	--	--	--	--
10	19	--	(770)	(751)	1,112	361
10	(2)	--	--	(2)	43	41
--	--	--	--	--	5	5
14	503	--	(475)	28	52	80
4,995	(4,202)	4,928	(1,245)	(519)	3,918	3,399
5,103	(4,103)	4,930	(1,247)	(420)	4,612	4,192

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

	Revenues					
	Gross	Fines,	Charges for	Interest		Total
	Receipts	Forfeitures	Services/ Goods	Contributions	and Other	
Taxes	and Penalties					
Urban growth management						
Neighborhood Housing & Community Development:						
Housing Miscellaneous	\$ --	--	--	--	2	2
Housing Trust Social Equity	--	--	--	--	111	111
Neighborhood Housing and Conservation	--	--	--	--	36	36
UNO Housing Trust Fund	--	--	--	--	184	184
Total Neighborhood Housing & Community Development	--	--	--	--	333	333
Development Services and Watershed Protection:						
Austin Industrial Development Corporation (AIDC)	--	--	--	--	7	7
Austin Inner City Redevelopment Corporation	--	--	--	--	--	--
East Sixth Street Public Improvement District	--	--	45	44	1	90
Energy Conservation Rebates and Incentives	--	--	15,563	--	--	15,563
Fee Waiver	--	--	--	--	1	1
Performance Contracting Fund	--	--	--	--	--	--
Planning, Environmental Conservation Services	--	--	--	--	--	--
Public Improvement District	--	--	1,930	--	93	2,023
Urban Forest Replenishment	--	--	--	305	34	339
Total Development Services and Watershed Protection	--	--	17,538	349	136	18,023
Other urban growth management:						
Austin Clean Water Program	--	--	--	--	--	--
Austin Music Channel	--	--	--	--	--	--
Barton Springs Conservation	--	--	--	--	1	1
Block 21 Sale Proceeds	--	--	--	--	15,220	15,220
Business Retention & Enhancement	--	--	--	--	370	370
Cable TV	313	--	--	--	3	316
Rutherford Lane Facility Fund	--	--	1,623	--	--	1,623
City Hall Fund	--	--	116	--	1	117
City Hall Retail Tenant Improvement	--	--	--	--	--	--
Downtown Development	--	--	--	--	9	9
Hotel-Motel Occupancy Tax	43,366	--	--	--	--	43,366
I-35 Parking Program	--	--	284	--	18	302
Katrina Disaster Relief	--	--	--	--	13	13
Mueller Development Fund	--	--	--	--	250	250
Mueller Local Government Corporation	--	--	--	--	253	253
Music Loan Program	--	--	--	--	12	12
One Texas Center	--	--	1,921	--	--	1,921
RMMA Reimbursement	--	--	--	--	--	--
Strategic Planning Investment	--	--	--	--	1	1
Sustainability	--	--	--	--	--	--
Tax Increment Finance	--	--	--	--	18	18
Tourism and Promotion	--	--	--	--	82	82
Turner Robertson O&M	--	--	--	--	--	--
Vehicle Rental Tax	6,040	--	--	--	92	6,132
Wildland Conservation	--	1,628	--	--	168	1,796
Total other urban growth management	49,719	1,628	3,944	--	16,511	71,802
Total urban growth management	49,719	1,628	21,482	349	16,980	90,158
2007 Total	\$ 49,719	4,865	61,579	1,400	18,549	136,112

(1) Expenditures include capital outlay of \$1,163

(Continued)

Expenditures (1)	Excess (Deficiency) Of Revenues Over Expenditures	Other Financing Sources (Uses)		Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
		Transfers In	Transfers Out			
--	2	--	--	2	45	47
447	(336)	1,000	--	664	1,830	2,494
2,538	(2,502)	2,540	--	38	1,526	1,564
--	184	--	--	184	174	358
2,985	(2,652)	3,540	--	888	3,575	4,463
--	7	--	--	7	161	168
--	--	--	--	--	2	2
63	27	--	--	27	18	45
15,106	457	--	(317)	140	2,246	2,386
--	1	--	--	1	27	28
--	--	--	--	--	--	--
--	--	--	--	--	108	108
1,712	311	150	--	461	1,168	1,629
--	339	--	--	339	601	940
16,881	1,142	150	(317)	975	4,331	5,306
--	--	--	--	--	126	126
--	--	--	--	--	--	--
45	(44)	45	--	1	22	23
--	15,220	--	--	15,220	--	15,220
--	370	--	--	370	--	370
837	(521)	--	--	(521)	417	(104)
1,082	541	--	(1,524)	(983)	482	(501)
216	(99)	--	--	(99)	(229)	(328)
71	(71)	--	--	(71)	165	94
--	9	--	--	9	199	208
--	43,366	--	(42,225)	1,141	9,693	10,834
83	219	--	--	219	18	237
177	(164)	--	--	(164)	172	8
43	207	--	--	207	458	665
504	(251)	506	(12,193)	(11,938)	11,945	7
--	12	--	--	12	261	273
2	1,919	--	(1,232)	687	(402)	285
18	(18)	--	--	(18)	--	(18)
--	1	--	--	1	6	7
4,167	(4,167)	6,839	(2,840)	(168)	412	244
74	(56)	100	--	44	353	397
7,200	(7,118)	6,928	--	(190)	1,134	944
--	--	--	--	--	314	314
--	6,132	--	(6,202)	(70)	1,558	1,488
279	1,517	--	--	1,517	3,552	5,069
14,798	57,004	14,418	(66,216)	5,206	30,656	35,862
34,664	55,494	18,108	(66,533)	7,069	38,562	45,631
84,200	51,912	23,762	(69,558)	6,116	52,811	58,927

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-13

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
General government							
Municipal Court:							
Municipal Court Building Security							
Actual-budget basis	\$ 107	395	531	--	--	(136)	(29)
Budget	(349)	449	534	--	--	(85)	(434)
Variance-Positive (Negative)	456	(54)	3	--	--	(51)	405
Municipal Court Technology							
Actual-budget basis	459	531	727	--	--	(196)	263
Budget	(2,661)	635	1,115	--	--	(480)	(3,141)
Variance-Positive (Negative)	3,120	(104)	388	--	--	284	3,404
Municipal Court Juvenile Case Manager							
Actual-budget basis	--	450	145	--	--	305	305
Budget	--	556	274	--	--	282	282
Variance-Positive (Negative)	--	(106)	129	--	--	23	23
Public safety							
Police:							
Aviation Asset Forfeiture							
Actual-budget basis	144	123	73	--	--	50	194
Budget	(598)	38	85	--	--	(47)	(645)
Variance-Positive (Negative)	742	85	12	--	--	97	839
Police Federal Seized Funds							
Actual-budget basis	(29)	269	212	--	--	57	28
Budget	(3,028)	269	355	--	--	(86)	(3,114)
Variance-Positive (Negative)	2,999	--	143	--	--	143	3,142
Police Seized Money							
Actual-budget basis	(7)	222	139	--	--	83	76
Budget	(693)	170	135	--	--	35	(658)
Variance-Positive (Negative)	686	52	(4)	--	--	48	734
Emergency Medical Services:							
EMS Travis County Reimbursed							
Actual-budget basis	(4)	1,285	1,328	--	--	(43)	(47)
Budget	(171)	1,385	1,385	--	--	--	(171)
Variance-Positive (Negative)	167	(100)	57	--	--	(43)	124

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Transportation, planning and sustainability							
Transportation, planning and sustainability							
Child Safety							
Actual-budget basis	\$ 276	1,372	1,368	--	--	4	280
Budget	(942)	1,408	1,565	--	--	(157)	(1,099)
Variance-Positive (Negative)	1,218	(36)	197	--	--	161	1,379
Environmental Remediation							
Actual-budget basis	568	19	11	724	578	154	722
Budget	(286)	20	50	724	1,197	(503)	(789)
Variance-Positive (Negative)	854	(1)	39	--	619	657	1,511
Public health							
CCSD Operations-Travis County Hospital District							
Actual-budget basis	3,128	34,307	35,108	--	1,200	(2,001)	1,127
Budget	(1,724)	36,469	35,270	--	1,200	(1)	(1,725)
Variance-Positive (Negative)	4,852	(2,162)	162	--	--	(2,000)	2,852
Health and Human Services Travis County Reimbursed County Reimbursed							
Actual-budget basis	(362)	1,927	1,947	--	--	(20)	(382)
Budget	(1,863)	2,137	2,142	--	--	(5)	(1,868)
Variance-Positive (Negative)	1,501	(210)	195	--	--	(15)	1,486
Public recreation and culture							
PARD Cultural Projects							
Actual-budget basis	1,196	56	4,912	4,928	--	72	1,268
Budget	(284)	20	4,994	4,170	--	(804)	(1,088)
Variance-Positive (Negative)	1,480	36	82	758	--	876	2,356
PARD Police Asset Forfeiture							
Actual-budget basis	2	--	--	--	--	--	2
Budget	(18)	--	2	--	--	(2)	(20)
Variance-Positive (Negative)	20	--	2	--	--	2	22

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management							
Neighborhood Planning and Zoning:							
Neighborhood Housing and Conservation							
Actual-budget basis	\$ 930	36	2,459	2,540	--	117	1,047
Budget	(2,258)	55	3,179	2,540	--	(584)	(2,842)
Variance-Positive (Negative)	3,188	(19)	720	--	--	701	3,889
Development Services and Watershed Protection:							
East Sixth Street Public Improvement District							
Actual-budget basis	18	46	83	--	--	(37)	(19)
Budget	8	43	83	44	--	4	12
Variance-Positive (Negative)	10	3	--	(44)	--	(41)	(31)
Energy Conservation Rebates and Incentives							
Actual-budget basis	(2,455)	15,563	14,514	--	317	732	(1,723)
Budget	(1,762)	17,708	17,347	--	323	38	(1,724)
Variance-Positive (Negative)	(693)	(2,145)	2,833	--	6	694	1
Performance Contracting Fund							
Actual-budget basis	--	--	238	--	--	(238)	(238)
Budget	--	5,000	2,500	--	--	2,500	2,500
Variance	--	(5,000)	2,262	--	--	(2,738)	(2,738)
Public Improvement District							
Actual-budget basis	467	2,023	2,023	150	--	150	617
Budget	(643)	1,873	2,023	150	--	--	(643)
Variance-Positive (Negative)	1,110	150	--	--	--	150	1,260
Other							
City Hall Fund							
Actual-budget basis	(260)	117	219	--	--	(102)	(362)
Budget	(180)	20	200	--	--	(180)	(360)
Variance-Positive (Negative)	(80)	97	(19)	--	--	78	(2)
Rutherford Lane Facility Fund							
Actual-budget basis	480	1,623	1,114	--	1,524	(1,015)	(535)
Budget	(103)	2,770	1,393	--	1,777	(400)	(503)
Variance-Positive (Negative)	583	(1,147)	279	--	253	(615)	(32)
Hotel-Motel Occupancy Tax							
Actual-budget basis	--	43,366	--	--	42,225	1,141	1,141
Budget	--	35,742	--	--	35,742	--	--
Variance-Positive (Negative)	--	7,624	--	--	(6,483)	1,141	1,141

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Other con't							
I-35 Parking Program							
Actual-budget basis	\$ 16	302	97	--	--	205	221
Budget	(196)	--	450	--	--	(450)	(646)
Variance-Positive (Negative)	212	302	353	--	--	655	867
Mueller Development Fund							
Actual-budget basis	434	250	102	--	--	148	582
Budget	--	250	250	--	--	--	--
Variance-Positive (Negative)	434	--	148	--	--	148	582
One Texas Center							
Actual-budget basis	(454)	1,921	--	--	1,232	689	235
Budget	(2,311)	1,814	--	--	1,232	582	(1,729)
Variance-Positive (Negative)	1,857	107	--	--	--	107	1,964
Sustainability							
Actual-budget basis	(70)	--	3,927	6,839	2,840	72	2
Budget	(94)	--	3,928	6,839	2,840	71	(23)
Variance-Positive (Negative)	24	--	1	--	--	1	25
Tourism and Promotion							
Actual-budget basis	1,150	82	7,200	6,928	--	(190)	960
Budget	(1,345)	11	6,750	5,884	--	(855)	(2,200)
Variance-Positive (Negative)	2,495	71	(450)	1,044	--	665	3,160
Vehicle Rental Tax							
Actual-budget basis	(2,190)	6,132	--	--	6,202	(70)	(2,260)
Budget	(5,107)	5,238	--	--	5,238	--	(5,107)
Variance-Positive (Negative)	2,917	894	--	--	(964)	(70)	2,847
Wildland Conservation							
Actual-budget basis	3,311	1,796	307	--	--	1,489	4,800
Budget	(469)	250	250	--	--	--	(469)
Variance-Positive (Negative)	3,780	1,546	(57)	--	--	1,489	5,269
Total							
Actual-budget basis	\$ 6,855	114,213	78,784	22,109	56,118	1,420	8,275
Budget	(27,077)	114,330	86,259	20,351	49,549	(1,127)	(28,204)
Variance-Positive (Negative)	33,932	(117)	7,475	1,758	(6,569)	2,547	36,479





DEBT SERVICE FUNDS

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

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

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



**Debt Service Funds
Combining Balance Sheet
September 30, 2007
(In thousands)**

**City of Austin, Texas
Exhibit E-14**

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>2007 Total</u>
ASSETS			
Pooled investments and cash	\$ 108	--	108
Investments, at fair value	15,201	--	15,201
Property taxes receivable	4,323	--	4,323
Less allowance for uncollectible taxes	(1,193)	--	(1,193)
Net property taxes receivable	<u>3,130</u>	--	<u>3,130</u>
Accounts and other taxes receivable	3,002	--	3,002
Due from other funds	13	--	13
Advances to other funds	7,721	--	7,721
Total assets	<u><u>29,175</u></u>	<u><u>--</u></u>	<u><u>29,175</u></u>
LIABILITIES AND FUND BALANCES			
Due to other funds	238	--	238
Deferred revenue	3,007	--	3,007
Advances from other funds	348	--	348
Total liabilities	<u>3,593</u>	<u>--</u>	<u>3,593</u>
Fund balances			
Reserved:			
Advances to other funds	7,721	--	7,721
Debt service	17,861	--	17,861
Total fund balances	<u>25,582</u>	<u>--</u>	<u>25,582</u>
Total liabilities and fund balances	<u><u>\$ 29,175</u></u>	<u><u>--</u></u>	<u><u>29,175</u></u>

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-15

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>2007 Total</u>
REVENUES			
Property taxes			
Current	\$ 82,714	--	82,714
Penalty and interest	464	--	464
Interest and other	11,055	2,270	13,325
Total revenues	<u>94,233</u>	<u>2,270</u>	<u>96,503</u>
EXPENDITURES			
Debt service:			
Principal	58,774	1,155	59,929
Interest	38,041	1,115	39,156
Fees and commissions	10	--	10
Total expenditures	<u>96,825</u>	<u>2,270</u>	<u>99,095</u>
Excess (deficiency) of revenues over expenditures	(2,592)	--	(2,592)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,068	--	6,068
Total other financing sources (uses)	<u>6,068</u>	<u>--</u>	<u>6,068</u>
Net change in fund balances	3,476	--	3,476
Fund balances at beginning of year	22,106	--	22,106
Fund balances at end of year	<u>\$ 25,582</u>	<u>--</u>	<u>25,582</u>

Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			2007 Actual-Budget Basis Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	
REVENUES							
General property taxes	\$ 83,178	82,297	881	--	--	--	83,178
Interest	3,457	2,448	1,009	--	--	--	3,457
Other revenue	6,715	3,577	3,138	2,270	2,069	201	8,985
Total revenues	93,350	88,322	5,028	2,270	2,069	201	95,620
EXPENDITURES							
Principal retirement	68,255	70,434	2,179	1,155	--	(1,155)	69,410
Interest and other	42,378	43,309	931	1,115	2,069	954	43,493
Fees and commissions	10	--	(10)	--	--	--	10
Total expenditures	110,643	113,743	3,100	2,270	2,069	(201)	112,913
Excess (deficiency) of revenues over expenditures	(17,293)	(25,421)	8,128	--	--	--	(17,293)
OTHER FINANCING SOURCES (USES)							
Transfers in	24,222	21,675	2,547	--	--	--	24,222
Total other financing sources (uses)	24,222	21,675	2,547	--	--	--	24,222
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,929	(3,746)	10,675	--	--	--	6,929
Fund balances at beginning of year	11,310	15,121	(3,811)	--	--	--	11,310
Fund balances at end of year	\$ 18,239	11,375	6,864	--	--	--	18,239



CAPITAL PROJECTS FUNDS

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

Prior

to 1984: Funds authorized prior to 1981, for various purposes;

Funds authorized August 29, 1981, for street and drainage, fire stations, and emergency medical service projects;

Funds authorized September 11, 1982, for various purposes;

Funds authorized October 22, 1983, for Jollyville Road Improvements;

1984: Funds authorized September 8, 1984, for various purposes;

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

Funds authorized July 26, 1985, for parks and recreation;

Funds authorized September 26, 1985, for art in public places;

Funds authorized December 14, 1985, for parks and recreation;

1987: Funds authorized September 3, 1987, for street improvements;

1992: Funds authorized August 10, 1992, for various purposes;

1997: Funds authorized May 3, 1997, for radio trunking;

1998: Funds authorized November 3, 1998, for various purposes;

2000: Funds authorized November 7, 2000, for transportation mobility and land acquisition; and

Other: Other funds established for various purposes.



Capital Projects Funds
Balance Sheet
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-17

	<u>2007</u>
ASSETS	
Pooled investments and cash	\$ 102,738
Accounts and other receivables	5,160
Less allowance for doubtful accounts	<u>(2,669)</u>
Net accounts receivable	2,491
Due from other funds	25,494
Other assets	<u>543</u>
Total assets	<u><u>131,266</u></u>
LIABILITIES AND FUND BALANCES	
Accounts payable	11,395
Due to other funds	25,494
Deposits and other liabilities	<u>427</u>
Total liabilities	<u><u>37,316</u></u>
Fund balances	
Reserved:	
Encumbrances	47,896
Unreserved, undesignated:	
Capital projects	<u>46,054</u>
Total fund balances	<u>93,950</u>
Total liabilities and fund balances	<u><u>\$ 131,266</u></u>

Capital Projects Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit E-18

	<u>2007</u>
REVENUES	
Intergovernmental	\$ 14,298
Property owners' participation and contributions	1,239
Interest and other	8,503
Total revenues	<u>24,040</u>
EXPENDITURES	
Capital outlay	94,228
Total expenditures	<u>94,228</u>
Excess (deficiency) of revenues over expenditures	(70,188)
OTHER FINANCING SOURCES (USES)	
Transfers in	34,924
Transfers out	(9,783)
Total other financing sources (uses)	<u>25,141</u>
Net change in fund balances	(45,047)
Fund balances at beginning of year	138,997
Fund balances at end of year	<u>\$ 93,950</u>

**Capital Projects Funds
Combining Balance Sheet
September 30, 2007
(In thousands)**

	Assets						Total Assets
	Pooled Investments and Cash	Accounts and Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized Prior to 1981							
Police and courts	\$ 2	--	--	--	--	--	2
Funds Authorized August 29, 1981							
EMS buildings	244	--	--	--	--	--	244
Total Prior to 1984	246	--	--	--	--	--	246
Funds Authorized September 8, 1984							
Parkland acquisition	2	--	--	--	--	--	2
Drainage and flood improvements	3,890	--	--	--	--	--	3,890
Street improvements	1,721	12	--	12	--	--	1,733
Fire improvements	6	--	--	--	--	--	6
	<u>5,619</u>	<u>12</u>	<u>--</u>	<u>12</u>	<u>--</u>	<u>--</u>	<u>5,631</u>
Funds Authorized January 19, 1985							
Cultural arts	1,434	--	--	--	--	414	1,848
Funds Authorized July 26, 1985							
Neighborhood park and recreation	7,327	--	--	--	--	--	7,327
Total Funds Authorized in 1985	8,761	--	--	--	--	414	9,175
Funds Authorized September 3, 1987							
Street resurfacing	122	66	(66)	--	--	--	122
	<u>122</u>	<u>66</u>	<u>(66)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>122</u>
Funds Authorized August 10, 1992							
Police substations	36	--	--	--	--	--	36
Asbestos abatement/ADA compliance/ East Austin health clinic	306	--	--	--	--	--	306
Erosion & flood control	570	--	--	--	--	--	570
Street & traffic signals	8	--	--	--	--	--	8
Neighborhood sidewalks	2	--	--	--	--	--	2
Parks and recreation facilities	--	--	--	--	--	--	--
Libraries	7	--	--	--	--	--	7
Barton Creek greenway	325	--	--	--	--	--	325
	<u>1,254</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,254</u>
Funds Authorized May 3, 1997							
Radio Trunking	--	2,156	--	2,156	--	--	2,156
	<u>\$ --</u>	<u>2,156</u>	<u>--</u>	<u>2,156</u>	<u>--</u>	<u>--</u>	<u>2,156</u>

Liabilities				Fund Balances			Total Liabilities and Fund Balances
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Reserved for Encumbrances	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	2	2	2
8	--	--	8	11	225	236	244
8	--	--	8	11	227	238	246
--	--	--	--	--	2	2	2
--	--	--	--	930	2,960	3,890	3,890
--	--	--	--	129	1,604	1,733	1,733
--	--	--	--	--	6	6	6
--	--	--	--	1,059	4,572	5,631	5,631
101	--	--	101	287	1,460	1,747	1,848
13	--	--	13	143	7,171	7,314	7,327
114	--	--	114	430	8,631	9,061	9,175
--	--	--	--	--	122	122	122
--	--	--	--	--	122	122	122
--	--	--	--	--	36	36	36
--	--	--	--	87	219	306	306
206	--	--	206	501	(137)	364	570
--	--	--	--	--	8	8	8
--	--	--	--	1	1	2	2
--	283	--	283	38	(321)	(283)	--
--	--	--	--	24	(17)	7	7
--	--	--	--	--	325	325	325
206	283	--	489	651	114	765	1,254
--	5,590	--	5,590	1,909	(5,343)	(3,434)	2,156
--	5,590	--	5,590	1,909	(5,343)	(3,434)	2,156

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2007
(In thousands)**

	Assets						Total Assets
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Due from Other Funds	Other Assets	
Funds Authorized							
November 3, 1998							
Cultural arts and land	\$ 6,213	--	--	--	--	--	6,213
Drainage and flood control	397	--	--	--	--	--	397
Traffic signals	16,473	63	--	63	--	--	16,536
Public safety facilities	1,026	--	--	--	--	--	1,026
Parks and recreation facilities	17,338	--	--	--	--	--	17,338
	<u>41,447</u>	<u>63</u>	<u>--</u>	<u>63</u>	<u>--</u>	<u>--</u>	<u>41,510</u>
Funds Authorized							
2000							
Transportation Mobility Improvement	18,635	--	--	--	2,480	--	21,115
Open Spaces	273	--	--	--	--	--	273
	<u>18,908</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,480</u>	<u>--</u>	<u>21,388</u>
Funds Authorized							
November 2006							
Transportation	--	--	--	--	--	--	--
Drainage & Open Spaces	--	--	--	--	--	--	--
Parks	--	--	--	--	--	--	--
Cultural Facilities	--	--	--	--	--	--	--
Public Safety	--	--	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other funds							
Travis County Hospital District projects	3,122	--	--	--	--	--	3,122
Community Health Center	348	--	--	--	--	--	348
Planning & development improvements	95	--	--	--	--	--	95
TPSD general improvements	8,041	36	--	36	--	--	8,077
Library automation system	2,698	--	--	--	--	--	2,698
Fire/EMS/NW Austin MUD #1	701	--	--	--	--	--	701
General government projects	--	--	--	--	19,756	--	19,756
Health projects	--	--	--	--	--	--	--
Build Austin	--	11	--	11	--	--	11
Build Central Texas	--	--	--	--	--	--	--
CMTA Mobility	532	--	--	--	--	--	532
Forsythia Drive	--	--	--	--	--	--	--
Central City Entertainment Center	--	--	--	--	--	--	--
Park improvements	4,106	--	--	--	--	--	4,106
Police and courts	362	--	--	--	--	--	362
Fire - general	1,034	--	--	--	--	--	1,034
Capital reserve	--	2,603	(2,603)	--	--	--	--
Library	--	--	--	--	--	--	--
Public Works	213	--	--	--	--	--	213
Watershed Protection	--	--	--	--	--	--	--
Great Streets	681	--	--	--	--	--	681
City Hall, plaza, parking garage	--	--	--	--	--	30	30
Conservation Land	--	--	--	--	--	--	--
Colony Park	3,509	--	--	--	--	--	3,509
Mueller redevelopment	--	--	--	--	--	--	--
NPZ General	400	--	--	--	--	--	400
Economic Development	539	--	--	--	--	--	539
Interest income fund	--	213	--	213	3,258	99	3,570
Total other funds	<u>26,381</u>	<u>2,863</u>	<u>(2,603)</u>	<u>260</u>	<u>23,014</u>	<u>129</u>	<u>49,784</u>
2007 Totals	<u>\$ 102,738</u>	<u>5,160</u>	<u>(2,669)</u>	<u>2,491</u>	<u>25,494</u>	<u>543</u>	<u>131,266</u>

(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	
516	--	--	516	1,603	4,094	5,697	6,213
--	--	--	--	49	348	397	397
740	--	--	740	3,347	12,449	15,796	16,536
--	--	--	--	126	900	1,026	1,026
590	--	--	590	2,007	14,741	16,748	17,338
1,846	--	--	1,846	7,132	32,532	39,664	41,510
451	--	--	451	2,707	17,957	20,664	21,115
--	--	--	--	88	185	273	273
451	--	--	451	2,795	18,142	20,937	21,388
417	822	--	1,239	3,124	(4,363)	(1,239)	--
--	3,253	--	3,253	254	(3,507)	(3,253)	--
149	2,650	--	2,799	1,318	(4,117)	(2,799)	--
--	3	--	3	22	(25)	(3)	--
20	143	--	163	329	(492)	(163)	--
586	6,871	--	7,457	5,047	(12,504)	(7,457)	--
106	--	--	106	228	2,788	3,016	3,122
--	--	--	--	27	321	348	348
--	--	--	--	96	(1)	95	95
461	--	--	461	1,829	5,787	7,616	8,077
351	--	--	351	2,585	(238)	2,347	2,698
--	--	--	--	--	701	701	701
1,042	--	412	1,454	3,583	14,719	18,302	19,756
--	73	--	73	138	(211)	(73)	--
236	349	--	585	443	(1,017)	(574)	11
474	1,386	--	1,860	1,832	(3,692)	(1,860)	--
2,458	--	--	2,458	8,182	(10,108)	(1,926)	532
--	--	--	--	--	--	--	--
--	--	--	--	1	(1)	--	--
1,436	--	--	1,436	4,413	(1,743)	2,670	4,106
--	--	--	--	--	362	362	362
29	--	--	29	871	134	1,005	1,034
1,246	2,698	--	3,944	3,463	(7,407)	(3,944)	--
--	--	--	--	--	--	--	--
6	475	--	481	954	(1,222)	(268)	213
--	657	--	657	6	(663)	(657)	--
--	--	--	--	--	681	681	681
--	7,112	--	7,112	35	(7,117)	(7,082)	30
--	--	15	15	--	(15)	(15)	--
--	--	--	--	176	3,333	3,509	3,509
--	--	--	--	--	--	--	--
--	--	--	--	--	400	400	400
339	--	--	339	--	200	200	539
--	--	--	--	--	3,570	3,570	3,570
8,184	12,750	427	21,361	28,862	(439)	28,423	49,784
11,395	25,494	427	37,316	47,896	46,054	93,950	131,266

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2007
(In thousands)

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized Prior to 1981					
Police and courts	\$ --	--	--	--	--
Funds Authorized August 29, 1981					
EMS buildings	--	--	--	--	64
Total Prior to 1984	--	--	--	--	64
Funds Authorized September 8, 1984					
Parkland acquisition	--	--	--	--	--
Drainage and flood improvements	--	--	--	--	--
Street improvements	--	--	--	--	(180)
Fire improvements	--	--	--	--	--
	--	--	--	--	(180)
Funds Authorized January 19, 1985					
Cultural arts	--	--	105	105	130
Funds Authorized July 26, 1985					
Neighborhood park and recreation	--	1,604	187	1,791	454
Total Funds Authorized in 1985	--	1,604	292	1,896	584
Funds Authorized September 3, 1987					
Street resurfacing	--	7	5	12	--
	--	7	5	12	--
Funds Authorized August 10, 1992					
Police substations	--	--	--	--	16
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	27
Erosion & flood control	--	--	--	--	279
Street & traffic signals	--	--	--	--	--
Neighborhood sidewalks	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	33
Libraries	--	--	--	--	(7)
Barton Creek greenway	--	--	--	--	--
	--	--	--	--	348
Funds Authorized May 3, 1997					
Radio Trunking	4,154	1,040	--	5,194	5,410
	\$ 4,154	1,040	--	5,194	5,410

Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)		Total Other Financing Sources (Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Transfers In	Transfers Out				
--	--	--	--	--	2	2
(64)	--	--	--	(64)	300	236
(64)	--	--	--	(64)	302	238
--	--	--	--	--	2	2
--	--	--	--	--	3,890	3,890
180	--	--	--	180	1,553	1,733
--	--	--	--	--	6	6
180	--	--	--	180	5,451	5,631
(25)	--	--	--	(25)	1,772	1,747
1,337	1,433	(1,433)	--	1,337	5,977	7,314
1,312	1,433	(1,433)	--	1,312	7,749	9,061
12	--	--	--	12	110	122
12	--	--	--	12	110	122
(16)	--	--	--	(16)	52	36
(27)	--	--	--	(27)	333	306
(279)	--	--	--	(279)	643	364
--	--	--	--	--	8	8
--	--	--	--	--	2	2
(33)	--	--	--	(33)	(250)	(283)
7	--	--	--	7	--	7
--	--	--	--	--	325	325
(348)	--	--	--	(348)	1,113	765
(216)	--	--	--	(216)	(3,218)	(3,434)
(216)	--	--	--	(216)	(3,218)	(3,434)

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2007
(In thousands)

	Revenues				Expenditures
	Inter- governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Capital Outlay
Funds Authorized					
November 3, 1998					
Cultural arts and land	\$ --	--	--	--	4,005
Drainage and flood control	--	--	--	--	184
Traffic signals	--	--	--	--	2,814
Public safety facilities	--	--	--	--	51
Parks and recreation facilities	--	--	--	--	7,199
	--	--	--	--	14,253
Funds Authorized					
2000					
Transportation Mobility Improvement	--	--	--	--	6,206
Open Spaces	--	--	--	--	150
	--	--	--	--	6,356
Funds Authorized					
November 2006					
Transportation	--	--	--	--	1,239
Drainage & Open Spaces	--	--	--	--	3,253
Parks	--	--	--	--	2,799
Cultural Facilities	--	--	--	--	3
Public Safety	--	--	--	--	163
	--	--	--	--	7,457
Other funds					
Travis County Hospital District improvements	--	--	--	--	470
Community Health Center	--	--	--	--	17
Planning & development improvements	--	--	--	--	51
TPSD general improvements	--	--	--	--	1,066
Library automation system	--	--	--	--	1,941
Fire/EMS/NW Austin MUD #1	--	--	32	32	--
General government projects	--	--	--	--	6,630
Health projects	--	--	--	--	153
Build Austin	933	--	--	933	825
Build Central Texas	356	--	--	356	1,912
CMTA Mobility	6,507	--	101	6,608	10,563
Forsythia Drive	--	--	1	1	1
Central City Entertainment Center	--	--	--	--	--
Park improvements	1,522	501	1,390	3,413	10,991
Police and courts	--	--	--	--	9
Fire - general	--	--	--	--	1,669
Capital reserve	--	(2,611)	--	(2,611)	9,004
Public Works	826	--	--	826	692
Watershed Protection	--	--	--	--	98
Great Streets	--	--	1	1	--
City Hall, plaza, parking garage	--	--	--	--	92
Conservation Land	--	--	--	--	--
Colony Park	--	598	--	598	1,219
Mueller redevelopment	--	--	--	--	12,193
NPZ General	--	100	100	200	--
Economic Development	--	--	--	--	339
Interest income fund	--	--	6,581	6,581	1
Total other funds	10,144	(1,412)	8,206	16,938	59,936
2007 Totals	\$ 14,298	1,239	8,503	24,040	94,228

(Continued)

Other Financing Sources (Uses)						
Excess (Deficiency) of Revenues Over Expenditures	Transfers In	Transfers Out	Total Other Financing Sources(Uses)	Net Change in Fund Balances	Fund Balances at Beginning of Year	Fund Balances at End of Year
(4,005)	--	--	--	(4,005)	9,702	5,697
(184)	--	--	--	(184)	581	397
(2,814)	--	--	--	(2,814)	18,610	15,796
(51)	--	--	--	(51)	1,077	1,026
(7,199)	--	--	--	(7,199)	23,947	16,748
(14,253)	--	--	--	(14,253)	53,917	39,664
(6,206)	--	--	--	(6,206)	26,870	20,664
(150)	--	--	--	(150)	423	273
(6,356)	--	--	--	(6,356)	27,293	20,937
(1,239)	--	--	--	(1,239)	--	(1,239)
(3,253)	--	--	--	(3,253)	--	(3,253)
(2,799)	--	--	--	(2,799)	--	(2,799)
(3)	--	--	--	(3)	--	(3)
(163)	--	--	--	(163)	--	(163)
(7,457)	--	--	--	(7,457)	--	(7,457)
(470)	1,200	--	1,200	730	2,286	3,016
(17)	--	--	--	(17)	365	348
(51)	--	--	--	(51)	146	95
(1,066)	900	--	900	(166)	7,782	7,616
(1,941)	2,000	--	2,000	59	2,288	2,347
32	--	--	--	32	669	701
(6,630)	5,550	(2,700)	2,850	(3,780)	22,082	18,302
(153)	--	--	--	(153)	80	(73)
108	--	--	--	108	(682)	(574)
(1,556)	--	--	--	(1,556)	(304)	(1,860)
(3,955)	--	--	--	(3,955)	2,029	(1,926)
--	--	--	--	--	--	--
--	--	--	--	--	--	--
(7,578)	2,742	--	2,742	(4,836)	7,506	2,670
(9)	--	--	--	(9)	371	362
(1,669)	--	--	--	(1,669)	2,674	1,005
(11,615)	5,267	--	5,267	(6,348)	2,404	(3,944)
134	--	--	--	134	(402)	(268)
(98)	--	--	--	(98)	(559)	(657)
1	482	(400)	82	83	598	681
(92)	--	--	--	(92)	(6,990)	(7,082)
--	--	--	--	--	(15)	(15)
(621)	2,957	--	2,957	2,336	1,173	3,509
(12,193)	12,193	--	12,193	--	--	--
200	200	--	200	400	--	400
(339)	--	--	--	(339)	539	200
6,580	--	(5,250)	(5,250)	1,330	2,240	3,570
(42,998)	33,491	(8,350)	25,141	(17,857)	46,280	28,423
(70,188)	34,924	(9,783)	25,141	(45,047)	138,997	93,950





PERMANENT FUNDS

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs - that is, for the benefit of the government or its citizenry.

3M Maintenance Endowment - Purpose is to account for 3M Mitigation Land Endowment.

Ellis Library Trust - Purpose is to account for principal and interest income earned on the principal from the Ellis estate. This income is used for purchasing books on the subject of mental health.

Perpetual Care - Accounts for revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2007
(In thousands)

City of Austin, Texas
 Exhibit E-21

	3M			
	Maintenance	Ellis Library	Perpetual	2007
	Endowment	Trust	Care	Total
ASSETS				
Pooled investments and cash	\$ 50	26	1,624	1,700
Total assets	50	26	1,624	1,700
LIABILITIES AND FUND BALANCES				
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds	--	17	643	660
Total fund balances	50	26	1,624	1,700
Total liabilities and fund balances	\$ 50	26	1,624	1,700

Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
 Exhibit E-22

	3M			
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	2007 Total
REVENUES				
Interest and other	\$ --	1	231	232
Total revenues	--	1	231	232
EXPENDITURES				
Public recreation and culture	--	--	15	15
Total expenditures	--	--	15	15
Net change in fund balances	--	1	216	217
Fund balances at beginning of year	50	25	1,408	1,483
Fund balances at end of year	\$ 50	26	1,624	1,700





NONMAJOR ENTERPRISE FUNDS

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

- Convention Center Fund;
- Drainage Fund;
- Golf Fund;
- Hospital Fund;
- Parks and Recreation Fund;
- Primary Care Fund;
- Solid Waste Services Fund; and
- Transportation Fund



Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2007
(In thousands)

	Convention Center	Drainage	Golf	Hospital
ASSETS				
Current assets:				
Cash	\$ 17	2	1	--
Pooled investments and cash	36,505	48,999	--	342
Pooled investments and cash - restricted	40,645	12,736	625	--
Total pooled investments and cash	77,150	61,735	625	342
Investments, at fair value	2,889	--	--	--
Investments, at fair value - restricted	2,240	--	--	--
Accounts receivable	704	3,861	20	3,872
Less allowance for doubtful accounts	(6)	(82)	--	(3,657)
Net accounts receivable	698	3,779	20	215
Due from other funds	--	905	--	--
Inventories, at cost	--	--	--	--
Other receivables - restricted	--	2,695	--	--
Total current assets	82,994	69,116	646	557
Noncurrent assets:				
Advances to other funds	1	--	--	--
Advances to other funds - restricted	--	200	--	--
Capital assets				
Land and other nondepreciable assets	38,635	12,855	357	--
Property, plant, and equipment in service	270,064	81,378	15,795	--
Less accumulated depreciation	(56,790)	(17,105)	(6,141)	--
Net property, plant, and equipment in service	213,274	64,273	9,654	--
Construction in progress	5,790	26,055	447	--
Total capital assets	257,699	103,183	10,458	--
Deferred costs and expenses, net of amortization	2,690	6	12	--
Total noncurrent assets	260,390	103,389	10,470	--
Total assets	\$ 343,384	172,505	11,116	557

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2007 Total</u>
ASSETS					
Current assets:					
Cash	--	5	3	2	30
Pooled investments and cash	465	1,529	7,843	10,277	105,960
Pooled investments and cash - restricted	--	--	13,818	685	68,509
Total pooled investments and cash	465	1,529	21,661	10,962	174,469
Investments, at fair value	--	--	--	--	2,889
Investments, at fair value - restricted	--	--	--	--	2,240
Accounts receivable	--	--	5,559	2,121	16,137
Less allowance for doubtful accounts	--	--	(121)	(825)	(4,691)
Net accounts receivable	--	--	5,438	1,296	11,446
Due from other funds	--	--	--	--	905
Inventories, at cost	--	109	--	431	540
Other receivables - restricted	--	--	--	--	2,695
Total current assets	465	1,643	27,102	12,691	195,214
Noncurrent assets:					
Advances to other funds	--	--	--	--	1
Advances to other funds - restricted	--	--	--	--	200
Capital assets					
Land and other nondepreciable assets	--	--	18,518	2,389	72,754
Property, plant and equipment in service	180	--	57,787	18,635	443,839
Less accumulated depreciation	(123)	--	(34,262)	(9,913)	(124,334)
Net property, plant and equipment in service	57	--	23,525	8,722	319,505
Construction in progress	--	--	3,766	635	36,693
Total capital assets	57	--	45,809	11,746	428,952
Deferred costs and expenses, net of amortization	--	--	59	7	2,774
Total noncurrent assets	57	--	45,868	11,753	431,927
Total assets	522	1,643	72,970	24,444	627,141

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2007
(In thousands)

	Convention			
	Center	Drainage	Golf	Hospital
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 885	707	55	3
Accounts and retainage payable from restricted assets	1,278	1,241	--	--
Accrued payroll	449	853	107	3
Accrued compensated absences	510	1,425	123	7
Due to other funds	225	--	905	--
Interest payable on other debt	2,332	45	30	--
General obligation bonds payable and other tax supported debt	986	638	880	--
Revenue bonds payable	3,440	--	--	--
Capital lease obligations payable	--	2	--	--
Customer and escrow deposits payable from restricted assets	2,079	301	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred credits and other liabilities	241	43	5	--
Total current liabilities	12,425	5,255	2,105	13
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	135	178	86	--
Advances from other funds	2,453	--	872	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	22,569	11,240	5,308	--
Revenue bonds payable, net of discount and inclusive of premium	216,378	--	--	--
Pension obligation payable	688	1,577	184	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred credits and other liabilities	4,222	--	--	--
Total noncurrent liabilities	246,445	12,995	6,450	--
Total liabilities	258,870	18,250	8,555	13
NET ASSETS				
Invested in capital assets, net of related debt	37,192	91,650	4,325	--
Restricted for:				
Debt service	2,240	--	--	--
Capital projects	--	13,548	582	--
Renewal and replacement	1,921	--	--	--
Operating reserve	1,343	--	--	--
Unrestricted	41,818	49,057	(2,346)	544
Total net assets	\$ 84,514	154,255	2,561	544

(Continued)

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2007 Total</u>
LIABILITIES					
Current liabilities:					
Accounts payable	11	163	2,157	1,908	5,889
Accounts and retainage payable from restricted assets	--	--	1,407	--	3,926
Accrued payroll	107	--	1,004	808	3,331
Accrued compensated absences	88	--	1,409	1,129	4,691
Due to other funds	--	--	--	--	1,130
Interest payable on other debt	--	--	273	109	2,789
General obligation bonds payable and other tax supported debt	--	--	3,596	997	7,097
Revenue bonds payable	--	--	--	--	3,440
Capital lease obligations payable	--	--	--	--	2
Customer and escrow deposits payable from restricted assets	--	--	781	--	3,161
Accrued landfill closure and postclosure costs	--	--	1,265	--	1,265
Deferred credits and other liabilities	3	--	111	--	403
Total current liabilities	<u>209</u>	<u>163</u>	<u>12,003</u>	<u>4,951</u>	<u>37,124</u>
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	30	1,083	--	295	1,807
Advances from other funds	--	--	2,171	--	5,496
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	28,117	5,039	72,273
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	--	216,378
Pension obligation payable	79	--	1,613	1,307	5,448
Accrued landfill closure and postclosure costs	--	--	8,810	--	8,810
Deferred credits and other liabilities	--	--	--	--	4,222
Total noncurrent liabilities	<u>109</u>	<u>1,083</u>	<u>40,711</u>	<u>6,641</u>	<u>314,434</u>
Total liabilities	<u>318</u>	<u>1,246</u>	<u>52,714</u>	<u>11,592</u>	<u>351,558</u>
NET ASSETS					
Invested in capital assets, net of related debt	57	--	24,513	6,403	164,140
Restricted for:					
Debt service	--	--	--	--	2,240
Capital projects	--	--	--	--	14,130
Renewal and replacement	--	--	--	--	1,921
Operating reserve	--	--	--	--	1,343
Unrestricted	147	397	(4,257)	6,449	91,809
Total net assets	<u>204</u>	<u>397</u>	<u>20,256</u>	<u>12,852</u>	<u>275,583</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2007
(In thousands)

	Convention Center	Drainage	Golf	Hospital
OPERATING REVENUES				
User fees and rentals	\$ 14,577	51,412	4,270	84
Total operating revenues	14,577	51,412	4,270	84
OPERATING EXPENSES				
Operating expenses before depreciation	24,114	31,165	4,250	242
Depreciation and amortization	8,574	3,810	610	--
Total operating expenses	32,688	34,975	4,860	242
Operating income (loss)	(18,111)	16,437	(590)	(158)
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	4,658	2,806	30	34
Interest on revenue bonds and other debt	(11,477)	(546)	(337)	--
Interest capitalized during construction	366	1,168	16	--
Amortization of bond issue cost	(140)	--	(1)	--
Other nonoperating revenue (expense)	(20)	(1)	42	--
Total nonoperating revenues (expenses)	(6,613)	3,427	(250)	34
Income (loss) before contributions and transfers	(24,724)	19,864	(840)	(124)
Capital contributions	--	2,624	289	--
Transfers in	36,697	377	--	--
Transfers out	(75)	(768)	--	--
Change in net assets	11,898	22,097	(551)	(124)
Total net assets - beginning	72,616	132,158	3,112	668
Total net assets - ending	\$ 84,514	154,255	2,561	544

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	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2007 Total</u>
OPERATING REVENUES					
User fees and rentals	4,514	--	46,226	27,840	148,923
Total operating revenues	<u>4,514</u>	<u>--</u>	<u>46,226</u>	<u>27,840</u>	<u>148,923</u>
OPERATING EXPENSES					
Operating expenses before depreciation	4,609	218	49,093	33,331	147,022
Depreciation and amortization	16	--	4,354	1,454	18,818
Total operating expenses	<u>4,625</u>	<u>218</u>	<u>53,447</u>	<u>34,785</u>	<u>165,840</u>
Operating income (loss)	<u>(111)</u>	<u>(218)</u>	<u>(7,221)</u>	<u>(6,945)</u>	<u>(16,917)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	16	--	1,231	259	9,034
Interest on revenue bonds and other debt	--	--	(1,397)	(215)	(13,972)
Interest capitalized during construction	--	--	115	6	1,671
Amortization of bond issue cost	--	--	(7)	(1)	(149)
Other nonoperating revenue (expense)	(6)	--	(831)	(26)	(842)
Total nonoperating revenues (expenses)	<u>10</u>	<u>--</u>	<u>(889)</u>	<u>23</u>	<u>(4,258)</u>
Income (loss) before contributions and transfers	<u>(101)</u>	<u>(218)</u>	<u>(8,110)</u>	<u>(6,922)</u>	<u>(21,175)</u>
Capital contributions	--	--	330	2,711	5,954
Transfers in	186	--	1,469	6,729	45,458
Transfers out	--	--	(719)	(1,258)	(2,820)
Change in net assets	<u>85</u>	<u>(218)</u>	<u>(7,030)</u>	<u>1,260</u>	<u>27,417</u>
Total net assets - beginning	<u>119</u>	<u>615</u>	<u>27,286</u>	<u>11,592</u>	<u>248,166</u>
Total net assets - ending	<u>204</u>	<u>397</u>	<u>20,256</u>	<u>12,852</u>	<u>275,583</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 15,125	51,338	4,270	85
Cash payments to suppliers for goods and services	(12,591)	(9,672)	(1,924)	(129)
Cash payments to employees for services	(10,568)	(20,207)	(2,172)	(113)
Net cash provided (used) by operating activities	(8,034)	21,459	174	(157)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	36,697	377	--	--
Transfers out	(75)	(768)	--	--
Interest paid on revenue notes and other debt	--	--	--	--
Loans to other funds	--	(573)	--	--
Loans from other funds	--	--	524	--
Loan repayments to other funds	(212)	--	--	--
Loan repayments from other funds	--	87	--	--
Net cash provided (used) by noncapital financing activities	36,410	(877)	524	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	--	--
Principal paid on long-term debt	(2,222)	(656)	(591)	--
Purchased interest received	--	--	--	--
Interest paid on revenue bonds and other debt	(10,908)	(548)	(315)	--
Acquisition and construction of capital assets	(6,059)	(16,064)	(241)	--
Contributions in aid of construction	--	98	285	--
Bond issuance costs	--	--	--	--
Bond premiums	--	--	--	--
Net cash provided (used) by capital and related financing activities	\$ (19,189)	(17,170)	(862)	--

	Parks and Recreation	Primary Care	Solid Waste Services	Transportation	2007 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	4,489	--	45,997	27,574	148,878
Cash payments to suppliers for goods and services	(1,504)	(29)	(23,636)	(13,900)	(63,385)
Cash payments to employees for services	(2,987)	218	(21,222)	(18,182)	(75,233)
Net cash provided (used) by operating activities	(2)	189	1,139	(4,508)	10,260
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	186	--	1,469	6,729	45,458
Transfers out	--	--	(719)	(1,258)	(2,820)
Interest paid on revenue notes and other debt	--	--	(3)	--	(3)
Loans to other funds	--	--	--	--	(573)
Loans from other funds	--	--	--	--	524
Loan repayments to other funds	(25)	--	(102)	--	(339)
Loan repayments from other funds	--	--	--	--	87
Net cash provided (used) by noncapital financing activities	161	--	645	5,471	42,334
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	7,700	2,000	9,700
Principal paid on long-term debt	(2)	--	(2,960)	(816)	(7,247)
Purchased interest received	--	--	37	--	37
Interest paid on revenue bonds and other debt	--	--	(1,394)	(177)	(13,342)
Acquisition and construction of capital assets	--	--	(5,882)	(3,419)	(31,665)
Contributions in aid of construction	--	--	330	2,741	3,454
Bond issuance costs	--	--	(35)	--	(35)
Bond premiums	--	--	96	--	96
Net cash provided (used) by capital and related financing activities	(2)	--	(2,108)	329	(39,002)

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	\$ (12,859)	--	--	--
Proceeds from sale and maturities of investment securities	11,232	--	--	--
Interest on investments	4,658	2,806	30	34
Net cash provided (used) by investing activities	3,031	2,806	30	34
Net increase (decrease) in cash and cash equivalents	12,218	6,218	(134)	(123)
Cash and cash equivalents, October 1	64,949	55,519	760	465
Cash and cash equivalents, September 30	77,167	61,737	626	342
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(18,111)	16,437	(590)	(158)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	8,574	3,810	610	--
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	233	(53)	--	(562)
Increase (decrease) in allowance for doubtful accounts	(8)	(21)	--	563
Decrease in due from other funds	--	--	--	--
Decrease in inventory	--	--	--	--
Decrease in prepaid expenses and other assets	2	4	--	--
Increase (decrease) in accounts payable	380	317	53	--
Increase in accrued payroll and compensated absences	144	262	30	--
Increase (decrease) in pension obligations payable	328	703	71	--
Increase in deferred credits and other liabilities	110	--	--	--
Increase in customer deposits	314	--	--	--
Total adjustments	10,077	5,022	764	1
Net cash provided (used) by operating activities	\$ (8,034)	21,459	174	(157)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Decrease in deferred assets/expenses	\$ --	--	--	--
Capital assets contributed to other funds	(18)	--	--	--
Net increase (decrease) in the fair value of investments	(999)	--	--	--
Amortization of bond issue costs	(140)	(1)	(1)	--
Amortization of bond discounts and premiums	(433)	(11)	(44)	--
Amortization of deferred loss on refundings	1,046	12	28	--
Loss on disposal of assets	--	(2)	--	--
Capital lease obligations	--	2	--	--

(Continued)

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2007 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	--	--	--	--	(12,859)
Proceeds from sale and maturities of investment securities	--	--	--	--	11,232
Interest on investments	18	--	1,231	259	9,036
Net cash provided (used) by investing activities	18	--	1,231	259	7,409
Net increase (decrease) in cash and cash equivalents	175	189	907	1,551	21,001
Cash and cash equivalents, October 1	290	1,345	20,757	9,413	153,498
Cash and cash equivalents, September 30	465	1,534	21,664	10,964	174,499
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(111)	(218)	(7,221)	(6,945)	(16,917)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	16	--	4,354	1,454	18,818
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	--	(393)	(266)	(1,041)
Increase (decrease) in allowance for doubtful accounts	--	--	(6)	136	664
Decrease in due from other funds	(25)	--	--	--	(25)
Decrease in inventory	--	248	--	38	286
Decrease in prepaid expenses and other assets	--	--	5	4	15
Increase (decrease) in accounts payable	(24)	(59)	1,451	123	2,241
Increase in accrued payroll and compensated absences	87	218	354	349	1,444
Increase (decrease) in pension obligations payable	55	--	729	599	2,485
Increase in deferred credits and other liabilities	--	--	1,696	--	1,806
Increase in customer deposits	--	--	170	--	484
Total adjustments	109	407	8,360	2,437	27,177
Net cash provided (used) by operating activities	(2)	189	1,139	(4,508)	10,260
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Decrease in deferred assets/expenses	--	--	(28)	--	(28)
Capital assets contributed to other funds	--	--	--	(23)	(41)
Net increase (decrease) in the fair value of investments	--	--	--	--	(999)
Amortization of bond issue costs	--	--	(7)	1	(148)
Amortization of bond discounts and premiums	--	--	(111)	--	(599)
Amortization of deferred loss on refundings	--	--	49	--	1,135
Loss on disposal of assets	(6)	--	(831)	(26)	(865)
Capital lease obligations	1	--	--	--	3





INTERNAL SERVICE FUNDS

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

The internal service funds are as follows:

- Capital Projects Management Fund, which manages the City's capital improvement projects;
- Combined Transportation, Emergency and Communications Center Fund (CTECC), which supports the operation of shared critical emergency communications and transportation management for the region;
- Employee Benefits Fund, which includes activities related to the health, dental, and life insurance costs of City employees;
- Fleet Maintenance Fund, which accounts for City vehicle and equipment services;
- Information Systems Fund, which includes activities of the Information Systems Department;
- Liability Reserve Fund, which provides coverage of the City's major claims liabilities;
- Support Services Fund, which accounts for the activities of the various support service departments;
- Wireless Communication Fund, which accounts for communication support activities; and
- Workers' Compensation Fund, which accounts for workers' compensation costs.



Internal Service Funds
Combining Statement of Net Assets
September 30, 2007
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS					
Current assets:					
Cash	\$ 2	--	--	3	--
Pooled investments and cash	837	--	20,541	8,396	17,987
Total pooled investments and cash	837	--	20,541	8,396	17,987
Cash held by trustee	--	--	832	--	--
Accounts receivable	254	2,521	53	244	13
Less allowance for doubtful accounts	--	--	--	(222)	--
Net accounts receivable	254	2,521	53	22	13
Due from other funds	--	--	--	--	230
Inventories, at cost	--	--	--	958	--
Prepaid expenses	--	--	--	--	--
Total current assets	1,093	2,521	21,426	9,379	18,230
Noncurrent assets:					
Capital assets					
Land and other nondepreciable assets	--	--	--	191	--
Property, plant, and equipment in service	1,113	1,670	--	16,547	49,318
Less accumulated depreciation	(720)	(249)	--	(7,948)	(21,308)
Net property, plant, and equipment in service	393	1,421	--	8,599	28,010
Construction in progress	--	--	--	503	3,578
Total capital assets	393	1,421	--	9,293	31,588
Deferred costs and expenses, net of amortization	--	--	--	13	--
Total noncurrent assets	393	1,421	--	9,306	31,588
Total assets	\$ 1,486	3,942	21,426	18,685	49,818

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2007 Total
ASSETS					
Current assets:					
Cash	--	11	1	--	17
Pooled investments and cash	15,281	12,351	826	17,851	94,070
Total pooled investments and cash	15,281	12,351	826	17,851	94,070
Cash held by trustee	--	--	--	--	832
Accounts receivable	--	8	558	--	3,651
Less allowance for doubtful accounts	--	--	--	--	(222)
Net accounts receivable	--	8	558	--	3,429
Due from other funds	--	11	707	--	948
Inventories, at cost	--	--	197	--	1,155
Prepaid expenses	--	19	--	--	19
Total current assets	15,281	12,400	2,289	17,851	100,470
Noncurrent assets:					
Capital assets					
Land and other nondepreciable assets	--	521	--	--	712
Property, plant, and equipment in service	--	8,549	7,674	--	84,871
Less accumulated depreciation	--	(4,382)	(2,571)	--	(37,178)
Net property, plant, and equipment in service	--	4,167	5,103	--	47,693
Construction in progress	--	--	--	--	4,081
Total capital assets	--	4,688	5,103	--	52,486
Deferred costs and expenses, net of amortization	--	31	--	--	44
Total noncurrent assets	--	4,719	5,103	--	52,530
Total assets	15,281	17,119	7,392	17,851	153,000

(Continued)

Internal Service Funds
Combining Statement of Net Assets
September 30, 2007
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 87	311	3,175	2,304	574
Accrued payroll	645	117	--	494	734
Accrued compensated absences	1,139	189	--	758	1,243
Claims payable	--	--	4,382	--	--
Due to other funds	--	937	--	--	27
Interest payable on other debt	--	--	--	18	56
General obligation bonds payable and other tax supported debt	--	--	--	262	3,139
Capital lease obligations payable	--	--	--	--	1
Deferred credits and other liabilities	7	24	727	--	--
Total current liabilities	1,878	1,578	8,284	3,836	5,774
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	77	8	--	--	71
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	172	81
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	--	4,282	10,065
Total noncurrent liabilities	77	8	--	4,454	10,217
Total liabilities	1,955	1,586	8,284	8,290	15,991
NET ASSETS					
Invested in capital assets, net of related debt	393	1,421	--	4,068	18,383
Restricted for:					
Capital projects	--	--	--	2,904	12,039
Unrestricted	(862)	935	13,142	3,423	3,405
Total net assets	\$ (469)	2,356	13,142	10,395	33,827

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2007 Total
LIABILITIES					
Current liabilities:					
Accounts payable	563	2,454	1,050	180	10,698
Accrued payroll	--	1,949	91	--	4,030
Accrued compensated absences	--	2,820	108	--	6,257
Claims payable	1,829	--	--	5,819	12,030
Due to other funds	--	--	--	--	964
Interest payable on other debt	--	2	--	--	76
General obligation bonds payable and other tax supported debt	--	58	--	--	3,459
Capital lease obligations payable	--	--	--	--	1
Deferred credits and other liabilities	--	50	288	--	1,096
Total current liabilities	2,392	7,333	1,537	5,999	38,611
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	677	63	--	896
Claims payable	3,817	--	--	6,374	10,191
Advances from other funds	--	--	--	--	253
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	453	--	--	14,800
Total noncurrent liabilities	3,817	1,130	63	6,374	26,140
Total liabilities	6,209	8,463	1,600	12,373	64,751
NET ASSETS					
Invested in capital assets, net of related debt	--	3,687	5,103	--	33,055
Restricted for:					
Capital projects	--	--	--	--	14,943
Unrestricted	9,072	4,969	689	5,478	40,251
Total net assets	9,072	8,656	5,792	5,478	88,249

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2007
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES					
Billings to departments	\$ 18,352	6,534	80,691	43,935	30,096
Employee contributions	--	--	31,441	--	--
Operating revenues from other governments	--	3,032	--	1	--
Other operating revenues	113	--	--	312	179
Total operating revenues	18,465	9,566	112,132	44,248	30,275
OPERATING EXPENSES					
Operating expenses before depreciation	19,094	8,703	116,301	32,803	25,194
Depreciation and amortization	108	158	--	794	6,813
Total operating expenses	19,202	8,861	116,301	33,597	32,007
Operating income (loss)	(737)	705	(4,169)	10,651	(1,732)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	4	10	--	736	191
Interest on bonds and other debt	--	--	--	(228)	(442)
Amortization of bond issue cost	--	--	--	--	--
Other nonoperating revenue (expense)	--	--	--	(6,424)	2,419
Total nonoperating revenues (expenses)	4	10	--	(5,916)	2,168
Income (loss) before contributions and transfers	(733)	715	(4,169)	4,735	436
Capital contributions	--	1,066	--	--	1,520
Transfers out	--	--	--	--	(3,725)
Change in net assets	(733)	1,781	(4,169)	4,735	(1,769)
Total net assets - beginning	264	575	17,311	5,660	35,596
Total net assets - ending	\$ (469)	2,356	13,142	10,395	33,827

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2007 Total
OPERATING REVENUES					
Billings to departments	4,437	57,522	4,539	7,199	253,305
Employee contributions	--	--	--	--	31,441
Operating revenues from other governments	--	--	252	--	3,285
Other operating revenues	--	180	1,885	--	2,669
Total operating revenues	4,437	57,702	6,676	7,199	290,700
OPERATING EXPENSES					
Operating expenses before depreciation	2,673	52,502	5,718	9,272	272,260
Depreciation and amortization	--	589	761	--	9,223
Total operating expenses	2,673	53,091	6,479	9,272	281,483
Operating income (loss)	1,764	4,611	197	(2,073)	9,217
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	--	304	58	--	1,303
Interest on bonds and other debt	--	(28)	--	--	(698)
Amortization of bond issue cost	--	(2)	--	--	(2)
Other nonoperating revenue (expense)	--	(2)	--	--	(4,007)
Total nonoperating revenues (expenses)	--	272	58	--	(3,404)
Income (loss) before contributions and transfers	1,764	4,883	255	(2,073)	5,813
Capital contributions	--	117	2,400	--	5,103
Transfers out	(1,057)	(3,612)	--	--	(8,394)
Change in net assets	707	1,388	2,655	(2,073)	2,522
Total net assets - beginning	8,365	7,268	3,137	7,551	85,727
Total net assets - ending	9,072	8,656	5,792	5,478	88,249

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 18,543	7,987	112,164	44,240	30,262
Cash payments to suppliers for goods and services	(3,658)	(5,622)	(55,387)	(21,976)	(7,525)
Cash payments to employees for services	(15,268)	(2,964)	--	(10,636)	(17,990)
Cash payments to claimants/beneficiaries	--	--	(61,874)	--	--
Net cash provided (used) by operating activities	(383)	(599)	(5,097)	11,628	4,747
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	--	--	--	--	(3,725)
Loans to other funds	--	--	--	--	(230)
Loans from other funds	--	730	--	--	--
Loan repayments to other funds	--	--	--	(4)	(26)
Net cash provided (used) by noncapital financing activities	--	730	--	(4)	(3,981)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	(2)	--	--	(260)	(3,003)
Interest paid on revenue bonds and other debt	--	--	--	(229)	(452)
Acquisition and construction of capital assets	(3)	(141)	--	(8,275)	(543)
Contributions from municipality	--	--	--	--	2,419
Net cash provided (used) by capital and related financing activities	\$ (5)	(141)	--	(8,764)	(1,579)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2007 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	4,437	57,720	5,450	7,199	288,002
Cash payments to suppliers for goods and services	(1,839)	(4,012)	(2,718)	(2,238)	(104,975)
Cash payments to employees for services	--	(46,381)	(2,323)	--	(95,562)
Cash payments to claimants/beneficiaries	(1,929)	--	--	(4,740)	(68,543)
Net cash provided (used) by operating activities	669	7,327	409	221	18,922
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(1,057)	(3,612)	--	--	(8,394)
Loans to other funds	--	--	--	--	(230)
Loans from other funds	--	--	--	--	730
Loan repayments to other funds	--	--	--	--	(30)
Net cash provided (used) by noncapital financing activities	(1,057)	(3,612)	--	--	(7,924)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	(62)	(1)	--	(3,328)
Interest paid on revenue bonds and other debt	--	(28)	--	--	(709)
Acquisition and construction of capital assets	--	(202)	(759)	--	(9,923)
Contributions from municipality	--	--	--	--	2,419
Net cash provided (used) by capital and related financing activities	--	(292)	(760)	--	(11,541)

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2007
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	\$ 4	10	--	736	191
Net cash provided (used) by investing activities	4	10	--	736	191
Net increase (decrease) in cash and cash equivalents	(384)	--	(5,097)	3,596	(622)
Cash and cash equivalents, October 1	1,223	--	26,470	4,803	18,609
Cash and cash equivalents, September 30	839	--	21,373	8,399	17,987
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(737)	705	(4,169)	10,651	(1,732)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	108	158	--	794	6,813
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	71	(1,603)	32	(7)	(13)
Decrease in due from other funds	--	--	--	--	--
Decrease in inventory	--	--	--	(64)	--
Decrease in prepaid expenses and other assets	--	--	--	--	--
Decrease in deferred costs and other expenses	--	24	--	--	--
Increase in other long-term assets	--	--	--	--	--
Increase (decrease) in accounts payable	29	119	(1,016)	104	(464)
Increase in accrued payroll and compensated absences	139	17	--	150	143
Increase (decrease) in claims payable	--	--	--	--	--
Increase (decrease) in deferred credits and other liabilities	7	(19)	56	--	--
Total adjustments	354	(1,304)	(928)	977	6,479
Net cash provided (used) by operating activities	\$ (383)	(599)	(5,097)	11,628	4,747
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	\$ --	1,066	--	--	1,520
Amortization of bond discounts and premiums	--	--	--	(3)	--
Amortization of deferred loss on refundings	--	--	--	2	--
Loss on disposal of assets	(435)	--	--	(615)	--
Contributions from other funds	199	--	--	--	--
Decrease in deferred credits and other liabilities	--	--	--	--	--

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2007 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	--	304	58	--	1,303
Net cash provided (used) by investing activities	--	304	58	--	1,303
Net increase (decrease) in cash and cash equivalents	(388)	3,727	(293)	221	760
Cash and cash equivalents, October 1	15,669	8,635	1,120	17,630	94,159
Cash and cash equivalents, September 30	15,281	12,362	827	17,851	94,919
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	1,764	4,611	197	(2,073)	9,217
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	589	761	--	9,223
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	18	(468)	--	(1,970)
Decrease in due from other funds	--	(11)	(500)	--	(511)
Decrease in inventory	--	--	(20)	--	(84)
Decrease in prepaid expenses and other assets	--	3	--	--	3
Decrease in deferred costs and other expenses	--	4	--	--	28
Increase in other long-term assets	--	(31)	--	--	(31)
Increase (decrease) in accounts payable	121	1,445	676	66	1,080
Increase in accrued payroll and compensated absences	--	694	21	--	1,164
Increase (decrease) in claims payable	(1,216)	--	--	2,228	1,012
Increase (decrease) in deferred credits and other liabilities	--	5	(258)	--	(209)
Total adjustments	(1,095)	2,716	212	2,294	9,705
Net cash provided (used) by operating activities	669	7,327	409	221	18,922
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	--	117	--	--	2,703
Amortization of bond discounts and premiums	--	(2)	--	--	(5)
Amortization of deferred loss on refundings	--	--	--	--	2
Loss on disposal of assets	--	(2)	--	--	(1,052)
Contributions from other funds	--	--	--	--	199
Decrease in deferred credits and other liabilities	--	--	(258)	--	(258)





FIDUCIARY FUNDS

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

Private-purpose trust funds accounts are used to report trust arrangements under which principal and interest income benefits individuals, private organizations, or other governments.

Agency funds are purely custodial and thus do not involve measurement of results of operations.

See next page for descriptions of the individual funds.

Private-Purpose Trust Funds

Austin Energy Combined Charity - Purpose is to account for Austin Energy's combined charities fund raising events.

Barbara Jordan Memorial Fund - Purpose is to account for donations for a future memorial.

COA Customer Service - Purpose is to hold donations solicited to help pay utility bills (part of Plus One Program). Funded by businesses that can use the donation as a tax deduction.

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

Leveraged Loan Pool - Purpose is to hold funds used to leverage private capital and state or federal resources to stimulate business investments.

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

Science Fest - Purpose is to account for all contributions, registration fees and other donations received for the Regional Science Festival.

Telecommunity Partnership Fund - Purpose is to account for addressing the training needs of the Austin community and creating opportunities for individuals through partnerships with local employers.

Unclaimed Property - Purpose is to account for unclaimed City of Austin checks.

Voluntary Utility Assistance - Purpose is to account for contributions for the benefit of indigent utility customers. Contributions are received with electric bill payments.

Agency Funds

BCCP Permit Fund - Purpose is to hold BCCP Permit fees collected on behalf of Travis County.

Campaign Financing Fund - Purpose is to account for donations and fees for the Austin Fair Campaign Ordinance.

Municipal Court Fund - Purpose is to record service fees collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

Neighborhood Revitalization Funds - Purpose is to account for escrow deposits and payments to loan recipients.

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Assets
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit H-1

	Assets			Liabilities			Net Assets Held in Trust
	Pooled Investments and Cash	Other Assets	Total Assets	Accounts Payable	Other Liabilities	Total Liabilities	
General government							
Unclaimed Property	\$ 584	--	584	--	538	538	46
Total general government	584	--	584	--	538	538	46
Transportation, planning, and sustainability							
Voluntary Utility Assistance	85	--	85	--	--	--	85
Total transportation, planning, and sustainability	85	--	85	--	--	--	85
Public recreation and culture							
Science Fest	46	--	46	--	--	--	46
Austin Energy Combined Charity	--	--	--	--	--	--	--
Barbara Jordan Memorial	1	--	1	--	--	--	1
First Step - A Community Project	16	--	16	--	--	--	16
Library City Literacy Program	--	--	--	--	--	--	--
Total public recreation and culture	63	--	63	--	--	--	63
Urban growth management							
Leveraged Loan Pool	408	121	529	--	--	--	529
Telecommunity Partnership	15	--	15	--	--	--	15
Total urban growth management	423	121	544	--	--	--	544
2007 Total	\$ 1,155	121	1,276	--	538	538	738

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit H-2

	<u>Additions</u>			<u>Deductions</u>	<u>Net</u> <u>Increase</u> <u>(Decrease)</u>	<u>Net</u> <u>Assets</u> <u>at Beginning</u> <u>of Year</u>	<u>Net</u> <u>Assets</u> <u>at End</u> <u>of Year</u>
	<u>Contributions</u>	<u>Interest</u> <u>and</u> <u>Other</u>	<u>Total</u> <u>Additions</u>	<u>Benefit</u> <u>Payments</u>			
General government							
Unclaimed Property	\$ --	24	24	--	24	22	46
Total general government	--	24	24	--	24	22	46
Transportation, planning, and sustainability							
Voluntary Utility Assistance	199	6	205	268	(63)	148	85
Total transportation, planning, and sustainability	199	6	205	268	(63)	148	85
Public recreation and culture							
Science Fest	64	3	67	82	(15)	61	46
Austin Energy Combined Charity	8	--	8	15	(7)	7	--
Barbara Jordan Memorial	--	--	--	--	--	1	1
First Step - A Community Project	--	1	1	2	(1)	17	16
Library City Literacy Program	--	--	--	3	(3)	3	--
Total public recreation and culture	72	4	76	102	(26)	89	63
Urban growth management							
Leveraged Loan Pool	--	19	19	--	19	510	529
Telecommunity Partnership	--	1	1	--	1	14	15
Total urban growth management	--	20	20	--	20	524	544
2007 Total	\$ 271	54	325	370	(45)	783	738

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit H-3

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
BCCP Permit Fund				
Assets				
Pooled investments and cash	\$ 105	3,610	3,033	682
Total assets	105	3,610	3,033	682
Liabilities				
Accounts payable	97	1,169	1,266	--
Due to other governments	8	4,503	3,857	654
Deposits and other liabilities	--	93	65	28
Total liabilities	105	5,765	5,188	682
Campaign Financing Fund				
Assets				
Pooled investments and cash	32	22	2	52
Total assets	32	22	2	52
Liabilities				
Deposits and other liabilities	32	45	25	52
Total liabilities	32	45	25	52
Municipal Courts				
Assets				
Pooled investments and cash	2,701	10,783	10,937	2,547
Total assets	2,701	10,783	10,937	2,547
Liabilities				
Accounts payable	86	9,945	9,951	80
Due to other governments	2,367	20,794	21,111	2,050
Deposits and other liabilities	248	2,316	2,147	417
Total liabilities	2,701	33,055	33,209	2,547
Neighborhood Revitalization				
Assets				
Pooled investments and cash	240	104	--	344
Total assets	240	104	--	344
Liabilities				
Deposits and other liabilities	240	104	--	344
Total liabilities	240	104	--	344
Total Agency Funds				
Assets				
Pooled investments and cash	3,078	14,519	13,972	3,625
Total assets	3,078	14,519	13,972	3,625
Liabilities				
Accounts payable	183	11,114	11,217	80
Due to other governments	2,375	25,297	24,968	2,704
Deposits and other liabilities	520	2,558	2,237	841
Total liabilities	\$ 3,078	38,969	38,422	3,625





SUPPLEMENTAL SCHEDULES

Enterprise Related Grants
Combining Balance Sheet
September 30, 2007
(In thousands)

City of Austin, Texas
Exhibit I-1

	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. Environmental Protection Agency	\$ --	--	--	--	--	--	--	--
U.S. Department of Energy	--	--	--	--	--	--	--	--
State Energy Conservation Office	24	--	24	--	24	24	--	24
Texas Commission of the Arts	3	--	3	--	3	3	--	3
Total Electric	27	--	27	--	27	27	--	27
AIRPORT RELATED								
U.S. Department of Transportation	--	119	119	119	--	119	--	119
U.S. Department of Homeland Security	--	138	138	138	--	138	--	138
Federal Bureau of Investigation	--	1	1	1	--	1	--	1
Internal Revenue Service	--	--	--	--	--	--	--	--
Propane Education and Research Council	--	--	--	--	--	--	--	--
Total Airport	--	258	258	258	--	258	--	258
DRAINAGE RELATED								
National Oceanic and Atmospheric Administration	--	37	37	37	--	37	--	37
U.S. Department of Agriculture	--	50	50	50	--	50	--	50
U.S. Environmental Protection Agency	243	13	256	13	243	256	--	256
U.S. Department of Homeland Security	--	2,794	2,794	2,756	38	2,794	--	2,794
U.S. Department of Interior	--	2	2	2	--	2	--	2
Texas Water Development Board	76	--	76	--	76	76	--	76
Total Drainage	319	2,896	3,215	2,858	357	3,215	--	3,215
Total grants, enterprise related	\$ 346	3,154	3,500	3,116	384	3,500	--	3,500

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

**Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2007
(In thousands)**

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

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	In-Kind		Total	Grant	In-Kind	In-Kind		Total	In-Kind		Total
	Grant	Match				Grant	Match		Grant	Match	
ELECTRIC RELATED											
U.S. Environmental Protection Agency	\$ 3	--	3	--	--	3	--	3	60	40	100
U.S. Department of Energy	382	745	1,127	--	--	382	745	1,127	733	792	1,525
State Energy Conservation Office	--	--	--	113	105	113	105	218	314	100	414
Texas Commission of the Arts	--	--	--	32	--	32	--	32	32	--	32
Total Electric	385	745	1,130	145	105	530	850	1,380	1,139	932	2,071
AIRPORT RELATED											
U.S. Department of Transportation	11,031	3,239	14,270	8,232	2,360	19,263	5,599	24,862	41,480	12,370	53,850
U.S. Department of Homeland Security	2,542	--	2,542	751	--	3,293	--	3,293	3,093	--	3,093
Federal Bureau of Investigation	23	--	23	--	--	23	--	23	22	--	22
Internal Revenue Service	5	--	5	--	--	5	--	5	7	--	7
Propane Education and Research Council	297	--	297	--	--	297	--	297	300	--	300
Total Airport	13,898	3,239	17,137	8,983	2,360	22,881	5,599	28,480	44,902	12,370	57,272
DRAINAGE RELATED											
National Oceanic & Atmospheric Administration	--	--	--	37	--	37	--	37	37	--	37
U.S. Department of Agriculture	25	25	50	25	25	50	50	100	50	50	100
U.S. Environmental Protection Agency	801	--	801	47	--	848	--	848	1,050	--	1,050
U.S. Department of Homeland Security	--	--	--	2,039	680	2,039	680	2,719	6,256	2,085	8,341
U.S. Department of Interior	--	--	--	1	--	1	--	1	25	9	34
Texas Water Development Board	323	125	448	--	--	323	125	448	399	200	599
Total Drainage	1,149	150	1,299	2,149	705	3,298	855	4,153	7,817	2,344	10,161
Total grants, enterprise related	\$ 15,432	4,134	19,566	11,277	3,170	26,709	7,304	34,013	53,858	15,646	69,504

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

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2007
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2007
10-22-83	Brackenridge 2000	\$ 50,000	40,785	--	9,215
09-08-84	Parks improvements	9,975	9,648	--	327
01-19-85	Cultural arts	20,285	14,890	--	5,395
11-07-00	Street improvements	150,000	90,002	--	59,998
11-07-06	Transportation	103,100	--	--	103,100
11-07-06	Drainage improvements	145,000	--	--	145,000
11-07-06	Parks improvements	84,700	--	--	84,700
11-07-06	Cultural arts	31,500	--	--	31,500
11-07-06	Affordable housing	55,000	--	--	55,000
11-07-06	Central library	90,000	--	--	90,000
11-07-06	Public safety facility	58,100	--	--	58,100
		<u>\$ 797,660</u>	<u>155,325</u>	<u>--</u>	<u>642,335</u>

Source: Bond Sale Official Statements

(1) This schedule displays only those previously issued bonds that relate to bond authorizations included herein.

It does not display all debt previously issued and still outstanding or refunding bonds. It includes general obligation bonds reported in the General Long-Term Debt Account Group and in proprietary funds.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2007
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During September 30, Current Year	Unissued September 30, 2007
ELECTRIC UTILITY						
10-22-83	Hydrogeneration power plant and electric system	\$ 39,000	--	10,620	--	28,380
03-01-84	Electric system, South Texas Nuclear Project	605,000	--	315,232	--	289,768
09-08-84	Electric improvements (gas turbines)	32,775	--	31,237	--	1,538
09-08-84	Electric improvements (western coal plant)	47,725	--	31,199	--	16,526
09-08-84	Electric transmission and reliability improvements	39,945	--	20,040	--	19,905
12-14-85	Transmission lines and substations	175,130	--	96,017	--	79,113
12-14-85	Overhead and underground distribution	76,055	--	46,845	--	29,210
12-14-85	Miscellaneous	25,891	--	10,443	--	15,448
08-10-92	Electrical distribution and street lighting	82,500	--	--	--	82,500
Total Electric Utility		1,124,021	--	561,633	--	562,388
WATER UTILITY						
09-11-82	Green water treatment plant, water lines and reservoir	40,300	--	28,885	--	11,415
09-11-82	Ullrich water treatment plant, water lines and reservoir	49,100	--	42,210	--	6,890
09-11-82	Davis water treatment plant, water lines and reservoir	40,800	--	32,274	--	8,526
09-11-82	Waterworks system rehabilitation and improvements	12,800	--	9,164	--	3,636
09-08-84	Waterworks north central, northeast, and east service area	39,385	17,000	3,990	--	18,395
09-08-84	Waterworks northwest service area	14,970	--	11,430	--	3,540
09-08-84	Water improvements in north central and northwest service area	14,470	--	2,745	--	11,725
09-08-84	Waterworks system improvements	141,110	--	36,513	--	104,597
09-08-84	Ullrich water treatment plant improvements to South Austin	47,870	--	23,245	--	24,625
09-08-84	Water lines, reservoir improvements to south corridor area	12,570	--	6,585	--	5,985
09-08-84	Water lines, pump station improvements to North Austin area	7,945	--	7,765	--	180
09-08-84	Waterworks system rehabilitation and improvements	26,500	--	3,665	--	22,835
12-14-85	Northeast area improvements	37,950	10,000	7,493	--	20,457
12-14-85	South/southeast area improvements	42,090	14,000	6,035	--	22,055
12-14-85	Improvements/extensions	9,775	--	3,689	--	6,086
08-10-92	Improvements to meet EPA safe drinking water act	23,000	--	--	--	23,000
08-10-92	Improvements and replacement of deteriorated water system facilities	5,000	--	--	--	5,000
08-10-92	General utility relocation	2,000	--	--	--	2,000
05-03-97	Improvements/extensions to City's waterworks and wastewater system	35,000	--	--	--	35,000
05-06-98	Improvements/extensions to City's waterworks and wastewater system	65,000	--	--	--	65,000
11-03-98	Water improvements, upgrade, replace	64,900	--	--	--	64,900
11-03-98	Water expansion and improvement	49,940	--	--	--	49,940
11-03-98	Water improvements and extensions	19,800	--	--	--	19,800
Total Water Utility		\$ 802,275	41,000	225,688	--	535,587

(Continued)

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

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2007
(In thousands)**

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

(Continued)

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2007
WASTEWATER UTILITY						
11-20-76	Sewer system improvements	\$ 46,920	--	38,920	--	8,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300	--	24,658	--	3,642
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000	--	49,345	--	7,655
09-11-82	Sewer lines for north central and northwest Austin	20,700	--	17,975	--	2,725
09-11-82	Walnut Creek sewage treatment plant additions	20,400	--	17,971	--	2,429
09-11-82	Sewer system rehabilitation and improvements	4,800	--	3,930	--	870
09-08-84	Sewer system rehabilitation and improvements	43,515	--	36,950	--	6,565
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795	--	42,284	--	2,511
09-08-84	Sewer system rehabilitation and improvements	46,230	--	14,925	--	31,305
05-06-85	Sewer system improvements	54,000	--	33,106	--	20,894
12-14-85	Advanced wastewater treatment	34,500	--	--	--	34,500
12-14-85	Northeast area improvements	47,035	32,300	1,857	--	12,878
12-14-85	Southeast area improvements	9,200	4,200	757	--	4,243
12-14-85	Improvements/extensions	24,725	--	12,621	--	12,104
12-14-85	Walnut Creek WWTP expansion	46,000	--	13,717	--	32,283
12-14-85	Bear Creek interceptor	1,840	1,511	265	--	64
08-10-92	Improvement to Hornsby Bend beneficial re-use program	11,000	--	--	--	11,000
08-10-92	Replacement and rehabilitation of deteriorated wastewater facilities	3,000	--	--	--	3,000
11-03-98	Wastewater improvements, upgrades and replacements	77,000	--	--	--	77,000
11-03-98	Wastewater improvements and expansion	121,000	--	--	--	121,000
Total Wastewater Utility		741,960	38,011	309,281	--	394,668
Total Utility		2,668,256	79,011	1,096,602	--	1,492,643
AIRPORT						
11-03-87	Relocation/construction of new airport	728,000	--	30,000	--	698,000
05-01-93	Construction of new municipal airport at Bergstrom AFB site	400,000	--	362,205	--	37,795
Total Airport		1,128,000	--	392,205	--	735,795
CONVENTION CENTER						
07-29-89	New convention center	69,000	--	68,240	--	760
Total Convention Center		69,000	--	68,240	--	760
Total revenue bonds		\$ 3,865,256	79,011	1,557,047	--	2,229,198

Source: Bond sale official statements





STATISTICAL SECTION - UNAUDITED

This section of the City of Austin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. (Pages 192 – 197)

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. (Pages 198 – 204)

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. (Pages 205 – 209)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. (Pages 210 – 211)

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. (Pages 212 – 216)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.



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

City of Austin, Texas
 Table 1

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Governmental activities						
Invested in capital assets, net of related debt	1,111,491	1,204,877	1,333,779	1,360,509	1,399,316	1,530,124
Restricted	28,492	100,469	53,482	68,848	84,218	69,982
Unrestricted	107,454	42,781	51,244	65,561	77,564	28,115
Total governmental activities net assets	<u>1,247,437</u>	<u>1,348,127</u>	<u>1,438,505</u>	<u>1,494,918</u>	<u>1,561,098</u>	<u>1,628,221</u>
Business-type activities						
Invested in capital assets, net of related debt	1,196,098	1,505,479	1,569,489	1,563,831	1,538,572	1,648,758
Restricted	202,651	216,459	197,174	410,975	469,238	492,356
Unrestricted	757,955	575,473	477,081	378,537	551,838	562,899
Total business-type activities net assets	<u>2,156,704</u>	<u>2,297,411</u>	<u>2,243,744</u>	<u>2,353,343</u>	<u>2,559,648</u>	<u>2,704,013</u>
Primary government						
Invested in capital assets, net of related debt	2,307,589	2,710,356	2,903,268	2,924,340	2,937,888	3,178,882
Restricted	231,143	316,928	250,656	479,823	553,456	562,338
Unrestricted	865,409	618,254	528,325	444,098	629,402	591,014
Total primary government net assets	<u>3,404,141</u>	<u>3,645,538</u>	<u>3,682,249</u>	<u>3,848,261</u>	<u>4,120,746</u>	<u>4,332,234</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.
 Until ten years of data are available, the City will report only the available years.

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

City of Austin, Texas
Table 2

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Expenses						
Governmental activities						
General government	75,941	43,405	46,607	73,233	84,693	76,136
Public safety	279,533	292,411	292,678	320,942	373,361	397,583
Transportation, planning and sustainability	15,694	17,119	15,879	17,247	25,426	48,758
Public health	75,033	80,808	48,733	104,361	94,697	94,158
Public recreation and culture	71,863	58,199	56,408	58,962	65,453	72,082
Urban growth management	54,287	59,949	64,631	77,340	81,439	93,185
Unallocated depreciation expense	34,074	35,414	35,833	58,722	35,357	--
Interest on debt	35,771	39,296	40,199	41,331	38,766	39,166
Total governmental activities expenses	642,196	626,601	600,968	752,138	799,192	821,068
Business-Type activities:						
Electric	610,374	754,393	774,702	804,658	918,369	929,057
Water	132,665	130,119	155,472	142,061	161,516	162,158
Wastewater	118,506	115,284	137,227	122,176	132,005	144,573
Airport	76,546	79,558	77,541	87,538	78,487	80,368
Convention	36,344	40,621	52,336	38,844	41,992	43,956
Environmental and health services	61,764	63,527	100,343	45,739	50,290	55,386
Public recreation	10,433	9,107	9,294	9,408	9,225	9,800
Urban growth management	43,321	47,129	48,204	60,562	63,981	69,293
Total business-type expenses	1,089,953	1,239,738	1,355,120	1,310,986	1,455,865	1,494,591
Total primary government expenses	1,732,149	1,866,339	1,956,088	2,063,124	2,255,057	2,315,659
Program Revenues						
Governmental activities						
Charges for services:						
General government	12,964	4,791	210	7,334	9,718	2,633
Public safety	36,226	36,579	37,071	37,825	40,314	40,529
Transportation, planning and sustainability	4,948	5,142	5,027	2,689	3,186	3,260
Public health	6,969	8,100	7,617	59,948	45,610	40,238
Public recreation and culture	2,499	2,551	2,716	3,208	3,339	2,998
Urban growth management	20,743	18,306	22,020	31,953	37,609	43,012
Operating grants and contributions	53,374	55,122	52,068	67,494	77,923	57,331
Capital grants and contributions	1,203	3,956	2,546	5,702	1,111	2,942
Total governmental activities program revenues	138,926	134,547	129,275	216,153	218,810	192,943
Business-type activities:						
Charges for services:						
Electric	745,095	921,649	829,018	972,846	1,070,606	1,056,488
Water	122,035	130,424	119,254	140,356	164,561	138,350
Wastewater	107,499	111,941	114,710	129,314	141,676	154,118

(Continued)

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

City of Austin, Texas
Table 2
(Continued)

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Airport	72,777	71,693	65,361	82,220	87,473	96,562
Convention	10,376	15,040	10,404	11,169	14,692	14,577
Environmental and health services	61,969	56,368	60,883	44,550	45,078	46,310
Public recreation	10,210	9,323	8,955	9,117	8,968	8,784
Urban growth management	44,794	52,178	60,425	69,859	77,381	79,252
Capital grants and contributions	43,537	48,325	47,570	48,544	69,804	50,898
Total business-type revenues	<u>1,218,292</u>	<u>1,416,941</u>	<u>1,316,580</u>	<u>1,507,975</u>	<u>1,680,239</u>	<u>1,645,339</u>
Total primary government revenues	<u>1,357,218</u>	<u>1,551,488</u>	<u>1,445,855</u>	<u>1,724,128</u>	<u>1,899,049</u>	<u>1,838,282</u>
Net (Expense)/Revenue						
Governmental activities	(503,270)	(492,054)	(471,693)	(535,985)	(580,382)	(628,125)
Business-type activities	128,339	177,203	(38,540)	196,989	224,374	150,748
Total primary government net expense	<u>(374,931)</u>	<u>(314,851)</u>	<u>(510,233)</u>	<u>(338,996)</u>	<u>(356,008)</u>	<u>(477,377)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	224,396	233,130	240,536	220,304	236,146	258,943
Sales tax	115,441	110,454	117,725	123,617	139,289	153,098
Franchise fees and gross receipts tax	62,576	63,049	63,509	69,120	79,755	87,180
Grants and contributions not restricted to specific programs	19,137	94,210	81,937	83,365	90,083	73,711
Interest and other	23,746	24,975	26,799	24,753	35,315	54,963
Special items	(4,000) (1)	--	(7,700) (2)	(2,639) (2)	--	--
Transfers	104,519	66,926	39,264	73,879	65,974	67,353
Total general revenues and transfers	<u>545,815</u>	<u>592,744</u>	<u>562,070</u>	<u>592,399</u>	<u>646,562</u>	<u>695,248</u>
Business-type activities:						
Interest and other	58,180	30,430	16,582	23,932	47,905	60,970
Special items	--	--	(3,000) (2)	(37,443) (2)	--	--
Transfers	(104,519)	(66,926)	(39,264)	(73,879)	(65,974)	(67,353)
Total business-type activities	<u>(46,339)</u>	<u>(36,496)</u>	<u>(25,682)</u>	<u>(87,390)</u>	<u>(18,069)</u>	<u>(6,383)</u>
Total primary government	<u>499,476</u>	<u>556,248</u>	<u>536,388</u>	<u>505,009</u>	<u>628,493</u>	<u>688,865</u>
Change in Net Assets						
Governmental activities	42,545	100,690	90,377	56,414	66,180	67,123
Business-type activities	82,000	140,707	(64,222)	109,599	206,305	144,365
Total primary government	<u>124,545</u>	<u>241,397</u>	<u>26,155</u>	<u>166,013</u>	<u>272,485</u>	<u>211,488</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.

Until ten years of data are available, the City will report only the available years.

(1) 2002 Purchases land lease rights

(2) Travis County Hospital District reserve payments

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

City of Austin, Texas
 Table 3

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Function/Program						
Governmental activities:						
General government	13,286	5,084	586	7,755	10,933	5,678
Public safety	41,227	42,903	42,847	48,596	62,287	52,317
Transportation, planning and sustainability	5,649	6,319	5,828	7,055	3,246	3,260
Public health	22,862	27,095	27,444	82,395	67,839	61,221
Public recreation and culture	8,283	6,225	5,620	6,593	4,849	4,505
Urban growth management	47,619	46,921	46,950	63,759	69,656	65,962
Subtotal governmental activities	<u>138,926</u>	<u>134,547</u>	<u>129,275</u>	<u>216,153</u>	<u>218,810</u>	<u>192,943</u>
Business-type activities:						
Electric	748,831	925,086	833,302	978,115	1,083,758	1,065,001
Water	137,928	148,638	139,156	154,837	182,801	153,148
Wastewater	119,019	129,412	131,303	138,652	157,973	167,851
Airport	81,682	79,217	82,033	97,786	103,490	104,462
Convention	10,376	15,040	10,404	11,459	14,968	14,577
Environmental and health services	62,270	56,411	60,246	44,887	46,350	46,640
Public recreation	10,049	9,408	9,038	9,230	9,225	9,073
Urban growth management	48,137	53,729	61,653	73,009	81,674	84,587
Subtotal business-type activities	<u>1,218,292</u>	<u>1,416,941</u>	<u>1,327,135</u>	<u>1,507,975</u>	<u>1,680,239</u>	<u>1,645,339</u>
Total primary government	<u>1,357,218</u>	<u>1,551,488</u>	<u>1,456,410</u>	<u>1,724,128</u>	<u>1,899,049</u>	<u>1,838,282</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.
 Until ten years of data are available, the City will report only the available years.

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

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
General Fund						
Reserved	6,052	5,112	5,534	6,504	6,761	9,458
Unreserved	87,566	88,094	100,753	98,838	105,043	97,352
Total general fund	<u>93,618</u>	<u>93,206</u>	<u>106,287</u>	<u>105,342</u>	<u>111,804</u>	<u>106,810</u>
All Other Governmental Funds						
Reserved (1)	101,490	122,106	97,372	75,227	83,065	108,338
Unreserved, reported in:						
Special revenue fund	23,686	25,388	26,010	27,994	50,020	48,916
Debt service funds (1)	16,451	--	--	--	--	--
Capital projects funds	147,876	104,442	79,152	100,663	104,209	46,054
Permanent funds	284	313	370	332	443	660
Total all other governmental funds	<u>289,787</u>	<u>252,249</u>	<u>202,904</u>	<u>204,216</u>	<u>237,737</u>	<u>203,968</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.
Until ten years of data are available, the City will report only the available years.

(1) The debt service funds classification was changed from unreserved designated to reserved in 2003.

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

City of Austin, Texas
Table 5

	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$
Revenues						
Property taxes	215,838	232,573	243,370	220,694	234,555	251,470
Sales taxes	115,441	110,454	117,725	123,617	139,289	153,098
Franchise fees and other taxes	62,435	63,050	63,509	69,168	79,755	87,180
Fine, forfeitures and penalties	21,690	20,966	21,774	21,932	23,697	20,959
Licenses, permits and inspections	14,670	14,737	15,317	17,399	22,131	25,635
Charges for services/goods	40,799	39,866	42,279	100,099	88,789	87,936
Intergovernmental	62,141	74,392	73,428	88,661	94,955	73,886
Property owners' participation and contributions	13,214	10,937	3,798	6,152	9,486	2,639
Interest and other	25,401	29,745	26,544	23,192	34,386	55,522
Total revenues	<u>571,629</u>	<u>596,720</u>	<u>607,744</u>	<u>670,914</u>	<u>727,043</u>	<u>758,325</u>
Expenditures						
General government	55,441	44,295	41,411	44,044	50,825	59,043
Public safety	263,258	278,297	288,152	324,815	359,613	383,685
Transportation, planning and sustainability	13,818	14,113	13,208	8,623	4,839	5,559
Public health	75,053	80,470	49,676	101,917	93,725	90,719
Public recreation and culture	59,655	52,836	50,567	53,315	54,865	62,578
Urban growth management	57,520	59,561	63,581	76,142	76,565	77,928
Debt service:						
Principal	44,382	49,340	48,862	50,608	57,651	59,929
Interest	36,566	38,529	40,109	41,233	39,023	39,156
Fees and commissions	7	8	14	10	10	10
Capital outlay	174,239	155,517	151,768	81,507	87,931	94,228
Total expenditures	<u>779,939</u>	<u>772,966</u>	<u>747,348</u>	<u>782,214</u>	<u>825,047</u>	<u>872,835</u>
Excess (deficiency) of revenues over expenditures	(208,310)	(176,246)	(139,604)	(111,300)	(98,004)	(114,510)
Other financing sources (uses)						
Issuance of tax supported debt	254,505	70,323	70,040	26,940	67,735	--
Issuance of refunding bonds	14,685	62,514	--	148,125	--	--
Bond premiums	--	--	28	13,750	11	--
Payment to escrow agent	(14,685)	(62,514)	--	(161,875)	--	--
Capital leases	--	891	646	932	--	--
Transfers in	176,878	129,258	128,874	142,404	142,064	171,995
Transfers out	(67,464)	(62,176)	(88,548)	(58,609)	(71,823)	(96,248)
Total other financing sources (uses)	<u>363,919</u>	<u>138,296</u>	<u>111,040</u>	<u>111,667</u>	<u>137,987</u>	<u>75,747</u>
Net change in fund balances	<u>155,609</u>	<u>(37,950)</u>	<u>(28,564)</u>	<u>367</u>	<u>39,983</u>	<u>(38,763)</u>
Debt service as a percentage of noncapital expenditures	13.4%	14.2%	14.9%	13.1%	13.1%	12.7%

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.
Until ten years of data are available, the City will report only the available years.

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

City of Austin, Texas
 Table 6

Fiscal Year	Property Tax	Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Total
	\$	\$	\$	\$	\$
2002	215,838	115,441	3,693	58,742	393,714
2003	232,573	110,454	3,679	59,371	406,077
2004	243,370	117,725	3,946	59,563	424,604
2005	220,694	123,617	4,242	64,926	413,479
2006	234,555	139,289	4,605	75,150	453,599
2007	251,470	153,098	5,186	81,994	491,748
Change 2002-2007	16.51%	32.62%	40.43%	39.58%	

Note: The City implemented GASB Statement No. 34 in fiscal year 2002.
 Until ten years of data are available, the City will report only the available years.

Property Appraised Value, Taxable Value, Tax Rates,
Tax Levies, and Tax Collections
Last Ten Fiscal Years

City of Austin, Texas
Table 7

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Ratio of Taxable Value to Appraised Value %	Total Appraised Value at January 1 \$	Less Exemptions (October 1) \$	Total Taxable Value (October 1) \$	Percent of Growth In Taxable Value %	Tax Rate (per \$100 Valuation)			
							General Fund \$	Debt Service Fund \$	Total \$	Percentage Change in Tax Rate %
1998	1997	92.69	29,660,428,949	2,167,370,214	27,493,058,735	6.47	0.3304	0.2097	0.5401	2.78
1999	1998	92.36	35,141,501,704	2,683,151,949	32,458,349,755	18.06	0.3265	0.1877	0.5142	(5.04)
2000	1999	93.26	38,174,620,330	2,571,780,004	35,602,840,326	9.69	0.3222	0.1812	0.5034	(2.15)
2001	2000	91.14	45,443,558,474	4,024,244,188	41,419,314,286	16.34	0.3011	0.1652	0.4663	(7.96)
2002	2001	89.28	53,519,128,940	5,736,255,844	47,782,873,096	15.36	0.3041	0.1556	0.4597	(1.44)
2003	2002	91.33	55,579,008,513	4,819,357,845	50,759,650,668	6.23	0.2969	0.1628	0.4597	--
2004	2003	93.53	52,348,646,852	3,384,371,844	48,964,275,008	(3.54)	0.3236	0.1692	0.4928	6.72
2005 (1)	2004	93.31	53,268,024,350	3,565,117,828	49,702,906,522	1.51	0.2747	0.1683	0.4430	(11.24)
2006	2005	85.47	61,246,465,280	8,896,822,983	52,349,642,297	5.33	0.2841	0.1589	0.4430	0.00
2007	2006	84.61	71,515,572,939	11,003,244,050	60,512,328,889	15.59	0.2760	0.1366	0.4126	(7.37)
2008 (2)	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.28)

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Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1) \$	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years \$	Total Collections to Date		Total Outstanding Delinquencies	
			Amount \$	Percentage of Levy %		Amount \$	Percentage of Levy %	Amount \$	Percentage of Levy %
1998	1997	148,490,010	146,707,221	98.80	844,378	147,551,599	99.37	6,945,055	4.68
1999	1998	166,900,834	165,044,814	98.89	1,137,274	166,182,088	99.57	7,317,015	4.38
2000	1999	179,224,698	177,574,166	99.08	1,385,668	178,959,834	99.85	7,532,647	4.20
2001	2000	193,138,262	191,173,307	98.98	1,191,262	192,364,569	99.60	7,318,463	3.79
2002	2001	219,657,867	217,043,867	98.81	927,864	217,971,731	99.23	7,435,974	3.39
2003	2002	233,342,114	230,629,853	98.84	1,774,736	232,404,589	99.60	7,990,337	3.42
2004	2003	241,295,947	239,017,055	99.06	(366,274)	238,650,781	98.90	8,297,267	3.44
2005 (1)	2004	220,183,876	217,913,724	98.97	1,393,387	219,307,111	99.60	8,411,887	3.82
2006	2005	231,908,915	230,867,812	99.55	1,772,470	232,640,282	100.32	9,867,232	4.25
2007	2006	249,673,869	248,705,821	99.61	1,456,561	250,162,382	100.20	8,717,040	3.49
2008 (2)	2007	277,284,215	**	**	**	**	**	**	**

** Information not yet available for fiscal year 2008.

Note: Appraisal district appraises property at market value.

(1) Tax rate decreased by 6.35 cents per \$100 valuation for the value of services transferred to the Travis County Hospital District.

(2) Appraised value at January 1, 2008, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

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

**City of Austin, Texas
Table 8**

Fiscal Year	Single Family Property	Multi-Family Property	Land	Commercial Property	Personal Property	Total Assessed Taxable Value	Tax Rates (per \$100 Assessed Value)
	\$	\$	\$	\$	\$	\$	
1998	10,870,183	3,713,052	889,264	7,240,456	4,823,035	27,535,990	0.5401
1999	13,021,920	4,206,573	1,112,536	8,855,633	5,299,723	32,496,385	0.5142
2000	14,227,062	4,638,146	1,168,399	10,030,605	5,433,851	35,498,063	0.5034
2001	16,497,153	5,360,050	1,268,012	12,121,113	6,121,057	41,367,385	0.4663
2002	19,448,909	6,019,972	1,548,993	12,897,940	7,031,967	46,947,781	0.4597
2003	22,403,879	6,744,964	1,652,991	13,775,926	6,563,965	51,141,725	0.4597
2004	23,075,733	6,152,987	1,520,231	12,319,063	6,131,395	49,199,409	0.4928
2005	24,636,792	6,234,367	1,520,474	11,469,167	6,135,499	49,996,299	0.4430
2006	25,951,700	6,635,199	1,352,469	12,585,937	5,880,307	52,405,612	0.4430
2007	28,790,589	7,888,961	1,532,388	15,684,225	6,333,882	60,230,045	0.4126

Source: July certified tax rolls received from Travis and Williamson County Appraisal Districts. Excludes exemptions and appeal adjustments made between January 1 appraisal date and July certified roll date.

Note: Does not reflect appeal adjustments between July and October 1 assessment date. See Table 7 for additional property tax information.

**Property Taxes and Tax Levies for Direct and Overlapping
Governments with Applicable Percentages Over 10%
Last Ten Fiscal Years**

**City of Austin, Texas
Table 9**

Tax Rates (per \$100 Assessed Value) for Fiscal Year Ended September 30

Government	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4126	0.4430	0.4430	0.4928	0.4597	0.4597	0.4663	0.5034	0.5142	0.5401
Austin Community College	0.0965	0.0991	0.0900	0.0771	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Austin Independent School District	1.4930	1.6230	1.6230	1.6137	1.5964	1.5486	1.5486	1.5486	1.4319	1.4010
North Austin MUD #1	0.4500	0.4500	0.4500	0.5000	0.5000	0.5100	0.5500	0.5803	0.7100	0.7500
Northwest Austin MUD #1	0.2900	0.3000	0.2600	0.2632	0.3150	0.3577	0.3620	0.3620	0.4000	0.4000
Northwest Travis County RD #3	0.1300	0.1650	0.1800	0.1660	0.1500	0.1646	0.1600	0.2248	0.2500	0.2700
Travis County (1)	0.4499	0.4993	0.4872	0.4918	0.4660	0.4460	0.4670	0.4988	0.5143	0.4938
Travis County Healthcare District	0.0734	0.0779	0.0779	--	--	--	--	--	--	--

Tax Levies (in 000's) for Fiscal Year Ended September 30

Government	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
		\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	249,674	231,909	220,184	241,296	233,342	219,658	193,138	179,225	166,901	148,490
Austin Community College	70,836	49,521	44,345	37,321	24,863	23,323	20,571	19,209	15,255	13,971
Austin Independent School District	702,291	636,792	627,876	627,876	644,948	593,189	525,477	455,559	385,064	348,753
North Austin MUD #1	2,765	1,196	2,753	2,736	2,808	2,856	2,855	2,375	2,372	2,372
Northwest Austin MUD #1	1,226	1,105	867	883	874	1,093	1,046	136	659	645
Northwest Travis County RD #3	601	627	621	611	626	654	590	670	607	539
Travis County (1)	339,590	320,020	293,753	293,345	287,478	256,710	231,415	209,688	196,160	168,089
Travis County Healthcare District	55,520	60,798	50,416	--	--	--	--	--	--	--

Source: Travis Central Appraisal District and taxing entities.

Note: 2005 was initial year for Travis County Healthcare District tax levy .

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

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

**City of Austin, Texas
Table 10**

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Taxpayer	Type of Property	2007			1998		
		January 1, 2006 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$60,512,328,889	January 1, 1997 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$27,493,058,735
		\$		%	\$		%
Freescale Semiconductor, Inc. (1)	Manufacturing	837,540,950	1	1.38	--		
Dell Computer Corp	Manufacturing	791,645,658	2	1.31	82,744,819	9	0.30
Applied Materials Inc	Manufacturing	476,417,531	3	0.79	157,702,168	6	0.57
Spansion LLC (2)	Manufacturing	340,572,514	4	0.56	--		
Samsung	Manufacturing	330,019,799	5	0.55	--		
AT&T (3)	Telephone Utility	273,662,356	6	0.45	281,567,605	4	1.02
IBM Corporation	Manufacturing	263,197,286	7	0.43	638,343,331	3	2.32
Crescent Real Estate	Commercial	199,221,805	8	0.33	96,544,524	7	0.35
Columbia/St Davids Health Care	Health Care	157,762,653	9	0.26	--		
Cousins Properties	Commercial	153,304,715	10	0.25	--		
Motorola, Inc.	Manufacturing				1,007,177,690	1	3.66
Advanced Micro Devices, Inc.	Manufacturing				646,247,349	2	2.35
Minnesota Mining & Manufacturing	Manufacturing				163,610,776	5	0.60
Metropolitan Life Insurance Company	Commercial				85,025,000	8	0.31
Security Capital Pacific Trust	Commercial				78,259,656	10	0.28
Total Assessed Valuation		3,823,345,267		6.31	3,237,222,918		11.76

Source: Travis Central Appraisal District
Williamson County Appraisal District

- (1) Created from the Semiconductor Products Sector of Motorola in 2004.
- (2) Formed by the integration of AMD's and Fujitsu's Flash memory operations in 2003.
- (3) Formerly Southwestern Bell

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

Fiscal Year	City Direct Rate (1)	Capital Metro Rate (2)	State of Texas Rate (3)
	%	%	%
1998	1.00	1.00	6.25
1999	1.00	1.00	6.25
2000	1.00	1.00	6.25
2001	1.00	1.00	6.25
2002	1.00	1.00	6.25
2003	1.00	1.00	6.25
2004	1.00	1.00	6.25
2005	1.00	1.00	6.25
2006	1.00	1.00	6.25
2007	1.00	1.00	6.25

Sources: Capital Metro, Comptroller of Public Accounts, City of Austin
 (1) City of Austin 1% sales tax levy effective January 1, 1968
 (2) Capital Metro 1% sales tax levy effective October 1, 1995
 (3) State of Texas 6.25% sales tax levy effective July 1, 1990

Taxable Sales by Category
Last Ten Fiscal Years (In thousands)

City of Austin, Texas
Table 12

	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
					(1)	(1)	(1)	(1)	(1)	(1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	67,772	75,286	88,278	99,878	30,186	6,693	3,988	3,819	5,449	7,137
Mining	474	143	60	--	--	6,106	7,667	7,615	10,401	8,709
Construction	262,636	278,893	343,974	362,703	242,904	216,545	261,479	269,467	358,739	433,683
Manufacturing	386,983	375,876	423,823	462,283	542,829	600,703	593,036	693,007	815,727	911,340
Transportation, communications, utilities	565,854	667,213	688,341	787,612	470,240	440,103	369,901	355,874	385,957	447,239
Wholesale trade	754,593	843,679	1,079,271	840,042	626,605	590,806	668,286	800,970	896,803	949,166
Retail trade	5,227,904	5,728,728	6,405,092	6,489,980	5,128,304	4,632,271	4,806,658	5,192,995	5,768,779	6,065,366
Finance, insurance, real estate	16,663	23,400	29,313	24,367	170,116	185,353	166,338	186,685	216,226	226,549
Services	1,143,038	1,251,053	1,363,167	1,438,068	1,090,320	954,884	970,659	1,025,594	1,143,896	1,250,169
Public administration	6,210	4,065	1,691	1,591	209,178	66,691	33	166,611	388,647	402,576
Unclassified establishments	2,100	2,274	2,116	2,384	412	211	267	208	--	-
Other	672	425	360	4	1,623,992	2,345,145	2,453,253	2,289,826	2,202,208	2,070,451
	<u>8,434,899</u>	<u>9,251,035</u>	<u>10,425,486</u>	<u>10,508,912</u>	<u>10,135,086</u>	<u>10,045,511</u>	<u>10,301,565</u>	<u>10,992,671</u>	<u>12,192,832</u>	<u>12,772,385</u>

Source: State of Texas Comptroller of Public Accounts

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

(1) Category methodology changed by State Comptrollers Office effective January 1, 2002.

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

Governmental Activities					
Fiscal Year Ended Sept. 30 (1)	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Capital Lease Obligations	Total Governmental Activities
	\$	\$	\$	\$	
2002	671,300	99,309	24,593	--	795,202
2003	708,200	95,328	26,230	793	830,551
2004	738,533	91,021	33,970	813	864,337
2005	727,011	82,549	31,077	960	841,597
2006	709,172	101,334	37,229	514	848,249
2007	659,761	94,919	32,227	475	787,382

Business-Type Activities										
Fiscal Year Ended Sept. 30 (1)	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Other Tax Supported Debt	Commercial Paper Notes	Revenue Notes	Revenue Bonds	Contract Revenue Bonds	Capital Lease Obligations	Total Business-Type Activities
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2002	21,654	36,856	11,136	12,761	358,351	28,000	2,965,902	22,755	16,637	3,474,052
2003	23,019	34,701	9,640	11,527	128,484	28,000	3,201,903	16,177	15,165	3,468,616
2004	20,240	58,616	14,575	10,369	315,616	28,000	2,969,758	13,740	12,753	3,443,667
2005	21,277	52,006	23,198	9,261	356,923	28,000	3,026,009	11,708	9,367	3,537,749
2006	18,796	49,760	33,514	8,405	239,958	28,000	3,197,996	3,134	5,984	3,585,547
2007	16,593	47,413	29,154	7,768	309,003	28,000	3,191,180	2,423	4,572	3,636,106

Fiscal Year Ended Sept. 30 (1)	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	\$	%	
2002	4,269,254	1.37	636
2003	4,299,167	1.37	637
2004	4,308,004	1.33	630
2005	4,379,346	1.29	629
2006	4,433,796	1.25	621
2007	4,423,488	1.20	604

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

During fiscal year 2002, the City repaid \$15.4 million in tax notes sold in fiscal year 2001.

Population and personal income statistics can be found in Table 18.

(1) Data not available prior to 2002.

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

**City of Austin, Texas
Table 14**

Fiscal Year Ended Sept. 30 (1)	General Bonded Debt Outstanding				Net General Bonded Debt	Percentage of Actual Taxable Value (1) of Property	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total	Resources Restricted for Repayment of Outstanding Debt Principal			
	\$	\$	\$	\$			
2002	692,954	184,655	877,609	16,451	861,158	1.80	1,283.31
2003	731,219	177,426	908,645	17,311	891,334	1.76	1,321.04
2004	758,773	208,551	967,324	18,327	948,997	1.94	1,388.33
2005	748,288	198,091	946,379	20,956	925,423	1.86	1,329.86
2006	727,968	230,242	958,210	22,106	936,104	1.79	1,310.63
2007	676,354	211,481	887,835	25,582	862,253	1.42	1,177.33

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 7 for property value data.

(2) Population data can be found in Table 18

**Direct and Overlapping Governmental Activities Debt
As of September 30, 2007**

**City of Austin, Texas
Table 15**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2007 (in 000's) \$	Percent Applicable to City of Austin %	Amount Applicable to City of Austin (in 000's) \$
Governmental activities debt			
General obligation bonds	659,761		
Certificates of obligation	94,919		
Contractual obligations	32,227		
Total governmental activities debt	<u>786,907</u> (1)	100.00	<u>786,907</u>
Greater than 10%			
Austin Community College	97,194	84.19	81,828
Austin Independent School District	521,995	78.30	408,722
North Austin MUD #1	7,843	100.00	7,843
Northwest Austin MUD #1	13,875	100.00	13,875
Northwest Travis County RD #3	3,765	100.00	3,765
Round Rock Independent School District	404,939	12.80	51,832
Travis County	531,805	73.14	388,962
Subtotal greater than 10%	<u>1,581,416</u>		<u>956,827</u>
Less than 10%			
Del Valle Independent School District	175,575	2.96	5,197
Eanes Independent School District	141,250	3.70	5,226
Leander Independent School District	696,345	1.47	10,236
Manor Independent School District	177,252	2.13	3,775
Pflugerville Independent School District	282,400	4.84	13,668
Williamson County	682,392	4.09	27,910
Subtotal less than 10%	<u>2,155,214</u>		<u>66,012</u>
Total direct and overlapping debt	<u>4,523,537</u>		<u>1,809,746</u>

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

2.99 %

Per capita overlapping debt (3)

\$ 2,471.04

Source: Outstanding debt and percentage of overlapping area within the City are provided by the taxing jurisdictions.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimated the portion of the outstanding debt of those overlapping governments that is borne by the City residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Excludes general obligation debt reported in proprietary funds. See Footnote 10.

(2) Based on assessed valuation of \$60,512,329,889 provided by the Travis Central Appraisal District and Williamson County Appraisal District.

(3) Based on 2007 estimated population of 732,381.

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

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed taxable value (1)	<u>\$ 5,990,721</u>
Debt limit	10,330,201 (2)
Debt applicable to limit:	
General obligation debt	872,037
Less: Amount set aside for repayment of general obligation debt	<u>(25,582)</u>
Total net debt applicable to limit	<u>846,455</u>
Legal debt margin	<u>\$ 9,483,746</u>

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	4,008,475	4,732,406	5,190,874	6,038,917	6,966,722	7,400,733	7,138,962	7,246,657	7,632,549	10,330,201
Total net debt applicable to limit	509,137	564,524	596,407	608,190	851,443	872,917	931,297	906,446	936,104	846,455
Legal debt margin	3,346,489	4,031,444	4,440,863	5,248,709	5,922,613	6,313,239	6,040,147	6,169,474	6,696,445	9,483,746
Total net debt applicable to the limit as a percentage of debt limit	12.70%	11.93%	11.49%	10.07%	12.22%	11.80%	13.05%	12.51%	12.26%	8.19%

Note - Ad valorem tax limitations: The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at \$1.00 per \$100 per assessed valuation. A practical limitation on taxes levied for debt service of \$1.50 per \$100 of addressed valuation is established by referring to the State Statute and City Charter limitations.

(1) Assessed value 100% of estimated market value as of January 1, 2005 of \$60,512,330 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2005 for collections of \$59,907,207, results in tax revenues of \$898,608. This revenue could service the debt on \$10,330,201 issued as 8% - 20-year serial bonds with level debt service payments.

**Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 17**

Fiscal Year Ended Sept. 30	Electric Revenue Bonds						Water and Wastewater Revenue Bonds					
	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service(3)		Coverage (4)	Utility Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service(3)		Coverage (4)
				Principal	Interest					Principal	Interest	
				\$	\$					\$	\$	
1998	703,102	332,986	370,116	76,989	99,260	2.10	215,407	80,953	134,454	16,934	41,281	2.31
1999	703,929	342,914	361,015	83,661	90,470	2.07	222,762	87,012	135,750	16,423	41,157	2.36
2000	820,608	420,075	400,533	78,899	96,155	2.29	249,950	96,366	153,584	17,892	43,972	2.48
2001	854,090	458,686	395,404	83,724	86,192	2.33	233,451	102,412	131,039	17,633	46,863	2.03
2002	783,811	401,439	382,372	80,449	93,890	2.19	239,177	112,340	126,837	18,426	61,755	1.58
2003	943,729	554,235	389,494	67,746	83,352	2.58	245,943	109,416	136,527	19,080	58,370	1.76
2004	841,541	516,857	324,684	93,374	80,927	1.86	234,970	109,555	125,415	28,337	63,066	1.37
2005	989,534	614,219	375,315	89,949	67,907	2.38	270,867	116,478	154,389	40,796	59,135	1.54
2006	1,103,665	695,271	408,394	75,905	63,057	2.94	309,188	129,599	179,589	42,585	63,258	1.70
2007	1,096,869	711,181	385,688	101,312	66,674	2.30	296,475	134,824	161,651	45,208	66,252	1.45

Fiscal Year Ended Sept. 30	Airport Revenue Bonds						Convention Center Revenue Bonds					
	Service Charges (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service(3)		Coverage (5)	User Fees and Revenue Transfers (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service(3)		Coverage (4)
				Principal	Interest					Principal	Interest	
				\$	\$					\$	\$	
1998	63,312	22,878	40,434	--	24,466	1.65	21,643	10,306	11,337	1,885	4,055	1.91
1999	62,530	27,640	34,890	--	24,843	1.40	29,287	12,207	17,080	1,960	4,748	2.55
2000	80,537	33,325	47,212	--	25,065	1.88	42,758	12,527	30,231	2,670	10,043	2.38
2001	84,610	39,363	45,247	--	23,754	1.90	54,311	15,646	38,665	4,642	12,076	2.31
2002	76,816	37,265	39,551	3,255	23,131	1.50	37,262	18,927	18,335	3,090	13,626	1.10
2003	74,177	40,786	33,391	5,630	22,793	1.17	39,193	21,778	17,415	3,255	13,466	1.04
2004	77,832	38,517	39,315	7,195	21,685	1.36	34,015	18,192	15,823	5,210	12,062	0.92
2005	85,769	41,320	44,449	7,650	22,097	1.49	39,055	19,468	19,587	3,520	12,599	1.22
2006	93,245	45,714	47,531	14,790	17,326	1.48	49,711	23,092	26,619	2,330	9,899	2.18
2007	104,110	47,298	56,812	9,555	16,320	2.20	55,932	24,115	31,817	1,260	9,829	2.87

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Operating revenue, rental tax revenue, hotel tax revenue and interest income.
- (2) Operating expenses other than interest on debt, depreciation 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 subordinate, and separate lien bonds only.

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

**City of Austin, Texas
Table 18**

Year	City of Austin Population (1)	Area of Incorporation (Sq. Miles) (1)	Population MSA (2) (3)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (4)	Per Capita Personal Income MSA(2)	Unemployment Rate (MSA) (3)
				\$		\$	%
1998	608,214	254	1,155,579	33,116,579	33,690	28,658	2.9
1999	619,038	252	1,205,898	37,408,615	36,532	31,021	2.3
2000	628,667	265	1,249,763	41,157,290	36,321	32,548	3.0
2001	661,639	266	1,319,797	42,489,015	39,811	32,213	4.9
2002	671,044	273	1,341,464	41,908,425	47,089	31,128	5.8
2003	674,719	276	1,376,008	43,104,097	41,909	31,325	6.0
2004	683,551	291	1,411,483	46,191,915	39,227	32,726	4.8
2005	695,881	294	1,454,706	50,101,884	40,335	34,441	4.4
2006	714,237	296	1,513,565	54,954,527	40,888	36,308	3.9
2007	732,381	297	1,567,317 (5)	59,938,903 (5)	42,263	38,243 (5)	3.7
1998-2007 Change	16.95%	14.71%	26.27%	44.75%	20.28%	25.06%	

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source : City Demographer, City of Austin, Neighborhood Planning and Zoning Department based on full purpose area as of September 30.

(2) Source: Bureau of Economic Analysis

(3) Source: Bureau of Labor Statistics, Texas A&M University as of September 30.

(4) Source: Claritas, a Nielsen company

(5) Data not available for 2007. Figures are estimated.

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

**City of Austin, Texas
Table 19**

10 Largest Employers	Industry	Rank	2007		Rank	1998	
			Employees (1)	Percent of MSA Total (2) %		Employees (1)	Percent of MSA Total(2) %
State Government (3)	Government	1	37,349	4.95			
The University of Texas at Austin	Education	2	23,294	3.09	1	20,342	3.42
Dell Computer Corporation	Computers	3	17,000	2.25	2	10,700	1.80
City of Austin	Government	4	11,795	1.56	3	10,606	1.78
Austin Independent School District	Education	5	11,423	1.51			
Federal Government	Government	6	10,700	1.42	5	9,159	1.54
HEB	Retail	7	7,095	0.94			
Seton Healthcare Network	Healthcare	8	6,743	0.89			
Wal-Mart	Retail	9	6,500	0.86	6	7,000	1.18
IBM Corporation	Computers	10	6,300	0.83			
Motorola Inc.	Electronic Components				4	10,000	1.68
Internal Revenue Service	Government				7	5,700	0.96
Texas Department of Health (3)	Government				8	5,634	0.95
Advanced Micro Devices, Inc.	Electronic Components				9	4,200	0.71
Texas Department of Public Safety (3)	Government				10	4,000	0.67
			<u>138,199</u>	<u>18.31</u>		<u>87,341</u>	<u>14.69</u>

(1) Source: Austin ISD Annual Report 06-07, Austin Business Journal, Austin Chamber of Commerce, City of Austin Budget Documents, University of Texas at Austin, Texas State Auditor's Office

(2) Total refers to a Metropolitan Statistical Area (MSA) work force of 754,800 for 2007 and 594,548 for 1998. Source: Bureau of Labor Statistics, Texas A&M University.

(3) FY 2007 MSA data not available by state agency. FY 1998 data not available by MSA totals.

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

**City of Austin, Texas
Table 20**

Program/Function	Full-time Equivalent Employees as of Ended September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Governmental activities										
General government	157	147	152	151	169	181	183	183	180	178
Public safety	3,844	3,790	3,591	3,581	3,519	3,535	3,377	3,209	3,102	2,988
Transportation, planning and sustainability	5	5	5	3	3	3	3	3	3	3
Public health	913	893	836	799	828	837	819	805	861	874
Public recreation and culture	796	703	694	690	763	853	861	820	776	749
Urban growth management	335	314	308	402	451	554	551	369	383	359
Total governmental functions	6,050	5,852	5,586	5,626	5,733	5,963	5,794	5,389	5,305	5,151
Business-type activities										
Electric	1,605	1,561	1,538	1,472	1,459	1,449	1,373	1,315	1,325	1,155
Water	461	460	462	470	504	493	474	519	519	521
Wastewater	574	573	558	535	540	551	558	526	526	529
Airport	340	328	372	377	393	387	374	330	320	215
Convention	209	203	202	224	228	228	154	127	118	111
Environmental and health services	431	423	414	447	450	377	385	376	373	372
Public recreation	90	71	76	89	102	105	108	83	76	59
Urban growth management	645	631	611	489	485	454	438	600	605	600
Total proprietary programs	4,355	4,250	4,233	4,103	4,161	4,044	3,864	3,876	3,862	3,562
Internal services (1)	1,390	1,323	1,283	1,306	1,412	1,458	1,397	1,313	1,265	1,159
Total full-time equivalent employees	11,795	11,425	11,102	11,035	11,306	11,465	11,055	10,578	10,432	9,872

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

	Fiscal Year Ended September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Governmental activities										
General government										
Municipal court cases filed	346,223	414,018	402,243	410,924	437,561	436,000	431,678	448,830	462,488	469,241
Central booking cases magistrated/arraigned	98,892	86,067	93,071	95,831	89,443	88,831	65,533	67,951	71,183	84,025
Warrants issued	121,704	118,949	125,284	128,741	120,652	100,368	127,209	111,203	113,241	113,599
Number of warrants prepared	70,651	77,687	117,022	120,114	130,358	122,550	145,166	129,534	126,018	128,118
Jail cases prepared	113,811	106,379	109,613	111,070	100,894	97,307	66,723	75,034	81,843	88,309
Public safety										
Number of law offenses	189,581	160,316	146,457	169,221	130,478	125,474	117,927	116,192	112,367	106,195
Physical arrests	60,983	58,759	54,472	56,462	51,774	52,253	51,359	55,457	60,018	56,907
Traffic violations	211,823	231,169	260,698	230,823	233,571	228,291	234,156	215,462	233,766	235,937
Fire emergency responses	75,748	68,335	64,771	58,943	58,988	59,108	59,307	55,569	49,543	46,660
Fires responses	2,241	2,799	2,295	2,186	2,262	2,402	2,291	2,752	N/A	N/A
Fire inspections	25,728	26,663	28,527	26,627	26,895	28,680	26,911	14,972	16,327	N/A
EMS response units dispatched	103,325	107,162	103,325	85,562	80,285	80,217	81,246	76,203	70,123	61,288
EMS 911 calls received	97,254	100,796	97,254	85,453	81,368	80,535	84,240	76,084	69,636	58,032
EMS ground patient transports	48,787	50,631	48,787	42,495	41,402	43,939	41,402	40,181	34,850	34,337
Transportation, planning and sustainability										
Engineering studies completed in school zones	76	51	52	87	50	54	13	62	40	62
Number of children receiving safety training	47,019	45,028	44,880	29,987	19,277	16,552	6,288	16,646	18,957	16,664
Injuries to children in school zones	1	0	2	1	0	0	0	0	1	0
Public health										
Environmental and consumer health permits issued	5,146	5,091	4,477	4,410	4,430	3,875	5,400	5,193	N/A	N/A
Number of animals sheltered	27,163	24,357	25,489	24,800	23,960	21,877	23,534	23,347	24,939	24,446
Birth and death certificates	134,229	130,526	131,025	131,205	122,089	119,151	108,225	104,033	98,252	119,139
STD patient clinic visits	12,856	13,046	12,463	12,007	11,498	14,781	11,000	10,879	10,213	9,777
Immunizations shots administered	48,563	41,464	39,542	46,786	46,694	45,012	20,000	20,000	19,256	25,881
Women and children service encounters	363,624	352,540	349,210	336,142	323,331	300,861	260,430	247,893	239,613	229,595
Participants receiving basic needs services	7,965	7,587	10,691	9,394	10,855	N/A	18,048	13,467	12,304	13,467
Mobile food vendor permits issued	9,632	9,131	7,450	7,523	6,656	5,577	7,699	3,718	5,748	443
Food establishment permits issued	5,016	4,634	4,803	4,760	N/A	4,150	4,095	3,489	3,509	3,342
Pregnancy rate/1000 female teens (13-17 years old)	32	32	32	27	34	37	44	44	41	47
HIV clients	3,950	3,732	3,411	3,267	1,562	2,858	6,722	3,582	N/A	N/A
HIV client visits	15,000	18,825	28,190	26,378	35,282	28,500	27,200	29,726	36,975	55,616

(Continued)

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

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Public recreation and culture										
Volumes in library collection	1,490,814	1,705,805	1,652,303	1,614,460	1,550,145	1,477,881	1,416,044	1,375,246	1,332,754	1,271,290
Library volumes borrowed	3,552,013	3,373,408	3,355,351	3,230,357	3,332,645	3,282,517	3,164,580	3,076,001	2,989,256	2,983,854
Registered library borrowers	489,649	456,009	420,461	516,666	484,075	446,272	410,102	367,854	450,788	419,640
Meals served to senior citizens	107,101	114,770	118,066	126,311	143,000	142,040	148,100	152,188	153,453	145,053
Participant hours in nature center program	113,159	118,994	142,709	149,103	140,463	122,487	242,000	282,614	244,540	106,752
Visitors to garden center	411,540	392,181	385,160	402,645	388,549	426,357	633,500	586,470	505,209	211,386
Participant hours in summer playground program	178,667	151,230	151,230	157,272	189,185	210,365	245,700	214,098	203,571	224,752
Urban growth management										
One-stop shop customers served development assistance	23,534	20,702	23,421	N/A						
Neighborhood plans adopted	5	9	5	7	8	8	1	3	2	1
Zoning applications processed	222	268	259	186	179	201	231	N/A	N/A	N/A
Building inspections performed-development and regulation	213,799	207,389	177,909	155,360	157,461	150,946	173,573	195,190	177,735	155,954
One-stop shop building permits issued	75,078	98,827	82,439	N/A						
Households served by community development activities	11,166	11,325	11,688	16,408	N/A	N/A	N/A	N/A	N/A	N/A
Renters assisted through S.M.A.R.T. construction/rehabilitation units	294	270	284	221	321	N/A	N/A	N/A	N/A	N/A
Homebuyers assisted through S.M.A.R.T. housing	66	135	218	294	262	266	213	441	441	337
S.M.A.R.T. housing units completed	1,470	1,692	1,725	1,612	1,694	400	49	N/A	N/A	N/A
Owner-occupied homes retained through rehabilitation/construction	917	903	995	980	717	926	816	1,079	1,164	1,156
Business-type activities										
Electric										
Electric sales (in millions of KWH)	11,325	11,248	10,904	10,262	10,321	10,153	10,430	10,726	9,995	9,545
Number of metered customers	388,626	380,696	372,735	365,874	359,526	353,072	346,795	333,903	363,178	356,282
Water										
Actual water pumpage (in millions of gallons)	45,868	56,603	51,374	48,469	51,111	50,883	50,185	52,326	46,679	46,669
Water main breaks	533	783	454	473	556	480	786	856	448	376
Average daily consumption (thousands of gallons)	112,394	135,537	120,179	113,826	119,020	122,024	121,222	134,216	113,047	116,575
Average daily consumption per capita	134	165	150	145	155	159	172	194	179	180
Peak daily capacity (thousands of gallons)	310,000	260,000	260,000	260,000	260,000	260,000	250,000	250,000	227,000	227,000
Wastewater										
Average daily sewage treatment (millions of gallons)	97,598	77,805	85,436	81,431	87,165	93,942	93,942	83,836	93,968	68,671
Combined daily capacity (thousands of gallons)	150,000	135,000	135,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Airport										
Enplanements	4,552,481	4,141,580	3,866,383	3,707,864	3,436,944	3,439,302	3,690,835	3,938,644	3,363,069	3,037,566
Deplanements	4,332,910	3,984,670	3,704,881	3,530,781	3,270,137	3,281,366	3,508,487	3,720,027	3,307,782	3,028,407
Cargo (in millions of pounds)	211	230	242	254	252	286	321	357	276	240
Convention										
Convention contracts executed	263	308	261	257	276	242	235	155	170	219
Pre-event plans produced	674	705	577	438	343	315	235	206	190	219
Vehicles parked	335,551	345,896	284,070	218,669	250,504	233,666	211,913	176,467	75,769	108,973

(Continued)

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

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Environment and health services										
Refuse collected (tons per day)	683	660	623	587	570	519	535	522	513	514
Recyclables collected (tons per day)	127	120	123	123	125	106	100	109	106	106
Public recreation										
Golf rounds played	194,289	226,172	253,479	270,767	287,244	308,950	258,607	314,154	305,255	298,511
Sports teams	495	1,813	1,678	N/A	N/A	3,200	3,162	2,206	2,165	2,202
Estimated participant hours for community recreation program	2,274,456	2,210,843	3,335,339	2,461,425	3,241,960	3,455,493	2,862,738	2,829,957	2,314,564	1,288,754
Urban growth management										
Discharge permits issued to businesses	1,144	1,165	1,194	1,151	1,207	1,244	N/A	1,200	1,498	1,048
Water quality master planning assessments coordinated - cumulative	83	83	81	81	81	80	80	67	54	51
Residential ponds provided vegetation control	515	500	481	409	384	370	350	297	700	825
Residential ponds maintained	531	555	522	244	220	161	160	153	56	57
Residential ponds to be maintained	612	599	577	491	480	479	451	419	398	382
Acres treated with stormwater improvements (cumulative)	5,283	4,868	4,676	4,559	4,667	4,559	4,667	4,492	3,957	2,668
Litter and debris collection on Lady Bird Town Lake (in tons)	243	222	251	231	215	222	371	225	197	233
Properties receiving increased flood hazard protection	35	17	17	8	25	34	34	12	39	88
Miles of creeks maintained	63	64	63	63	63	63	65	62	N/A	77
Stormwater sites successfully sampled and analyzed	1,503	871	1,009	1,002	727	681	837	662	N/A	N/A
Feet of pipeline cleaned	75,554	87,770	81,040	53,013	40,893	51,900	50,000	43,131	51,247	N/A
Potholes repaired	1,073	672	1,072	1,478	3,231	2,203	4,620	2,003	2,770	2,814
Signal studies	280	270	277	250	266	246	254	219	350	200
Signal modifications	38	52	86	35	93	59	74	117	91	76
Traffic sign installations	30,820	33,709	18,784	20,540	15,361	14,280	13,707	15,057	18,092	17,291
Citizen requests for traffic improvement completed	1,474	1,227	1,319	1,303	1,151	966	1,229	1,645	1,634	1,114
Parking tickets	118,663	130,267	117,004	123,160	132,775	137,232	133,654	140,717	157,641	160,347
Internal services activities (1)										
Internal services										
Vehicles sold	344	224	230	150	282	423	522	425	293	395
Rental units (2)	1,426	1,580	1,547	740	1,780	1,934	2,800	2,531	2,856	2,314
Payment transactions processed	259,527	306,783	262,282	249,435	250,993	274,980	269,506	296,000	272,084	309,100
Payroll payments	420,985	492,843	328,819	323,754	327,328	332,725	212,753	346,736	231,789	267,800
Units of mail processed	2,003,607	2,003,607	1,977,488	1,804,358	2,505,959	2,844,605	3,076,920	2,621,150	6,752,222	6,598,122
Employees enrolled in medical benefit plans	7,288	7,046	7,051	7,111	7,710	8,619	8,256	7,323	9,020	8,699
Requests for council action processed	2,350	2,300	2,242	2,161	2,235	1,063	250	680	1,416	N/A
Active construction projects managed in-house	319	338	310	297	293	50	50	24	71	63
Asbestos work requests completed	211	258	289	448	675	515	450	565	648	728
Land parcels acquired	239	148	130	176	127	184	75	111	203	120

Sources: Various city departments; budget documents and performance reports

N/A Information not available

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.

(2) For Fiscal Year 2007, amended budget estimate is used because final statistic is unavailable.

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Governmental activities										
Public safety										
Police stations	4	4	4	4	3	3	3	3	3	3
Police zone offices	9	9	9	9	7	7	7	6	6	6
Patrol units	352	351	333	340	318	290	232	280	260	263
Fire stations	44	43	42	41	41	40	40	40	38	36
EMS stations	31	30	30	29	28	28	26	23	21	17
Public health										
Health facilities (sq. ft.)	331,462	318,462	341,607	334,419	362,155	362,155	291,465	299,819	299,819	321,239
Program vehicles	61	61	59	57	66	66	65	65	65	N/A
Public recreation and culture										
Libraries	22	22	22	22	22	22	21	21	21	21
District parks	11	11	11	11	11	11	11	11	12	12
Metropolitan parks	11	11	18	11	11	10	10	10	9	9
Natural preserves	13	13	15	15	15	15	14	14	10	10
Greenbelts	26	26	32	25	25	25	25	25	23	23
Neighborhood parks	90	90	85	85	85	84	80	80	77	77
Special parks (museums, etc.)	27	30	27	27	26	27	23	22	22	22
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	0
Recreation centers	18	17	17	17	17	17	16	18	15	15
Senior activity sites	21	21	21	18	20	20	20	20	20	20
Open fields	90	90	89	89	89	88	88	88	88	88
Senior activity centers	3	3	3	3	3	3	3	3	3	3
Veloway (miles)	3	3	3	3	3	3	3	3	3	3
Hike and bike trails (miles)	117	117	117	117	75	51	51	44	44	N/A
Business-type activities										
Electric										
Overhead distribution (miles)	5,527	5,540	5,549	5,546	5,532	5,493	5,485	5,478	5,437	5,418
Underground distribution (miles)	5,429	5,236	5,011	4,762	4,517	4,140	3,943	3,824	3,608	3,462
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Water mains (miles)	3,514	3,449	2,791	2,871	2,995	2,872	2,825	3,709	3,580	3,230
Booster pumps	44	45	47	47	45	46	42	29	24	32
Fire hydrants	30,479	29,204	28,115	27,134	27,647	26,303	25,838	24,794	23,391	18,640
Wastewater										
Sanitary sewers (miles)	2,544	2,490	2,200	2,265	2,311	2,226	2,202	2,723	2,635	2,277
Connections	186,675	181,330	178,574	174,593	169,330	168,159	173,000	160,744	159,157	149,663

(Continued)

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

**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Business-type activities, continued										
Airport										
Buildings maintained (sq. ft.)	2,306,130	2,288,130	2,288,130	2,288,130	2,288,130	2,290,563	3,130,000	3,130,000	2,900,000	N/A
Facility (terminal) maintained (sq. ft.)	754,000	1,016,000	754,000	754,000	754,000	754,000	720,000	720,000	720,000	209,878
Acres I air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	771
Convention										
Convention facilities (sq. ft.)	2,126,249	2,126,249	2,126,249	1,877,000	1,877,000	1,877,000	1,732,298	1,651,941	1,484,520	381,106
Environment and health services										
Refuse collection trucks	108	93	96	102	88	97	103	90	83	78
Recycle collection trucks	34	30	34	34	44	42	51	45	41	38
Public recreation										
Golf courses	5	6	6	6	6	6	6	6	5	5
Tennis courts	102	102	102	102	102	102	106	106	106	106
Swimming pools	46	47	47	47	47	47	47	47	47	47
Athletic fields	176	176	87	87	87	87	87	87	88	88
Softball fields	16	16	16	16	16	16	16	16	16	16
Urban growth management										
Residential detention ponds	612	599	577	491	480	442	480	434	398	350
Street (miles)	7,266	7,037	6,908	6,789	6,599	6,502	6,277	6,251	6,080	6,030
Bridges	337	323	323	310	302	N/A	N/A	N/A	N/A	N/A
Traffic signals	836	827	824	811	798	772	750	712	681	662
Metered parking spaces	3,865	3,859	3,805	3,747	3,675	3,586	3,408	3,410	3,629	3,295
Internal Services (1)										
Fleet facilities (sq. ft.)	123,117	123,117	123,117	11,860	11,860	11,860	11,860	11,860	N/A	N/A
Secured computer workstations (2)	7,800	7,700	7,542	6,200	8,000	8,000	8,000	8,000	N/A	N/A
Number of network end use devices (2)	6,000	6,030	5,994	5,892	5,186	5,277	5,161	5,161	N/A	N/A
City facilities insured	1,111	1,074	1,102	1,113	1,077	1,100	1,076	1,063	1,011	925
Facilities maintained (sq. ft.)	1,621,921	1,621,921	1,448,379	1,250,994	962,994	967,194	967,194	790,522	785,522	N/A

Sources: Various city departments; budget documents and performance reports

N/A Information not available

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.

(2) For Fiscal Year 2007, amended budget estimate is used where final statistic is unavailable.

