

Comprehensive Annual Financial Report



*City of Austin,
Texas*

*For the year ended
September 30, 2008*

*Prepared by:
Financial and Administrative Services Department*

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Deputy Chief Financial Officer*

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Controller*

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of the United States and Canada*



City Council

Will Wynn

Mayor

Term expires June 20, 2009

Brewster McCracken

Mayor Pro Tem

Term expires June 20, 2009

Council Members

Sheryl Cole	June 20, 2009
Lee Leffingwell	June 25, 2011
Mike Martinez	June 20, 2009
Laura Morrison	June 25, 2011
Randi Shade	June 25, 2011

Marc A. Ott

City Manager

**CITY OF AUSTIN, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended September 30, 2008**

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INTRODUCTION



City of Austin

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

April 28, 2009

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, 2008. 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 audited by the independent firm of Certified Public Accountants Deloitte & Touche LLP. This audit satisfies Article VII, Section 16 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. Grant awards are being audited under the provisions of the Single Audit Act of 1996, as amended, and the *State of Texas 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 746,000 in 2008. Over the past ten years, Austin's population has increased by approximately 127,000 residents, or 20.5 percent. Geographically, Austin consists of approximately 298 square miles. The current estimated median household income and per capita income for the Austin-Round Rock Metropolitan Statistical Area (MSA) is \$46,340 and \$39,010, respectively.

Austin is frequently recognized as a great place to live. According to a study by American Cities Business Journals, Austin ranked as the 2nd best US city for opportunities for young adults and Bizjournals.com ranked Austin as the 2nd best job market in the nation. In July 2008, *Kiplinger's Personal Finance* ranked Austin 6th as the best city to live, work and play, based on the strong economy, solid and moderate housing market, growing population and natural beauty of Austin and the surrounding region.

Travel + Leisure ranked Austin high in America's favorite cities in several categories: 2nd in friendliness and athleticism; 3rd in intelligence and attractiveness and 2nd for bands and live music. *MovieMaker* magazine names Austin as one of the top ten cities 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 culture, business opportunities, overall health and environmental concerns lead *Hispanic Magazine* to include Austin in its list of top ten cities for Latinos in the U.S.

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 121,000 students, education is a significant aspect of life in the Austin area. The University of Texas at Austin (UT), the sixth largest public university in the nation, is known as a world-class center of education and research.

Recent Economic Performance

While Austin's economy began slowing in 2008, it still outperformed many other areas of the country in creating and sustaining jobs and economic growth, and ranked fourth on the Milken Institute and Greenstreet Real Estate Partners' 2008 Best Performing Cities list. *Forbes.com* also recognized Austin the number one best-value city in 2008, based on a combination of job growth, affordable housing and cost of living. Since 1999, employment in Austin increased by more than 113,000 jobs. The Bureau of Labor Statistics reports the 2008 Austin MSA employment base at 822,000, a loss of approximately 2,000 from 2007; unemployment rose from 3.6 percent in 2007 to 5.2 percent at the end of 2008, which is below both the state and national levels.

The Texas economy performed better than the U.S. economy during 2008, and while the state's economy began cooling in 2008, jobs creation continued. According to the *Monthly Review of the Texas Economy* report for January 2009 published by The Real Estate Center at Texas A&M University, the U.S. economy lost more than 2.8 million jobs from December 2007 to 2008, while Texas gained over 154,000 jobs during that same period, resulting in a 1.5 percent growth rate. According to the Bureau of Labor Statistics, Texas ended the year with an unemployment rate of 5.7 percent. The *Southwest Economy*, published by the Federal Reserve Bank of Dallas attributes the comparatively better performance of the Texas economy to the rest of the nation to the better condition of Texas' housing sector, energy industry and its lower costs of living and doing business.

The national economy continued the recession that began in December 2007, caused by a combination of the housing market collapse, credit crunch, and financial turmoil. The Bureau of Labor Statistics reports that the unemployment rate fluctuated between 4.8 and 7.1 percent during the year, ending the year at 7.1 percent. The Texas Consumer Price Index (CPI-U), as reported by the Texas Comptroller, shows a slight increase of 0.3 percent from December 2007 to 2008, which compares to the increase of 0.1 percent for the same period at the national level, as reported by the U.S. Department of Labor. The Bureau of Labor Statistics cited declining energy prices, particularly gasoline, as the driving factor for the smallest calendar year increase since 1954.

Home sales are an important indicator of the local and national economy. In the Austin market, annual home sales declined, as did sales at both the state and national level. Data compiled by the Real Estate Research Center at Texas A&M shows Austin sales declined by 20.2 percent, with an ending inventory of 5.4 months. Texas sales also decreased, with annual home sales declining 15.9 percent, and an ending inventory of 6.4 months. National sales of existing homes declined 13.1 percent from 2007 to 2008, the lowest sales volume since 1997. The total nationwide housing inventory at the end of the year was a 9.3 month supply, 72 percent higher than that of Austin.

Economic Outlook

The Federal Reserve has predicted that the national economy will continue to shrink and unemployment will rise in 2009, and that the pace of recovery will be slow in 2010 and pick up speed in 2011. One of the region's leading economists, Angelos Angelou, expects Austin's retail sales to decrease slightly through 2009 as the effects of the weaker housing market and slower national economy dampen consumer spending and forecasts Austin's economy to experience sluggish job growth in 2009 before returning to form in 2010.

According to the *Financial Times* of London and as reported in the Texas Comptroller's *Fiscal Notes*, Texas is the top U.S. state in terms of its ability to weather the current economic challenges, citing Texas' employment growth rate and low income foreclosure rate among the reasons. Overall rankings were based on an average of four economic indicators: employment growth rate, gross state product growth rate, personal income growth rate and lowest foreclosure rate. The Texas Comptroller's Office reports that Texas appears to be avoiding the worst of the economic meltdown and that most of the national forecasts state that Texas looks better than the rest of the nation due to a better employment situation.

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. The City's budget approach emphasizes 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 and upgraded the Austin Water Utility's bond rating two levels from A+ to AA in December 2008.

The FY 2008-2009 Proposed Budget for the General Fund eliminated a shortfall of \$25.3 million that was previously identified during the five-year financial forecast. In order to achieve a balanced budget, revenue projections were refined and increased by \$4.7 million and expenditures were reduced by \$20.6 million. Expenditure reductions include reduced General Fund transfers to support and internal service departments based on budgeted savings, General Fund departmental savings, and reduced employee pay increases when compared to recent years. The FY 2008-2009 budget also authorizes approximately \$10.5 million of the budget stabilization reserves to address capital replacement and other critical needs. The Approved Budget projects budget reserves of \$67 million at the end of FY 2008-2009.

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 \$1.3 billion in annual revenues, over 390,000 customers and a service territory of approximately 437 square miles. The utility has a diverse generation mix that includes nuclear, coal, natural gas and renewable energy sources. The budget includes funding for additional generation peaking capacity at the Sand Hills Energy Center, expected to be on line in late summer 2009.

The City enterprise activities also include the Austin Water Utility, which provides water and wastewater services. The FY 2008-2009 operating expense budget of \$412.3 million provides for funding increases for customer care, personnel, fuel charges and chemical costs. The five-year forecast projects a moderate growth in base revenue of 1.4 percent annually and 25 percent combined rate increases in total over the five-year forecast period to fund system capital improvements, including new service extensions and rehabilitation of aging infrastructure.

Other enterprise funds and their FY 2008-2009 expense budgets include Aviation (\$76.9 million), Convention Center (\$68.3 million) and Solid Waste Services (\$66.6 million).

Major Initiatives

The City of Austin's vision of being the most livable city in the country means that Austin must also be the best managed city in the country where all residents can 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. During FY 2007-2008, several key steps and actions related to this project occurred. From October 2007 to February 2008, consultants began the pre-design phase of the tunnel, which included survey and geotechnical work and developed the initial project schedule. In November 2007, the Request for Qualifications (RFQ) for the Waller Creek District Master Plan was issued and the first public input workshop was held. During the first few months of 2008, City staff evaluated the RFQ responses and several more stakeholder meetings were held. In May 2008, City staff presented the results of the RFQ evaluation and recommendations and City Council authorized the negotiation and execution with the selected consultant for professional planning services for the Waller Creek District Master Plan. By September 2008, site preparation and development plans were complete and the project entered the design phase.

Zero Waste Initiative. Following the guiding principles for the delivery of solid waste services, first adopted by the City Council in 2006, a Zero Waste Strategic Plan was drafted for City Council's consideration. The plan development process began with hiring an independent consultant to develop the plan and, working with City staff, included obtaining public input over a four-month period, performing additional research and visiting peer sites. In May 2008, the City also received support for the initiative from the Capital Area Council of Government, Solid Waste Advisory Committee, and the Travis County Commissioners Court. Also during FY 2007-2008, the Solid Waste Services Department prepared for the roll-out of the Single Stream Recycling Service. The implementation, planned to begin in early FY 2008-2009, is another step towards reaching the City's Zero Waste goal and increasing individual participation in the City's recycling programs.

Redevelopment of Green Water Treatment Plant. During FY 2007-2008, the City took several key steps toward the redevelopment of the Green Water Treatment Plant site. On February 14, 2008, City Council passed a resolution amending the designated Central Library location to be the Austin Energy South Substation across Shoal Creek from the Green Water Treatment Plant site and initiating the Request for Proposal (RFP) process to sell the treatment plant site and the nearby Austin Energy Control Center property. On June 18, 2008, the City Council selected developer Trammell Crow to enter into an exclusive negotiating agreement for the sale and redevelopment of the property. The site's location between 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 several actions to make Austin a carbon neutral community by the year 2020.

Progress made during FY 2007-2008 includes the following:

- A Climate Action Team was formed to work on developing recommendations for reducing greenhouse gas emissions within their departments and City wide.
- The City of Austin is compiling a greenhouse gas inventory for all City departments.
- Austin Energy launched a Public Participation Process to determine future energy generation and continues to work in a variety of areas to achieve the goals set by the plan.
- The Energy Efficiency Upgrades Task Force worked to identify and recommend City Code revisions to implement cost effective energy efficiency retrofits and upgrades of Austin's homes and buildings and compiled the results to present to the City Council for consideration.
- The framework for a community coordinating committee is being created
- The City of Austin is finalizing development of an Austin specific carbon footprint calculator.

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 Housing™. 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. In 2007, the task force presented several recommendations to provide a platform for continuing to develop a more comprehensive and equitable affordable housing strategy. In April 2008, Neighborhood Housing and Community Development completed an assessment of housing affordability in Austin, national trends and best practices on how to retain it and released its *Preserving Affordable Housing in Austin: A Platform for Action* report. Also in April 2008, the City issued a RFP for the City of Austin's Comprehensive Housing Market Study. In August 2008, Council authorized the execution of a contract with the selected consultant to assist in developing the study.
- 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. By the end of FY 2007-2008, Council had approved 14 projects – homeownership and rental – for a total of \$13.6 million. During FY 2007-2008, the first 100 affordable rental units were completed at Skyline Terrace, a former hotel that was renovated and now houses very low-income individuals.
- 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 approved by the City Council after public discussion. Annual updates to the Capital Improvements Program budgets follow a similar process. Primary responsibility for fiscal analysis of budget to actual expense or revenue and overall program fiscal standing rests with the department operating the program. As demonstrated by the statements and schedules included in the City's 2008 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 2008, 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. GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its 2007 CAFR. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2008 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

ACKNOWLEDGMENTS

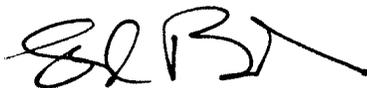
The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Controller's Office of the Financial and Administrative Services Department. Other departments and offices of the City have also contributed directly or indirectly to the preparation 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 auditor, Deloitte & Touche LLP, conducted the audit.

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

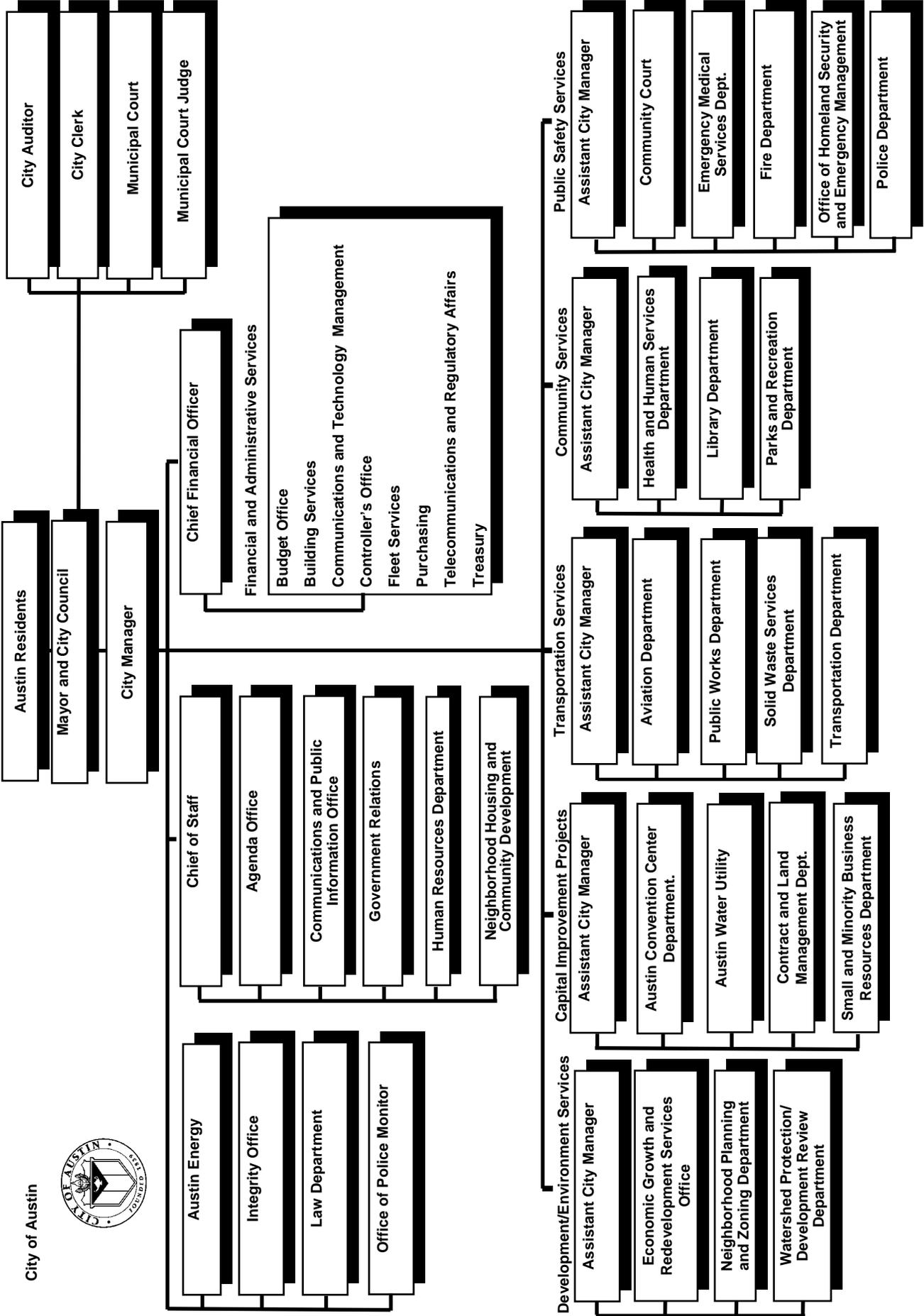


Marc A. Ott
City Manager



Leslie Browder, CPA
Chief Financial Officer

City of Austin



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Austin
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Texas for its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2007.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2008 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



President

Executive Director



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the 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. 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the City implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the measurement, recognition, and display of other postemployment benefits for the year ended September 30, 2008.

Management's Discussion and Analysis, the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual-Budget Basis, the Retirement Plans – Trend Information, and the Other Post Employment Benefits – Trend Information as described in the table of contents 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. This supplementary information is the responsibility of the City's management. 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 individual fund financial statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City's management. The combining and individual fund financial statements and 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 the statistical section 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.

Deloitte & Touche LLP

April 28, 2009

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, 2008. 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. 48 and No. 50.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2008, resulting in \$4.5 billion of net assets. Net assets associated with governmental activities are approximately \$1.6 billion, or 36% of the total net assets of the City. Net assets associated with business-type activities are approximately \$2.9 billion, or 64% 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 \$3.4 billion, or 74% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, are \$560.2 million, or 12% of the City's total net assets. Unrestricted net assets for governmental activities are approximately \$1.6 million; unrestricted net assets for business-type activities are approximately \$558.6 million, or 19% of total business-type net assets.

Total net assets for the City of Austin increased \$154.4 million, or 3.6% during fiscal year 2008. Of this amount, governmental activities decreased \$23.7 million, or 1.5% from the previous year and business-type activities increased \$178.1 million, or 6.6% from the previous year.

Total revenues for the City increased \$299.5 million; revenues for governmental activities increased \$24.2 million; revenues for business-type activities increased \$275.3 million. Total expenses for the City increased \$356.6 million; expenses for governmental activities increased \$120.9 million; expenses for business-type activities increased \$235.7 million.

In fiscal year 2008, the City implemented GASB Statement No. 45, entitled "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*". This implementation resulted in the recognition of a new other postemployment benefits liability and expense in the government-wide and proprietary fund financial statements totaling \$87.5 million. The total actuarial accrued liability for these retiree benefits was approximately \$1.0 billion at year end. The City funds these benefits on a pay-as-you-go basis.

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 Required Supplementary Information (RSI) section immediately follows the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund. 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 and other post employment benefits plans is presented in RSI. Following the RSI are other statements and schedules, including the combining statements for nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

a -- Net assets

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

	Net Assets as of September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 544,656	520,779	1,395,559	1,413,295	1,940,215	1,934,074
Capital assets	2,258,850	2,167,656	6,038,226	5,672,358	8,297,076	7,840,014
Other noncurrent assets	3,993	3,609	553,101	505,643	557,094	509,252
Total assets	2,807,499	2,692,044	7,986,886	7,591,296	10,794,385	10,283,340
Current liabilities	251,312	229,183	482,405	473,123	733,717	702,306
Noncurrent liabilities	951,675	834,640	4,622,330	4,414,160	5,574,005	5,248,800
Total liabilities	1,202,987	1,063,823	5,104,735	4,887,283	6,307,722	5,951,106
Net assets:						
Invested in capital assets, net of related debt	1,526,481	1,530,124	1,825,599	1,648,758	3,352,080	3,178,882
Restricted	76,478	69,982	497,927	492,356	574,405	562,338
Unrestricted	1,553	28,115	558,625	562,899	560,178	591,014
Total net assets	\$ 1,604,512	1,628,221	2,882,151	2,704,013	4,486,663	4,332,234

Total assets of the City increased by \$511 million in the current fiscal year. Total liabilities increased by \$357 million. Governmental-type total assets increased by \$115 million and business-type increased \$396 million, while Governmental-type liabilities increased by \$139 million and business-type increased \$218 million.

Significant factors in the increase of governmental total assets include an increase in capital assets of \$91.2 million and an increase in pooled investments and cash of \$14.9 million. Factors in the increase of governmental-type liabilities include an increase in current liabilities of \$22.1 million, consisting of increases to deferred credits and other liabilities of \$16.7 million, accrued compensated absences of \$5.4 million, accrued payroll of \$4.7 million, claims payable of \$1.6 million and decreases to accounts payable of \$6.5 million. Noncurrent liabilities increased \$117 million, consisting primarily of an increase to general obligation bonds payable of \$43 million, pension obligation payable of \$12.8 million, accrued compensated absences of \$5 million and other post employment benefits of \$54.9 million.

Significant factors in the increase of business-type total assets include an increase in capital assets of \$365.9 million and an increase pooled investments and cash of \$71 million. Total liabilities increased by \$217.5 million; significant increases include revenue bonds payable of \$215 million, other post employment benefits payable of \$32.6 million, accounts payable of \$17.1 million, deferred credits and other liabilities of \$16.4 million and pension obligation of \$9.6 million, significant decreases include commercial paper notes payable of \$95.8 million, capital appreciation bond interest payable of \$6.6 million, and general obligation bonds payable and other tax supported debt of \$5.2 million.

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$4.5 billion at the end of the current fiscal year. However, the largest portion of the City's net assets are invested in capital assets, net of related debt (e.g. land, building, and equipment), which are \$3.4 billion, or 75% 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, \$574.4 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, \$560.2 million of unrestricted net assets, may be used to meet the government's future obligations. Unrestricted net assets decreased \$30.8 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 \$154.4 million in the current fiscal year. Governmental net assets decreased \$23.7 million. The decrease is attributable to expenses exceeding revenues by \$96.9 million net of transfers from other funds of \$73.2 million. Business-type net assets increased by \$178.1 million due to revenues exceeding expenses by \$251.3 million, net of transfers to other funds of \$73.2 million.

	Changes in Net Assets September 30 (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Program revenues:						
Charges for services	\$ 149,694	132,670	1,845,678	1,594,441	1,995,372	1,727,111
Operating grants and contributions	65,782	57,331	--	--	65,782	57,331
Capital grants and contributions	3,652	2,942	76,881	50,898	80,533	53,840
General revenues:						
Property tax	268,802	258,943	--	--	268,802	258,943
Sales tax	154,445	153,098	--	--	154,445	153,098
Franchise fees and gross receipts tax	93,236	87,180	--	--	93,236	87,180
Grants and contributions not restricted to specific programs	80,178	73,711	--	--	80,178	73,711
Interest and other	29,287	54,963	59,028	60,970	88,315	115,933
Total revenues	<u>845,076</u>	<u>820,838</u>	<u>1,981,587</u>	<u>1,706,309</u>	<u>2,826,663</u>	<u>2,527,147</u>
Program expenses:						
General government	97,945	76,136	--	--	97,945	76,136
Public safety	440,345	397,583	--	--	440,345	397,583
Transportation, planning and sustainability	49,426	48,758	--	--	49,426	48,758
Public health	102,188	94,158	--	--	102,188	94,158
Public recreation and culture	87,975	72,082	--	--	87,975	72,082
Urban growth management	123,115	93,185	--	--	123,115	93,185
Interest on debt	40,954	39,166	--	--	40,954	39,166
Electric	--	--	1,070,999	929,057	1,070,999	929,057
Water	--	--	202,900	162,158	202,900	162,158
Wastewater	--	--	147,059	144,573	147,059	144,573
Airport	--	--	91,557	80,368	91,557	80,368
Convention	--	--	52,911	43,956	52,911	43,956
Environmental and health services	--	--	69,805	55,386	69,805	55,386
Public recreation	--	--	10,169	9,800	10,169	9,800
Urban growth management	--	--	84,886	69,293	84,886	69,293
Total expenses	<u>941,948</u>	<u>821,068</u>	<u>1,730,286</u>	<u>1,494,591</u>	<u>2,672,234</u>	<u>2,315,659</u>
Excess (deficiency) before special items and transfers	(96,872)	(230)	251,301	211,718	154,429	211,488
Transfers	73,163	67,353	(73,163)	(67,353)	--	--
Increase (decrease) in net assets	<u>(23,709)</u>	<u>67,123</u>	<u>178,138</u>	<u>144,365</u>	<u>154,429</u>	<u>211,488</u>
Beginning net assets	1,628,221	1,561,098	2,704,013	2,559,648	4,332,234	4,120,746
Ending net assets	<u>\$ 1,604,512</u>	<u>1,628,221</u>	<u>2,882,151</u>	<u>2,704,013</u>	<u>4,486,663</u>	<u>4,332,234</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

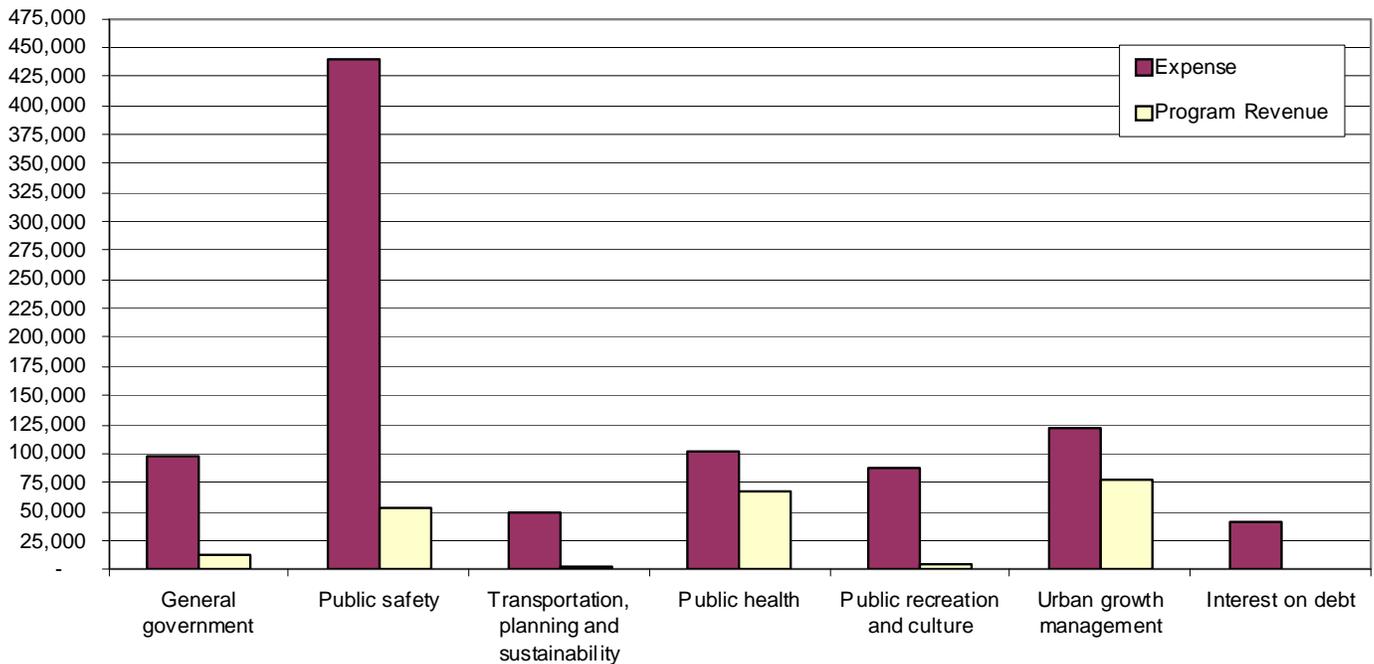
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City's net assets by \$23.7 million in fiscal year 2008, a 1.5% decrease of governmental net assets from the previous year. Key factors for the change from fiscal year 2007 to 2008 are as follows:

- The City's property tax revenue increased by \$9.9 million from the previous year, despite a decrease in the City's tax rate from 41.3 cents to 40.3 per \$100 valuation, as a result of an increase in assessed property values.
- Franchise fees and gross receipts taxes increased \$6.1 million, largely due to a \$1.9 million increase in hotel occupancy tax collections, while sales tax collections increased \$1.3 million.
- Grants and contributions not restricted to specific programs increased \$6.5 million, primarily due to an increase in property owner's participation and contributions. Grants and contributions restricted to specific programs increased \$8.5 million, primarily as a result of higher intergovernmental grant revenues.
- Public safety expenses increased \$42.8 million and Urban growth management expenses increased \$29.9 million.

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

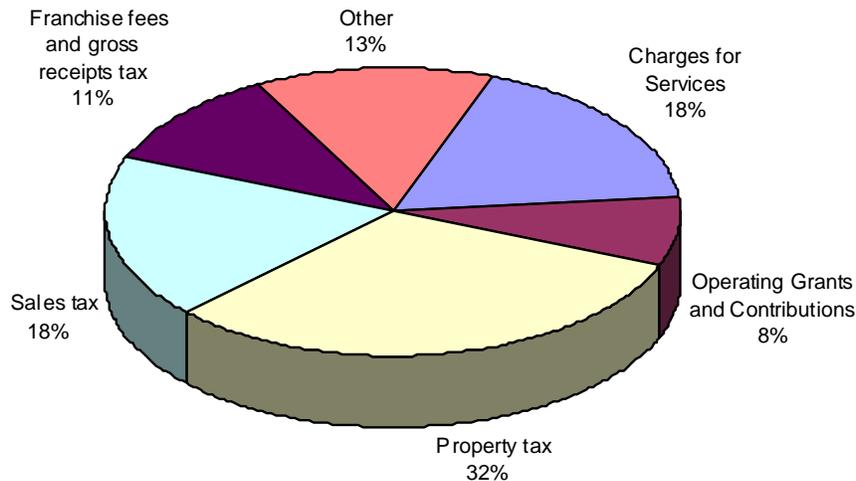
**Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)**



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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

Government-wide Revenues by Source -- Governmental Activities



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

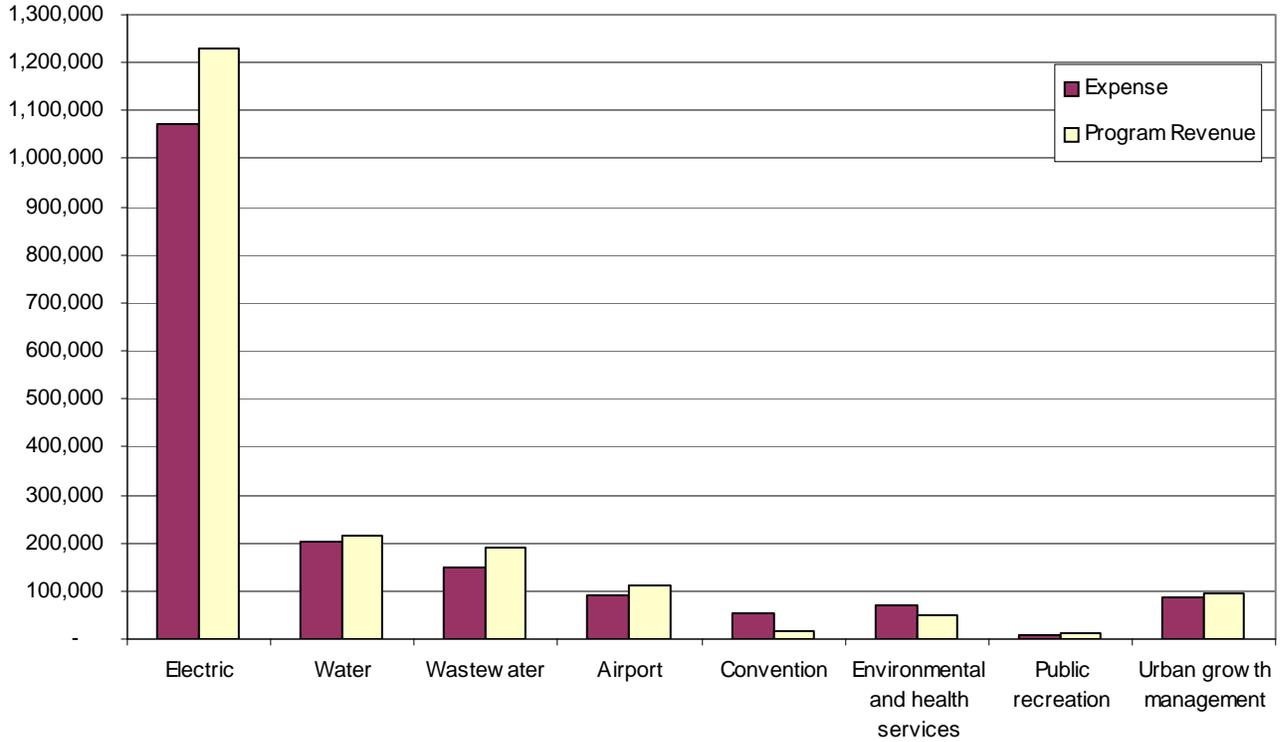
Business-type activities increased the City's net assets by approximately \$178 million, accounting for a 4.1% increase in the City's total net assets. Key factors include:

- Electric net assets increased approximately \$109.6 million. This increase is due primarily to an increase in electric consumption due to weather conditions. Revenues increased 15% while expenses increased 17% due to increased operating costs.
- Water and Wastewater net assets increased approximately \$30.2 million. This increase is due primarily to increased water consumption due to weather conditions. Water revenue for 2008 increased by approximately 31.2% and Wastewater revenue increased 19.1% from the prior year.
- Airport net assets increased approximately \$28.3 million. Revenues increased 6.2% due primarily to increases in parking and terminal lease revenue. Expenses increased due to an increase in operations costs and interest on debt.
- Convention net assets increased approximately \$6.9 million. Revenue was 20.5% more than the prior year due to increased demand for convention space and events. Expenses increased due to increases in operations and maintenance costs and interest on debt.
- 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 \$18.3 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 increased by \$1.3 million primarily due to the reopening of Jimmy Clay Golf Course, which was closed for renovations for nine months during fiscal year 2007.
- Urban growth management activities are comprised of nonmajor enterprise funds that include the Drainage Fund and Transportation Fund. Net assets increased by approximately \$21.9 million. Transportation revenues increased 14% primarily due to an increase in the Transportation User Fee rate, while Transportation expenses increased 19.3% largely due to increased street maintenance costs.

As shown in the following chart, the electric utility, with expenses of \$1.07 billion, is the City's largest business-type activity, followed by water (\$203 million), wastewater (\$147 million), airport (\$92 million), urban growth management (\$85 million), environmental and health services (\$70 million), convention (\$53 million), and public recreation (\$10 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention and environmental and health services.

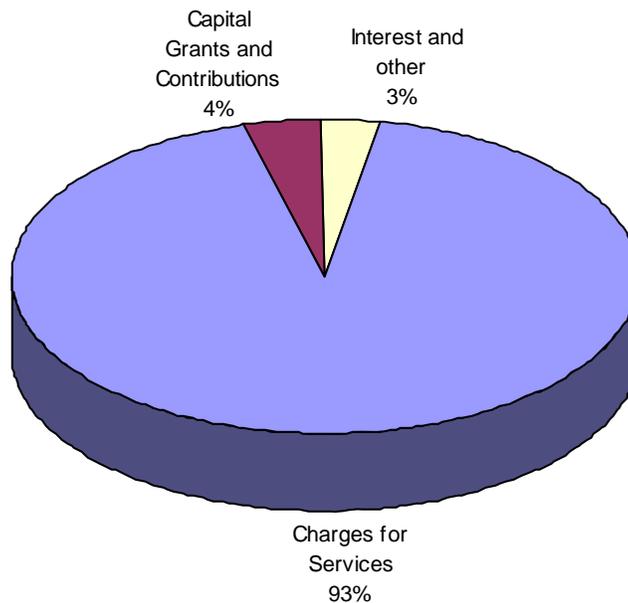
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

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 \$329.4 million, an increase of \$18.6 million from the previous year. Approximately \$219.4 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 decreased \$7.9 million in comparison to the prior year, due to a decrease in the reservation for encumbrances of \$7.7 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 \$85.1 million, while total fund balance was \$88.7 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 14.8% of total General Fund expenditures of \$575.6 million, and total fund balance represents 15.4% 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 \$38.5 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 \$18.1 million during the fiscal year, while unreserved fund balance decreased \$12.2 million. Significant differences from the previous year include:

- Property tax revenues increased \$19.7 million due to an increase in assessed property values. The City's property tax rate decreased from 41.3 cents to 40.3 cents per \$100 valuation.
- Sales tax revenues increased \$1.3 million, while franchise fees and other taxes increased \$3.7 million.
- Fines, forfeitures and penalties increased \$2.9 million largely due to traffic fines and other city ordinance fines.
- General fund expenditures increased \$39.7 million, due primarily to an increase in public safety expenditures of \$24.8 million, an increase in general government expenditures of \$4.3 million and an increase in public recreation and culture expenditures of \$5.9 million.

b -- Proprietary funds

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net assets of the City's enterprise funds, including consolidation of the internal service funds activities, increased by \$178 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 2008 for increased public safety and urban growth management costs. The final expenditure budget was \$351 thousand higher than the original budget.

During the year, revenues were \$4.4 million less than budgeted. Sales tax collections were \$10.3 million less than budgeted, while franchise fee revenue was \$3.4 million more than budgeted.

Actual General Fund budget-basis expenditures were \$11.9 million less than budgeted. Transportation, planning and sustainability expenditures exceeded budget by \$15,000; while all other General Fund departments were under budget. The total budget-basis fund balance at year-end was \$81.2 million.

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2008, total \$8.3 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, infrastructure, construction in progress, nuclear fuel, plant held for future use, and intangible assets. The total increase in the City's capital assets for the current fiscal year was \$457 million (5.8%), with an increase of 4.2% for governmental activities and an increase of 6.5% 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	
	2008	2007	2008	2007	2008	2007
Land and improvements	\$ 302	261	442	365	744	626
Other assets not depreciated	19	19	1	1	20	20
Building and improvements	426	425	1,419	1,367	1,845	1,792
Equipment	79	81	3,367	3,071	3,446	3,152
Vehicles	36	32	58	52	94	84
Infrastructure	1,194	1,167	--	--	1,194	1,167
Construction in progress	203	183	612	680	815	863
Nuclear fuel, net of amortization	--	--	33	28	33	28
Plant held for future use	--	--	28	28	28	28
Intangible assets, net of amortization	--	--	78	80	78	80
Total net capital assets	<u>\$ 2,259</u>	<u>2,168</u>	<u>6,038</u>	<u>5,672</u>	<u>8,297</u>	<u>7,840</u>

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

- Governmental capital assets increased \$91 million primarily due to infrastructure additions, land acquisitions, and facility and system improvements.
- Business-type activities purchased or completed construction on capital assets of \$366 million. The increase was largely due to Water and Wastewater Fund land acquisition, facility improvements, and wastewater projects associated with the Austin Clean Water Program, as well as for Electric Fund expenditures for general infrastructure improvements and Drainage Fund land acquisitions.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported \$4.58 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds and other tax supported debt, net	\$ 830	787	96	101	926	888
Commercial paper notes, net	--	--	213	309	213	309
Revenue notes	--	--	28	28	28	28
Revenue bonds, net	--	--	3,409	3,194	3,409	3,194
Capital lease obligations	--	--	2	4	2	4
Total	\$ 830	787	3,748	3,636	4,578	4,423

During fiscal year 2008, the City's total outstanding debt increased by \$155 million. The City issued new debt and refinanced portions of existing debt to achieve lower borrowing costs. Debt issues include the following:

- Bond debt for governmental activities increased \$43 million. Issuance of new debt will be used primarily for street improvements, public safety facilities, fire trucks, parks and recreation facilities and affordable housing projects.
- Outstanding debt for business-type functions increased \$112 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 bonds received a favorable bond rating upgrade from Standard & Poor's while all other bond ratings were unchanged. Ratings at September 30, 2008 of the City's obligations for various debt instruments are as follows:

Debt	Moody's Investors Service, Inc		Standard & Poor's		Fitch, Inc.	
	2008	2007	2008	2007	2008	2007
General obligation bonds and other tax supported debt	Aa1	Aa1	AAA	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	Aa3	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 2008, with sales tax revenues increasing by 1% and property tax collections increasing by 11% as compared to 2007. Job growth for the area continues to increase, with low growth forecasted in 2009. The local economy is expected to encounter weak economic growth in 2009, but is expected to perform better than the national economy. Nationally, the U.S. economy continues to be impacted by the housing, auto industry, and financial crisis. These issues are expected to impact the local economy as well.

For the upcoming 2009 budget, focus will be on a multi-year budget horizon designed to incorporate national economic conditions and how they are expected to influence the City of Austin and the region over the relative short term. 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 budget stability while at the same time maintaining affordability, investment in future economic development, infrastructure needs, and quality of life. These policies are also crucial in maintaining the City's favorable bond ratings. City management will continue to monitor the economy and take corrective actions to help mitigate any unfavorable economic events.

The assessed taxable property values within the City increased by 10.95% for 2008. The property tax rate for fiscal year 2009 is 40.12 cents per \$100 valuation. The tax rate consists of 27.49 cents for the General Fund and 12.63 cents for debt service. Each 1 cent of the property tax rate is equivalent to \$7,626,638 of tax levy, as compared to \$6,873,679 in the previous year. Rate increases for the Water and Wastewater Fund are: 9.7% for Water and 4.5% for Wastewater for a combined increase of 7.0%.

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, 2008
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	2008 Total (†)
ASSETS			
Current assets:			
Cash	\$ 88	65	153
Pooled investments and cash	391,595	329,471	721,066
Pooled investments and cash - restricted	--	365,713	365,713
Total pooled investments and cash	391,595	695,184	1,086,779
Investments, at fair value	18,489	3,863	22,352
Investments, at fair value - restricted	--	333,144	333,144
Cash held by trustee	3,880	--	3,880
Cash held by trustee - restricted	--	31,472	31,472
Working capital advances	--	7,711	7,711
Property taxes receivable	11,787	--	11,787
Less allowance for uncollectible taxes	(3,592)	--	(3,592)
Net property taxes receivable	8,195	--	8,195
Accounts and other receivables	163,577	209,052	372,629
Less allowance for doubtful accounts	(83,600)	(3,660)	(87,260)
Net accounts receivable	79,977	205,392	285,369
Receivables from other governments	18,142	--	18,142
Notes receivable, net of allowance of \$19,042	10,883	--	10,883
Internal balances	(939)	939	--
Internal balances - restricted	(342)	342	--
Inventories, at cost	2,323	86,379	88,702
Real property held for resale	11,291	--	11,291
Prepaid items	232	2,901	3,133
Other assets	842	22,969	23,811
Other receivables - restricted	--	5,198	5,198
Total current assets	544,656	1,395,559	1,940,215
Noncurrent assets:			
Investments held by trustee - restricted	--	114,992	114,992
Interest receivable - restricted	--	1,471	1,471
Capital assets			
Land and other nondepreciable assets	321,637	443,448	765,085
Property, plant, and equipment in service	2,657,966	7,821,069	10,479,035
Less accumulated depreciation	(924,081)	(2,976,053)	(3,900,134)
Net property, plant, and equipment in service	1,733,885	4,845,016	6,578,901
Construction in progress	203,328	611,647	814,975
Nuclear fuel, net of amortization	--	32,730	32,730
Plant held for future use	--	27,783	27,783
Intangible assets, net of amortization	--	77,602	77,602
Total capital assets	2,258,850	6,038,226	8,297,076
Other long-term assets	--	71	71
Deferred costs and expenses, net of amortization	3,993	436,567	440,560
Total noncurrent assets	2,262,843	6,591,327	8,854,170
Total assets	\$ 2,807,499	7,986,886	10,794,385

(†) 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, 2008
(In thousands)

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

	Governmental Activities	Business-type Activities	2008 Total (†)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 29,280	94,383	123,663
Accounts and retainage payable from restricted assets	--	41,749	41,749
Accrued payroll	27,197	14,679	41,876
Accrued compensated absences	44,841	20,884	65,725
Claims payable	13,600	--	13,600
Accrued interest payable from restricted assets	--	75,801	75,801
Interest payable on other debt	3,459	645	4,104
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	57,297	9,310	66,607
General obligation bonds payable and other tax supported debt payable from restricted assets, net of discount and inclusive of premium	--	1,489	1,489
Revenue bonds payable	--	780	780
Revenue bonds payable payable from restricted assets	--	154,836	154,836
Capital lease obligations payable	166	505	671
Customer and escrow deposits payable from restricted assets	--	30,254	30,254
Nuclear fuel expense payable from restricted assets	--	18,606	18,606
Accrued landfill closure and postclosure costs	--	800	800
Deferred credits and other liabilities	75,472	17,684	93,156
Total current liabilities	251,312	482,405	733,717
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	57,714	3,904	61,618
Claims payable	12,862	--	12,862
Capital appreciation bond interest payable	--	225,615	225,615
Commercial paper notes payable, net of discount	--	213,200	213,200
Revenue notes payable	--	28,000	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	772,719	84,931	857,650
Revenue bonds payable, net of discount and inclusive of premium	--	3,252,964	3,252,964
Pension obligation payable	36,812	30,637	67,449
Other post employment benefits payable	54,882	32,625	87,507
Capital lease obligations payable	316	2,277	2,593
Accrued landfill closure and postclosure costs	--	14,988	14,988
Decommissioning expense payable from restricted assets	--	158,996	158,996
Deferred credits and other liabilities	16,370	571,706	588,076
Other liabilities payable from restricted assets	--	2,487	2,487
Total noncurrent liabilities	951,675	4,622,330	5,574,005
Total liabilities	1,202,987	5,104,735	6,307,722
NET ASSETS			
Invested in capital assets, net of related debt	1,526,481	1,825,599	3,352,080
Restricted for:			
Debt service	14,620	98,113	112,733
Strategic reserve	--	162,151	162,151
Capital projects	43,145	164,593	207,738
Renewal and replacement	--	43,284	43,284
Passenger facility charges	--	19,446	19,446
Operating reserve	--	10,340	10,340
Perpetual Care:			
Expendable	844	--	844
Nonexpendable	1,040	--	1,040
Other purposes	16,829	--	16,829
Unrestricted	1,553	558,625	560,178
Total net assets	\$ 1,604,512	2,882,151	4,486,663

(†) 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, 2008
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		2008 Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 97,945	9,572	114	3,652	(84,607)	--	(84,607)
Public safety	440,345	45,880	7,685	--	(386,780)	--	(386,780)
Transportation, planning, and sustainability	49,426	3,531	--	--	(45,895)	--	(45,895)
Public health	102,188	43,122	23,558	--	(35,508)	--	(35,508)
Public recreation and culture	87,975	3,749	1,504	--	(82,722)	--	(82,722)
Urban growth management	123,115	43,840	32,921	--	(46,354)	--	(46,354)
Interest on debt	40,954	--	--	--	(40,954)	--	(40,954)
Total governmental activities	941,948	149,694	65,782	3,652	(722,820)	--	(722,820)
Business-type activities							
Electric	1,070,999	1,217,735	--	10,807	--	157,543	157,543
Water	202,900	181,515	--	35,139	--	13,754	13,754
Wastewater	147,059	183,608	--	6,215	--	42,764	42,764
Airport	91,557	102,519	--	10,849	--	21,811	21,811
Convention	52,911	17,572	--	--	--	(35,339)	(35,339)
Environmental and health services	69,805	49,190	--	1,121	--	(19,494)	(19,494)
Public recreation	10,169	9,760	--	1,374	--	965	965
Urban growth management	84,886	83,779	--	11,376	--	10,269	10,269
Total business-type activities	1,730,286	1,845,678	--	76,881	--	192,273	192,273
Total	\$ 2,672,234	1,995,372	65,782	80,533	(722,820)	192,273	(530,547)
General revenues:							
Property tax					268,802	--	268,802
Sales tax					154,445	--	154,445
Franchise fees and gross receipts tax					93,236	--	93,236
Grants and contributions not restricted to specific programs					80,178	--	80,178
Interest and other					29,287	59,028	88,315
Transfers-internal activities					73,163	(73,163)	--
Total general revenues and transfers					699,111	(14,135)	684,976
Change in net assets					(23,709)	178,138	154,429
Beginning net assets					1,628,221	2,704,013	4,332,234
Ending net assets					\$ 1,604,512	2,882,151	4,486,663

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



**Governmental Funds
Balance Sheet
September 30, 2008
(In thousands)**

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

	2008		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 68	5	73
Pooled investments and cash	74,422	220,366	294,788
Investments, at fair value	--	18,489	18,489
Cash held by trustee	--	3,223	3,223
Property taxes receivable	7,255	4,532	11,787
Less allowance for uncollectible taxes	<u>(2,277)</u>	<u>(1,315)</u>	<u>(3,592)</u>
Net property taxes receivable	4,978	3,217	8,195
Accounts and other receivables	136,913	23,689	160,602
Less allowance for doubtful accounts	<u>(82,605)</u>	<u>(773)</u>	<u>(83,378)</u>
Net accounts receivable	54,308	22,916	77,224
Receivables from other governments	--	18,142	18,142
Notes receivable, net of allowance	--	10,883	10,883
Due from other funds	227	39,629	39,856
Advances to other funds	--	6,414	6,414
Inventories, at cost	877	--	877
Real property held for resale	--	11,291	11,291
Prepaid items	112	87	199
Other assets	60	782	842
Total assets	<u>135,052</u>	<u>355,444</u>	<u>490,496</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	5,040	12,740	17,780
Accrued payroll	21,068	1,263	22,331
Accrued compensated absences	567	--	567
Due to other funds	--	39,867	39,867
Deferred revenue	16,546	9,813	26,359
Advances from other funds	--	402	402
Deposits and other liabilities	3,141	50,639	53,780
Total liabilities	<u>46,362</u>	<u>114,724</u>	<u>161,086</u>
Fund balances			
Reserved:			
Encumbrances	2,577	58,605	61,182
Inventories and prepaid items	989	87	1,076
Notes receivable	--	10,883	10,883
Advances receivable	--	6,414	6,414
Real property held for resale	--	11,291	11,291
Debt service	--	18,079	18,079
Permanent funds	--	1,040	1,040
Unreserved, designated:			
Emergencies	40,000	--	40,000
Contingencies	5,737	--	5,737
Future use	845	--	845
Budget stabilization	38,542	--	38,542
Unreserved, undesignated:			
Special revenue	--	56,008	56,008
Capital projects	--	77,469	77,469
Permanent funds	--	844	844
Total fund balances	<u>88,690</u>	<u>240,720</u>	<u>329,410</u>
Total liabilities and fund balances	<u>\$ 135,052</u>	<u>355,444</u>	<u>490,496</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, 2008
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds	\$ 329,410
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.	2,204,728
Other long-term assets are not available as current-period resources and are not reported in the funds.	38,409
Long-term liabilities are not payable in the current period and are not reported in the funds.	(1,045,231)
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.	77,196
Total net assets - Governmental activities	<u>\$ 1,604,512</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, 2008
(In thousands)

City of Austin, Texas
Exhibit B-2

	2008		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 187,975	89,911	277,886
Sales taxes	154,445	--	154,445
Franchise fees and other taxes	41,118	52,118	93,236
Fines, forfeitures and penalties	18,946	5,628	24,574
Licenses, permits and inspections	24,268	--	24,268
Charges for services/goods	29,175	66,901	96,076
Intergovernmental	--	91,765	91,765
Property owners' participation and contributions	--	7,065	7,065
Interest and other	12,639	19,191	31,830
Total revenues	<u>468,566</u>	<u>332,579</u>	<u>801,145</u>
EXPENDITURES			
Current:			
General government	61,935	5,662	67,597
Public safety	394,323	4,737	399,060
Transportation, planning and sustainability	1,112	8,258	9,370
Public health	35,188	56,675	91,863
Public recreation and culture	60,751	12,009	72,760
Urban growth management	22,250	79,242	101,492
Debt service:			
Principal	--	61,800	61,800
Interest	--	40,954	40,954
Capital outlay-capital project funds	--	119,290	119,290
Total expenditures	<u>575,559</u>	<u>388,627</u>	<u>964,186</u>
Excess (deficiency) of revenues over expenditures	(106,993)	(56,048)	(163,041)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	104,060	104,060
Issuance of refunding bonds	--	156,038	156,038
Bond premiums	--	15,090	15,090
Payment to refunding bond escrow agent	--	(171,128)	(171,128)
Transfers in	116,311	57,316	173,627
Transfers out	(27,438)	(68,576)	(96,014)
Total other financing sources (uses)	<u>88,873</u>	<u>92,800</u>	<u>181,673</u>
Net change in fund balances	(18,120)	36,752	18,632
Fund balances at beginning of year	106,810	203,968	310,778
Fund balances at end of year	<u>\$ 88,690</u>	<u>240,720</u>	<u>329,410</u>

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, 2008
(In thousands)

City of Austin, Texas
 Exhibit B-2.1

Net change in fund balances - Governmental funds	\$ 18,632
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.	43,222
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.	34,859
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.	(42,260)
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.	(76,225)
The net revenue of certain activities of internal service funds is reported with governmental activities.	(1,937)
Change in net assets - Governmental activities	<u>\$ (23,709)</u>

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

Proprietary Funds
Statement of Net Assets
September 30, 2008
(In thousands)

	Business-Type Activities		
	Electric	Water and Wastewater	Airport
ASSETS			
Current assets:			
Cash	\$ 18	9	8
Pooled investments and cash	213,733	7,843	1,263
Pooled investments and cash - restricted	152,759	9,218	152,307
Total pooled investments and cash	<u>366,492</u>	<u>17,061</u>	<u>153,570</u>
Investments, at fair value	--	--	--
Investments, at fair value - restricted	238,405	69,658	14,419
Cash held by trustee	--	--	--
Cash held by trustee - restricted	26,936	4,536	--
Working capital advances	7,711	--	--
Accounts receivable	137,573	55,758	4,299
Less allowance for doubtful accounts	(2,141)	(620)	(673)
Net accounts receivable	<u>135,432</u>	<u>55,138</u>	<u>3,626</u>
Due from other funds	200	--	--
Due from other funds - restricted	--	27	--
Inventories, at cost	83,184	1,266	1,565
Prepaid expenses	2,362	453	11
Other assets	22,969	--	--
Other receivables - restricted	<u>870</u>	<u>457</u>	<u>2,252</u>
Total current assets	<u>884,579</u>	<u>148,605</u>	<u>175,451</u>
Noncurrent assets:			
Advances to other funds	2,364	--	--
Advances to other funds - restricted	--	54	124
Investments held by trustee - restricted	114,992	--	--
Interest receivable - restricted	1,471	--	--
Capital assets			
Land and other nondepreciable assets	62,395	204,908	92,770
Property, plant, and equipment in service	3,686,508	2,984,005	679,045
Less accumulated depreciation	(1,705,518)	(964,603)	(169,146)
Net property, plant, and equipment in service	<u>1,980,990</u>	<u>2,019,402</u>	<u>509,899</u>
Construction in progress	275,143	279,536	15,008
Nuclear fuel, net of amortization	32,730	--	--
Plant held for future use	27,783	--	--
Intangible assets, net of amortization	<u>--</u>	<u>77,602</u>	<u>--</u>
Total capital assets	<u>2,379,041</u>	<u>2,581,448</u>	<u>617,677</u>
Other long-term assets	71	--	--
Deferred costs and expenses, net of amortization	<u>247,269</u>	<u>181,400</u>	<u>3,388</u>
Total noncurrent assets	<u>2,745,208</u>	<u>2,762,902</u>	<u>621,189</u>
Total assets	<u>\$ 3,629,787</u>	<u>2,911,507</u>	<u>796,640</u>

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	2008 Total	
ASSETS			
Current assets:			
Cash	30	65	15
Pooled investments and cash	106,632	329,471	96,807
Pooled investments and cash - restricted	51,429	365,713	--
Total pooled investments and cash	158,061	695,184	96,807
Investments, at fair value	3,863	3,863	--
Investments, at fair value - restricted	10,662	333,144	--
Cash held by trustee	--	--	657
Cash held by trustee - restricted	--	31,472	--
Working capital advances	--	7,711	--
Accounts receivable	11,422	209,052	2,285
Less allowance for doubtful accounts	(226)	(3,660)	(222)
Net accounts receivable	11,196	205,392	2,063
Due from other funds	900	1,100	11
Due from other funds - restricted	--	27	--
Inventories, at cost	364	86,379	1,446
Prepaid expenses	75	2,901	33
Other assets	--	22,969	--
Other receivables - restricted	1,619	5,198	--
Total current assets	186,770	1,395,405	101,032
Noncurrent assets:			
Advances to other funds	12	2,376	56
Advances to other funds - restricted	137	315	--
Investments held by trustee - restricted	--	114,992	--
Interest receivable - restricted	--	1,471	--
Capital assets			
Land and other nondepreciable assets	83,375	443,448	713
Property, plant, and equipment in service	471,511	7,821,069	94,508
Less accumulated depreciation	(136,786)	(2,976,053)	(44,725)
Net property, plant, and equipment in service	334,725	4,845,016	49,783
Construction in progress	41,960	611,647	3,626
Nuclear fuel, net of amortization	--	32,730	--
Plant held for future use	--	27,783	--
Intangible assets, net of amortization	--	77,602	--
Total capital assets	460,060	6,038,226	54,122
Other long-term assets	--	71	--
Deferred costs and expenses, net of amortization	4,510	436,567	5
Total noncurrent assets	464,719	6,594,018	54,183
Total assets	651,489	7,989,423	155,215

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2008
(In thousands)

	Business-Type Activities		
	Electric	Water and Wastewater	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 81,996	4,270	2,377
Accounts and retainage payable from restricted assets	12,664	22,446	1,619
Accrued payroll	6,349	3,214	959
Accrued compensated absences	9,521	4,905	1,261
Claims payable	--	--	--
Due to other funds	--	--	--
Accrued interest payable from restricted assets	40,382	30,750	2,417
Interest payable on other debt	54	174	1
General obligation bonds payable and other tax supported debt	--	3,180	16
General obligation bonds payable and other tax supported debt payable from restricted assets	160	--	--
Revenue bonds payable	--	780	--
Revenue bonds payable from restricted assets	78,773	59,018	12,325
Capital lease obligations payable	31	4	466
Customer and escrow deposits payable from restricted assets	20,100	6,688	549
Nuclear fuel expense payable from restricted assets	18,606	--	--
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	10,089	6,756	255
Total current liabilities	278,725	142,185	22,245
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,582	600	236
Claims payable	--	--	--
Advances from other funds	--	4,334	--
Capital appreciation bond interest payable	102,448	123,167	--
Commercial paper notes payable, net of discount	35,148	178,052	--
Revenue notes payable	--	--	28,000
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	1,427	17,342	291
Revenue bonds payable, net of discount and inclusive of premium	1,229,369	1,500,754	306,544
Pension obligation payable	13,640	6,895	2,121
Other post employment benefits payable	13,306	8,223	2,422
Capital lease obligations payable	1,181	--	1,096
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning expense payable from restricted assets	158,996	--	--
Deferred credits and other liabilities	90,071	477,373	--
Other liabilities payable from restricted assets	--	2,382	105
Total noncurrent liabilities	1,647,168	2,319,122	340,815
Total liabilities	1,925,893	2,461,307	363,060
NET ASSETS			
Invested in capital assets, net of related debt	985,685	381,070	272,321
Restricted for:			
Debt service	48,203	33,402	14,344
Strategic reserve	149,822	5,505	--
Capital projects	42,288	--	106,880
Renewal and replacement	32,066	--	10,000
Passenger facility charges	--	--	19,446
Operating reserve	--	--	8,615
Unrestricted	445,830	30,223	1,974
Total net assets	\$ 1,703,894	450,200	433,580
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	4,050	1,765	970
Total net assets - Business-type activities	\$ 1,707,944	451,965	434,550

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	2008 Total	
LIABILITIES			
Current liabilities:			
Accounts payable	5,740	94,383	11,500
Accounts and retainage payable from restricted assets	5,020	41,749	--
Accrued payroll	4,157	14,679	4,866
Accrued compensated absences	5,197	20,884	6,638
Claims payable	--	--	13,600
Due to other funds	1,100	1,100	27
Accrued interest payable from restricted assets	2,252	75,801	--
Interest payable on other debt	416	645	60
General obligation bonds payable and other tax supported debt	6,114	9,310	3,685
General obligation bonds payable and other tax supported debt payable from restricted assets	1,329	1,489	--
Revenue bonds payable	--	780	--
Revenue bonds payable from restricted assets	4,720	154,836	--
Capital lease obligations payable	4	505	2
Customer and escrow deposits payable from restricted assets	2,917	30,254	--
Nuclear fuel expense payable from restricted assets	--	18,606	--
Accrued landfill closure and postclosure costs	800	800	--
Deferred credits and other liabilities	584	17,684	4,580
Total current liabilities	40,350	483,505	44,958
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	1,486	3,904	585
Claims payable	--	--	12,862
Advances from other funds	4,220	8,554	205
Capital appreciation bond interest payable	--	225,615	--
Commercial paper notes payable, net of discount	--	213,200	--
Revenue notes payable	--	28,000	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	65,871	84,931	12,292
Revenue bonds payable, net of discount and inclusive of premium	216,297	3,252,964	--
Pension obligation payable	7,981	30,637	--
Other post employment benefits payable	8,674	32,625	--
Capital lease obligations payable	--	2,277	--
Accrued landfill closure and postclosure costs	14,988	14,988	--
Decommissioning expense payable from restricted assets	--	158,996	--
Deferred credits and other liabilities	4,262	571,706	--
Other liabilities payable from restricted assets	--	2,487	--
Total noncurrent liabilities	323,779	4,630,884	25,944
Total liabilities	364,129	5,114,389	70,902
NET ASSETS			
Invested in capital assets, net of related debt	186,523	1,825,599	36,849
Restricted for:			
Debt service	2,164	98,113	--
Strategic reserve	6,824	162,151	--
Capital projects	15,425	164,593	9,055
Renewal and replacement	1,218	43,284	--
Passenger facility charges	--	19,446	--
Operating reserve	1,725	10,340	--
Unrestricted	73,481	551,508	38,409
Total net assets	287,360	2,875,034	84,313
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	332	7,117	
Total net assets - Business-type activities	287,692	2,882,151	

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, 2008
(In thousands)

	Business-Type Activities		
	Electric	Water and Wastewater	Airport
OPERATING REVENUES			
Utility services	\$ 1,217,735	365,123	--
User fees and rentals	--	--	84,807
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,217,735	365,123	84,807
OPERATING EXPENSES			
Operating expenses before depreciation	858,317	154,215	52,993
Depreciation and amortization	112,482	78,898	18,276
Total operating expenses	970,799	233,113	71,269
Operating income (loss)	246,936	132,010	13,538
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	43,082	2,321	6,464
Interest on revenue bonds and other debt	(85,775)	(89,526)	(20,921)
Interest capitalized during construction	--	--	900
Passenger facility charges	--	--	17,712
Amortization of bond issue cost	(668)	(678)	(229)
Cost (recovered) to be recovered in future years	(5,514)	(23,780)	--
Other nonoperating expense	(8,987)	(1,881)	(55)
Total nonoperating revenues (expenses)	(57,862)	(113,544)	3,871
Income (loss) before contributions and transfers	189,074	18,466	17,409
Capital contributions	10,807	41,354	10,849
Transfers in	--	--	--
Transfers out	(91,000)	(28,600)	--
Change in net assets	108,881	31,220	28,258
Total net assets - beginning	1,595,013	418,980	405,322
Total net assets - ending	\$ 1,703,894	450,200	433,580
Reconciliation to government-wide Statement of Activities			
Change in net assets	108,881	31,220	28,258
Adjustment to consolidate internal service activities	744	(981)	17
Change in net assets - Business-type activities	\$ 109,625	30,239	28,275

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	2008 Total	
OPERATING REVENUES			
Utility services	--	1,582,858	--
User fees and rentals	160,301	245,108	--
Billings to departments	--	--	274,215
Employee contributions	--	--	35,299
Operating revenues from other governments	--	--	3,088
Other operating revenues	--	--	3,587
Total operating revenues	160,301	1,827,966	316,189
OPERATING EXPENSES			
Operating expenses before depreciation	180,494	1,246,019	305,922
Depreciation and amortization	18,487	228,143	9,100
Total operating expenses	198,981	1,474,162	315,022
Operating income (loss)	(38,680)	353,804	1,167
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	7,161	59,028	689
Interest on revenue bonds and other debt	(16,083)	(212,305)	(663)
Interest capitalized during construction	1,932	2,832	--
Passenger facility charges	--	17,712	--
Amortization of bond issue cost	(182)	(1,757)	3
Cost (recovered) to be recovered in future years	--	(29,294)	--
Other nonoperating expense	(2,679)	(13,602)	(5,998)
Total nonoperating revenues (expenses)	(9,851)	(177,386)	(5,969)
Income (loss) before contributions and transfers	(48,531)	176,418	(4,802)
Capital contributions	13,871	76,881	5,316
Transfers in	49,260	49,260	--
Transfers out	(2,823)	(122,423)	(4,450)
Change in net assets	11,777	180,136	(3,936)
Total net assets - beginning	275,583	2,694,898	88,249
Total net assets - ending	287,360	2,875,034	84,313
Reconciliation to government-wide Statement of Activities			
Change in net assets	11,777	180,136	
Adjustment to consolidate internal service activities	(1,778)	(1,998)	
Change in net assets - Business-type activities	<u>9,999</u>	<u>178,138</u>	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Business-Type Activities		
	Electric	Water and Wastewater	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,239,293	354,443	86,135
Cash payments to suppliers for goods and services	(752,785)	(82,872)	(32,166)
Cash payments to employees for services	(131,161)	(58,486)	(18,264)
Cash payments to claimants/beneficiaries	--	--	--
Taxes collected and remitted to other governments	(34,722)	--	--
Net cash provided (used) by operating activities	320,625	213,085	35,705
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	--
Transfers out	(91,000)	(28,600)	--
Interest paid on revenue notes and other debt	(117)	(41)	--
Increase in deferred assets	(943)	--	--
Loans to other funds	--	--	--
Loan repayments to other funds	--	(172)	--
Loan repayments from other funds	70	27	15
Net cash provided (used) by noncapital financing activities	(91,990)	(28,786)	15
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	108,514	155,890	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	4,220	--
Principal paid on long-term debt	(89,438)	(65,449)	(12,267)
Purchased interest received	1,105	637	--
Interest paid on revenue bonds and other debt	(67,486)	(79,737)	(19,258)
Passenger facility charges	--	--	17,712
Acquisition and construction of capital assets	(251,292)	(253,480)	(14,200)
Contributions from municipality	--	--	--
Contributions from state and federal governments	--	--	8,948
Contributions in aid of construction	11,090	17,194	--
Bond issuance costs	(1,296)	(1,297)	--
Bond premiums	11	2,544	2
Bonds issued for advanced refundings of debt	115	305,605	20
Cash paid for bond refunding escrow	(119)	(295,705)	(21)
Cash paid for nuclear fuel inventory	(17,514)	--	--
Net cash provided (used) by capital and related financing activities	\$ (306,522)	(210,090)	(19,064)

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	2008 Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	161,100	1,840,971	318,134
Cash payments to suppliers for goods and services	(81,440)	(949,263)	(113,353)
Cash payments to employees for services	(81,741)	(289,652)	(105,142)
Cash payments to claimants/beneficiaries	--	--	(78,004)
Taxes collected and remitted to other governments	--	(34,722)	--
Net cash provided (used) by operating activities	(2,081)	567,334	21,635
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	49,260	49,260	--
Transfers out	(2,823)	(122,423)	(4,450)
Interest paid on revenue notes and other debt	--	(158)	--
Increase in deferred assets	--	(943)	--
Loans to other funds	(11)	(11)	--
Loan repayments to other funds	(1,306)	(1,478)	(985)
Loan repayments from other funds	68	180	230
Net cash provided (used) by noncapital financing activities	45,188	(75,573)	(5,205)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	264,404	--
Proceeds from the sale of general obligation bonds and other tax supported debt	1,500	5,720	--
Principal paid on long-term debt	(10,258)	(177,412)	(3,243)
Purchased interest received	2	1,744	--
Interest paid on revenue bonds and other debt	(16,834)	(183,315)	(679)
Passenger facility charges	--	17,712	--
Acquisition and construction of capital assets	(39,538)	(558,510)	(8,679)
Contributions from municipality	--	--	(1,874)
Contributions from state and federal governments	--	8,948	--
Contributions in aid of construction	4,551	32,835	--
Bond issuance costs	(2,951)	(5,544)	--
Bond premiums	384	2,941	--
Bonds issued for advanced refundings of debt	140,766	446,506	2,280
Cash paid for bond refunding escrow	(134,704)	(430,549)	(2,364)
Cash paid for nuclear fuel inventory	--	(17,514)	--
Net cash provided (used) by capital and related financing activities	(57,281)	(592,957)	(14,559)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Business-Type Activities		
	Electric	Water and Wastewater	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (196,894)	(211,052)	(33,594)
Proceeds from sale and maturities of investment securities	192,637	201,250	32,173
Interest on investments	37,249	2,144	5,229
Net cash provided (used) by investing activities	32,992	(7,658)	3,808
Net increase in cash and cash equivalents	(44,895)	(33,449)	20,464
Cash and cash equivalents, October 1	438,341	55,055	133,114
Cash and cash equivalents, September 30	393,446	21,606	153,578
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	246,936	132,010	13,538
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	112,482	76,398	18,276
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	(2,611)	--	--
(Increase) decrease in accounts receivable	2,901	(11,108)	906
Increase (decrease) in allowance for doubtful accounts	137	(95)	508
Decrease in due from other funds	--	--	617
(Increase) decrease in inventory	(15,164)	731	(1,565)
Decrease in prepaid expenses and other assets	(21,716)	(328)	--
(Increase) decrease in deferred costs and other expenses	(31,006)	--	--
(Increase) decrease in other long-term assets	73	--	--
Increase (decrease) in accounts payable	15,522	1,420	335
Increase in accrued payroll and compensated absences	1,548	801	356
Decrease in claims payable	--	--	--
Increase in pension obligations payable	4,258	2,154	643
Increase in other post employment benefits payable	13,306	8,223	2,422
Increase (decrease) in deferred credits and other liabilities	(7,592)	(144)	(408)
Increase (decrease) in customer deposits	1,551	523	87
Total adjustments	73,689	81,075	22,167
Net cash provided (used) by operating activities	\$ 320,625	213,085	35,705

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	2008 Total	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(38,433)	(479,973)	--
Proceeds from sale and maturities of investment securities	29,038	455,098	--
Interest on investments	7,161	51,783	689
Net cash provided (used) by investing activities	(2,234)	26,908	689
Net increase in cash and cash equivalents	(16,408)	(74,288)	2,560
Cash and cash equivalents, October 1	174,499	801,009	94,919
Cash and cash equivalents, September 30	158,091	726,721	97,479
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(38,680)	353,804	1,167
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	18,487	225,643	9,100
Amortization	--	2,500	--
Change in assets and liabilities:			
Increase in working capital advances	--	(2,611)	--
(Increase) decrease in accounts receivable	4,715	(2,586)	1,366
Increase (decrease) in allowance for doubtful accounts	(4,465)	(3,915)	--
Decrease in due from other funds	--	617	707
(Increase) decrease in inventory	176	(15,822)	(278)
Decrease in prepaid expenses and other assets	(75)	(22,119)	(10)
(Increase) decrease in deferred costs and other expenses	--	(31,006)	43
(Increase) decrease in other long-term assets	--	73	--
Increase (decrease) in accounts payable	(147)	17,130	917
Increase in accrued payroll and compensated absences	1,011	3,716	906
Decrease in claims payable	--	--	4,241
Increase in pension obligations payable	2,533	9,588	--
Increase in other post employment benefits payable	8,674	32,625	--
Increase (decrease) in deferred credits and other liabilities	5,934	(2,210)	3,476
Increase (decrease) in customer deposits	(244)	1,917	--
Total adjustments	36,599	213,530	20,468
Net cash provided (used) by operating activities	(2,081)	567,334	21,635

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Business-Type Activities		
	Electric	Water and Wastewater	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	\$ 33,721	(2,654)	--
Increase (decrease) in capital appreciation bond interest payable	(10,058)	3,498	--
Capital assets contributed from (to) other funds	(9,883)	--	(93)
Increase in contributed facilities	--	24,253	--
Increase (decrease) in the fair value of investments	(8,359)	33	(110)
Amortization of bond issue costs	(634)	(678)	(229)
Amortization of bond discounts and premiums	(4,561)	(3,332)	(273)
Amortization of deferred loss on refundings	9,883	5,135	1,085
Loss on disposal of assets	(8,987)	(1,880)	(55)
Deferred gain (loss) on bond refunding	(7)	(6,153)	--
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	14,060	(1,023)	--
Deferred costs (recovered) to be recovered	(3,938)	(23,780)	--
Increase in deferred credits and other liabilities	943	21,135	--
Capital lease obligations	--	--	1,562

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	2008 Total	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	5	31,072	--
Increase (decrease) in capital appreciation bond interest payable	--	(6,560)	--
Capital assets contributed from (to) other funds	220	(9,756)	1,543
Increase in contributed facilities	--	24,253	--
Increase (decrease) in the fair value of investments	(172)	(8,608)	--
Amortization of bond issue costs	(182)	(1,723)	--
Amortization of bond discounts and premiums	(539)	(8,705)	--
Amortization of deferred loss on refundings	1,154	17,257	2
Loss on disposal of assets	(2,539)	(13,461)	(1,982)
Deferred gain (loss) on bond refunding	(455)	(6,615)	(154)
Bond issuance costs, discounts, premiums, and accrued interest written off due to refunding	(2,415)	10,622	(29)
Deferred costs (recovered) to be recovered	--	(27,718)	--
Increase in deferred credits and other liabilities	--	22,078	(128)
Capital lease obligations	--	1,562	--

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

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Private-purpose</u> <u>Trust</u>	<u>Agency</u>
ASSETS		
Pooled investments and cash	\$ 1,226	4,187
Other assets	121	--
Total assets	<u>1,347</u>	<u>4,187</u>
LIABILITIES		
Accounts payable	--	53
Due to other governments	--	3,319
Deposits and other liabilities	608	815
Total liabilities	<u>608</u>	<u>4,187</u>
NET ASSETS		
Held in trust	739	
Total net assets	<u>\$ 739</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, 2008
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private-purpose</u> <u>Trust</u>
ADDITIONS	
Contributions	\$ 269
Interest and other	44
Total additions	<u>313</u>
DEDUCTIONS	
Benefit payments	<u>312</u>
Total deductions	<u>312</u>
Net additions (deductions) before transfers	<u>1</u>
Total net assets - beginning	738
Total net assets - ending	<u>\$ 739</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. 48 and No. 50. In fiscal year 2008, the City implemented GASB Statement No. 45 entitled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48 entitled "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50 entitled "Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27". 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 elected to present the Airport Fund as a major fund even though it does not meet the minimum criteria. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into 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, fiduciary fund assets are held for the benefit of a third party and cannot be used to address activities or obligations of the primary government; therefore, they are not included in the government-wide statements. Reconciliation of the fund financial statements to the government-wide 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. In accordance with GASB Statement No. 20, the City has elected to follow GASB for statements issued after November 30, 1989.

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 payroll accruals, employee training and other fund-level expenditures are budgeted as general city responsibilities.

Formal budgetary control is employed during the year at the fund and department level as a management control device for 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, 2008. 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, 2008 (in thousands):

	Charges for			Other Govern- ments	Other	Total
	Services	Fines	Taxes			
Governmental activities						
General Fund	\$ 77,776	26,201	33,626	--	--	137,603
Nonmajor governmental funds	926	20	12,274	6,223	4,246	23,689
Internal service funds	2,285	--	--	--	--	2,285
Allowance for doubtful accounts	(70,645)	(12,182)	--	(773)	--	(83,600)
Total	<u>\$ 10,342</u>	<u>14,039</u>	<u>45,900</u>	<u>5,450</u>	<u>4,246</u>	<u>79,977</u>

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	\$ 149,822	--	--	--	149,822
Capital projects	60,971	5,074	109,042	38,282	213,369
Customer and escrow deposits	22,389	9,218	549	2,622	34,778
Debt service	88,585	69,658	14,344	10,661	183,248
Federal grants	--	--	2,252	--	2,252
Plant decommissioning	162,994	--	--	--	162,994
Nuclear fuel inventory replacement	18,606	--	--	--	18,606
Operating reserve account	--	--	8,615	8,910	17,525
Passenger facility charge account	--	--	24,300	--	24,300
Renewal and replacement account	32,066	--	10,000	3,372	45,438
	<u>\$ 535,433</u>	<u>83,950</u>	<u>169,102</u>	<u>63,847</u>	<u>852,332</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 include the amortized cost of a \$100 million contract, net of accumulated amortization of \$22 million 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.

In addition the FASB 71 items above, deferred expenses include debt issuance costs net of amortization.

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	1400	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 before October 1, 1986.
- (2) Civil service police employees with 10 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.

Other Post Employment Benefits – The City provides certain health care benefits for its retired employees and their families as more fully described in Note 15. In fiscal year 2008, the City implemented GASB Statement No. 45 and is now required to report the actuarially determined cost of these post-employment benefits, other than pensions. At September 30, 2008 the City's total actuarial accrued liability for these retiree benefits was approximately \$1.0 billion. The City funds the costs of these benefits on a pay-as-you-go basis.

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

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

Revenue bonds issued to finance capital projects of certain enterprise funds are to be repaid from 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.

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

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.

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	\$ 2,093
Water and Wastewater	494
Airport	509
Nonmajor Enterprise	196

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 2008 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, 2008. The amount of unbilled revenue recorded, as of September 30, 2008, for the Electric Fund was \$40.3 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, 2008. The amount of unbilled revenue recorded as of September 30, 2008 was \$13.9 million for water and \$11.5 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.

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

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

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

f -- Comparative Data

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

g -- Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures 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 (\$329.4 million) differs from the net assets reported in governmental activities within the government-wide financial statements (\$1.6 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		\$ 329,410
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Governmental capital assets	3,084,084	
Less: accumulated depreciation	<u>(879,356)</u>	
Total		2,204,728
Other long-term assets are not available as current-period resources and are not reported in the funds.		
Accounts and other taxes receivable	34,421	
Deferred costs and expenses	<u>3,988</u>	
Total		38,409
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	(814,039)	
Pension obligation payable	(36,812)	
Other post employment benefits payable	(54,882)	
Capital lease obligations payable	(480)	
Compensated absences	(94,765)	
Interest payable	(3,399)	
Deferred credits and other liabilities	<u>(40,854)</u>	
Total		(1,045,231)
Internal service funds		<u>77,196</u>
Total net assets - Governmental activities		<u><u>\$ 1,604,512</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 of \$18.6 million in fund balances of governmental funds differs from the change in net assets of (\$23.7 million) for governmental activities 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		\$ 18,632
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	126,928	
Depreciation expense	(83,544)	
Loss on disposal of capital assets	(162)	
Total	<u>43,222</u>	43,222
Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.		
Property taxes	(9,084)	
Charges for services	731	
Interest and other	371	
Capital assets contribution	42,841	
Total	<u>34,859</u>	34,859
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.		
Issuance of long-term debt	(104,060)	
Principal repayment on long-term debt	61,800	
Total	<u>(42,260)</u>	(42,260)
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	(10,225)	
Pension obligation	(12,791)	
Other post employment benefits	(54,882)	
Interest and other	1,673	
Total	<u>(76,225)</u>	(76,225)
Internal services. The net revenue (expense) of the internal service funds is reported with the governmental activities.		(1,937)
Change in net assets - Governmental activities		<u><u>\$ (23,709)</u></u>

3 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2008, the following funds reported deficits in fund balances (in thousands). Management intends to recover these deficits through future operating revenues, transfers, or debt issues.

<u>Nonmajor Governmental</u>	<u>Deficit</u>
Special Revenue Funds:	
Municipal Court Traffic Safety Fund	\$ 70
Medicaid Administrative Claims	696
Senior Nutrition	10
Performance Contracting Fund	240
Rutherford Lane Facility Fund	644
City Hall Fund	186
I-35 Parking Program	254
RMMA Reimbursement	18
Capital Projects Funds:	
Parks and recreation facilities	288
Libraries	17
Radio Trunking	2,464
Transportation	570
Drainage & Open Spaces	1,563
Parks	1,481
Cultural Facilities	1,714
Central Library	94
Build Austin	281
Build Central Texas	469
Capital reserve	3,813
Watershed Protection	768
City Hall, plaza, parking garage	7,090
Conservation Land	15

There were no deficits in net assets reported in the proprietary financial statements for the current fiscal year.

4 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2008 (in thousands):

	<u>Pooled Investments and Cash</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
General Fund	\$ 74,422	--
Nonmajor governmental funds	220,366	--
Electric	213,733	152,759
Water and Wastewater	7,843	9,218
Airport	1,263	152,307
Nonmajor enterprise funds	106,632	51,429
Internal service funds	96,807	--
Fiduciary funds	5,413	--
Subtotal pooled investments and cash	<u>726,479</u>	<u>365,713</u>
Total pooled investments and cash	<u>\$ 1,092,192</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 Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over TexasDAILY, an advisory board consisting of participants or their designees maintains oversight responsibility for TexasDAILY. PFM Asset Management LLC manages the daily operations of the pool under a contract with the advisory board.

5 – INVESTMENTS AND DEPOSITS, continued

a -- Investments, continued

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, 2008, TexPool and TexasDAILY had a weighted average maturity of 42 days and 40.7 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 2008.

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 investments of the City at September 30, 2008 (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	\$ 18,489	208,455	--	226,944
Money Market Funds	--	26,936	--	26,936
US Treasury Notes	--	150,773	--	150,773
US Agency Bonds	--	92,770	--	92,770
Total non-pooled investments	<u>18,489</u>	<u>478,934</u>	<u>--</u>	<u>497,423</u>
Pooled investments:				
Local Government Investment Pools	109,418	194,236	1,497	305,151
US Treasury Notes	14,598	25,916	202	40,716
US Agency Bonds	268,722	477,050	3,714	749,486
Total pooled investments (1)	<u>392,738</u>	<u>697,202</u>	<u>5,413</u>	<u>1,095,353</u>
Total investments	<u>\$ 411,227</u>	<u>1,176,136</u>	<u>5,413</u>	<u>1,592,776</u>

(1) A difference of \$3.2 million exists between the investment portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

At September 30, 2008, the City of Austin was exposed to concentration of credit risk since it held investments with more than five percent of the total investment portfolio balances of the City in securities of the following issuers (in millions): Federal Farm Credit Bank (\$179.6 or 11%), Federal Home Loan Bank (\$342.2 or 21%), Federal Home Loan Mortgage Corporation (\$142.8 or 9%), and Federal National Mortgage Association (\$162.5 or 10%).

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

As of September 30, 2008, the City operating funds had the following investments:

Investment Type	Fair Value (in thousands)				Weighted Average Maturity (days)
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Local Government Invest Pools (LGIPs)	\$ 109,418	194,236	1,497	305,151	1
US Treasury Notes	14,598	25,916	202	40,716	409
US Agency Bonds	268,722	477,050	3,714	749,486	490
Total	\$ 392,738	697,202	5,413	1,095,353	351

Credit Risk

Approximately 4% of the portfolio consists of direct obligations of the US government. As of September 30, 2008, Standard and Poor's issued the following ratings for other investments:

LGIPs	28%	AAAm
US Agencies - Rated	67%	AAA

The remaining 1% in portfolio securities were unrated, as follows:

Investment	Final Maturity	Fair Value in Thousands
Federal Agricultural Mortgage Corporation	2/15/2009	\$15,252

At September 30, 2008, the operating funds held investments with more than 5 percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$156.0 or 14 percent), Federal Home Loan Bank (\$297.6 or 27 percent), Federal National Mortgage Association (\$145.4 or 13 percent), Federal Home Loan Mortgage Corporation (\$135.3 or 12 percent).

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, 2008, slightly more than a quarter 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 351 days, which was less than the threshold of 365 days.

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

Debt Service Funds

As of September 30, 2008, the City's debt service funds had the following investments:

	Fair Value (in thousands)		Final Maturity
	Governmental Activities	Business-type Activities	
General Obligation Debt Service			
TexPool (LGIPs)	\$ 18,489	--	N/A
Enterprise-Utility (1)			
TexPool (LGIPs)	--	158,243	N/A
Enterprise-Airport			
TexPool (LGIPs)	--	14,344	N/A
Nonmajor Enterprise-Convention Center			
TexPool (LGIPs)	--	14,525	N/A
Total	<u>\$ 18,489</u>	<u>187,112</u>	

(1) Includes combined pledge debt service

Credit Risk

As of September 30, 2008, 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, 2008, portfolios in this category held investments in overnight securities (LGIPs).

Special Project Fund

As of September 30, 2008, the City's special project fund had the following investments:

	Fair Value (in thousands)	Final Maturity
	Business-type Activities	
Airport Construction		
TexPool (LGIPs)	\$ 75	N/A
Total special projects fund	<u>\$ 75</u>	

Credit Risk

As of September 30, 2008, 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, 2008, the portfolio in this category held investments in overnight securities (LGIPs).

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

Special Purpose Funds

Austin Energy Strategic Reserve Fund

As of September 30, 2008, the City's Special Purpose Fund (Austin Energy Strategic Reserve Fund) had the following investments:

Investment Type	Fair Value (in thousands)	Weighted Average Maturity (days)
Local Government Investment Pools	\$ 21,268	1
US Treasury Notes	72,660	889
US Agency Bonds	55,892	774
Total	\$ 149,820	716

Credit Risk

At September 30, 2008, 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, 2008, the Austin Energy Strategic Reserve Fund held investments with more than 5 percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$35.7 or 24 percent), and Federal National Mortgage Association (\$15.1 or 10%).

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, 2008, 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 716 days (1.96 years).

Austin Energy Nuclear Decommissioning Trust Funds

As of September 30, 2008, the Austin Energy's Special Purpose Fund (Nuclear Decommissioning Trust Funds, NDTF) had the following investments:

Investment Type	Fair Value (in thousands)	Weighted Average Maturity (years)
US Treasury Notes	\$ 78,113	3.79
US Agency Bonds	36,879	5.21
Money Market fund	26,936	1 day
Total	\$ 141,928	3.54

Credit Risk

As of September 30, 2008, Standard and Poor's rated the US Agency Bonds AAA and the money market fund AAAM. The remaining securities are direct obligations of the US government.

At September 30, 2008, the NDTF held investments with more than 5 percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$8.9 or 6 percent), Federal Home Loan Mortgage Corporation (\$7.5 or 5 percent), and Federal Farm Credit Bank (\$18.4 or 13 percent).

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

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, 2008, the dollar weighted average maturity was 3.54 years.

Investments and deposits portfolio balances at September 30, 2008, are as follows (in thousands):

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Non-pooled investments and cash	\$ 22,457	483,535	--	505,992
Pooled investments and cash	396,713	704,259	5,413	1,106,385
Total investments and cash	<u>419,170</u>	<u>1,187,794</u>	<u>5,413</u>	<u>1,612,377</u>
Unrestricted cash	3,968	65	--	4,033
Restricted cash	--	31,472	--	31,472
Pooled investments and cash	396,713	704,259	5,413	1,106,385
Investments	18,489	451,998	--	470,487
Total investments and cash	<u>\$ 419,170</u>	<u>1,187,794</u>	<u>5,413</u>	<u>1,612,377</u>

A difference of \$14.2 million exists between portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

Deposits

The September 30, 2008, carrying amount of deposits is as follows (in thousands):

	Governmental Activities	Business-Type Activities	Total
Cash			
Unrestricted	\$ 88	65	153
Cash held by trustee			
Unrestricted	3,880	--	3,880
Restricted	--	31,472	31,472
Pooled cash	<u>3,975</u>	<u>7,057</u>	<u>11,032</u>
Total deposits	<u>\$ 7,943</u>	<u>38,594</u>	<u>46,537</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, 2008.

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, 2007, upon which the 2008 levy was based, was \$68,736,790,926.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2008, 99.14% of the current tax levy (October 1, 2007) 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.

6 – PROPERTY TAXES, continued

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.

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, 2008, was \$.2730 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.7270 per \$100 assessed valuation, and could levy approximately \$499,716,470 in additional taxes from the assessed valuation of \$68,736,790,926 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 2008 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

<u>Enterprise Funds</u>	
Major fund:	
Airport	\$ 900
Nonmajor enterprise funds:	
Convention Center	556
Drainage	973
Golf	13
Solid Waste Services	390

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.

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Capital asset balances as of September 30, 2008 (in thousands):

	Governmental Activities	Business-type Activities	Total
Capital assets not depreciated			
Land and improvements	\$ 302,462	442,014	744,476
Arts and treasures	5,362	1,434	6,796
Library collections	13,813	--	13,813
Total	<u>321,637</u>	<u>443,448</u>	<u>765,085</u>
Depreciable property, plant, and equipment in service			
Building and improvements	588,894	2,146,212	2,735,106
Plant and equipment	164,461	5,549,991	5,714,452
Vehicles	91,112	124,866	215,978
Infrastructure	1,813,499	--	1,813,499
Total	<u>2,657,966</u>	<u>7,821,069</u>	<u>10,479,035</u>
Less accumulated depreciation for			
Building and improvements	(162,808)	(727,012)	(889,820)
Plant and equipment	(85,729)	(2,182,546)	(2,268,275)
Vehicles	(55,010)	(66,495)	(121,505)
Infrastructure	(620,534)	--	(620,534)
Total	<u>(924,081)</u>	<u>(2,976,053)</u>	<u>(3,900,134)</u>
Net property, plant, and equipment in service	<u>1,733,885</u>	<u>4,845,016</u>	<u>6,578,901</u>
Other capital assets not depreciated			
Construction in progress	203,328	611,647	814,975
Nuclear fuel, net of amortization	--	32,730	32,730
Plant held for future use	--	27,783	27,783
Intangible assets, net of amortization	--	77,602	77,602
Total capital assets	<u>\$ 2,258,850</u>	<u>6,038,226</u>	<u>8,297,076</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 261,328	44,817	(3,683)	302,462
Arts and treasures	5,153	209	--	5,362
Library collections	13,761	52	--	13,813
Total	<u>280,242</u>	<u>45,078</u>	<u>(3,683)</u>	<u>321,637</u>
Depreciable property, plant, and equipment in service				
Building and improvements	570,368	18,533	(7)	588,894
Plant and equipment	152,248	14,652	(2,439)	164,461
Vehicles	81,723	12,112	(2,723)	91,112
Infrastructure	1,736,284	77,215	--	1,813,499
Total	<u>2,540,623</u>	<u>122,512</u>	<u>(5,169)</u>	<u>2,657,966</u>
Less accumulated depreciation for				
Building and improvements	(145,571)	(17,238)	1	(162,808)
Plant and equipment	(70,835)	(17,317)	2,423	(85,729)
Vehicles	(50,221)	(7,366)	2,577	(55,010)
Infrastructure	(569,812)	(50,722)	--	(620,534)
Total	<u>(836,439)</u>	<u>(92,643) (2)</u>	<u>5,001</u>	<u>(924,081)</u>
Net property, plant, and equipment in service	<u>1,704,184</u>	<u>29,869</u>	<u>(168)</u>	<u>1,733,885</u>
Other capital assets not depreciated				
Construction in progress	183,230	127,017	(106,919)	203,328
Total capital assets	<u>\$ 2,167,656</u>	<u>201,964</u>	<u>(110,770)</u>	<u>2,258,850</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	\$ 3,840
Public safety	12,041
Transportation, planning, and sustainability	42,849
Public health	1,594
Public recreation and culture	8,573
Urban growth management	14,646
Internal service funds	9,100
Total increases in accumulated depreciation	<u>\$ 92,643</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Electric Fund

Capital asset activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 59,662	2,733	--	62,395
Total	<u>59,662</u>	<u>2,733</u>	<u>--</u>	<u>62,395</u>
Depreciable property, plant, and equipment in service				
Building and improvements	652,080	2,499	(675)	653,904
Plant and equipment	2,859,225	155,751	(9,713)	3,005,263
Vehicles	25,320	2,881	(860)	27,341
Total	<u>3,536,625</u>	<u>161,131</u>	<u>(11,248)</u>	<u>3,686,508</u>
Less accumulated depreciation for				
Building and improvements	(310,904)	(16,923)	--	(327,827)
Plant and equipment	(1,287,337)	(93,711)	20,459 (2)	(1,360,589)
Vehicles	(16,080)	(1,848)	826	(17,102)
Total	<u>(1,614,321)</u>	<u>(112,482) (1)</u>	<u>21,285</u>	<u>(1,705,518)</u>
Net property, plant, and equipment in service	<u>1,922,304</u>	<u>48,649</u>	<u>10,037</u>	<u>1,980,990</u>
Other capital assets not depreciated				
Construction in progress	192,047	246,981	(163,885)	275,143
Nuclear fuel, net of amortization	27,622	5,108	--	32,730
Plant held for future use	27,783	--	--	27,783
Total capital assets	<u>\$ 2,229,418</u>	<u>303,471</u>	<u>(153,848)</u>	<u>2,379,041</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	\$ 112,482
Total increases in accumulated depreciation	<u>\$ 112,482</u>

(2) Capital asset activity includes a decrease in accumulated depreciation of approximately \$16 million to properly reflect retirements of certain assets.

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Water and Wastewater Fund

Capital asset activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 145,357	59,551	--	204,908
Total	<u>145,357</u>	<u>59,551</u>	<u>--</u>	<u>204,908</u>
Depreciable property, plant, and equipment in service				
Building and improvements	429,924	96,986	(183)	526,727
Plant and equipment	2,166,886	264,053	(3,715)	2,427,224
Vehicles	25,831	4,685	(462)	30,054
Total	<u>2,622,641</u>	<u>365,724</u>	<u>(4,360)</u>	<u>2,984,005</u>
Less accumulated depreciation for				
Building and improvements	(146,089)	(16,825)	--	(162,914)
Plant and equipment	(728,145)	(57,482)	958	(784,669)
Vehicles	(15,437)	(2,091)	508	(17,020)
Total	<u>(889,671)</u>	<u>(76,398) (2)</u>	<u>1,466</u>	<u>(964,603)</u>
Net property, plant, and equipment in service	<u>1,732,970</u>	<u>289,326</u>	<u>(2,894)</u>	<u>2,019,402</u>
Other capital assets not depreciated				
Construction in progress	435,118	242,924	(398,506)	279,536
Intangible assets, net of amortization	80,102	--	(2,500)	77,602
Total capital assets	<u>\$ 2,393,547</u>	<u>591,801</u>	<u>(403,900)</u>	<u>2,581,448</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	\$ 34,468
Wastewater	41,930
Total increases in accumulated depreciation	<u>\$ 76,398</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 87,650	4,298	--	91,948
Arts and treasures	778	44	--	822
Total	<u>88,428</u>	<u>4,342</u>	<u>--</u>	<u>92,770</u>
Depreciable property, plant, and equipment in service				
Building and improvements	641,436	10,133	--	651,569
Plant and equipment	19,901	2,016	(188)	21,729
Vehicles	5,518	426	(197)	5,747
Total	<u>666,855</u>	<u>12,575</u>	<u>(385)</u>	<u>679,045</u>
Less accumulated depreciation for				
Building and improvements	(141,023)	(16,472)	--	(157,495)
Plant and equipment	(7,379)	(1,426)	92	(8,713)
Vehicles	(2,743)	(378)	183	(2,938)
Total	<u>(151,145)</u>	<u>(18,276)</u>	<u>(1) 275</u>	<u>(169,146)</u>
Net property, plant, and equipment in service	<u>515,710</u>	<u>(5,701)</u>	<u>(110)</u>	<u>509,899</u>
Other capital assets not depreciated				
Construction in progress	16,303	14,756	(16,051)	15,008
Total capital assets	<u>\$ 620,441</u>	<u>13,397</u>	<u>(16,161)</u>	<u>617,677</u>
(1) Components of accumulated depreciation increases:				
Current year depreciation	\$ 18,276			
Total increases in accumulated depreciation	<u>\$ 18,276</u>			

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 72,142	10,621	--	82,763
Arts and treasures	612	--	--	612
Total	<u>72,754</u>	<u>10,621</u>	<u>--</u>	<u>83,375</u>
Depreciable property, plant, and equipment in service				
Building and improvements	311,959	2,462	(409)	314,012
Plant and equipment	74,234	22,772	(1,231)	95,775
Vehicles	57,646	10,717	(6,639)	61,724
Total	<u>443,839</u>	<u>35,951</u>	<u>(8,279)</u>	<u>471,511</u>
Less accumulated depreciation for				
Building and improvements	(70,023)	(9,120)	367	(78,776)
Plant and equipment	(25,970)	(3,601)	996	(28,575)
Vehicles	(28,341)	(5,766)	4,672	(29,435)
Total	<u>(124,334)</u>	<u>(18,487) (2)</u>	<u>6,035</u>	<u>(136,786)</u>
Net property, plant, and equipment in service	<u>319,505</u>	<u>17,464</u>	<u>(2,244)</u>	<u>334,725</u>
Other capital assets not depreciated				
Construction in progress	36,693	41,330	(36,063)	41,960
Total capital assets	<u>\$ 428,952</u>	<u>69,415</u>	<u>(38,307)</u>	<u>460,060</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	\$ 7,886
Other nonmajor enterprise funds	10,601
Total increases in accumulated depreciation	<u>\$ 18,487</u>

7 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Increases	(1) Decreases	(1) Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 364,811	77,203	--	442,014
Arts and treasures	1,390	44	--	1,434
Total	<u>366,201</u>	<u>77,247</u>	<u>--</u>	<u>443,448</u>
Depreciable property, plant, and equipment in service				
Building and improvements	2,035,399	112,080	(1,267)	2,146,212
Plant and equipment	5,120,246	444,589	(14,844)	5,549,991
Vehicles	114,315	18,470	(7,919)	124,866
Total	<u>7,269,960</u>	<u>575,139</u>	<u>(24,030)</u>	<u>7,821,069</u>
Less accumulated depreciation for				
Building and improvements	(668,039)	(59,340)	367	(727,012)
Plant and equipment	(2,048,831)	(156,220)	22,505 (3)	(2,182,546)
Vehicles	(62,601)	(10,083)	6,189	(66,495)
Total	<u>(2,779,471)</u>	<u>(225,643) (2)</u>	<u>29,061</u>	<u>(2,976,053)</u>
Net property, plant, and equipment in service	<u>4,490,489</u>	<u>349,496</u>	<u>5,031</u>	<u>4,845,016</u>
Other capital assets not depreciated				
Construction in progress	680,161	545,991	(614,505)	611,647
Nuclear fuel, net of amortization	27,622	5,108	--	32,730
Plant held for future use	27,783	--	--	27,783
Intangible assets, net of amortization	80,102	--	(2,500)	77,602
Total capital assets	<u>\$ 5,672,358</u>	<u>977,842</u>	<u>(611,974)</u>	<u>6,038,226</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	\$ 112,482
Water	34,468
Wastewater	41,930
Airport	18,276
Convention Center	7,886
Other nonmajor enterprise funds	10,601
Total increases in accumulated depreciation	<u>\$ 225,643</u>

(3) Capital asset activity for the Electric Fund includes a decrease in accumulated depreciation of approximately \$16 million to properly reflect retirements of certain assets.

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, 2007. Membership in the plans at December 31, 2007, 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	4,461	454	475	5,390
Current employees	8,358	1,535	1,047	10,940
Total	<u>12,819</u>	<u>1,989</u>	<u>1,522</u>	<u>16,330</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%	13.0%	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, 2008, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 34,229	19,872	13,552	67,653
Employees	34,093	14,343	11,788	60,224
Total contributions	<u>\$ 68,322</u>	<u>34,215</u>	<u>25,340</u>	<u>127,877</u>

c -- Annual Pension Cost and Net Pension Obligation

The City's annual pension cost of \$91,555,000 for fiscal year ended September 30, 2008, was \$23,902,000 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):				
2006	\$ 40,988	18,047	12,976	72,011
2007	49,818	18,047	11,737	79,602
2008	56,848	19,872	14,835	91,555
Percentage of APC contributed:				
2006	73%	100%	92%	N/A
2007	63%	100%	106%	N/A
2008	65%	100%	87%	N/A
Net Pension Obligation:				
2006	\$ 24,061	--	1,609	25,670
2007	43,334	--	1,737	45,071
2008	63,740	--	3,709	67,449

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, 2007 (in thousands):

	<u>City Employees</u>	<u>Fire Fighters</u>	<u>Total</u>
Annual required contribution	\$ 56,080	14,788	70,868
Interest in net pension obligation	3,358	135	3,493
Adjustment to annual required contribution	<u>(2,590)</u>	<u>(88)</u>	<u>(2,678)</u>
Annual pension cost	56,848	14,835	71,683
Employer contributions	<u>(36,442)</u>	<u>(12,863)</u>	<u>(49,305)</u>
Change in net pension obligation	20,406	1,972	22,378
Beginning net pension obligation	<u>43,334</u>	<u>1,737</u>	<u>45,071</u>
Net pension obligation	<u>\$ 63,740</u>	<u>3,709</u>	<u>67,449</u>

The latest actuarial valuations were completed as of December 31, 2007. 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	20% of market value plus 80% of expected actuarial value
Inflation Rate	3.25%	4%	3.5%
Projected Annual Salary Increases	5% to 6%	6.8% average	4.5% to 16.6%
Post retirement benefit increase	None	None	None
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	23.8 years	30 years

8 – RETIREMENT PLANS, continued
d -- Schedule of funding progress

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

Valuation Date, December 31, 2007	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees	\$ 1,653,500	2,112,800	459,300	78.3%	417,451	110.0%
Police Officers	482,303	637,560	155,257	75.6%	111,809	138.9%
Fire Fighters (2)	584,420	586,802	2,382	99.6%	76,556	3.1%

- (1) UAAL – Unfunded Actuarial Accrued Liability
(2) The actuarial study for the Fire Fighters’ plan is performed biannually.

9 – SELECTED REVENUES
a -- Major enterprise funds

Electric and Water and Wastewater

The Texas Public Utility Commission (PUC) has jurisdiction over electric utility wholesale transmission rates. On June 9, 2006, the PUC approved the City’s most recent wholesale transmission rate of \$1.002466/kW. Transmission revenues totaled approximately \$58 million in 2008. 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.

9 – SELECTED REVENUES, continued
a -- Major enterprise funds, continued

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 2008, the Airport Fund revenues included minimum concession guarantees of \$8,441,659.

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, 2008 (in thousands):

<u>Fiscal Year Ended September 30</u>	<u>Enterprise Airport Lease Payments</u>
2009	\$ 5,435
2010	891
2011	646
2012	646
2013	646
2014-2018	721
2019-2023	366
Totals	<u>\$ 9,351</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 obligation balances at September 30, 2008 (in thousands):

Description	Governmental Activities	Business-Type Activities	Total
Long-term obligations			
General obligation bonds	\$ 726,678	24,370	751,048
Certificates of obligation	71,925	34,971	106,896
Contractual obligations	31,413	29,211	60,624
Other tax supported debt	--	7,178	7,178
General obligation bonds and other tax supported debt total	830,016	95,730	925,746
Commercial paper	--	213,200	213,200
Revenue notes	--	28,000	28,000
Revenue bonds	--	3,406,897	3,406,897
Contract revenue bonds	--	1,683	1,683
Capital lease obligations	482	2,782	3,264
Debt service requirements total	830,498	3,748,292	4,578,790
Other long-term obligations			
Accrued compensated absences	102,555	24,788	127,343
Claims payable	26,462	--	26,462
Accrued landfill closure and postclosure costs	--	15,788	15,788
Decommissioning expense payable	--	158,996	158,996
Pension obligation payable	36,812	30,637	67,449
Other post employment benefits	54,882	32,625	87,507
Other liabilities	91,842	622,131	713,973
	312,553	884,965	1,197,518
Total long-term obligations	\$ 1,143,051	4,633,257	5,776,308

This schedule excludes select current liabilities of \$59,936 for governmental activities and \$245,863 for business-type activities and capital appreciation bond interest payable of \$225,615 for business-type activities.

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

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

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for 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, 2008 (in thousands):

Description	September 30, 2007	Increases	Decreases	September 30, 2008	Amounts Due Within One Year
Governmental activities (1)					
General obligation bonds, net	\$ 659,761	270,301	(203,384)	726,678	45,289
Certificates of obligation, net	94,919	3,820	(26,814)	71,925	6,405
Contractual obligations, net	32,227	4,035	(4,849)	31,413	5,603
General obligation bonds and other tax supported debt total	<u>786,907</u>	<u>278,156</u>	<u>(235,047)</u>	<u>830,016</u>	<u>57,297</u>
Capital lease obligations	475	7	--	482	166
Debt service requirements total	<u>787,382</u>	<u>278,163</u>	<u>(235,047)</u>	<u>830,498</u>	<u>57,463</u>
Other long-term obligations					
Accrued compensated absences	92,102	10,890	(437)	102,555	44,841
Claims payable	22,221	13,688	(9,447)	26,462	13,600
Pension obligation payable	24,022	12,790	--	36,812	--
Other post employment benefits	--	68,095	(13,213)	54,882	--
Other liabilities	76,476	20,750	(5,384)	91,842	75,472
Governmental activities total	<u>1,002,203</u>	<u>404,376</u>	<u>(263,528)</u>	<u>1,143,051</u>	<u>191,376</u>
Business-type activities:					
Electric activities					
General obligation bonds, net	1,231	126	(147)	1,210	14
Contractual obligations	517	--	(140)	377	146
General obligation bonds and other tax supported debt total	<u>1,748</u>	<u>126</u>	<u>(287)</u>	<u>1,587</u>	<u>160</u>
Commercial paper notes, net	149,941	108,514	(223,307)	35,148	--
Revenue bonds, net	1,167,299	229,501	(88,658)	1,308,142	78,773
Capital lease obligations	1,242	--	(30)	1,212	31
Debt service requirements total	<u>1,320,230</u>	<u>338,141</u>	<u>(312,282)</u>	<u>1,346,089</u>	<u>78,964</u>
Other long-term obligations					
Accrued compensated absences	10,816	1,050	(763)	11,103	9,521
Decommissioning expense payable	148,763	159,665	(149,432)	158,996	--
Pension obligation payable	9,382	4,258	--	13,640	--
Other post employment benefits	--	13,306	--	13,306	--
Other liabilities	122,492	22,424	(24,656)	120,260	30,189
Electric activities total	<u>1,611,683</u>	<u>538,844</u>	<u>(487,133)</u>	<u>1,663,394</u>	<u>118,674</u>
Water and Wastewater activities					
General obligation bonds, net	2,734	--	(669)	2,065	469
Contractual obligations, net	8,974	4,220	(1,915)	11,279	2,179
Other tax supported debt, net	7,768	--	(590)	7,178	532
General obligation bonds and other tax supported debt total	<u>19,476</u>	<u>4,220</u>	<u>(3,174)</u>	<u>20,522</u>	<u>3,180</u>
Commercial paper notes, net	159,062	155,890	(136,900)	178,052	--
Revenue bonds, net	1,474,228	305,786	(221,145)	1,558,869	59,018
Contract revenue bonds, net	2,423	--	(740)	1,683	780
Capital lease obligations	1,327	2	(1,325)	4	4
Debt service requirements total	<u>1,656,516</u>	<u>465,898</u>	<u>(363,284)</u>	<u>1,759,130</u>	<u>62,982</u>
Other long-term obligations					
Accrued compensated absences	5,373	454	(322)	5,505	4,905
Pension obligation payable	4,741	2,154	--	6,895	--
Other post employment benefits	--	8,223	--	8,223	--
Other liabilities	471,919	41,864	(20,584)	493,199	13,444
Water and Wastewater activities total	<u>2,138,549</u>	<u>518,593</u>	<u>(384,190)</u>	<u>2,272,952</u>	<u>81,331</u>

(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, 2007	Increases	Decreases	September 30, 2008	Amounts Due Within One Year
Airport activities					
General obligation bonds, net	334	20	(47)	307	16
General obligation bonds and other tax supported debt total	<u>334</u>	<u>20</u>	<u>(47)</u>	<u>307</u>	<u>16</u>
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	329,835	--	(10,966)	318,869	12,325
Capital lease obligations	2,001	--	(439)	1,562	466
Debt service requirements total	<u>360,170</u>	<u>20</u>	<u>(11,452)</u>	<u>348,738</u>	<u>12,807</u>
Other long-term obligations					
Accrued compensated absences	1,313	184	--	1,497	1,261
Pension obligation payable	1,478	643	--	2,121	-
Other post employment benefits	--	2,422	--	2,422	-
Other liabilities	1,846	204	(1,141)	909	804
Airport activities total	<u>364,807</u>	<u>3,473</u>	<u>(12,593)</u>	<u>355,687</u>	<u>14,872</u>
Nonmajor activities					
General obligation bonds, net	12,294	18,371	(9,877)	20,788	1,496
Certificates of obligation, net	47,413	2,202	(14,644)	34,971	2,095
Contractual obligations	19,663	4,000	(6,108)	17,555	3,852
General obligation bonds and other tax supported debt total	<u>79,370</u>	<u>24,573</u>	<u>(30,629)</u>	<u>73,314</u>	<u>7,443</u>
Revenue bonds, net	219,818	126,705	(125,506)	221,017	4,720
Capital lease obligations	2	2	--	4	4
Debt service requirements total	<u>299,190</u>	<u>151,280</u>	<u>(156,135)</u>	<u>294,335</u>	<u>12,167</u>
Other long-term obligations					
Accrued compensated absences	6,498	634	(449)	6,683	5,197
Accrued landfill closure and postclosure costs	10,075	5,713	--	15,788	800
Pension obligation payable	5,448	2,533	--	7,981	--
Other post employment benefits	--	8,674	--	8,674	--
Other liabilities	7,786	286	(309)	7,763	3,501
Nonmajor activities total	<u>328,997</u>	<u>169,120</u>	<u>(156,893)</u>	<u>341,224</u>	<u>21,665</u>
Total business-type activities					
General obligation bonds, net	16,593	18,517	(10,740)	24,370	1,995
Certificates of obligation, net	47,413	2,202	(14,644)	34,971	2,095
Contractual obligations, net	29,154	8,220	(8,163)	29,211	6,177
Other tax supported debt, net	7,768	--	(590)	7,178	532
General obligation bonds and other tax supported debt total	<u>100,928</u>	<u>28,939</u>	<u>(34,137)</u>	<u>95,730</u>	<u>10,799</u>
Commercial paper notes, net	309,003	264,404	(360,207)	213,200	--
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	3,191,180	661,992	(446,275)	3,406,897	154,836
Contract revenue bonds	2,423	--	(740)	1,683	780
Capital lease obligations	4,572	4	(1,794)	2,782	505
Debt service requirements total	<u>3,636,106</u>	<u>955,339</u>	<u>(843,153)</u>	<u>3,748,292</u>	<u>166,920</u>
Other long-term obligations					
Accrued compensated absences	24,000	2,322	(1,534)	24,788	20,884
Accrued landfill closure and postclosure costs	10,075	5,713	--	15,788	800
Decommissioning expense payable	148,763	159,665	(149,432)	158,996	--
Pension obligation payable	21,049	9,588	--	30,637	--
Other post employment benefits	--	32,625	--	32,625	--
Other liabilities	604,043	64,778	(46,690)	622,131	47,938
Business-type activities total	<u>4,444,036</u>	<u>1,230,030</u>	<u>(1,040,809)</u>	<u>4,633,257</u>	<u>236,542</u>
Total liabilities (1)	<u>\$ 5,446,239</u>	<u>1,634,406</u>	<u>(1,304,337)</u>	<u>5,776,308</u>	<u>427,918</u>

(1) This schedule excludes select short-term liabilities of \$59,936 for governmental activities and \$245,863 for business-type activities and capital appreciation bond interest payable of \$225,615 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, 2008, 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	2,810	162 (1)	5.75%	9/1/2009
Series 1996	October 1996	30,550	2,360	142 (1)	6.00%	9/1/2009
Assumed MUD Debt	December 1997	33,680	7,975	2,422 (3)(4)	4.40 - 10.50%	11/15/2007-2017
Series 1999	October 1999	51,100	3,035	159 (1)	5.25%	9/1/2009
Series 1999	October 1999	5,590	260	13 (1)	5.00%	9/1/2009
Series 2000	October 2000	52,930	1,900	221 (1)	4.63 - 6.00%	9/1/2009-2010
Series 2000	October 2000	6,060	830	85 (1)	5.00 - 5.25%	9/1/2009-2011
Series 2001	June 2001	123,445	26,870	5,901 (1)	4.75 - 5.50%	9/1/2009-2022
Series 2001	October 2001	79,650	15,860	2,018 (1)	4.00 - 5.25%	9/1/2009-2012
Series 2001	October 2001	2,650	225	4 (2)	3.88%	11/1/2008
Series 2001	October 2001	65,335	27,805	6,927 (1)	4.38 - 5.25%	9/1/2009-2021
Series 2002	July 2002	12,190	11,175	2,502 (1)	3.75 - 5.00%	3/1/2009-2017
Series 2002	July 2002	2,495	475	12 (1)	5.00%	3/1/2009
Series 2002	September 2002	99,615	70,600	25,847 (1)	3.25 - 5.00%	9/1/2009-2022
Series 2002	September 2002	8,690	2,130	72 (2)	3.15 - 3.40%	11/1/2008-2009
Series 2002	September 2002	34,095	20,325	6,587 (1)	3.25 - 5.38%	9/1/2009-2022
Series 2003	June 2003	62,585	21,620	2,824 (1)	5.00%	9/1/2009-2013
Series 2003	September 2003	68,855	61,720	26,061 (1)	3.75 - 5.00%	9/1/2009-2023
Series 2003A	September 2003	2,530	1,570	236 (1)	4.10 - 5.00%	9/1/2009-2013
Series 2003	September 2003	4,450	3,690	1,474 (1)	4.00 - 4.80%	9/1/2009-2023
Series 2003	September 2003	8,610	3,380	165 (2)	2.75 - 3.38%	11/1/2008-2010
Series 2004	September 2004	67,835	62,625	26,182 (1)	3.00 - 5.00%	9/1/2009-2024
Series 2004A	September 2004	2,430	1,795	324 (1)	4.00 - 4.75%	9/1/2009-2014
Series 2004	September 2004	25,000	20,315	9,487 (1)	3.00 - 5.00%	9/1/2009-2024
Series 2004	September 2004	21,830	12,065	791 (2)	2.60 - 3.35%	11/1/2008-2011
Series 2005	March 2005	145,345	145,345	52,362 (1)	5.00%	9/1/2010-2020
Series 2005	September 2005	19,535	17,640	8,254 (1)	4.00 - 5.00%	9/1/2009-2025
Series 2005	September 2005	7,185	6,515	2,753 (1)	3.50 - 6.50%	9/1/2009-2025
Series 2005	September 2005	14,940	9,925	889 (2)	3.00 - 3.75%	11/1/2008-2012
Series 2006	September 2006	31,585	31,585	19,447 (1)	4.00 - 5.38%	9/1/2009-2026
Series 2006	September 2006	24,150	22,655	10,529 (1)	4.00 - 5.00%	9/1/2009-2026
Series 2006	September 2006	14,120	11,515	1,460 (2)	4.00 - 4.25%	11/1/2008-2013
Series 2006	September 2006	12,000	12,000	5,729 (1)(5)	4.00 - 6.00%	9/1/2009-2026
Series 2007	October 2007	97,525	93,525	67,480 (1)	4.64%	9/1/2010-2027
Series 2007	October 2007	3,820	3,705	2,073 (1)	4.88%	9/1/2009-2027
Series 2007	October 2007	9,755	9,300	1,476 (2)	3.66%	11/1/2008-2017
Series 2008	March 2008	172,505	163,380	52,865 (1)	5.00%	9/1/2009-2021
			<u>\$ 910,505</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 \$7,214 and interest of \$2,206.

(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

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.

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. A portion of the proceeds from this refunding were used to refund debt for the following enterprise funds: Electric, Water and Wastewater, Airport, Convention Center, Drainage and Solid Waste.

General obligation bonds authorized and unissued amounted to \$544,810,000 at September 30, 2008. Bond ratings at September 30, 2008, were Aa1 (Moody's Investor Services, Inc.), AAA (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, 2008, exclusive of discounts, premiums, and loss on refundings consists of \$278,369,299 prior lien bonds and \$245,614,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$535,614,355 at September 30, 2008. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2008, 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.

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

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2008 (in thousands):

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount Issued</u>	<u>Principal Outstanding</u>	<u>Aggregate Interest Requirements Outstanding</u>	<u>Interest Rates of Debt Outstanding</u>	<u>Maturity Dates of Serial Debt</u>
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	48,511	110,464 (1)	6.70 - 12.50%	11/15/2008-2011
1993 Refunding	February 1993	203,166	51,310	28,967 (1)	6.20 - 6.30%	11/15/2008-2014
1993A Refunding	June 1993	263,410	9,345	14,890 (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	22,520	858 (1)	5.00 - 5.13%	11/15/2008-2009
1998 Refunding	August 1998	180,000	86,005	15,286 (1)	6.63 - 6.75%	11/15/2008-2012
1998 Refunding	November 1998	139,965	138,735	89,646 (1)	4.10 - 5.25%	05/15/2009-2025
1998A Refunding	November 1998	105,350	100,440	78,750 (1)	4.25 - 5.00%	05/15/2009-2028
1998B	November 1998	10,000	6,440	1,241 (1)	3.15 - 3.75%	11/15/2008-2017
			<u>\$ 523,984</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, 2008, 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, 2008, the Electric Fund had outstanding commercial paper notes of \$28,597,000 and the Water and Wastewater Fund had \$178,052,000 of commercial paper notes outstanding. Interest rates on the notes range from 1.45 % to 8%, 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, 2008, were P-1 (Moody's Investor Services, Inc.), A-1+ (Standard & Poor's), and F1+ (Fitch).

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

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, 2008, the Electric Fund had outstanding taxable notes of \$6,585,000 (net of discount of \$20,285), 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.

Electric Utility Systems Revenue Debt -- Revenue Bond Refunding Issues – In March 2008, the City issued \$50,000,000 of Electric Utility 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.

In August 2008, the City issued \$175,000,000 of Electric Utility System Revenue Refunding Bonds, Series 2008A. Proceeds from the bond refunding were used to refund \$174,600,000 of the City's outstanding commercial paper issued for the electric utility system. The debt service requirements on the refunding bonds were \$369,649,296, with interest rates ranging from 4% to 6%. 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, 2008, 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, 2008 (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	75,700	66,185 (1)	5.00 - 7.25%	11/15/2008-2030
2002 Refunding	March 2002	74,750	61,535	14,058 (1)	3.75 - 5.50%	11/15/2008-2014
2002A Refunding	August 2002	172,880	103,870	31,743 (1)	4.00 - 5.50%	11/15/2008-2016
2003 Refunding	March 2003	182,100	154,100	94,672 (1)	4.00 - 5.25%	11/15/2008-2028
2006 Refunding	June 2006	150,000	150,000	125,361 (1)	4.00 - 5.00%	11/15/2008-2035
2006A Refunding	November 2006	137,800	137,800	48,798 (1)	5.00%	11/15/2009-2022
2007 Refunding	August 2007	146,635	144,515	47,211 (1)	5.00%	11/15/2008-2020
2008 Refunding	March 2008	50,000	50,000	48,308 (1)	3.08 - 6.26%	11/15/2009-2032
2008A Refunding	August 2008	175,000	175,000	194,649 (1)	4.00 - 6.00%	11/15/2010-2038
			<u>\$ 1,052,520</u>			

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

Electric Utility System Revenue Debt – Pledged Revenues - The net revenue of the Electric Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2008 (in thousands):

Gross Revenue (1)	Operating Expense	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,260,817	858,317	402,500	143,200	281.1%

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

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

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 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.

In May 2008, the City issued Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008, in an aggregate principal amount of \$170,605,000. Proceeds from the variable rate bond refunding were used to refund \$158,805,000 of the City’s outstanding combined utility system revenue refunding bonds, series 1997 and separate sub lien revenue refunding bonds, series 2001A and series 2001B issued for the water and wastewater system. During fiscal year 2008, interest rates on the bonds ranged from 1.30% to 2.35%, adjusted weekly at market rates, and subsequent rates changes cannot exceed the maximum rate of 12%. In connection with the issuance of the variable rate bonds, the City entered into an interest rate management agreement with Goldman Sachs. Under terms of the agreement, the City receives a variable rate option equal to SIFMA Municipal Swap Index and pays a fixed rate of 3.6%. The City realized an economic gain of \$12,028,799 on this transaction. The change in net cash flows that resulted was a decrease of \$20,817,440. An accounting loss of \$6,153,453, which was deferred and will be amortized in accordance with FASB Statement No. 71, was recognized on this refunding.

Bond ratings at September 30, 2008, were Aa3 (Moody’s Investor Services, Inc.), A+ (Standard & Poor’s), and AA- (Fitch).

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, 2008 (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 MUD #1, 2003 RFD	August 2003	\$ 4,510	1,695	56 (1)	3.00 - 3.25%	11/15/2008-2009
2000 Refunding	June 2000	100,000	4,300	422 (1)	6.50%	11/15/2008-2010
2001A Refunding	June 2001	152,180	20,015	9,687 (1)	4.38 - 6.00%	11/15/2008-2031
2001B Refunding	June 2001	73,200	12,895	8,037 (1)	5.13 - 6.00%	11/15/2008-2031
2001C Refunding	December 2001	95,380	27,515	4,476 (1)	4.10 - 5.38%	11/15/2008-2015
2002A Refunding	August 2002	139,695	85,980	26,637 (1)	4.00 - 5.50%	11/15/2008-2016
2003 Refunding	March 2003	121,500	86,100	56,829 (1)	4.00 - 5.00%	11/15/2008-2028
2004 Refunding	August 2004	132,475	115,375	85,448 (2)	8.37%	05/15/2011-2024
2004A Refunding	October 2004	165,145	161,160	104,165 (1)	5.00%	11/15/2008-2029
2005 Refunding	November 2005	198,485	198,485	116,733 (1)	4.00 - 5.00%	05/15/2012-2030
2005A Refunding	June 2005	142,335	136,575	105,568 (1)	4.00 - 5.00%	11/15/2008-2035
2006 Refunding	August 2006	63,100	58,855	28,397 (1)	5.00%	11/15/2008-2025
2006A Refunding	December 2006	135,000	135,000	105,982 (1)	3.50 - 5.00%	11/15/2008-2036
2007 Refunding	March 2008	135,000	135,000	125,039 (1)	4.00-5.25%	11/15/2009-2037
2008 Refunding	May 2008	170,605	170,605	179,105 (2)	8.00%	11/15/2008-2031
			<u>\$ 1,349,555</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement calculated utilizing the rate in effect at the end of the fiscal year.

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

Water and Wastewater System Revenue Debt – Pledged Revenues - The net revenue of the Water and Wastewater Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2008 (in thousands):

Gross Revenue (1)	Operating Expense	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 367,444	154,215	213,229	143,635	148.5%

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

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, 2008, the total airport system obligation for prior lien bonds is \$333,765,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$146,293,789 at September 30, 2008. Revenue bonds authorized and unissued amount to \$735,795,000.

Bond ratings at September 30, 2008, 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, 2008 (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	52,465	19,653 (1)	4.00 - 5.25%	11/15/2008-2018
2008 Refunding	May 2008	281,300	281,300	126,641 (2)	7.51%	11/15/2008-2025
			<u>\$ 333,765</u>			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement calculated utilizing the rate in effect at the end of the fiscal year.

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, 2008, 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 \$11,060,171 including accrued interest, at September 30, 2008, and was restricted within the airport system. During fiscal year 2008, interest rates on the notes ranged from 1.26% to 3.95%, adjusted weekly at market rates, with the exception on one week when rates were 8.09%; subsequent rate changes cannot exceed the maximum rate of 15%. Subsequent to year-end, the rates have ranged from 5.89% on October 1, 2008 to .65% on March 4, 2009. Principal and interest on the notes are payable from the net revenues of the airport system.

In April 2008, the City's Airport Fund converted the Airport System Refunding Revenue Bonds, Series 2005 to variable rate demand bonds. These bonds separated into 4 subseries in the total principal amount \$281,300,000. The proceeds of these bonds were used to refund outstanding bonds for debt service savings. The bonds have the following terms:

Variable Rate Demand Bonds

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding Variable Rate Demand Bonds	Expiration Date
2005-1	DEPFA	0.40%	Morgan Keegan	0.07%	\$70,300,000	5/2/2011
2005-2	DEPFA	0.40%	Morgan Keegan	0.07%	\$70,325,000	5/2/2011
2005-3	DEXIA	0.40%	Morgan Stanley	0.07%	\$70,325,000	5/2/2011
2005-4	DEXIA	0.40%	Morgan Stanley	0.07%	\$70,350,000	5/2/2011
					<u>\$281,300,000</u>	

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

These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest with proper notice and delivery to the corresponding remarketing agent. If the remarketing agent is unable to successfully remarket the bonds, the bonds will be purchased by Dexia and become bank bonds with principal to be paid in 12 equal, quarterly installments. Bank bonds bear an interest rate based on the bank rate which is the greater of the base rate or the maximum rate.

The bond rating at September 30, 2008, for the airport variable rate notes was P-1 (Moody's Investor Services, Inc.).

Airport Revenue Debt – Pledged Revenues - The net revenue of the Airport Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding (including revenue bonds and revenue notes). The table below represents the pledged amounts at September 30, 2008 (in thousands):

Gross Revenue (1)	Operating Expense	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 108,983	52,993	55,990	31,194	179.5%

(1) Gross revenue includes revenues from operations, passenger facility charges and interest income.

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, 2008, the total convention center obligation for prior and subordinate lien bonds is \$236,950,000, exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$233,677,738 at September 30, 2008. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2008.

Bond ratings at September 30, 2008, 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, 2008 (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	22,600	16,079 (1)	5.00 - 5.50%	11/15/2008-2029
1999	November 1999	40,000	1,745	120 (1)	6.75%	11/15/2008-2009
2004 Refunding	February 2004	52,715	50,605	16,261 (1)	2.50 - 5.00%	11/15/2008-2019
2005 Refunding	May 2005	36,720	36,720	25,313 (1)	3.30 - 5.00%	11/15/2011-2029
2008AB Refunding	August 2008	125,280	125,280	247,930 (2)	7.88%	11/15/2009-2033
			\$ 236,950			

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

(2) Interest is paid monthly and is based on a variable rate. Aggregate interest requirement calculated utilizing the rate in effect at the end of the fiscal year.

Convention Center Revenue Debt – Pledged Revenues - The net revenue of the Convention Center Fund was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2008 (in thousands):

Gross Revenue (1)	Operating Expense	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 59,951	31,472	28,479	15,487	183.9%

(1) Gross revenue includes revenues from operations, interest income and hotel-motel occupancy and vehicle rental taxes reported through transfers in.

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

Governmental Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 45,289	33,556	6,405	3,234	5,603	1,130
2010	46,922	31,381	6,625	2,926	5,312	955
2011	47,407	29,192	6,982	2,617	4,528	783
2012	46,499	26,939	7,030	2,290	3,014	634
2013	49,726	24,736	2,728	1,967	1,370	546
2014-2018	229,954	90,381	15,595	7,768	5,065	2,064
2019-2023	166,189	39,167	19,044	4,128	3,785	1,145
2024-2028	79,135	10,129	7,504	678	2,734	248
	<u>711,121</u>	<u>285,481</u>	<u>71,913</u>	<u>25,608</u>	<u>31,411</u>	<u>7,505</u>
Less: Unamortized bond discounts	(1,253)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(14,327)	--	--	--	--	--
Add: Unamortized bond premiums	31,137	--	12	--	2	--
Net debt service requirements	<u>726,678</u>	<u>285,481</u>	<u>71,925</u>	<u>25,608</u>	<u>31,413</u>	<u>7,505</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2009	166	12	57,463	37,932	95,395
2010	316	5	59,175	35,267	94,442
2011	--	--	58,917	32,592	91,509
2012	--	--	56,543	29,863	86,406
2013	--	--	53,824	27,249	81,073
2014-2018	--	--	250,614	100,213	350,827
2019-2023	--	--	189,018	44,440	233,458
2024-2028	--	--	89,373	11,055	100,428
	<u>482</u>	<u>17</u>	<u>814,927</u>	<u>318,611</u>	<u>1,133,538</u>
Less: Unamortized bond discounts	--	--	(1,253)	--	(1,253)
Unamortized gain(loss) on bond refundings	--	--	(14,327)	--	(14,327)
Add: Unamortized bond premiums	--	--	31,151	--	31,151
Net debt service requirements	<u>\$ 482</u>	<u>17</u>	<u>830,498</u>	<u>318,611</u>	<u>1,149,109</u>

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

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
	2009	\$ 14	57	146	11	35,182
2010	62	56	152	6	--	--
2011	73	53	79	1	--	--
2012	78	49	--	--	--	--
2013	125	45	--	--	--	--
2014-2018	616	131	--	--	--	--
2019-2023	168	13	--	--	--	--
	<u>1,136</u>	<u>404</u>	<u>377</u>	<u>18</u>	<u>35,182</u>	<u>927</u>
Less: Unamortized bond discount	(3)	--	--	--	(34)	--
Add: Unamortized bond premium	77	--	--	--	--	--
Net debt service requirements	<u>1,210</u>	<u>404</u>	<u>377</u>	<u>18</u>	<u>35,148</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
	2009	78,773	93,273	31	60	114,146	94,328
2010	65,824	99,276	32	58	66,070	99,396	165,466
2011	75,085	91,680	34	57	75,271	91,791	167,062
2012	75,773	85,434	36	55	75,887	85,538	161,425
2013	100,286	61,516	207	245	100,618	61,806	162,424
2014-2018	331,550	204,448	266	187	332,432	204,766	537,198
2019-2023	198,127	135,186	341	111	198,636	135,310	333,946
2024-2028	190,903	82,695	265	22	191,168	82,717	273,885
2029-2033	134,795	38,818	--	--	134,795	38,818	173,613
2034-2038	79,225	12,081	--	--	79,225	12,081	91,306
2039-2043	12,270	307	--	--	12,270	307	12,577
	<u>1,342,611</u>	<u>904,714</u>	<u>1,212</u>	<u>795</u>	<u>1,380,518</u>	<u>906,858</u>	<u>2,287,376</u>
Less: Unamortized bond discounts	(4,196)	--	--	--	(4,233)	--	(4,233)
Unamortized gain(loss) on bond refundings	(71,940)	--	--	--	(71,940)	--	(71,940)
Add: Unamortized bond premiums	41,667	--	--	--	41,744	--	41,744
Net debt service requirements	<u>\$ 1,308,142</u>	<u>904,714</u>	<u>1,212</u>	<u>795</u>	<u>1,346,089</u>	<u>906,858</u>	<u>2,252,947</u>

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

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

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
	2009	\$ 469	194	2,179	390	532
2010	594	169	2,118	316	564	348
2011	569	138	2,147	241	596	319
2012	533	107	1,928	162	627	288
2013	593	79	1,496	95	674	256
2014-2018	710	156	1,382	46	4,221	621
2019-2023	232	22	--	--	--	--
2024-2028	--	--	--	--	--	--
	<u>3,700</u>	<u>865</u>	<u>11,250</u>	<u>1,250</u>	<u>7,214</u>	<u>2,206</u>
Less: Unamortized bond discounts	(17)	--	--	--	(36)	--
Unamortized gain(loss) on bond refundings	(1,962)	--	--	--	--	--
Add: Unamortized bond premiums	344	--	29	--	--	--
Net debt service requirements	<u>2,065</u>	<u>865</u>	<u>11,279</u>	<u>1,250</u>	<u>7,178</u>	<u>2,206</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds (2)		Municipal Utility District Contract Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2009	178,052	1,322	59,018	83,713	780
2010	--	--	54,413	90,867	915	15
2011	--	--	50,659	86,506	--	--
2012	--	--	57,990	83,267	--	--
2013	--	--	70,761	74,071	--	--
2014-2018	--	--	395,842	345,861	--	--
2019-2023	--	--	307,600	208,092	--	--
2024-2028	--	--	317,051	97,466	--	--
2029-2033	--	--	181,905	37,759	--	--
2034-2038	--	--	86,511	9,523	--	--
	<u>178,052</u>	<u>1,322</u>	<u>1,581,750</u>	<u>1,117,125</u>	<u>1,695</u>	<u>56</u>
Less: Unamortized bond discounts	--	--	(8,434)	--	(6)	--
Unamortized gain(loss) on bond refundings	--	--	(56,534)	--	(14)	--
Add: Unamortized bond premiums	--	--	42,087	--	8	--
Net debt service requirements	<u>\$ 178,052</u>	<u>1,322</u>	<u>1,558,869</u>	<u>1,117,125</u>	<u>1,683</u>	<u>56</u>

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

(2) Portions of these bonds are variable rate bonds with an assumed rate of 8% and 8.37%.

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

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
2009	\$ 4	53	241,034	97,436	338,470
2010	–	--	58,604	102,934	161,538
2011	–	--	53,971	98,111	152,082
2012	–	--	61,078	94,311	155,389
2013	–	--	73,524	84,513	158,037
2014-2018	–	--	402,155	383,777	785,932
2019-2023	–	--	307,832	237,423	545,255
2024-2028	–	--	317,051	114,578	431,629
2029-2033	–	--	181,905	41,552	223,457
2034-2038	–	--	86,511	9,523	96,034
	<u>4</u>	<u>53</u>	<u>1,783,665</u>	<u>1,264,158</u>	<u>3,047,823</u>
Less: Unamortized bond discounts	–	--	(8,493)	--	(8,493)
Unamortized gain(loss) on bond refundings	–	--	(58,510)	--	(58,510)
Add: Unamortized bond premiums	–	--	42,468	--	42,468
Net debt service requirements	<u>\$ 4</u>	<u>53</u>	<u>1,759,130</u>	<u>1,264,158</u>	<u>3,023,288</u>

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

Airport Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation		Revenue Notes (1)		Revenue Bonds (2)	
	Bonds		Principal	Interest	Principal	Interest
	Principal	Interest				
2009	\$ 16	15	--	1,106	12,325	18,265
2010	25	14	--	1,106	12,910	17,566
2011	28	13	--	1,106	13,515	16,833
2012	30	11	--	1,106	14,165	16,056
2013	39	10	--	1,106	14,795	15,364
2014-2018	120	26	28,000	4,975	87,745	62,719
2019-2023	33	2	--	--	107,085	34,074
2024-2028	--	--	--	--	71,225	5,049
	<u>291</u>	<u>91</u>	<u>28,000</u>	<u>10,505</u>	<u>333,765</u>	<u>185,926</u>
Less: Unamortized bond discounts	(1)	--	--	--	(1,049)	--
Unamortized gain(loss) on bond refundings	1	--	--	--	(16,589)	--
Add: Unamortized bond premiums	16	--	--	--	2,742	--
Net debt service requirements	<u>307</u>	<u>91</u>	<u>28,000</u>	<u>10,505</u>	<u>318,869</u>	<u>185,926</u>

Fiscal Year Ended September 30	Capital Lease		Total Airport		
	Obligations		Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2009	466	48	12,807	19,434	32,241
2010	476	32	13,411	18,718	32,129
2011	493	14	14,036	17,966	32,002
2012	127	1	14,322	17,174	31,496
2013	--	--	14,834	16,480	31,314
2014-2018	--	--	115,865	67,720	183,585
2019-2023	--	--	107,118	34,076	141,194
2024-2028	--	--	71,225	5,049	76,274
	<u>1,562</u>	<u>95</u>	<u>363,618</u>	<u>196,617</u>	<u>560,235</u>
Less: Unamortized bond discounts	--	--	(1,050)	--	(1,050)
Unamortized gain(loss) on bond refundings	--	--	(16,588)	--	(16,588)
Add: Unamortized bond premiums	--	--	2,758	--	2,758
Net debt service requirements	<u>\$ 1,562</u>	<u>95</u>	<u>348,738</u>	<u>196,617</u>	<u>545,355</u>

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

(2) Portions of these bonds are variable rate bonds with an assumed rate of 6.49% and 4.98%.

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

Nonmajor Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,496	1,024	2,095	1,590	3,852	612
2010	1,943	949	2,050	1,510	3,613	477
2011	2,058	851	2,143	1,433	3,351	353
2012	1,842	747	2,250	1,333	3,183	228
2013	2,017	654	1,707	1,227	2,345	113
2014-2018	8,699	1,934	8,695	4,802	1,159	30
2019-2023	2,349	215	13,416	2,341	--	--
2024-2028	--	--	1,831	85	--	--
	<u>20,404</u>	<u>6,374</u>	<u>34,187</u>	<u>14,321</u>	<u>17,503</u>	<u>1,813</u>
Less: Unamortized bond discounts	(80)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,328)	--	--	--	--	--
Add: Unamortized bond premiums	1,792	--	784	--	52	--
Net debt service requirements	<u>20,788</u>	<u>6,374</u>	<u>34,971</u>	<u>14,321</u>	<u>17,555</u>	<u>1,813</u>

Fiscal Year Ended September 30	Revenue Bonds (1)		Capital Lease Obligations		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2009	4,720	7,970	4	--	12,167	11,196	23,363
2010	8,215	11,060	--	--	15,821	13,996	29,817
2011	8,545	11,910	--	--	16,097	14,547	30,644
2012	9,450	11,774	--	--	16,725	14,082	30,807
2013	10,555	11,570	--	--	16,624	13,564	30,188
2014-2018	59,855	53,842	--	--	78,408	60,608	139,016
2019-2023	55,735	47,063	--	--	71,500	49,619	121,119
2024-2028	54,740	44,093	--	--	56,571	44,178	100,749
2029-2033	25,135	16,868	--	--	25,135	16,868	42,003
	<u>236,950</u>	<u>216,150</u>	<u>4</u>	<u>--</u>	<u>309,048</u>	<u>238,658</u>	<u>547,706</u>
Less: Unamortized bond discounts	(824)	--	--	--	(904)	--	(904)
Unamortized gain(loss) on bond refundings	(19,242)	--	--	--	(20,570)	--	(20,570)
Add: Unamortized bond premiums	4,133	--	--	--	6,761	--	6,761
Net debt service requirements	<u>\$ 221,017</u>	<u>216,150</u>	<u>4</u>	<u>--</u>	<u>294,335</u>	<u>238,658</u>	<u>532,993</u>

(1) A portion of these bonds are variable rate bonds with an assumed rate of 7.88%.

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

Fiscal Year Ended September 30	Business-Type Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,995	1,290	2,095	1,590	6,177	1,013
2010	2,624	1,188	2,050	1,510	5,883	799
2011	2,728	1,055	2,143	1,433	5,577	595
2012	2,483	914	2,250	1,333	5,111	390
2013	2,774	788	1,707	1,227	3,841	208
2014-2018	10,145	2,247	8,695	4,802	2,541	76
2019-2023	2,782	252	13,416	2,341	--	--
2024-2028	--	--	1,831	85	--	--
	<u>25,531</u>	<u>7,734</u>	<u>34,187</u>	<u>14,321</u>	<u>29,130</u>	<u>3,081</u>
Less: Unamortized bond discounts	(101)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(3,289)	--	--	--	--	--
Add: Unamortized bond premiums	2,229	--	784	--	81	--
Net debt service requirements	<u>24,370</u>	<u>7,734</u>	<u>34,971</u>	<u>14,321</u>	<u>29,211</u>	<u>3,081</u>

Fiscal Year Ended September 30	Tax Supported Debt		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2009	532	374	213,234	2,249	--
2010	564	348	--	--	--	1,106
2011	596	319	--	--	--	1,106
2012	627	288	--	--	--	1,106
2013	674	256	--	--	--	1,106
2014-2018	4,221	621	--	--	28,000	4,975
	<u>7,214</u>	<u>2,206</u>	<u>213,234</u>	<u>2,249</u>	<u>28,000</u>	<u>10,505</u>
Less: Unamortized bond discounts	(36)	--	(34)	--	--	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premiums	--	--	--	--	--	--
Net debt service requirements	<u>\$ 7,178</u>	<u>2,206</u>	<u>213,200</u>	<u>2,249</u>	<u>28,000</u>	<u>10,505</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 3.95%.

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

Fiscal Year Ended September 30	Business-Type Activities (in thousands)					
	Revenue Bonds (3)		Municipal Utility District Contract Revenue Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 154,836	203,221	780	41	505	161
2010	141,362	218,769	915	15	508	90
2011	147,804	206,929	-	-	527	71
2012	157,378	196,531	--	--	163	56
2013	196,397	162,521	--	--	207	245
2014-2018	874,992	666,870	--	--	266	187
2019-2023	668,547	424,415	--	--	341	111
2024-2028	633,919	229,303	--	--	265	22
2029-2033	341,835	93,445	--	--	-	-
2034-2038	165,736	21,604	--	--	--	--
2039-2043	12,270	307	--	--	--	--
	<u>3,495,076</u>	<u>2,423,915</u>	<u>1,695</u>	<u>56</u>	<u>2,782</u>	<u>943</u>
Less: Unamortized bond discounts	(14,503)	--	(6)	--	--	--
Unamortized gain(loss) on bond refundings	(164,305)	--	(14)	--	--	--
Add: Unamortized bond premiums	90,629	--	8	--	--	--
Net debt service requirements	<u>3,406,897</u>	<u>2,423,915</u>	<u>1,683</u>	<u>56</u>	<u>2,782</u>	<u>943</u>

Fiscal Year Ended September 30	Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Total
	2009	380,154	211,045
2010	153,906	223,825	377,731
2011	159,375	211,508	370,883
2012	168,012	200,618	368,630
2013	205,600	166,351	371,951
2014-2018	928,860	679,778	1,608,638
2019-2023	685,086	427,119	1,112,205
2024-2028	636,015	229,410	865,425
2029-2033	341,835	93,445	435,280
2034-2038	165,736	21,604	187,340
2039-2043	12,270	307	12,577
	<u>3,836,849</u>	<u>2,465,010</u>	<u>6,301,859</u>
Less: Unamortized bond discounts	(14,680)	--	(14,680)
Unamortized gain(loss) on bond refundings	(167,608)	--	(167,608)
Add: Unamortized bond premiums	93,731	--	93,731
Net debt service requirements	<u>\$ 3,748,292</u>	<u>2,465,010</u>	<u>6,213,302</u>

(3) A portion of these bonds are variable rate bonds.

10 – DEBT AND NON-DEBT LIABILITIES, continued
e -- Defeased Debt

Over time, the City has issued refunding bonds to advance refund certain public improvement bonds, certificates of obligation and enterprise revenue bonds. The proceeds of the sale of the refunding bonds were deposited with an escrow agent in an amount necessary to accomplish the discharge and final payment of the refunded obligations. These funds are held by the escrow agent in an escrow fund and used to purchase direct obligations of the United States of America to be held in the escrow fund. The escrow fund is irrevocably pledged to the payment of the principal and interest on the refunded obligations.

On September 30, 2008, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

<u>Refunded Bonds</u>	<u>Escrow Maturity</u>	<u>Balance 9/30/2008</u>
General Obligation		
Contractual Obligations, Series 1999	9/1/2009	\$ 3,505
Public Improvement Bonds, Series 1999	9/1/2009	46,955
Contractual Obligations, Series 2000	9/1/2010	3,580
Public Improvement Bonds, Series 2000	9/1/2010	48,745
Contractual Obligations, Series 2001	9/1/2011	13,685
Public Improvement Bonds, Series 2001	9/1/2011	51,280
Contractual Obligations, Series 2002	9/1/2012	6,750
Public Improvement Bonds, Series 2002	9/1/2012	13,100
Contractual Obligations, Series 2004	9/1/2014	1,355
Austin Energy		
Series 2001	11/15/2010	48,500
Series 2003	5/15/2013	18,800
Water and Wastewater		
Series 2000	5/15/2010	87,200
Series 2001A	5/15/2011	118,265
Series 2001B	5/15/2011	53,605
Series 2003	5/15/2013	29,100
Convention Center		
Series 1999	11/15/2009	35,140
		\$ 579,565

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. Subsequent to September 30, 1997, the City has issued \$104.2 million in various series of housing revenue bonds that have an outstanding balance of \$102.6 million as of September 30, 2008.

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, 2008, \$365.1 million in revenue and revenue refunding bonds was outstanding that had an original issue value of \$383 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, 2008, are as follows (in thousands):

Receivable Fund	Payable Fund	Amount	
		Current	Long-Term
Governmental funds:			
Nonmajor governmental funds	Nonmajor governmental funds	\$ 39,629	--
	Water and Wastewater	--	4,334
	Nonmajor enterprise funds	--	1,929
	Internal service funds	--	151
General Fund	Nonmajor governmental funds	227	--
Internal Service funds:			
Support Services	Nonmajor governmental funds	11	56
Business-type funds:			
Electric	Nonmajor enterprise funds	200	2,291
	Nonmajor governmental funds	--	73
Water and Wastewater (restricted)	Internal service funds	27	54
Airport (restricted)	Nonmajor governmental funds	--	124
Nonmajor enterprise funds	Nonmajor governmental funds	--	149
	Nonmajor enterprise funds	900	--
		<u>\$ 40,994</u>	<u>9,161</u>

Interfund receivables and payables reflect loans between funds. Of the above current amount, \$15.8 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 \$20.9 million in interfund loans between capital project funds to cover deficit pooled investments and cash.

Interfund transfers during fiscal year 2008 were as follows (in thousands):

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental	Nonmajor Proprietary	
General Fund	\$ --	17,045	10,393	27,438
Nonmajor governmental funds	282	29,427	38,867	68,576
Electric	91,000	--	--	91,000
Water and Wastewater	24,629	3,971	--	28,600
Nonmajor proprietary funds	400	2,423	--	2,823
Internal service funds	--	4,450	--	4,450
Total transfers out	<u>\$ 116,311</u>	<u>57,316</u>	<u>49,260</u>	<u>222,887</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, and the transfer of hotel occupancy and vehicle rental tax collections from the Hotel-Motel Occupancy Tax and the Vehicle Rental Tax funds to other nonmajor governmental funds and the Convention Center Fund.

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, 2008. 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. 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.

The Clean Air Act and other regulations require all existing coal plants to reduce the levels of sulfur dioxide (SO₂) and nitrogen oxide (NO_x) by 2010. As a result, the Fayette Power Project is in the process of installing scrubbers on Units 1 and 2. It is estimated that the project cost will be in the range of \$225 million for Austin Energy's share. The design phase was completed in February of 2006. Procurement of equipment and phase II engineering and construction are currently underway. Project completion is scheduled for late 2010.

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 pro-rata interest in FPP was \$134.1 million as of September 30, 2008. The increase in the pro-rata interest from 2007 is primarily due to the scrubbers. The pro-rata 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 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.

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, 2008, Austin Energy's investment in the STP was approximately \$505 million, net of accumulated depreciation.

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

NRG South Texas LP has applied for an expansion at STP to include Units 3 and 4 at the STP site. While it is unknown whether this application for expansion will be approved, Austin Energy recommended and City Council resolved not to participate in the expansion as currently proposed.

14 – COMMITMENTS AND CONTINGENCIES, continued
c -- South Texas Project Decommissioning

The South Texas Project (STP) is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC requires that each holder of a nuclear plant-operating license submit a certificate of financial assurance to the NRC for plant decommissioning every two years or upon transfer of ownership. The certificate provides reasonable assurance that sufficient funds are being accumulated to provide the minimum requirement for decommissioning mandated by the NRC. At September 30, 2008, Austin Energy funded its share of the estimated decommissioning liability as follows:

	2008	
Estimated cost to decommission STP	\$ 220,733,000	Latest site specific study in 2007 dollars
Decommissioning trust assets	141,927,545	Market value of assets as of 9/30/2008

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 2008, 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 following information is provided regarding Austin Energy's outstanding financial hedge instruments as of September 30, 2008:

Fuel Derivative Transactions as of September 30, 2008			
<u>Type of Transaction</u>	<u>Maturity Dates</u>	<u>Volumes in MMBTU</u>	<u>Fair Market Value Gain/ (Loss)</u>
OTC Call Options	Nov 2008 - Aug 2013	17,150,000 *	\$ 26,512,699
OTC Put Options	Nov 2008 - Aug 2013	22,685,000 *	7,243,350
Futures	Dec 2008 - Oct 2013	1,382,500 *	(2,274,683)
OTC Swaps	Nov 2008 - Oct 2012	44,395,000 *	35,504,360
Basis Swaps	Nov 2008 - Dec 2011	16,337,500	(2,732,931)
OTC Swaptions	April 2011 - Dec 2011	3,210,000	(910,865)
			<u>\$ 63,341,930</u>

*Volumes are presented net of long and short positions

The realized gains and losses related to these transactions are netted to fuel expense in the period realized. Premiums paid for options are deferred until the contract is executed. As of September 30, 2008, \$45,374,363 was deferred. As of September 30, 2008, Austin Energy's futures, options, swaptions, and swaps, valued at mark-to-market, net to a gain of \$63,341,930.

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

The fair value of futures, swaps, and basis swap contracts is determined using the New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. The fair value is calculated by deriving the difference between the closing futures price on the last day of the reporting period and purchase price at the time the positions were established.

Futures contracts represent a firm obligation to buy, or sell, the underlying asset. If held to expiration, the contract holder must take delivery, or deliver, the underlying asset at the established contract price.

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.

The fair value of the options are calculated using the Black/Scholes valuation method where the inputs are implied volatility based on the NYMEX closing settlement prices of the options as of the last day of the reporting period, risk free interest rate, time to maturity and the NYMEX closing settlement price of the underlier as of the last day of the reporting period.

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 ISDA (International Swaps and Derivatives Association) agreement applied to these contracts.

e -- Purchased Power

Austin Energy has commitments totaling \$3.3 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2027, landfill power through 2020, biomass through 2027, and capacity and other power through 2010.

f -- Derivative Instruments

Swap for the Water & Wastewater System

Objective of the swap. In order to lower its borrowing costs, on July 2, 2004 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"). 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.

In connection with the issuance of \$170,605,000 Water and Wastewater System Variable Rate Revenue Refunding Bonds, Series 2008 (the "Series 2008 Bonds"), the City has entered into an interest rate swap transaction under an agreement to enable the City to substantially fix its interest obligation on the debt represented by the Series 2008 Bonds.

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

Terms, fair values, and credit risk. The terms, including the counterparty credit ratings of the outstanding swaps, as of September 30, 2008, are included below. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The Series 2004 Bonds were issued with an initial principal amount of \$132,475,000. The Series 2008 Bonds were issued with an initial principal amount of \$170,605,000. The swaps were structured to match the likely principal amortization structures and dates of the Series 2004 Bonds and Series 2008 Bonds, respectively. The counterparties to the swaps are JPMorgan Chase Bank (JPM) and Goldman Sachs Capital Markets, L.P. (GSCM). The table below contains a summary of the terms and fair value of the swaps.

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Market Value
Water & Wastewater Revenue Refunding Bonds, Series 2004	May 15, 2024	JPM	Aaa/AA/AA-	68% of 1-month LIBOR	3.657%	\$ (5,913,047)
Water & Wastewater Revenue Refunding Bonds, Series 2008	May 15, 2031	GSCM	Aa3/AA-/AA-	SIFMA Swap Index	3.600%	1,351,849

The combination of variable rate bonds and floating-to-fixed swaps 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 with JPM had a negative fair value as of September 30, 2008 of \$5,913,047. The swap with GSCM had a positive fair value as of September 30, 2008 of \$1,351,849. 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. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of September 30, 2008, the City was not exposed to credit risk on its outstanding swap with JPM because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. If interest rates decline and the fair value of the swap were to remain negative, the City would not be exposed to credit risk. The current credit ratings of JPM are Aaa/AA/AA- by Moody's/Standard & Poor's/Fitch respectively. 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 with JPM 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/A by Moody's/S&P.

As of September 30, 2008, the City was exposed to credit risk in the amount of the swap's fair value on its outstanding swap with GSCM because the swap had a positive fair value. However, should interest rates change and the fair value of the swap become negative, the City would not be exposed to credit risk. If interest rates rise and the fair value of the swap were to remain positive, the City would be exposed to credit risk in the amount of the swap's fair value. The current credit ratings of GSCM are Aa3/AA-/AA- by Moody's/Standard & Poor's/Fitch respectively. 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 with GSCM 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.

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 basis risk on its swap with JPM. 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 is exposed to basis risk should the floating rate that it receives on a swap be less

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

than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

The City does not bear basis risk on its swap with GSCM.

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 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.

The City does not bear tax risk on its swap with GSCM.

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

Swap payments and associated debt. As of September 30, 2008, 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	Net Interest
	Principal	Interest		
	2009	\$ 1,135		
2010	2,595	11,823	(1,581)	10,242
2011	6,965	11,668	(1,636)	10,032
2012	13,285	11,241	(1,585)	9,656
2013	12,905	10,648	(1,465)	9,183
2014-2018	111,550	35,926	(3,139)	32,787
2019-2023	58,000	20,498	1,491	21,989
2024-2028	65,565	7,900	3,349	11,249
2029-2031	13,980	1,684	781	2,465
Total	\$ 285,980	123,269	(5,339)	117,930

The variable interest component was calculated utilizing the rate in effect at the end of the fiscal year.

Swap for the Airport System

Objective of the swap. In order to lower its borrowing costs, on July 2, 2004 the City entered into an interest rate swap in connection with its Series 2005 Airport System Subordinate Lien Revenue Refunding Bonds (the "Series 2005 Bonds"). 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.

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

Terms, fair values, and credit risk. The terms, including the counterparty credit ratings of the outstanding swaps, as of September 30, 2008, are included below. 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 in August 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. The table below contains a summary of the terms and fair value of the swap.

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Market Value
Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Nov 15, 2025	Morgan Stanley	A1/A+/AA-	71% of 1-month LIBOR	4.051%	\$(20,137,968)

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, 2008 of \$20,137,968. 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. 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. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of September 30, 2008, the City was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair values of the swaps become positive, the City would be exposed to credit risk in the amount of the swap's fair value. If interest rates decline and the fair value of the swap were to remain negative, the City would not be exposed to credit risk. The current credit ratings of Morgan Stanley are A1/A+/AA- by Moody's/Standard & Poor's/Fitch respectively. 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/A by Moody's/S&P.

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 basis risk on its swap. 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 is 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. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

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.

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

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 are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to 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 swap insurance to further reduce the possibility of termination risk.

Swap payments and associated debt. As of September 30, 2008, 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	Net Interest
	Principal	Interest		
	2009	\$ 10,475		
2010	10,975	15,034	(4,415)	10,619
2011	11,500	14,380	(4,222)	10,158
2012	12,050	13,696	(4,022)	9,674
2013	6,125	13,274	(3,898)	9,376
2014-2018	54,075	54,326	(15,357)	38,969
2019-2023	104,875	34,517	(10,490)	24,027
2024-2025	71,225	5,391	(1,824)	3,567
Total	\$ 281,300	166,275	(48,825)	117,450

The variable interest component was calculated utilizing the rate in effect at the end of the fiscal year.

Swaps for the Hotel Occupancy Tax

Objective of the swap. In connection with the issuance of \$125,280,000 Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008 (the "Bonds"), the City has entered into an interest rate swap transaction under an agreement to enable the City to substantially fix its interest obligation on the debt represented by the Bonds.

Terms, fair values, and credit risk. The terms, including the counterparty credit ratings of the outstanding swap, as of September 30, 2008, are included below. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds. The swap was structured to match the likely principal amortization structure and dates of the Bonds. The counterparty to the swap is Morgan Keegan Financial Products (MKFP).

Related Bonds	Maturity	Counterparty	CP Rating by Moody's/S&P/Fitch	Variable Rate Received	Fixed Rate Paid	Market Value
Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Nov 15, 2029	MKFP	Aa3/AA-/AA-	SIFMA to 11/15/09; 67% of 1-Mo USD- LIBOR thereafter	3.2505%	\$(2,481,198)

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.

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

Fair value. The swap had a negative fair value as of September 30, 2008 of \$2,481,198. 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. 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. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

Credit risk. As of September 30, 2008, the City was not exposed to credit risk on the swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. However, if interest rates decline and the fair value of the swap were to remain negative, the City would not be exposed to credit risk. The current credit ratings of MKFP are Aa3/AA-/AA- by Moody's/Standard & Poor's/Fitch respectively. 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. The credit support provider of MKFP is Deutsche Bank AG, New York Branch ("DBAG"). The swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

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 is 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. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

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 bears tax risk 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 are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value. The additional termination events in the agreement are limited to credit related events only and the ratings triggers are substantially below the current credit rating of the City.

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

Swap payments and associated debt. As of September 30, 2008, 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	Net Interest
	Principal	Interest		
2009	\$ --	2,662	1,410	4,072
2010	3,325	5,928	1,379	7,307
2011	4,425	6,938	1,331	8,269
2012	4,570	6,987	1,280	8,267
2013	4,720	7,037	1,227	8,264
2013-2017	25,915	35,888	5,283	41,171
2018-2022	30,360	37,320	3,686	41,006
2023-2027	35,800	39,218	1,810	41,028
2028-2030	16,165	16,397	123	16,520
Total	<u>\$ 125,280</u>	<u>158,375</u>	<u>17,529</u>	<u>175,904</u>

The variable interest component was calculated utilizing the rate in effect at the end of the fiscal year.

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, 2008, was \$29 thousand for governmental activities. There is no estimated amount payable for business-type activities.

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 2008 Capital Budget includes new appropriations of \$831.7 million for the City's enterprise funds and \$142.3 million for general government projects. The City has substantial contractual commitments relating to its capital improvement plan.

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

The key projects in progress include improvements to and development of the transportation infrastructure, electric system, water and wastewater systems, solid waste services, parks system, 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	\$ 59,746	99,284
Public safety	9,579	35,266
Transportation	203,550	109,695
Public health	4,300	75,519
Public recreation and culture	165,331	213,932
Urban growth management	86,216	53,467
Business-type activities:		
Electric	3,748,267	470,316
Water	1,011,429	1,065,886
Wastewater	1,046,809	534,839
Airport	140,700	560,400
Convention	30,917	27,490
Environmental and health services	81,062	110,917
Urban growth management	246,472	258,242
Total	<u>\$ 6,834,378</u>	<u>3,615,253</u>

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 \$15.7 million reported as accrued landfill closure and postclosure costs at September 30, 2008, represents the cumulative amount reported to date based on the use of 99% of the estimated capacity of the landfill. The Solid Waste Services Fund will recognize the remaining estimated cost of closure and postclosure care of \$153 thousand as the remaining estimated capacity is filled over the next year. Closure is estimated to be September 2009. The total estimated costs of \$15.8 million include costs of closure of \$7.9 million to be spent in the first year of closure and postclosure costs over the subsequent thirty years of \$7.9 million. These amounts are based on current cost estimates to perform closure and postclosure care in 2008. 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 46% of retirees use the HMO option; approximately 70% of city employees and 54% 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 2008, 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. 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. Possible losses are estimated to range from \$26.4 to \$41.8 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>	
	2008	2007	2008	2007	2008	2007
Liability balances, beginning of year	\$ 4,382	4,382	5,646	6,862	12,193	9,965
Claims and changes in estimates	4,658	4,024	3,727	882	5,303	4,899
Claim payments	(4,244)	(4,024)	(1,525)	(2,098)	(3,678)	(2,671)
Liability balances, end of year	<u>\$ 4,796</u>	<u>4,382</u>	<u>7,848</u>	<u>5,646</u>	<u>13,818</u>	<u>12,193</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$4.9 million discounted at 5.40% in 2008 and \$2.8 million discounted at 4.63% in 2007.

14 – COMMITMENTS AND CONTINGENCIES, continued

l -- Decommissioning and Environmental Remediation Contingencies

Austin Energy may incur costs for decommissioning and 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, 2008. This amount includes the cost to decommission Holly as well as the remediation of the contaminated sites. Austin Energy anticipates payment of these costs in 2009 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 closed the Green Water Treatment Plant (GWTP) on September 23, 2008. The estimated decommissioning cost to close the GWTP is \$4.8 million. The financial statements include a liability of approximately \$6.3 million at September 30, 2008. Plant decommissioning is estimated to be completed in July 2010.

The Airport Fund may also incur costs for environmental remediation of certain sites and has recorded an estimated liability of \$105,000 as of September 30, 2008.

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. The facility is scheduled to open in 2009.

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, 2008, was \$21.3 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 equipment for both governmental and business-type activities. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at their inception date. Refer to Note 10 for the debt service requirements on these leases.

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

The following summarizes capital assets recorded at September 30, 2008, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Business-type Activities		
		Electric	Airport	Total
Building and improvements	\$ --	1,405	--	1,405
Equipment	1,013	--	2,320	2,320
Accumulated depreciation	(738)	(211)	(825)	(1,036)
Net capital assets	<u>\$ 275</u>	<u>1,194</u>	<u>1,495</u>	<u>2,689</u>

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%	10%
5 to 9 years	24% - 25%	15%
10 to 14 years	41% - 42%	25%
15 to 20 years	57% - 58%	35%
Greater than 20 years	81% - 83%	50%

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 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 pay-as-you-go cost of providing these benefits for 2,956 retirees was \$21.0 million in 2008 and \$16.9 million in 2007 for 2,800 retirees.

15 – OTHER POST-EMPLOYMENT BENEFITS, continued

In fiscal year 2008, the City implemented GASB Statement No. 45 and recognized the following liability in the financial statements at September 30, 2008.

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

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2008, is as follows (in thousands):

	<u>OPEB</u>
Annual required contribution	\$ 108,574
Interest on net OPEB obligation	--
Adjustment to annual required contribution	--
Annual OPEB cost	<u>108,574</u>
Contributions made	<u>(21,067)</u>
Change in net OPEB obligation	87,507
Beginning net OPEB obligation	--
Net OPEB obligation	<u>\$ 87,507</u>

Schedule of Funding Progress (in thousands):

Year Ended September 30	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2008	\$ --	1,035,766	1,035,766	0.0%	417,451	248.1%

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

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

	<u>OPEB</u>
Actuarial Valuation Date	October 1, 2006
Actuarial Cost Method	Projected Unit Credit
Amortization method	Level Percent Open
Remaining Amortization Period	30 years
Assumed Rate of Return on Investments	4.0%
Health Care Cost Trend Rate	10% in 2007, decreasing 1% per year for five years to an ultimate trend of 5% in 2012

16 – SUBSEQUENT EVENTS

a -- General Obligation Bonds Issues

In October 2008, the City delivered \$76,045,000 of Public Improvement Bonds, Series 2008. The proceeds from the issue will be used as follows: streets and signals (\$56,200,000), parks and recreation (\$11,345,000), and affordable housing (\$8,500,000). These bonds will be amortized serially on September 1 of each year from 2009 to 2028. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2009. Total interest requirements for these bonds, at rates ranging from 3.50% to 5.00%, are \$46,511,759.

16 – SUBSEQUENT EVENTS, continued
a -- General Obligation Bonds Issues, continued

In October 2008, the City delivered \$10,700,000 of Certificates of Obligation, Series 2008. The proceeds from the issue will be used as follows: Avery Ranch Fire Station (\$4,500,000) and Barton Springs Pool (\$6,200,000). These certificates of obligation will be amortized serially on September 1 of each year from 2009 to 2028. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2009. Total interest requirements for these bonds, at rates ranging from 3.00% to 5.00%, are \$5,849,868.

In October 2008, the City delivered \$26,715,000 of Public Property Finance Contractual Obligations, Series 2008. The proceeds from the issue will be used as follows: public works transportation equipment (\$3,288,000), water utility capital equipment (\$1,814,000), wastewater utility capital equipment (\$1,503,000), communications and technology management capital equipment (\$2,700,000), golf carts (\$440,000), and solid waste services capital equipment (\$16,970,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2009 to 2015. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2009. Total interest requirements for these obligations, at rates ranging from 3.00% to 4.00%, are \$3,737,119.

b -- Water and Wastewater System Revenue Bond Refunding Issue

In February 2009, the City issued \$175,000,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2009. Proceeds from the bond refunding were used to refund \$172,610,000 of the City's outstanding commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds are \$288,070,693, with interest rates ranging from 3% to 5.125%. 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, 2008
(In thousands)

City of Austin, Texas
RSI

	2008					
	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 347,961	--	347,961	356,150	356,150	(8,189)
Franchise fees	35,577	--	35,577	32,189	32,189	3,388
Fines, forfeitures and penalties	18,946	--	18,946	17,452	17,452	1,494
Licenses, permits and inspections	24,268	7	24,275	24,431	24,431	(156)
Charges for services/goods	29,175	(12)	29,163	28,710	29,060	103
Interest and other	12,639	(1,097)	11,542	12,602	12,602	(1,060)
Total revenues	468,566	(1,102)	467,464	471,534	471,884	(4,420)
EXPENDITURES						
General government						
Municipal Court	11,592	(85)	11,507	11,745	11,757	250
Public safety						
Police	219,952	(2,721)	217,231	220,241	220,487	3,256
Fire	115,663	(858)	114,805	117,014	117,026	2,221
Emergency Medical Services	42,657	(295)	42,362	43,542	43,560	1,198
Public Safety & Emergency Mgmt	5,809	--	5,809	5,970	5,970	161
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	340	--	340	325	325	(15)
Public health:						
Health	34,823	119	34,942	36,128	36,290	1,348
Public recreation and culture						
Parks and Recreation	34,977	(417)	34,560	36,429	36,509	1,949
Austin Public Library	23,942	(75)	23,867	23,973	23,989	122
Urban growth management						
Neighborhood Planning and Zoning	5,017	(103)	4,914	5,386	5,392	478
Development Services and						
Watershed Protection	15,675	43	15,718	16,119	16,544	826
General city responsibilities (4)	65,112	(53,648)	11,464	12,193	11,567	103
Total expenditures	575,559	(58,040)	517,519	529,065	529,416	11,897
Excess (deficiency) of revenues over expenditures	(106,993)	56,938	(50,055)	(57,531)	(57,532)	7,477
OTHER FINANCING SOURCES (USES)						
Transfers in	116,311	6,201	122,512	121,480	121,480	1,032
Transfers out	(27,438)	(58,519)	(85,957)	(82,227)	(82,227)	(3,730)
Total other financing sources (uses)	88,873	(52,318)	36,555	39,253	39,253	(2,698)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(18,120)	4,620	(13,500)	(18,278)	(18,279)	4,779
Fund balance at beginning of year	106,810	(12,145)	94,665	78,681	75,728	18,937
Fund balance at end of year	\$ 88,690	(7,525)	81,165	60,403	57,449	23,716

- (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), accrued payroll (\$2,528,000), expenditures for workers' compensation (\$2,211,703), liability reserve (\$1,440,000), and public safety (\$2,472,208).

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	\$ (18,120)
Adjustments - increases (decreases) due to:	
Net compensated absences accrual	156
Outstanding encumbrances established in current year	(2,892)
Payments against prior year encumbrances	3,091
Transfer to Airport Fund	(700)
Transfer from Budget Stabilization reserve	5,000
Other	(35)
Excess (deficiency) of revenues and other sources over expenditures and other uses - budget basis	<u>\$ (13,500)</u>

c -- Budget Amendments

The original budget of the General Fund was amended during fiscal year 2008 primarily for increased public safety and urban growth management costs. The original and final budget is presented in the accompanying financial statements.

2 – 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						
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%
2007	1,653,500	2,112,800	459,300	78.3%	417,451	110.0%
Police Officers						
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%
2007	482,303	637,560	155,257	75.6%	111,809	138.9%
Fire Fighters (2)						
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%
2007	584,420	586,802	2,382	99.6%	76,556	3.1%

(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.

3 – OTHER POST EMPLOYMENT BENEFITS-TREND INFORMATION

The City implemented GASB Statement No 45 in fiscal year 2008. Under this statement, the City is required to have an actuarial valuation of its other post employment benefits program every other year. The Schedule of Funding Progress for other post employment benefits is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
October 1, 2006	\$ --	1,035,766	1,035,766	0.0%	417,451	248.1%



**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL
INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-1

	2008				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 186,069	--	186,069	184,280	1,789
Delinquent	948	--	948	1,000	(52)
Penalty and interest	958	--	958	900	58
Sales taxes	154,445	--	154,445	164,723	(10,278)
Other taxes	5,541	--	5,541	5,247	294
Total taxes	347,961	--	347,961	356,150	(8,189)
Franchise fees	35,577	--	35,577	32,189	3,388
Fines, forfeitures, and penalties					
Library fines	609	--	609	695	(86)
Traffic fines	8,815	--	8,815	8,083	732
Parking violations	2,634	--	2,634	2,492	142
Other	6,888	--	6,888	6,182	706
Total fines, forfeitures, and penalties	18,946	--	18,946	17,452	1,494
Licenses, permits, and inspections					
Alarm permits	2,139	--	2,139	1,615	524
Commercial solid waste	819	--	819	821	(2)
Public health	2,470	--	2,470	2,247	223
Development	4,668	7	4,675	5,090	(415)
Building safety	13,537	--	13,537	13,943	(406)
Beer and wine permits	260	--	260	276	(16)
Other	375	--	375	439	(64)
Total licenses, permits, and inspections	24,268	7	24,275	24,431	(156)
Charges for services/goods					
Recreation and culture	3,140	--	3,140	2,999	141
Public health	1,871	(12)	1,859	2,208	(349)
Emergency medical services	22,466	--	22,466	21,954	512
General government	1,698	--	1,698	1,899	(201)
Total charges for services/goods	29,175	(12)	29,163	29,060	103
Interest and other					
Interest	8,397	--	8,397	8,639	(242)
Rental income	1,367	44	1,411	1,759	(348)
Sale of property	1,403	--	1,403	627	776
Other	1,472	(1,141)	331	1,577	(1,246)
Total interest and other	12,639	(1,097)	11,542	12,602	(1,060)
Total revenues	\$ 468,566	(1,102)	467,464	471,884	(4,420)

(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, 2008
(In thousands)

City of Austin, Texas
Exhibit E-2

	2008				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Administration					
Municipal Court:					
Salaries and fringe benefits	\$ 9,257	(42)	9,215	9,495	280
Contractual services	2,269	(29)	2,240	2,126	(114)
Commodities	162	(14)	148	190	42
Expense refunds	(123)	--	(123)	(94)	29
Capital outlay	27	--	27	40	13
Total administration	11,592	(85)	11,507	11,757	250
Public safety					
Police:					
Salaries and fringe benefits	204,869	(1,839)	203,030	204,748	1,718
Contractual services	17,793	234	18,027	17,377	(650)
Commodities	2,683	93	2,776	3,427	651
Expense refunds	(6,529)	(221)	(6,750)	(5,256)	1,494
Capital outlay	1,136	(988)	148	191	43
	219,952	(2,721)	217,231	220,487	3,256
Fire:					
Salaries and fringe benefits	113,378	(898)	112,480	113,936	1,456
Contractual services	6,337	67	6,404	6,598	194
Commodities	1,507	(27)	1,480	1,791	311
Indirect cost	286	--	286	277	(9)
Expense refunds	(5,893)	--	(5,893)	(5,625)	268
Capital outlay	48	--	48	49	1
	115,663	(858)	114,805	117,026	2,221
Emergency Medical Services:					
Salaries and fringe benefits	37,047	(246)	36,801	38,068	1,267
Contractual services	3,540	(2)	3,538	3,464	(74)
Commodities	2,324	(19)	2,305	1,890	(415)
Expense refunds	(522)	(53)	(575)	(314)	261
Capital outlay	268	25	293	452	159
	42,657	(295)	42,362	43,560	1,198
Public Safety & Emerg Mgmt:					
Salaries and fringe benefits	10,499	(7)	10,492	10,249	(243)
Contractual services	637	(4)	633	565	(68)
Commodities	233	11	244	332	88
Expense refunds	(5,560)	--	(5,560)	(5,181)	379
Capital outlay	--	--	--	5	5
	5,809	--	5,809	5,970	161
Total public safety	\$ 384,081	(3,874)	380,207	387,043	6,836

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2008				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transportation, planning, and sustainability					
Transportation, Planning, and Sustainability:					
Contractual services	\$ 340	--	340	325	(15)
Total transportation, planning, and sustainability	340	--	340	325	(15)
Public health					
Salaries and fringe benefits	17,268	(200)	17,068	17,190	122
Contractual services	17,468	327	17,795	18,693	898
Commodities	1,213	(57)	1,156	1,197	41
Expense refunds	(1,145)	--	(1,145)	(871)	274
Capital outlay	19	49	68	81	13
Total public health	34,823	119	34,942	36,290	1,348
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	27,002	(262)	26,740	27,947	1,207
Contractual services	9,106	(56)	9,050	8,830	(220)
Commodities	1,783	6	1,789	2,604	815
Indirect cost	555	--	555	314	(241)
Expense refunds	(3,905)	--	(3,905)	(3,569)	336
Capital outlay	436	(105)	331	383	52
	34,977	(417)	34,560	36,509	1,949
Austin Public Library:					
Salaries and fringe benefits	18,957	(137)	18,820	19,052	232
Contractual services	2,762	(38)	2,724	2,665	(59)
Commodities	2,165	(10)	2,155	2,179	24
Expense refunds	60	(25)	35	(92)	(127)
Capital outlay	(2)	135	133	185	52
	23,942	(75)	23,867	23,989	122
Total public recreation and culture	\$ 58,919	(492)	58,427	60,498	2,071

(Continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	2008				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	\$ 5,227	(56)	5,171	5,821	650
Contractual services	1,042	(44)	998	1,047	49
Commodities	42	(3)	39	59	20
Expense refunds	(1,295)	--	(1,295)	(1,535)	(240)
Capital outlay	1	--	1	--	(1)
	<u>5,017</u>	<u>(103)</u>	<u>4,914</u>	<u>5,392</u>	<u>478</u>
Development Services and Watershed Protection:					
Salaries and fringe benefits	14,274	(76)	14,198	15,277	1,079
Contractual services	2,549	(14)	2,535	2,484	(51)
Commodities	141	--	141	306	165
Expense refunds	(1,289)	--	(1,289)	(1,676)	(387)
Capital outlay	--	133	133	153	20
	<u>15,675</u>	<u>43</u>	<u>15,718</u>	<u>16,544</u>	<u>826</u>
Total urban growth management	<u>20,692</u>	<u>(60)</u>	<u>20,632</u>	<u>21,936</u>	<u>1,304</u>
General city responsibilities (2)	65,112	(53,648)	11,464	11,567	103
Total expenditures	<u>575,559</u>	<u>(58,040)</u>	<u>517,519</u>	<u>529,416</u>	<u>11,897</u>
General fund expenditures					
Salaries	457,778	(3,763)	454,015	461,783	7,768
Contractuals	63,843	441	64,284	64,174	(110)
Commodities	12,253	(20)	12,233	13,975	1,742
Indirect cost	841	--	841	591	(250)
Expense refunds	(26,201)	(299)	(26,500)	(24,213)	2,287
Capital outlay	1,933	(751)	1,182	1,539	357
General city responsibilities	65,112	(53,648)	11,464	11,567	103
Total expenditures	<u>\$ 575,559</u>	<u>(58,040)</u>	<u>517,519</u>	<u>529,416</u>	<u>11,897</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, 2008
(In thousands)

City of Austin, Texas
Exhibit E-3

	2008				
	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
General fund:					
Budget stabilization reserve	\$ --	5,000	5,000	5,000	--
Special revenue					
Good neighbor program	282	--	282	--	282
Enterprise funds:					
Electric	91,000	--	91,000	91,000	--
Hospital	400	--	400	--	400
Water and Wastewater	24,629	1,201	25,830	25,480	350
Total transfers in	116,311	6,201	122,512	121,480	1,032
Transfers out					
General fund:					
Contingency reserve	--	648	648	648	--
Special revenue funds:					
Neighborhood Housing and Conservation	2,588	--	2,588	2,588	--
Barton Springs Conservation	45	--	45	45	--
Mueller Local Government Corp	532	--	532	532	--
Sustainability Fund	1,363	--	1,363	1,363	--
Tax Increment Finance	100	--	100	100	--
Tourism and Promotion	125	--	125	125	--
Economic Incentive	3,553	--	3,553	--	(3,553)
Capital project funds	8,739	--	8,739	6,635	(2,104)
Enterprise funds:					
Electric	--	2,100	2,100	2,100	--
Airport	--	700	700	700	--
Drainage	299	--	299	299	--
Softball	186	--	186	186	--
Solid Waste Services	1,336	--	1,336	1,336	--
Transportation	8,572	--	8,572	8,572	--
Internal service funds:					
Capital Projects Management	--	1,920	1,920	1,920	--
CTECC	--	7,015	7,015	7,015	--
Fleet Maintenance	--	4,650	4,650	4,650	--
Information Systems	--	14,181	14,181	14,181	--
Support Services	--	25,885	25,885	25,885	--
Wireless Communication	--	1,268	1,268	3,195	1,927
Fiduciary funds:					
Voluntary Utility Assistance	--	152	152	152	--
Total transfers out	27,438	58,519	85,957	82,227	(3,730)
Net transfers	\$ 88,873	(52,318)	36,555	39,253	(2,698)

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





**NONMAJOR GOVERNMENTAL
FUNDS**



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2008
(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	86,913	--	131,568	1,885	220,366
Investments, at fair value	--	18,489	--	--	18,489
Cash held by trustee-restricted	3,223	--	--	--	3,223
Property taxes receivable	--	4,532	--	--	4,532
Less allowance for uncollectible taxes	--	(1,315)	--	--	(1,315)
Net property taxes receivable	--	3,217	--	--	3,217
Accounts and other receivables	17,411	3,067	3,211	--	23,689
Less allowance for doubtful accounts	(247)	--	(526)	--	(773)
Net accounts receivable	17,164	3,067	2,685	--	22,916
Receivables from other governments	18,142	--	--	--	18,142
Notes receivable, net of allowance	10,883	--	--	--	10,883
Due from other funds	18,756	--	20,873	--	39,629
Advances to other funds	--	6,414	--	--	6,414
Real property held for resale	11,291	--	--	--	11,291
Prepaid expenses	87	--	--	--	87
Other assets	653	--	129	--	782
Total assets	167,117	31,187	155,255	1,885	355,444
LIABILITIES AND FUND BALANCES					
Accounts payable	7,009	2	5,728	1	12,740
Accrued payroll	1,263	--	--	--	1,263
Due to other funds	15,809	3,185	20,873	--	39,867
Deferred revenue	6,708	3,105	--	--	9,813
Advances from other funds	--	402	--	--	402
Deposits and other liabilities	50,211	--	428	--	50,639
Total liabilities	81,000	6,694	27,029	1	114,724
Fund balances					
Reserved:					
Encumbrances	7,848	--	50,757	--	58,605
Inventories and prepaid items	87	--	--	--	87
Notes receivable	10,883	--	--	--	10,883
Advances receivable	--	6,414	--	--	6,414
Real property held for resale	11,291	--	--	--	11,291
Debt service	--	18,079	--	--	18,079
Permanent funds	--	--	--	1,040	1,040
Unreserved, undesignated:					
Special revenue	56,008	--	--	--	56,008
Unreserved, undesignated:					
Capital projects	--	--	77,469	--	77,469
Permanent funds	--	--	--	844	844
Total fund balances	86,117	24,493	128,226	1,884	240,720
Total liabilities and fund balances	\$ 167,117	31,187	155,255	1,885	355,444

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$ 213	89,698	--	--	89,911
Franchise fees and other taxes	52,118	--	--	--	52,118
Fines, forfeitures and penalties	5,628	--	--	--	5,628
Charges for services/goods	66,901	--	--	--	66,901
Intergovernmental	67,876	--	23,889	--	91,765
Property owners' participation and contributions	1,520	--	5,545	--	7,065
Interest and other	5,357	6,487	7,146	201	19,191
Total revenues	199,613	96,185	36,580	201	332,579
EXPENDITURES					
Current:					
General government	5,662	--	--	--	5,662
Public safety	4,737	--	--	--	4,737
Transportation, planning, and sustainability	8,258	--	--	--	8,258
Public health	56,675	--	--	--	56,675
Public recreation and culture	11,992	--	--	17	12,009
Urban growth management	79,242	--	--	--	79,242
Debt service:					
Principal	--	61,800	--	--	61,800
Interest	--	40,954	--	--	40,954
Capital outlay	--	--	119,290	--	119,290
Total expenditures	166,566	102,754	119,290	17	388,627
Excess (deficiency) of revenues over expenditures	33,047	(6,569)	(82,710)	184	(56,048)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	--	--	104,060	--	104,060
Issuance of refunding bonds	--	156,038	--	--	156,038
Bond premiums	--	15,090	--	--	15,090
Payment to refunding bond escrow agent	--	(171,128)	--	--	(171,128)
Transfers in	27,964	5,480	23,872	--	57,316
Transfers out	(57,630)	--	(10,946)	--	(68,576)
Total other financing sources (uses)	(29,666)	5,480	116,986	--	92,800
Net change in fund balances	3,381	(1,089)	34,276	184	36,752
Fund balances at beginning of year	82,736	25,582	93,950	1,700	203,968
Fund balances at end of year	\$ 86,117	24,493	128,226	1,884	240,720





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.

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.

Municipal Court Traffic Safety Fund - Collection of fees associated with red light camera program penalties.

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.

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.

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 Austin Children's Museum - Accounts for proceeds from the sale of Block 21.

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.

Economic Incentives Reserve Fund - Accounts for the monitoring of the economic incentive agreements that the City maintains.

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.

Mueller Tax Increment - Accounts for property tax revenue that is collected in the Mueller Tax increment Financing reinvestment Zone No. 16 that was created by the City Council in December 2004.

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.

Waller Creek Reserve Fund - Provides reserve funding for the proposed Waller Creek tunnel project.

**Special Revenue Funds
Combining Balance Sheet
For the year ended September 30, 2008
(In thousands)**

**City of Austin, Texas
Exhibit E-6**

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2008 Total
ASSETS				
Cash	\$ --	5	--	5
Pooled investments and cash	2,016	80,758	4,139	86,913
Cash held by trustee-restricted	3,218	5	--	3,223
Accounts and other receivables	--	16,548	863	17,411
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	16,548	616	17,164
Receivables from other governments	18,142	--	--	18,142
Notes receivable, net of allowance	--	--	10,883	10,883
Due from other funds	--	18,756	--	18,756
Real property held for resale	--	--	11,291	11,291
Prepaid expenses	--	59	28	87
Other assets	12	538	103	653
Total assets	23,388	116,669	27,060	167,117
LIABILITIES AND FUND BALANCES				
Accounts payable	143	6,398	468	7,009
Accrued payroll	--	1,263	--	1,263
Due to other funds	14,018	1,791	--	15,809
Deferred revenue	6,377	327	4	6,708
Deposits and other liabilities	2,850	45,318	2,043	50,211
Total liabilities	23,388	55,097	2,515	81,000
Fund balances				
Reserved:				
Encumbrances	--	4,305	3,543	7,848
Inventories and prepaid items	--	59	28	87
Notes receivable	--	--	10,883	10,883
Real property held for resale	--	--	11,291	11,291
Unreserved, undesignated:				
Special revenue	--	57,208	(1,200)	56,008
Total fund balances	--	61,572	24,545	86,117
Total liabilities and fund balances	\$ 23,388	116,669	27,060	167,117

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	2008 Total
REVENUES				
Property taxes	\$ --	213	--	213
Franchise fees and other taxes	--	52,118	--	52,118
Fines, forfeitures, and penalties	--	5,628	--	5,628
Charges for services/goods	--	66,901	--	66,901
Intergovernmental	53,575	--	14,301	67,876
Property owners' participation and contributions	--	1,520	--	1,520
Interest and other	--	4,098	1,259	5,357
Total revenues	53,575	130,478	15,560	199,613
EXPENDITURES				
Current:				
General government	4,549	1,113	--	5,662
Public safety	2,068	2,669	--	4,737
Transportation, planning, and sustainability	4,313	3,945	--	8,258
Public health	17,665	39,010	--	56,675
Public recreation and culture	5,945	6,047	--	11,992
Urban growth management	19,035	45,383	14,824	79,242
Total expenditures	53,575	98,167	14,824	166,566
Excess of revenues over expenditures	--	32,311	736	33,047
OTHER FINANCING SOURCES (USES)				
Transfers in	--	27,964	--	27,964
Transfers out	--	(57,630)	--	(57,630)
Total other financing sources (uses)	--	(29,666)	--	(29,666)
Net change in fund balances	--	2,645	736	3,381
Fund balances at beginning of year	--	58,927	23,809	82,736
Fund balances at end of year	\$ --	61,572	24,545	86,117

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets					Liabilities and Fund Balances					Total Fund Balances	Total Liabilities and Fund Balances	
	Pooled Investments and Cash	Cash held by trustee	Receivables from Other Governments	Other Assets	Total Assets	Accounts Payable	Due to Other Funds	Deferred Revenue	Other Liabilities	Total Liabilities			
Federal grants													
U.S. Department of Agriculture	\$ --	--	1,047	--	1,047	6	852	189	--	1,047	--	--	1,047
Equal Employment Opportunity Commission	--	--	54	--	54	--	54	--	--	54	--	--	54
U.S. Department of Justice	--	--	1,475	--	1,475	2	1,235	238	--	1,475	--	--	1,475
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	--	10
U.S. Department of Transportation	--	--	3,123	--	3,123	--	3,021	102	--	3,123	--	--	3,123
U.S. Health & Human Services	1,264	--	5,681	12	6,957	26	5,117	1,435	379	6,957	--	--	6,957
U.S. Department of Homeland Security	--	--	3,202	--	3,202	--	2,601	601	--	3,202	--	--	3,202
U.S. Housing/Urban Development	404	3,218	2,227	--	5,849	107	26	3,787	1,929	5,849	--	--	5,849
U.S. National Foundation on the Arts and Humanities	--	--	241	--	241	--	216	25	--	241	--	--	241
Total federal grants	1,668	3,218	17,060	12	21,958	141	13,132	6,377	2,308	21,958	--	--	21,958
State grants													
Texas Governor's Office Criminal Justice Division	22	--	11	--	33	--	20	--	13	33	--	--	33
State Health Services	--	--	704	--	704	1	521	--	182	704	--	--	704
Texas Commission of the Arts	2	--	1	--	3	--	--	--	3	3	--	--	3
Texas Comptroller of Public Accounts	128	--	19	--	147	1	--	--	146	147	--	--	147
Texas Department of Transportation	--	--	59	--	59	--	59	--	--	59	--	--	59
Texas State Library and Archives Commission	--	--	107	--	107	--	107	--	--	107	--	--	107
Total state grants	152	--	901	--	1,053	2	707	--	344	1,053	--	--	1,053
Other special revenue grants	196	--	181	--	377	--	179	--	198	377	--	--	377
Total all grants	\$ 2,016	3,218	18,142	12	23,388	143	14,018	6,377	2,850	23,388	--	--	23,388

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2008
(In thousands)

	<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	\$ 4,733	4,733	--	--	--
Equal Employment Opportunity Commission	114	114	--	--	--
U.S. Department of Justice	3,907	3,907	--	--	--
U.S. Department of Labor	--	--	--	--	--
U.S. Department of Transportation	3,924	3,924	--	--	--
U.S. Health & Human Services	17,015	17,015	--	--	--
U.S. Department of Homeland Security	2,068	2,068	--	--	--
U.S. Housing/Urban Development	19,035	19,035	--	--	--
U.S. National Foundation on the Arts and Humanities	427	427	--	--	--
Total federal grants	<u>51,223</u>	<u>51,223</u>	<u>--</u>	<u>--</u>	<u>--</u>
State grants					
Texas Governor's Office Criminal Justice Division	224	224	--	--	--
State Health Services	650	650	--	--	--
Texas Commission of the Arts	1	1	--	--	--
Texas Comptroller of Public Accounts	304	304	--	--	--
Texas Department of Transportation	389	389	--	--	--
Texas State Library and Archives Commission	178	178	--	--	--
Total state grants	<u>1,746</u>	<u>1,746</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other special revenue grants	<u>606</u>	<u>606</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total all grants	<u>\$ 53,575</u>	<u>53,575</u>	<u>--</u>	<u>--</u>	<u>--</u>

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-10

	Total Expenditures at			Current Year		Total Expenditures at			Budget		
	Beginning of Year					End of Year					
	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
Federal grants											
U.S. Department of Agriculture	\$ 8,512	--	8,512	4,733	--	13,245	--	13,245	14,051	--	14,051
Equal Employment Opportunity Commission	187	--	187	114	--	301	--	301	406	--	406
U.S. Department of Justice	12,497	5,095	17,592	3,907	3,807	16,404	8,902	25,306	19,056	9,088	28,144
U.S. Department of Labor	359	--	359	--	--	359	--	359	410	--	410
U.S. Department of Transportation	7,795	1,377	9,172	3,924	1,316	11,719	2,693	14,412	14,695	3,544	18,239
U.S. Health & Human Services	35,239	276	35,515	17,015	--	52,254	276	52,530	65,745	261	66,006
U.S. Department of Homeland Security	22,677	177	22,854	2,068	151	24,745	328	25,073	32,232	379	32,611
U.S. Housing/Urban Development	135,181	1,187	136,368	19,035	2	154,216	1,189	155,405	163,018	3,157	166,175
U.S. National Foundation on the Arts and Humanities	750	--	750	427	1	1,177	1	1,178	1,603	15	1,618
Total federal grants	223,197	8,112	231,309	51,223	5,277	274,420	13,389	287,809	311,216	16,444	327,660
State grants											
Texas Governor's Office Criminal Justice Division	100	82	182	224	75	324	157	481	324	157	481
State Health Services	361	--	361	650	--	1,011	--	1,011	1,487	--	1,487
Texas Commission of the Arts	60	--	60	1	--	61	--	61	61	--	61
Texas Comptroller of Public Accounts	1,171	--	1,171	304	--	1,475	--	1,475	1,561	--	1,561
Texas Department of Transportation	438	436	874	389	84	827	520	1,347	1,712	730	2,442
Texas State Library and Archives Commission	88	--	88	178	--	266	--	266	350	--	350
Total state grants	2,218	518	2,736	1,746	159	3,964	677	4,641	5,495	887	6,382
Other special revenue grants	1,091	--	1,091	606	--	1,697	--	1,697	2,266	--	2,266
Total all grants	\$ 226,506	8,630	235,136	53,575	5,436	280,081	14,066	294,147	318,977	17,331	336,308

**Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2008
(In thousands)**

	Assets							Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	
General government								
Municipal Court:								
Municipal Court Building Security	\$ --	128	--	--	--	--	--	128
Municipal Court Juvenile Case Manager	--	997	--	--	--	--	--	997
Municipal Court Technology	--	577	--	--	--	--	--	577
Total general government	--	1,702	--	--	--	--	--	1,702
Public safety								
Police:								
APD Incident Management	--	9	--	250	--	--	--	259
Auto Theft Interdiction	--	38	--	--	--	--	--	38
Aviation Asset Forfeiture	--	203	--	--	--	--	--	203
Police Benefit	--	41	--	--	--	--	--	41
Police Federal Seized Funds	4	648	--	--	--	--	--	652
Police Seized Money	--	348	--	--	--	--	--	348
Municipal Court Traffic Safety Fund	--	--	--	--	--	--	--	--
Total Police	4	1,287	--	250	--	--	--	1,541
Fire:								
Fire Miscellaneous	--	35	--	--	--	--	--	35
Total Fire	--	35	--	--	--	--	--	35
Emergency Medical Services:								
EMS Travis County Reimbursed	--	20	--	420	--	--	--	440
Total Emergency Medical Services	--	20	--	420	--	--	--	440
Total public safety	4	1,342	--	670	--	--	--	2,016
Transportation, planning, and sustainability								
Public Works and Transportation:								
Fiscal Surety - Land Development	--	26,884	--	--	15,809	--	--	42,693
Office of Emergency Management Miscellaneous	--	13	--	--	--	--	--	13
Recycle Bins	--	6	--	--	--	--	--	6
RMD Conservation	--	97	--	--	--	--	--	97
RMD Loan	--	866	--	--	--	--	113	979
Total Public Works and Transportation	--	27,866	--	--	15,809	--	113	43,788
Transportation, Planning, and Sustainability:								
Austin Transportation Study	--	--	--	635	--	--	--	635
Child Safety	--	650	--	--	--	--	--	650
Environmental Remediation	--	182	--	--	--	--	--	182
Pavement Life Recovery	--	187	--	20	--	--	--	207
Railroad Right of Way	--	6	--	--	--	--	--	6
Subdivision Participation	--	2,209	--	--	2,947	--	--	5,156
Total Transportation, Planning, and Sustainability	--	3,234	--	655	2,947	--	--	6,836
Total transportation, planning, and sustainability	\$ --	31,100	--	655	18,756	--	113	50,624

City of Austin, Texas
Exhibit E-11

Accounts Payable	Liabilities					Fund Balances				Total Liabilities and Fund Balances
	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	
11	--	--	--	--	11	2	--	115	117	128
--	10	--	--	--	10	--	--	987	987	997
29	--	--	--	--	29	52	--	496	548	577
40	10	--	--	--	50	54	--	1,598	1,652	1,702
172	--	--	--	--	172	171	--	(84)	87	259
--	--	--	--	31	31	--	--	7	7	38
--	--	--	--	--	--	--	--	203	203	203
--	--	--	--	--	--	4	--	37	41	41
13	--	--	--	--	13	--	--	639	639	652
26	--	--	--	--	26	--	--	322	322	348
9	3	58	--	--	70	--	--	(70)	(70)	--
220	3	58	--	31	312	175	--	1,054	1,229	1,541
--	--	--	--	1	1	--	--	34	34	35
--	--	--	--	1	1	--	--	34	34	35
--	--	381	--	4	385	1	--	54	55	440
--	--	381	--	4	385	1	--	54	55	440
220	3	439	--	36	698	176	--	1,142	1,318	2,016
6	--	--	--	42,279	42,285	--	--	408	408	42,693
--	--	--	--	--	--	--	--	13	13	13
--	--	--	--	--	--	--	--	6	6	6
--	--	--	--	--	--	--	--	97	97	97
119	--	--	--	--	119	--	--	860	860	979
125	--	--	--	42,279	42,404	--	--	1,384	1,384	43,788
136	--	416	80	--	632	1	--	2	3	635
3	73	--	--	--	76	5	--	569	574	650
2	--	--	--	50	52	--	--	130	130	182
--	--	--	--	--	--	--	--	207	207	207
--	--	--	--	--	--	--	--	6	6	6
--	--	--	--	1,443	1,443	--	--	3,713	3,713	5,156
141	73	416	80	1,493	2,203	6	--	4,627	4,633	6,836
266	73	416	80	43,772	44,607	6	--	6,011	6,017	50,624

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2008
(In thousands)

	Assets							Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	
Public health								
Health and Human Services:								
CCSD Operations-Travis County Hospital District	\$ --	1,427	--	1,582	--	39	--	3,048
Disproportionate Share	--	126	--	--	--	--	--	126
Health and Human Services Travis County								
Reimbursed	--	355	--	253	--	2	--	610
Health Miscellaneous	--	148	--	--	--	--	--	148
Medicaid Administrative Claims	--	20	--	--	--	--	--	20
Total Health and Human Services	--	2,076	--	1,835	--	41	--	3,952
Other public health:								
Animal Services Fund	--	461	--	--	--	--	--	461
Animal Shelter Building	--	14	--	--	--	--	--	14
Total other public health	--	475	--	--	--	--	--	475
Total public health	--	2,551	--	1,835	--	41	--	4,427
Public recreation and culture								
Austin Public Library:								
Austin History Center	--	194	--	--	--	--	--	194
Friends of Austin Public Library	--	83	--	--	--	--	--	83
Special Library	--	534	--	--	--	--	--	534
Total Austin Public Library	--	811	--	--	--	--	--	811
Parks and Recreation:								
Adaptive Programs	--	50	--	--	--	--	--	50
Austin Creeks and Trails	--	28	--	--	--	--	--	28
Balcones Canyonlands	--	75	--	--	--	--	--	75
Friends of East Austin Youth	--	10	--	--	--	--	--	10
PARD Cultural Projects	--	2,096	--	--	--	--	--	2,096
PARD Miscellaneous	--	534	--	--	--	--	--	534
PARD Police Asset Forfeitures	--	2	--	--	--	--	--	2
Planting for the Future	--	142	--	--	--	--	--	142
Republic Square	--	4	--	--	--	--	--	4
Rifle Class	--	1	--	--	--	--	--	1
Senior Nutrition	--	--	--	--	--	--	--	--
Summer Musical	--	378	--	--	--	--	--	378
Teen Activity	--	41	--	--	--	--	--	41
Tennis League	--	5	--	--	--	--	--	5
Town Lake Beautification	--	314	--	200	--	--	--	514
Total Parks and Recreation	--	3,680	--	200	--	--	--	3,880
Total public recreation and culture	\$ --	4,491	--	200	--	--	--	4,691

(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	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	
692	1,112	--	--	--	1,804	385	39	820	1,244	3,048
--	--	--	--	--	--	--	--	126	126	126
152	--	--	--	11	163	115	2	330	447	610
--	--	--	--	102	102	--	--	46	46	148
--	--	--	--	716	716	--	--	(696)	(696)	20
844	1,112	--	--	829	2,785	500	41	626	1,167	3,952
8	--	--	--	145	153	13	--	295	308	461
--	--	--	--	--	--	--	--	14	14	14
8	--	--	--	145	153	13	--	309	322	475
852	1,112	--	--	974	2,938	513	41	935	1,489	4,427
2	--	--	--	--	2	--	--	192	192	194
--	--	--	--	4	4	6	--	73	79	83
1	--	--	--	--	1	6	--	527	533	534
3	--	--	--	4	7	12	--	792	804	811
--	--	--	--	--	--	10	--	40	50	50
--	--	--	--	--	--	--	--	28	28	28
--	--	--	--	--	--	--	--	75	75	75
--	--	--	--	--	--	--	--	10	10	10
364	--	--	--	--	364	55	--	1,677	1,732	2,096
13	--	--	--	--	13	3	--	518	521	534
--	--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	--	--	142	142	142
--	--	--	--	--	--	--	--	4	4	4
--	--	--	--	--	--	--	--	1	1	1
--	--	--	10	--	10	--	--	(10)	(10)	--
--	--	--	--	--	--	6	--	372	378	378
--	--	--	--	--	--	--	--	41	41	41
--	--	--	--	--	--	--	--	5	5	5
--	--	--	--	--	--	--	--	514	514	514
377	--	--	10	--	387	74	--	3,419	3,493	3,880
380	--	--	10	4	394	86	--	4,211	4,297	4,691

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2008
(In thousands)

	Assets							Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Prepaid Expenses	Other Assets	
Urban growth management								
Neighborhood Housing & Community Development:								
Housing Miscellaneous	\$ --	48	--	--	--	--	--	48
Housing Trust Social Equity	--	990	--	--	--	--	--	990
Neighborhood Housing and Conservation	1	1,704	--	--	--	18	--	1,723
UNO Housing Trust Fund	--	983	--	--	--	--	--	983
Total Neighborhood Housing & Community Development	1	3,725	--	--	--	18	--	3,744
Development Services and Watershed Protection:								
Austin Industrial Development Corporation (AIDC)	--	175	--	--	--	--	--	175
Austin Inner City Redevelopment Corporation	--	2	--	--	--	--	--	2
East Sixth Street Public Improvement District	--	55	--	9	--	--	--	64
Energy Conservation Rebates and Incentives	--	3,281	--	115	--	--	--	3,396
Fee Waiver	--	29	--	--	--	--	--	29
Performance Contracting Fund	--	--	--	--	--	--	--	--
Planning, Environmental Conservation Services	--	108	--	--	--	--	--	108
Public Improvement District	--	1,911	--	39	--	--	--	1,950
Urban Forest Replenishment	--	1,111	--	--	--	--	--	1,111
Total Development Services and Watershed Protection	--	6,672	--	163	--	--	--	6,835
Other urban growth management:								
Austin Clean Water Program	--	145	--	--	--	--	--	145
Barton Springs Conservation	--	23	--	--	--	--	--	23
Block 21 Austin Childrens Museum	--	4,950	--	--	--	--	--	4,950
Block 21 Sale Proceeds	--	10,070	--	--	--	--	--	10,070
Business Retention & Enhancement	--	580	--	68	--	--	--	648
Cable TV	--	301	--	--	--	--	--	301
Rutherford Lane Facility Fund	--	--	--	--	--	--	--	--
City Hall Fund	--	--	--	8	--	--	--	8
City Hall Retail Tenant Improvement	--	112	--	--	--	--	--	112
Downtown Development	--	216	--	--	--	--	--	216
Economic Incentives Reserve Fund	--	3,553	--	--	--	--	--	3,553
Hotel-Motel Occupancy Tax	--	23	--	10,662	--	--	--	10,685
I-35 Parking Program	--	--	--	--	--	--	--	--
Katrina Disaster Relief	--	1	--	--	--	--	--	1
Mueller Development Fund	--	--	--	708	--	--	--	708
Mueller Local Government Corporation	--	215	5	--	--	--	--	220
Mueller Tax Increment Financing	--	--	--	--	--	--	--	--
Music Loan Program	--	283	--	--	--	--	--	283
One Texas Center	--	1,099	--	15	--	--	--	1,114
RMMA Reimbursement	--	--	--	--	--	--	--	--
Strategic Planning Investment	--	7	--	--	--	--	--	7
Sustainability	--	316	--	--	--	--	--	316
Tax Increment Finance	--	413	--	--	--	--	--	413
Tourism and Promotion	--	882	--	--	--	--	425	1,307
Turner Robertson O&M	--	314	--	--	--	--	--	314
Vehicle Rental Tax	--	--	--	1,564	--	--	--	1,564
Waller Creek Reserve Fund	--	2,030	--	--	--	--	--	2,030
Wildland Conservation	--	3,642	--	--	--	--	--	3,642
Total other urban growth management	--	29,175	5	13,025	--	--	425	42,630
Total urban growth management	1	39,572	5	13,188	--	18	425	53,209
2008 Total	\$ 5	80,758	5	16,548	18,756	59	538	116,669

(Continued)

Accounts Payable	Liabilities					Fund Balances				Total Liabilities and Fund Balances
	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Reserved for Encumbrances	Reserved for Inventories and Prepaids	Unreserved, Undesignated (Deficit)	Total Fund Balances	
--	--	--	--	--	--	--	--	48	48	48
--	--	--	--	4	4	--	--	986	986	990
123	65	--	--	461	649	43	18	1,013	1,074	1,723
--	--	--	--	--	--	--	--	983	983	983
123	65	--	--	465	653	43	18	3,030	3,091	3,744
--	--	--	--	--	--	--	--	175	175	175
--	--	--	--	--	--	--	--	2	2	2
--	--	--	--	--	--	--	--	64	64	64
2,093	--	--	--	--	2,093	568	--	735	1,303	3,396
--	--	--	--	--	--	--	--	29	29	29
119	--	121	--	--	240	1,041	--	(1,281)	(240)	--
--	--	--	--	--	--	3	--	105	108	108
--	--	--	--	--	--	1,140	--	810	1,950	1,950
--	--	--	--	--	--	--	--	1,111	1,111	1,111
2,212	--	121	--	--	2,333	2,752	--	1,750	4,502	6,835
--	--	--	--	19	19	--	--	126	126	145
--	--	--	--	--	--	--	--	23	23	23
--	--	--	--	--	--	--	--	4,950	4,950	4,950
--	--	--	--	--	--	--	--	10,070	10,070	10,070
--	--	--	--	--	--	250	--	398	648	648
--	--	--	--	--	--	--	--	301	301	301
26	--	615	--	3	644	3	--	(647)	(644)	--
53	--	139	--	2	194	9	--	(195)	(186)	8
--	--	--	--	19	19	8	--	85	93	112
--	--	--	--	--	--	--	--	216	216	216
1,388	--	--	--	--	1,388	--	--	2,165	2,165	3,553
--	--	--	--	24	24	--	--	10,661	10,661	10,685
6	--	11	237	--	254	--	--	(254)	(254)	--
--	--	--	--	--	--	--	--	1	1	1
1	--	32	--	--	33	50	--	625	675	708
--	--	--	--	--	--	--	--	220	220	220
--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	283	283	283
9	--	--	--	--	9	36	--	1,069	1,105	1,114
--	--	18	--	--	18	--	--	(18)	(18)	--
--	--	--	--	--	--	--	--	7	7	7
155	--	--	--	--	155	125	--	36	161	316
3	--	--	--	--	3	2	--	408	410	413
626	--	--	--	--	626	--	--	681	681	1,307
--	--	--	--	--	--	--	--	314	314	314
--	--	--	--	--	--	--	--	1,564	1,564	1,564
--	--	--	--	--	--	--	--	2,030	2,030	2,030
38	--	--	--	--	38	192	--	3,412	3,604	3,642
2,305	--	815	237	67	3,424	675	--	38,531	39,206	42,630
4,640	65	936	237	532	6,410	3,470	18	43,311	46,799	53,209
6,398	1,263	1,791	327	45,318	55,097	4,305	59	57,208	61,572	116,669

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

	Revenues						Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
General government							
Municipal Court:							
Municipal Court Building Security	\$ --	--	464	--	--	6	470
Municipal Court Juvenile Case Manager	--	--	562	--	--	30	592
Municipal Court Technology	--	--	618	--	--	16	634
Total general government	--	--	1,644	--	--	52	1,696
Public safety							
Police:							
APD Incident Management	--	--	--	500	--	13	513
Auto Theft Interdiction	--	--	--	--	--	1	1
Aviation Asset Forfeiture	--	--	--	--	--	18	18
Police Benefit	--	--	--	42	--	--	42
Police Federal Seized Funds	--	--	578	--	--	9	587
Police Seized Money	--	--	197	--	--	23	220
Municipal Court Traffic Safety Fund	--	--	32	--	--	1	33
Total Police	--	--	807	542	--	65	1,414
Fire:							
Fire Miscellaneous	--	--	--	2	--	1	3
Total Fire	--	--	--	2	--	1	3
Emergency Medical Services:							
EMS Travis County Reimbursed	--	--	--	1,594	--	--	1,594
Total Emergency Medical Services	--	--	--	1,594	--	--	1,594
Total public safety	--	--	807	2,138	--	66	3,011
Transportation, planning and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	--	--	--	--	93	93
Office of Emergency Management Miscellaneous	--	--	--	--	--	12	12
Recycle Bins	--	--	--	--	--	--	--
RMD Conservation	--	--	--	--	--	--	--
RMD Loan	--	--	--	--	--	--	--
Total Public Works and Transportation	--	--	--	--	--	105	105
Transportation, Planning and Sustainability:							
Austin Transportation Study	--	--	--	1,845	--	--	1,845
Child Safety	--	--	1,606	--	--	15	1,621
Environmental Remediation	--	--	--	--	--	8	8
Pavement Life Recovery	--	--	--	80	--	5	85
Railroad Right of Way	--	--	--	--	--	--	--
Subdivision Participation	--	--	--	--	--	190	190
Total Transportation, Planning and Sustainability	--	--	1,606	1,925	--	218	3,749
Total transportation, planning and sustainability	\$ --	--	1,606	1,925	--	323	3,854

(1) Expenditures include capital outlay of \$4.37 million.

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			
474	(4)	--	--	(4)	121	117
211	381	--	--	381	606	987
428	206	--	--	206	342	548
1,113	583	--	--	583	1,069	1,652
865	(352)	--	--	(352)	439	87
--	1	--	--	1	6	7
34	(16)	--	--	(16)	219	203
24	18	--	--	18	23	41
83	504	--	--	504	135	639
28	192	--	--	192	130	322
103	(70)	--	--	(70)	--	(70)
1,137	277	--	--	277	952	1,229
(14)	17	--	--	17	17	34
(14)	17	--	--	17	17	34
1,546	48	--	--	48	7	55
1,546	48	--	--	48	7	55
2,669	342	--	--	342	976	1,318
--	93	--	--	93	315	408
11	1	--	--	1	12	13
--	--	--	--	--	6	6
--	--	--	--	--	97	97
--	--	--	--	--	860	860
11	94	--	--	94	1,290	1,384
1,869	(24)	--	--	(24)	27	3
1,432	189	--	--	189	385	574
633	(625)	724	(78)	21	109	130
--	85	--	--	85	122	207
--	--	--	--	--	6	6
--	190	--	--	190	3,523	3,713
3,934	(185)	724	(78)	461	4,172	4,633
3,945	(91)	724	(78)	555	5,462	6,017

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

	Revenues						Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
Public health							
Health and Human Services:							
CCSD Operations-Travis County Hospital District	\$ --	--	--	36,147	--	(72)	36,075
Disproportionate Share	--	--	--	--	--	--	--
Health and Human Services Travis County							
Reimbursed	--	--	--	2,627	--	--	2,627
Health Miscellaneous	--	--	--	--	--	6	6
Medicaid Administrative Claims	--	--	--	--	--	--	--
Total Health and Human Services	--	--	--	38,774	--	(66)	38,708
Other public health:							
Animal Services Fund	--	--	--	--	177	16	193
Animal Shelter Building	--	--	--	--	--	1	1
Total other public health	--	--	--	--	177	17	194
Total public health	--	--	--	38,774	177	(49)	38,902
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	--	--	--	15	--	15
Friends of Austin Public Library	--	--	--	--	70	--	70
Special Library	--	--	--	--	163	--	163
Total Austin Public Library	--	--	--	--	248	--	248
Parks and Recreation:							
Adaptive Programs	--	--	--	--	--	--	--
Austin Creeks and Trails	--	--	--	--	4	--	4
Balcones Canyonlands	--	--	--	--	--	--	--
Friends of East Austin Youth	--	--	--	--	--	--	--
PARD Cultural Projects	--	--	--	--	--	55	55
PARD Miscellaneous	--	--	--	--	53	7	60
PARD Police Asset Forfeitures	--	--	--	--	--	--	--
Planting for the Future	--	--	--	--	33	--	33
Republic Square	--	--	--	--	1	--	1
Rifle Class	--	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--	--
Summer Musical	--	--	--	--	26	--	26
Teen Activity	--	--	--	--	--	--	--
Tennis League	--	--	--	--	--	--	--
Town Lake Beautification	--	--	--	--	455	--	455
Total parks and recreation	--	--	--	--	572	62	634
Total public recreation and culture	\$ --	--	--	--	820	62	882

(1) Expenditures include capital outlay of \$4.37 million.

(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			
36,504	(429)	--	--	(429)	1,673	1,244
--	--	--	--	--	126	126
2,395	232	--	--	232	215	447
--	6	--	--	6	40	46
--	--	--	--	--	(696)	(696)
38,899	(191)	--	--	(191)	1,358	1,167
111	82	--	--	82	226	308
--	1	--	--	1	13	14
111	83	--	--	83	239	322
39,010	(108)	--	--	(108)	1,597	1,489
12	3	--	--	3	189	192
30	40	--	--	40	39	79
195	(32)	--	--	(32)	565	533
237	11	--	--	11	793	804
--	--	--	--	--	50	50
2	2	--	--	2	26	28
--	--	--	--	--	75	75
--	--	--	--	--	10	10
5,407	(5,352)	5,270	--	(82)	1,814	1,732
308	(248)	--	--	(248)	769	521
--	--	--	--	--	2	2
53	(20)	--	--	(20)	162	142
--	1	--	--	1	3	4
--	--	--	--	--	1	1
10	(10)	--	--	(10)	--	(10)
9	17	--	--	17	361	378
--	--	--	--	--	41	41
--	--	--	--	--	5	5
21	434	--	--	434	80	514
5,810	(5,176)	5,270	--	94	3,399	3,493
6,047	(5,165)	5,270	--	105	4,192	4,297

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

	Revenues						Total Revenues
	Property Taxes	Gross Receipts Taxes	Fines, Forfeitures and Penalties	Charges for Services/ Goods	Contributions	Interest and Other	
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Miscellaneous	\$ --	--	--	--	--	1	1
Housing Trust Social Equity	--	--	--	--	--	104	104
Neighborhood Housing and Conservation	--	--	--	--	--	91	91
UNO Housing Trust Fund	--	--	--	--	--	625	625
Total Neighborhood Housing & Community Development	--	--	--	--	--	821	821
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	--	--	--	--	7	7
Austin Inner City Redevelopment Corporation	--	--	--	--	--	--	--
East Sixth Street Public Improvement District	--	--	--	47	44	1	92
Energy Conservation Rebates and Incentives Fee Waiver	--	--	--	16,590	--	--	16,590
Performance Contracting Fund	--	--	--	--	--	1	1
Planning, Environmental Conservation Services	--	--	--	--	--	--	--
Public Improvement District	--	--	--	2,232	--	90	2,322
Urban Forest Replenishment	--	--	--	--	479	42	521
Total Development Services and Watershed Protection	--	--	--	18,869	523	141	19,533
Other urban growth management:							
Austin Clean Water Program	--	--	--	--	--	--	--
Barton Springs Conservation	--	--	--	--	--	--	--
Block 21 Austin Childrens Museum	--	--	--	--	--	--	--
Block 21 Sale Proceeds	--	--	--	--	--	82	82
Business Retention & Enhancement	--	--	--	1	--	277	278
Cable TV	--	928	--	--	--	5	933
Rutherford Lane Facility Fund	--	--	--	2,537	--	--	2,537
City Hall Fund	--	--	--	347	--	32	379
City Hall Retail Tenant Improvement	--	--	--	--	--	--	--
Downtown Development	--	--	--	--	--	8	8
Economic Incentives Reserve Fund	--	--	--	--	--	--	--
Hotel-Motel Occupancy Tax	--	44,979	--	--	--	--	44,979
I-35 Parking Program	--	--	--	178	--	20	198
Katrina Disaster Relief	--	--	--	--	--	--	--
Mueller Development Fund	--	--	--	19	--	--	19
Mueller Local Government Corporation	--	--	--	--	--	--	--
Mueller Tax Increment Financing	213	--	--	--	--	--	213
Music Loan Program	--	--	--	--	--	10	10
One Texas Center	--	--	--	2,113	--	--	2,113
RMMA Reimbursement	--	--	--	--	--	--	--
Strategic Planning Investment	--	--	--	--	--	--	--
Sustainability	--	--	--	--	--	--	--
Tax Increment Finance	--	--	--	--	--	15	15
Tourism and Promotion	--	--	--	--	--	45	45
Turner Robertson O&M	--	--	--	--	--	--	--
Vehicle Rental Tax	--	6,211	--	--	--	45	6,256
Waller Creek Reserve Fund	--	--	--	--	--	2,030	2,030
Wildland Conservation	--	--	1,571	--	--	113	1,684
Total other urban growth management	213	52,118	1,571	5,195	--	2,682	61,779
Total urban growth management	213	52,118	1,571	24,064	523	3,644	82,133
2008 Total	\$ 213	52,118	5,628	66,901	1,520	4,098	130,478

(1) Expenditures include capital outlay of \$4.37 million.

(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			
--	1	--	--	1	47	48
2,612	(2,508)	1,000	--	(1,508)	2,494	986
3,169	(3,078)	2,588	--	(490)	1,564	1,074
--	625	--	--	625	358	983
5,781	(4,960)	3,588	--	(1,372)	4,463	3,091
--	7	--	--	7	168	175
--	--	--	--	--	2	2
73	19	--	--	19	45	64
17,573	(983)	--	(100)	(1,083)	2,386	1,303
--	1	--	--	1	28	29
240	(240)	--	--	(240)	--	(240)
--	--	--	--	--	108	108
2,151	171	150	--	321	1,629	1,950
350	171	--	--	171	940	1,111
20,387	(854)	150	(100)	(804)	5,306	4,502
--	--	--	--	--	126	126
45	(45)	45	--	--	23	23
--	--	--	--	--	4,950	4,950
--	82	--	(282)	(200)	10,270	10,070
--	278	--	--	278	370	648
528	405	--	--	405	(104)	301
1,321	1,216	--	(1,359)	(143)	(501)	(644)
237	142	--	--	142	(328)	(186)
1	(1)	--	--	(1)	94	93
--	8	--	--	8	208	216
1,388	(1,388)	3,553	--	2,165	--	2,165
--	44,979	--	(45,152)	(173)	10,834	10,661
89	109	--	(600)	(491)	237	(254)
7	(7)	--	--	(7)	8	1
9	10	--	--	10	665	675
532	(532)	745	--	213	7	220
--	213	--	(213)	--	--	--
--	10	--	--	10	273	283
55	2,058	--	(1,238)	820	285	1,105
--	--	--	--	--	(18)	(18)
--	--	--	--	--	7	7
4,045	(4,045)	6,390	(2,428)	(83)	244	161
102	(87)	100	--	13	397	410
7,707	(7,662)	7,399	--	(263)	944	681
--	--	--	--	--	314	314
--	6,256	--	(6,180)	76	1,488	1,564
--	2,030	--	--	2,030	--	2,030
3,149	(1,465)	--	--	(1,465)	5,069	3,604
19,215	42,564	18,232	(57,452)	3,344	35,862	39,206
45,383	36,750	21,970	(57,552)	1,168	45,631	46,799
98,167	32,311	27,964	(57,630)	2,645	58,927	61,572

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2008
(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	\$ (29)	470	475	--	--	(5)	(34)
Budget	98	445	523	--	--	(78)	20
Variance-Positive (Negative)	(127)	25	48	--	--	73	(54)
Municipal Court Technology							
Actual-budget basis	263	634	439	--	--	195	458
Budget	198	604	716	--	--	(112)	86
Variance-Positive (Negative)	65	30	277	--	--	307	372
Municipal Court Juvenile Case Manager							
Actual-budget basis	305	592	211	--	--	381	686
Budget	611	475	332	--	--	143	754
Variance-Positive (Negative)	(306)	117	121	--	--	238	(68)
Public safety							
Police:							
Aviation Asset Forfeiture							
Actual-budget basis	194	18	27	--	--	(9)	185
Budget	124	36	75	--	--	(39)	85
Variance-Positive (Negative)	70	(18)	48	--	--	30	100
Police Federal Seized Funds							
Actual-budget basis	28	587	78	--	--	509	537
Budget	5	269	269	--	--	--	5
Variance-Positive (Negative)	23	318	191	--	--	509	532
Police Seized Money							
Actual-budget basis	76	220	28	--	--	192	268
Budget	38	184	180	--	--	4	42
Variance-Positive (Negative)	38	36	152	--	--	188	226
Traffic Safety Fund							
Actual-budget basis	--	33	100	--	--	(67)	(67)
Budget	--	1,301	1,079	--	--	222	222
Variance-Positive (Negative)	--	(1,268)	979	--	--	(289)	(289)
Emergency Medical Services:							
EMS Travis County Reimbursed							
Actual-budget basis	(47)	1,594	1,533	--	--	61	14
Budget	50	1,551	1,551	--	--	--	50
Variance-Positive (Negative)	(97)	43	18	--	--	61	(36)

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2008
(In thousands)

(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	\$ 280	1,621	1,432	--	--	189	469
Budget	216	1,408	1,587	--	--	(179)	37
Variance-Positive (Negative)	64	213	155	--	--	368	432
Environmental Remediation							
Actual-budget basis	722	8	8	724	78	646	1,368
Budget	93	24	50	724	704	(6)	87
Variance-Positive (Negative)	629	(16)	42	--	626	652	1,281
Public health							
CCSD Operations-Travis County Hospital District							
Actual-budget basis	1,127	36,317	36,780	--	--	(463)	664
Budget	--	40,529	41,099	--	--	(570)	(570)
Variance-Positive (Negative)	1,127	(4,212)	4,319	--	--	107	1,234
Health and Human Services Travis County Reimbursed County Reimbursed							
Actual-budget basis	(382)	2,627	2,504	--	--	123	(259)
Budget	328	2,658	2,658	--	--	--	328
Variance-Positive (Negative)	(710)	(31)	154	--	--	123	(587)
Public recreation and culture							
PARD Cultural Projects							
Actual-budget basis	1,268	55	5,394	5,270	--	(69)	1,199
Budget	1,472	35	5,976	4,966	--	(975)	497
Variance-Positive (Negative)	(204)	20	582	304	--	906	702
PARD Police Asset Forfeiture							
Actual-budget basis	2	--	--	--	--	--	2
Budget	2	--	--	--	--	--	2
Variance-Positive (Negative)	--	--	--	--	--	--	--

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2008
(In thousands)

(Continued)

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	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 Housing and Conservation							
Actual-budget basis	\$ 1,047	91	3,142	2,588	--	(463)	584
Budget	724	111	3,245	2,588	--	(546)	178
Variance-Positive (Negative)	323	(20)	103	--	--	83	406
Development Services and Watershed Protection:							
East Sixth Street Public Improvement District							
Actual-budget basis	(19)	48	53	--	--	(5)	(24)
Budget	65	88	84	--	--	4	69
Variance-Positive (Negative)	(84)	(40)	31	--	--	(9)	(93)
Energy Conservation Rebates and Incentives							
Actual-budget basis	(1,723)	16,589	17,579	--	100	(1,090)	(2,813)
Budget	375	18,919	19,169	--	100	(350)	25
Variance-Positive (Negative)	(2,098)	(2,330)	1,590	--	--	(740)	(2,838)
Performance Contracting Fund							
Actual-budget basis	(238)	--	1,072	--	--	(1,072)	(1,310)
Budget	2,424	7,500	9,924	--	--	(2,424)	--
Variance	(2,662)	(7,500)	8,852	--	--	1,352	(1,310)
Public Improvement District							
Actual-budget basis	617	2,321	2,279	150	--	192	809
Budget	618	2,379	2,279	--	--	100	718
Variance-Positive (Negative)	(1)	(58)	--	150	--	92	91
Other							
City Hall Fund							
Actual-budget basis	(362)	381	243	--	--	138	(224)
Budget	(297)	350	259	--	--	91	(206)
Variance-Positive (Negative)	(65)	31	16	--	--	47	(18)
Rutherford Lane Facility Fund							
Actual-budget basis	(535)	2,537	1,299	--	1,359	(121)	(656)
Budget	550	2,770	1,466	--	1,616	(312)	238
Variance-Positive (Negative)	(1,085)	(233)	167	--	257	191	(894)
Hotel-Motel Occupancy Tax							
Actual-budget basis	1,141	44,979	--	--	45,152	(173)	968
Budget	--	42,563	--	--	42,563	--	--
Variance-Positive (Negative)	1,141	2,416	--	--	(2,589)	(173)	968

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2008
(In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

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	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	221	197	74	--	600	(477)	(256)
Budget	441	189	118	--	600	(529)	(88)
Variance-Positive (Negative)	(220)	8	44	--	--	52	(168)
Mueller Development Fund							
Actual-budget basis	582	20	--	--	--	20	602
Budget	458	250	250	--	--	--	458
Variance-Positive (Negative)	124	(230)	250	--	--	20	144
One Texas Center							
Actual-budget basis	235	2,115	53	--	1,238	824	1,059
Budget	242	1,382	600	--	1,238	(456)	(214)
Variance-Positive (Negative)	(7)	733	547	--	--	1,280	1,273
Sustainability							
Actual-budget basis	2	--	4,036	6,390	2,428	(74)	(72)
Budget	94	--	4,056	6,390	2,428	(94)	--
Variance-Positive (Negative)	(92)	--	20	--	--	20	(72)
Tourism and Promotion							
Actual-budget basis	960	43	7,707	7,399	--	(265)	695
Budget	642	82	7,707	6,983	--	(642)	--
Variance-Positive (Negative)	318	(39)	--	416	--	377	695
Vehicle Rental Tax							
Actual-budget basis	(2,260)	6,257	--	--	6,180	77	(2,183)
Budget	--	6,606	--	--	6,606	--	--
Variance-Positive (Negative)	(2,260)	(349)	--	--	426	77	(2,183)
Wildland Conservation							
Actual-budget basis	4,800	1,684	3,314	--	--	(1,630)	3,170
Budget	4,351	350	3,500	--	--	(3,150)	1,201
Variance-Positive (Negative)	449	1,334	186	--	--	1,520	1,969
Total							
Actual-budget basis	\$ 8,275	122,038	89,860	22,521	57,135	(2,436)	5,839
Budget	13,922	133,058	108,752	21,651	55,855	(9,898)	4,024
Variance-Positive (Negative)	(5,647)	(11,020)	18,892	870	(1,280)	7,462	1,815





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, 2008
(In thousands)

	General Obligation	HUD Section 108 Loans	2008 Total
ASSETS			
Investments, at fair value	\$ 18,489	--	18,489
Property taxes receivable	4,532	--	4,532
Less allowance for uncollectible taxes	(1,315)	--	(1,315)
Net property taxes receivable	3,217	--	3,217
Accounts and other taxes receivable	3,067	--	3,067
Advances to other funds	6,414	--	6,414
Total assets	31,187	--	31,187
LIABILITIES AND FUND BALANCES			
Accounts payable	2	--	2
Due to other funds	3,185	--	3,185
Deferred revenue	3,105	--	3,105
Advances from other funds	402	--	402
Total liabilities	6,694	--	6,694
Fund balances			
Reserved:			
Advances to other funds	6,414	--	6,414
Debt service	18,079	--	18,079
Total fund balances	24,493	--	24,493
Total liabilities and fund balances	\$ 31,187	--	31,187

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-15

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>2008 Total</u>
REVENUES			
Property taxes			
Current	\$ 89,205	--	89,205
Penalty and interest	493	--	493
Interest and other	4,164	2,323	6,487
Total revenues	<u>93,862</u>	<u>2,323</u>	<u>96,185</u>
EXPENDITURES			
Debt service:			
Principal	60,560	1,240	61,800
Interest	39,871	1,083	40,954
Total expenditures	<u>100,431</u>	<u>2,323</u>	<u>102,754</u>
Excess (deficiency) of revenues over expenditures	(6,569)	--	(6,569)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	156,038	--	156,038
Bond premiums	15,090	--	15,090
Payment to refunding bond escrow agent	(171,128)	--	(171,128)
Transfers in	5,480	--	5,480
Total other financing sources (uses)	<u>5,480</u>	<u>--</u>	<u>5,480</u>
Net change in fund balances	(1,089)	--	(1,089)
Fund balances at beginning of year	25,582	--	25,582
Fund balances at end of year	<u>\$ 24,493</u>	<u>--</u>	<u>24,493</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, 2008
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			2008 Actual-Budget Basis Total
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	
REVENUES							
General property taxes	\$ 89,698	88,886	812	--	--	--	89,698
Interest	1,911	2,959	(1,048)	--	--	--	1,911
Other revenue	1,514	3,577	(2,063)	2,323	2,353	(30)	3,837
Total revenues	93,123	95,422	(2,299)	2,323	2,353	(30)	95,446
EXPENDITURES							
Principal retirement	57,625	73,681	16,056	1,240	1,240	--	58,865
Interest and other	39,173	45,685	6,512	1,083	1,113	30	40,256
Fees and commissions	--	15	15	--	--	--	0
Total expenditures	96,798	119,381	22,583	2,323	2,353	30	99,121
Excess (deficiency) of revenues over expenditures	(3,675)	(23,959)	20,284	--	--	--	(3,675)
OTHER FINANCING SOURCES (USES)							
Transfers in	22,640	23,534	(894)	--	--	--	22,640
Total other financing sources (uses)	22,640	23,534	(894)	--	--	--	22,640
Excess (deficiency) of revenues and other sources over expenditures and other uses	18,965	(425)	19,390	--	--	--	18,965
Fund balances at beginning of year	18,239	12,383	5,856	--	--	--	18,239
Fund balances at end of year	\$ 37,204	11,958	25,246	--	--	--	37,204



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;

2006: Funds authorized November 7, 2006, for various purposes; and

Other: Other funds established for various purposes.



**Capital Projects Funds
Balance Sheet
September 30, 2008
(In thousands)**

**City of Austin, Texas
Exhibit E-17**

	<u>2008</u>
ASSETS	
Pooled investments and cash	\$ 131,568
Accounts and other receivables	3,211
Less allowance for doubtful accounts	<u>(526)</u>
Net accounts receivable	2,685
Due from other funds	20,873
Other assets	<u>129</u>
Total assets	<u>155,255</u>
 LIABILITIES AND FUND BALANCES	
Accounts payable	5,728
Due to other funds	20,873
Deposits and other liabilities	<u>428</u>
Total liabilities	<u>27,029</u>
 Fund balances	
Reserved:	
Encumbrances	50,757
Capital projects	<u>77,469</u>
Total fund balances	<u>128,226</u>
Total liabilities and fund balances	<u>\$ 155,255</u>

Capital Projects Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit E-18

	<u>2008</u>
REVENUES	
Intergovernmental	\$ 23,889
Property owners' participation and contributions	5,545
Interest and other	7,146
Total revenues	<u>36,580</u>
EXPENDITURES	
Capital outlay	119,290
Total expenditures	<u>119,290</u>
Excess (deficiency) of revenues over expenditures	(82,710)
OTHER FINANCING SOURCES (USES)	
Issuance of tax supported debt	104,060
Transfers in	23,872
Transfers out	(10,946)
Total other financing sources (uses)	<u>116,986</u>
Net change in fund balances	34,276
Fund balances at beginning of year	93,950
Fund balances at end of year	<u>\$ 128,226</u>

**Capital Projects Funds
Combining Balance Sheet
September 30, 2008
(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	225	--	--	--	--	--	225
Total Prior to 1984	227	--	--	--	--	--	227
Funds Authorized September 8, 1984							
Parkland acquisition	2	--	--	--	--	--	2
Drainage and flood improvements	2,800	--	--	--	--	--	2,800
Street improvements	1,663	12	--	12	--	--	1,675
Fire improvements	6	--	--	--	--	--	6
	4,471	12	--	12	--	--	4,483
Funds Authorized January 19, 1985							
Cultural arts	1,150	--	--	--	--	--	1,150
Funds Authorized July 26, 1985							
Neighborhood park and recreation	9,833	--	--	--	--	--	9,833
Total Funds Authorized in 1985	10,983	--	--	--	--	--	10,983
Funds Authorized September 3, 1987							
Street resurfacing	187	--	--	--	--	--	187
Funds Authorized August 10, 1992							
Police substations	31	--	--	--	--	--	31
Asbestos abatement/ADA compliance/ East Austin health clinic	219	--	--	--	--	--	219
Erosion & flood control	85	--	--	--	--	--	85
Street & traffic signals	8	--	--	--	--	--	8
Neighborhood sidewalks	2	--	--	--	--	--	2
Parks and recreation facilities	--	--	--	--	--	--	--
Libraries	--	--	--	--	--	--	--
Barton Creek greenway	325	--	--	--	--	--	325
	670	--	--	--	--	--	670
Funds Authorized May 3, 1997							
Radio Trunking	--	2,157	--	2,157	--	--	2,157
	\$ --	2,157	--	2,157	--	--	2,157

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
--	--	--	--	1	224	225	225
--	--	--	--	1	226	227	227
--	--	--	--	--	2	2	2
--	--	--	--	--	2,800	2,800	2,800
--	--	--	--	83	1,592	1,675	1,675
--	--	--	--	--	6	6	6
--	--	--	--	83	4,400	4,483	4,483
--	--	--	--	1	1,149	1,150	1,150
10	--	--	10	284	9,539	9,823	9,833
10	--	--	10	285	10,688	10,973	10,983
--	--	--	--	--	187	187	187
--	--	--	--	--	31	31	31
--	--	--	--	80	139	219	219
--	--	--	--	--	85	85	85
--	--	--	--	--	8	8	8
--	--	--	--	1	1	2	2
--	288	--	288	40	(328)	(288)	--
--	17	--	17	--	(17)	(17)	--
--	--	--	--	--	325	325	325
--	305	--	305	121	244	365	670
--	4,621	--	4,621	--	(2,464)	(2,464)	2,157
--	4,621	--	4,621	--	(2,464)	(2,464)	2,157

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2008
(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	\$ 4,124	--	--	--	--	--	4,124
Drainage and flood control	--	--	--	--	--	--	--
Traffic signals	12,724	63	--	63	--	--	12,787
Public safety facilities	1,011	--	--	--	--	--	1,011
Parks and recreation facilities	13,831	--	--	--	--	--	13,831
	<u>31,690</u>	<u>63</u>	<u>--</u>	<u>63</u>	<u>--</u>	<u>--</u>	<u>31,753</u>
Funds Authorized							
November 7, 2000							
Transportation Mobility Improvement	28,805	--	--	--	1,647	--	30,452
Open Spaces	191	--	--	--	--	--	191
	<u>28,996</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,647</u>	<u>--</u>	<u>30,643</u>
Funds Authorized							
November 7, 2006							
Transportation	212	--	--	--	--	--	212
Drainage & Open Spaces	--	--	--	--	--	--	--
Parks	--	--	--	--	--	--	--
Cultural Facilities	--	--	--	--	--	--	--
Affordable Housing	583	--	--	--	--	--	583
Central Library	--	--	--	--	--	--	--
Public Safety	20,529	--	--	--	--	--	20,529
	<u>21,324</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>21,324</u>
Other funds							
Travis County Hospital District projects	2,444	--	--	--	--	--	2,444
Community Health Center	234	--	--	--	--	--	234
Planning & development improvements	94	--	--	--	--	--	94
TPSD general improvements	7,480	36	--	36	--	--	7,516
Library automation system	2,910	--	--	--	--	--	2,910
Fire/EMS/NW Austin MUD #1	728	--	--	--	--	--	728
General government projects	--	--	--	--	14,868	--	14,868
Health projects	837	--	--	--	--	--	837
Build Austin	--	11	--	11	--	--	11
Build Central Texas	--	--	--	--	--	--	--
CMTA Mobility	2,134	86	--	86	--	--	2,220
Park improvements	1,588	--	--	--	--	--	1,588
Parks and Recreation	2,012	--	--	--	--	--	2,012
Police and courts	46	--	--	--	--	--	46
Fire - general	2,366	--	--	--	--	--	2,366
Capital reserve	--	526	(526)	--	--	--	--
CTM	1,390	--	--	--	--	--	1,390
Public Works	1,031	--	--	--	--	--	1,031
Watershed Protection	--	--	--	--	--	--	--
Great Streets	591	--	--	--	--	--	591
City Hall, plaza, parking garage	--	--	--	--	--	30	30
Conservation Land	--	--	--	--	--	--	--
Colony Park	4,167	--	--	--	--	--	4,167
NPZ General	1,791	--	--	--	--	--	1,791
Economic Development	144	--	--	--	--	--	144
Interest income fund	1,033	320	--	320	4,358	99	5,810
Total other funds	<u>33,020</u>	<u>979</u>	<u>(526)</u>	<u>453</u>	<u>19,226</u>	<u>129</u>	<u>52,828</u>
2008 Totals	<u>\$ 131,568</u>	<u>3,211</u>	<u>(526)</u>	<u>2,685</u>	<u>20,873</u>	<u>129</u>	<u>155,255</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	
122	--	--	122	1,403	2,599	4,002	4,124
--	--	--	--	--	--	--	--
100	--	--	100	2,347	10,340	12,687	12,787
--	--	--	--	118	893	1,011	1,011
214	--	--	214	800	12,817	13,617	13,831
436	--	--	436	4,668	26,649	31,317	31,753
190	--	--	190	1,534	28,728	30,262	30,452
--	--	--	--	--	191	191	191
190	--	--	190	1,534	28,919	30,453	30,643
782	--	--	782	5,507	(6,077)	(570)	212
356	1,207	--	1,563	4,102	(5,665)	(1,563)	--
178	1,303	--	1,481	3,065	(4,546)	(1,481)	--
561	1,153	--	1,714	4,530	(6,244)	(1,714)	--
36	--	--	36	1,183	(636)	547	583
--	94	--	94	12	(106)	(94)	--
47	--	--	47	2,856	17,626	20,482	20,529
1,960	3,757	--	5,717	21,255	(5,648)	15,607	21,324
31	--	--	31	91	2,322	2,413	2,444
--	--	--	--	130	104	234	234
--	--	--	--	94	--	94	94
560	--	--	560	1,902	5,054	6,956	7,516
92	--	--	92	2,825	(7)	2,818	2,910
--	--	--	--	--	728	728	728
163	--	412	575	2,943	11,350	14,293	14,868
13	--	--	13	515	309	824	837
--	292	--	292	41	(322)	(281)	11
122	347	--	469	360	(829)	(469)	--
806	--	--	806	5,746	(4,332)	1,414	2,220
80	--	--	80	(264)	1,772	1,508	1,588
189	--	--	189	2,119	(296)	1,823	2,012
26	--	--	26	27	(7)	20	46
167	--	--	167	1,354	845	2,199	2,366
70	3,743	--	3,813	1,093	(4,906)	(3,813)	--
329	--	1	330	1,306	(246)	1,060	1,390
340	--	--	340	1,562	(871)	691	1,031
80	688	--	768	311	(1,079)	(768)	--
--	--	--	--	--	591	591	591
--	7,120	--	7,120	26	(7,116)	(7,090)	30
--	--	15	15	--	(15)	(15)	--
--	--	--	--	521	3,646	4,167	4,167
64	--	--	64	49	1,678	1,727	1,791
--	--	--	--	59	85	144	144
--	--	--	--	--	5,810	5,810	5,810
3,132	12,190	428	15,750	22,810	14,268	37,078	52,828
5,728	20,873	428	27,029	50,757	77,469	128,226	155,255

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the year ended September 30, 2008
(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	--	--	--	--	11
Total Prior to 1984	--	--	--	--	11
Funds Authorized September 8, 1984					
Parkland acquisition	--	--	--	--	--
Drainage and flood improvements	--	--	--	--	1,090
Street improvements	--	--	--	--	58
Fire improvements	--	--	--	--	--
	--	--	--	--	1,148
Funds Authorized January 19, 1985					
Cultural arts	--	--	64	64	661
Funds Authorized July 26, 1985					
Neighborhood park and recreation	--	2,896	194	3,090	581
Total Funds Authorized in 1985	--	2,896	258	3,154	1,242
Funds Authorized September 3, 1987					
Street resurfacing	--	--	65	65	--
Funds Authorized August 10, 1992					
Police substations	--	--	--	--	5
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	87
Erosion & flood control	--	--	--	--	279
Street & traffic signals	--	--	--	--	--
Neighborhood sidewalks	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	5
Libraries	--	--	--	--	24
Barton Creek greenway	--	--	--	--	--
	--	--	--	--	400
Funds Authorized May 3, 1997					
Radio Trunking	2,877	--	--	2,877	1,907
	\$ 2,877	--	--	2,877	1,907

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
	Issuance of Tax Supported Debt	Transfers In	Transfers Out					
--	--	--	--	--	--	2	2	
(11)	--	--	--	--	(11)	236	225	
(11)	--	--	--	--	(11)	238	227	
--	--	--	--	--	--	2	2	
(1,090)	--	--	--	--	(1,090)	3,890	2,800	
(58)	--	--	--	--	(58)	1,733	1,675	
--	--	--	--	--	--	6	6	
(1,148)	--	--	--	--	(1,148)	5,631	4,483	
(597)	--	--	--	--	(597)	1,747	1,150	
2,509	--	1,559	(1,559)	--	2,509	7,314	9,823	
1,912	--	1,559	(1,559)	--	1,912	9,061	10,973	
65	--	--	--	--	65	122	187	
(5)	--	--	--	--	(5)	36	31	
(87)	--	--	--	--	(87)	306	219	
(279)	--	--	--	--	(279)	364	85	
--	--	--	--	--	--	8	8	
--	--	--	--	--	--	2	2	
(5)	--	--	--	--	(5)	(283)	(288)	
(24)	--	--	--	--	(24)	7	(17)	
--	--	--	--	--	--	325	325	
(400)	--	--	--	--	(400)	765	365	
970	--	--	--	--	970	(3,434)	(2,464)	
970	--	--	--	--	970	(3,434)	(2,464)	

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the year ended September 30, 2008
(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	\$ --	--	--	--	1,695
Drainage and flood control	--	--	--	--	397
Traffic signals	--	--	--	--	3,109
Public safety facilities	--	--	--	--	15
Parks and recreation facilities	--	--	--	--	3,131
	--	--	--	--	8,347
Funds Authorized					
November 7, 2000					
Transportation Mobility Improvement	--	--	--	--	5,402
Open Spaces	--	--	--	--	82
	--	--	--	--	5,484
Funds Authorized					
November 7, 2006					
Transportation	--	--	--	--	9,331
Drainage & Open Spaces	--	--	--	--	35,310
Parks	--	--	--	--	7,357
Cultural Facilities	--	--	--	--	1,711
Affordable Housing	--	--	--	--	4,453
Central Library	--	--	--	--	94
Public Safety	--	--	--	--	1,205
	--	--	--	--	59,461
Other funds					
Travis County Hospital District improvements	--	--	--	--	603
Community Health Center	--	--	--	--	114
Planning & development improvements	--	--	--	--	1
TPSD general improvements	--	(85)	--	(85)	1,804
Library automation system	--	--	--	--	2,184
Fire/EMS/NW Austin MUD #1	--	--	27	27	--
General government projects	--	100	--	100	1,624
Health projects	--	--	--	--	303
Build Austin	479	--	--	479	186
Build Central Texas	2,471	--	--	2,471	1,080
CMTA Mobility	14,437	--	37	14,474	11,134
Park improvements	--	--	--	--	3,662
Parks and Recreation	--	--	19	19	2,496
Police and courts	--	--	--	--	342
Fire - general	--	--	--	--	4,936
Capital reserve	--	2,160	--	2,160	2,029
CTM	--	2	--	2	4,946
Public Works	3,625	--	--	3,625	2,666
Watershed Protection	--	--	--	--	111
Great Streets	--	--	--	--	--
City Hall, plaza, parking garage	--	--	--	--	8
Conservation Land	--	--	--	--	--
Colony Park	--	472	--	472	920
NPZ General	--	--	--	--	85
Economic Development	--	--	--	--	56
Interest income fund	--	--	6,740	6,740	--
Total other funds	21,012	2,649	6,823	30,484	41,290
2008 Totals	\$ 23,889	5,545	7,146	36,580	119,290

(Continued)

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
	Issuance of Tax Supported Debt	Transfers In	Transfers Out					
(1,695)	--	--	--	--	(1,695)	5,697	4,002	
(397)	--	--	--	--	(397)	397	--	
(3,109)	--	--	--	--	(3,109)	15,796	12,687	
(15)	--	--	--	--	(15)	1,026	1,011	
(3,131)	--	--	--	--	(3,131)	16,748	13,617	
(8,347)	--	--	--	--	(8,347)	39,664	31,317	
(5,402)	15,000	--	--	15,000	9,598	20,664	30,262	
(82)	--	--	--	--	(82)	273	191	
(5,484)	15,000	--	--	15,000	9,516	20,937	30,453	
(9,331)	10,000	--	--	10,000	669	(1,239)	(570)	
(35,310)	37,000	--	--	37,000	1,690	(3,253)	(1,563)	
(7,357)	8,675	--	--	8,675	1,318	(2,799)	(1,481)	
(1,711)	--	--	--	--	(1,711)	(3)	(1,714)	
(4,453)	5,000	--	--	5,000	547	--	547	
(94)	--	--	--	--	(94)	--	(94)	
(1,205)	21,850	--	--	21,850	20,645	(163)	20,482	
(59,461)	82,525	--	--	82,525	23,064	(7,457)	15,607	
(603)	--	--	--	--	(603)	3,016	2,413	
(114)	--	--	--	--	(114)	348	234	
(1)	--	--	--	--	(1)	95	94	
(1,889)	--	1,229	--	1,229	(660)	7,616	6,956	
(2,184)	--	2,655	--	2,655	471	2,347	2,818	
27	--	--	--	--	27	701	728	
(1,524)	--	1,820	(4,305)	(2,485)	(4,009)	18,302	14,293	
(303)	--	1,200	--	1,200	897	(73)	824	
293	--	--	--	--	293	(574)	(281)	
1,391	--	--	--	--	1,391	(1,860)	(469)	
3,340	--	--	--	--	3,340	(1,926)	1,414	
(3,662)	2,500	--	--	2,500	(1,162)	2,670	1,508	
(2,477)	--	4,300	--	4,300	1,823	--	1,823	
(342)	--	--	--	--	(342)	362	20	
(4,936)	4,035	2,095	--	6,130	1,194	1,005	2,199	
131	--	--	--	--	131	(3,944)	(3,813)	
(4,944)	--	6,004	--	6,004	1,060	--	1,060	
959	--	--	--	--	959	(268)	691	
(111)	--	--	--	--	(111)	(657)	(768)	
--	--	492	(582)	(90)	(90)	681	591	
(8)	--	--	--	--	(8)	(7,082)	(7,090)	
--	--	--	--	--	--	(15)	(15)	
(448)	--	1,106	--	1,106	658	3,509	4,167	
(85)	--	1,412	--	1,412	1,327	400	1,727	
(56)	--	--	--	--	(56)	200	144	
6,740	--	--	(4,500)	(4,500)	2,240	3,570	5,810	
(10,806)	6,535	22,313	(9,387)	19,461	8,655	28,423	37,078	
(82,710)	104,060	23,872	(10,946)	116,986	34,276	93,950	128,226	





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, 2008
(In thousands)

City of Austin, Texas
 Exhibit E-21

	3M			
	Maintenance	Ellis Library	Perpetual	2008
	Endowment	Trust	Care	Total
ASSETS				
Pooled investments and cash	\$ 50	27	1,808	1,885
Total assets	50	27	1,808	1,885
LIABILITIES AND FUND BALANCES				
Accounts payable	--	--	1	1
Total liabilities	--	--	1	1
Fund balances				
Reserved:				
Permanent funds	50	9	981	1,040
Unreserved, undesignated:				
Permanent funds	--	18	826	844
Total fund balances	50	27	1,807	1,884
Total liabilities and fund balances	\$ 50	27	1,808	1,885

Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
 Exhibit E-22

	3M			2008 Total
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	
REVENUES				
Interest and other	\$ --	1	200	201
Total revenues	--	1	200	201
EXPENDITURES				
Public recreation and culture	--	--	17	17
Total expenditures	--	--	17	17
Net change in fund balances	--	1	183	184
Fund balances at beginning of year	50	26	1,624	1,700
Fund balances at end of year	\$ 50	27	1,807	1,884





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, 2008
(In thousands)

	Convention Center	Drainage	Golf	Hospital
ASSETS				
Current assets:				
Cash	\$ 17	2	1	--
Pooled investments and cash	38,117	54,102	--	33
Pooled investments and cash - restricted	32,602	15,333	223	--
Total pooled investments and cash	70,719	69,435	223	33
Investments, at fair value	3,863	--	--	--
Investments, at fair value - restricted	10,662	--	--	--
Accounts receivable	515	3,410	--	--
Less allowance for doubtful accounts	(9)	(77)	--	--
Net accounts receivable	506	3,333	--	--
Due from other funds	--	900	--	--
Inventories, at cost	--	--	--	--
Prepaid expenses	--	4	58	--
Other receivables - restricted	--	1,619	--	--
Total current assets	85,767	75,293	282	33
Noncurrent assets:				
Advances to other funds	12	--	--	--
Advances to other funds - restricted	--	137	--	--
Capital assets				
Land and other nondepreciable assets	38,635	23,280	357	--
Property, plant, and equipment in service	272,768	102,452	16,700	--
Less accumulated depreciation	(63,535)	(20,463)	(6,697)	--
Net property, plant, and equipment in service	209,233	81,989	10,003	--
Construction in progress	15,987	17,383	83	--
Total capital assets	263,855	122,652	10,443	--
Deferred costs and expenses, net of amortization	4,426	6	12	--
Total noncurrent assets	268,293	122,795	10,455	--
Total assets	\$ 354,060	198,088	10,737	33

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2008 Total
ASSETS					
Current assets:					
Cash	--	5	3	2	30
Pooled investments and cash	445	1,582	1,059	11,294	106,632
Pooled investments and cash - restricted	--	--	3,271	--	51,429
Total pooled investments and cash	445	1,582	4,330	11,294	158,061
Investments, at fair value	--	--	--	--	3,863
Investments, at fair value - restricted	--	--	--	--	10,662
Accounts receivable	--	--	5,637	1,860	11,422
Less allowance for doubtful accounts	--	--	(107)	(33)	(226)
Net accounts receivable	--	--	5,530	1,827	11,196
Due from other funds	--	--	--	--	900
Inventories, at cost	--	127	--	237	364
Prepaid expenses	--	--	--	13	75
Other receivables - restricted	--	--	--	--	1,619
Total current assets	445	1,714	9,863	13,373	186,770
Noncurrent assets:					
Advances to other funds	--	--	--	--	12
Advances to other funds - restricted	--	--	--	--	137
Capital assets					
Land and other nondepreciable assets	--	--	18,714	2,389	83,375
Property, plant and equipment in service	215	--	58,616	20,760	471,511
Less accumulated depreciation	(129)	--	(34,476)	(11,486)	(136,786)
Net property, plant and equipment in service	86	--	24,140	9,274	334,725
Construction in progress	--	--	7,707	800	41,960
Total capital assets	86	--	50,561	12,463	460,060
Deferred costs and expenses, net of amortization	--	--	54	12	4,510
Total noncurrent assets	86	--	50,615	12,475	464,719
Total assets	531	1,714	60,478	25,848	651,489

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2008
(In thousands)

	Convention			
	Center	Drainage	Golf	Hospital
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,598	451	9	3
Accounts and retainage payable from restricted assets	1,803	1,235	2	--
Accrued payroll	632	1,033	110	--
Accrued compensated absences	535	1,604	121	--
Due to other funds	200	--	900	--
Accrued interest payable from restricted assets	2,252	--	--	--
Interest payable on other debt	--	43	24	--
General obligation bonds payable and other tax supported debt	--	689	701	--
General obligation bonds payable and other tax supported debt payable from restricted assets	1,329	--	--	--
Revenue bonds payable from restricted assets	4,720	--	--	--
Capital lease obligations payable	--	3	--	--
Customer and escrow deposits payable from restricted assets	1,771	301	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred credits and other liabilities	414	43	14	--
Total current liabilities	16,254	5,402	1,881	3
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	180	101	96	--
Advances from other funds	2,291	--	3	--
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	21,003	10,490	4,598	--
Revenue bonds payable, net of discount and inclusive of premium	216,297	--	--	--
Pension obligation payable	1,037	2,302	225	--
Other post employment benefits payable	1,334	1,966	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Deferred credits and other liabilities	4,222	--	--	--
Total noncurrent liabilities	246,364	14,859	4,922	--
Total liabilities	262,618	20,261	6,803	3
NET ASSETS				
Invested in capital assets, net of related debt	41,422	111,688	5,156	--
Restricted for:				
Debt service	2,164	--	--	--
Strategic Reserve	6,824	--	--	--
Capital projects	--	15,204	221	--
Renewal and replacement	1,218	--	--	--
Operating reserve	1,725	--	--	--
Unrestricted	38,089	50,935	(1,443)	30
Total net assets	\$ 91,442	177,827	3,934	30

(Continued)

	<u>Parks and Recreation</u>	<u>Primary Care</u>	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>2008 Total</u>
LIABILITIES					
Current liabilities:					
Accounts payable	27	234	922	1,496	5,740
Accounts and retainage payable from restricted assets	--	--	1,980	--	5,020
Accrued payroll	136	--	1,346	900	4,157
Accrued compensated absences	82	--	1,504	1,351	5,197
Due to other funds	--	--	--	--	1,100
Accrued interest payable from restricted assets	--	--	--	--	2,252
Interest payable on other debt	--	--	235	114	416
General obligation bonds payable and other tax supported debt	--	--	3,490	1,234	6,114
General obligation bonds payable and other tax supported debt payable from restricted assets	--	--	--	--	1,329
Revenue bonds payable from restricted assets	--	--	--	--	4,720
Capital lease obligations payable	1	--	--	--	4
Customer and escrow deposits payable from restricted assets	--	--	845	--	2,917
Accrued landfill closure and postclosure costs	--	--	800	--	800
Deferred credits and other liabilities	2	--	111	--	584
Total current liabilities	<u>248</u>	<u>234</u>	<u>11,233</u>	<u>5,095</u>	<u>40,350</u>
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	33	1,076	--	--	1,486
Advances from other funds	--	--	1,926	--	4,220
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	24,559	5,221	65,871
Revenue bonds payable, net of discount and inclusive of premium	--	--	--	--	216,297
Pension obligation payable	166	--	2,379	1,872	7,981
Other post employment benefits payable	--	--	2,889	2,485	8,674
Accrued landfill closure and postclosure costs	--	--	14,988	--	14,988
Deferred credits and other liabilities	--	--	40	--	4,262
Total noncurrent liabilities	<u>199</u>	<u>1,076</u>	<u>46,781</u>	<u>9,578</u>	<u>323,779</u>
Total liabilities	<u>447</u>	<u>1,310</u>	<u>58,014</u>	<u>14,673</u>	<u>364,129</u>
NET ASSETS					
Invested in capital assets, net of related debt	86	--	22,157	6,014	186,523
Restricted for:					
Debt service	--	--	--	--	2,164
Strategic Reserve	--	--	--	--	6,824
Capital projects	--	--	--	--	15,425
Renewal and replacement	--	--	--	--	1,218
Operating reserve	--	--	--	--	1,725
Unrestricted	(2)	404	(19,693)	5,161	73,481
Total net assets	<u>84</u>	<u>404</u>	<u>2,464</u>	<u>11,175</u>	<u>287,360</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2008
(In thousands)

	Convention Center	Drainage	Golf	Hospital
OPERATING REVENUES				
User fees and rentals	\$ 17,572	52,081	5,242	51
Total operating revenues	<u>17,572</u>	<u>52,081</u>	<u>5,242</u>	<u>51</u>
OPERATING EXPENSES				
Operating expenses before depreciation	31,472	38,581	4,417	184
Depreciation and amortization	7,886	3,573	577	--
Total operating expenses	<u>39,358</u>	<u>42,154</u>	<u>4,994</u>	<u>184</u>
Operating income (loss)	<u>(21,786)</u>	<u>9,927</u>	<u>248</u>	<u>(133)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	3,590	2,591	23	19
Interest on revenue bonds and other debt	(13,835)	(528)	(247)	--
Interest capitalized during construction	556	973	13	--
Amortization of bond issue cost	(171)	(1)	(1)	--
Other nonoperating revenue (expense)	(140)	(100)	--	--
Total nonoperating revenues (expenses)	<u>(10,000)</u>	<u>2,935</u>	<u>(212)</u>	<u>19</u>
Income (loss) before contributions and transfers	<u>(31,786)</u>	<u>12,862</u>	<u>36</u>	<u>(114)</u>
Capital contributions	--	11,117	1,337	--
Transfers in	38,789	377	--	--
Transfers out	(75)	(784)	--	(400)
Change in net assets	<u>6,928</u>	<u>23,572</u>	<u>1,373</u>	<u>(514)</u>
Total net assets - beginning	<u>84,514</u>	<u>154,255</u>	<u>2,561</u>	<u>544</u>
Total net assets - ending	<u>\$ 91,442</u>	<u>177,827</u>	<u>3,934</u>	<u>30</u>

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2008 Total
OPERATING REVENUES					
User fees and rentals	4,518	--	49,139	31,698	160,301
Total operating revenues	4,518	--	49,139	31,698	160,301
OPERATING EXPENSES					
Operating expenses before depreciation	4,852	(7)	61,302	39,693	180,494
Depreciation and amortization	25	--	4,637	1,789	18,487
Total operating expenses	4,877	(7)	65,939	41,482	198,981
Operating income (loss)	(359)	7	(16,800)	(9,784)	(38,680)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	20	--	596	322	7,161
Interest on revenue bonds and other debt	--	--	(1,234)	(239)	(16,083)
Interest capitalized during construction	--	--	390	--	1,932
Amortization of bond issue cost	--	--	(7)	(2)	(182)
Other nonoperating revenue (expense)	(4)	--	(2,435)	--	(2,679)
Total nonoperating revenues (expenses)	16	--	(2,690)	81	(9,851)
Income (loss) before contributions and transfers	(343)	7	(19,490)	(9,703)	(48,531)
Capital contributions	37	--	1,121	259	13,871
Transfers in	186	--	1,336	8,572	49,260
Transfers out	--	--	(759)	(805)	(2,823)
Change in net assets	(120)	7	(17,792)	(1,677)	11,777
Total net assets - beginning	204	397	20,256	12,852	275,583
Total net assets - ending	84	404	2,464	11,175	287,360

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 17,452	52,532	5,262	266
Cash payments to suppliers for goods and services	(18,748)	(12,730)	(2,018)	(98)
Cash payments to employees for services	(8,898)	(23,143)	(2,440)	(96)
Net cash provided (used) by operating activities	(10,194)	16,659	804	72
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	38,789	377	--	--
Transfers out	(75)	(784)	--	(400)
Loans to other funds	(11)	--	--	--
Loan repayments to other funds	(187)	--	(874)	--
Loan repayments from other funds	--	68	--	--
Net cash provided (used) by noncapital financing activities	38,516	(339)	(874)	(400)
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	(4,636)	(107)	(861)	--
Purchased interest received	--	2	--	--
Interest paid on revenue bonds and other debt	(14,488)	(530)	(295)	--
Acquisition and construction of capital assets	(13,109)	(13,069)	(522)	--
Contributions in aid of construction	--	2,483	1,337	--
Bond issuance costs	(2,946)	--	(5)	--
Bond discounts	(189)	--	(10)	--
Bond premiums	384	--	--	--
Bonds issued for advanced refundings of debt	129,249	1,522	2,617	--
Cash paid for bond refunding escrow	(123,213)	(1,512)	(2,616)	--
Net cash provided (used) by capital and related financing activities	\$ (28,948)	(11,211)	(355)	--

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2008 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	4,518	--	49,111	31,959	161,100
Cash payments to suppliers for goods and services	(1,590)	60	(25,815)	(20,501)	(81,440)
Cash payments to employees for services	(3,134)	(7)	(26,877)	(17,146)	(81,741)
Net cash provided (used) by operating activities	(206)	53	(3,581)	(5,688)	(2,081)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	186	--	1,336	8,572	49,260
Transfers out	--	--	(759)	(805)	(2,823)
Loans to other funds	--	--	--	--	(11)
Loan repayments to other funds	--	--	(245)	--	(1,306)
Loan repayments from other funds	--	--	--	--	68
Net cash provided (used) by noncapital financing activities	186	--	332	7,767	45,188
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	--	1,500	1,500
Principal paid on long-term debt	--	--	(3,657)	(997)	(10,258)
Purchased interest received	--	--	--	--	2
Interest paid on revenue bonds and other debt	--	--	(1,287)	(234)	(16,834)
Acquisition and construction of capital assets	(20)	--	(10,480)	(2,338)	(39,538)
Contributions in aid of construction	--	--	731	--	4,551
Bond issuance costs	--	--	--	--	(2,951)
Bond discounts	--	--	--	--	(199)
Bond premiums	--	--	--	--	384
Bonds issued for advanced refundings of debt	--	--	7,378	--	140,766
Cash paid for bond refunding escrow	--	--	(7,363)	--	(134,704)
Net cash provided (used) by capital and related financing activities	(20)	--	(14,678)	(2,069)	(57,281)

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Convention Center	Drainage	Golf	Hospital
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	\$ (38,433)	--	--	--
Proceeds from sale and maturities of investment securities	29,038	--	--	--
Interest on investments	3,590	2,591	23	19
Net cash provided (used) by investing activities	(5,805)	2,591	23	19
Net increase (decrease) in cash and cash equivalents	(6,431)	7,700	(402)	(309)
Cash and cash equivalents, October 1	77,167	61,737	626	342
Cash and cash equivalents, September 30	70,736	69,437	224	33
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(21,786)	9,927	248	(133)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	7,886	3,573	577	--
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	189	451	20	3,872
Increase (decrease) in allowance for doubtful accounts	3	(5)	--	(3,657)
Decrease in inventory	--	--	--	--
Decrease in prepaid expenses and other assets	--	(4)	(58)	--
Increase (decrease) in accounts payable	1,713	(256)	(44)	--
Increase in accrued payroll and compensated absences	253	282	11	(10)
Increase (decrease) in pension obligations payable	349	725	41	--
Increase in other post employment benefits payable	1,334	1,966	--	--
Increase in deferred credits and other liabilities	173	--	9	--
Increase in customer deposits	(308)	--	--	--
Total adjustments	11,592	6,732	556	205
Net cash provided (used) by operating activities	\$ (10,194)	16,659	804	72
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Decrease in deferred assets/expenses	\$ --	--	--	--
Capital assets contributed to other funds	(39)	--	--	--
Net increase (decrease) in the fair value of investments	(172)	--	--	--
Amortization of bond issue costs	(171)	(1)	(1)	--
Amortization of bond discounts and premiums	(456)	--	(32)	--
Amortization of deferred loss on refundings	1,080	--	25	--
Loss on disposal of assets	--	(100)	--	--
Deferred gain (loss) on bond refunding	(367)	(210)	12	--

(Continued)

	Parks and Recreation	Primary Care	Solid Waste Services	Trans- portation	2008 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	--	--	--	--	(38,433)
Proceeds from sale and maturities of investment securities	--	--	--	--	29,038
Interest on investments	20	--	596	322	7,161
Net cash provided (used) by investing activities	20	--	596	322	(2,234)
Net increase (decrease) in cash and cash equivalents	(20)	53	(17,331)	332	(16,408)
Cash and cash equivalents, October 1	465	1,534	21,664	10,964	174,499
Cash and cash equivalents, September 30	445	1,587	4,333	11,296	158,091
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(359)	7	(16,800)	(9,784)	(38,680)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	25	--	4,637	1,789	18,487
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	--	(78)	261	4,715
Increase (decrease) in allowance for doubtful accounts	--	--	(14)	(792)	(4,465)
Decrease in inventory	--	(18)	--	194	176
Decrease in prepaid expenses and other assets	--	--	--	(13)	(75)
Increase (decrease) in accounts payable	16	71	(1,235)	(412)	(147)
Increase in accrued payroll and compensated absences	26	(7)	437	19	1,011
Increase (decrease) in pension obligations payable	87	--	766	565	2,533
Increase in other post employment benefits payable	--	--	2,889	2,485	8,674
Increase in deferred credits and other liabilities	(1)	--	5,753	--	5,934
Increase in customer deposits	--	--	64	--	(244)
Total adjustments	153	46	13,219	4,096	36,599
Net cash provided (used) by operating activities	(206)	53	(3,581)	(5,688)	(2,081)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Decrease in deferred assets/expenses	--	--	5	--	5
Capital assets contributed to other funds	--	--	--	259	220
Net increase (decrease) in the fair value of investments	--	--	--	--	(172)
Amortization of bond issue costs	--	--	(7)	(2)	(182)
Amortization of bond discounts and premiums	--	--	(51)	--	(539)
Amortization of deferred loss on refundings	--	--	49	--	1,154
Loss on disposal of assets	(4)	--	(2,435)	--	(2,539)
Deferred gain (loss) on bond refunding	--	--	110	--	(455)





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, 2008
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS					
Current assets:					
Cash	\$ 2	--	--	1	--
Pooled investments and cash	1,433	616	24,529	2,575	16,083
Cash held by trustee	--	--	657	--	--
Accounts receivable	215	1,461	--	262	160
Less allowance for doubtful accounts	--	--	--	(222)	--
Net accounts receivable	215	1,461	--	40	160
Due from other funds	--	--	--	--	--
Inventories, at cost	--	--	--	1,286	--
Prepaid expenses	6	4	--	--	5
Total current assets	1,656	2,081	25,186	3,902	16,248
Noncurrent assets:					
Advances to other funds	--	--	--	--	--
Capital assets					
Land and other nondepreciable assets	--	--	--	191	--
Property, plant, and equipment in service	1,125	3,665	--	17,670	52,327
Less accumulated depreciation	(724)	(573)	--	(8,372)	(26,948)
Net property, plant, and equipment in service	401	3,092	--	9,298	25,379
Construction in progress	--	--	--	586	3,040
Total capital assets	401	3,092	--	10,075	28,419
Deferred costs and expenses, net of amortization	--	--	--	5	--
Total noncurrent assets	401	3,092	--	10,080	28,419
Total assets	\$ 2,057	5,173	25,186	13,982	44,667

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2008 Total
ASSETS					
Current assets:					
Cash	--	11	1	--	15
Pooled investments and cash	19,424	14,728	1,642	15,777	96,807
Cash held by trustee	--	--	--	--	657
Accounts receivable	--	4	183	--	2,285
Less allowance for doubtful accounts	--	--	--	--	(222)
Net accounts receivable	--	4	183	--	2,063
Due from other funds	--	11	--	--	11
Inventories, at cost	--	13	147	--	1,446
Prepaid expenses	--	18	--	--	33
Total current assets	19,424	14,785	1,973	15,777	101,032
Noncurrent assets:					
Advances to other funds	--	56	--	--	56
Capital assets					
Land and other nondepreciable assets	--	522	--	--	713
Property, plant, and equipment in service	--	8,222	11,499	--	94,508
Less accumulated depreciation	--	(4,179)	(3,929)	--	(44,725)
Net property, plant, and equipment in service	--	4,043	7,570	--	49,783
Construction in progress	--	--	--	--	3,626
Total capital assets	--	4,565	7,570	--	54,122
Deferred costs and expenses, net of amortization	--	--	--	--	5
Total noncurrent assets	--	4,621	7,570	--	54,183
Total assets	19,424	19,406	9,543	15,777	155,215

(Continued)

Internal Service Funds
Combining Statement of Net Assets
September 30, 2008
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 41	337	4,346	2,528	548
Accrued payroll	844	124	--	639	860
Accrued compensated absences	1,110	202	--	783	1,306
Claims payable	--	--	4,796	--	--
Due to other funds	--	--	--	--	27
Interest payable on other debt	--	--	--	15	44
General obligation bonds payable and other tax supported debt	--	--	--	369	3,280
Capital lease obligations payable	--	--	--	--	2
Deferred credits and other liabilities	--	32	551	--	--
Total current liabilities	1,995	695	9,693	4,334	6,067
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	26	--	23	53
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	151	54
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	--	--	5,096	6,785
Total noncurrent liabilities	--	26	--	5,270	6,892
Total liabilities	1,995	721	9,693	9,604	12,959
NET ASSETS					
Invested in capital assets, net of related debt	401	3,092	--	3,838	18,352
Restricted for:					
Capital projects	--	--	--	1,272	7,783
Unrestricted	(339)	1,360	15,493	(732)	5,573
Total net assets	\$ 62	4,452	15,493	4,378	31,708

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2008 Total
LIABILITIES					
Current liabilities:					
Accounts payable	114	2,935	483	168	11,500
Accrued payroll	--	2,285	114	--	4,866
Accrued compensated absences	--	3,143	94	--	6,638
Claims payable	3,826	--	--	4,978	13,600
Due to other funds	--	--	--	--	27
Interest payable on other debt	--	1	--	--	60
General obligation bonds payable and other tax supported debt	--	36	--	--	3,685
Capital lease obligations payable	--	--	--	--	2
Deferred credits and other liabilities	3,600	237	160	--	4,580
Total current liabilities	7,540	8,637	851	5,146	44,958
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	380	103	--	585
Claims payable	4,022	--	--	8,840	12,862
Advances from other funds	--	--	--	--	205
General obligation bonds payable and other tax supported debt, net of discount and inclusive of premium	--	411	--	--	12,292
Total noncurrent liabilities	4,022	791	103	8,840	25,944
Total liabilities	11,562	9,428	954	13,986	70,902
NET ASSETS					
Invested in capital assets, net of related debt	--	3,596	7,570	--	36,849
Restricted for:					
Capital projects	--	--	--	--	9,055
Unrestricted	7,862	6,382	1,019	1,791	38,409
Total net assets	7,862	9,978	8,589	1,791	84,313

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2008
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES					
Billings to departments	\$ 22,014	7,722	96,397	39,620	32,536
Employee contributions	--	--	35,299	--	--
Operating revenues from other governments	--	2,834	--	1	--
Other operating revenues	216	--	--	775	183
Total operating revenues	22,230	10,556	131,696	40,396	32,719
OPERATING EXPENSES					
Operating expenses before depreciation	21,365	9,330	129,345	39,675	27,508
Depreciation and amortization	94	329	--	871	5,901
Total operating expenses	21,459	9,659	129,345	40,546	33,409
Operating income (loss)	771	897	2,351	(150)	(690)
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	1	7	--	361	110
Interest on bonds and other debt	--	--	--	(274)	(368)
Amortization of bond issue cost	--	--	--	2	--
Other nonoperating revenue (expense)	--	--	--	(5,956)	(17)
Total nonoperating revenues (expenses)	1	7	--	(5,867)	(275)
Income (loss) before contributions and transfers	772	904	2,351	(6,017)	(965)
Capital contributions	88	1,192	--	--	84
Transfers out	(329)	--	--	--	(1,238)
Change in net assets	531	2,096	2,351	(6,017)	(2,119)
Total net assets - beginning	(469)	2,356	13,142	10,395	33,827
Total net assets - ending	\$ 62	4,452	15,493	4,378	31,708

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2008 Total
OPERATING REVENUES					
Billings to departments	3,368	61,059	5,115	6,384	274,215
Employee contributions	--	--	--	--	35,299
Operating revenues from other governments	--	--	253	--	3,088
Other operating revenues	--	410	2,003	--	3,587
Total operating revenues	3,368	61,469	7,371	6,384	316,189
OPERATING EXPENSES					
Operating expenses before depreciation	4,578	57,237	6,813	10,071	305,922
Depreciation and amortization	--	519	1,386	--	9,100
Total operating expenses	4,578	57,756	8,199	10,071	315,022
Operating income (loss)	(1,210)	3,713	(828)	(3,687)	1,167
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	--	185	25	--	689
Interest on bonds and other debt	--	(21)	--	--	(663)
Amortization of bond issue cost	--	1	--	--	3
Other nonoperating revenue (expense)	--	(24)	(1)	--	(5,998)
Total nonoperating revenues (expenses)	--	141	24	--	(5,969)
Income (loss) before contributions and transfers	(1,210)	3,854	(804)	(3,687)	(4,802)
Capital contributions	--	351	3,601	--	5,316
Transfers out	--	(2,883)	--	--	(4,450)
Change in net assets	(1,210)	1,322	2,797	(3,687)	(3,936)
Total net assets - beginning	9,072	8,656	5,792	5,478	88,249
Total net assets - ending	7,862	9,978	8,589	1,791	84,313

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 22,262	11,624	131,749	40,377	32,572
Cash payments to suppliers for goods and services	(3,713)	(6,053)	(55,512)	(27,342)	(8,148)
Cash payments to employees for services	(17,611)	(3,209)	--	(12,128)	(19,220)
Cash payments to claimants/beneficiaries	--	--	(72,424)	--	--
Net cash provided (used) by operating activities	938	2,362	3,813	907	5,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(329)	--	--	--	(1,238)
Loan repayments to other funds	--	(937)	--	(21)	(27)
Loan repayments from other funds	--	--	--	--	230
Net cash provided (used) by noncapital financing activities	(329)	(937)	--	(21)	(1,035)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	--	--	(41)	(3,138)
Interest paid on revenue bonds and other debt	--	--	--	(277)	(380)
Acquisition and construction of capital assets	(14)	(816)	--	(6,730)	(791)
Contributions from municipality	--	--	--	--	(1,874)
Bonds issued for advanced refundings of debt	--	--	--	1,908	--
Cash paid for bond refunding escrow	--	--	--	(1,930)	--
Net cash provided (used) by capital and related financing activities	\$ (14)	(816)	--	(7,070)	(6,183)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2008 Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	3,368	61,473	8,325	6,384	318,134
Cash payments to suppliers for goods and services	2,236	(5,737)	(4,745)	(4,339)	(113,353)
Cash payments to employees for services	--	(50,438)	(2,536)	--	(105,142)
Cash payments to claimants/beneficiaries	(1,461)	--	--	(4,119)	(78,004)
Net cash provided (used) by operating activities	4,143	5,298	1,044	(2,074)	21,635
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	--	(2,883)	--	--	(4,450)
Loan repayments to other funds	--	--	--	--	(985)
Loan repayments from other funds	--	--	--	--	230
Net cash provided (used) by noncapital financing activities	--	(2,883)	--	--	(5,205)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	(64)	--	--	(3,243)
Interest paid on revenue bonds and other debt	--	(22)	--	--	(679)
Acquisition and construction of capital assets	--	(75)	(253)	--	(8,679)
Contributions from municipality	--	--	--	--	(1,874)
Bonds issued for advanced refundings of debt	--	372	--	--	2,280
Cash paid for bond refunding escrow	--	(434)	--	--	(2,364)
Net cash provided (used) by capital and related financing activities	--	(223)	(253)	--	(14,559)

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2008
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	\$ 1	7	--	361	110
Net cash provided (used) by investing activities	1	7	--	361	110
Net increase (decrease) in cash and cash equivalents	596	616	3,813	(5,823)	(1,904)
Cash and cash equivalents, October 1	839	--	21,373	8,399	17,987
Cash and cash equivalents, September 30	1,435	616	25,186	2,576	16,083
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	771	897	2,351	(150)	(690)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	94	329	--	871	5,901
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	39	1,060	53	(18)	(147)
Decrease in due from other funds	--	--	--	--	--
Decrease in inventory	--	--	--	(328)	--
Decrease in prepaid expenses and other assets	(6)	--	--	--	(5)
Decrease in deferred costs and other expenses	--	12	--	--	--
Increase (decrease) in accounts payable	(46)	26	1,171	339	(26)
Increase in accrued payroll and compensated absences	93	38	--	193	171
Increase (decrease) in claims payable	--	--	414	--	--
Increase (decrease) in deferred credits and other liabilities	(7)	--	(176)	--	--
Total adjustments	167	1,465	1,462	1,057	5,894
Net cash provided (used) by operating activities	\$ 938	2,362	3,813	907	5,204
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	\$ --	1,192	--	--	--
Amortization of deferred loss on refundings	--	--	--	2	--
Loss on disposal of assets	--	--	--	--	(1,958)
Deferred gain (loss) on bond refunding	--	--	--	(157)	--
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	--	--	--	(4)	--
Decrease in deferred credits and other liabilities	--	--	--	--	--

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	2008 Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	--	185	25	--	689
Net cash provided (used) by investing activities	--	185	25	--	689
Net increase (decrease) in cash and cash equivalents	4,143	2,377	816	(2,074)	2,560
Cash and cash equivalents, October 1	15,281	12,362	827	17,851	94,919
Cash and cash equivalents, September 30	19,424	14,739	1,643	15,777	97,479
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(1,210)	3,713	(828)	(3,687)	1,167
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	519	1,386	--	9,100
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	4	375	--	1,366
Decrease in due from other funds	--	--	707	--	707
Decrease in inventory	--	--	50	--	(278)
Decrease in prepaid expenses and other assets	--	1	--	--	(10)
Decrease in deferred costs and other expenses	--	31	--	--	43
Increase (decrease) in accounts payable	(449)	481	(567)	(12)	917
Increase in accrued payroll and compensated absences	--	362	49	--	906
Increase (decrease) in claims payable	2,202	--	--	1,625	4,241
Increase (decrease) in deferred credits and other liabilities	3,600	187	(128)	--	3,476
Total adjustments	5,353	1,585	1,872	1,613	20,468
Net cash provided (used) by operating activities	4,143	5,298	1,044	(2,074)	21,635
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed from other funds	--	351	--	--	1,543
Amortization of deferred loss on refundings	--	--	--	--	2
Loss on disposal of assets	--	(24)	--	--	(1,982)
Deferred gain and loss on bond refunding	--	3	--	--	(154)
Bond issuance costs, discounts, premiums and accrued interest written off due to refunding	--	(25)	--	--	(29)
Decrease in deferred credits and other liabilities	--	--	(128)	--	(128)





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

Barbara Jordan Memorial Fund - Purpose is to account for donations for a future memorial.

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.

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, 2008
(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	\$ 677	--	677	--	608	608	69
Total general government	<u>677</u>	<u>--</u>	<u>677</u>	<u>--</u>	<u>608</u>	<u>608</u>	<u>69</u>
Transportation, planning, and sustainability							
Voluntary Utility Assistance	66	--	66	--	--	--	66
Total transportation, planning, and sustainability	<u>66</u>	<u>--</u>	<u>66</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>66</u>
Public recreation and culture							
Science Fest	29	--	29	--	--	--	29
Barbara Jordan Memorial	1	--	1	--	--	--	1
First Step - A Community Project	15	--	15	--	--	--	15
Total public recreation and culture	<u>45</u>	<u>--</u>	<u>45</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>45</u>
Urban growth management							
Leveraged Loan Pool	423	121	544	--	--	--	544
Telecommunity Partnership	15	--	15	--	--	--	15
Total urban growth management	<u>438</u>	<u>121</u>	<u>559</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>559</u>
2008 Total	<u>\$ 1,226</u>	<u>121</u>	<u>1,347</u>	<u>--</u>	<u>608</u>	<u>608</u>	<u>739</u>

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit H-2

	Additions			Deductions	Net Increase (Decrease)	Net Assets at Beginning of Year	Net Assets at End of Year
	Contributions	Interest and Other	Total Additions	Benefit Payments			
General government							
Unclaimed Property	\$ --	23	23	--	23	46	69
Total general government	--	23	23	--	23	46	69
Transportation, planning, and sustainability							
Voluntary Utility Assistance	197	3	200	219	(19)	85	66
Total transportation, planning, and sustainability	197	3	200	219	(19)	85	66
Public recreation and culture							
Science Fest	72	2	74	91	(17)	46	29
Barbara Jordan Memorial	--	--	--	--	--	1	1
First Step - A Community Project	--	1	1	2	(1)	16	15
Total public recreation and culture	72	3	75	93	(18)	63	45
Urban growth management							
Leveraged Loan Pool	--	15	15	--	15	529	544
Telecommunity Partnership	--	--	--	--	--	15	15
Total urban growth management	--	15	15	--	15	544	559
2008 Total	\$ 269	44	313	312	1	738	739

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2008
(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	\$ 682	3,808	3,502	988
Total assets	682	3,808	3,502	988
Liabilities				
Due to other governments	654	4,989	4,673	970
Deposits and other liabilities	28	69	79	18
Total liabilities	682	5,058	4,752	988
Campaign Financing Fund				
Assets				
Pooled investments and cash	52	23	68	7
Total assets	52	23	68	7
Liabilities				
Accounts payable	--	67	67	--
Deposits and other liabilities	52	82	127	7
Total liabilities	52	149	194	7
Municipal Courts				
Assets				
Pooled investments and cash	2,547	12,848	12,547	2,848
Other Assets	--	9	9	--
Total assets	2,547	12,857	12,556	2,848
Liabilities				
Accounts payable	80	11,286	11,313	53
Due to other governments	2,050	21,458	21,159	2,349
Deposits and other liabilities	417	2,751	2,722	446
Total liabilities	2,547	35,495	35,194	2,848
Neighborhood Revitalization				
Assets				
Pooled investments and cash	344	--	--	344
Total assets	344	--	--	344
Liabilities				
Deposits and other liabilities	344	--	--	344
Total liabilities	344	--	--	344
Total Agency Funds				
Assets				
Pooled investments and cash	3,625	16,679	16,117	4,187
Other Assets	--	9	9	--
Total assets	3,625	16,688	16,126	4,187
Liabilities				
Accounts payable	80	11,353	11,380	53
Due to other governments	2,704	26,447	25,832	3,319
Deposits and other liabilities	841	2,902	2,928	815
Total liabilities	\$ 3,625	40,702	40,140	4,187





SUPPLEMENTAL SCHEDULES

**Enterprise Related Grants
Combining Balance Sheet
September 30, 2008
(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	\$ --	17	17	--	17	17	--	17
U.S. Department of Energy	--	13	13	--	13	13	--	13
State Energy Conservation Office	7	3	10	--	10	10	--	10
Texas Commission of the Arts	--	12	12	--	12	12	--	12
Total Electric	7	45	52	--	52	52	--	52
AIRPORT RELATED								
U.S. Department of Transportation	--	2,066	2,066	--	2,066	2,066	--	2,066
U.S. Department of Homeland Security	--	186	186	--	186	186	--	186
Internal Revenue Service	--	--	--	--	--	--	--	--
Propane Education and Research Council	--	--	--	--	--	--	--	--
Total Airport	--	2,252	2,252	--	2,252	2,252	--	2,252
DRAINAGE RELATED								
U.S. Department of Agriculture	--	25	25	--	25	25	--	25
U.S. Environmental Protection Agency	--	35	35	--	35	35	--	35
U.S. Department of Homeland Security	--	1,559	1,559	--	1,559	1,559	--	1,559
U.S. Department of Interior	--	--	--	--	--	--	--	--
Total Drainage	--	1,619	1,619	--	1,619	1,619	--	1,619
SOLID WASTE RELATED								
Capital Area Council of Governments	40	--	40	--	40	40	--	40
Total Solid Waste	40	--	40	--	40	40	--	40
Total grants, enterprise related	\$ 47	\$ 3,916	\$ 3,963	\$ --	\$ 3,963	\$ 3,963	\$ --	\$ 3,963

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

Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2008
(In thousands)

City of Austin, Texas
Exhibit I-2

	Total Expenditures at Beginning of Year			Current Year		Total Expenditures at End of Year			Budget		
	Grant	In-Kind		Grant	In-Kind	Grant	In-Kind		Grant	In-Kind	
		Match	Total				Match	Total		Match	Total
ELECTRIC RELATED											
U.S. Environmental Protection Agency	\$ 3	--	3	--	--	3	--	3	36	24	60
U.S. Department of Energy	40	5	45	157	118	197	123	320	717	174	891
State Energy Conservation Office	100	100	200	15	--	115	100	215	115	100	215
Texas Commission of the Arts	32	--	32	35	--	67	--	67	62	--	62
Total Electric	175	105	280	207	118	382	223	605	930	298	1,228
AIRPORT RELATED											
U.S. Department of Transportation	19,263	5,600	24,863	11,049	2,834	30,312	8,434	38,746	63,042	18,483	81,525
U.S. Department of Homeland Security	3,293	--	3,293	730	--	4,023	--	4,023	6,965	--	6,965
Internal Revenue Service	10	--	10	--	--	10	--	10	19	--	19
Propane Education and Research Council	300	--	300	--	--	300	--	300	300	--	300
Total Airport	22,866	5,600	28,466	11,779	2,834	34,645	8,434	43,079	70,326	18,483	88,809
DRAINAGE RELATED											
U.S. Department of Agriculture	50	50	100	--	--	50	50	100	50	50	100
U.S. Environmental Protection Agency	849	--	849	250	1	1,099	1	1,100	1,154	134	1,288
U.S. Department of Homeland Security	2,719	--	2,719	4,556	58	7,275	58	7,333	7,928	2,643	10,571
U.S. Department of Interior	1	--	1	15	5	16	5	21	25	9	34
Total Drainage	3,619	50	3,669	4,821	64	8,440	114	8,554	9,157	2,836	11,993
SOLID WASTE RELATED											
Capital Area Council of Governments	--	--	--	--	--	--	--	--	40	32	72
Total Solid Waste	--	--	--	--	--	--	--	--	40	32	72
Total grants, enterprise related	\$ 26,660	5,755	32,415	16,807	3,016	43,467	8,771	52,238	80,453	21,649	102,102

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

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2008
(In thousands)**

**City of Austin, Texas
Exhibit I-3**

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2008
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	15,000	44,998
11-07-06	Transportation	103,100	--	10,000	93,100
11-07-06	Drainage improvements	145,000	--	37,000	108,000
11-07-06	Parks improvements	84,700	--	8,675	76,025
11-07-06	Cultural arts	31,500	--	--	31,500
11-07-06	Affordable housing	55,000	--	5,000	50,000
11-07-06	Central library	90,000	--	--	90,000
11-07-06	Public safety facility	58,100	--	21,850	36,250
		<u>\$ 797,660</u>	<u>155,325</u>	<u>97,525</u>	<u>544,810</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 government-wide governmental activities and in proprietary funds.

**Schedule of Revenue Bonds Authorized,
Deauthorized and Unissued
Year ended September 30, 2008
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Deauthorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2008
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, 2008
(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, 2008
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 196 – 201)

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 202 – 208)

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 209 – 213)

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 214 – 215)

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 216 – 221)

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 and debt ratio information include information beginning in that year.



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

City of Austin, Texas
Table 1

	2002	2003	2004	2005	2006	2007	2008
	\$	\$	\$	\$	\$	\$	\$
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	1,526,481
Restricted	28,492	100,469	53,482	68,848	84,218	69,982	76,478
Unrestricted	107,454	42,781	51,244	65,561	77,564	28,115	1,553
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>	<u>1,604,512</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	1,825,599
Restricted	202,651	216,459	197,174	410,975	469,238	492,356	497,927
Unrestricted	757,955	575,473	477,081	378,537	551,838	562,899	558,625
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>	<u>2,882,151</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	3,352,080
Restricted	231,143	316,928	250,656	479,823	553,456	562,338	574,405
Unrestricted	865,409	618,254	528,325	444,098	629,402	591,014	560,178
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>	<u>4,486,663</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 Seven Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 2

	2002	2003	2004	2005	2006	2007	2008
	\$	\$	\$	\$	\$	\$	\$
Expenses							
Governmental activities							
General government	75,941	43,405	46,607	73,233	84,693	76,136	97,945
Public safety	279,533	292,411	292,678	320,942	373,361	397,583	440,345
Transportation, planning and sustainability	15,694	17,119	15,879	17,247	25,426	48,758	49,426
Public health	75,033	80,808	48,733	104,361	94,697	94,158	102,188
Public recreation and culture	71,863	58,199	56,408	58,962	65,453	72,082	87,975
Urban growth management	54,287	59,949	64,631	77,340	81,439	93,185	123,115
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	40,954
Total governmental activities expenses	<u>642,196</u>	<u>626,601</u>	<u>600,968</u>	<u>752,138</u>	<u>799,192</u>	<u>821,068</u>	<u>941,948</u>
Business-Type activities:							
Electric	610,374	754,393	774,702	804,658	918,369	929,057	1,070,999
Water	132,665	130,119	155,472	142,061	161,516	162,158	202,900
Wastewater	118,506	115,284	137,227	122,176	132,005	144,573	147,059
Airport	76,546	79,558	77,541	87,538	78,487	80,368	91,557
Convention	36,344	40,621	52,336	38,844	41,992	43,956	52,911
Environmental and health services	61,764	63,527	100,343	45,739	50,290	55,386	69,805
Public recreation	10,433	9,107	9,295	9,408	9,225	9,800	10,169
Urban growth management	43,321	47,129	48,204	60,562	63,981	69,293	84,886
Total business-type expenses	<u>1,089,953</u>	<u>1,239,738</u>	<u>1,355,120</u>	<u>1,310,986</u>	<u>1,455,865</u>	<u>1,494,591</u>	<u>1,730,286</u>
Total primary government expenses	<u><u>1,732,149</u></u>	<u><u>1,866,339</u></u>	<u><u>1,956,088</u></u>	<u><u>2,063,124</u></u>	<u><u>2,255,057</u></u>	<u><u>2,315,659</u></u>	<u><u>2,672,234</u></u>
Program Revenues							
Governmental activities							
Charges for services:							
General government	12,964	4,791	210	7,334	9,718	2,633	9,572
Public safety	36,226	36,579	37,071	37,825	40,314	40,529	45,880
Transportation, planning and sustainability	4,948	5,142	5,027	2,689	3,186	3,260	3,531
Public health	6,969	8,100	7,617	59,948	45,610	40,238	43,122
Public recreation and culture	2,499	2,551	2,716	3,208	3,339	2,998	3,749
Urban growth management	20,743	18,306	22,020	31,953	37,609	43,012	43,840
Operating grants and contributions	53,374	55,122	52,068	67,494	77,923	57,331	65,782
Capital grants and contributions	1,203	3,956	2,546	5,702	1,111	2,942	3,652
Total governmental activities program revenues	<u>138,926</u>	<u>134,547</u>	<u>129,275</u>	<u>216,153</u>	<u>218,810</u>	<u>192,943</u>	<u>219,128</u>
Business-type activities:							
Charges for services:							
Electric	745,095	921,649	829,018	972,846	1,070,606	1,056,488	1,217,735
Water	122,035	130,424	119,254	140,356	164,561	138,350	181,515
Wastewater	107,499	111,941	114,710	129,314	141,676	154,118	183,608

(Continued)

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

City of Austin, Texas
Table 2
(Continued)

	2002	2003	2004	2005	2006	2007	2008
	\$						
Airport	72,777	71,693	75,916	82,220	87,473	96,562	102,519
Convention	10,376	15,040	10,404	11,169	14,692	14,577	17,572
Environmental and health services	61,969	56,368	60,883	44,550	45,078	46,310	49,190
Public recreation	10,210	9,323	8,955	9,117	8,968	8,784	9,760
Urban growth management	44,794	52,178	60,425	69,859	77,381	79,252	83,779
Capital grants and contributions	43,537	48,325	47,570	48,544	69,804	50,898	76,881
Total business-type revenues	<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>	<u>1,922,559</u>
Total primary government revenues	<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>	<u>2,141,687</u>
Net (Expense)/Revenue							
Governmental activities	(503,270)	(492,054)	(471,693)	(535,985)	(580,382)	(628,125)	(722,820)
Business-type activities	128,339	177,203	(27,985)	196,989	224,374	150,748	192,273
Total primary government net expense	<u>(374,931)</u>	<u>(314,851)</u>	<u>(499,678)</u>	<u>(338,996)</u>	<u>(356,008)</u>	<u>(477,377)</u>	<u>(530,547)</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	268,802
Sales tax	115,441	110,454	117,725	123,617	139,289	153,098	154,445
Franchise fees and gross receipts tax	62,576	63,049	63,509	69,120	79,755	87,180	93,236
Grants and contributions not restricted to specific programs	19,137	94,210	81,937	83,365	90,083	73,711	80,178
Interest and other	23,746	24,975	26,799	24,753	35,315	54,963	29,287
Special items	(4,000) (1)	--	(7,700) (2)	(2,639) (2)	--	--	--
Transfers	104,519	66,926	39,264	73,879	65,974	67,353	73,163
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>	<u>699,111</u>
Business-type activities:							
Interest and other	58,180	30,430	16,582	23,932	47,905	60,970	59,028
Special items	--	--	(3,000) (2)	(37,443) (2)	--	--	--
Transfers	(104,519)	(66,926)	(39,264)	(73,879)	(65,974)	(67,353)	(73,163)
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>	<u>(14,135)</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>	<u>684,976</u>
Change in Net Assets							
Governmental activities	42,545	100,690	90,377	56,414	66,180	67,123	(23,709)
Business-type activities	82,000	140,707	(53,667)	109,599	206,305	144,365	178,138
Total primary government	<u>124,545</u>	<u>241,397</u>	<u>36,710</u>	<u>166,013</u>	<u>272,485</u>	<u>211,488</u>	<u>154,429</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 Seven Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
Table 3

	2002	2003	2004	2005	2006	2007	2008
	\$	\$	\$	\$	\$	\$	\$
Function/Program							
Governmental activities:							
General government	13,286	5,084	586	7,755	10,933	5,678	13,338
Public safety	41,227	42,903	42,847	48,596	62,287	52,317	53,565
Transportation, planning and sustainability	5,649	6,319	5,828	7,055	3,246	3,260	3,531
Public health	22,862	27,095	27,444	82,395	67,839	61,221	66,680
Public recreation and culture	8,283	6,225	5,620	6,593	4,849	4,505	5,253
Urban growth management	47,619	46,921	46,950	63,759	69,656	65,962	76,761
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>	<u>219,128</u>
Business-type activities:							
Electric	748,831	925,086	833,302	978,115	1,083,758	1,065,001	1,228,542
Water	137,928	148,638	139,156	154,837	182,801	153,148	216,654
Wastewater	119,019	129,412	131,303	138,652	157,973	167,851	189,823
Airport	81,682	79,217	82,033	97,786	103,490	104,462	113,368
Convention	10,376	15,040	10,404	11,459	14,968	14,577	17,572
Environmental and health services	62,270	56,411	60,246	44,887	46,350	46,640	50,311
Public recreation	10,049	9,408	9,038	9,230	9,225	9,073	11,134
Urban growth management	48,137	53,729	61,653	73,009	81,674	84,587	95,155
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>	<u>1,922,559</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>	<u>2,141,687</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 Seven Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
 Table 4

	2002	2003	2004	2005	2006	2007	2008
	\$	\$	\$	\$	\$	\$	\$
General Fund							
Reserved	6,052	5,112	5,534	6,504	6,761	9,458	3,566
Unreserved	87,566	88,094	100,753	98,838	105,043	97,352	85,124
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>	<u>88,690</u>
All Other Governmental Funds							
Reserved (1)	101,490	122,106	97,372	75,227	83,065	108,338	106,399
Unreserved, reported in:							
Special revenue fund	23,686	25,388	26,010	27,994	50,020	48,916	56,008
Debt service funds (1)	16,451	--	--	--	--	--	--
Capital projects funds	147,876	104,442	79,152	100,663	104,209	46,054	77,469
Permanent funds	284	313	370	332	443	660	844
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>	<u>240,720</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 Seven Fiscal Years (In thousands)
(Modified accrual basis of accounting)**

**City of Austin, Texas
Table 5**

	2002	2003	2004	2005	2006	2007	2008
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Property taxes	215,838	232,573	243,370	220,694	234,555	251,470	277,886
Sales taxes	115,441	110,454	117,725	123,617	139,289	153,098	154,445
Franchise fees and other taxes	62,435	63,050	63,509	69,168	79,755	87,180	93,236
Fine, forfeitures and penalties	21,690	20,966	21,774	21,932	23,697	20,959	24,574
Licenses, permits and inspections	14,670	14,737	15,317	17,399	22,131	25,635	24,268
Charges for services/goods	40,799	39,866	42,279	100,099	88,789	87,936	96,076
Intergovernmental	62,141	74,392	73,428	88,661	94,955	73,886	91,765
Property owners' participation and contributions	13,214	10,937	3,798	6,152	9,486	2,639	7,065
Interest and other	25,401	29,745	26,544	23,192	34,386	55,522	31,830
Total revenues	571,629	596,720	607,744	670,914	727,043	758,325	801,145
Expenditures							
General government	55,441	44,295	41,411	44,044	50,825	59,043	67,597
Public safety	263,258	278,297	288,152	324,815	359,613	383,685	399,060
Transportation, planning and sustainability	13,818	14,113	13,208	8,623	4,839	5,559	9,370
Public health	75,053	80,470	49,676	101,917	93,725	90,719	91,863
Public recreation and culture	59,655	52,836	50,567	53,315	54,865	62,578	72,760
Urban growth management	57,520	59,561	63,581	76,142	76,565	77,928	101,492
Debt service:							
Principal	44,382	49,340	48,862	50,608	57,651	59,929	61,800
Interest	36,566	38,529	40,109	41,233	39,023	39,156	40,954
Fees and commissions	7	8	14	10	10	10	-
Capital outlay	174,239	155,517	151,768	81,507	87,931	94,228	119,290
Total expenditures	779,939	772,966	747,348	782,214	825,047	872,835	964,186
Excess (deficiency) of revenues over expenditures	(208,310)	(176,246)	(139,604)	(111,300)	(98,004)	(114,510)	(163,041)
Other financing sources (uses)							
Issuance of tax supported debt	254,505	70,323	70,040	26,940	67,735	--	104,060
Issuance of refunding bonds	14,685	62,514	--	148,125	--	--	156,038
Bond premiums	--	--	28	13,750	11	--	15,090
Payment to escrow agent	(14,685)	(62,514)	--	(161,875)	--	--	(171,128)
Capital leases	--	891	646	932	--	--	--
Transfers in	176,878	129,258	128,874	142,404	142,064	171,995	173,627
Transfers out	(67,464)	(62,176)	(88,548)	(58,609)	(71,823)	(96,248)	(96,014)
Total other financing sources (uses)	363,919	138,296	111,040	111,667	137,987	75,747	181,673
Net change in fund balances	155,609	(37,950)	(28,564)	367	39,983	(38,763)	18,632
Debt service as a percentage of noncapital expenditures	13.4%	14.2%	14.9%	13.1%	13.1%	12.7%	12.2%

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 Seven Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
 Table 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Mixed Drink Tax</u>	<u>Franchise Fees and Gross Receipts Tax</u>	<u>Total</u>
	\$	\$	\$	\$	\$
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
2008	277,886	154,445	5,541	87,695	525,567
Change 2002-2008	28.75%	33.79%	50.04%	49.29%	

2002

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 %
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	--
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	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)
2009 (2)	2008	85.66	89,037,419,320	12,771,035,883	76,266,383,437	10.95	0.2749	0.1263	0.4012	(0.55)

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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 %
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	2007	277,284,215	274,903,217	99.14	1,152,041	276,055,258	99.56	9,338,671	3.37
2009 (2)	2008	305,980,730	**	**	**	**	**	**	**

** Information not yet available for fiscal year 2009.

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, 2009, 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)
	\$	\$	\$	\$	\$	\$	
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
2008	33,316,022	8,839,048	1,524,308	17,725,306	6,779,068	68,183,752	0.4034

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 000's Assessed Value) for Fiscal Year Ended September 30

Government	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4034	0.4126	0.4430	0.4430	0.4928	0.4597	0.4597	0.4663	0.5034	0.5142
Austin Community College	0.0958	0.0965	0.0991	0.0900	0.0771	0.0500	0.0500	0.0500	0.0500	0.0500
Austin Independent School District	1.1630	1.4930	1.6230	1.6230	1.6137	1.5964	1.5486	1.5486	1.5486	1.4319
North Austin MUD #1	0.4180	0.4500	0.4500	0.4500	0.5000	0.5000	0.5100	0.5500	0.5803	0.7100
Northwest Austin MUD #1	0.2750	0.2900	0.3000	0.2600	0.2632	0.3150	0.3577	0.3620	0.3620	0.4000
Northwest Travis County RD #3	0.1100	0.1300	0.1650	0.1800	0.1660	0.1500	0.1646	0.1600	0.2248	0.2500
Travis County (1)	0.4216	0.4499	0.4993	0.4872	0.4918	0.4660	0.4460	0.4670	0.4988	0.5143
Travis County Healthcare District	0.0693	0.0734	0.0779	0.0779	--	--	--	--	--	--

Tax Levies (in 000's) for Fiscal Year Ended September 30

Government	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	277,284	249,674	231,909	220,184	241,296	233,342	219,658	193,138	179,225	166,901
Austin Community College	72,389	70,836	49,521	44,345	37,321	24,863	23,323	20,571	19,209	15,255
Austin Independent School District	732,434	702,291	636,792	627,876	627,876	644,948	593,189	525,477	455,559	385,064
North Austin MUD #1	2,873	2,765	1,196	2,753	2,736	2,808	2,856	2,855	2,375	2,372
Northwest Austin MUD #1	1,230	1,226	1,105	867	883	874	1,093	1,046	136	659
Northwest Travis County RD #3	524	601	627	621	611	626	654	590	670	607
Travis County (1)	361,662	339,590	320,020	293,753	293,345	287,478	256,710	231,415	209,688	196,160
Travis County Healthcare District	59,543	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**

Taxpayer	Type of Property	2008			1999		
		January 1, 2007 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$68,736,790,926	January 1, 1998 Assessed Valuation	Rank	Percent of Total Assessed Valuation of \$32,458,349,755
		\$		%	\$		%
Freescale Semiconductor, Inc. (1)	Manufacturing	451,272,461	1	0.66			
Dell Computer Corporation	Manufacturing	400,048,046	2	0.58	104,843,829	10	0.32
Spansion LLC (2)	Manufacturing	294,064,149	3	0.43			
IBM Corporation	Manufacturing	260,454,949	4	0.38	376,103,386	4	1.16
AT&T (3)	Telephone Utility	215,966,774	5	0.31	281,712,005	6	0.87
Shopping Center at Gateway LP	Commercial	213,795,973	6	0.31			
Crescent Real Estate	Commercial	193,818,716	7	0.28	208,834,298	8	0.64
Samsung	Manufacturing	185,289,008	8	0.27	388,564,940	3	1.20
TX-Frost Tower Office	Commercial	176,565,956	9	0.26			
H E Butt Grocery Company	Grocery	163,182,221	10	0.24			
Motorola, Inc.	Manufacturing				967,520,870	1	2.98
Advanced Micro Devices, Inc.	Manufacturing				654,463,306	2	2.02
Applied Materials Inc.	Manufacturing				296,176,744	5	0.91
Minnesota Mining & Manufacturing	Manufacturing				239,361,943	7	0.74
Security Capital Pacific Trust	Commercial				137,004,328	9	0.42
Total Assessed Valuation		2,554,458,253		3.72	3,654,585,649		11.26

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)
	%	%	%
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
2008	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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
				(1)	(1)	(1)	(1)	(1)	(1)	(1) (2)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	75,286	88,278	99,878	30,183	1,630	1,193	3,367	5,130	6,825	7,669
Mining	143	60	--	--	6,106	7,667	7,615	10,401	8,709	5,884
Construction	278,893	343,974	362,703	239,088	201,575	224,180	248,512	358,903	434,364	432,508
Manufacturing	375,876	423,823	462,283	542,662	599,202	614,685	725,135	820,527	913,329	1,043,556
Transportation, communications, utilities	667,213	688,341	787,612	470,023	413,596	326,936	328,969	385,957	447,176	530,298
Wholesale trade	843,679	1,079,271	840,042	628,928	569,150	600,692	694,074	869,424	892,427	918,712
Retail trade	5,728,728	6,405,092	6,489,980	5,127,927	4,693,083	4,899,888	5,288,620	5,779,048	6,115,794	6,301,993
Finance, insurance, real estate	23,400	29,313	24,367	142,414	178,707	173,151	190,566	223,310	232,946	241,613
Services	1,251,053	1,363,167	1,438,068	1,090,936	957,879	971,425	1,023,637	1,142,023	1,250,593	1,370,420
Public administration	4,065	1,691	1,591	209,178	286,631	328,949	334,055	388,769	402,852	411,798
Unclassified establishments	2,274	2,116	2,384	412	8	5	12	--	-	-
Other	425	360	4	1,619,450	2,158,940	2,159,953	2,129,663	2,204,160	2,071,307	2,145,612
	<u>9,251,035</u>	<u>10,425,486</u>	<u>10,508,912</u>	<u>10,101,201</u>	<u>10,066,507</u>	<u>10,308,724</u>	<u>10,974,225</u>	<u>12,187,652</u>	<u>12,776,322</u>	<u>13,410,063</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.

(2) Data not available for fourth quarter FY2008. Figures are estimates.

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

Fiscal Year Ended Sept. 30 (1)	Governmental Activities									
	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					
2008	726,678	71,925	31,413	482	830,498					

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
2008	24,370	34,971	29,211	7,178	213,200	28,000	3,406,897	1,683	2,782	3,748,292

Fiscal Year Ended Sept. 30 (1)	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	\$	%	\$
2002	4,269,254	0.14	6,362
2003	4,299,167	0.14	6,372
2004	4,308,004	0.13	6,302
2005	4,379,346	0.13	6,293
2006	4,433,796	0.12	6,208
2007	4,423,488	0.12	6,040
2008	4,578,790	0.12	6,137

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 Seven Fiscal Years (In thousands except per capita)**

**City of Austin, Texas
Table 14**

Fiscal Year Ended Sept. 30 (1)	General Bonded Debt Outstanding			Resources Restricted for Repayment of Outstanding Debt Principal	Net General Bonded Debt	Percentage of Actual Taxable Value (1) of Property	Net General Bonded Debt Per Capita (2)
	General Obligation Bonds	Other Tax Supported Debt	Total				
	\$	\$	\$	\$	\$	%	\$
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
2008	751,048	174,698	925,746	24,493	901,253	1.31	1,207.94

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, 2008**

**City of Austin, Texas
Table 15**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2008 (in 000's)	Percent Applicable to City of Austin	Amount Applicable to City of Austin (in 000's)
	\$	%	\$
Governmental activities debt			
General obligation bonds	726,678		
Certificates of obligation	71,925		
Contractual obligations	<u>31,413</u>		
Total governmental activities debt	<u>830,016</u> (1)	100.00	<u>830,016</u>
Greater than 10%			
Austin Community College	96,479	91.47	88,249
Austin Independent School District	703,244	77.79	547,054
North Austin MUD #1	6,235	100.00	6,235
Northwest Travis County RD #3	13,300	100.00	13,300
Travis County	<u>539,050</u>	73.14	<u>394,261</u>
Subtotal greater than 10%	<u>1,358,308</u>		<u>1,049,099</u>
Less than 10%			
Del Valle Independent School District	167,482	3.90	6,532
Eanes Independent School District	133,590	3.62	4,836
Leander Independent School District	946,879	1.52	14,393
Manor Independent School District	199,446	2.52	5,026
Pflugerville Independent School District	387,484	4.89	18,948
Round Rock Independent School District	502,242	5.40	27,121
Williamson County	<u>693,722</u>	4.09	<u>28,373</u>
Subtotal less than 10%	<u>3,030,845</u>		<u>105,229</u>
Total direct and overlapping debt	<u>5,219,169</u>		<u>1,984,344</u>
Ratio of total direct and overlapping debt to assessed valuation (2)		2.89 %	
Per capita overlapping debt (3)		\$ 2,659.60	

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 \$68,736,790,926 provided by the Travis Central Appraisal District and Williamson County Appraisal District.

(3) Based on 2008 estimated population of 746,105.

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

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed taxable value (1)	<u>\$ 68,049,423</u>
Debt limit	10,021,785 (2)
Debt applicable to limit:	
General obligation debt	903,291
Less: Amount set aside for repayment of general obligation debt	<u>(24,493)</u>
Total net debt applicable to limit	<u>878,798</u>
Legal debt margin	<u>\$ 9,142,987</u>

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	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	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	10,021,785
Total net debt applicable to limit	564,524	596,407	608,190	851,443	872,917	931,297	906,446	936,104	846,455	878,798
Legal debt margin	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	9,142,987
Total net debt applicable to the limit as a percentage of debt limit	11.93%	11.49%	10.07%	12.22%	11.80%	13.05%	12.51%	12.26%	8.19%	8.77%

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, 2007 of \$68,736,791 at a 99% collection rate.
- (2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2007 for collections of \$68,049,423 results in tax revenues of \$1,020,741. This revenue could service the debt on \$10,021,785 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	
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	
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	75,906	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
2008	1,260,817	858,317	402,500	81,366	61,834	2.81	367,444	154,215	213,229	56,091	87,544	1.48

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 (4)	User Fees and Revenue Transfers (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service(3)		Coverage (4)
				Principal	Interest					Principal	Interest	
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	
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
2008	108,983	52,993	55,990	11,780	19,414	1.79	59,951	31,472	28,479	3,440	12,047	1.84

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, passenger facility charge 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)
				\$	\$	\$	%
1999	619,038	252	1,205,898	37,408,615	36,532	31,021	2.3
2000	628,667	265	1,265,846	41,157,290	36,321	32,514	3.0
2001	661,639	266	1,325,305	42,489,015	39,811	32,060	4.9
2002	671,044	273	1,355,241	41,908,425	47,089	30,923	5.8
2003	674,719	276	1,385,723	43,104,097	41,909	31,106	6.0
2004	683,551	291	1,423,161	46,134,871	39,227	32,417	4.8
2005	695,881	294	1,469,346	50,987,930	40,335	34,701	4.4
2006	714,237	296	1,532,281	55,664,599	40,888	36,328	3.9
2007	732,381	297	1,598,161	59,957,544	42,263	37,517	3.7
2008	746,105	298	1,666,700 (5)	65,017,961 (5)	46,340	39,010 (5)	4.7
1999-2008 Change	20.53%	18.11%	38.21%	73.80%	26.85%	25.75%	

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 2008. Figures are estimated.

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

**City of Austin, Texas
Table 19**

10 Largest Employers	Industry	Rank	2008		Rank	1999	
			Employees (1)	Percent of MSA Total (2) %		Employees (1)	Percent of MSA Total(2) %
State Government (3)	Government	1	37,192	4.77			
The University of Texas at Austin	Education	2	24,527	3.15	1	20,277	3.32
Dell Computer Corporation	Computers	3	17,000	2.18	2	19,500	3.20
City of Austin	Government	4	12,236	1.57	3	10,995	1.80
Austin Independent School District	Education	5	11,102	1.43	5	9,417	1.54
Federal Government	Government	6	10,200	1.31			
HEB Grocery	Grocery retail/distribution	7	6,746	0.87	6	7,500	1.23
Seton Healthcare Network	Healthcare	8	6,700	0.86	8	6,756	1.11
IBM Corporation	Computers	9	6,239	0.80	7	7,500	1.23
St. David's Healthcare Partnership	Healthcare	10	6,219	0.80			
Motorola, Inc.	Electronic Components				4	10,500	1.72
Internal Revenue Service	Government				9	5,800	0.95
Advanced Micro Devices	Electronic Components				10	4,300	0.70
			<u>138,161</u>	<u>17.74</u>		<u>102,545</u>	<u>16.80</u>

(1) Source: Austin ISD Annual Report 07-08, 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 778,900 for 2008 and 610,254 for 1999. Source: Texas Workforce Commission

(3) FY 2008 MSA data not available by state agency. FY 1999 data not available by MSA totals.

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

**City of Austin, Texas
Table 20**

Function/Program	Fiscal Year Ended September 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental activities										
General government	171	157	147	152	151	169	181	183	183	180
Public safety	3,959	3,844	3,790	3,591	3,581	3,519	3,535	3,377	3,209	3,102
Transportation planning and sustainability	5	5	5	5	3	3	3	3	3	3
Public health	953	913	893	836	799	828	837	819	805	861
Public recreation	838	796	703	694	690	763	853	861	820	776
Urban growth management	373	335	314	308	402	451	554	551	369	383
Total governmental employees	6,299	6,050	5,852	5,586	5,626	5,733	5,963	5,794	5,389	5,305
Business-type activities										
Electric	1,679	1,605	1,561	1,538	1,472	1,459	1,449	1,373	1,315	1,325
Water	481	461	460	462	470	504	493	474	519	519
Wastewater	555	574	573	558	535	540	551	558	526	526
Airport	348	340	328	372	377	393	387	374	330	320
Convention	221	209	203	202	224	228	228	154	127	118
Environmental and health services	448	431	423	414	447	450	377	385	376	373
Public recreation	91	90	71	76	89	102	105	108	83	76
Urban growth management	661	645	631	611	489	485	454	438	600	605
Total proprietary programs	4,484	4,355	4,250	4,233	4,103	4,161	4,044	3,864	3,876	3,862
Internal Services (1)	1,453	1,390	1,323	1,283	1,306	1,412	1,458	1,397	1,313	1,265
Total full-time equivalent employees	12,236	11,795	11,425	11,102	11,035	11,306	11,465	11,055	10,578	10,432

(1) Internal service activities are allocated to other programs and functions on a government-wide basis.
Source: Budget Office

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental activities										
General government										
Municipal court cases filed	424,239	346,223	414,018	402,243	410,924	437,561	436,000	431,678	448,830	462,488
Central booking cases magistrates/arraigned	92,764	98,892	86,067	93,071	95,831	89,443	88,831	65,533	67,951	71,183
Warrants issued	139,831	121,704	118,949	125,284	128,741	120,652	100,368	127,209	111,203	113,241
Number of warrants prepared	109,239	70,651	77,687	117,022	120,114	130,358	122,550	145,166	129,534	126,018
Jail cases prepared	119,140	113,811	106,379	109,613	111,070	100,894	97,307	66,723	75,034	81,843
Public safety										
Number of law offenses	173,180	189,581	160,316	146,457	169,221	130,478	125,474	117,927	116,192	112,367
Physical arrests	59,000	60,983	58,759	54,472	56,462	51,774	52,253	51,359	55,457	60,018
Traffic violations	239,781	179,505	231,169	260,698	230,823	233,571	228,291	234,156	215,462	233,766
Fire emergency responses	76,347	75,748	68,335	64,771	58,943	58,988	59,108	59,307	55,569	49,543
Fires responses	2,767	2,241	2,799	2,295	2,186	2,262	2,402	2,291	2,752	N/A
Fire inspections	26,834	25,728	26,663	28,527	26,627	26,895	28,680	26,911	14,972	16,327
EMS response units dispatched	116,897	116,850	107,162	103,325	85,562	80,285	80,217	81,246	76,203	70,123
EMS 911 calls received	108,478	101,787	100,796	97,254	85,453	81,368	80,535	84,240	76,084	69,636
EMS ground patient transports	55,738	56,378	50,631	48,787	42,495	41,402	43,939	41,402	40,181	34,850
Transportation, planning and sustainability										
Engineering studies completed in school zones	118	76	51	52	87	50	54	13	62	40
Number of children receiving safety training	49,077	47,019	45,028	44,880	29,987	19,277	16,552	6,288	16,646	18,957
Injuries to children in school zones	0	1	0	2	1	0	0	0	0	1
Public health										
Number of permits issued (food, pools, temporary events) (3)	10,858	9,805	N/A							
Number of animals sheltered	24,663	27,163	24,357	25,489	24,800	23,960	21,877	23,534	23,347	24,939
Birth and death certificates	121,787	134,229	130,526	131,025	131,205	122,089	119,151	108,225	104,033	98,252
STD patient clinic visits	12,696	12,856	13,046	12,463	12,007	11,498	14,781	11,000	10,879	10,213
Immunizations shots administered	62,949	48,563	41,464	39,542	46,786	46,694	45,012	20,000	20,000	19,256
Women and children service encounters	375,008	363,624	352,540	349,210	336,142	323,331	300,861	260,430	247,893	239,613
Participants receiving basic needs services	8,291	7,965	7,587	10,691	9,394	10,855	N/A	18,048	13,467	12,304
Food establishment permits issued	5,355	5,016	4,634	4,803	4,760	N/A	4,150	4,095	3,489	3,509
Pregnancy rate/1000 female teens (13-17 years old)	28	32	32	32	27	34	37	44	44	41
HIV clients	4,110	3,950	3,732	3,411	3,267	1,562	2,858	6,722	3,582	N/A
HIV client visits	23,478	15,000	18,825	28,190	26,378	35,282	28,500	27,200	29,726	36,975

(Continued)

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

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Public recreation and culture										
Volumes in library collection	1,469,288	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
Library volumes borrowed	3,791,515	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
Registered library borrowers	494,757	489,649	456,009	420,461	516,666	484,075	446,272	410,102	367,854	450,788
Meals served to senior citizens	115,000	107,101	114,770	118,066	126,311	143,000	142,040	148,100	152,188	153,453
Participant hours in nature center program	141,250	113,159	118,994	142,709	149,103	140,463	122,487	242,000	282,614	244,540
Visitors to garden center	412,000	411,540	392,181	385,160	402,645	388,549	426,357	633,500	586,470	505,209
Participant hours in summer playground program	234,400	178,667	151,230	151,230	157,272	189,185	210,365	245,700	214,098	203,571
Urban growth management										
One-stop shop customers served development assistance	30,447	23,534	20,702	23,421	N/A	N/A	N/A	N/A	N/A	N/A
Neighborhood plans adopted	8	5	9	5	7	8	8	1	3	2
Zoning applications processed	232	222	268	259	186	179	201	231	N/A	N/A
Building inspections performed-development and regulation	226,841	213,799	207,389	177,909	155,360	157,461	150,946	173,573	195,190	177,735
One-stop shop building permits issued	111,735	75,078	98,827	82,439	N/A	N/A	N/A	N/A	N/A	N/A
Households served by community development activities	5,574	11,166	11,325	11,688	16,408	N/A	N/A	N/A	N/A	N/A
Renters assisted through S.M.A.R.T. construction/rehabilitation units	2,110	294	270	284	221	321	N/A	N/A	N/A	N/A
Homebuyers assisted through S.M.A.R.T. housing	109	66	135	218	294	262	266	213	441	441
S.M.A.R.T. housing units completed	3,473	1,470	1,692	1,725	1,612	1,694	400	49	N/A	N/A
Owner-occupied homes retained through rehabilitation/construction	833	917	903	995	980	717	926	816	1,079	1,164
Business-type activities										
Electric										
Electric sales (in millions of KWH)	12,184	11,325	11,248	10,904	10,262	10,321	10,153	10,430	10,726	9,995
Number of metered customers	396,791	388,626	380,696	372,735	365,874	359,526	353,072	346,795	333,903	363,178
Water										
Actual water pumpage (in millions of gallons)	53,921	45,867	56,603	51,374	48,469	51,111	50,883	50,185	52,326	46,679
Average daily consumption (thousands of gallons)	145,386	112,394	135,537	120,179	113,826	119,020	122,024	121,222	134,216	113,047
Average daily consumption per capita	130	134	165	150	145	155	159	172	194	179
Peak daily capacity (thousands of gallons)	285,000	310,000	260,000	260,000	260,000	260,000	260,000	250,000	250,000	227,000
Wastewater										
Average daily sewage treatment (millions of gallons)	83,000	97,598	77,805	85,436	81,431	87,165	93,942	93,942	83,836	93,968
Combined daily capacity (thousands of gallons)	150,000	150,000	135,000	135,000	130,000	130,000	130,000	130,000	130,000	130,000
Airport										
Enplanements	4,619,630	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
Deplanements	4,419,445	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
Cargo (in millions of pounds)	202	211	230	242	254	252	286	321	357	276
Convention										
Convention contracts executed	285	263	308	261	257	276	242	235	155	170
Pre-event plans produced	558	674	705	577	438	343	315	235	206	190
Vehicles parked	488,916	335,551	345,896	284,070	218,669	250,504	233,666	211,913	176,467	75,769

(Continued)

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

**City of Austin, Texas
Table 21**

	Fiscal Year Ended September 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Environment and health services										
Tons of garbage collected (3)	143,950	138,801	132,458	126,047	122,695	118,580	118,264	116,860	112,738	110,997
Tons of recyclables collected (3)	34,691	31,877	30,058	N/A	N/A	N/A	35,420	34,000	32,547	28,889
Tons of brush collected (3)	7,380	6,614	5,938	4,737	5,050	4,116	3,495	1,850	2,081	1,815
Tons of bulk items collected (3)	7,792	7,434	8,035	7,697	7,687	8,293	8,739	6,750	4,472	6,210
Tons of yard trimmings collected (3)	24,027	20,315	20,697	19,230	18,262	17,754	18,636	16,747	16,686	15,593
Public recreation										
Golf rounds played (2)	235,827	194,289	226,172	253,479	270,767	287,244	308,950	258,607	314,154	305,255
Sports teams (2)	2,700	2,133	1,813	1,678	N/A	N/A	3,200	3,162	2,206	2,165
Estimated participant hours for community recreation program (2)	2,000,000	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
Urban growth management										
Discharge permits issued to businesses (2)	1,160	1,144	1,165	1,194	1,151	1,207	1,244	N/A	1,200	1,498
Residential ponds provided vegetation control	519	515	500	481	409	384	370	350	297	700
Residential ponds maintained	575	531	555	522	244	220	161	160	153	56
Acres treated with stormwater improvements (cumulative)	5,327	5,283	4,868	4,676	4,559	4,667	4,559	4,667	4,492	3,957
Litter and debris collection on Lady Bird Town Lake (in tons)	209	243	222	251	231	215	222	371	225	197
Miles of creeks maintained	64	63	64	63	63	63	63	65	62	N/A
Stormwater sites successfully sampled and analyzed	1,312	1,503	871	1,009	1,002	727	681	837	662	N/A
Feet of pipeline cleaned	77,283	75,554	87,770	81,040	53,013	40,893	51,900	50,000	43,131	51,247
Potholes repaired	784	1,073	672	1,072	1,478	3,231	2,203	4,620	2,003	2,770
Signal studies	281	280	270	277	250	266	246	254	219	350
Signal modifications	32	38	52	86	35	93	59	74	117	91
Traffic sign installations	28,002	30,820	33,709	18,784	20,540	15,361	14,280	13,707	15,057	18,092
Citizen requests for traffic improvement completed	1,840	1,474	1,227	1,319	1,303	1,151	966	1,229	1,645	1,634
Parking tickets	126,941	118,663	130,267	117,004	123,160	132,775	137,232	133,654	140,717	157,641
Internal services activities (1)										
Internal services										
Vehicles sold	326	344	224	230	150	282	423	522	425	293
Rental units	1,537	1,426	1,580	1,547	740	1,780	1,934	2,800	2,531	2,856
Payment transactions processed	243,338	259,527	306,783	262,282	249,435	250,993	274,980	269,506	296,000	272,084
Payroll payments	434,578	420,985	492,843	328,819	323,754	327,328	332,725	212,753	346,736	231,789
Units of mail processed	2,251,672	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
Employees enrolled in medical benefit plans	10,623	7,288	7,046	7,051	7,111	7,710	8,619	8,256	7,323	9,020
Requests for council action processed	2,685	2,074	2,300	2,242	2,161	2,235	1,063	250	680	1,416
Active construction projects managed in-house (2)	300	319	338	310	297	293	50	50	24	71
Land parcels acquired (2)	100	239	148	130	176	127	184	75	111	203

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 2008, amended budget estimate is used because final statistic is unavailable.

(3) New measure

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental activities										
Public safety										
Police stations	5	4	4	4	4	3	3	3	3	3
Police zone offices	9	9	9	9	9	7	7	7	6	6
Patrol units	355	352	351	333	340	318	290	232	280	260
Fire stations	44	44	43	42	41	41	40	40	40	38
EMS stations	33	31	30	30	29	28	28	26	23	21
Public health										
Health facilities (sq. ft.)	331,462	331,462	318,462	341,607	334,419	362,155	362,155	291,465	299,819	299,819
Program vehicles	76	61	61	59	57	66	66	65	65	65
Public recreation and culture										
Libraries	22	22	22	22	22	22	22	21	21	21
District parks	11	11	11	11	11	11	11	11	11	12
Metropolitan parks	11	11	11	18	11	11	10	10	10	9
Natural preserves	13	13	13	15	15	15	15	14	14	10
Greenbelts	26	26	26	32	25	25	25	25	25	23
Neighborhood parks	90	90	90	85	85	85	84	80	80	77
Special parks (museums, etc.)	28	27	30	27	27	26	27	23	22	22
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	18	18	17	17	17	17	17	16	18	15
Senior activity sites	21	21	21	21	18	20	20	20	20	20
Open fields	90	90	90	89	89	89	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	117	75	51	51	44	44
Business-type activities										
Electric										
Overhead distribution (miles)	5,489	5,527	5,540	5,549	5,546	5,532	5,493	5,485	5,478	5,437
Underground distribution (miles)	5,700	5,429	5,236	5,011	4,762	4,517	4,140	3,943	3,824	3,608
Water										
Treatment plants	2	3	3	3	3	3	3	3	3	3
Water mains (miles)	3,594	3,514	3,449	2,791	2,871	2,995	2,872	2,825	3,709	3,580
Booster pumps	45	44	45	47	47	45	46	42	29	24
Fire hydrants	31,348	30,479	29,204	28,115	27,134	27,647	26,303	25,838	24,794	23,391
Wastewater										
Sanitary sewers (miles)	2,607	2,544	2,490	2,200	2,265	2,311	2,226	2,202	2,723	2,635
Connections	191,297	186,675	181,330	178,574	174,593	169,330	168,159	173,000	160,744	159,157

(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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Business-type activities, continued										
Airport										
Buildings maintained (sq. ft.)	2,306,130	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
Facility (terminal) maintained (sq. ft.)	1,016,000	1,016,000	1,016,000	754,000	754,000	754,000	754,000	720,000	720,000	720,000
Acres I air side	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Convention										
Convention facilities (sq. ft.)	2,126,249	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
Environment and health services										
Refuse collection trucks	64	108	93	96	102	88	97	103	90	83
Recycle collection trucks	53	34	30	34	34	44	42	51	45	41
Public recreation										
Golf courses	5	5	6	6	6	6	6	6	6	5
Tennis courts	102	102	102	102	102	102	102	106	106	106
Swimming pools	46	46	47	47	47	47	47	47	47	47
Athletic fields	176	176	176	87	87	87	87	87	87	88
Softball fields	16	16	16	16	16	16	16	16	16	16
Urban growth management										
Residential detention ponds (2)	630	612	599	577	491	480	442	480	434	398
Street (miles)	7,349	7,266	7,037	6,908	6,789	6,599	6,502	6,277	6,251	6,080
Bridges	366	337	323	323	310	302	N/A	N/A	N/A	N/A
Traffic signals	852	836	827	824	811	798	772	750	712	681
Metered parking spaces	3,772	3,865	3,859	3,805	3,747	3,675	3,586	3,408	3,410	3,629
Internal Services (1)										
Fleet facilities (sq. ft.)	123,117	123,117	123,117	123,117	11,860	11,860	11,860	11,860	11,860	N/A
Secured computer workstations	5,614	8,963	7,700	7,542	6,200	8,000	8,000	8,000	8,000	N/A
Number of network end use devices	11,654	6,031	6,030	5,994	5,892	5,186	5,277	5,161	5,161	N/A
City facilities insured (2)	1,101	1,111	1,074	1,102	1,113	1,077	1,100	1,076	1,063	1,011
Facilities maintained (sq. ft.)	1,621,921	1,621,921	1,621,921	1,448,379	1,250,994	962,994	967,194	967,194	790,522	785,522

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 2008, amended budget estimate is used where final statistic is unavailable.

