

THE CITY OF AUSTIN, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



for the year ended
SEPTEMBER 30, 2011



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Comprehensive Annual Financial Report



City of Austin, Texas

*For the year ended
September 30, 2011*

*Prepared by:
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Deputy Chief Financial Officer*

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Deputy Chief Financial Officer*

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Controller*

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



City Council

Lee Leffingwell

Mayor

Term expires June 15, 2012

Sheryl Cole

Mayor Pro Tem

Term expires June 20, 2012

Council Members

Chris Riley	June 15, 2014
Mike Martinez	June 15, 2012
Kathie Tovo	June 15, 2014
Laura Morrison	June 15, 2014
Bill Spelman	June 15, 2012

Marc A. Ott

City Manager

**CITY OF AUSTIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTION



City of Austin

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

March 30, 2012

Honorable Mayor, Mayor Pro Tem and Councilmembers, and Citizens of Austin
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, 2011. 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 basic 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 Uniform Grants Management Standards*. 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), Mueller Local Government Corporation (Mueller Local Government Corporation Fund), and Waller Creek Local Government Corporation (Waller Creek 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 a September 2011 population of 805,662, according to the City's estimates. Over the past ten years, Austin's population has increased by approximately 134,600 residents or 20.1%. Geographically, Austin consists of approximately 308 square miles. The current estimated median household income for Austin residents is \$46,689, according to Claritas, a Nielsen company. Austin's per capita income is estimated to be \$38,484 based on analysis of the Bureau of Economic Analysis information.

Austin is nationally recognized as a great place to live due in part to its diverse and eclectic population, as well as its promotion of a year-round outdoor active lifestyle. Austin draws its special character from its physical setting along the Balcones Escarpment, a city wedged between coastal plain and dramatic cliffs, canyons and juniper-carpeted rolling hills; it sits on the edge of the Chihuahuan desert existing as a physical and cultural oasis where talented, entrepreneurial, hard-working people are drawn from all over the world. Austin's quality of life has become its biggest economic development engine, and the City's diverse demographic structure serves to support and enrich its quality of life.

The City of Austin is fortunate to offer a host of broad-ranged educational opportunities for those individuals with a desire to learn. Austin is a highly educated city, with approximately 44 percent of adults twenty-five years or older holding a bachelor's or advanced degree, compared to 28 percent for the U.S. as a whole. Higher education is a significant aspect of life in the Austin area. The Austin metropolitan area is host to seven universities and six other institutions of higher learning. The University of Texas at Austin (UT), the fifth largest public university in the nation, is known as a world-class center of education and research and was ranked 45th nationally and 13th among public universities by *U.S. News and World Report* in 2011.

Local Economy

The City of Austin's vision of being the most livable city in the country means that Austin is a place where all residents participate in its opportunities, vibrancy and richness of culture and diversity. Austin residents share a sense of community pride and a determination that the City's vision is not just a slogan, but a reality for everyone who lives here. Local government plays a critical role in determining a city's quality of life. When Austin is compared to other cities, it receives high marks. For instance, the 2011 Community Survey shows that Austin residents rate Austin's city services high, especially when compared to other large cities. Among 13 cities with populations greater than 500,000, Austin had the highest overall satisfaction rating. In addition, Austin is rated at or above the national average for large cities with populations over 200,000 in 89% of the 46 service areas assessed. Our success is attributable to the hard work, thoughtfulness, and passion of our Council, City employees, and Austinites themselves. Austin's rankings reflect a City government that keeps its vision in the forefront while planning for the future.

In December 2011, the Brookings Institute Metropolitan Policy Program published the MetroMonitor: *Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas*, a study that ranked Austin among the strongest-performing metro areas recovering from the economic recession, noting income and employment growth, and a stable housing market. Austin's diversified economy, including employment in government, education, and a robust high tech-sector were contributing factors in their analysis. As reported in the same article, through September 2011, Austin had regained more than half of the jobs lost between the pre-recession high and post-recession low. In the third quarter of 2011, only 19 large U.S. metropolitan areas, including Austin, had a quarterly output growth rate of at least 0.8% which is indicative of a sustained economic recovery. Austin's unemployment rate ended 2011 at 6.3% in December, down from 6.9% in December 2010; the State and National unemployment rates in December 2011 were 7.4% and 8.5%, respectively.

As reported to Council during the fiscal year 2012 budget process, housing sales have remained stable and median home sales prices have increased 5.3% since June 2010, a reflection of the area's positive job growth. Sales tax revenue has shown positive growth over the past two fiscal years. Fiscal year 2011 experienced a 4.4% increase over fiscal year 2010, which was a 3.5% increase over the previous fiscal year. During 2011, Austin-Bergstrom International Airport (ABIA) passenger activity experienced a record high of more than 9 million travelers, a 5% increase over 2010. For the sixth consecutive year, ABIA was highly ranked for customer service, ranking fourth among airports in North America, regardless of size, by Airport Council International's 2011 Airport Service Quality (ASQ) passenger survey. ABIA's consistently high ASQ ranking earned the airport a place in the first Airport Council International's Director General's Roll of Excellence. Only 14 airports in the world received this recognition.

Austin continues to be a destination for both business and recreational activities. The Austin metropolitan area is consistently recognized as among the most inventive, creative, wired, educated, fit, and loved cities in which to live and work. Austin is known around the world as the “Live Music Capital of the World”. In March 2011, South by Southwest (SXSW) hosted its 25th annual music festival, conference, and trade show, providing a unique convergence of original music, independent films, and emerging technologies. According to economic impact analysis posted on the SXSW website and prepared by Greyhill Advisors, the festival was responsible for injecting more than \$167 million into the Austin economy.

In January 2012, Austin was named to the Top Seven List of Intelligent Communities for 2012 by the Intelligent Community Forum, a think tank that studies the economic and social development of the 21st Century community. Austin’s selection came as a result of its commitment to utilize information and communication technologies in innovative ways that serve the community to address workforce challenges.

The City of Austin Economic Growth and Redevelopment Services Office received three Excellence in Economic Development Awards for communities with populations over 500,000 from the International Economic Development Council (IEDC). The awards are for the *Small Business Development Program (SBDP)* in the category of Entrepreneurship, *Independent Business Investment Zone (IBIZ) District* in the category of Neighborhood Development Initiatives, and the *2nd Street District* in the category of Public-Private Partnerships.

Austin has ranked at the top of lists such as Forbes, Kiplinger’s, Milken Institute, and others in regards to career choice, income, recreation opportunities, housing, and business start-up:

10 Best Cities to Find a Job <i>Ajilon Professional Staffing – March 2011</i>	Best-Performing Cities 2011, Where America’s Jobs are created and sustained <i>Milken Institute – December 2011</i>
America’s Best Cities for Young Adults <i>Forbes – December 2010</i>	The 10 Most Popular Cities for College Grads <i>The Atlantic – January 2011</i>
America’s Best and Worst Job Markets <i>Forbes – January 2011</i>	10 U.S. Cities With the Cheapest Cost of Living <i>Kiplinger’s Personal Finance Magazine – June 2011</i>
Tracking Economic Recession and Recovery in America’s 100 Largest Metropolitan Areas <i>The Brookings Institution – December 2011</i>	The Next Biggest Boom Towns in the U.S. <i>Forbes – July 2011</i>
Only 13 of top 100 U.S. metros have bounced back from recession <i>The Business Journals On Numbers – February 2012</i>	The 10 Hottest Spots to Start a Small Business (Austin ranked number 1) <i>The Fiscal Times – July 2011</i>

Zilker Metropolitan Park, Austin’s most-loved park, received an honored designation as a Lone Star Legacy Park by the Texas Recreation and Parks Society earlier this year. A Lone Star Legacy Park is classified as a park that holds special prominence in the local community and the state of Texas. To qualify for consideration, the park must have endured the test of time and become iconic to those who have visited, played, and rested on its grounds. This 351-acre park is home to a variety of recreation opportunities and special events for individuals and families.

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 to develop the following year’s operating budget. The City’s budgeting approach emphasizes fiscal responsibility by limiting spending in a given year to projected revenue collections.

In December 2011, following a year-long public participation process, Austin Energy presented a proposal to City Council for a new rate structure that will balance rate increases fairly across customer groups that would result in an 8.5% increase this year and a 3.8% increase in 2015 if adopted by the City Council as proposed.

Due to successful conservation efforts Austin Water Utility pumps 50 gallons less per capita per day than it did in 1995. It is projected that the typical residential customer's average monthly water usage will decrease by 6.5% in the future. With 80% of the utility's costs fixed and less than 20% of fixed revenues, this can inhibit the utility's ability to cover costs during extreme weather or economic events. To help improve the financial position, Austin Water Utility is implementing a 5.1% combined water and wastewater rate increase in fiscal year 2012 and a new fixed Water Sustainability Fee that strengthens the future financial health and stability of the utility.

On November 2, 2010, Austin voters approved a \$90 million bond program designed to enhance mobility in the region. Over the next two years, this bond program will invest in streets, sidewalks, bike paths, trails, and transit infrastructure in all parts of Austin. The Austin City Council established the Bond Oversight Committee to ensure efficiency, equity, timeliness, and accountability in the implementation of the 2006 and 2010 bond programs, as well as all future bond programs. The City has also formed a Bond Election Advisory Task Force to make recommendations to City Council regarding a potential bond package for November 2012.

In August 2011, all three major U.S. financial rating agencies reaffirmed Austin's "AAA" long-term rating, the highest attainable bond rating that a city can achieve, with a stable outlook on the City's general obligation debt. Standard and Poor's report noted that key factors supporting the "AAA" rating included Austin's strong and diverse economic base, strong financial management and moderate overall debt levels. Fitch Ratings noted that one of the key factors driving affirmation of the "AAA" rating was due to consistently sound financial performance, stable taxable values, a resilient regional economy and a moderate debt profile. Moody's Investors Services, Inc. described Austin's financial policies, expenditure controls, and conservative budget practices as "favorable factors considered in the rating".

Budgetary Information

The fiscal year 2012 Approved Budget totals \$2.8 billion and includes \$690.2 million for the General Fund to provide public safety, health, library, parks, and other needed services to the Austin community. It is a structurally balanced budget, maintaining the high quality core services that our residents expect and contribute to Austin's top ranked quality of life.

The 2012 Budget was developed in a manner true to the City's unwavering commitment to openness, transparency, and public engagement. The City's Budget is organized around activities and services. The budget development process integrates the City's finances with business planning, performance measurement, and resident input, thereby elevating budget discussions to meaningful conversations about outcomes that impact our residents. Input was gathered and evaluated to address the many issues, concerns, and priorities identified by Austin's citizens, employees, and Councilmembers. Those top priorities, identified through public engagement efforts, are addressed in the fiscal year 2012 Budget and include enhanced funding for public safety, health and human services, parks and recreation, energy reliability, and water quality.

The fiscal year 2012 Approved Budget was passed with an increase to the property tax rate of 2.4 cents, from 45.71 to 48.11 cents per \$100 of taxable value. Included in the approved budget are moderate pay increases for employees; a 2% wage adjustment for all civilian employees and 3% wage adjustment for uniformed personnel based on the approved contract terms. Also included in the fiscal year 2012 Budget is the addition of 49 new police officers and the annualized cost of 42 new paramedic positions and 10 new firefighters added during the previous fiscal year. The fiscal year 2012 Budget authorizes the use of approximately \$11 million of the budget stabilization reserves to address capital replacement and other critical needs. The Approved Budget projects budget stabilization reserves of \$36.2 million at the end of fiscal year 2012.

Austin includes several enterprise activities, including a municipal owned electric utility, water/wastewater utility, airport, and other miscellaneous operations. The City's largest enterprise department, Austin Energy, is the ninth largest municipal-owned electric utility in the United States in terms of customers served. Austin Energy serves more than 400,000 customers with a service territory of approximately 437 square miles and an approved budget for fiscal year 2012 of \$1.14 billion in annual revenues, including transfers. The utility has a diverse generation mix that includes nuclear, coal, natural gas, and renewable energy sources. Austin Energy's capital improvement spending plan of \$220.4 million includes projects for the System Control Center, Holly Power Plant decommissioning, Customer Information Billing System replacement, new substations, and various generation unit improvements.

The City's enterprise activities also include the Austin Water Utility, which provides water and wastewater services to nearly 212,000 customers within Austin and surrounding areas. The fiscal year 2012 budget projects revenues from the sale of water and wastewater service and other revenue to be \$463.4 million. Other enterprise funds and their fiscal year 2012 revenue budgets include Aviation of \$98.1 million and the Convention Center – all funds combined of \$54.7 million.

Major Initiatives

The City of Austin's vision is to be the most livable City in the country. In April 2007 and amended in 2009, the Austin City Council adopted the following policy priorities:

- Rich Social and Cultural Community
- Vibrant Urban Fabric
- Healthy, Family-Friendly, Safe City
- Sustainable Economic Development and Financial Health

PRIDE. In order to achieve Austin's vision to be the most livable City in the country, Austin's city government has made it its mission to be the best-managed city in the country. The City Manager is committed to creating an environment that fosters creative thinking and innovation by the workforce to tackle challenges today and in the future. City employees take enormous pride in their work. PRIDE reflects the City's core values of public service and how employees relate to customers and each other. Being "best managed" means everybody in the organization is providing the best service possible to the community. The elements of PRIDE are as follows:

Public Service & Engagement – We will partner with one another and with our community to provide the best service possible.

Responsibility & Accountability – We take responsibility for achieving results and hold ourselves accountable for our actions.

Innovation & Sustainability – We actively seek out good ideas that have a lasting, positive impact on our work, our community and our environment.

Diversity & Inclusion – We recognize and respect a variety of perspectives, experiences and approaches that will help us achieve our organizational goals.

Ethics & Integrity – Our actions will maintain the trust and confidence of the public and the organization. The City's Finance and Administrative Services mission is to maintain the financial integrity of the City.

Energy Efficiency. The U.S. Environmental Protection Agency (EPA) has awarded Austin Energy a 2012 ENERGY STAR Sustained Excellence Award in recognition of its continued leadership and achievement in the delivery of energy efficiency services to its customers. It is the eighth year in a row that Austin Energy has been recognized by ENERGY STAR for continued excellence in helping residential customers reduce their energy use and lower their bills by making their homes more energy efficient. Over the last five years, some 13,000 Austin Energy residential customers used rebates or loans to make energy efficiency improvements such as replacing air conditioners, adding insulation or sealing ducts. Combined, those customers reduced their energy use by 26 million kilowatt-hours of electricity for annual savings of \$2.6 million.

Innovative. In October 2010, the City unveiled Austin Finance Online, a one-stop web-based portal containing financial documents, Online Contract Catalog, Vendor Connection, eCheckbook, and other financial information of the City. The Online Contract Catalog is a service that provides details on each of the City's active purchasing contracts; Vendor Connection is a public clearinghouse to view detailed information about current business opportunities with the City. eCheckbook shares the City's payment register information in an interactive, user-friendly format. Through eCheckbook, citizens can search the City's payment records, download reports and drill down into transaction-level details. Recognizing the City's efforts in achieving the highest standards in financial transparency, the Texas State Comptroller awarded this site the Gold Level Leadership Circle Award.

ARRA. In 2009, the City established a Recovery Office to coordinate the City's efforts with other entities in applying for and reporting on funding received through the American Recovery and Reinvestment Act (ARRA). The City has successfully pursued various ARRA funding opportunities in areas ranging from transportation to energy to health care. At year end, the City had been awarded \$86.6 million either directly or as pass-through funds with a total of 81% of those funds being obligated. In fiscal year 2011, the City received \$1.2 million in new funding to add solar power to the George Washington Carver Museum, establish a public computing center for job seekers at the Carver Library, convert 60 City fleet vehicles from unleaded gasoline to propane and test 14 plug-in hybrid Ram 1500 CrewCab vehicles for 3 years. The City also received extra funds for on-going programs. In addition, four grants were completed including the three S.T.O.P. Violence Against Women grants awarded to the Police department and the Public Works grant for the Loop 360 Bike and Pedestrian Improvements.

Financial Policies

The City has adopted a comprehensive set of Financial Policies to ensure that the City's financial resources are managed in a prudent manner. These policies dictate that current revenue will be sufficient to support current expenditures (defined as "structural balance"). Assigned and unassigned fund balances in excess of what is required shall normally be used to fund capital items in the operating and capital budgets. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the Austin community. 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 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 2011 CAFR, the City continues to meet its responsibility for sound financial management.

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 2010 CAFR. A Certificate of Achievement is valid for a period of one year only. City management believes that this 2011 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for 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, the financial staff at Austin Energy and other 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

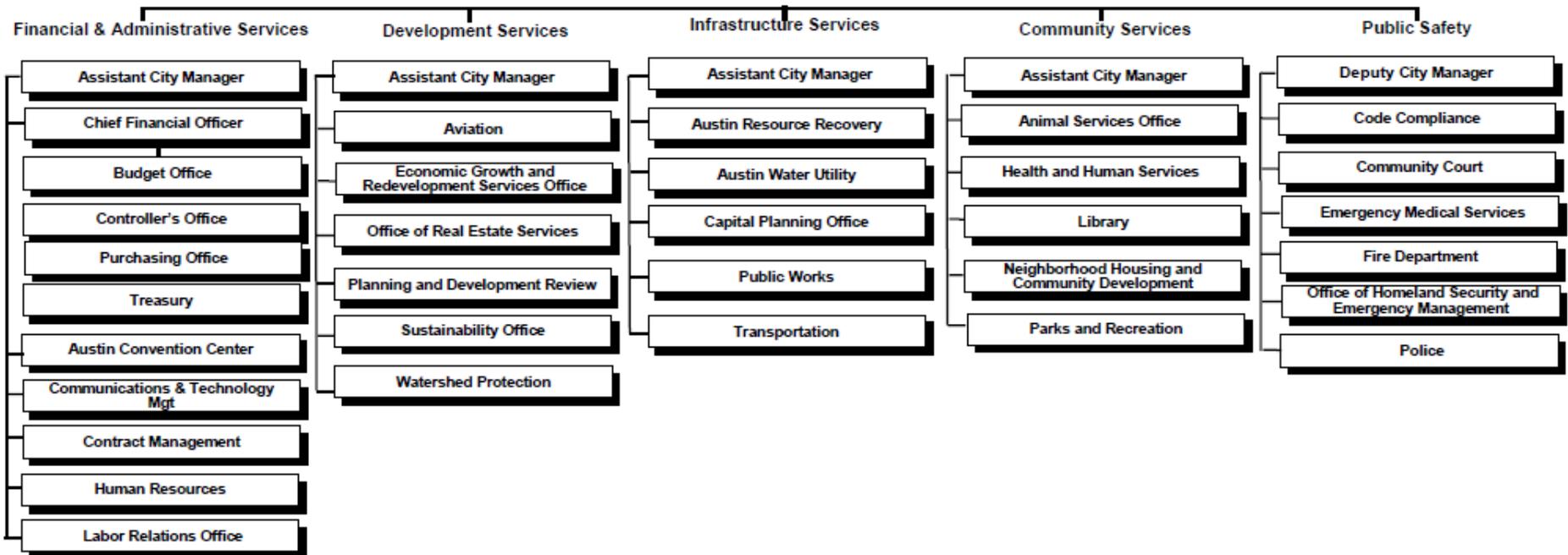
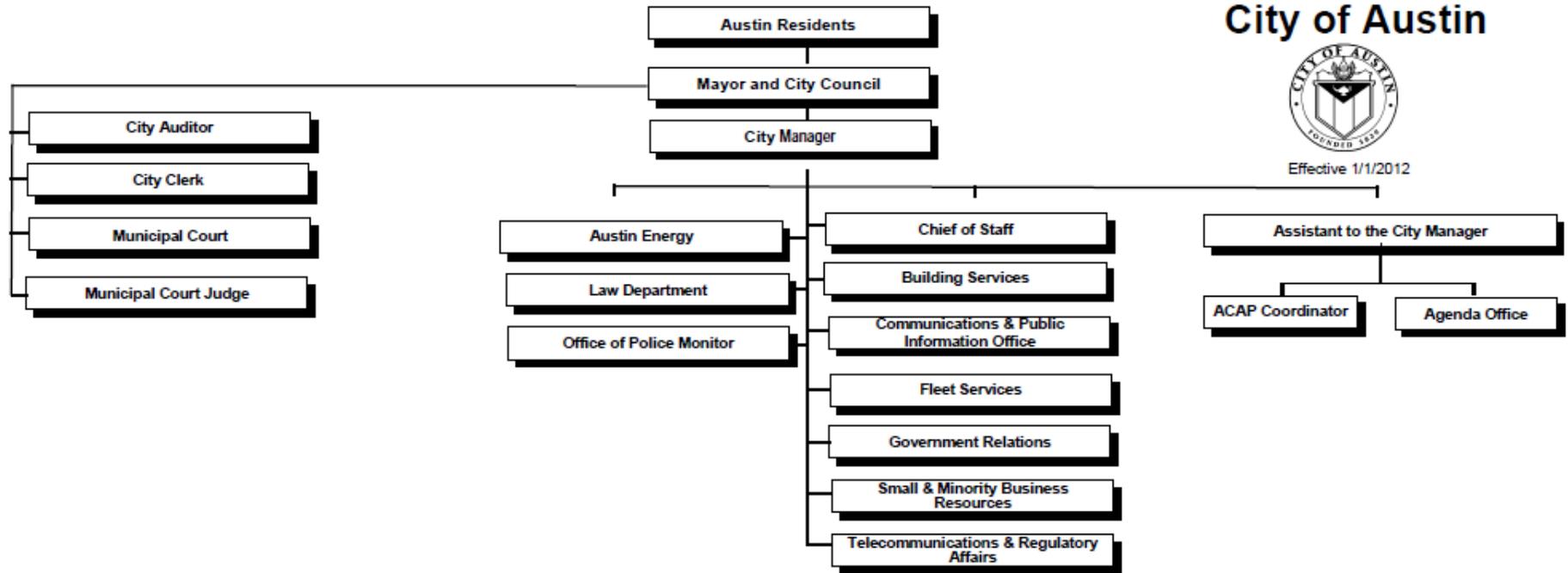


Elaine Hart, CPA
Interim Chief Financial Officer

City of Austin



Effective 1/1/2012



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, 2010

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, 2010.

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 2011 CAFR conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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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, 2011, 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 an opinion 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 controls over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2011 and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16, the City implemented Government Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the beginning fund balance or net assets to reflect the retrospective impact of adopting GASB Statement No. 54.

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 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 of Austin's basic financial statements. The accompanying introduction, combining and individual fund financial statements and schedules, supplemental 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 and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction and 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

March 30, 2012

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, 2011.

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. 59.

FINANCIAL HIGHLIGHTS

Government-wide financial statements

The assets of the City exceeded its liabilities at the end of the fiscal year 2011, resulting in \$4.5 billion of net assets. Net assets associated with governmental activities are approximately \$1.5 billion, or 33% of the total net assets of the City. Net assets associated with business-type activities are approximately \$3 billion, or 67% 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 \$3.6 billion, or 80% of total net assets.

Unrestricted net assets, which may be used to meet the City's future obligations, are \$274.1 million, or 6.1% of the City's total net assets. Unrestricted net assets for governmental activities are a deficit of \$164.1 million, while unrestricted net assets for business-type activities are approximately \$438.2 million, or 14.4% of total business-type net assets. The deficit in governmental unrestricted net assets is largely due to the recognition of \$234.0 million in other post employment benefit liabilities for governmental activities.

During fiscal year 2011, total net assets for the City of Austin increased \$65.4 million or 1.5%. Of this amount, governmental activities decreased \$65.9 million, or 4.2% from the previous year and business-type activities increased \$131.3 million, or 4.5% from the previous year.

Total revenues for the City increased \$225.3 million; revenues for governmental activities increased \$7.0 million; revenues for business-type activities increased \$218.3 million. Total expenses for the City increased \$148.6 million; expenses for governmental activities increased \$48.6 million; expenses for business-type activities increased \$100.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

a -- Government-wide financial statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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), the Mueller Local Government Corporation (MLGC), and the Waller Creek Local Government Corporation (WCLGC). The operations of AHFC, AIDC, MLGC, and WCLGC 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.

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 funds 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, Austin EnergyTM, Austin Water Utility, and Austin-Bergstrom International Airport (Airport), as well as the nonmajor enterprise funds.
- 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 (CTECC); 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.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

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:

Fund Types / Other	Government-wide	Fund Financials
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
Austin Energy	Business-type	Proprietary - Major
Austin Water Utility	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 plus four separately budgeted activities, all of which comprise the General Fund for GAAP reporting. RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance for each fund/activity. 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 statement of net assets compared to prior year (in thousands):

Condensed Statement of Net Assets						
as of September 30						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Current assets	\$ 573,550	606,064	1,105,313	1,094,991	1,678,863	1,701,055
Capital assets	2,423,967	2,372,210	6,748,854	6,576,192	9,172,821	8,948,402
Other noncurrent assets	15,022	10,566	941,962	848,606	956,984	859,172
Total assets	<u>3,012,539</u>	<u>2,988,840</u>	<u>8,796,129</u>	<u>8,519,789</u>	<u>11,808,668</u>	<u>11,508,629</u>
Deferred outflows of resources	--	--	186,369	212,884	186,369	212,884
Current liabilities	246,696	279,013	519,251	618,289	765,947	897,302
Noncurrent liabilities	1,275,299	1,151,279	5,418,451	5,202,364	6,693,750	6,353,643
Total liabilities	<u>1,521,995</u>	<u>1,430,292</u>	<u>5,937,702</u>	<u>5,820,653</u>	<u>7,459,697</u>	<u>7,250,945</u>
Deferred inflows of resources	--	--	7,076	7,710	7,076	7,710
Net assets:						
Invested in capital assets, net of related debt	1,562,046	1,544,834	2,048,964	1,998,753	3,611,010	3,543,587
Restricted	92,650	71,716	550,516	502,211	643,166	573,927
Unrestricted (deficit)	(164,152)	(58,002)	438,240	403,346	274,088	345,344
Total net assets	<u>\$ 1,490,544</u>	<u>1,558,548</u>	<u>3,037,720</u>	<u>2,904,310</u>	<u>4,528,264</u>	<u>4,462,858</u>

In the current fiscal year, total assets increased \$300.0 million and deferred outflows of the City decreased by \$26.5 million. Total liabilities increased \$208.8 million and deferred inflows decreased by \$0.6 million. Governmental-type total assets increased by \$23.7 million and business-type increased by \$276.3 million, while governmental-type liabilities increased by \$91.7 million and business-type increased by \$117.0 million.

Significant factors in the increase of governmental total assets include a decrease in cash and investments of \$22.0 million and an increase in capital assets of \$51.8 million. Factors in the increase of governmental-type liabilities include increases in the pension obligation payable of \$8.7 million, other post employment benefits of \$64.6 million, and bonds payable of \$38.6 million.

Significant factors in the increase of business-type total assets include an increase in capital assets of \$172.7 million. Significant factors in the increase in total liabilities include increases in commercial paper notes payable of \$104 million and other post employment benefits payable of \$48.5 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 \$3.6 billion, or 80% 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, \$643.2 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, \$274.1 million of unrestricted net assets, may be used to meet the government's future obligations. Unrestricted net assets decreased \$71.3 million in the current fiscal year.

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 business-type activities. However, governmental activities report a deficit of \$164.2 million for unrestricted net assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

b -- Changes in net assets

Total net assets of the City increased by \$65.4 million in the current fiscal year. Governmental net assets decreased by \$65.9 million after restatement (see Note 16). The decrease is attributable to expenses exceeding revenues by \$163.0 million before transfers from other funds of \$97.1 million. Business-type net assets increased by \$131.3 million after restatement (see Note 16) due to revenues exceeding expenses by \$228.4 million, before transfers to other funds of \$97.1 million.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 101,735	109,136	2,019,742	1,814,907	2,121,477	1,924,043
Operating grants and contributions	66,348	66,831	--	--	66,348	66,831
Capital grants and contributions	51,182	50,546	47,850	31,703	99,032	82,249
General revenues:						
Property tax	355,185	341,812	--	--	355,185	341,812
Sales tax	151,125	144,710	--	--	151,125	144,710
Franchise fees and gross receipts tax	95,029	87,996	--	--	95,029	87,996
Interest and other	19,364	31,960	11,274	13,935	30,638	45,895
Total revenues	839,968	832,991	2,078,866	1,860,545	2,918,834	2,693,536
Program expenses:						
General government	99,780	89,315	--	--	99,780	89,315
Public safety	485,611	455,760	--	--	485,611	455,760
Transportation, planning and sustainability	74,835	65,565	--	--	74,835	65,565
Public health	61,865	63,215	--	--	61,865	63,215
Public recreation and culture	106,488	91,732	--	--	106,488	91,732
Urban growth management	129,258	143,884	--	--	129,258	143,884
Interest on debt	45,154	44,889	--	--	45,154	44,889
Electric	--	--	1,136,850	1,086,470	1,136,850	1,086,470
Water	--	--	178,712	169,708	178,712	169,708
Wastewater	--	--	170,514	166,979	170,514	166,979
Airport	--	--	102,774	92,780	102,774	92,780
Convention	--	--	54,231	51,818	54,231	51,818
Environmental and health services	--	--	91,151	66,380	91,151	66,380
Public recreation	--	--	5,209	9,715	5,209	9,715
Urban growth management	--	--	110,996	106,618	110,996	106,618
Total expenses	1,002,991	954,360	1,850,437	1,750,468	2,853,428	2,704,828
Excess (deficiency) before transfers	(163,023)	(121,369)	228,429	110,077	65,406	(11,292)
Transfers	97,100	96,031	(97,100)	(96,031)	--	--
Increase (decrease) in net assets	(65,923)	(25,338)	131,329	14,046	65,406	(11,292)
Beginning net assets, as previously reported	1,558,548	1,583,886	2,904,310	2,886,129	4,462,858	4,470,015
Restatement adjustment	(2,081)	--	2,081	4,135	--	4,135
Beginning net assets, as restated	1,556,467	1,583,886	2,906,391	2,890,264	4,462,858	4,474,150
Ending net assets	\$ 1,490,544	1,558,548	3,037,720	2,904,310	4,528,264	4,462,858

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

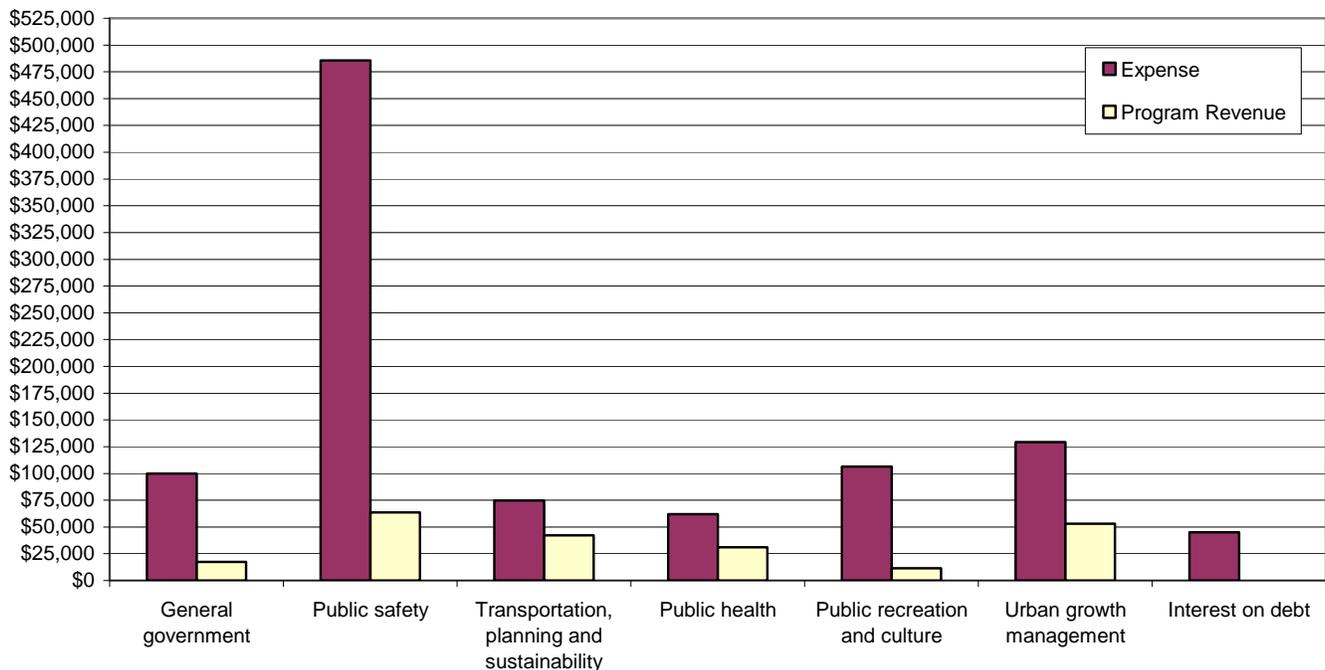
c -- Program revenues and expenses -- governmental activities

Governmental activities decreased the City's net assets by \$65.9 million in fiscal year 2011, a 4.24% decrease of governmental net assets from the previous year. Key factors for the change from fiscal year 2010 to 2011 are as follows:

- The City's property tax revenue increased by \$13.4 million from the previous year as a result of an increase in assessed property values and an increase in the City's tax rate from 42.09 cents to 45.71 per \$100 valuation.
- Sales tax collections for fiscal year 2011 were \$6.4 million more than fiscal year 2010. Franchise fees and gross receipts taxes increased \$7.0 million due largely to an increased service area for cable franchise fees.
- General government expenses increased \$10.5 million primarily due to increases in other post employment benefits expenses and increases to payments to internal service funds for services provided. Public safety expenses increased \$29.9 million primarily due to increase in salaries, public recreation and culture expenses increased \$14.8 million due to increases in salaries and capital outlay expenses, and urban growth management expenses decreased \$14.6 million primarily as a result of the implementation of GASB Statement No. 54.

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.

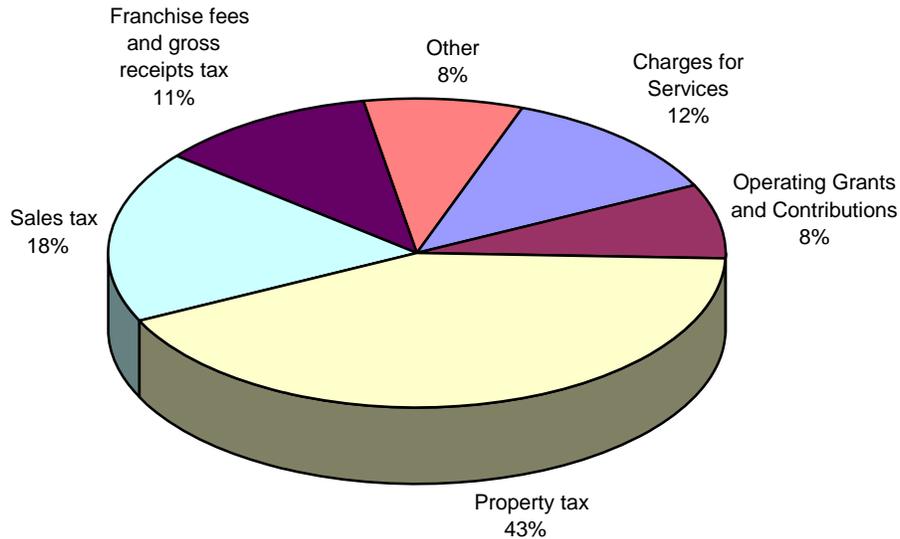
**Government-wide Program Expenses and Revenues – Governmental Activities
(in thousands)**



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

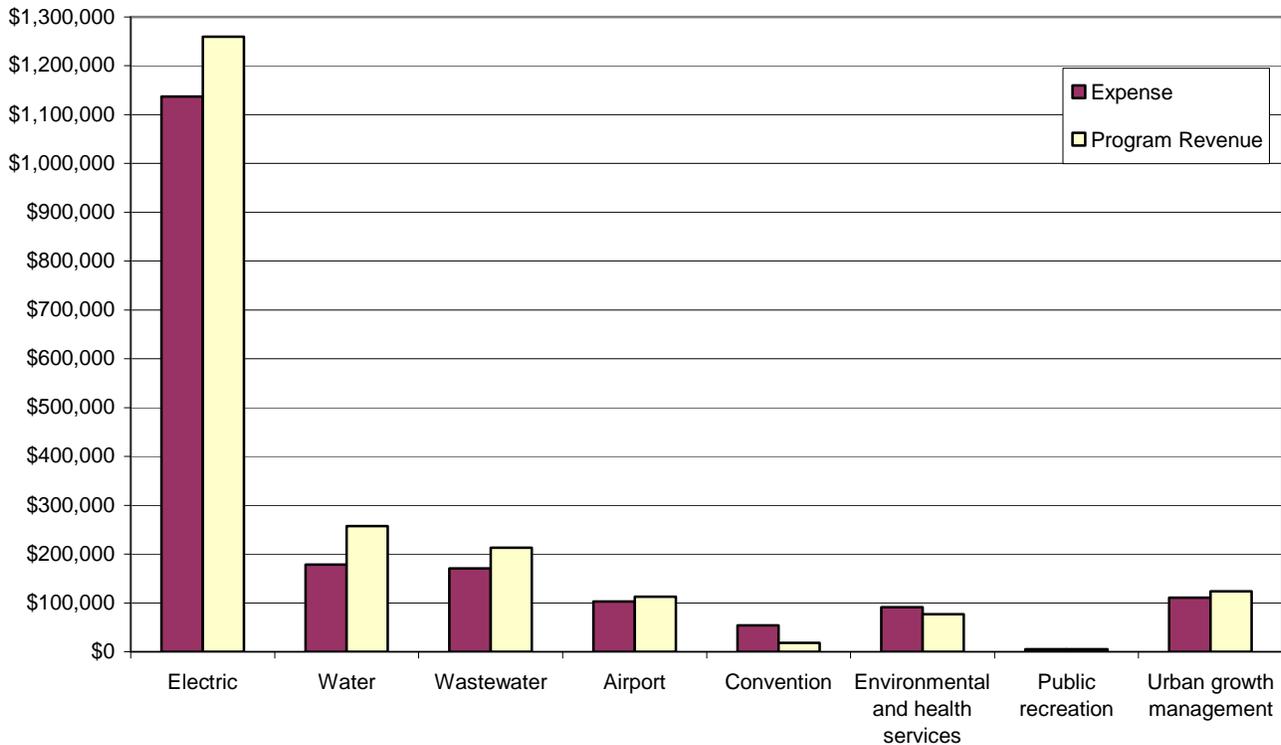
Business-type activities increase the City's net assets by approximately \$131.3 million, accounting for a 2.9% increase in the City's total net assets. Key factors include:

- Austin Energy net assets increased approximately \$28.5 million. Revenues increased 8.8% largely due to higher electric sales (base) due to above normal temperatures. Implementation of a Transmission Rider and higher fuel revenue was another major contribution. Expenses increased 5.1% primarily due to higher fuel costs, particularly in the summer months.
- Austin Water Utility net assets increased approximately \$85.7 million. Revenues increased 24.2% due primarily to fee increases and the severe drought experienced during the year. Water revenue for 2011 increased by approximately 41.9% and Wastewater revenue increased 8.2% from prior year.
- Airport net assets increased approximately \$10.4 million. Revenues increased 7.5% due to an increase in passenger traffic and expenses increased 4.9% due mainly to wage and benefit increases.
- Convention net assets increased approximately \$2.4 million. Revenues and transfers from the Hotel Occupancy Tax Fund increased 20.1% due in part to the Texas State Legislature being in session during 2011. Expenses increased due to increases in operations and maintenance costs.
- Environmental activities are comprised of the Solid Waste Services nonmajor enterprise fund. Net assets decreased by approximately \$13.8 million. This decrease is primarily attributed to a reduction in the accrual of environmental remediation costs during the year.
- Public recreation activities are comprised of nonmajor enterprise funds that include the Golf Fund and Parks and Recreation Fund. Net assets increased by \$168 thousand. This net increase is a result of a combination of wage and benefit increases, debt service requirements, and the transfer of assets and liabilities of the Parks and Recreation Fund to governmental activities.
- 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. Drainage revenues increased 2.3% primarily from customer growth due to development and annexations. Drainage expenses increased 4.3% due mainly to infrastructure and waterway maintenance. Transportation Fund revenues increased approximately 12.2% primarily due to increased license and permit fees and increased parking meter and pay station revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

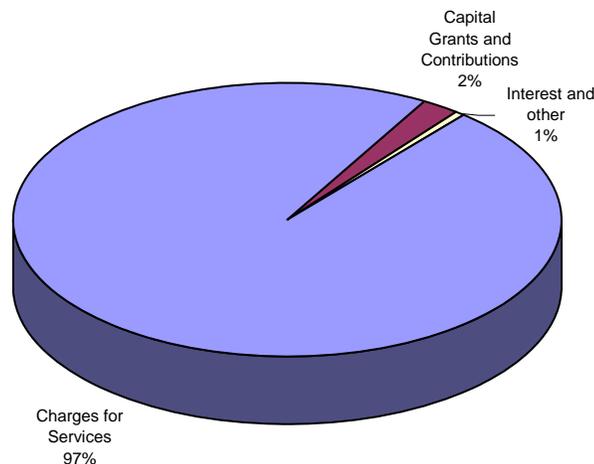
As shown in the following chart, the electric utility, with expenses of \$1.14 billion is the City's largest business-type activity, followed by water (\$179 million), wastewater (\$171 million), urban growth management (\$111 million), airport (\$103 million), environmental (\$91 million), convention (\$54 million), and public recreation (\$5 million). For the fiscal year, operating revenues exceeded operating expenses for all business-type activities except convention, environmental, and public recreation.

**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 (97%), followed by capital grants and contributions (2%), and interest and other revenues (1%).

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, unassigned 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 \$369.3 million, a decrease of \$1.1 million from the previous year. Approximately \$2.1 million is nonspendable, \$175.5 million is restricted, \$29.3 million is committed, \$80.0 million is assigned, and \$82.4 million is unassigned.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund reported nonspendable fund balance of \$1.1 million, committed fund balance of \$3.1 million, assigned fund balance of \$11.0 million, and unassigned fund balance of \$119.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18.2% of total General Fund expenditures of \$654.3 million, and total fund balance represents 20.5% of expenditures. The City's financial policies provide that surplus fund balance be indentified for budget stabilization. This amount is a component of unassigned fund balance. The fund balance indentified for budget stabilization was \$60.5 million. The balance indentified 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 indentified amount, with the other two-thirds indentified for budget stabilization in future years.

The fund balance of the General Fund increased \$25.5 million during the fiscal year. Significant differences from the previous year include:

- Beginning fund balance increased \$19.3 million as result of the implementation of GASB Statement No. 54 (see Note 16).
- Property tax revenues increased \$15.6 million due to an increase in assessed property values and the City's property tax rate increased from 42.09 cents to 45.71 cents per \$100 valuation.
- Sales tax revenues increased \$6.4 million, and licenses, permits and inspections increased \$2.9 million.

General Fund expenditures increased \$58.8 million, due primarily to an increase in public safety expenditures of \$25.2 million, increase in public recreation and culture of \$12.3 million, and increase in urban growth management of \$17.1 million. The increase in public safety, public recreation and culture, and urban growth management expenditures is primarily due to increases in salaries and contractual expenditures.

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 increased by \$126.6 million before consolidation of the internal service funds activities.

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 revenue budget of the General Fund was amended during the fiscal year 2011 to increase emergency medical services and public health. The original expenditure budget of the General Fund was amended during fiscal year 2011 to increase public safety and public health costs.

During the year, revenues were \$10.9 million more than budgeted. Sales tax collections were \$2.9 million more than budgeted.

Actual budget-basis expenditures were \$7.4 million less than budgeted. General city responsibilities exceeded budget by \$1.5 million; while all other departments were under budget. The total budget-basis fund balance at year-end was \$121.0 million.

b -- Capital assets

The City's capital assets for governmental and business-type activities as of September 30, 2011, total \$9.2 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, vehicles, electric plant, non-electric plant, infrastructure, construction in progress, nuclear fuel, plant held for future use, and water rights. The total increase in the City's capital assets for the current fiscal year was \$225 million (2.5%), with an increase of 2.2% for governmental activities and an increase of 2.6% for business-type activities. Additional information on capital assets can be found in Note 5. Capital asset balances are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and improvements	\$ 344	332	487	464	831	796
Other assets not depreciated	21	20	2	1	23	21
Building and improvements	479	442	1,076	1,068	1,555	1,510
Plant and Equipment	80	64	2,096	2,050	2,176	2,114
Vehicles	39	35	59	62	98	97
Electric plant	--	--	2,158	1,998	2,158	1,998
Nonelectric plant	--	--	124	115	124	115
Infrastructure	1,273	1,237	--	--	1,273	1,237
Construction in progress	188	242	591	667	779	909
Nuclear fuel, net of amortization	--	--	42	34	42	34
Plant held for future use	--	--	26	28	26	28
Water rights, net of amortization	--	--	88	89	88	89
Total net capital assets	\$ 2,424	2,372	6,749	6,576	9,173	8,948

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

- Governmental capital assets increased \$52 million primarily due to additions of new facilities and improvements to existing facilities. The Animal Services Center, Public Safety Training Facility, Avery Ranch Fire Station, BMX and Skate Park, Austin Tennis Center Expansion and Mexican American Cultural Center improvement projects were completed. Significant additions and improvements were also made to drainage systems, wildland holdings, communication equipment, and bridge infrastructure.
- Business-type activities purchased or completed construction on capital assets of \$173 million. The increase was largely due to plant additions and improvements and land acquisition for Austin Energy, Austin Water Utility and Drainage fund. Austin Energy completed installation of scrubbers at the Fayette Power Project and other electric plant assets. Austin Water completed projects related to Water Treatment Plant #4, water reclamation, and water and wastewater transmission line improvements. Additionally, portions of the Hornsby Bend composting and biosolids management projects were completed. The Drainage fund acquired flood plain property and made improvements to stormwater drainage systems.

OTHER INFORMATION, continued

c -- Debt administration

At the end of the current fiscal year, the City reported \$5.2 billion in outstanding debt. The table below reflects the outstanding debt at September 30. Additional information can be found in Note 6.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds and other tax supported debt, net	\$ 938	900	132	125	1,070	1,025
Commercial paper notes, net	--	--	360	300	360	300
Revenue notes	--	--	28	28	28	28
Revenue bonds, net	--	--	3,694	3,643	3,694	3,643
Capital lease obligations	--	1	1	2	1	3
Total	\$ 938	901	4,215	4,098	5,153	4,999

During fiscal year 2011, the City's total outstanding debt increased by \$154 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 \$37 million. The resulting net increase is a combination of the issuance of \$144 million in new debt to be used primarily for street improvements, streets and signals, park improvements, and affordable housing offset by the refinancing of existing debt and debt payments during the year.
- Outstanding debt for business-type functions increased \$117 million. The City issued \$177.8 million of Austin Water Utility separate lien revenue refunding bonds to refund commercial paper.

During the year, the Convention Center revenue bonds received favorable bond rating upgrades from Moody's Investors Services, Inc. The Airport system revenue bonds received a favorable rating upgrade from Standard & Poor's. All other bond ratings were unchanged. Ratings of the City's obligations for various debt instruments at September 30, 2011 and 2010 are as follows:

Debt	Moody's Investors Service, Inc		Standard & Poor's		Fitch, Inc.	
	2011	2010	2011	2010	2011	2010
General obligation bonds and other tax supported debt	Aaa	Aaa	AAA	AAA	AAA	AAA
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	AA	AA	AA-	AA-
Utility revenue bonds - separate lien:						
Electric	A1	A1	A+	A+	AA-	AA-
Water and Wastewater	Aa2	Aa2	AA	AA	AA-	AA-
Airport system revenue bonds	NUR(1)	NUR(1)	A	A-	NUR(1)	NUR(1)
Airport variable rate notes	NUR(1)	NUR(1)	NUR(1)	NUR(1)	NUR(1)	NUR(1)
Convention Center revenue bonds	A1	A2	A-	A-	NUR(1)	NUR(1)

(1) No underlying rating

OTHER INFORMATION, continued

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

As the national economy struggles to emerge from the recession, the local economy continues to gain strength. Sales tax revenue continued its upward trend from the 9.5 percent decline experienced in 2009. Austin saw a 3.5 percent sales tax revenue increase in 2010 and a 4.4 percent increase in 2011. Austin's diverse economic base and national reputation as a great place to work and live continues to attract talented individuals and new employment opportunities. Partnerships between the City and the business community have been the key to Austin's economic success. The City's economic development efforts have been successful in attracting new green energy, new technology firms, and jobs to Austin.

The City's 2012 budget was developed in a manner true to the City Manager's unwavering commitment to openness, transparency, and public engagement. Input from City Council, City employees, and citizens played a major role in the development of a variety of structural applications designed to positively affect our City's fiscal sustainability over the long term and present a balanced budget for City Council's review. 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 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 continues 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 4.3% in 2011. The property tax rate for fiscal year 2012 is 48.11 cents per \$100 valuation, up from 45.71 cents per \$100 valuation in 2011. The tax rate consists of 35.51 cents for the General Fund and 12.6 cents for debt service.

Each 1 cent of the 2011 (Fiscal Year 2012) property tax rate is equivalent to \$8,092,462 of tax levy, as compared to \$7,761,935 in the previous year. Fiscal Year 2012 rate increases for Austin Water Utility are 5.4% for Water and 3.6% for Wastewater for a combined increase of 4.5%. Austin Energy's customer base rates remain unchanged for Fiscal Year 2012. However, the utility is preparing for an increase in base electric rates in the short-term future. The City has contracted with 2 third-party consulting firms to conduct a financial assessment of the electric utility, as well as a separate rate review.

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 2920, Austin, Texas 78768, or (512) 974-2600 or on the web at: <https://www.ci.austin.tx.us/financeonline/finance/index.cfm>



BASIC FINANCIAL STATEMENTS



Statement of Net Assets
September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit A-1

	Governmental Activities	Business-type Activities	Total (†)
ASSETS			
Current assets:			
Cash	\$ 70	67	137
Pooled investments and cash	431,170	233,332	664,502
Pooled investments and cash - restricted	--	187,551	187,551
Total pooled investments and cash	431,170	420,883	852,053
Investments, at fair value	17,165	--	17,165
Investments, at fair value - restricted	--	249,325	249,325
Cash held by trustee - restricted	1,606	97	1,703
Working capital advances	--	7,942	7,942
Property taxes receivable	14,850	--	14,850
Less allowance for uncollectible taxes	(4,498)	--	(4,498)
Net property taxes receivable	10,352	--	10,352
Accounts and other receivables	195,978	238,238	434,216
Less allowance for doubtful accounts	(108,731)	(3,273)	(112,004)
Net accounts receivable	87,247	234,965	322,212
Receivables from other governments	14,274	--	14,274
Receivables from other governments - restricted	--	13	13
Notes receivable, net of allowance of \$27,194	14,026	--	14,026
Internal balances	(15,744)	15,744	--
Inventories, at cost	2,496	79,296	81,792
Real property held for resale	9,396	--	9,396
Other receivables - restricted	--	3,323	3,323
Deferred costs and expenses, net of amortization	--	58,729	58,729
Prepaid items	329	4,122	4,451
Other assets	1,163	30,807	31,970
Total current assets	573,550	1,105,313	1,678,863
Noncurrent assets:			
Cash - restricted	--	4,319	4,319
Pooled investments and cash - restricted	--	177,617	177,617
Investments, at fair value - restricted	--	165,272	165,272
Investments held by trustee - restricted	--	176,325	176,325
Interest receivable - restricted	--	1,343	1,343
Depreciable capital assets, net of accumulated depreciation	1,870,492	5,642,773	7,513,265
Nondepreciable capital assets	553,475	1,106,081	1,659,556
Derivative instruments - energy risk management	--	7,076	7,076
Net pension asset	8,055	--	8,055
Other long-term assets	--	57	57
Deferred costs and expenses, net of amortization	6,967	409,953	416,920
Total noncurrent assets	2,438,989	7,690,816	10,129,805
Total assets	3,012,539	8,796,129	11,808,668
Deferred outflows of resources	\$ --	186,369	186,369

(†) 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, 2011
(In thousands)

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

	Governmental	Business-type	Total (†)
	Activities	Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 41,144	79,411	120,555
Accounts and retainage payable from restricted assets	--	49,384	49,384
Accrued payroll	12,284	6,495	18,779
Accrued compensated absences	44,538	23,037	67,575
Claims payable	16,972	--	16,972
Accrued interest payable from restricted assets	--	94,840	94,840
Interest payable on capital appreciation bonds and other debt	3,687	734	4,421
Bonds payable	60,409	13,717	74,126
Bonds payable from restricted assets	--	171,522	171,522
Capital lease obligations payable	274	40	314
Customer and escrow deposits payable from restricted assets	--	41,735	41,735
Accrued landfill closure and postclosure costs	--	186	186
Deferred credits and other current liabilities	67,388	34,679	102,067
Other current liabilities payable from restricted assets	--	3,471	3,471
Total current liabilities	246,696	519,251	765,947
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	72,192	820	73,012
Claims payable	16,889	--	16,889
Capital appreciation bond interest payable	--	118,206	118,206
Commercial paper notes payable, net of discount	--	359,792	359,792
Revenue notes payable	--	28,000	28,000
Bonds payable, net of discount and inclusive of premium	877,719	3,641,467	4,519,186
Pension obligation payable	62,447	61,245	123,692
Other post employment benefits payable	234,018	149,174	383,192
Capital lease obligations payable	159	1,218	1,377
Accrued landfill closure and postclosure costs	--	7,323	7,323
Decommissioning liability payable from restricted assets	--	166,556	166,556
Derivative instruments - energy risk management	--	77,627	77,627
Derivative instruments - interest rate swaps	--	108,811	108,811
Deferred credits and other liabilities	11,875	691,813	703,688
Other liabilities payable from restricted assets	--	6,399	6,399
Total noncurrent liabilities	1,275,299	5,418,451	6,693,750
Total liabilities	1,521,995	5,937,702	7,459,697
Deferred inflows of resources	--	7,076	7,076
NET ASSETS			
Invested in capital assets, net of related debt	1,562,046	2,048,964	3,611,010
Restricted for:			
Debt service	13,522	107,919	121,441
Strategic reserve	--	140,529	140,529
Capital projects	27,285	175,979	203,264
Renewal and replacement	--	10,939	10,939
Bond reserve	--	71,366	71,366
Passenger facility charges	--	30,863	30,863
Operating reserve	--	12,921	12,921
Perpetual care:			
Expendable	764	--	764
Nonexpendable	1,040	--	1,040
Other purposes	50,039	--	50,039
Unrestricted (deficit)	(164,152)	438,240	274,088
Total net assets	\$ 1,490,544	3,037,720	4,528,264

(†) 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, 2011
(In thousands)

City of Austin, Texas
Exhibit A-2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 99,780	8,126	658	8,707	(82,289)	--	(82,289)
Public safety	485,611	52,998	10,098	521	(421,994)	--	(421,994)
Transportation, planning, and sustainability	74,835	3,823	1,090	37,369	(32,553)	--	(32,553)
Public health	61,865	7,592	23,593	--	(30,680)	--	(30,680)
Public recreation and culture	106,488	7,891	1,307	2,346	(94,944)	--	(94,944)
Urban growth management	129,258	21,305	29,602	2,239	(76,112)	--	(76,112)
Interest on debt	45,154	--	--	--	(45,154)	--	(45,154)
Total governmental activities	<u>1,002,991</u>	<u>101,735</u>	<u>66,348</u>	<u>51,182</u>	<u>(783,726)</u>	<u>--</u>	<u>(783,726)</u>
Business-type activities							
Electric	1,136,850	1,249,139	--	10,261	--	122,550	122,550
Water	178,712	243,382	--	13,964	--	78,634	78,634
Wastewater	170,514	204,666	--	8,673	--	42,825	42,825
Airport	102,774	106,978	--	5,479	--	9,683	9,683
Convention	54,231	18,486	--	13	--	(35,732)	(35,732)
Environmental and health services	91,151	75,981	--	1,027	--	(14,143)	(14,143)
Public recreation	5,209	5,260	--	150	--	201	201
Urban growth management	110,996	115,850	--	8,283	--	13,137	13,137
Total business-type activities	<u>1,850,437</u>	<u>2,019,742</u>	<u>--</u>	<u>47,850</u>	<u>--</u>	<u>217,155</u>	<u>217,155</u>
Total	<u>\$ 2,853,428</u>	<u>2,121,477</u>	<u>66,348</u>	<u>99,032</u>	<u>(783,726)</u>	<u>217,155</u>	<u>(566,571)</u>
General revenues:							
Property tax					355,185	--	355,185
Sales tax					151,125	--	151,125
Franchise fees and gross receipts tax					95,029	--	95,029
Interest and other					19,364	11,274	30,638
Transfers-internal activities					97,100	(97,100)	--
Total general revenues and transfers					<u>717,803</u>	<u>(85,826)</u>	<u>631,977</u>
Change in net assets					(65,923)	131,329	65,406
Beginning net assets, as restated (see Note 16)					1,556,467	2,906,391	4,462,858
Ending net assets					<u>\$ 1,490,544</u>	<u>3,037,720</u>	<u>4,528,264</u>

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



**Governmental Funds
Balance Sheet
September 30, 2011
(In thousands)**

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 52	4	56
Pooled investments and cash	120,755	211,435	332,190
Investments, at fair value	--	17,165	17,165
Cash held by trustee-restricted	160	573	733
Property taxes receivable	9,522	5,328	14,850
Less allowance for uncollectible taxes	(2,941)	(1,557)	(4,498)
Net property taxes receivable	6,581	3,771	10,352
Accounts and other receivables	164,216	29,477	193,693
Less allowance for doubtful accounts	(108,472)	(259)	(108,731)
Net accounts receivable	55,744	29,218	84,962
Receivables from other governments	--	14,261	14,261
Notes receivable, net of allowance	--	14,026	14,026
Due from other funds	227	44,471	44,698
Advances to other funds	--	3,597	3,597
Inventories, at cost	862	--	862
Real property held for resale	--	9,396	9,396
Prepaid items	247	--	247
Other assets	173	990	1,163
Total assets	184,801	348,907	533,708
LIABILITIES AND FUND BALANCES			
Accounts payable	12,193	15,159	27,352
Accrued payroll	10,053	42	10,095
Accrued compensated absences	721	--	721
Due to other funds	197	44,690	44,887
Deferred revenue	22,190	6,360	28,550
Advances from other funds	1,809	474	2,283
Deposits and other liabilities	3,385	47,107	50,492
Total liabilities	50,548	113,832	164,380
Fund balances			
Nonspendable:			
Inventories and prepaid items	1,109	--	1,109
Permanent funds	--	1,040	1,040
Restricted	--	175,522	175,522
Committed	3,117	26,146	29,263
Assigned	10,992	68,949	79,941
Unassigned	119,035	(36,582)	82,453
Total fund balances	134,253	235,075	369,328
Total liabilities and fund balances	\$ 184,801	348,907	533,708

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, 2011
(In thousands)

City of Austin, Texas
Exhibit B-1.1

Total fund balances - Governmental funds \$ 369,328

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	3,522,594	
Less: accumulated depreciation	<u>(1,140,504)</u>	
		2,382,090

Other long-term assets and certain revenues are not available as current-period resources and are not reported in the funds.

Accounts and other taxes receivable	11,661	
Deferred revenue - property taxes and interest	5,728	
Deferred costs and expenses	6,955	
Net pension asset	<u>8,055</u>	
		32,399

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	(933,553)	
Pension obligation payable	(62,447)	
Other post employment benefits payable	(234,018)	
Compensated absences	(108,452)	
Interest payable	(3,667)	
Deferred credits and other liabilities	<u>(16,378)</u>	
		(1,358,515)

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.

Certain assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

65,242

Total net assets - Governmental activities	\$ 1,490,544
--	--------------

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, 2011
(In thousands)

City of Austin, Texas
Exhibit B-2

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 251,852	103,410	355,262
Sales taxes	151,125	--	151,125
Franchise fees and other taxes	39,271	55,649	94,920
Fines, forfeitures and penalties	18,131	5,946	24,077
Licenses, permits and inspections	18,653	--	18,653
Charges for services/goods	44,464	10,706	55,170
Intergovernmental	--	78,250	78,250
Property owners' participation and contributions	--	6,624	6,624
Interest and other	5,096	14,174	19,270
Total revenues	528,592	274,759	803,351
EXPENDITURES			
Current:			
General government	62,867	6,157	69,024
Public safety	442,974	6,381	449,355
Transportation, planning and sustainability	232	9,751	9,983
Public health	39,678	15,830	55,508
Public recreation and culture	73,602	12,993	86,595
Urban growth management	34,991	40,874	75,865
Debt service:			
Principal	--	78,568	78,568
Interest	--	44,892	44,892
Fees and commissions	--	13	13
Capital outlay-capital project funds	--	160,682	160,682
Total expenditures	654,344	376,141	1,030,485
Deficiency of revenues over expenditures	(125,752)	(101,382)	(227,134)
OTHER FINANCING SOURCES (USES)			
Issuance of tax supported debt	--	118,778	118,778
Issuance of refunding bonds	--	79,342	79,342
Bond premiums	--	14,929	14,929
Payment to refunding bond escrow agent	--	(94,271)	(94,271)
Transfers in	141,448	38,028	179,476
Transfers out	(9,487)	(60,659)	(70,146)
Total other financing sources (uses)	131,961	96,147	228,108
Net change in fund balances	6,209	(5,235)	974
Fund balances at beginning of year, as restated (See Note 16)	128,044	240,310	368,354
Fund balances at end of year	\$ 134,253	235,075	369,328

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, 2011
(In thousands)

City of Austin, Texas
Exhibit B-2.1

Net change in fund balances - Governmental funds \$ 974

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.

Capital outlay	124,834	
Depreciation expense	(96,502)	
Loss on disposal of capital assets	(735)	
	27,597	27,597

Revenues in the statement of activities that do not provide current available financial resources are not reported as revenues in the funds.

Property taxes	(77)	
Charges for services	(1,470)	
Interest and other	(1,076)	
Capital assets contribution	23,348	
	20,725	20,725

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.

Issuance of long-term debt	(118,778)	
Principal repayment on long-term debt	78,568	
Issuance of refunding bonds	(79,342)	
Refunding bond premiums	(14,929)	
Payment to refunding bond escrow agent	94,271	
	(40,210)	(40,210)

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	(3,997)	
Pension obligation	(5,329)	
Other post employment benefits	(64,586)	
Interest and other	1,394	
	(72,518)	(72,518)

A portion of the net revenue (expense) of the internal service funds is reported with the governmental activities. (2,491)

Change in net assets - Governmental activities \$ (65,923)

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

Proprietary Funds
Statement of Net Assets
September 30, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
ASSETS			
Current assets:			
Cash	\$ 21	8	7
Pooled investments and cash	70,748	5,395	1,521
Pooled investments and cash - restricted	74,710	42,828	32,514
Total pooled investments and cash	<u>145,458</u>	<u>48,223</u>	<u>34,035</u>
Investments, at fair value - restricted	97,605	126,259	15,575
Cash held by trustee - restricted	--	97	--
Working capital advances	7,942	--	--
Accounts receivable	149,006	69,086	4,137
Less allowance for doubtful accounts	(1,912)	(237)	(777)
Net accounts receivable	<u>147,094</u>	<u>68,849</u>	<u>3,360</u>
Receivables from other governments	--	--	--
Receivables from other governments-restricted	--	--	--
Due from other funds	2,012	--	--
Inventories, at cost	75,118	1,718	1,366
Prepaid expenses	3,908	6	7
Other assets	30,807	--	--
Other receivables - restricted	1,690	365	613
Deferred costs and expenses, net of amortization	<u>34,421</u>	<u>24,308</u>	<u>--</u>
Total current assets	<u>546,076</u>	<u>269,833</u>	<u>54,963</u>
Noncurrent assets:			
Cash - restricted	4,319	--	--
Pooled investments and cash - restricted	19,542	20,298	137,777
Advances to other funds	27,787	--	--
Advances to other funds - restricted	--	--	96
Investments, at fair value - restricted	156,774	--	--
Investments held by trustee - restricted	176,325	--	--
Interest receivable - restricted	1,343	--	--
Depreciable capital assets, net of accumulated depreciation	2,334,835	2,466,448	496,963
Nondepreciable capital assets	254,742	569,924	123,560
Derivative instruments - energy risk management	7,076	--	--
Other long-term assets	57	--	--
Deferred costs and expenses, net of amortization	<u>198,722</u>	<u>204,294</u>	<u>2,700</u>
Total noncurrent assets	<u>3,181,522</u>	<u>3,260,964</u>	<u>761,096</u>
Total assets	<u>3,727,598</u>	<u>3,530,797</u>	<u>816,059</u>
Deferred outflows of resources	<u>\$ 77,558</u>	<u>38,616</u>	<u>51,016</u>

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
ASSETS			
Current assets:			
Cash	31	67	14
Pooled investments and cash	155,668	233,332	98,980
Pooled investments and cash - restricted	37,499	187,551	--
Total pooled investments and cash	193,167	420,883	98,980
Investments, at fair value - restricted	9,886	249,325	--
Cash held by trustee - restricted	--	97	873
Working capital advances	--	7,942	--
Accounts receivable	16,009	238,238	2,285
Less allowance for doubtful accounts	(347)	(3,273)	--
Net accounts receivable	15,662	234,965	2,285
Receivables from other governments	--	--	13
Receivables from other governments-restricted	13	13	--
Due from other funds	350	2,362	11
Inventories, at cost	1,094	79,296	1,634
Prepaid expenses	201	4,122	82
Other assets	--	30,807	--
Other receivables - restricted	655	3,323	--
Deferred costs and expenses, net of amortization	--	58,729	--
Total current assets	221,059	1,091,931	103,892
Noncurrent assets:			
Cash - restricted	--	4,319	--
Pooled investments and cash - restricted	--	177,617	--
Advances to other funds	59	27,846	92
Advances to other funds - restricted	--	96	--
Investments, at fair value - restricted	8,498	165,272	--
Investments held by trustee - restricted	--	176,325	--
Interest receivable - restricted	--	1,343	--
Depreciable capital assets, net of accumulated depreciation	344,527	5,642,773	40,283
Nondepreciable capital assets	157,855	1,106,081	1,594
Derivative instruments - energy risk management	--	7,076	--
Other long-term assets	--	57	--
Deferred costs and expenses, net of amortization	4,237	409,953	12
Total noncurrent assets	515,176	7,718,758	41,981
Total assets	736,235	8,810,689	145,873
Deferred outflows of resources	19,179	186,369	--

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 70,210	2,677	1,777
Accounts and retainage payable from restricted assets	9,138	33,881	3,361
Accrued payroll	2,919	1,438	428
Accrued compensated absences	11,252	5,122	1,441
Claims payable	--	--	--
Due to other funds	--	--	138
Due to other funds payable from restricted assets	--	1,240	--
Accrued interest payable from restricted assets	46,306	44,720	1,807
Interest payable on capital appreciation bonds and other debt	33	42	1
Bonds payable	--	--	30
Bonds payable from restricted assets	75,850	72,057	14,165
Capital lease obligations payable	40	--	--
Customer and escrow deposits payable from restricted assets	28,409	9,409	432
Accrued landfill closure and postclosure costs	--	--	--
Deferred credits and other liabilities	11,225	22,853	601
Other liabilities payable from restricted assets	--	--	--
Total current liabilities	255,382	193,439	24,181
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	51	368	163
Claims payable	--	--	--
Advances from other funds	--	3,172	1,398
Advances from other funds payable from restricted assets	--	22,723	--
Capital appreciation bond interest payable	23,076	95,130	--
Commercial paper notes payable, net of discount	152,582	207,210	--
Revenue notes payable	--	--	28,000
Bonds payable, net of discount and inclusive of premium	1,181,276	1,905,573	268,640
Pension obligation payable	27,737	13,765	4,154
Other post employment benefits payable	62,236	37,386	10,763
Capital lease obligations payable	1,218	--	--
Accrued landfill closure and postclosure costs	--	--	--
Decommissioning liability payable from restricted assets	166,556	--	--
Derivative instruments - energy risk management	77,627	--	--
Derivative instruments - interest rate swaps	--	38,616	51,016
Deferred credits and other liabilities	223,182	464,409	--
Other liabilities payable from restricted assets	--	308	56
Total noncurrent liabilities	1,915,541	2,788,660	364,190
Total liabilities	2,170,923	2,982,099	388,371
Deferred inflows of resources	\$ 7,076	--	--

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
LIABILITIES			
Current liabilities:			
Accounts payable	4,747	79,411	13,792
Accounts and retainage payable from restricted assets	3,004	49,384	--
Accrued payroll	1,710	6,495	2,189
Accrued compensated absences	5,222	23,037	6,975
Claims payable	--	--	16,972
Due to other funds	665	803	141
Due to other funds payable from restricted assets	--	1,240	--
Accrued interest payable from restricted assets	2,007	94,840	--
Interest payable on capital appreciation bonds and other debt	658	734	20
Bonds payable	13,687	13,717	487
Bonds payable from restricted assets	9,450	171,522	--
Capital lease obligations payable	--	40	274
Customer and escrow deposits payable from restricted assets	3,485	41,735	--
Accrued landfill closure and postclosure costs	186	186	--
Deferred credits and other liabilities	--	34,679	1,232
Other liabilities payable from restricted assets	3,471	3,471	--
Total current liabilities	<u>48,292</u>	<u>521,294</u>	<u>42,082</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	238	820	582
Claims payable	--	--	16,889
Advances from other funds	1,740	6,310	315
Advances from other funds payable from restricted assets	--	22,723	--
Capital appreciation bond interest payable	--	118,206	--
Commercial paper notes payable, net of discount	--	359,792	--
Revenue notes payable	--	28,000	--
Bonds payable, net of discount and inclusive of premium	285,978	3,641,467	4,088
Pension obligation payable	15,589	61,245	--
Other post employment benefits payable	38,789	149,174	--
Capital lease obligations payable	--	1,218	159
Accrued landfill closure and postclosure costs	7,323	7,323	--
Decommissioning liability payable from restricted assets	--	166,556	--
Derivative instruments - energy risk management	--	77,627	--
Derivative instruments - interest rate swaps	19,179	108,811	--
Deferred credits and other liabilities	4,222	691,813	--
Other liabilities payable from restricted assets	6,035	6,399	--
Total noncurrent liabilities	<u>379,093</u>	<u>5,447,484</u>	<u>22,033</u>
Total liabilities	<u>427,385</u>	<u>5,968,778</u>	<u>64,115</u>
Deferred inflows of resources	--	7,076	--

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

(Continued)

Proprietary Funds
Statement of Net Assets
September 30, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,120,716	410,769	310,848
Restricted for:			
Debt service	51,299	33,243	15,498
Strategic reserve	140,529	--	--
Capital projects	38,787	12,805	111,458
Renewal and replacement	64	--	10,000
Bond reserve	16,246	48,296	--
Passenger facility charges	--	--	30,863
Operating reserve	--	--	9,786
Unrestricted	259,516	82,201	(9,749)
Total net assets	\$ 1,627,157	587,314	478,704
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	7,566	3,608	1,515
Total net assets - Business-type activities	\$ 1,634,723	590,922	480,219

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

(Continued)

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
NET ASSETS			
Invested in capital assets, net of related debt	206,631	2,048,964	36,881
Restricted for:			
Debt service	7,879	107,919	--
Strategic reserve	--	140,529	--
Capital projects	12,929	175,979	--
Renewal and replacement	875	10,939	--
Bond reserve	6,824	71,366	--
Passenger facility charges	--	30,863	--
Operating reserve	3,135	12,921	--
Unrestricted	89,756	421,724	44,877
Total net assets	328,029	3,021,204	81,758
Reconciliation to government-wide Statement of Net Assets			
Adjustment to consolidate internal service activities	3,827	16,516	
Total net assets - Business-type activities	331,856	3,037,720	

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, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
OPERATING REVENUES			
Utility services	\$ 1,249,139	448,048	--
User fees and rentals	--	--	89,548
Billings to departments	--	--	--
Employee contributions	--	--	--
Operating revenues from other governments	--	--	--
Other operating revenues	--	--	--
Total operating revenues	1,249,139	448,048	89,548
OPERATING EXPENSES			
Operating expenses before depreciation	932,802	177,474	63,835
Depreciation and amortization	132,077	91,398	19,581
Total operating expenses	1,064,879	268,872	83,416
Operating income (loss)	184,260	179,176	6,132
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	9,732	271	711
Interest on revenue bonds and other debt	(81,823)	(99,843)	(14,087)
Interest capitalized during construction	--	--	372
Passenger facility charges	--	--	17,430
Amortization of bond issue cost	(735)	(785)	(229)
Cost (recovered) to be recovered in future years	12,667	22,178	--
Other nonoperating revenue (expense)	(4,337)	(3,032)	(5,923)
Total nonoperating revenues (expenses)	(64,496)	(81,211)	(1,726)
Income (loss) before contributions and transfers	119,764	97,965	4,406
Capital contributions	10,261	22,637	5,479
Transfers in	--	--	--
Transfers out	(103,758)	(35,993)	--
Change in net assets	26,267	84,609	9,885
Total net assets - beginning, as restated (See Note 16)	1,600,890	502,705	468,819
Total net assets - ending	\$ 1,627,157	587,314	478,704
Reconciliation to government-wide Statement of Activities			
Change in net assets	26,267	84,609	9,885
Adjustment to consolidate internal service activities	2,257	1,128	509
Change in net assets - Business-type activities	\$ 28,524	85,737	10,394

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

	Business-Type Activities		Governmental Activities- Internal Service Funds
	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES			
Utility services	--	1,697,187	--
User fees and rentals	215,577	305,125	--
Billings to departments	--	--	295,483
Employee contributions	--	--	28,320
Operating revenues from other governments	--	--	3,131
Other operating revenues	--	--	4,852
Total operating revenues	<u>215,577</u>	<u>2,002,312</u>	<u>331,786</u>
OPERATING EXPENSES			
Operating expenses before depreciation	214,264	1,388,375	305,818
Depreciation and amortization	23,635	266,691	8,815
Total operating expenses	<u>237,899</u>	<u>1,655,066</u>	<u>314,633</u>
Operating income (loss)	<u>(22,322)</u>	<u>347,246</u>	<u>17,153</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	844	11,558	118
Interest on revenue bonds and other debt	(13,793)	(209,546)	(262)
Interest capitalized during construction	1,666	2,038	--
Passenger facility charges	--	17,430	--
Amortization of bond issue cost	(311)	(2,060)	19
Cost (recovered) to be recovered in future years	--	34,845	--
Other nonoperating revenue (expense)	(12,106)	(25,398)	(11,650)
Total nonoperating revenues (expenses)	<u>(23,700)</u>	<u>(171,133)</u>	<u>(11,775)</u>
Income (loss) before contributions and transfers	<u>(46,022)</u>	<u>176,113</u>	<u>5,378</u>
Capital contributions	10,581	48,958	7,719
Transfers in	47,120	47,120	--
Transfers out	(5,861)	(145,612)	(10,838)
Change in net assets	<u>5,818</u>	<u>126,579</u>	<u>2,259</u>
Total net assets - beginning, as restated (See Note 16)	<u>322,211</u>	<u>2,894,625</u>	<u>79,499</u>
Total net assets - ending	<u><u>328,029</u></u>	<u><u>3,021,204</u></u>	<u><u>81,758</u></u>
Reconciliation to government-wide Statement of Activities			
Change in net assets	5,818	126,579	
Adjustment to consolidate internal service activities	856	4,750	
Change in net assets - Business-type activities	<u>6,674</u>	<u>131,329</u>	

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

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,211,031	432,729	88,593
Cash payments to suppliers for goods and services	(699,953)	(86,064)	(35,470)
Cash payments to employees for services	(170,351)	(80,565)	(24,302)
Cash payments to claimants/beneficiaries	--	--	--
Taxes collected and remitted to other governments	(33,836)	--	--
Net cash provided by operating activities	306,891	266,100	28,821
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	--	--	--
Transfers out	(103,758)	(35,993)	--
Interest paid on revenue notes and other debt	(53)	--	--
Increase in deferred assets	(105)	--	--
Contributions (to) from other funds	--	(242)	--
Loans to other funds	(3,582)	--	--
Loan repayments to other funds	--	(973)	--
Loan repayments from other funds	1,100	27	1,525
Collections from other governments	11,873	--	703
Net cash provided (used) by noncapital financing activities	(94,525)	(37,181)	2,228
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	67,427	167,568	--
Proceeds from the sale of general obligation bonds and other tax supported debt	--	1,675	--
Proceeds from the sale of revenue bonds	--	12,750	--
Principal paid on long-term debt	(75,275)	(55,533)	(13,874)
Purchased interest received	--	1,169	--
Interest paid on revenue bonds and other debt	(99,092)	(107,938)	(13,296)
Passenger facility charges	--	--	17,430
Acquisition and construction of capital assets	(148,447)	(233,433)	(23,875)
Contributions from municipality	--	--	--
Contributions from state and federal governments	--	--	998
Contributions in aid of construction	10,260	5,619	5,479
Bond issuance costs	--	(1,729)	--
Bond premiums	--	2,132	--
Bonds issued for advanced refundings of debt	--	182,765	--
Cash paid for bond refunding escrow	--	(183,167)	--
Cash paid for nuclear fuel inventory	(22,150)	--	--
Net cash (used) by capital and related financing activities	\$ (267,277)	(208,122)	(27,138)

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	214,006	1,946,359	330,908
Cash payments to suppliers for goods and services	(109,602)	(931,089)	(82,006)
Cash payments to employees for services	(84,936)	(360,154)	(119,598)
Cash payments to claimants/beneficiaries	--	--	(105,353)
Taxes collected and remitted to other governments	--	(33,836)	--
Net cash provided by operating activities	19,468	621,280	23,951
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	47,120	47,120	--
Transfers out	(5,861)	(145,612)	(10,838)
Interest paid on revenue notes and other debt	(2)	(55)	--
Increase in deferred assets	--	(105)	--
Contributions (to) from other funds	242	--	--
Loans to other funds	(7)	(3,589)	--
Loan repayments to other funds	(1,291)	(2,264)	(165)
Loan repayments from other funds	367	3,019	--
Collections from other governments	358	12,934	--
Net cash provided (used) by noncapital financing activities	40,926	(88,552)	(11,003)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the sale of commercial paper notes	--	234,995	--
Proceeds from the sale of general obligation bonds and other tax supported debt	22,875	24,550	--
Proceeds from the sale of revenue bonds	--	12,750	--
Principal paid on long-term debt	(21,176)	(165,858)	(774)
Purchased interest received	42	1,211	--
Interest paid on revenue bonds and other debt	(13,553)	(233,879)	(262)
Passenger facility charges	--	17,430	--
Acquisition and construction of capital assets	(29,356)	(435,111)	(14,011)
Contributions from municipality	230	230	--
Contributions from state and federal governments	--	998	--
Contributions in aid of construction	5,107	26,465	--
Bond issuance costs	(225)	(1,954)	--
Bond premiums	1,153	3,285	--
Bonds issued for advanced refundings of debt	5,513	188,278	--
Cash paid for bond refunding escrow	(6,471)	(189,638)	--
Cash paid for nuclear fuel inventory	--	(22,150)	--
Net cash (used) by capital and related financing activities	(35,861)	(538,398)	(15,047)

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	\$ (436,885)	(168,111)	(30,665)
Proceeds from sale and maturities of investment securities	432,723	148,098	29,264
Interest on investments	9,620	271	711
Net cash provided (used) by investing activities	5,458	(19,742)	(690)
Net increase (decrease) in cash and cash equivalents	(49,453)	1,055	3,221
Cash and cash equivalents, October 1, as restated (See Note 16)	218,793	67,571	168,598
Cash and cash equivalents, September 30	169,340	68,626	171,819
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	184,260	179,176	6,132
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	132,077	90,410	19,581
Amortization	--	988	--
Change in assets and liabilities:			
Increase in working capital advances	(1,388)	--	--
Increase in accounts receivable	(14,018)	(16,045)	(499)
Increase (decrease) in allowance for doubtful accounts	(358)	(277)	129
Decrease in due from other funds	--	--	--
(Increase) decrease in inventory	(107)	(154)	30
(Increase) decrease in prepaid expenses and other assets	(4,370)	10	2
(Increase) decrease in deferred costs and other expenses	(4,125)	25	--
(Increase) decrease in other long-term assets	5	--	--
Increase (decrease) in accounts payable	16,729	(404)	801
Decrease in accrued payroll and compensated absences	(5,534)	(2,603)	(708)
Increase in claims payable	--	--	--
Decrease in due to other governments	--	--	--
Decrease in advances from other funds	--	--	--
Increase in pension obligations payable	4,120	1,942	584
Increase in other post employment benefits payable	21,158	12,000	3,286
Increase (decrease) in deferred credits and other liabilities	(23,812)	28	(532)
Increase in customer deposits	2,254	1,004	15
Total adjustments	122,631	86,924	22,689
Net cash provided by operating activities	\$ 306,891	266,100	28,821

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

(Continued)

	Business-Type Activities		Governmental
	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	(22,657)	(658,318)	--
Proceeds from sale and maturities of investment securities	22,868	632,953	--
Interest on investments	844	11,446	118
Net cash provided (used) by investing activities	1,055	(13,919)	118
Net increase (decrease) in cash and cash equivalents	25,588	(19,589)	(1,981)
Cash and cash equivalents, October 1, as restated (See Note 16)	167,610	622,572	101,848
Cash and cash equivalents, September 30	193,198	602,983	99,867
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	(22,322)	347,246	17,153
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	23,635	265,703	8,815
Amortization	--	988	--
Change in assets and liabilities:			
Increase in working capital advances	--	(1,388)	--
Increase in accounts receivable	(1,819)	(32,381)	(283)
Increase (decrease) in allowance for doubtful accounts	(18)	(524)	--
Decrease in due from other funds	--	--	11
(Increase) decrease in inventory	94	(137)	(599)
(Increase) decrease in prepaid expenses and other assets	19	(4,339)	(4)
(Increase) decrease in deferred costs and other expenses	--	(4,100)	(294)
(Increase) decrease in other long-term assets	--	5	(8)
Increase (decrease) in accounts payable	441	17,567	5,777
Decrease in accrued payroll and compensated absences	(3,110)	(11,955)	(3,378)
Increase in claims payable	--	--	426
Decrease in due to other governments	--	--	(69)
Decrease in advances from other funds	(7)	(7)	(28)
Increase in pension obligations payable	1,959	8,605	--
Increase in other post employment benefits payable	12,014	48,458	--
Increase (decrease) in deferred credits and other liabilities	8,302	(16,014)	(3,568)
Increase in customer deposits	280	3,553	--
Total adjustments	41,790	274,034	6,798
Net cash provided by operating activities	19,468	621,280	23,951

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

(Continued)

Proprietary Funds
Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Business-Type Activities		
	Austin Energy (1)	Austin Water Utility (2)	Airport
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	\$ (13,406)	(21,504)	--
Capital appreciation bonds interest accreted	2,583	10,552	--
Capital assets contributed from other funds	--	--	--
Contributed facilities	--	16,858	--
Decrease in the fair value of investments	(1,840)	(149)	(212)
Amortization of bond issue costs	(735)	(785)	(229)
Amortization of bond (discounts) premiums	5,277	4,239	252
Amortization of deferred loss on refundings	(10,294)	(4,685)	(1,085)
Loss on disposal of assets	(1,292)	(6,391)	(7,082)
Deferred loss on bond refunding	--	(299)	--
Deferred costs to be recovered	5,429	22,178	--
Increase (decrease) in deferred credits and other liabilities	8,474	(1,178)	--

(1) Prior to 2011, reported as Electric

(2) Prior to 2011, reported as Water and Wastewater

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

(Continued)

	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Activities- Internal Service Funds</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	114	(34,796)	--
Capital appreciation bonds interest accreted	--	13,135	--
Capital assets contributed from other funds	879	879	7,719
Contributed facilities	--	16,858	--
Decrease in the fair value of investments	(205)	(2,406)	--
Amortization of bond issue costs	(311)	(2,060)	(19)
Amortization of bond (discounts) premiums	672	10,440	--
Amortization of deferred loss on refundings	(1,269)	(17,333)	--
Loss on disposal of assets	(11,423)	(26,188)	(11,650)
Deferred loss on bond refunding	--	(299)	--
Deferred costs to be recovered	--	27,607	--
Increase (decrease) in deferred credits and other liabilities	--	7,296	--

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

Fiduciary Funds
Statement of Fiduciary Net Assets
September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit D-1

	<u>Private-purpose Trust</u>	<u>Agency</u>
ASSETS		
Pooled investments and cash	\$ 1,432	2,724
Other assets	121	--
Total assets	<u>1,553</u>	<u>2,724</u>
LIABILITIES		
Accounts payable	--	18
Due to other governments	--	2,097
Deposits and other liabilities	689	609
Total liabilities	<u>689</u>	<u>2,724</u>
NET ASSETS		
Held in trust	864	
Total net assets	<u>\$ 864</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, 2011
(In thousands)

City of Austin, Texas
Exhibit D-2

	<u>Private-purpose Trust</u>
ADDITIONS	
Contributions	\$ 491
Interest and other	7
Total additions	<u>498</u>
DEDUCTIONS	
Benefit payments	<u>502</u>
Total deductions	<u>502</u>
Net additions (deductions)	<u>(4)</u>
Total net assets - beginning	868
Total net assets - ending	<u>\$ 864</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 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. 59. In fiscal year 2011, the City implemented GASB Statement No. 54 entitled "*Fund Balance Reporting and Governmental Fund Type Definitions*" (see Note 16 for impact) and GASB Statement No. 59 entitled "*Financial Instruments Omnibus*." 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 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.

The Waller Creek Local Government Corporation (WCLGC) is a non-profit local government corporation created by the City under Subchapter D of Chapter 431 of the Texas Transportation Code. WCLGC was created for the primary purpose of financing certain public improvements located within or around the District (Waller Creek Redevelopment Project). The Austin City Council appoints a 5 member board consisting of three representatives of the Waller Creek Conservancy and two representatives of the City. 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 Mental 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.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

a -- Reporting Entity, continued

- Austin Housing Authority – The Mayor appoints the persons to serve as commissioners of this organization.
- Travis County Healthcare 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 Healthcare District as a component unit on their financial statements.

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 7) 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 No. 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 nonmajor governmental, nonmajor enterprise, or internal service 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 statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 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, municipal court fines, development permits and inspections, building safety permits and inspections, public health charges, emergency medical service charges, 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds: Account for and report financial resources, and the accumulation of those financial resources, that are restricted, committed, or assigned to expenditure for principal and interest of general long-term debt and HUD Section 108 loans.

Capital Projects Funds: Account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). It is primarily funded 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 and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

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

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 applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The City reports the following major enterprise funds:

Austin Energy™: Accounts for the activities of the City-owned electric utility.

Austin Water Utility: Accounts for the activities of the City-owned water and wastewater utility.

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

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 solid waste services activities.

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

Urban growth management: Accounts for drainage and transportation activities.

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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 projects, 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 annual 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 2 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 carry 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, 2011. Investments in local government investment pools are carried at net asset value per share calculated using the amortized cost method 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, 2011 (in thousands):

	Charges for			Other Govern- ments		Total
	Services	Fines	Taxes		Other	
Governmental activities						
General Fund	\$ 102,206	26,976	35,034	--	--	164,216
Nonmajor governmental funds	706	--	13,167	14,885	719	29,477
Internal service funds	2,285	--	--	--	--	2,285
Allowance for doubtful accounts	(94,768)	(13,704)	--	(259)	--	(108,731)
Total	\$ 10,429	13,272	48,201	14,626	719	87,247

Receivables reported in 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 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
Austin Energy	
Fuel oil and coal	Last-in, first-out
Other inventories	Average cost
All others	Average cost

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 Austin Energy and Austin Water Utility report in accordance with accounting for regulated operations (formerly FASB Statement No. 71), enabling legislation also includes restrictions on asset use established by its governing board which is the City Council. Restricted assets used to repay maturing debt and other current liabilities are classified as current.

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

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

	Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise	Total Restricted Assets
Capital projects	\$ 47,927	53,871	119,383	23,634	244,815
Customer and escrow deposits	28,409	9,409	432	3,485	41,735
Debt service	97,605	77,963	15,498	9,886	200,952
Federal grants	4,319	308	613	655	5,895
Operating reserve account	--	--	9,786	9,518	19,304
Passenger facility charge account	--	--	30,863	--	30,863
Plant decommissioning	197,209	--	--	--	197,209
Renewal and replacement account	64	--	10,000	875	10,939
Revenue bond reserve	16,246	48,296	--	8,498	73,040
Strategic reserve	140,529	--	--	--	140,529
	<u>\$ 532,308</u>	<u>189,847</u>	<u>186,575</u>	<u>56,551</u>	<u>965,281</u>

Capital assets -- Capital assets, which primarily include land and improvements, buildings and improvements, plant and equipment, vehicles, water rights, and infrastructure assets, are reported in the proprietary funds and the applicable governmental or business-type activity columns of the government-wide statement of net assets; related depreciation or amortization 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, internally generated, 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 or increase their value are capitalized in the government-wide and proprietary statement of net assets and expended in governmental funds.

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 Austin Energy and Austin Water Utility, 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 Austin Energy and Austin Water Utility assets in accordance with accounting for regulated operations.

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

Assets	Governmental Activities (1)	Business-type Activities			
		Austin Energy	Austin Water Utility	Airport	Nonmajor Enterprise
Buildings	5-40	--	15-50	15-40	12-40
Plant and equipment	5-50	--	5-60	4-50	5-40
Vehicles	3-20	3-15	3-20	3-20	3-30
Electric plant	--	3-50	--	--	--
Non-electric plant	--	3-30	--	--	--
Communication equipment	7-15	--	7	7	7
Furniture and fixtures	12	--	12	12	12
Computers and EDP equipment	3-7	--	3-7	3-7	3-7
Water rights	--	--	101	--	--
Infrastructure					
Streets and roads	30	--	--	--	--
Bridges	50	--	--	--	--
Drainage systems	50	--	--	--	--
Pedestrian facilities	20	--	--	--	--
Traffic signals	25	--	--	--	--

(1) Includes internal service funds

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

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 and treasures is expected to be maintained over time and, thus, is not depreciated. The initial investment of library collections for each library is capitalized. All subsequent expenditures related to the maintenance of the collection (replacement of individual items) are expensed, with the overall value of the collection being maintained, and therefore, 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.

Water rights represent the amortized cost of a \$100 million contract, net of accumulated amortization, of \$11.9 million, between the City and the Lower Colorado River Authority (LCRA) for a fifty-one year assured water supply agreement, with an option to extend another fifty years. The City and the LCRA entered into the contract in 1999. The asset amortization period is 101.25 years.

Deferred Expenses or Credits -- In accordance with accounting for regulated operations, 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 debt issuance costs, pension, other post employment benefits, interest, decommission, fuel recovery, etc. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the 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.

Deferred (Inflows) Outflows of Resources -- In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, derivative instruments are reported in the statement of net assets at fair value, as either assets or liabilities. Changes in fair value of hedging derivative instruments are recognized through the application of hedge accounting as either deferred inflows or outflows in the statement of net assets, as an offset to the related hedging derivative instrument.

Compensated Absences -- The amounts owed to employees for unpaid vacation, exception 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 proprietary 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 vacation, exception vacation, and sick leave at termination within 60 days of fiscal year-end.

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
Exception vacation (4)	0-40	160	160	176
	42	160	N/A	N/A
	48	160	N/A	N/A
	53	N/A	N/A	264
Sick leave	0-40	720	1,400	720
	42	756	N/A	N/A
	48	926	N/A	N/A
	53	N/A	N/A	1,080

(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.

As of January 1, 2011, officers may be eligible to receive up to 1,700 hours of sick leave if certain criteria are met.

(3) Civil service fire employees are eligible for accumulated sick leave payout regardless of hire date.

(4) Exception vacation hours are hours accumulated by an employee when the employee works on a City holiday.

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

Other Post Employment Benefits (OPEB) -- The City provides certain health care benefits for its retired employees and their families as more fully described in Note 8. At September 30, 2011, the City’s total actuarial accrued liability for these retiree benefits was approximately \$1.4 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 select revenues of these funds. Note 6 contains more information about pledged revenues by fund. The corresponding debt is recorded in the applicable fund.

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 other tax supported debt, whose principal and interest are payable primarily from the net revenues of Austin Water Utility.

For proprietary funds and for governmental activities in the government-wide financial statements, the City defers and amortizes gains and losses realized on refundings of debt and reports both the new debt liability and the related deferred amount on the statement of net assets. Austin Energy and Austin Water Utility recognize gains and losses on debt defeasance in accordance with accounting for regulated operations.

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 principal and interest payments on the bonds, is recorded as capital appreciation bond interest payable.

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

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

	Bad Debt Expense
Austin Energy	\$ 3,546
Austin Water Utility	854
Airport	135
Nonmajor Enterprise	1,446

Electric, water, and wastewater revenue is recorded when earned. Customers’ electric and water meters are read and bills rendered on a cycle basis by billing district. Electric rate schedules include a fuel cost adjustment clause that permits recovery of fuel costs in the month incurred or in future months. The City reports fuel costs on the same basis as it recognizes revenue. Unbilled revenue is recorded in Austin Energy by estimating the daily power generation and allocating by each billing district meter read dates as of September 30, 2011. The amount of unbilled revenue recorded, as of September 30, 2011, was \$45 million. Austin Water Utility records unbilled revenue as earned based upon the percentage of October’s billing that represented water usage through September 30, 2011. The amount of unbilled revenue recorded as of September 30, 2011 was \$19.3 million for water and \$12.2 million for wastewater.

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

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. 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.

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

Fund Equity -- Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund type classifications are as follows:

Nonspendable: The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted: The portion of fund balance that is restricted to specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitution provisions or enabling legislation.

Committed: The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of a majority vote by City Council.

Assigned: The portion of fund balance that is constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Under the city charter, the City Manager and designees are authorized to assign individual amounts up to \$53,000 in fiscal year 2011 to a specific purpose. This amount is updated annually based on the most recently published federal government, Bureau of Labor Statistics Indicator, Consumer Price Index (CPI-W U.S. City Average) U.S. City Average. The most recently published Consumer Price Index on May 4, 2002, shall be used as a base of 100 and the adjustment thereafter will be to the nearest one thousand dollars (\$1,000.00).

Unassigned: The portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes.

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

The constraints placed on the fund balances of the General Fund and the nonmajor governmental funds are presented below:

	General Fund	Nonmajor Governmental	Total
Nonspendable			
General government	\$ 318	50	368
Public safety	630	--	630
Public Health	1	--	1
Public recreation and culture	--	990	990
Urban growth management	160	0	160
Total Nonspendable	<u>1,109</u>	<u>1,040</u>	<u>2,149</u>
Restricted			
General government	--	23,806	23,806
Public safety	--	5,661	5,661
Transportation, planning, and sustainability	--	64,908	64,908
Public Health	--	256	256
Public recreation and culture	--	29,430	29,430
Urban growth management	--	51,461	51,461
Total Restricted	<u>--</u>	<u>175,522</u>	<u>175,522</u>
Committed			
General government	446	4,679	5,125
Public safety	714	180	894
Transportation, planning, and sustainability	288	202	490
Public Health	1,435	179	1,614
Public recreation and culture	171	3,594	3,765
Urban growth management	63	17,312	17,375
Total Committed	<u>3,117</u>	<u>26,146</u>	<u>29,263</u>
Assigned			
General government	79	25,894	25,973
Public safety	226	2,873	3,099
Transportation, planning, and sustainability	954	16,997	17,951
Public Health	591	789	1,380
Public recreation and culture	71	16,776	16,847
Urban growth management	9,071	5,620	14,691
Total Assigned	<u>10,992</u>	<u>68,949</u>	<u>79,941</u>
Unassigned	<u>119,035</u>	<u>(36,582)</u>	<u>82,453</u>
Total Fund Balance	<u>\$ 134,253</u>	<u>235,075</u>	<u>369,328</u>

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. In governmental funds, unrestricted resources would be utilized in order from committed to assigned and finally unassigned.

Budget stabilization -- By formal action of City Council, the General Fund maintains 3 reserve funds: a contingency reserve, an emergency reserve, and a budget stabilization reserve. As of September 30, 2011, the contingency reserve maintains a balance of 1 percent of departmental expenditures, or \$6.1 million, the emergency reserve remains fixed with a balance of \$40 million, and the budget stabilization reserve reports a balance of \$63.3 million. The funds in the budget stabilization reserve may be appropriated to fund capital or other onetime costs, but such appropriation should not exceed one-third of the total amount in the reserve.

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 7).

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 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 13).

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 9.

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/expense during the reporting period. Actual results could differ from those estimates.

2 – POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash by fund at September 30, 2011 (in thousands):

	Pooled Investments and Cash	
	Unrestricted	Restricted
General Fund	\$ 120,755	--
Nonmajor governmental funds	211,435	--
Austin Energy	70,748	94,252
Austin Water Utility	5,395	63,126
Airport	1,521	170,291
Nonmajor enterprise funds	155,668	37,499
Internal service funds	98,980	--
Fiduciary funds	4,156	--
Subtotal pooled investments and cash	<u>668,658</u>	<u>365,168</u>
Total pooled investments and cash	<u>\$ 1,033,826</u>	

3 – INVESTMENTS AND DEPOSITS

a -- Investments

Chapter 2256 of the Texas Government Code (the Public Fund 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.

3 – INVESTMENTS AND DEPOSITS, continued
a -- Investments, continued

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. 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 three local government investment pools: TexPool, TexasDAILY, and TexStar. 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 TexasDAILY under a contract with the advisory board. JPMorgan Investment Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar under an agreement with the TexStar board of directors.

The City invests in local government investment pools, which are structured similar to money market mutual funds, to provide its liquidity needs. TexPool, TexasDAILY, and TexStar 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. These funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. These funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool, TexasDAILY, and TexStar are rated AAAM and must maintain a dollar weighted average maturity not to exceed a 60-day limit. At September 30, 2011, TexPool, TexasDAILY, and TexStar had a weighted average maturity of 44 days, 54 days, and 40 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 arrangements during fiscal year 2011.

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.

3 – INVESTMENTS AND DEPOSITS, continued
a – Investments, continued

The following table includes the portfolio balances of all non-pooled and pooled investments of the City at September 30, 2011 (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	\$ 17,165	255,204	--	272,369
Money Market Funds	--	2,135	--	2,135
US Treasury Notes	--	84,091	--	84,091
US Agency Bonds	--	249,492	--	249,492
Total non-pooled investments	<u>17,165</u>	<u>590,922</u>	<u>--</u>	<u>608,087</u>
Pooled investments:				
Local Government Investment Pools	184,621	256,270	1,780	442,671
US Agency Bonds	245,222	340,457	2,295	587,974
Municipal Bonds	8,394	11,652	81	20,127
Total pooled investments	<u>438,237</u>	<u>608,379</u>	<u>4,156</u>	<u>1,050,772</u>
Total investments	<u>\$ 455,402</u>	<u>1,199,301</u>	<u>4,156</u>	<u>1,658,859</u>

Concentration of Credit Risk

At September 30, 2011, 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 Home Loan Bank (\$356.6 or 22%), Federal Home Loan Mortgage Corporation (\$219.9 or 13%), and Federal National Mortgage Association (\$203.9 or 12%).

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;
4. Special purpose funds.

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.

Operating Funds

As of September 30, 2011, the City operating funds had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>				<u>Weighted Average Maturity (days)</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	
Local Government Investment Pools	\$ 184,621	256,270	1,780	442,671	1
US Agency Bonds	245,222	340,462	2,290	587,974	541
Municipal Bonds	8,394	11,652	81	20,127	152
Total	<u>\$ 438,237</u>	<u>608,384</u>	<u>4,151</u>	<u>1,050,772</u>	<u>305</u>

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

Credit Risk

None of the portfolio consists of direct obligations of the US government. As of September 30, 2011, Standard and Poor's issued the following ratings for other investments:

Local Government Investment Pools	42%	AAAm
US Agencies	56%	AA+
Municipal Bonds	2%	AA-

All three local government investment pools, TexPool, TexasDAILY, and TexStar, were rated AAAm by Standard and Poor's.

Concentration of Credit Risk

At September 30, 2011, the operating funds held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Home Loan Bank (\$266.4 or 25%), Federal Home Loan Mortgage Corporation (\$175.5 or 17%), and Federal National Mortgage Association (\$115.7 or 11%).

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, 2011, less than half of the Investment Pool was invested in AAAm rated LGIPs, with the remainder invested in municipal bonds and short-to medium term US Agency obligations. Term limits on individual maturities did not exceed three years from the purchase date. The dollar weighted average maturity of all securities was 305 days, which was less than the threshold of 365 days.

Debt Service Funds

As of September 30, 2011, the City's debt service funds had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>		<u>Final Maturity</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
General Obligation Debt Service			
Local Government Investment Pools	\$ 17,165	--	N/A
Enterprise-Utility (1)			
Local Government Investment Pools	--	199,902	N/A
Enterprise-Airport			
Local Government Investment Pools	--	15,498	N/A
Nonmajor Enterprise-Convention Center			
Local Government Investment Pools	--	9,886	N/A
Total	<u>\$ 17,165</u>	<u>225,286</u>	

(1) Includes combined pledge debt service

Credit Risk

As of September 30, 2011, Standard and Poor's rated TexPool 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.

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

Special Project Fund
Airport Construction

As of September 30, 2011, the City's special project fund had the following investments:

Investment Type	Fair Value (in thousands) Business-type Activities	Final Maturity
Local Government Investment Pools	\$ 76	N/A

Credit Risk

As of September 30, 2011, 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.

Special Purpose Funds

Austin Energy Strategic Reserve Fund

As of September 30, 2011, 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	\$ 1,240	1
US Treasury Notes	31,952	665
US Agency Bonds	107,337	1,187
Total	\$ 140,529	1,062

Credit risk

At September 30, 2011, the Austin Energy 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 AA+. The remaining securities are direct obligations of the US government.

Concentration of Credit Risk

At September 30, 2011, the Austin Energy Strategic Reserve Fund held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$10.2 or 7%), Federal Home Loan Bank (\$23.9 or 17%), Federal Home Loan Mortgage Corporation (\$15 or 11%), and Federal National Mortgage Association (\$58.2 or 41%).

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, 2011, the portfolios held investments in TexPool, US Treasuries, and US Agencies with maturities that will meet anticipated cash flow requirements and an overall dollar weighted average maturity of 1,062 days (2.91 years).

Austin Energy Nuclear Decommissioning Trust Funds

At September 30, 2011, the City'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	\$ 52,139	2.92
US Agency Bonds	122,051	3.64
Money Market Funds	2,135	1 day
Total	\$ 176,325	3.39

3 – INVESTMENTS AND DEPOSITS, continued
b -- Investment Categories, continued

Credit Risk

At September 30, 2011, Standard and Poor's rated the US Agency Bonds AA+ and the Money Market Fund AAAm. The remaining securities are direct obligations of the US government.

Concentration of Credit Risk

At September 30, 2011, the NDTF held investments with more than five percent of the total in securities of the following issuers (in millions): Federal Farm Credit Bank (\$16.4 or 9%), Federal Home Loan Bank (\$46.2 or 26%), Federal Home Loan Mortgage Corporation (\$29.4 or 17%), Federal National Mortgage Association (\$30 or 17%).

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the Investment policy for the Nuclear Decommissioning Trust Funds portfolios requires that the dollar weighted average maturity, using final state 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, 2011, the dollar weighted average maturity was 3.39 years.

Combined Utility Reserve

At September 30, 2011, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (days)</u>
	<u>Business-type Activities</u>	
Local Government Investment Pools	\$ 20,104	1
US Agency Bonds	20,104	755
	<u>\$ 40,208</u>	<u>377</u>

Credit Risk

At September 30, 2011, Standard and Poor's rated the US Agency Bonds AA+ and TexPool AAAM.

Concentration of Credit Risk

At September 30, 2011, the Combined Utility Reserve held investments with more than five percent of the total in securities of the following issuer (in millions): Federal Home Loan Bank (\$20.1 or 50%).

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.

Convention Center Reserve

At September 30, 2011, the City's special project fund had the following investments:

<u>Investment Type</u>	<u>Fair Value (in thousands)</u>	<u>Weighted Average Maturity (days)</u>
	<u>Business-type Activities</u>	
Local Government Investment Pools	\$ 8,498	N/A

Credit Risk

As of September 30, 2011, 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.

3 – INVESTMENTS AND DEPOSITS, continued
c -- Investments and Deposits

Investments and deposits portfolio balances at September 30, 2011, are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Non-pooled investments and cash	\$ 18,841	595,405	--	614,246
Pooled investments and cash	440,048	610,893	4,156	1,055,097
Total investments and cash	<u>458,889</u>	<u>1,206,298</u>	<u>4,156</u>	<u>1,669,343</u>
Unrestricted cash	70	67	--	137
Restricted cash	1,606	4,416	--	6,022
Pooled investments and cash	440,048	610,893	4,156	1,055,097
Investments	17,165	590,922	--	608,087
Total	<u>\$ 458,889</u>	<u>1,206,298</u>	<u>4,156</u>	<u>1,669,343</u>

A difference of \$22.6 million exists between portfolio balance and book balance, primarily due to deposits in transit offset by outstanding checks.

Deposits

The September 30, 2011 carrying amount of deposits at the bank and cash on hand are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash			
Unrestricted	\$ 70	67	137
Restricted	--	4,319	4,319
Cash held by trustee			
Restricted	1,606	97	1,703
Pooled cash	1,811	2,514	4,325
Total deposits	<u>\$ 3,487</u>	<u>6,997</u>	<u>10,484</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, 2011.

4 – 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, 2010, upon which the 2011 levy was based, was \$77,619,349,384.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2011, 99.13% of the current tax levy (October 1, 2010) was collected. The statutory lien date is January 1.

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

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, the Williamson Central Appraisal District, and the Hays Central 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 and the Hays Central Appraisal District have chosen to review the value of property in their respective districts every two years, while the Williamson Central 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.

4 – PROPERTY TAXES, continued

The City is authorized to set tax rates on property within the city limits. However, if the effective tax rate, excluding tax rates for bonds, certificates of obligation, and other contractual obligations, 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, Williamson, and Hays 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, 2011, was \$.3262 per \$100 assessed valuation. The City has a tax margin for general governmental purposes of \$.6738 per \$100 assessed valuation, and could levy approximately \$522,999,176 in additional taxes from the assessed valuation of \$77,619,349,384 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.

5 – CAPITAL ASSETS AND INFRASTRUCTURE

The City has recorded capitalized interest for fiscal year 2011 in the following funds related to the construction of various enterprise fund capital improvement projects (in thousands):

<u>Enterprise Funds</u>	
Major fund:	
Airport	\$ 372
Nonmajor enterprise funds:	
Convention Center	1,120
Drainage	474
Solid Waste Services	72

Interest is not capitalized on governmental capital assets. In accordance with accounting for regulated operations, interest is also not capitalized on electric and water and wastewater capital assets.

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Governmental Activities

Capital asset activity for the year ended September 30, 2011, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 332,457	16,054	(4,659)	343,852
Arts and treasures	5,914	1,036	--	6,950
Library collections	14,389	1	--	14,390
Total	<u>352,760</u>	<u>17,091</u>	<u>(4,659)</u>	<u>365,192</u>
Deprecable property, plant and equipment in service				
Building and improvements	644,645	64,785	(7,389)	702,041
Plant and equipment	156,581	43,064	(10,965)	188,680
Vehicles	93,262	14,474	(4,584)	103,152
Infrastructure	1,969,761	92,674	--	2,062,435
Total	<u>2,864,249</u>	<u>214,997</u>	<u>(22,938)</u>	<u>3,056,308</u>
Less accumulated depreciation for				
Building and improvements	(202,540)	(20,938)	708	(222,770)
Plant and equipment	(93,038)	(18,409)	2,313	(109,134)
Vehicles	(58,529)	(8,279)	2,937	(63,871)
Infrastructure	(732,350)	(57,691)	--	(790,041)
Total	<u>(1,086,457)</u>	<u>(105,317) (2)</u>	<u>5,958</u>	<u>(1,185,816)</u>
Net property, plant and equipment in service	<u>1,777,792</u>	<u>109,680</u>	<u>(16,980)</u>	<u>1,870,492</u>
Other capital assets				
Construction in progress	241,658	173,443	(226,818)	188,283
Total capital assets	<u>\$ 2,372,210</u>	<u>300,214</u>	<u>(248,457)</u>	<u>2,423,967</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	\$ 6,000
Public safety	13,127
Transportation, planning and sustainability	48,808
Public health	1,426
Public recreation and culture	11,129
Urban growth management	16,012
Internal service funds	8,815
Total increases in accumulated depreciation	<u>\$ 105,317</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Energy

Capital asset activity for the year ended September 30, 2011, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 65,200	3,928	--	69,128
Total	<u>65,200</u>	<u>3,928</u>	<u>--</u>	<u>69,128</u>
Depreciable property, plant and equipment in service				
Vehicles	28,631	1,512	(900)	29,243
Electric plant	3,850,557	287,819	(35,640)	4,102,736
Non-electric plant	140,456	17,090	(358)	157,188
Total	<u>4,019,644</u>	<u>306,421</u>	<u>(36,898)</u>	<u>4,289,167</u>
Less accumulated depreciation for				
Vehicles	(16,875)	(2,595)	1,412	(18,058)
Electric plant	(1,852,838)	(122,623)	30,455	(1,945,006)
Non-electric plant	(25,947)	(6,859)	39	(32,767)
Total	<u>(1,895,660)</u>	<u>(132,077) (1)</u>	<u>31,906</u>	<u>(1,995,831)</u>
Net property, plant and equipment in service	<u>2,123,984</u>	<u>174,344</u>	<u>(4,992)</u>	<u>2,293,336</u>
Other capital assets				
Construction in progress	328,196	146,441	(315,228)	159,409
Nuclear fuel, net of amortization	34,355	22,150	(15,006)	41,499
Plant held for future use	27,783	--	(1,578)	26,205
Total capital assets	<u>\$ 2,579,518</u>	<u>346,863</u>	<u>(336,804)</u>	<u>2,589,577</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	<u>\$ 132,077</u>
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Austin Water Utility

Capital asset activity for the year ended September 30, 2011, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 212,841	5,405	--	218,246
Total	<u>212,841</u>	<u>5,405</u>	<u>--</u>	<u>218,246</u>
Depreciable property, plant and equipment in service				
Building and improvements	547,337	26,649	--	573,986
Plant and equipment	2,859,110	122,919	(899)	2,981,130
Vehicles	33,038	1,091	(782)	33,347
Total	<u>3,439,485</u>	<u>150,659</u>	<u>(1,681)</u>	<u>3,588,463</u>
Less accumulated depreciation for				
Building and improvements	(186,745)	(12,399)	--	(199,144)
Plant and equipment	(915,594)	(74,973)	836	(989,731)
Vehicles	(19,026)	(3,038)	776	(21,288)
Total	<u>(1,121,365)</u>	<u>(90,410) (2)</u>	<u>1,612</u>	<u>(1,210,163)</u>
Net property, plant and equipment in service	<u>2,318,120</u>	<u>60,249</u>	<u>(69)</u>	<u>2,378,300</u>
Other capital assets				
Construction in progress	253,410	245,303	(147,035)	351,678
Water rights, net of amortization	89,136	--	(988) (3)	88,148
Total capital assets	<u>\$ 2,873,507</u>	<u>310,957</u>	<u>(148,092)</u>	<u>3,036,372</u>

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

(2) Components of accumulated depreciation increases:

Current year depreciation	
Water	\$ 38,436
Wastewater	51,974
Total increases in accumulated depreciation	<u>\$ 90,410</u>

(3) Components of water rights, net of amortization decreases:

Current year amortization - Water	<u>\$ 988</u>
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Airport Fund

Capital asset activity for the year ended September 30, 2011, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 95,092	3,500	(471)	98,121
Arts and treasures	822	159	--	981
Total	<u>95,914</u>	<u>3,659</u>	<u>(471)</u>	<u>99,102</u>
Depreciable property, plant and equipment in service				
Building and improvements	662,123	17,311	--	679,434
Plant and equipment	22,630	776	(464)	22,942
Vehicles	5,541	22	(88)	5,475
Total	<u>690,294</u>	<u>18,109</u>	<u>(552)</u>	<u>707,851</u>
Less accumulated depreciation for				
Building and improvements	(177,895)	(17,498)	--	(195,393)
Plant and equipment	(10,861)	(1,686)	392	(12,155)
Vehicles	(3,029)	(397)	86	(3,340)
Total	<u>(191,785)</u>	<u>(19,581)</u> (1)	<u>478</u>	<u>(210,888)</u>
Net property, plant and equipment in service	<u>498,509</u>	<u>(1,472)</u>	<u>(74)</u>	<u>496,963</u>
Other capital assets				
Construction in progress	29,133	22,157	(26,832)	24,458
Total capital assets	<u>\$ 623,556</u>	<u>24,344</u>	<u>(27,377)</u>	<u>620,523</u>

(1) Components of accumulated depreciation increases:

Current year depreciation	<u>\$ 19,581</u>
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5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Nonmajor Enterprise Funds

Capital asset activity for the year ended September 30, 2011, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 91,042	10,776	--	101,818
Arts and treasures	612	--	--	612
Total	<u>91,654</u>	<u>10,776</u>	<u>--</u>	<u>102,430</u>
Depreciable property, plant and equipment in service				
Building and improvements	320,763	3,514	(766)	323,511
Plant and equipment	132,783	9,768	(6,234)	136,317
Vehicles	72,367	7,861	(1,611)	78,617
Total	<u>525,913</u>	<u>21,143</u>	<u>(8,611)</u>	<u>538,445</u>
Less accumulated depreciation for				
Building and improvements	(97,316)	(9,439)	133	(106,622)
Plant and equipment	(38,247)	(6,143)	1,880	(42,510)
Vehicles	(38,218)	(8,053)	1,485	(44,786)
Total	<u>(173,781)</u>	<u>(23,635) (2)</u>	<u>3,498</u>	<u>(193,918)</u>
Net property, plant and equipment in service	<u>352,132</u>	<u>(2,492)</u>	<u>(5,113)</u>	<u>344,527</u>
Other capital assets				
Construction in progress	55,825	30,140	(30,540)	55,425
Total capital assets	<u>\$ 499,611</u>	<u>38,424</u>	<u>(35,653)</u>	<u>502,382</u>

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

(2) Components of accumulated depreciation increases:

Current year depreciation	
Convention Center	\$ 8,388
Environmental and health services	6,695
Public recreation	774
Urban growth management	7,778
Total increases in accumulated depreciation	<u>\$ 23,635</u>

5 – CAPITAL ASSETS AND INFRASTRUCTURE, continued

Business-type Activities: Total

Capital asset activity for the year ended September 30, 2011, was as follows (in thousands):

	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not depreciated				
Land and improvements	\$ 464,175	23,609	(471)	487,313
Arts and treasures	1,434	159	--	1,593
Total	<u>465,609</u>	<u>23,768</u>	<u>(471)</u>	<u>488,906</u>
Depreciable property, plant and equipment in service				
Building and improvements	1,530,223	47,474	(766)	1,576,931
Plant and equipment	3,014,523	133,463	(7,597)	3,140,389
Vehicles	139,577	10,486	(3,381)	146,682
Electric plant	3,850,557	287,819	(35,640)	4,102,736
Non-electric plant	140,456	17,090	(358)	157,188
Total	<u>8,675,336</u>	<u>496,332</u>	<u>(47,742)</u>	<u>9,123,926</u>
Less accumulated depreciation for				
Building and improvements	(461,956)	(39,336)	133	(501,159)
Plant and equipment	(964,702)	(82,802)	3,108	(1,044,396)
Vehicles	(77,148)	(14,083)	3,759	(87,472)
Electric plant	(1,852,838)	(122,623)	30,455	(1,945,006)
Non-electric plant	(25,947)	(6,859)	39	(32,767)
Total	<u>(3,382,591)</u>	<u>(265,703)(2)</u>	<u>37,494</u>	<u>(3,610,800)</u>
Net property, plant and equipment in service	<u>5,292,745</u>	<u>230,629</u>	<u>(10,248)</u>	<u>5,513,126</u>
Other capital assets				
Construction in progress	666,564	444,041	(519,635)	590,970
Nuclear fuel, net of amortization	34,355	22,150	(15,006)	41,499
Plant held for future use	27,783	--	(1,578)	26,205
Water rights, net of amortization	89,136	--	(988) (3)	88,148
Total capital assets	<u>\$ 6,576,192</u>	<u>720,588</u>	<u>(547,926)</u>	<u>6,748,854</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	\$ 132,077
Water	38,436
Wastewater	51,974
Airport	19,581
Convention Center	8,388
Environmental and health services	6,695
Public recreation	774
Urban growth management	7,778
Total increases in accumulated depreciation	<u>265,703</u>

(3) Components of water rights, net of amortization decreases:

Current year amortization - Water	<u>\$ 988</u>
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6 – DEBT AND NON-DEBT LIABILITIES
a -- Long-Term Liabilities

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 these funds are included in governmental activities.

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, 2011 (in thousands):

Description	October 1, 2010	Increases	Decreases	September 30, 2011	Amounts Due Within One Year
Governmental activities (1)					
General obligation bonds, net	\$ 789,619	202,895	(149,806)	842,708	48,426
Certificates of obligation, net	71,586	12,943	(22,103)	62,426	8,248
Contractual obligations, net	38,295	--	(5,301)	32,994	3,735
General obligation bonds and other tax supported debt total	899,500	215,838	(177,210)	938,128	60,409
Capital lease obligations	716		(283)	433	274
Debt service requirements total	900,216	215,838	(177,493)	938,561	60,683
Other long-term obligations					
Accrued compensated absences	112,498	7,071	(2,839)	116,730	44,538
Claims payable	33,435	1,399	(973)	33,861	16,972
Pension obligation payable	53,736	8,711	--	62,447	--
Other post employment benefits	169,432	64,586	--	234,018	--
Deferred credits and other liabilities	83,653	1,487	(5,877)	79,263	67,388
Governmental activities total	1,352,970	299,092	(187,182)	1,464,880	189,581
Total business-type activities					
General obligation bonds, net	16,233	12,175	(3,010)	25,398	2,670
Certificates of obligation, net	40,169	9,518	(8,784)	40,903	2,737
Contractual obligations, net	50,064	16,569	(11,779)	54,854	12,479
Other tax supported debt, net	18,178	--	(6,904)	11,274	671
General obligation bonds and other tax supported debt total	124,644	38,262	(30,477)	132,429	18,557
Commercial paper notes, net	299,797	235,022	(175,027)	359,792	--
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	3,643,111	191,991	(140,825)	3,694,277	166,682
Capital lease obligations	1,628	--	(370)	1,258	40
Debt service requirements total	4,097,180	465,275	(346,699)	4,215,756	185,279
Other long-term obligations					
Accrued compensated absences	24,359	1,110	(1,612)	23,857	23,037
Accrued landfill closure and postclosure costs	7,940	3,078	(3,509)	7,509	186
Decommissioning expense payable	150,591	15,965	--	166,556	--
Pension obligation payable	52,640	8,877	(272)	61,245	--
Other post employment benefits	100,716	48,458	--	149,174	--
Deferred credits and other liabilities	798,481	37,286	(57,670)	778,097	79,885
Business-type activities total	5,231,907	580,049	(409,762)	5,402,194	288,387
Total liabilities (2)	\$ 6,584,877	879,141	(596,944)	6,867,074	477,968

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

(2) This schedule excludes select short-term liabilities of \$57,115 for governmental activities; and for business-type activities, select short-term liabilities of \$230,864, capital appreciation bond interest payable of \$118,206, and derivative instruments of \$186,438.

6 – DEBT AND NON-DEBT LIABILITIES, continued
a -- Long-Term Liabilities, continued

Description	October 1, 2010	Increases	Decreases	September 30, 2011	Amounts Due Within One Year
Business-type activities:					
Electric activities					
General obligation bonds, net	\$ 1,113	--	(83)	1,030	78
Contractual obligations	79	--	(79)	--	--
General obligation bonds					
and other tax supported debt total	1,192	--	(162)	1,030	78
Commercial paper notes, net	85,155	67,454	(27)	152,582	--
Revenue bonds, net	1,326,283	--	(70,187)	1,256,096	75,772
Capital lease obligations	1,297	--	(39)	1,258	40
Debt service requirements total	1,413,927	67,454	(70,415)	1,410,966	75,890
Other long-term obligations					
Accrued compensated absences	11,576	571	(844)	11,303	11,252
Decommissioning expense payable	150,591	15,965	--	166,556	--
Pension obligation payable	23,617	4,120	--	27,737	--
Other post employment benefits	41,078	21,158	--	62,236	--
Deferred credits and other liabilities	290,398	26,472	(54,054)	262,816	39,634
Electric activities total	1,931,187	135,740	(125,313)	1,941,614	126,776
Water and Wastewater activities					
General obligation bonds, net	1,179	5,655	(860)	5,974	1,101
Contractual obligations, net	12,371	1,687	(3,308)	10,750	3,231
Other tax supported debt, net	13,829	--	(6,611)	7,218	430
General obligation bonds					
and other tax supported debt total	27,379	7,342	(10,779)	23,942	4,762
Commercial paper notes, net	214,642	167,568	(175,000)	207,210	--
Revenue bonds, net	1,811,897	191,991	(50,200)	1,953,688	67,295
Debt service requirements total	2,053,918	366,901	(235,979)	2,184,840	72,057
Other long-term obligations					
Accrued compensated absences	5,520	368	(398)	5,490	5,122
Pension obligation payable	11,823	1,942	--	13,765	--
Other post employment benefits	25,386	12,000	--	37,386	--
Deferred credits and other liabilities	498,551	1,006	(2,578)	496,979	32,262
Water and Wastewater activities total	2,595,198	382,217	(238,955)	2,738,460	109,441
Airport activities					
General obligation bonds, net	262	--	(30)	232	30
General obligation bonds					
and other tax supported debt total	262	--	(30)	232	30
Revenue notes	28,000	--	--	28,000	--
Revenue bonds, net	295,283	--	(12,680)	282,603	14,165
Capital lease obligations	331	--	(331)	--	--
Debt service requirements total	323,876	--	(13,041)	310,835	14,195
Other long-term obligations					
Accrued compensated absences	1,561	102	(59)	1,604	1,441
Pension obligation payable	3,570	584	--	4,154	--
Other post employment benefits	7,477	3,286	--	10,763	--
Deferred credits and other liabilities	1,550	15	(476)	1,089	1,033
Airport activities total	338,034	3,987	(13,576)	328,445	16,669
Nonmajor activities					
General obligation bonds, net	13,679	6,520	(2,037)	18,162	1,461
Certificates of obligation, net	40,169	9,518	(8,784)	40,903	2,737
Contractual obligations	37,614	14,882	(8,392)	44,104	9,248
Other tax supported debt, net	4,349	--	(293)	4,056	241
General obligation bonds					
and other tax supported debt total	95,811	30,920	(19,506)	107,225	13,687
Revenue bonds, net	209,648	--	(7,758)	201,890	9,450
Capital lease obligations	--	--	--	--	--
Debt service requirements total	305,459	30,920	(27,264)	309,115	23,137
Other long-term obligations					
Accrued compensated absences	5,702	69	(311)	5,460	5,222
Accrued landfill closure and postclosure costs	7,940	3,078	(3,509)	7,509	186
Pension obligation payable	13,630	2,231	(272)	15,589	--
Other post employment benefits	26,775	12,014	--	38,789	--
Deferred credits and other liabilities	7,982	9,793	(562)	17,213	6,956
Nonmajor activities total	\$ 367,488	58,105	(31,918)	393,675	35,501

6 – 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, 2011, including those reported in certain proprietary funds (in thousands):

Series	Date Issued	Original Amount Issue	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
NW Austin MUD	December 2004	\$ 2,630	1,844	381 (1)(3)	3.55 - 4.30%	9/01/2012-2020
NW Austin MUD	June 2004	7,995	7,320	3,922 (1)(3)	3.90 - 4.25%	9/01/2012-2026
NW Austin MUD	November 2009	2,760	2,110	269 (1)(3)	4.00 - 4.25%	3/01/2012-2018
Series 2001 Refunding	June 2001	123,445	14,420	2,214 (1)	4.75 - 5.50%	9/1/2012-2022
Series 2001	August 2001	79,650	4,375	219 (1)	5.00%	9/1/2012
Series 2001	August 2001	65,335	5,045	252 (1)	5.00%	9/1/2012
Series 2002 Refunding	June 2002	12,190	8,535	1,173 (1)	4.13 - 4.50%	3/1/2012-2017
Series 2002	August 2002	99,615	15,600	1,247 (1)	3.75 - 4.00%	9/1/2012-2014
Series 2002	August 2002	34,095	5,050	407 (1)	3.75 - 4.00%	9/1/2012-2014
Series 2003 Refunding	May 2003	62,585	5,025	380 (1)	5.00%	9/1/2012-2013
Series 2003 Refunding	September 2003	68,855	22,310	3,436 (1)	3.75 - 4.25%	9/1/2012-2017
Series 2003A Refunding	September 2003	2,530	680	51 (1)	5.00%	9/1/2012-2013
Series 2003	September 2003	4,450	3,145	1,012 (1)	4.00 - 4.80%	9/1/2012-2023
Series 2004 Refunding	September 2004	67,835	54,080	18,554 (1)	4.00 - 5.00%	9/1/2012-2024
Series 2004A Refunding	September 2004	2,430	1,056	111 (1)	4.60 - 4.75%	9/1/2012-2014
Series 2004	September 2004	25,000	17,375	6,661 (1)	4.63 - 5.00%	9/1/2012-2024
Series 2004	September 2004	21,830	1,985	33 (2)	3.50%	11/1/2011
Series 2005 Refunding	February 2005	145,345	128,800	30,938 (1)	5.00%	9/1/2012-2020
Series 2005 Refunding	August 2005	19,535	14,140	6,274 (1)	4.00 - 4.50%	9/1/2012-2025
Series 2005	August 2005	7,185	5,735	1,966 (1)	3.50 - 4.30%	9/1/2012-2025
Series 2005	August 2005	14,940	3,405	127 (2)	3.50 - 3.75%	11/1/2011-2012
Series 2006	August 2006	31,585	31,285	15,288 (1)	4.00 - 5.38%	9/1/2012-2026
Series 2006	August 2006	24,150	20,116	7,728 (1)	4.00 - 5.00%	9/1/2012-2026
Series 2006	August 2006	14,120	5,565	352 (2)	4.00 - 4.25%	11/1/2011-2013
Series 2006	August 2006	12,000	10,590	4,192 (1)(4)	4.00 - 6.00%	9/1/2012-2026
Series 2007	August 2007	97,525	93,325	54,466 (1)	4.64%	9/1/2012-2027
Series 2007	August 2007	3,820	3,325	1,548 (1)	4.88%	9/1/2012-2027
Series 2007	August 2007	9,755	5,916	607 (2)	3.66%	11/1/2011-2017
Series 2008 Refunding	January 2008	172,505	122,165	30,283 (1)	5.00%	9/1/2012-2021
Series 2008	August 2008	76,045	61,620	37,143 (1)	3.50 - 5.00%	9/1/2012-2028
Series 2008	August 2008	10,700	9,730	4,488 (1)	3.25 - 5.00%	9/1/2012-2028
Series 2008	August 2008	26,715	18,190	1,597 (2)	3.00 - 3.50%	11/1/2011-2015
Series 2009A	September 2009	20,905	9,545	1,486 (1)	3.00 - 5.00%	9/1/2012-2016
Series 2009B	September 2009	78,460	78,460	48,697 (1)	4.15 - 5.31%	9/1/2017-2029
Series 2009	September 2009	12,500	11,330	6,343 (1)	3.00 - 4.75%	9/1/2012-2039
Series 2009	September 2009	13,800	11,590	1,272 (2)	2.00 - 3.25%	11/1/2011-2019
Series 2009	October 2009	15,000	14,395	6,117 (1)(4)	2.50 - 4.25%	9/1/2012-2029
Series 2010A	October 2010	79,528	69,240	34,565 (1)	2.00 - 4.00%	9/1/2012-2030
Series 2010B	October 2010	26,400	25,760	15,136 (1)	3.50 - 4.65%	9/1/2012-2030
Series 2010	October 2010	22,300	21,625	7,613 (1)	2.00 - 3.50%	9/1/2012-2030
Series 2010	October 2010	16,450	15,475	763 (2)	1.00 - 1.75%	5/1/2012-2017 (5)
Series Refunding 2010	November 2010	91,560	91,560	36,786 (1)	4.00 - 5.00%	9/1/2012-2023
			<u>\$ 1,052,842</u>			

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

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

(3) Includes Austin Water Utility principal of \$7,218 and interest of \$2,927 and Drainage Fund principal of \$4,056 and interest of \$1,645.

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

(5) Series matures on Nov 1st of the final year.

6 – DEBT AND NON-DEBT LIABILITIES, continued

b -- Governmental Activities Long-Term Liabilities, continued

In October 2010, the City issued \$79,528,000 of Public Improvement Bonds, Series 2010A. The proceeds from the issue will be used as follows: street improvements (\$16,998,000), streets and signals (\$15,800,000), drainage improvements (\$24,000,000), park improvements (\$20,130,000) cultural arts (\$100,000), central library (\$1,000,000), and public safety facility (\$1,500,000). These bonds will be amortized serially on September 1 of each year from 2011 to 2030. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2011. Total interest requirements for these bonds, at rates ranging from 2.00% to 4.00%, are \$37,170,378.

In October 2010, the City issued \$26,400,000 of Public Improvement Bonds, Taxable Series 2010B. The proceeds from the issue will be used as follows: affordable housing (\$26,400,000). These bonds will be amortized serially on September 1 of each year from 2011 to 2030. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2011. Total interest requirements for these bonds, at rates ranging from 3.00% to 4.65%, are \$16,225,123.

In October 2010, the City issued \$22,300,000 of Certificates of Obligation, Series 2010. The proceeds from this issue will be used as follows: public safety facilities (\$3,850,000), solid waste services landfill closure (\$8,100,000), public works transportation projects (\$9,000,000), and improvements (\$1,350,000). These certificates of obligation will be amortized serially on September 1 of each year from 2011 to 2030. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2011. Total interest requirements for these certificates of obligation, at rates ranging from 2.00% to 3.50%, are \$8,237,625.

In October 2010, the City issued \$16,450,000 of Public Property Finance Contractual Obligations, Series 2010. The proceeds from this issue will be used as follows: solid waste services capital equipment (\$8,600,000), parking meter pay stations (\$2,600,000), golf capital equipment (\$1,070,000), public works transportation capital equipment (\$2,505,000) wastewater utility capital equipment (\$1,016,000), and water utility capital equipment (\$659,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2011 to 2017. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2011. Total interest requirements for these obligations, at rates ranging from 1.00% to 1.75%, are \$897,315.

Public Improvement Refunding Bond Issue - In November 2010, the City issued \$91,560,000 of Public Improvement Refunding Bonds, Series 2010. The net proceeds of \$108,587,889 (after issue costs, discounts, and premiums) from the refunding were used to refund \$41,500,000 of Public Improvement Bonds, Series 2002; \$31,785,000 of Public Improvement Refunding Bonds, Series 2003; \$20,010,000 of Certificates of Obligations, Series 2001 and 2002; \$2,090,000 of Circle C MUD #3 and Circle C MUD #4 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1996; \$4,040,000 of Davenport Ranch MUD #1 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1997 and Series 1997B; and \$70,000 of Northwest Austin MUD #1 unlimited Tax Bonds, Series 2001. The refunding resulted in future interest requirements to service the debt of \$40,480,158 with interest rates ranging from 3.5% to 5%. An economic gain of \$9,426,174 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$11,427,089. An accounting loss of \$9,634,358 was recognized on the refunding.

General obligation bonds authorized and unissued amounted to \$263,252,000 at September 30, 2011. Bond ratings at September 30, 2011, were Aaa (Moody's Investor Services, Inc.), AAA (Standard & Poor's), and AAA (Fitch).

Utility Debt - The City has previously issued combined debt for Austin Energy and Austin Water Utility. 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 - Austin Energy and Austin Water Utility 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 Austin Energy and Austin Water Utility.

The total combined utility systems revenue bond obligations at September 30, 2011, exclusive of discounts, premiums, and loss on refundings consists of \$119,597,846 prior lien bonds and \$230,919,512 subordinate lien bonds. Aggregate interest requirements for all prior lien and subordinate lien bonds are \$329,025,093 at September 30, 2011. Revenue bonds authorized and unissued amount to \$1,492,642,660 at that date. Bond ratings at September 30, 2011, for the prior lien and subordinate lien bonds were, respectively, A1 and A1 (Moody's Investor Services, Inc.), AA and AA (Standard & Poor's), and AA- and AA- (Fitch).

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

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 Austin Energy and Austin Water Utility. The prior lien bonds are subordinate only to the prior lien revenue bonds outstanding at the time of issuance, while the subordinate lien bonds are subordinate to prior lien revenue bonds and to subordinate lien revenue bonds outstanding at the time of issuance.

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

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

Combined Utility Systems Debt -- Bonds Issued and Outstanding - The following schedule shows the original and refunding revenue bonds outstanding at September 30, 2011 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
1990B Refunding	February 1990	\$ 236,009	3,668	20,502 (1)(3)	7.35%	11/15/2014-2017
1992 Refunding	March 1992	265,806	14,002	40,043 (1)(3)	6.85%	11/15/2011-2012
1992A Refunding	May 1992	351,706	10,834	28,791 (1)(3)	6.80%	11/15/2011
1993 Refunding	January 1993	203,166	26,285	2,271 (1)(3)	6.30%	11/15/2011-2013
1994 Refunding	September 1994	142,559	26,894	96,961 (1)(3)	6.60%	05/15/2017-2019
1998 Refunding	July 1996	180,000	37,915	2,602 (1)(2)	6.75%	11/15/2011-2012
1998 Refunding	October 1998	139,965	134,745	68,036 (1)	5.25%	5/15/2012-2025
1998A Refunding	October 1998	105,350	91,404	69,178 (1)(3)	5.00%	5/15/2012-2028
1998B	August 1998	10,000	4,770	641 (1)	3.45 - 3.75%	11/15/2011-2017
			<u>\$ 350,517</u>			

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

(2) Series 1998 Refunding had a delayed delivery.

(3) Interest requirements include accreted interest

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, 2011, 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 Austin Energy and Austin Water Utility.

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

At September 30, 2011, Austin Energy had outstanding commercial paper notes of \$111,590,000 and Austin Water Utility had \$207,210,000 of commercial paper notes outstanding. Interest rates on the notes range from 0.14% to 0.32%, 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. The associated letter of credit agreements have the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Credit Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
various	JPMorgan Chase Bank, NA	0.85%	0.90%	Goldman Sachs	0.075%	\$ 130,488	10/1/2014
various	Bank of America	0.85%	0.90%	Goldman Sachs	0.075%	81,875	10/1/2014
various	State Street	0.85%	0.90%	Goldman Sachs	0.075%	106,437	10/1/2014
						<u>\$ 318,800</u>	

These notes 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 notes, the notes will be purchased by the respective liquidity providers and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

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, 2011, were P-1 (Moody’s Investor Services, Inc.), A-1+ (Standard & Poor’s), and F1+ (Fitch).

The taxable notes are issued in denominations of \$100,000 or more and mature not more than 270 days from the date of issuance. Principal and interest on the taxable notes are payable from the combined net revenues of Austin Energy and Austin Water Utility.

At September 30, 2011, Austin Energy had outstanding taxable notes of \$41,019,000 (net of discount of \$27,311), and Austin Water Utility had no taxable notes outstanding. Interest rates on the taxable notes range from 0.23% to 0.28%. The City intends to refinance maturing commercial paper notes by issuing long-term debt. The associated letter of credit agreement has the following terms (in thousands):

Note Series	Liquidity Provider	Commitment Fee Rate	Remarketing	Remarketing Fee Rate	Outstanding	Expiration
various	JPMorgan Chase Bank, NA	0.85%	Goldman Sachs	0.075%	<u>\$ 41,019</u>	10/1/2014

These notes 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 notes, the notes will be purchased by JPMorgan Chase Bank, NA and become bank notes with principal due immediately. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate.

The Notes are secured by a direct-pay Letter of Credit issued by JPMorgan Chase Bank, NA which permits draws for the payment of the Notes. Draws made under the Letter of Credit are immediately due and payable by the City from the resources more fully described in the Ordinance. No term loan feature is provided by the Agreement.

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 Austin Energy. Bond ratings at September 30, 2011, were A1 (Moody’s Investor Services, Inc.), A+ (Standard & Poor’s), and AA- (Fitch).

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

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, 2011 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2002 Refunding	February 2002	\$ 74,750	48,070	5,333 (1)	4.00 - 5.50%	11/15/2011-2014
2002A Refunding	July 2002	172,880	90,950	16,386 (1)	4.00 - 5.50%	11/15/2011-2016
2003 Refunding	February 2003	182,100	139,100	72,202 (1)	5.00 - 5.25%	11/15/2011-2028
2006 Refunding	May 2006	150,000	140,900	103,542 (1)	5.00%	11/15/2011-2035
2006A Refunding	October 2006	137,800	107,425	29,741 (1)	5.00%	11/15/2011-2022
2007 Refunding	August 2007	146,635	134,320	25,908 (1)	5.00%	11/15/2011-2020
2008 Refunding	March 2008	50,000	47,795	39,141 (1)	3.43 - 6.26%	11/15/2011-2032
2008A Refunding	July 2008	175,000	174,800	168,524 (1)	4.00 - 6.00%	11/15/2011-2038
2010A Refunding	June 2010	119,255	119,255	83,614 (1)	2.00 - 5.00%	11/15/2012-2040
2010B Refunding	June 2010	100,990	100,990	115,197 (1)	4.54 - 5.72%	11/15/2019-2040
			<u>\$ 1,103,605</u>			

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

Electric Utility System Revenue Debt – Pledged Revenues - The net revenue of Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2011 (in thousands):

Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$ 1,258,871	907,524	351,347	172,631	203.5%

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

(2) Excludes depreciation.

(3) Excludes other post employment benefits and pension obligation accruals.

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 Austin Water Utility.

Water and Wastewater System Revenue Debt -- Revenue Bond Refunding Issues - In November 2010, the City issued \$76,855,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2010A. Proceeds from the bond refunding were used to refund \$75,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds are \$153,171,897, with interest rates ranging from 4% to 5.13%. Interest payments are due May 15 and November 15 of each year from 2011 to 2040. Principal payments are due November 15 of each year from 2015 to 2040. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

In November 2010, the City issued \$100,970,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2010B. These bonds are Build America Bonds (BABs) and are part of the Federal American Recovery and Reinvestment Act of 2009. Proceeds from the bond refunding were used to refund \$100,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system. The debt service requirements on the refunding bonds are \$213,428,131, with interest rates ranging from 2.49% to 6.02%. Interest payments are due May 15 and November 15 of each year from 2011 to 2040. Principal payments are due November 15 of each year from 2015 to 2040. No change in net cash flows resulted from this transaction, and no accounting gain or loss was recognized on this refunding.

In 2011, the City converted an additional \$12,750,000 of initial bonds to definitive Water and Wastewater System Revenue Bonds, Series 2010. With these issuances, the outstanding commitment with the Texas Water Development Board (TWDB) is now \$23,590,000 (see Note 13).

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

Bond ratings at September 30, 2011, were Aa2 (Moody's Investor Services, Inc.), AA (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, 2011 (in thousands):

Series	Date Issued	Original Amount Issued	Principal Outstanding	Aggregate Interest Requirements Outstanding	Interest Rates of Debt Outstanding	Maturity Dates of Serial Debt
2001A Refunding	April 2001	\$ 152,180	9,260	7,007 (1)	4.63 - 5.75%	11/15/2011-2031 (3)
2001B Refunding	April 2001	73,200	7,895	6,228 (1)	5.13 - 5.75%	5/15/2012-2031
2001C Refunding	November 2001	95,380	13,405	1,578 (1)	4.30 - 5.38%	11/15/2011-2015 (3)
2002A Refunding	July 2002	139,695	71,560	14,461 (1)	4.00 - 5.50%	11/15/2011-2016
2003 Refunding	February 2003	121,500	75,800	44,895 (1)	4.00 - 5.25%	11/15/2011-2028
2004 Refunding	August 2004	132,475	114,545	24,565 (2)	0.13 - 0.45%	11/15/2011-2024
2004A Refunding	September 2004	165,145	147,965	80,960 (1)	5.00%	11/15/2011-2029
2005 Refunding	May 2005	198,485	198,485	86,970 (1)	4.00 - 5.00%	5/15/2012-2030
2005A Refunding	October 2005	142,335	124,325	86,701 (1)	4.30 - 5.00%	5/15/2012-2035
2006 Refunding	August 2006	63,100	49,605	20,341 (1)	5.00%	11/15/2011-2025
2006A Refunding	November 2006	135,000	128,305	88,382 (1)	3.50 - 5.00%	11/15/2011-2036
2007 Refunding	November 2007	135,000	130,435	105,571 (1)	4.00 - 5.25%	11/15/2011-2037
2008 Refunding	May 2008	170,605	160,740	62,642 (2)	0.05 - 0.80%	11/15/2011-2031 (3)
2009 Refunding	January 2009	175,000	175,000	93,972 (1)	3.00 - 5.13%	11/15/2011-2029
2009A Refunding	November 2009	166,575	166,575	138,980 (1)	4.00 - 5.00%	11/15/2011-2039
2010	January 2010	23,590	23,590	--	0.00%	11/15/2012-2034
2010A Refunding	November 2010	76,855	76,855	74,253 (1)	4.00 - 5.13%	11/15/2013-2040
2010B Refunding	November 2010	100,970	100,970	109,524 (1)	2.49 - 6.02%	11/15/2015-2040
			<u>\$ 1,775,315</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 is calculated utilizing the rate in effect at the end of the fiscal year.

(3) Series matures on May 15th of the final year

The Series 2004 and 2008 refunding bonds are variable rate demand bonds. The associated letter of credit agreements have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2004	Landesbank Baden-Wuerttemberg	0.75%	JP Morgan Chase Bank, NA	0.075%	\$ 114,545	12/29/2015
2008	Sumitoma Mitsui Banking Corp./The Bank of Tokyo-Mitsubishi UFJ, Ltd	0.85%	Goldman Sachs	0.050%	<u>160,740</u>	5/8/2015
					<u>\$ 275,285</u>	

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 the respective liquidity providers and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

6 – 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 Austin Energy was pledged to service the outstanding principal and interest payments for revenue debt outstanding. The table below represents the pledged amounts at September 30, 2011 (in thousands):

	Gross Revenue (1)	Operating Expense (2)(3)	Net Revenue	Debt Service Requirement	Revenue Bond Coverage
\$	448,467	163,531	284,936	155,881	182.8%

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

(2) Excludes depreciation.

(3) Excludes other post employment benefits and pension obligation accruals.

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, 2011, the total airport system obligation for prior lien bonds is \$295,015,000 exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior lien bonds are \$97,646,000 at September 30, 2011. Revenue bonds authorized and unissued amount to \$735,795,000.

The bond rating at September 30, 2011, for the prior lien bonds is A (Standard & Poor's).

The following table summarizes all airport system original and refunding revenue bonds outstanding at September 30, 2011 (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	46,665	12,061 (1)	4.00 - 5.25%	11/15/2011-2018
2008 Remarketing	April 2008	281,300	248,350	85,585 (2)	0.05% - 2.00%	11/15/2011-2025
			<u>\$ 295,015</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 is calculated utilizing the rate in effect at the end of the fiscal year.

The Series 2008 remarketing bonds are variable rate demand bonds. These bonds are separated into 4 subseries with a total principal amount of \$248,350,000. The associated letter of credit agreements have the following terms (in thousands):

Bond Sub-Series	Liquidity Provider	Commitment Fee Rate	Remarketing Agent	Remarketing Fee Rate	Outstanding	Expiration
2005-1	JPMorgan Chase Bank, NA	1.35%	Morgan Stanley	0.10%	\$ 62,075	6/21/2014
2005-2	JPMorgan Chase Bank, NA	1.35%	Morgan Stanley	0.10%	62,050	6/21/2014
2005-3	KBC Bank, N.V.	1.35%	Morgan Stanley	0.10%	62,100	6/21/2014
2005-4	Royal Bank of Canada	1.35%	Morgan Stanley	0.10%	62,125	6/21/2014
					<u>\$ 248,350</u>	

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 the respective liquidity provider and become bank bonds with principal to be paid in annual installments over the remaining life of the bond series. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

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

Airport Debt -- Variable Rate Revenue Notes - The City is authorized by ordinance to issue airport system variable rate revenue notes. At September 30, 2011, 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 \$12,686,362 including accrued interest, at September 30, 2011, and was restricted within the airport system. During fiscal year 2011, interest rates on the notes ranged from 0.05% to 0.33%, adjusted weekly at market rates; subsequent rate changes cannot exceed the maximum rate of 15%. Principal and interest on the notes are payable from the net revenues of the airport system.

The Series 1998 revenue notes are variable rate demand notes. The associated letter of credit agreement has the following terms (in thousands):

<u>Bond Sub-Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing Agent</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
1998	State Street	1.75%	Citi	0.125%	\$ 28,000	8/18/2012

These notes 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 notes, the notes will be purchased by State Street and become bank notes with principal to be paid in 12 equal, quarterly installments. Bank notes bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess note interest or the maximum rate.

The bond rating at September 30, 2011, for the airport variable rate notes was NUR (no underlying rating).

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, 2011 (in thousands):

<u>Gross Revenue (1)</u>	<u>Other available funds (2)</u>	<u>Operating Expense (3)(4)</u>	<u>Net Revenue and Other Available Funds</u>	<u>Debt Service Requirement (5)</u>	<u>Revenue Bond Coverage</u>
\$ 90,259	8,342	59,965	38,636	14,954	258.4%

- (1) Gross revenue includes revenues from operations and interest income.
- (2) Pursuant to bond ordinance, in addition to gross revenue, the Airport is authorized to use "other available funds" in the calculation of revenue bond coverage.
- (3) Excludes depreciation.
- (4) Excludes other post employment benefits and pension obligation accruals.
- (5) Excludes debt service amounts paid with passenger facility charge revenues.

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, 2011, the total convention center obligation for prior and subordinate lien bonds is \$215,470,000, exclusive of discounts, premiums, and loss on refundings. Aggregate interest requirements for all prior and subordinate lien bonds are \$81,086,840 at September 30, 2011. Revenue bonds authorized and unissued amount to \$760,000 at September 30, 2011.

Bond ratings at September 30, 2011, for the revenue bonds were A1 (Moody's Investor Services, Inc.), and A- (Standard & Poor's).

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

The following table summarizes Convention Center original and refunding revenue bonds outstanding at September 30, 2011 (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>
1999A	June 1999	\$ 25,000	20,830	12,565 (1)	5.10 - 5.50%	11/15/2011-2029
2004 Refunding	February 2004	52,715	40,390	9,758 (1)	5.00%	11/15/2011-2019
2005 Refunding	May 2005	36,720	36,720	20,037 (1)	3.30 - 5.00%	11/15/2011-2029
2008AB Refunding	August 2008	125,280	117,530	38,726 (2)	0.07 - 3.25%	11/15/2011-2029
			<u>\$ 215,470</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.

The Series 2008 A and B refunding bonds are variable rate demand bonds. The associated letter of credit agreements have the following terms (in thousands):

<u>Bond Sub-Series</u>	<u>Liquidity Provider</u>	<u>Commitment Fee Rate</u>	<u>Remarketing Agent</u>	<u>Remarketing Fee Rate</u>	<u>Outstanding</u>	<u>Expiration</u>
2008-A	JPMorgan Chase Bank, NA	1.10%	Morgan Keegan	0.060%	\$ 58,765	7/25/2014
2008-B	Bank of America, NA	1.10%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.050%	58,765	7/25/2014
					<u>\$ 117,530</u>	

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 the respective liquidity provider and become bank bonds with principal to be paid in equal semi-annual installments over a 5-year amortization period. Bank bonds bear an interest rate based on the bank rate which is the lesser of the base rate plus any applicable excess interest or the maximum rate.

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

Fiscal Year Ended September 30	Governmental Activities (in thousands)					
	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 48,426	37,976	8,248	2,501	3,735	1,277
2013	53,952	35,705	3,979	2,145	2,165	1,169
2014	50,103	33,224	4,200	2,001	2,161	1,097
2015	51,422	30,883	2,617	1,849	2,688	1,009
2016	46,676	28,500	2,752	1,739	2,256	899
2017-2021	271,123	105,430	15,766	6,950	7,835	3,486
2022-2026	182,792	49,825	19,070	3,477	8,775	1,836
2027-2031	121,581	10,335	5,601	454	3,145	271
	<u>826,075</u>	<u>331,878</u>	<u>62,233</u>	<u>21,116</u>	<u>32,760</u>	<u>11,044</u>
Less: Unamortized bond discounts	(678)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(19,068)	--	--	--	--	--
Add: Unamortized bond premiums	36,379	--	193	--	234	--
Net debt service requirements	<u>842,708</u>	<u>331,878</u>	<u>62,426</u>	<u>21,116</u>	<u>32,994</u>	<u>11,044</u>

Fiscal Year Ended September 30	Capital Lease Obligations		Total Governmental Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
2012	274	8	60,683	41,762	102,445
2013	159	3	60,255	39,022	99,277
2014	--	--	56,464	36,322	92,786
2015	--	--	56,727	33,741	90,468
2016	--	--	51,684	31,138	82,822
2017-2021	--	--	294,724	115,866	410,590
2022-2026	--	--	210,637	55,138	265,775
2027-2031	--	--	130,327	11,060	141,387
	<u>433</u>	<u>11</u>	<u>921,501</u>	<u>364,049</u>	<u>1,285,550</u>
Less: Unamortized bond discounts	--	--	(678)	--	(678)
Unamortized gain(loss) on bond refundings	--	--	(19,068)	--	(19,068)
Add: Unamortized bond premiums	--	--	36,806	--	36,806
Net debt service requirements	<u>\$ 433</u>	<u>11</u>	<u>938,561</u>	<u>364,049</u>	<u>1,302,610</u>

6-- DEBT AND NON-DEBT LIABILITIES, continued
d -- Debt Service Requirements, continued

Austin Energy Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Capital Lease Obligations		Commercial Paper Notes (1)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2012	\$ 78	49	40	76	152,609
2013	125	45	42	74	--	--
2014	131	39	44	72	--	--
2015	139	33	47	69	--	--
2016	112	26	49	67	--	--
2017-2021	402	45	286	293	--	--
2022-2026	--	--	367	214	--	--
2027-2031	--	--	383	100	--	--
	<u>987</u>	<u>237</u>	<u>1,258</u>	<u>965</u>	<u>152,609</u>	<u>28</u>
Less: Unamortized bond discount	(2)	--	--	--	(27)	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premium	45	--	--	--	--	--
Net debt service requirements	<u>1,030</u>	<u>237</u>	<u>1,258</u>	<u>965</u>	<u>152,582</u>	<u>28</u>

Fiscal Year Ended September 30	Revenue Bonds		Total Austin Energy Debt Service Requirements		
	Principal	Interest	Principal	Interest	Total
	2012	75,772	92,959	228,499	93,112
2013	105,092	69,013	105,259	69,132	174,391
2014	123,006	53,912	123,181	54,023	177,204
2015	79,754	50,964	79,940	51,066	131,006
2016	52,996	47,779	53,157	47,872	101,029
2017-2021	218,125	194,397	218,813	194,735	413,548
2022-2026	221,294	132,384	221,661	132,598	354,259
2027-2031	190,175	77,444	190,558	77,544	268,102
2032-2036	128,930	36,492	128,930	36,492	165,422
2037-2041	73,640	8,220	73,640	8,220	81,860
	<u>1,268,784</u>	<u>763,564</u>	<u>1,423,638</u>	<u>764,794</u>	<u>2,188,432</u>
Less: Unamortized bond discounts	(2,063)	--	(2,092)	--	(2,092)
Unamortized gain(loss) on bond refundings	(44,107)	--	(44,107)	--	(44,107)
Add: Unamortized bond premiums	33,482	--	33,527	--	33,527
Net debt service requirements	<u>\$ 1,256,096</u>	<u>763,564</u>	<u>1,410,966</u>	<u>764,794</u>	<u>2,175,760</u>

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

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

Austin Water Utility Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Contractual Obligations		Other Tax Supported Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,101	338	3,231	301	430	290
2013	1,206	281	2,857	199	441	274
2014	976	218	2,144	105	461	256
2015	1,013	178	1,050	51	476	238
2016	1,025	136	733	27	508	218
2017-2021	1,673	147	642	10	2,008	1,277
2022-2026	14	1	--	--	2,894	374
	<u>7,008</u>	<u>1,299</u>	<u>10,657</u>	<u>693</u>	<u>7,218</u>	<u>2,927</u>
Less: Unamortized bond discounts	(11)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,678)	--	--	--	--	--
Add: Unamortized bond premiums	655	--	93	--	--	--
Net debt service requirements	<u>5,974</u>	<u>1,299</u>	<u>10,750</u>	<u>693</u>	<u>7,218</u>	<u>2,927</u>

Fiscal Year Ended September 30	Commercial Paper Notes (1)		Revenue Bonds (2)		Total Austin Water Utility Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2012	207,210	17	67,295	107,033	279,267	107,979	387,246
2013	--	--	81,482	97,596	85,986	98,350	184,336
2014	--	--	105,119	82,858	108,700	83,437	192,137
2015	--	--	96,612	87,272	99,151	87,739	186,890
2016	--	--	105,573	77,281	107,839	77,662	185,501
2017-2021	--	--	395,986	422,474	400,309	423,908	824,217
2022-2026	--	--	435,560	214,769	438,468	215,144	653,612
2027-2031	--	--	384,700	114,771	384,700	114,771	499,471
2032-2036	--	--	163,880	54,644	163,880	54,644	218,524
2037-2041	--	--	124,445	13,379	124,445	13,379	137,824
	<u>207,210</u>	<u>17</u>	<u>1,960,652</u>	<u>1,272,077</u>	<u>2,192,745</u>	<u>1,277,013</u>	<u>3,469,758</u>
Less: Unamortized bond discounts	--	--	(7,152)	--	(7,163)	--	(7,163)
Unamortized gain(loss) on bond refundings	--	--	(41,983)	--	(43,661)	--	(43,661)
Add: Unamortized bond premiums	--	--	42,171	--	42,919	--	42,919
Net debt service requirements	<u>\$ 207,210</u>	<u>17</u>	<u>1,953,688</u>	<u>1,272,077</u>	<u>2,184,840</u>	<u>1,277,013</u>	<u>3,461,853</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 rates of 0.05% to 0.80%.

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

Airport Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation					
	Bonds		Revenue Notes (1)		Revenue Bonds (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 30	11	--	980	14,165	12,033
2013	39	10	--	980	14,795	11,466
2014	26	8	--	980	15,610	10,699
2015	28	6	--	980	16,345	10,042
2016	22	5	--	980	17,105	9,357
2017-2021	78	9	28,000	1,470	103,070	33,480
2022-2026	1	--	--	--	113,925	10,569
	<u>224</u>	<u>49</u>	<u>28,000</u>	<u>6,370</u>	<u>295,015</u>	<u>97,646</u>
Less: Unamortized bond discounts	(1)	--	--	--	(741)	--
Unamortized gain(loss) on bond refundings	1	--	--	--	(13,334)	--
Add: Unamortized bond premiums	8	--	--	--	1,663	--
Net debt service requirements	<u>232</u>	<u>49</u>	<u>28,000</u>	<u>6,370</u>	<u>282,603</u>	<u>97,646</u>

Fiscal Year Ended September 30	Total Airport		
	Debt Service Requirements		
	Principal	Interest	Total
2012	14,195	13,024	27,219
2013	14,834	12,456	27,290
2014	15,636	11,687	27,323
2015	16,373	11,028	27,401
2016	17,127	10,342	27,469
2017-2021	131,148	34,959	166,107
2022-2026	113,926	10,569	124,495
	<u>323,239</u>	<u>104,065</u>	<u>427,304</u>
Less: Unamortized bond discounts	(742)	--	(742)
Unamortized gain(loss) on bond refundings	(13,333)	--	(13,333)
Add: Unamortized bond premiums	1,671	--	1,671
Net debt service requirements	<u>310,835</u>	<u>104,065</u>	<u>414,900</u>

(1) These are variable rate notes with rates ranging from 0.05% to 0.33%.

(2) Portions of these bonds are variable rate bonds with rates ranging from 0.05% to 2.0%.

6 – 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
	2012	\$ 1,461	877	2,737	1,678	9,248
2013	1,598	802	2,251	1,562	8,718	829
2014	1,934	721	2,360	1,469	7,605	594
2015	1,808	630	2,013	1,372	6,967	401
2016	1,810	544	2,113	1,289	5,406	216
2017-2021	8,360	1,374	10,864	5,298	5,749	190
2022-2026	718	36	10,610	2,569	--	--
2027-2031	--	--	4,724	1,083	--	--
2032-2036	--	--	1,480	477	--	--
2037-2041	--	--	1,090	105	--	--
	<u>17,689</u>	<u>4,984</u>	<u>40,242</u>	<u>16,902</u>	<u>43,693</u>	<u>3,323</u>
Less: Unamortized bond discounts	(38)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(1,229)	--	--	--	--	--
Add: Unamortized bond premiums	1,740	--	661	--	411	--
Net debt service requirements	<u>18,162</u>	<u>4,984</u>	<u>40,903</u>	<u>16,902</u>	<u>44,104</u>	<u>3,323</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Revenue Bonds (1)		Total Nonmajor Debt Service Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2012	241	163	9,450	8,483	23,137	12,294
2013	248	154	10,555	8,077	23,370	11,424	34,794
2014	259	144	11,000	7,635	23,158	10,563	33,721
2015	268	133	11,455	7,164	22,511	9,700	32,211
2016	286	123	11,965	6,663	21,580	8,835	30,415
2017-2021	1,128	718	62,090	25,253	88,191	32,833	121,024
2022-2026	1,626	210	50,625	14,247	63,579	17,062	80,641
2027-2031	--	--	48,330	3,564	53,054	4,647	57,701
2032-2036	--	--	--	--	1,480	477	1,957
2037-2041	--	--	--	--	1,090	105	1,195
	<u>4,056</u>	<u>1,645</u>	<u>215,470</u>	<u>81,086</u>	<u>321,150</u>	<u>107,940</u>	<u>429,090</u>
Less: Unamortized bond discounts	--	--	(610)	--	(648)	--	(648)
Unamortized gain(loss) on bond refundings	--	--	(15,801)	--	(17,030)	--	(17,030)
Add: Unamortized bond premiums	--	--	2,831	--	5,643	--	5,643
Net debt service requirements	<u>\$ 4,056</u>	<u>1,645</u>	<u>201,890</u>	<u>81,086</u>	<u>309,115</u>	<u>107,940</u>	<u>417,055</u>

(1) A portion of these bonds are variable rate bonds with rates ranging from 0.07% to 3.15%.

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

Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	General Obligation Bonds		Certificates of Obligation		Contractual Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
	2012	\$ 2,670	1,275	2,737	1,678	12,479
2013	2,968	1,138	2,251	1,562	11,575	1,028
2014	3,067	986	2,360	1,469	9,749	699
2015	2,988	847	2,013	1,372	8,017	452
2016	2,969	711	2,113	1,289	6,139	243
2017-2021	10,513	1,575	10,864	5,298	6,391	200
2022-2026	733	37	10,610	2,569	--	--
2027-2031	--	--	4,724	1,083	--	--
2032-2036	--	--	1,480	477	--	--
2037-2041	--	--	1,090	105	--	--
	<u>25,908</u>	<u>6,569</u>	<u>40,242</u>	<u>16,902</u>	<u>54,350</u>	<u>4,016</u>
Less: Unamortized bond discounts	(52)	--	--	--	--	--
Unamortized gain(loss) on bond refundings	(2,906)	--	--	--	--	--
Add: Unamortized bond premiums	2,448	--	661	--	504	--
Net debt service requirements	<u>25,398</u>	<u>6,569</u>	<u>40,903</u>	<u>16,902</u>	<u>54,854</u>	<u>4,016</u>

Fiscal Year Ended September 30	Other Tax Supported Debt		Commercial Paper Notes (1)		Revenue Notes (2)	
	Principal	Interest	Principal	Interest	Principal	Interest
	2012	671	453	359,819	45	--
2013	689	428	--	--	--	980
2014	720	400	--	--	--	980
2015	744	371	--	--	--	980
2016	794	341	--	--	--	980
2017-2021	3,136	1,995	--	--	28,000	1,470
2022-2026	4,520	584	--	--	--	--
	<u>11,274</u>	<u>4,572</u>	<u>359,819</u>	<u>45</u>	<u>28,000</u>	<u>6,370</u>
Less: Unamortized bond discounts	--	--	(27)	--	--	--
Unamortized gain(loss) on bond refundings	--	--	--	--	--	--
Add: Unamortized bond premiums	--	--	--	--	--	--
Net debt service requirements	<u>\$ 11,274</u>	<u>4,572</u>	<u>359,792</u>	<u>45</u>	<u>28,000</u>	<u>6,370</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 rates ranging from 0.05% to 0.33%.

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

Business-Type Activities
(in thousands)

Fiscal Year Ended September 30	Revenue Bonds (3)		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
	2012	\$ 166,682	220,508	40
2013	211,924	186,152	42	74
2014	254,735	155,104	44	72
2015	204,166	155,442	47	69
2016	187,639	141,080	49	67
2017-2021	779,271	675,604	286	293
2022-2026	821,404	371,969	367	214
2027-2031	623,205	195,779	383	100
2032-2036	292,810	91,136	--	--
2037-2041	198,085	21,599	--	--
	<u>3,739,921</u>	<u>2,214,373</u>	<u>1,258</u>	<u>965</u>
Less: Unamortized bond discounts	(10,566)	--	--	--
Unamortized gain(loss) on bond refundings	(115,225)	--	--	--
Add: Unamortized bond premiums	80,147	--	--	--
Net debt service requirements	<u>3,694,277</u>	<u>2,214,373</u>	<u>1,258</u>	<u>965</u>

Fiscal Year Ended September 30	Total Business-Type Activities Debt Service Requirements		
	Principal	Interest	Total
	2012	545,098	226,409
2013	229,449	191,362	420,811
2014	270,675	159,710	430,385
2015	217,975	159,533	377,508
2016	199,703	144,711	344,414
2017-2021	838,461	686,435	1,524,896
2022-2026	837,634	375,373	1,213,007
2027-2031	628,312	196,962	825,274
2032-2036	294,290	91,613	385,903
2037-2041	199,175	21,704	220,879
	<u>4,260,772</u>	<u>2,253,812</u>	<u>6,514,584</u>
Less: Unamortized bond discounts	(10,645)	--	(10,645)
Unamortized gain(loss) on bond refundings	(118,131)	--	(118,131)
Add: Unamortized bond premiums	83,760	--	83,760
Net debt service requirements	<u>\$ 4,215,756</u>	<u>2,253,812</u>	<u>6,469,568</u>

(3) A portion of these bonds are variable rate bonds with rates ranging from 0.05% to 3.15%.

6 – DEBT AND NON-DEBT LIABILITIES, continued
e -- Debt Service Requirements

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, 2011, defeased bonds remaining unredeemed or unmatured are provided below (in thousands):

<u>Refunded Bonds</u>	<u>Escrow Maturity</u>	<u>Balance (1)</u>
General Obligation		
Certificates of Obligations, Series 2002	9/1/2012	\$ 17,675
Public Improvement Bonds, Series 2002	9/1/2012	54,600
Public Improvement Bonds, Series 2003	9/1/2013	31,785
Certificates of Obligations, Series 2004	9/1/2014	1,355
Austin Energy		
Series 2003	5/15/2013	18,800
Austin Water Utility		
Series 2003	5/15/2013	29,100
		<u>\$ 153,315</u>

(1) The balances shown have been escrowed to their respective call dates.

7 – RETIREMENT PLANS
a -- Description

The City participates in funding three contributory, defined benefit retirement plans: the City of Austin Employees' Retirement and Pension Fund, the City of Austin Police Officers' Retirement and Pension Fund, and the 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, 2010, except for the Fire Fighters' Relief and Retirement Fund which has a fiscal year ended December 31, 2009. Membership in the plans at December 31 is 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	5,276	564	569	6,409
Current employees	8,270	1,624	982	10,876
Total	<u>13,546</u>	<u>2,188</u>	<u>1,551</u>	<u>17,285</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.

7 – RETIREMENT PLANS, continued
a – Description, continued

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

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)	8.00%	13.00%	15.70%
City's contribution (percent of earnings)	14.0% (1)	19.63% (2)	19.05% (3)

(1) The City contributes two-thirds of the cost of prior service benefit payments. A rate of 14% was effective October 1, 2010. The City contribution includes an 8% employee match plus a subsidy contribution of 6%. This rate increased to 16% effective October 1, 2011. The City contribution includes an 8% employee match plus a subsidy contribution of 8%.

(2) A rate of 19.63% was effective October 1, 2010. This rate increased to 20.63% effective October 1, 2011.

(3) A rate of 19.05% was effective October 1, 2010. This rate increased to 20.05% effective October 1, 2011.

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary approve each plan of benefits adopted. Contributions for fiscal year ended September 30, 2011, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total
City	\$ 64,297	26,111	14,918	105,326
Employees	36,588	17,292	12,295	66,175
Total contributions	<u>\$ 100,885</u>	<u>43,403</u>	<u>27,213</u>	<u>171,501</u>

7 – RETIREMENT PLANS, continued
b -- Funding Policy, continued

The City's annual pension cost of \$119,533,000 for the fiscal year ended September 30, 2011, was \$14,207,000 more than the City's actual contributions. Three-year trend information is as follows (in thousands):

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
City's Annual Pension Cost (APC)				
2009	\$ 59,067	19,909	10,102	89,078
2010	78,559	20,609	10,058	109,226
2011	81,615	22,269	15,649	119,533
Percentage of APC contributed				
2009	69%	97%	135%	N/A
2010	69%	112%	133%	N/A
2011	79%	117%	95%	N/A
Net Pension Obligation (Asset)				
2009	82,146	646	218	83,010
2010	106,376	(1,799)	(3,144)	101,433
2011	123,692	(5,641)	(2,414)	115,637

The Net Pension Obligation (Asset) associated with the City Employees' Retirement and Pension Fund, the Police Officers' Retirement and Pension Fund, and the Fire Fighters' Relief and Retirement Fund is as follows (in thousands):

	<u>City Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Total</u>
Annual required contribution	\$ 79,729	22,315	15,709	117,753
Interest on net pension obligation (asset)	8,244	(144)	(244)	7,856
Adjustment to annual required contribution	(6,360)	98	183	(6,079)
Annual pension cost	81,613	22,269	15,648	119,530
Employer contributions	(64,297)	(26,111)	(14,918)	(105,326)
Change in net pension obligation (asset)	17,316	(3,842)	730	14,204
Beginning net pension obligation (asset)	106,376	(1,799)	(3,144)	101,433
Net pension obligation (asset)	<u>\$ 123,692</u>	<u>(5,641)</u>	<u>(2,414)</u>	<u>115,637</u>

7 – RETIREMENT PLANS, continued
c -- Annual Pension Cost and Net Pension Obligation (Asset)

The latest actuarial valuations for the City Employees' Retirement and Pension Fund and the Police Officers' Retirement and Pension Fund were completed as of December 31, 2010, while the Austin Fire Fighters' Relief and Retirement Fund was completed as of December 31, 2009. 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	Entry Age	Entry Age
Asset Valuation Basis	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation Rate	3.25%	4%	3.5%
Projected Annual Salary Increases	5% to 6%	6.8% average	8%
Post Retirement Benefit Increase	None	None	1% per year
Assumed Rate of Return on Investments	7.75%	8%	7.75%
Amortization Method	Level percentage of projected payroll, open	Level percentage of projected payroll, open	Level percentage of projected payroll, open
Remaining Amortization Period	30 years	23.2 years	30 years

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	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL (1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees 2010	\$ 1,711,600	2,460,700	749,100	69.6%	438,900	170.7%
Police Officers 2010	546,957	776,231	229,274	70.5%	127,732	179.5%
Fire Fighters (2) 2009	589,261	664,185	74,924	88.7%	78,980	94.9%

(1) UAAL - Unfunded Actuarial Accrued Liability

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

The schedule of funding progress, presented as Required Supplementary Information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

8 – OTHER POST-EMPLOYMENT BENEFITS

a -- Description

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, dental, and vision 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, dental, and vision plan(s) in which they participate. The City’s other post-employment benefits plan is a single employer plan.

The City is under no obligation to pay any portion of the cost of other post-employment benefits for retirees or their dependents. Allocation of City funds to pay other post-employment benefits is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis.

The City recognizes the cost of providing these benefits to active employees as an expense and corresponding revenue in the Employee Benefits Fund; no separate plan report is available. The City pays actual claims for medical and 100% of the retiree’s life insurance premium. Group dental and vision coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental and vision premium.

Medical, dental, vision, and life insurance expenses are reported in the Employee Benefits Fund. The estimated pay-as-you-go cost of providing medical and life benefits was \$22.7 million for 3,529 retirees in 2011 and \$21.7 million for 3,318 retirees in 2010.

b -- 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, 2011 is as follows (in thousands):

	OPEB
Annual required contribution	\$ 139,759
Interest on net OPEB obligation	11,373
Adjustment to annual required contribution	<u>(15,376)</u>
Annual OPEB cost	135,756
Contributions made	<u>(22,712)</u>
Change in net OPEB obligation	113,044
Beginning net OPEB obligation	270,148
Net OPEB obligation	<u><u>\$ 383,192</u></u>

c -- Schedule of Funding Progress at September 30, 2011 (in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability	UAAL (1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
\$ --	1,404,692	1,404,692	0%	668,679	210.1%

(1) UAAL - Unfunded Actuarial Accrued Liability

The schedule of funding progress, presented as RSI, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years are as follows (in thousands):

Year Ended September 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 107,207	18%	175,150
2010	116,704	18%	270,148
2011	135,756	17%	383,192

8 – OTHER POST-EMPLOYMENT BENEFITS, continued
d -- Funding Policy

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

	<u>OPEB</u>
Actuarial Valuation Date	October 1, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Remaining Amortization Period	30 years
Asset Valuation Method	N/A
Investment Rate of Return	4.21%
Inflation Rate	N/A
Salary Increase	None
Payroll Increase	None
Health Care Cost Trend Rate	9.0% in 2011, decreasing 1.0% per year for five years to an ultimate trend of 5.0% in 2015

9 – DERIVATIVE INSTRUMENTS

The City has derivatives in two hedging programs: Energy Risk Management Program and Variable Rate Debt Management Program.

The City reports the fair value of all derivative instruments on the statement of net assets. All derivative instruments are categorized into two basic types – (1) hedging derivative instruments and (2) investment derivative instruments. Hedging derivative instruments significantly reduce an identified financial risk by substantially offsetting changes in cash flows or fair values of an associated hedgeable item. Investment derivative instruments are entered into primarily for income or profit purposes or they are derivative instruments that do not meet the criteria of an effective hedging derivative instrument. Changes in fair value of hedging derivative instruments are deferred on the statement of net assets; and changes in fair value of investment derivative instruments are recognized as gains or losses on the statement of activities.

a -- Energy Risk Management Program

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion 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, swaps, and congestion rights for the purpose of reducing exposure to natural gas, energy, and congestion 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.

Hedging Derivative Instruments

Natural Gas Derivatives

Austin Energy purchases financial contracts on the New York Mercantile Exchange (NYMEX) to provide a hedge against the physical delivery price of natural gas from its various hubs. Austin Energy enters into basis swaps to protect delivery price differences between Henry Hub and its natural gas delivery points, Western Area Hub Association (WAHA), Katy, and the Houston Ship Channel (HSC).

The fair value of futures, swaps, and basis swap contracts is determined using the 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. The fair value of the options are calculated using the Black/Scholes valuation method utilizing 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 forward price of the underlier as of the last day of the reporting period.

Premiums paid for options are deferred until the contract is settled. As of September 30, 2011, \$11.2 million in premiums was deferred. As of September 30, 2011, the fair value of Austin Energy's futures, options, swaps and congestion rights, was an unrealized loss of \$70.5 million, of which \$77.6 million is reported as derivative instruments in liabilities and \$7.1 million is reported as derivative instruments in assets. The fair values of these derivative instruments are deferred until future periods on the balance sheet using deferred outflows and deferred inflows.

9 – DERIVATIVE INSTRUMENTS, continued
a -- Energy Risk Management Program, continued

Congestion Revenue Rights Derivatives

Preassigned Congestion Revenue Rights (PCRRs) and Transmission Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow Austin Energy to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. The instruments exhibit all three characteristics - settlement, leverage, and net settlement - to classify them as derivative instruments.

As of September 30, 2011, PCRRs had a fair value of \$75 thousand and CRRs had a fair value of \$1.5 million and are reported as derivative instruments. The market value for CRRs and PCRRs is calculated using the implied market value (the difference between future proxy sink price and source price) multiplied by the number of open positions. The difference in the prices represents what the expected cost of congestion will be for that given point in time.

On September 30, 2011, Austin Energy had the following outstanding hedging derivative instruments (in thousands):

Type of Transaction	Reference Index	Fair Value at September 30, 2011			Change in Fair Value	Premiums Deferred
		Maturity Dates	Notional Volumes	Fair Value		
Long OTC Call Options	Henry Hub	Oct 2011 - Dec 2015	17,105,533 (1)	\$ 2,356	900	16,246
Long OTC Put Options	Henry Hub	Oct 2011 - Dec 2011	1,840,000 (1)	459	460	-
Long Options	Henry Hub	Apr 2013 - Oct 2013	2,140,000 (1)	474	101	-
Long Basis Swaps	WAHA	Oct 2011 - Dec 2013	7,930,000 (1)	2,257	726	-
n/a Congestion Rights	ICE (2)	Oct 2011 - Dec 2011	3,040,661 (3)	1,530	(851)	-
Derivative instruments (assets)				<u>7,076</u>	<u>1,336</u>	<u>16,246</u>
Short OTC Call Options	Henry Hub	Oct 2011 - Dec 2011	(920,000) (1)	(48)	121	-
Short OTC Put Options	Henry Hub	Oct 2011 - Oct 2014	(14,365,000) (1)	(30,865)	(5,197)	(5,039)
Long Futures	Henry Hub	Oct 2011 - Jul 2013	917,500 (1)	(3,889)	(683)	-
Short Options	Henry Hub	Apr 2013 - Oct 2013	(2,140,000) (1)	(5,331)	(504)	-
Long OTC Swaps	Henry Hub	Oct 2011 - Sep 2016	34,282,500 (1)	(37,425)	(13,993)	-
Derivative instruments (liabilities)				<u>(77,558)</u>	<u>(20,256)</u>	<u>(5,039)</u>
Total				<u>\$ (70,482)</u>	<u>(18,920)</u>	<u>11,207</u>

- (1) Volume in MMBTUs
- (2) IntercontinentalExchange
- (3) Volume in MWhs

Austin Energy routinely purchases derivative instruments. The outstanding hedging derivative instruments were purchased at various dates.

The realized gains and losses related to the hedging activity derivative instruments are netted to fuel expense in the period realized.

Risks

Credit Risk. Credit risk is the risk of loss due to a counterparty defaulting on its obligations. Austin Energy's fuel derivative contracts expose Austin Energy to custodial credit risk on Exchange Traded derivative positions. In the event of default or nonperformance by brokers or the exchange, Austin Energy's operations will not be materially affected. However, Austin Energy does not expect the brokerages to fail to meet their obligations given their high credit ratings and the strict and deep credit requirements upheld by NYMEX, which these brokerage houses are members. At September 30, 2011, the brokerages had credit ratings of A and BBB-.

The over-the-counter agreements expose Austin Energy to credit risk. In the event of default Austin Energy's operations will not be materially affected. However, Austin Energy does not expect the counterparties to fail to meet their obligations given their high credit rating. At September 30, 2011, the two counterparties had credit ratings of AA- and A. The contractual provisions under the ISDA (International Swaps and Derivatives Association) agreement applied to these contracts include collateral provisions. At September 30, 2011 no collateral was required under these provisions.

The congestion rights expose Austin Energy to custodial credit risk in the event of default or nonperformance by ERCOT. In the event of default of nonperformance Austin Energy's operations will not be materially affected. However, Austin Energy does not expect ERCOT to fail in meeting their obligations as they are a regulatory entity of the State of Texas.

9 – DERIVATIVE INSTRUMENTS, continued
a -- Energy Risk Management Program, continued

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. 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. Austin Energy's exposure to termination risk for over-the counter agreements 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. Termination risk is associated with all of Austin Energy's derivatives up to the fair value of the instrument.

Netting Arrangements. Austin Energy enters into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by or owed to the non-defaulting party.

Basis Risk. Austin Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub). As of September 30, 2011, the NYMEX price was \$3.76 per MMBTU, the WAHA Hub price was \$3.67 per MMBTU, Katy was \$3.685 per MMBTU, and the HSC Hub price was \$3.705 per MMBTU.

Investment Derivative Instruments

On September 30, 2011, Austin Energy had the following closed out investment derivative instruments (in thousands):

Type of Transaction		Reference Index	Fair Value at September 30, 2011			Change in Fair Value
			Maturity Dates	Volumes in MMBTU	Fair Value	
Long	OTC Call Options	Henry Hub	Oct 2011 - Oct 2013	12,055,000	\$ 1,238	1,238
Short	OTC Call Options	Henry Hub	Oct 2011 - Oct 2013	(12,055,000)	(1,238)	(1,238)
Long	Futures	Henry Hub	Aug 2013 - Oct 2013	230,000	(938)	(92)
Short	Futures	Henry Hub	Aug 2013 - Oct 2013	(230,000)	869	92
					<u>\$ (69)</u>	<u>--</u>

At September 30, 2011, Austin Energy recorded an unrealized loss of \$11 thousand on outstanding emission investment instruments.

In fiscal year 2011, Austin Energy sold Preassigned Congestion Revenue Rights (PCRRs) and recorded a gain of \$811 thousand; however, this gain was deferred under the accounting requirements for regulated operations. At September 30, 2011, \$183 thousand remained deferred.

Risks

As of September 30, 2011, Austin Energy was not exposed to credit, interest, or foreign currency risk on its investment derivative instruments.

b -- Variable Rate Debt Management Program

Hedging Derivative Instruments

The intention of the City's swap portfolio is to change variable interest rate bonds to synthetically fixed rate bonds. As a means to lower its borrowing costs when compared against fixed rate bonds at the time of issuance, the City executed pay-fixed, receive-variable swaps in connection with its issuance of variable rate bonds.

As of September 30, 2011, the City has 4 outstanding swap transactions with initial and outstanding notional amounts totaling \$734.6 million and \$641.2 million, respectively. The mark-to-market or fair value for each swap is estimated using the zero-coupon method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the London Interbank Offered Rate (LIBOR) swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

9 – DERIVATIVE INSTRUMENTS, continued
b -- Variable Rate Debt Management Program, continued

On September 30, 2011, the City had the following outstanding interest rate swap hedging derivative instruments (in thousands):

Item	Related Variable Rate Bonds	Terms	Effective Date	Maturity Date	Notional Amount	Fair Value
Business-Type Activities - Hedging derivatives:						
WW1	Water & Wastewater Revenue Refunding Bonds, Series 2004	Pay 3.657%, receive 68% of LIBOR	8/27/2004	5/15/2024	\$ 114,545	(16,280)
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Pay 3.600%, receive SIFMA swap index	5/15/2008	5/15/2031	160,740	(22,336)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Pay 4.051%, receive 71% of LIBOR	8/17/2005	11/15/2025	248,350	(51,016)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Pay 3.251%, receive 67% of LIBOR	8/14/2008	11/15/2029	117,530	(19,179)
					<u>\$ 641,165</u>	<u>(108,811)</u>

All swaps are pay-fixed interest rate swaps. All were entered into with the objective of hedging changes in the cash flows on the related variable rate debt.

The fair value of the City's interest rate swap hedging derivative instruments is reported as derivative instruments in liabilities with an offsetting adjustment to deferred outflow of resources. The table below provides for the fair value and changes in fair value of the City's interest rate swap agreements as of September 30, 2011 (in thousands):

Item	Outstanding Notional Amount	Fair Value and Classification as of September 30, 2011		Change in fair value for the year ended September 30, 2011	
		Amount	Classification	Deferred Outflows	Deferred Inflows
Business-Type Activities:					
Hedging derivative instruments (cash flow hedges):					
WW1	\$ 114,545	(16,280)	Non-current liability	195	--
WW2	160,740	(22,336)	Non-current liability	(4,205)	--
AIR1	248,350	(51,016)	Non-current liability	(2,790)	--
HOT1	117,530	(19,179)	Non-current liability	(2,539)	--
<u>\$ 641,165</u>		<u>(108,811)</u>		<u>(9,339)</u>	<u>--</u>

Due to the continued low interest rate levels during fiscal year 2011, the City's interest rate swap hedging derivative instruments had negative fair values as of September 30, 2011. 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.

Risks

Credit risk. As of September 30, 2011, the City was not exposed to credit risk on any of its outstanding swap agreements because each swap had a negative fair value. However, should interest rates change and the fair value of a swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

9 – DERIVATIVE INSTRUMENTS, continued
b -- Variable Rate Debt Management Program, continued

The counterparty credit ratings for the City's interest rate swap hedging derivative instruments at September 30, 2011 are included in the table below:

Item	Related Variable Rate Bonds	Counterparty	Counterparty Ratings		
			Moody's Investors Service Inc.	Standard & Poor's	Fitch, Inc
Business-Type Activities:					
WW1	Water & Wastewater Revenue Refunding Bonds, Series 2004	JPMorgan Chase Bank, NA	Aa1	AA-	AA-
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	Goldman Sachs Bank USA	Aa3	A	A+
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	Morgan Stanley Capital Services, Inc.	A2	A	A
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	Morgan Keegan Financial Products	Aa3	A+	AA-

Swap agreements for all four swaps contain collateral agreements with the counterparties. These swap agreements require collateralization of the fair value of the swap should the counterparty's credit rating fall below the applicable thresholds in the agreements. For Swap WW1, 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/Standard & Poor's (S&P). For Swap AIR1, 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. For Swap HOT1, the credit support provider of MKFP is Deutsche Bank AG, New York Branch (DBAG). This swap requires collateralization of the fair value of the swap should DBAG's credit rating fall below the applicable thresholds in the agreement.

Swap payments and associated debt. The net cash flows for the City's interest rate swap hedging derivative instruments for the year ended September 30, 2011 are included in the table below (in thousands):

Item	Related Variable Rate Bonds	Counterparty Swap Interest			Interest to Bondholders	Net Interest Payments
		Pay	Receive	Net		
Business-Type Activities:						
WW1	Water & Wastewater Revenue Refunding Bonds, Series 2004	\$ (4,209)	185	(4,024)	(366)	(4,390)
WW2	Water & Wastewater Revenue Refunding Bonds, Series 2008	(5,823)	367	(5,456)	(436)	(5,892)
AIR1	Airport System Subordinate Lien Revenue Refunding Bonds, Series 2005	(10,156)	425	(9,731)	(1,010)	(10,741)
HOT1	Hotel Occupancy Tax Subordinate Lien Variable Rate Revenue Refunding Bonds, Series 2008	(3,844)	185	(3,659)	(725)	(4,384)
		<u>\$ (24,032)</u>	<u>1,162</u>	<u>(22,870)</u>	<u>(2,537)</u>	<u>(25,407)</u>

9 – DERIVATIVE INSTRUMENTS, continued
b -- Variable Rate Debt Management Program, continued

Basis and interest rate 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 does not bear basis risk on Swap WW2. At September 30, 2011, the City bears basis risk on the three remaining swaps. These swaps have basis risk since the City receives a percentage of LIBOR to offset the actual variable rate the City pays on the related bonds. The City is exposed to basis risk should the floating rate that it receives on a swap drop below 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 will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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 Swap WW1, 71% of LIBOR on AIR1, and 67% of LIBOR on Swap HOT1 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 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 Swap WW1 and Swap AIR1 to further reduce the possibility of termination risk.

Rollover risk. The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instrument. The City is currently not exposed to rollover risk on its hedging derivative instruments.

Investment Derivative Instruments

At September 30, 2011, the City did not have any investment derivative instruments related to interest rate swaps.

c -- Swap Payments and Associated Debt

As of September 30, 2011, debt service requirement of the City's variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows (as rates vary, variable rate bond interest payments and net swap payments will vary):

Fiscal Year Ended September 30	Variable-Rate Bonds (in thousands)		Interest Rate Swaps, Net	Total Interest
	Principal	Interest		
2012	\$ 29,905	251	22,764	23,015
2013	23,750	237	21,844	22,081
2014	54,920	224	20,331	20,555
2015	43,465	201	18,499	18,700
2016	56,550	159	16,849	17,008
2017-2021	136,155	497	68,353	68,850
2022-2026	212,150	101	33,369	33,470
2027-2031	84,270	(31)	7,900	7,869
Total	\$ 641,165	1,639	209,909	211,548

10 – DEFICITS IN FUND BALANCES AND NET ASSETS

At September 30, 2011, the following funds reported deficits in fund balances/net assets (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	\$ 35
Senior Nutrition	10
One Texas Center	395
Rutherford Lane Facility	966
Capital Projects Funds:	
Street & traffic signals	8
Parks and recreation facilities	288
Libraries	17
Radio Trunking	47
Cultural Facilities	3,407
Affordable Housing	5,304
Central Library	1,622
Mobility	3,044
Planning & development improvements	1
TPSD general improvements	1,731
Build Austin	281
Police and courts	6,797
Capital Reserve	332
Public Works	1,039
Watershed Protection	670
City Hall, plaza, parking garage	7,055
Conservation Land	15
Waller Creek Tunnel	3,518
Nonmajor Enterprise	
Solid Waste Services	3,791

11 – INTERFUND BALANCES AND TRANSFERS

Interfund receivables, payables, and advances at September 30, 2011, are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
		<u>Current</u>	<u>Long-Term</u>
Governmental funds:			
General Fund	Nonmajor governmental funds	\$ 227	--
Nonmajor governmental funds	Austin Water Utility	--	3,172
	General Fund	19	--
	Nonmajor enterprise funds	--	425
	Nonmajor governmental funds	44,452	--
Internal Service funds	Nonmajor governmental funds	11	92
Business-type funds:			
Austin Energy	Austin Water Utility (restricted)	1,240	22,723
	Airport	138	1,398
	General Fund	178	1,809
	Internal service funds	141	315
	Nonmajor enterprise funds	315	1,315
	Nonmajor governmental funds	--	227
Airport (restricted)	Nonmajor governmental funds	--	96
Nonmajor enterprise funds	Nonmajor enterprise funds	350	--
	Nonmajor governmental funds	--	59
		<u>\$ 47,071</u>	<u>31,631</u>

11 – INTERFUND BALANCES AND TRANSFERS, continued

Interfund receivables, payables, and advances reflect loans between funds. Of the above current amount, \$10.4 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 \$34.1 million in interfund loans between capital project funds to cover deficit pooled investments and cash.

Interfund transfers during fiscal year 2011 were as follows (in thousands):

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	
General Fund	\$ --	6,949	2,538	9,487
Nonmajor governmental funds	1,092	14,985	44,582	60,659
Austin Energy	103,000	758	--	103,758
Austin Water Utility	35,484	509	--	35,993
Nonmajor enterprise funds	1,872	3,989	--	5,861
Internal service funds	--	10,838	--	10,838
Total transfers out	\$ 141,448	38,028	47,120	226,596

Interfund transfers are authorized through City Council approval. Significant transfers include Austin Energy and Austin Water Utility 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 the Convention Center Fund.

12 – SELECTED REVENUES

a -- Major Enterprise Funds

Austin Energy and Austin Water Utility

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 \$59.1 million in 2011. 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 Austin Energy. Any over- or under-collections are applied to the cost-adjustment factor. The fuel factor is reviewed annually on a calendar year basis or when over- or under-recovery is more than 10% of expected fuel costs.

Airport

The City has entered into certain lease agreements as lessor for concessions at the Airport. These lease agreements qualify as operating leases for accounting purposes. In the fiscal year 2011, the Airport fund revenues included minimum concession guarantees of \$8,834,593.

12 – SELECTED REVENUES, continued
a -- Major Enterprise Funds, continued

The following is a schedule by year of minimum future rentals on noncancelable operating leases with remaining terms of up to ten years for the Airport Fund as of September 30, 2011.

Fiscal Year Ended September 30	Enterprise Airport Lease Receipts
2012	\$ 12,899
2013	11,140
2014	7,679
2015	575
2016	327
2017-2021	491
Totals	<u>\$ 33,111</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, 2009 through April 30, 2014. 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.

13 – 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 LCRA. 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.

FPP's Flexible Air permit received from the Texas Commission on Environmental Quality in 2002 requires that Austin Energy and LCRA install new SO2 scrubbers on FPP Units 1 and 2 by 2012. The scrubbers are currently in commercial operation.

Austin Energy's investment is financed through operations, revenue bonds, or commercial paper, which are repaid by Austin Energy (see Note 6), and its pro-rata share of operations is recorded as if wholly owned. Austin Energy's pro-rata interest in FPP was \$24.3 million as of September 30, 2011. The decrease in the pro-rata interest from 2010 is primarily due to the transfer of the scrubbers to Plant in Service. The pro-rata interest in the FPP is calculated pursuant to the participation agreement and is reported in various assets 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.

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, 2011, Austin Energy's investment in the STP was approximately \$446 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 Austin Energy (see Note 6). 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.

STP requested a 20 year license renewal for units 1 & 2 with the nuclear Regulatory Commission (NRC). NRC's review of the license application is proceeding on schedule with an anticipated approval during the first quarter of 2013.

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

Austin Energy began collecting in rates and accumulating funds for decommissioning STP in 1989 in an external trust. The Decommissioning Trust assets are reported as restricted cash and restricted investments held by trustee. The related liability is reported as decommissioning liability payable. Excess or unfunded liabilities related to decommissioning STP will be adjusted in future rates so that there are sufficient funds in place to pay for decommissioning. At September 30, 2011, the trust's assets were in excess of the estimated liability by \$21.9 million which is reported as part of deferred revenue and other liabilities (in thousands):

Decommissioning trust assets	\$ 168,948
Pro rata decommissioning liability	<u>(147,036)</u>
	<u>\$ 21,912</u>

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. The most recent annual calculation of financial assurance filed on December 31, 2010 showed that the trust assets exceeded the minimum required assurance by \$29.2 million.

d -- Purchased Power

Austin Energy has commitments totaling \$4.3 billion to purchase energy and capacity through purchase power agreements. This amount includes provisions for wind power through 2037, landfill power through 2020, biomass through 2032, and solar through 2035.

e -- Decommissioning and Environmental/Pollution Remediation Contingencies

Austin Energy may incur costs for environmental/pollution remediation of certain sites including the Holly, Fayette, and Seaholm Power Plants. The financial statements include a liability of approximately \$27 million at September 30, 2011. Austin Energy anticipates payment of these costs in 2012 and future years. The amount is based on 2011 cost estimates to perform remediation and decommissioning. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Austin Water Utility closed the Green Water Treatment Plant (GWTP) on September 23, 2008. The estimated decommissioning cost to close the GWTP is \$11 million. The financial statements include a remaining liability of approximately \$645 thousand at September 30, 2011. This amount is based on 2011 cost estimates. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Plant decommissioning reached substantial completion in fiscal year 2011, with final completion expected to occur in fiscal year 2012.

Solid Waste Services may incur costs for environmental remediation of certain sites outside of the City's landfill site. The financial statements include a liability of approximately \$8.7 million at September 30, 2011 for sites related to Harold Court, Rosewood and Loop 360. Solid Waste Services anticipates payment of these costs in 2012 and future years. The amount is based on 2011 cost estimates to perform remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

f -- Texas Water Development Board

In November 2009, the City delivered \$31,815,000 of initial Water and Wastewater System Revenue Bonds, Series 2010 as a private placement with the TWDB. This zero-interest issuance is part of the American Recovery and Reinvestment Act. As part of that program, the initial bonds, in \$5,000 increments, are replaced with definitive bonds as the City requests reimbursement for expenditures related to the approved project: green infrastructure improvements at the Hornsby Bend Biosolids Management plant. The City recognizes a liability once the definitive bonds have been issued. The remaining commitment will be recognized as future definitive bonds are issued. At year end, the liability recognized by the Water and Wastewater System Revenue Bonds, Series 2010 and the remaining commitment are as follows (in thousands):

Total bonds authorized	\$ 31,815
Definitive bonds issued to date	<u>(23,590)</u>
Remaining commitment	<u>\$ 8,225</u>

13 – COMMITMENTS AND CONTINGENCIES, continued
f -- Texas Water Development Board, continued

The City intends to issue definitive bonds for the remaining commitment. If the full amount of bonds authorized is not converted to definitive bonds, the TWDB and the City would agree to cancel any remaining initial bonds authorized but not converted. The City's liability in the financial statements represents the amount of definitive bonds outstanding.

g -- Arbitrage Rebate Payable

The City's arbitrage consultant has determined that the City has not earned interest revenue on unused bond proceeds in excess of amounts allowed by applicable Federal regulations. Therefore, the City will not be required to rebate any amounts to the federal government. There are no estimated payables at September 30, 2011.

h -- 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.

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 2011 Capital Budget has substantial contractual commitments relating to its capital improvement plan.

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

<u>Project</u>	<u>(in thousands)</u>	<u>Remaining Commitment</u>
Governmental activities:		
General government		\$ 62,175
Public safety		16,950
Transportation		135,800
Public health		2,525
Public recreation and culture		71,214
Urban growth management		70,121
Business-type activities:		
Electric		301,530
Water		664,243
Wastewater		531,595
Airport		73,399
Convention		11,171
Environmental and health services		21,002
Urban growth management		135,894
Total		<u>\$ 2,097,619</u>

13 – COMMITMENTS AND CONTINGENCIES, continued
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. Substantial closure occurred in FY11, and the City is no longer accepting waste. Final closure is expected to occur in FY2012. The amount of costs reported, based on landfill capacity of 100% as of September 30, 2011, is as follows (in thousands):

	<u>Closure</u>	<u>Postclosure</u>	<u>Total</u>
Total estimated costs	\$ 12,961	7,282	20,243
% capacity used	100%	100%	100%
Cumulative liability accrued	12,961	7,282	20,243
Costs incurred	(12,734)	--	(12,734)
Closure and post-closure liability	<u>\$ 227</u>	<u>7,282</u>	<u>7,509</u>

These amounts are based on the 2011 cost estimates to perform closure and postclosure care. 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.

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 HMO for health coverage. Approximately 31% of city employees and 39% of retirees use the HMO option; approximately 69% of city employees and 61% of retirees use the PPO option. 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 the number of full-time equivalent (FTE) employees per fund.

The City purchases stop-loss insurance for the City's PPO and HMO. This stop-loss insurance covers individual claims that exceed \$500,000 per calendar year, up to a maximum of \$5 million. In fiscal year 2011, six claims exceeded the stop-loss limit of \$500,000; during fiscal year 2010, six claims exceeded the stop-loss limit of \$500,000, and during fiscal year 2009, five claims exceeded the stop-loss limit of \$500,000. City coverage is unlimited for 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 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.

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

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 \$33.8 to \$62.6 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):

	Employee Benefits		Liability Reserve		Workers' Compensation	
	2011	2010	2011	2010	2011	2010
Liability balances, beginning of year	\$ 10,558	9,260	7,576	6,965	15,301	14,052
Claims and changes in estimates	7,386	9,480	4,289	3,270	3,810	4,445
Claim payments	(7,306)	(8,182)	(4,280)	(2,659)	(3,473)	(3,196)
Liability balances, end of year	<u>\$ 10,638</u>	<u>10,558</u>	<u>7,585</u>	<u>7,576</u>	<u>15,638</u>	<u>15,301</u>

The Liability Reserve Fund claims liability balance at fiscal year end includes liabilities of \$5.0 million discounted at 4.47% in 2011 and \$4.9 million discounted at 4.22% in 2010.

l -- Redevelopment of Robert Mueller Municipal Airport

In December 2004, City Council approved a master development agreement with Catellus Development Group (Catellus) to develop approximately 700 acres at the former site of the City's municipal airport into a mixed-use urban village near downtown Austin. Catellus will develop and market the property. The Mueller Local Government Corporation (MLGC), created by the City for this development, 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.

In September 2006, the MLGC issued debt in the amount of \$12 million. 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.

In October 2009, the MLGC issued debt in the amount of \$15 million. Proceeds of the debt have been used to reimburse the developer for additional eligible infrastructure for the residential portion of the development. Debt service payments will be funded through an economic development grant from the City of Austin, and supported by property tax proceeds from the development.

The development contains Class A office space, medical uses, and more than 390,000 square feet of retail space. These uses host over 40 employers providing more than 3,300 jobs at Mueller. From the start of home sales in 2007, the community has been well received. As of September 30, 2011, approximately 707 single-family homes, 642 apartment units, and 88 condos were either complete or under construction.

m -- 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, 2011 was \$22.9 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 6 for the debt service requirements on these leases.

13 – COMMITMENTS AND CONTINGENCIES, continued
m -- Other Commitments and Contingencies, continued

The following summarizes capital assets recorded at September 30, 2011, under capital lease obligations (in thousands):

Capital Assets	Governmental Activities	Business-type Activities		
		Electric	Airport	Total
Building and improvements	\$ --	1,405	--	1,405
Equipment	1,051	--	2,320	2,320
Accumulated depreciation	(648)	(316)	(2,217)	(2,533)
Net capital assets	\$ 403	1,089	103	1,192

14 – LITIGATION

A number of claims and lawsuits 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 lawsuits 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, 2011. These liabilities, reported in the government-wide statement of net assets, include amounts for claims and lawsuits settled subsequent to year-end.

15 – 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 outstanding 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 \$83.8 million in various series of housing revenue bonds that have an outstanding balance of \$75.8 million as of September 30, 2011.

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, 2011, \$344.4 million in revenue and revenue refunding bonds was outstanding that had an original issue value of \$382.2 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.

16 – RESTATEMENT AS A RESULT OF THE IMPLEMENTATION OF A NEW ACCOUNTING STANDARD

During fiscal year 2011, the City implemented a new accounting standard, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the standards for reporting fund balance classifications and made changes to the definitions of governmental fund types. GASB Statement No. 54 requires a restatement of prior financial statements for prior period impacts of implementation. The most significant change in the governmental fund type definitions were made to special revenue funds. The focus moved from the purpose of the expenditure to the source of the revenues and the use of those revenue streams. The City reviewed all governmental funds and determined that twenty-nine special revenue funds no longer met the special revenue definition. The main reason for this is because inflows to most of these funds were not specific revenues assigned for a special purpose, but were transfers from other funds with the intention of expending for a specified purpose. The funds providing the inflows include the General Fund, other nonmajor governmental funds, Austin Energy, Austin Water Utility, and other nonmajor enterprise funds. As a result, these twenty-nine funds were consolidated with their major source of funding for financial reporting under GASB Statement No. 54.

16 – RESTATEMENT AS A RESULT OF THE IMPLEMENTATION OF A NEW ACCOUNTING STANDARD, continued

The City has restated the beginning fund balances and beginning net assets in 2011 for the General Fund, nonmajor governmental funds, Governmental Activities, Austin Energy, Austin Water Utility, nonmajor enterprise funds, and Business-type activities to reflect this implementation as represented in the table below. In addition, beginning cash and cash equivalents balances on the proprietary cash flows were also restated.

September 30, 2010	Exhibit A-2	
	Governmental Activities	Business-Type Activities
Net assets, as previously reported	\$ 1,558,548	2,904,310
Adjustments to properly record:		
Implementation of GASB Statement No. 54	(2,081)	2,081
Net assets, as restated	<u>\$ 1,556,467</u>	<u>2,906,391</u>

September 30, 2010	Exhibit B-2		
	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances, as previously reported	\$ 108,710	261,725	370,435
Adjustments to properly record:			
Implementation of GASB Statement No. 54	19,334	(21,415)	(2,081)
Fund balances, as restated	<u>\$ 128,044</u>	<u>240,310</u>	<u>368,354</u>

September 30, 2010	Exhibit C-2			
	Austin Energy	Austin Water	Nonmajor Enterprise Funds	Business-Type Activities
Net assets, as previously reported	\$ 1,599,555	502,440	321,730	2,892,544
Adjustments to properly record:				
Implementation of GASB Statement No. 54	1,335	265	481	2,081
Net assets, as restated	<u>\$ 1,600,890</u>	<u>502,705</u>	<u>322,211</u>	<u>2,894,625</u>

September 30, 2010	Exhibit C-3			
	Austin Energy	Austin Water	Nonmajor Enterprise Funds	Business-Type Activities
Cash and cash equivalents, as previously reported	\$ 216,509	66,984	167,095	619,186
Adjustments to properly record:				
Implementation of GASB Statement No. 54	2,284	587	515	3,386
Cash and cash equivalents, as restated	<u>\$ 218,793</u>	<u>67,571</u>	<u>167,610</u>	<u>622,572</u>

17 – SUBSEQUENT EVENTS
a -- General Obligation Bond Issue

In October 2011, the City delivered \$78,090,000 of Public Improvement Bonds, Series 2011A. The proceeds from the issue will be used as follows: streets and signals (\$29,605,000), watershed protection improvements (\$21,490,000), parks and recreation (\$2,745,000), cultural arts (\$10,500,000), central library (\$4,000,000), and facility improvements (\$9,750,000). These bonds will be amortized serially on September 1 of each year from 2012 to 2031. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2012. Total interest requirements for these bonds, at rates ranging from 2.0% to 4.0%, are \$42,099,100.

17 – SUBSEQUENT EVENTS, continued

a -- General Obligation Bond Issue, continued

In October 2011, the City delivered \$8,450,000 of Public Improvements Bonds, Taxable Series 2011B. The proceeds from the issue will be used for affordable housing. These bonds will be amortized serially on September 1 of each year from 2014 to 2031. Interest is payable on March 1 and September 1 of each year, commencing March 1, 2012. Total interest requirements for these bonds, at rates ranging from 2.5% to 4.5%, are \$4,747,410.

In October 2011, the City delivered \$51,150,000 of Certificates of Obligation, Series 2011. The proceeds from this issue will be used as follows: Solid Waste Environmental Remediation (\$8,650,000), Transportation Projects (\$7,500,000), and Waller Creek Project (\$35,000,000). These certificates of obligation will be amortized serially on September 1 of each year from 2012 to 2041. Interest is payable on March 1 and September 1 of each year, commencing on March 1, 2012. Total interest requirements for these obligations, at rates ranging from 3.0% to 4.3%, are \$35,660,738.

In October 2011, the City delivered \$26,725,000 of Public Property Finance Contractual Obligations, Series 2011. The proceeds from this issue will be used as follows: water utility capital equipment (\$315,000), wastewater utility capital equipment (\$1,650,000), public safety radio replacements (\$7,500,000), police vehicles & equipment (\$8,635,000), public works capital equipment (\$3,003,000), and solid waste services capital equipment (\$5,622,000). These contractual obligations will be amortized serially on May 1 and November 1 of each year from 2012 to 2018. Interest is payable on May 1 and November 1 of each year, commencing May 1, 2012. Total interest requirements for these obligations, at rates ranging from 0.05% to 2.0%, are \$1,793,440.

b -- Public Improvement Refunding Bond Issue

In November 2011, the City issued \$68,285,000 of Public Improvement Refunding Bonds, Series 2011A. The net proceeds of \$75,164,595 (after issue costs, discounts, and premiums) from the refunding were used to refund \$4,375,000 of Public Improvement Bonds, Series 2001; \$14,420,000 of Public Improvement Refunding Bonds, Series 2001; \$5,045,000 of Certificates of Obligation, Series 2001; \$5,500,000 of Public Improvement Bonds, Series 2002; \$1,775,000 of Certificates of Obligation, Series 2002; \$5,950,000 Public Improvement Refunding Bonds, Series 2002; \$12,485,000 of Public Improvement and Refunding Bonds, Series 2003; \$2,515,000 of Certificates of Obligation, Series 2003; \$9,590,000 of Certificates of Obligation, Series 2004; \$4,980,000 of Public Improvement and Refunding Bonds, Series 2004; \$2,780,000 HUD 108 Loan, Series 2002A; \$785,000 HUD 108 Loan, Series 2003A; and \$655,000 HUD 108 Loan, Series 2006A. The refunding resulted in future interest requirements to service the debt of \$14,428,816 with interest rates ranging from 2.0% to 5.0%. An economic gain of \$4,953,123 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$5,572,626. An accounting loss of \$3,504,769, which will be deferred and amortized, was recognized on this refunding.

In November 2011, the City issued \$3,000,000 of Public Improvement Refunding Bonds, Taxable Series 2011B. The net proceeds of \$2,975,379 (after issue costs, discounts, and premiums) from the refunding were used to refund \$2,865,000 of HUD 108 Loan, Series 2010A. The refunding resulted in future interest requirements to service the debt of \$107,077 with interest rates ranging from 0.44% to 1.86%. An economic loss of \$72,356 was recognized on this transaction. The change in net cash flows that resulted from the refunding was an increase of \$82,456. An accounting loss of \$110,379, which will be deferred and amortized, was recognized on this refunding.

c -- Water and Wastewater System Revenue Refunding Bond Issue

In December 2011, the City issued \$237,530,000 of Water and Wastewater System Revenue Refunding Bonds, Series 2011. The net proceeds from the bond refunding were used to refund \$175,000,000 of the City's outstanding tax-exempt commercial paper issued for the water and wastewater utility system; \$52,345,000 of subordinate lien revenue refunding bonds, series 1998A; \$3,545,000 of subordinate lien revenue bonds, series 1998B; \$8,830,000 of water & wastewater system revenue refunding bonds, series 2001A; and \$7,885,000 of water & wastewater system revenue refunding bonds, series 2001B. The debt service requirements on the refunding bonds are \$449,868,159, with interest rates ranging from 2.0% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2012 to 2041. Principal payments are due November 15 of each year from 2014 to 2041. An economic gain of \$4,040,325 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$5,988,362. An accounting loss of \$2,614,243, which will be deferred and amortized, was recognized on this refunding.

17 – SUBSEQUENT EVENTS, continued
d -- Texas Water Development Board

As of February 24, 2012, the City has converted an additional \$3,010,000 of initial bonds to definitive Water and Wastewater System Revenue Bonds, Series 2010 over three separate draw requests. With these issuances, the outstanding commitment with the TWDB is now reduced to \$5,215,000.

e -- Special Assessment Bonds Issue

In November 2011, the City issued \$15,500,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Whisper Valley Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-054 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater, and roadway public improvements for the benefit of Whisper Valley Public Improvement District; funding of a reserve fund; payment of a portion of the costs incidental to the organization of the District; funding of capitalized interest; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from pledged revenues and any other funds held under the indenture, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. These term bonds mature on September 1 of 2018, 2020, 2022, and 2026 and are subject to mandatory sinking fund redemption prior to their respective maturities. Interest is payable on September 1 of each year, commencing September 1, 2012. Total interest requirements for these bonds, at rates ranging from 7.875% to 8.5%, are \$14,194,080.

In November 2011, the City issued \$2,860,000 of Special Assessment Revenue Bonds, Senior Series 2011 related to the Indian Hills Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-052 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater, and roadway public improvements for the benefit of Indian Hills Public Improvement District; funding of a reserve fund; payment of a portion of the costs incidental to the organization of the District; funding of capitalized interest; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from pledged revenues and any other funds held under the indenture, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. These term bonds mature on September 1 of 2018, 2020, 2022, and 2026 and are subject to mandatory sinking fund redemption prior to their respective maturities. Interest is payable on September 1 of each year, commencing September 1, 2012. Total interest requirements for these bonds, at rates ranging from 7.875% to 8.5%, are \$2,617,613.

In November 2011, the City issued \$18,485,168 of Special Assessment Revenue Bonds, Subordinate Series 2011 related to the Whisper Valley Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-055 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater, and roadway public improvements for the benefit of Whisper Valley Public Improvement District; payment of a portion of the costs incidental to the organization of the District; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from pledged revenues and any other funds held under the indenture, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. These bonds will be amortized serially on December 1 of 2015 and 2016. Interest is payable on December 1 of 2015 and 2016. Total interest requirements for these bonds, at rates ranging from 2.5% to 2.8%, are \$2,534,832.

In November 2011, the City issued \$2,332,350 of Special Assessment Revenue Bonds, Subordinate Series 2011 related to the Indian Hills Public Improvement District. These bonds are being used by the City pursuant to the Public Improvement District Act, Chapter 372, Texas Local Government Code, Ordinance No. 20111103-053 adopted by the City Council on November 3, 2011. The proceeds from the issue will be used as follows: payment of a portion of the costs of construction, acquisition, or purchase of certain water, wastewater, and roadway public improvements for the benefit of Indian Hills Public Improvement District; payment of a portion of the costs incidental to the organization of the District; and payment of the cost of issuance of the bonds. The bonds are special obligations of the City payable solely from pledged revenues and any other funds held under the indenture, as and to the extent provided in the indenture. The bonds do not give rise to a charge against the general credit or taxing powers of the City. These bonds will be amortized serially on December 1 of each year of 2015 and 2016. Interest is payable on December 1 of 2015 and 2016. Total interest requirements for these bonds, at rates ranging from 2.5% to 2.8%, are \$297,650.

17 – SUBSEQUENT EVENTS, continued

f -- Convention Center - Subordinate Lien Revenue Refunding Bonds

In March 2012, the City issued \$20,185,000 of Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 2012. The net proceeds of \$22,422,882 (after issue costs, discounts, and premiums) from the refunding were used to refund \$20,175,000 of the City's outstanding Waller Creek Venue Project, Series 1999A. The debt service requirements on the refunding bonds are \$30,314,439, with interest rates ranging from 2.0% to 5.0%. Interest payments are due May 15 and November 15 of each year from 2012 to 2029. Principal payments are due November 15 of each year from 2012 to 2029. An economic gain of \$1,337,876 was recognized on this transaction. The change in net cash flows that resulted from the refunding was a decrease of \$1,421,296.



**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, 2011
(In thousands)

City of Austin, Texas
RSI

General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 409,344	--	409,344	401,767	401,767	7,577
Franchise fees	32,904	8	32,912	35,139	35,139	(2,227)
Fines, forfeitures and penalties	18,131	(5)	18,126	18,863	18,863	(737)
Licenses, permits and inspections	18,653	--	18,653	13,036	13,353	5,300
Charges for services/goods	44,464	(7)	44,457	40,780	41,834	2,623
Interest and other	5,096	(1,062)	4,034	5,314	5,588	(1,554)
Total revenues	528,592	(1,066)	527,526	514,899	516,544	10,982
EXPENDITURES						
General government						
Municipal Court	12,229	10	12,239	12,426	12,426	187
Public safety						
Police	246,985	(173)	246,812	250,889	250,889	4,077
Fire	126,927	(1,247)	125,680	126,637	126,637	957
Emergency Medical Services	48,180	(499)	47,681	46,550	47,777	96
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	14	(14)	--	--	--	--
Public health:						
Health	39,230	883	40,113	40,046	40,506	393
Public recreation and culture						
Parks and Recreation	46,210	(2,326)	43,884	44,013	44,013	129
Austin Public Library	25,979	(44)	25,935	26,207	26,207	272
Urban growth management						
Neighborhood Planning and Zoning	19,540	48	19,588	21,194	21,194	1,606
Development Services and						
Watershed Protection	3	(3)	--	--	--	--
Other Urban Growth Management	14,756	(669)	14,087	15,841	15,358	1,271
General city responsibilities (4)	74,291	(53,090)	21,201	19,655	19,655	(1,546)
Total expenditures	654,344	(57,124)	597,220	603,458	604,662	7,442
Excess (deficiency) of revenues over expenditures	(125,752)	56,058	(69,694)	(88,559)	(88,118)	18,424
OTHER FINANCING SOURCES (USES)						
Transfers in	141,448	13,574	155,022	154,073	154,073	949
Transfers out	(9,487)	(71,931)	(81,418)	(79,321)	(80,989)	(429)
Total other financing sources (uses)	131,961	(58,357)	73,604	74,752	73,084	520
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,209	(2,299)	3,910	(13,807)	(15,034)	18,944
Fund balance at beginning of year	128,044	(10,927)	117,117	97,991	118,780	(1,663)
Fund balance at end of year	\$ 134,253	(13,226)	121,027	84,184	103,746	17,281

(Continued)

- (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.

General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
RSI

(Continued)

Budgetary General Fund	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Taxes	\$ 409,344	--	409,344	401,767	401,767	7,577
Franchise fees	32,904	8	32,912	35,139	35,139	(2,227)
Fines, forfeitures and penalties	18,131	(5)	18,126	18,863	18,863	(737)
Licenses, permits and inspections	18,653	--	18,653	13,036	13,353	5,300
Charges for services/goods	44,463	(7)	44,456	40,780	41,834	2,622
Interest and other	4,984	(1,062)	3,922	5,194	5,468	(1,546)
Total revenues	528,479	(1,066)	527,413	514,779	516,424	10,989
EXPENDITURES						
General government						
Municipal Court	12,229	10	12,239	12,426	12,426	187
Public safety						
Police	246,985	(173)	246,812	250,889	250,889	4,077
Fire	126,927	(1,247)	125,680	126,637	126,637	957
Emergency Medical Services	48,180	(499)	47,681	46,550	47,777	96
Transportation, planning and sustainability						
Transportation, Planning and Sustainability	14	(14)	--	--	--	--
Public health:						
Health	39,230	883	40,113	40,046	40,506	393
Public recreation and culture						
Parks and Recreation	46,210	(2,326)	43,884	44,013	44,013	129
Austin Public Library	25,979	(44)	25,935	26,207	26,207	272
Urban growth management						
Neighborhood Planning and Zoning	19,540	48	19,588	21,194	21,194	1,606
Development Services and						
Watershed Protection	3	(3)	--	--	--	--
Other Urban Growth Management	42	(42)	--	--	--	--
General city responsibilities (4)	74,291	(53,090)	21,201	19,655	19,655	(1,546)
Total expenditures	639,630	(56,497)	583,133	587,617	589,304	6,171
Excess (deficiency) of revenues over expenditures	(111,151)	55,431	(55,720)	(72,838)	(72,880)	17,160
OTHER FINANCING SOURCES (USES)						
Transfers in	134,263	1,200	135,463	135,463	135,463	--
Transfers out	(7,819)	(69,629)	(77,448)	(77,019)	(77,019)	(429)
Total other financing sources (uses)	126,444	(68,429)	58,015	58,444	58,444	(429)
Excess (deficiency) of revenues and other sources over expenditures and other uses	15,293	(12,998)	2,295	(14,394)	(14,436)	16,731
Fund balance at beginning of year	110,127	(10,208)	99,919	79,485	100,274	(355)
Fund balance at end of year	\$ 125,420	(23,206)	102,214	65,091	85,838	16,376

(Continued)

- (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.

General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
RSI

(Continued)

Economic Incentives Reserve

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Interest and other	\$ 49	--	49	--	--	49
Total revenues	49	--	49	--	--	49
EXPENDITURES						
Other Urban Growth Management	8,269	(502)	7,767	9,853	8,870	1,103
Total expenditures	8,269	(502)	7,767	9,853	8,870	1,103
Excess (deficiency) of revenues over expenditures	(8,220)	502	(7,718)	(9,853)	(8,870)	1,152
OTHER FINANCING SOURCES (USES)						
Transfers in	1,092	10,072	11,164	10,735	10,735	429
Transfers out	(983)	--	(983)	--	(983)	--
Total other financing sources (uses)	109	10,072	10,181	10,735	9,752	429
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,111)	10,574	2,463	882	882	1,581
Fund balance at beginning of year	5,364	(255)	5,109	6,417	6,417	(1,308)
Fund balance at end of year	(2,747)	10,319	7,572	7,299	7,299	273

New Central Library

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Interest and other	55	--	55	120	120	(65)
Total revenues	55	--	55	120	120	(65)
Fund balance at beginning of year	10,418	--	10,418	10,418	10,418	--
Fund balance at end of year	\$ 10,473	--	10,473	10,538	10,538	(65)

(Continued)

- (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.

General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances--Budget and Actual-Budget Basis
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
RSI

(Continued)

**Neighborhood Housing and
Community Development**

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
REVENUES						
Charges for services/goods	\$ 1	--	1	--	--	1
Interest and other	8	--	8	--	--	8
Total revenues	9	--	9	--	--	9
EXPENDITURES						
Other Urban Growth Mangement	2,616	(283)	2,333	2,501	2,501	168
Total expenditures	2,616	(283)	2,333	2,501	2,501	168
Excess (deficiency) of revenues over expenditures	(2,607)	283	(2,324)	(2,501)	(2,501)	177
OTHER FINANCING SOURCES (USES)						
Transfers in	--	2,302	2,302	2,302	2,302	--
Total other financing sources (uses)	--	2,302	2,302	2,302	2,302	--
Excess (deficiency) of revenues and other sources over expenditures and other uses	(2,607)	2,585	(22)	(199)	(199)	177
Fund balance at beginning of year	607	(351)	256	256	256	--
Fund balance at end of year	(2,000)	2,234	234	57	57	177

Sustainability

	Actual	Adjustments (1) (2)	Actual- Budget Basis	Budget		Variance (3) Positive (Negative)
				Original	Final	
EXPENDITURES						
Other Urban Growth Mangement	3,829	158	3,987	3,487	3,987	--
Total expenditures	3,829	158	3,987	3,487	3,987	--
Excess (deficiency) of revenues over expenditures	(3,829)	(158)	(3,987)	(3,487)	(3,987)	--
Transfers in	6,093	--	6,093	5,573	5,573	520
Transfers out	(685)	(2,302)	(2,987)	(2,302)	(2,987)	--
Total other financing sources (uses)	5,408	(2,302)	3,106	3,271	2,586	520
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,579	(2,460)	(881)	(216)	(1,401)	520
Fund balance at beginning of year	1,528	(113)	1,415	1,415	1,415	--
Fund balance at end of year	\$ 3,107	(2,573)	534	1,199	14	520

(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.

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, as reported in the financial statements is comprised of five separately budgeted funds. The Budgetary General Fund which represents the General Fund as budgeted by the City plus the Economic Incentives Reserve, New Central Library, Neighborhood Housing and Community Development, and Sustainability activities. The last four activities were previously reported as Special Revenue funds prior to the implementation of GASB Statement No. 54. These activities no longer meet the Special Revenue test and must be reported in the General Fund in accordance with GAAP.

The Budgetary 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 (\$340,000), accrued payroll (\$2,247,680), expenditures for workers' compensation (\$5,353,014), liability reserve (\$2,000,000), and public safety (\$2,394,022).

b -- Budget Amendments

The original revenue budget of the General Fund was amended during the fiscal year 2011 to increase emergency medical services and public health. The original expenditure budget of the General Fund was amended during fiscal year 2011 primarily for increased public safety and public health costs. The original and final budget is presented in the accompanying financial statements.

BUDGET BASIS REPORTING, continued

c -- 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 activities comprising the General Fund are provided, as follows (in thousands):

		<u>Combined General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis		\$ 6,209
Adjustments - increases (decreases) due to:		
Unbudgetd revenues:		
Budgetary General Fund	<u>(1,571)</u>	(1,571)
Worker's compensation adjustment		
Budgetary General Fund	<u>(4,137)</u>	(4,137)
Net compensated absences accrual		
Budgetary General Fund	<u>(146)</u>	(146)
Outstanding encumbrances established in current year		
Budgetary General Fund	(3,018)	
Economic Incentives Reserve	(459)	
Neighborhood Housing and Community Development	(38)	
Sustainability	<u>(263)</u>	(3,778)
Payments against prior year encumbrances		
Budgetary General Fund	1,936	
Neighborhood Housing and Community Development	271	
Sustainability	<u>105</u>	2,312
Other		
Budgetary General Fund	(6,562)	
Economic Incentives Reserve	11,033	
Neighborhood Housing and Community Development	2,352	
Sustainability	<u>(2,302)</u>	4,521
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis		<u><u>\$ 3,410</u></u>

RETIREMENT PLANS-TREND INFORMATION

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

Valuation Date, December 31	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
City Employees						
2008	1,481,377	2,246,903	765,526	65.9%	448,740	170.6%
2009	1,672,470	2,330,937	658,467	71.8%	442,539	148.8%
2010	1,711,600	2,460,700	749,100	69.6%	438,900	170.7%
Police Officers						
2008	464,230	693,202	228,972	67.0%	122,735	186.6%
2009	518,112	733,635	215,523	70.6%	122,928	175.3%
2010	546,957	776,231	229,274	70.5%	127,732	179.5%
Fire Fighters (2)						
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%
2009	589,261	664,185	74,924	88.7%	78,980	94.9%

(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 7.

OTHER POST EMPLOYMENT BENEFITS-TREND INFORMATION

Under GAAP, 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):

Fiscal Year Ended September 30	Valuation Date, October 1	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2009	2006	\$ --	1,035,766	1,035,766	0.0%	629,822	164.5%
2010	2008	--	1,134,864	1,134,864	0.0%	620,526	182.9%
2011	2010	--	1,404,692	1,404,692	0.0%	668,679	210.1%

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

Supplementary information for the OPEB plan can be found in Footnote 8.



**COMBINING FINANCIAL
STATEMENTS AND
SUPPLEMENTAL
INFORMATION**



GENERAL FUND

General Fund
Schedule of Revenues - Budget and Actual-Budget Basis
As of September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-1

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Taxes					
Property taxes:					
Current	\$ 249,558	--	249,558	245,720	3,838
Delinquent	1,192	--	1,192	1,000	192
Penalty and interest	1,102	--	1,102	900	202
Sales taxes	151,125	--	151,125	148,275	2,850
Other taxes	6,367	--	6,367	5,872	495
Total taxes	409,344	--	409,344	401,767	7,577
Franchise fees	32,904	8	32,912	35,139	(2,227)
Fines, forfeitures, and penalties					
Library fines	575	--	575	482	93
Traffic fines	9,708	--	9,708	10,659	(951)
Parking violations	2,585	--	2,585	2,380	205
Other	5,263	(5)	5,258	5,342	(84)
Total fines, forfeitures, and penalties	18,131	(5)	18,126	18,863	(737)
Licenses, permits, and inspections					
Alarm permits	2,138	--	2,138	2,152	(14)
Public health	3,002	--	3,002	3,058	(56)
Development	4,181	--	4,181	2,734	1,447
Building safety	8,782	--	8,782	4,820	3,962
Beer and wine permits	290	--	290	313	(23)
Other	260	--	260	276	(16)
Total licenses, permits, and inspections	18,653	--	18,653	13,353	5,300
Charges for services/goods					
Recreation and culture	7,316	--	7,316	6,967	349
Public health	4,586	(7)	4,579	5,130	(551)
Emergency medical services	31,235	--	31,235	28,336	2,899
General government	1,326	--	1,326	1,401	(75)
Urban Growth Management	1	--	1	--	1
Total charges for services/goods	44,464	(7)	44,457	41,834	2,623
Interest and other					
Interest	1,408	(21)	1,387	3,257	(1,870)
Rental income	1,953	--	1,953	1,774	179
Sale of property	450	--	450	302	148
Other	1,285	(1,041)	244	255	(11)
Total interest and other	5,096	(1,062)	4,034	5,588	(1,554)
Total revenues	\$ 528,592	(1,066)	527,526	516,544	10,982

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

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
As of September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-2

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
General government					
Municipal Court:					
Salaries and fringe benefits	\$ 9,593	(39)	9,554	9,668	114
Contractual services	2,639	19	2,658	2,743	85
Commodities	158	--	158	127	(31)
Expense refunds	(168)	--	(168)	(149)	19
Capital outlay	7	30	37	37	--
Total general government	12,229	10	12,239	12,426	187
Public safety					
Police:					
Salaries and fringe benefits	236,138	(696)	235,442	238,212	2,770
Contractual services	21,253	313	21,566	21,318	(248)
Commodities	3,352	(59)	3,293	3,618	325
Expense refunds	(13,876)	(171)	(14,047)	(12,418)	1,629
Capital outlay	118	440	558	159	(399)
	246,985	(173)	246,812	250,889	4,077
Fire:					
Salaries and fringe benefits	123,651	(929)	122,722	122,220	(502)
Contractual services	7,892	(233)	7,659	7,423	(236)
Commodities	1,711	93	1,804	2,275	471
Indirect cost	306	--	306	300	(6)
Expense refunds	(7,080)	(178)	(7,258)	(6,030)	1,228
Capital outlay	447	--	447	449	2
	126,927	(1,247)	125,680	126,637	957
Emergency Medical Services:					
Salaries and fringe benefits	40,762	(245)	40,517	41,400	883
Contractual services	4,071	27	4,098	3,597	(501)
Commodities	2,981	53	3,034	2,633	(401)
Expense refunds	(396)	(69)	(465)	(357)	108
Capital outlay	762	(265)	497	504	7
	48,180	(499)	47,681	47,777	96
Total public safety	422,092	(1,919)	420,173	425,303	5,130
Transportation, planning, and sustainability					
Contractual services	14	(14)	--	--	--
Total transportation, planning, and sustainability	14	(14)	--	--	--
Public health					
Salaries and fringe benefits	20,466	(127)	20,339	20,809	470
Contractual services	18,269	816	19,085	19,054	(31)
Commodities	1,825	146	1,971	1,210	(761)
Expense refunds	(1,433)	--	(1,433)	(753)	680
Capital outlay	103	48	151	186	35
Total public health	39,230	883	40,113	40,506	393
Public recreation and culture					
Parks and Recreation:					
Salaries and fringe benefits	34,960	(245)	34,715	34,151	(564)
Contractual services	9,951	(184)	9,767	10,101	334
Commodities	3,163	(76)	3,087	2,532	(555)
Indirect cost	433	--	433	192	(241)
Expense refunds	(4,657)	--	(4,657)	(3,520)	1,137
Capital outlay	2,360	(1,821)	539	557	18
	\$ 46,210	(2,326)	43,884	44,013	129

(continued)

General Fund
Schedule of Expenditures - Budget and Actual-Budget Basis
As of September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-2

(Continued)

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Public recreation and culture, (continued)					
Austin Public Library:					
Salaries and fringe benefits	\$ 19,947	(128)	19,819	20,102	283
Contractual services	2,980	30	3,010	2,925	(85)
Commodities	3,035	15	3,050	2,931	(119)
Indirect cost	--	--	--	--	--
Expense refunds	(185)	--	(185)	(92)	93
Capital outlay	202	39	241	341	100
	<u>25,979</u>	<u>(44)</u>	<u>25,935</u>	<u>26,207</u>	<u>272</u>
Total public recreation and culture	72,189	(2,370)	69,819	70,220	401
Urban growth management					
Neighborhood Planning & Zoning:					
Salaries and fringe benefits	22,654	(88)	22,566	23,901	1,335
Contractual services	3,441	106	3,547	3,838	291
Commodities	190	15	205	319	114
Expense refunds	(6,768)	--	(6,768)	(6,906)	(138)
Capital outlay	23	15	38	42	4
	<u>19,540</u>	<u>48</u>	<u>19,588</u>	<u>21,194</u>	<u>1,606</u>
Development Services and Watershed Protection:					
Contractual services	3	(3)	--	--	--
	<u>3</u>	<u>(3)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Urban Growth Management:					
Salaries and fringe benefits	2,144	(1)	2,143	1,289	(854)
Contractual services	13,397	(618)	12,779	14,150	1,371
Commodities	15	--	15	29	14
Expense refunds	(850)	--	(850)	(110)	740
Capital outlay	50	(50)	--	--	--
	<u>14,756</u>	<u>(669)</u>	<u>14,087</u>	<u>15,358</u>	<u>1,271</u>
Total urban growth management	34,299	(624)	33,675	36,552	2,877
General city responsibilities (2)	74,291	(53,090)	21,201	19,655	(1,546)
Total expenditures	654,344	(57,124)	597,220	604,662	7,442
General fund expenditures					
Salaries	510,315	(2,498)	507,817	511,752	3,935
Contractuals	83,910	259	84,169	85,149	980
Commodities	16,430	187	16,617	15,674	(943)
Indirect cost	739	--	739	492	(247)
Expense refunds	(35,413)	(418)	(35,831)	(30,335)	5,496
Capital outlay	4,072	(1,564)	2,508	2,275	(233)
General city responsibilities	74,291	(53,090)	21,201	19,655	(1,546)
Total expenditures	\$ 654,344	(57,124)	597,220	604,662	7,442

(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
As of September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-3

	Actual	Adjustments (1)	Actual- Budget Basis	Budget	Variance- Positive (Negative)
Transfers in					
General fund:					
Economic Incentives Reserve	\$ --	10,072	10,072	9,643	429
Neighborhood Housing and Community Development	--	2,302	2,302	2,302	--
Enterprise funds:					
Austin Energy	103,758	--	103,758	103,758	--
Austin Water Utility	35,818	1,200	37,018	37,018	--
Drainage	592	--	592	592	--
Solid Waste Services	760	--	760	760	--
Transportation	520	--	520	--	520
Total transfers in	141,448	13,574	155,022	154,073	949
Transfers out					
General fund:					
Barton Springs Conservation	--	45	45	45	--
Contingency Reserve	--	214	214	214	--
Economic Incentive Reserve	--	10,072	10,072	9,643	(429)
Neighborhood Housing and Community Development	--	2,302	2,302	2,302	--
Police	471	(471)	--	--	--
Special revenue funds:					
Housing Trust	350	--	350	350	--
Mueller Local Government Corp	984	--	984	984	--
Tax Increment Finance	100	--	100	100	--
Capital projects funds:	5,044	--	5,044	5,044	--
Enterprise funds:					
Austin Energy	--	1,000	1,000	1,000	--
Solid Waste Services	873	--	873	873	--
Transportation	1,665	--	1,665	1,665	--
Internal service funds:					
CTECC	--	7,277	7,277	7,277	--
Fleet Maintenance	--	8,007	8,007	8,007	--
Information Systems	--	12,975	12,975	12,975	--
Support Services	--	28,768	28,768	28,768	--
Wireless Communication	--	1,742	1,742	1,742	--
Total transfers out	9,487	71,931	81,418	80,989	(429)
Net transfers	\$ 131,961	(58,357)	73,604	73,084	520

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



**NONMAJOR GOVERNMENTAL
FUNDS**



**Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2011
(In thousands)**

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

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
ASSETS					
Cash	\$ 4	--	--	--	4
Pooled investments and cash	65,925	614	143,089	1,807	211,435
Investments, at fair value	--	17,165	--	--	17,165
Cash held by trustee-restricted	573	--	--	--	573
Property taxes receivable	--	5,328	--	--	5,328
Less allowance for uncollectible taxes	--	(1,557)	--	--	(1,557)
Net property taxes receivable	--	3,771	--	--	3,771
Accounts and other receivables	15,553	--	13,924	--	29,477
Less allowance for doubtful accounts	(247)	--	(12)	--	(259)
Net accounts receivable	15,306	--	13,912	--	29,218
Receivables from other governments	14,261	--	--	--	14,261
Notes receivable, net of allowance	14,026	--	--	--	14,026
Due from other funds	11,687	19	32,765	--	44,471
Advances to other funds	--	3,597	--	--	3,597
Real property held for resale	9,396	--	--	--	9,396
Other assets	891	--	99	--	990
Total assets	132,069	25,166	189,865	1,807	348,907
LIABILITIES AND FUND BALANCE					
Accounts payable	3,612	--	11,544	3	15,159
Accrued payroll	42	--	--	--	42
Due to other funds	11,687	238	32,765	--	44,690
Deferred revenue	2,712	3,648	--	--	6,360
Advances from other funds	--	474	--	--	474
Deposits and other liabilities	46,680	--	427	--	47,107
Total liabilities	64,733	4,360	44,736	3	113,832
Fund balances					
Nonspendable:					
Permanent funds	--	--	--	1,040	1,040
Restricted	50,039	20,806	103,913	764	175,522
Committed	18,139	--	8,007	--	26,146
Assigned	564	--	68,385	--	68,949
Unassigned	(1,406)	--	(35,176)	--	(36,582)
Total fund balances	67,336	20,806	145,129	1,804	235,075
Total liabilities and fund balances	\$ 132,069	25,166	189,865	1,807	348,907

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-5

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total
REVENUES					
Property taxes	\$ 1,762	101,648	--	--	103,410
Franchise fees and other taxes	55,649	--	--	--	55,649
Fines, forfeitures and penalties	5,946	--	--	--	5,946
Charges for services/goods	10,706	--	--	--	10,706
Intergovernmental	66,592	--	11,658	--	78,250
Property owners' participation and contributions	4,120	--	2,504	--	6,624
Interest and other	5,361	7,793	987	33	14,174
Total revenues	150,136	109,441	15,149	33	274,759
EXPENDITURES					
Current:					
General government	6,157	--	--	--	6,157
Public safety	6,381	--	--	--	6,381
Transportation, planning, and sustainability	9,751	--	--	--	9,751
Public health	15,830	--	--	--	15,830
Public recreation and culture	12,960	--	--	33	12,993
Urban growth management	40,874	--	--	--	40,874
Debt service:					
Principal	1,095	77,473	--	--	78,568
Interest	1,069	43,823	--	--	44,892
Fees and commissions	--	13	--	--	13
Capital outlay	--	--	160,682	--	160,682
Total expenditures	94,117	121,309	160,682	33	376,141
Excess (deficiency) of revenues over expenditures	56,019	(11,868)	(145,533)	--	(101,382)
OTHER FINANCING SOURCES (USES)					
Issuance of tax supported debt	--	--	118,778	--	118,778
Issuance of refunding bonds	--	79,342	--	--	79,342
Bond premiums	--	14,929	--	--	14,929
Payment to refunding bond escrow agent	--	(94,271)	--	--	(94,271)
Transfers in	3,887	6,177	27,964	--	38,028
Transfers out	(51,658)	--	(9,001)	--	(60,659)
Total other financing sources (uses)	(47,771)	6,177	137,741	--	96,147
Net change in fund balances	8,248	(5,691)	(7,792)	--	(5,235)
Fund balances at beginning of year, as restated	59,088	26,497	152,921	1,804	240,310
Fund balances at end of year	\$ 67,336	20,806	145,129	1,804	235,075



SPECIAL REVENUE FUNDS

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The City reports the following nonmajor special revenue funds:

General Government

Municipal Court:

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

Municipal Court Juvenile Case Manager Fund - 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:

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

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

Police Federal Dept. of Treasury Asset Forfeiture Fund - Records all Dept. of Treasury federal seized funds generated by police enforcement activities.

Police Federal Dept. of Justice Asset Forfeiture Fund - Records all Dept. of Justice federal seized funds generated by police enforcement activities.

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

Texas State Forfeiture Gambling Fund - Accounts for proceeds from the sale of property forfeited through the courts for illegal gambling operations.

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

Fire:

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

Transportation, Planning and Sustainability

Public Works and Transportation:

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

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.

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:

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

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 Fund - Accounts for proceeds of book sales.

Special Library 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.

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

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.

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

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.

Barton Springs Zone Mitigation - Accounts for the Barton Springs zone mitigation fee.

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.

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

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:

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

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

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.

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.

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

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

Mueller Tax Increment Financing Fund - Accounts for property tax revenue that is collected in the Mueller Tax increment Financing reinvestment Zone No. 16.

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.

Public Arts Fund - Provides for preservation and conservation of the City of Austin public art collection.

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

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.

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

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

Waller Creek Tax Increment Finance Fund - Accounts for property tax revenue that is collected in the Waller Creek Tax Increment Financing Reinvestment Zone No. 17.

Waller Creek Local Government Corporation - Established for the purpose of financing projects required for the development of Waller Creek.

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

**Special Revenue Funds
Combining Balance Sheet
For the year ended September 30, 2011
(In thousands)**

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

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
ASSETS				
Cash	\$ --	4	--	4
Pooled investments and cash	274	64,711	940	65,925
Cash held by trustee-restricted	537	36	--	573
Accounts and other receivables	--	14,581	972	15,553
Less allowance for doubtful accounts	--	--	(247)	(247)
Net accounts receivable	--	14,581	725	15,306
Receivables from other governments	14,261	--	--	14,261
Notes receivable, net of allowance	--	--	14,026	14,026
Due from other funds	--	11,687	--	11,687
Real property held for resale	--	--	9,396	9,396
Other assets	12	776	103	891
Total assets	15,084	91,795	25,190	132,069
LIABILITIES AND FUND BALANCES				
Accounts payable	1,679	1,923	10	3,612
Accrued payroll	--	42	--	42
Due to other funds	10,333	1,354	--	11,687
Deferred revenue	2,497	215	--	2,712
Deposits and other liabilities	575	44,148	1,957	46,680
Total liabilities	15,084	47,682	1,967	64,733
Fund balances				
Restricted	--	26,816	23,223	50,039
Committed	--	18,139	--	18,139
Assigned	--	564	--	564
Unassigned	--	(1,406)	--	(1,406)
Total fund balances	--	44,113	23,223	67,336
Total liabilities and fund balances	\$ 15,084	91,795	25,190	132,069

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-7

	Federal, State, and Other Special Revenue Grants	Other Special Revenue Funds	Housing Assistance	Total
REVENUES				
Property taxes	\$ --	1,762	--	1,762
Franchise fees and other taxes	--	55,649	--	55,649
Fines, forfeitures, and penalties	--	5,946	--	5,946
Charges for services/goods	--	10,682	24	10,706
Intergovernmental	57,270	--	9,322	66,592
Property owners' participation and contributions	--	4,120	--	4,120
Interest and other	--	3,191	2,170	5,361
Total revenues	57,270	81,350	11,516	150,136
EXPENDITURES				
Current:				
General government	4,748	1,409	--	6,157
Public safety	3,618	2,763	--	6,381
Transportation, planning, and sustainability	6,178	3,573	--	9,751
Public health	15,804	26	--	15,830
Public recreation and culture	8,100	4,860	--	12,960
Urban growth management	18,822	16,140	5,912	40,874
Debt service:				
Principal	--	1,095	--	1,095
Interest	--	1,069	--	1,069
Total expenditures	57,270	30,935	5,912	94,117
Excess of revenues over expenditures	--	50,415	5,604	56,019
OTHER FINANCING SOURCES (USES)				
Transfers in	--	3,887	--	3,887
Transfers out	--	(51,658)	--	(51,658)
Total other financing sources (uses)	--	(47,771)	--	(47,771)
Net change in fund balances	--	2,644	5,604	8,248
Fund balances at beginning of year, as restated	--	41,469	17,619	59,088
Fund balances at end of year	\$ --	44,113	23,223	67,336

Special Revenue Funds
Combining Balance Sheet - All Special Revenue Grants
September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-8

	Assets					Liabilities and Fund Balances					Total Liabilities and Fund Balances	
	Receivables					Due to						
	Pooled Investments and Cash	Cash held by trustee	Other Governments	Other Assets	Total Assets	Accounts Payable	Other Funds	Deferred Revenue	Other Liabilities	Total Liabilities		Fund Balances
Federal grants												
U.S. Department of Agriculture	\$ --	--	1,035	--	1,035	15	847	157	16	1,035	--	1,035
Equal Employment Opportunity Commission	--	--	122	--	122	--	--	122	--	122	--	122
U.S. Department of Justice	--	--	1,256	--	1,256	148	1,108	--	--	1,256	--	1,256
U.S. Department of Labor	--	--	10	--	10	--	10	--	--	10	--	10
U.S. Department of Transportation	--	--	2,983	--	2,983	11	2,955	17	--	2,983	--	2,983
U.S. Health & Human Services	--	--	2,796	12	2,808	497	1,588	698	25	2,808	--	2,808
U.S. Department of Homeland Security	--	--	1,301	--	1,301	9	1,110	182	--	1,301	--	1,301
U.S. Housing/Urban Development	--	537	3,399	--	3,936	900	1,623	879	534	3,936	--	3,936
U.S. National Foundation on the Arts and Humanities	--	--	189	--	189	2	167	20	--	189	--	189
U.S. Department of Interior	250	--	--	--	250	--	--	250	--	250	--	250
U.S. Department of Energy	--	--	211	--	211	--	211	--	--	211	--	211
U.S. Department of Commerce	--	--	44	--	44	25	19	--	--	44	--	44
U.S. Department of Education	--	--	--	--	--	--	--	--	--	--	--	--
Total federal grants	250	537	13,346	12	14,145	1,607	9,638	2,325	575	14,145	--	14,145
State grants												
Texas Governor's Office Criminal Justice Division	--	--	50	--	50	--	48	2	--	50	--	50
State Health Services	--	--	365	--	365	64	301	--	--	365	--	365
Texas Commission of the Arts	1	--	2	--	3	--	--	3	--	3	--	3
Texas Comptroller of Public Accounts	5	--	--	--	5	1	--	4	--	5	--	5
Texas Parks and Wildlife	--	--	48	--	48	5	43	--	--	48	--	48
Texas Department of Transportation	--	--	59	--	59	--	59	--	--	59	--	59
Texas Department of Motor Vehicles	--	--	17	--	17	--	17	--	--	17	--	17
Texas Historical Commission	--	--	--	--	--	--	--	--	--	--	--	--
Texas State Library and Archives Commission	--	--	101	--	101	--	101	--	--	101	--	101
Texas Commission on Environmental Quality	--	--	--	--	--	--	--	--	--	--	--	--
Texas Department of Housing and Community Affairs	--	--	126	--	126	--	126	--	--	126	--	126
Total state grants	6	--	768	--	774	70	695	9	--	774	--	774
Other special revenue grants	18	--	147	--	165	2	--	163	--	165	--	165
Total all grants	\$ 274	537	14,261	12	15,084	1,679	10,333	2,497	575	15,084	--	15,084

Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - All Special Revenue Grants
For the year ended September 30, 2011
(In thousands)

	Revenues	Expenditures	Excess (Deficiency) Of Revenues Over Expenditures	Fund Balances at Beginning of Year	Fund Balances at End of Year
	Inter- governmental	Special Projects			
Federal grants					
U.S. Department of Agriculture	\$ 6,785	6,785	--	--	--
Equal Employment Opportunity Commission	65	65	--	--	--
U.S. Department of Justice	3,823	3,823	--	--	--
U.S. Department of Labor	--	--	--	--	--
U.S. Department of Transportation	5,645	5,645	--	--	--
U.S. Health & Human Services	14,675	14,675	--	--	--
U.S. Department of Homeland Security	3,618	3,618	--	--	--
U.S. Housing/Urban Development	17,475	17,475	--	--	--
U.S. National Foundation on the Arts and Humanities	358	358	--	--	--
U.S. Department of Interior	--	--	--	--	--
U.S. Department of Energy	292	292	--	--	--
U.S. Department of Commerce	44	44	--	--	--
U.S. Department of Education	1	1	--	--	--
Total federal grants	52,781	52,781	--	--	--
State grants					
Texas Governor's Office Criminal Justice Division	150	150	--	--	--
State Health Services	1,129	1,129	--	--	--
Texas Commission of the Arts	1	1	--	--	--
Texas Comptroller of Public Accounts	188	188	--	--	--
Texas Parks and Wildlife	18	18	--	--	--
Texas Department of Transportation	65	65	--	--	--
Texas Department of Motor Vehicles	468	468	--	--	--
Texas Historical Commission	25	25	--	--	--
Texas State Library and Archives Commission	253	253	--	--	--
Texas Commission on Environmental Quality	185	185	--	--	--
Texas Department of Housing and Community Affairs	1,347	1,347	--	--	--
Total state grants	3,829	3,829	--	--	--
Other special revenue grants	660	660	--	--	--
Total all grants	\$ 57,270	57,270	--	--	--

Special Revenue Funds
Combining Schedule of Expenditures - All Special Revenue Grants
From Inception to September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-10

	Total Expenditures at			Current Year		Total Expenditures at			Budget		
	Beginning of Year			In-Kind		End of Year			In-Kind		
	Grant	Match	Total	Grant	Match	Grant	Match	Total	Grant	Match	Total
Federal grants											
U.S. Department of Agriculture	\$ 20,024	--	20,024	6,785	--	26,809	--	26,809	27,702	--	27,702
Equal Employment Opportunity Commission	496	--	496	65	--	561	--	561	625	--	625
U.S. Department of Justice	19,050	4,639	23,689	3,823	258	22,873	4,897	27,770	26,516	4,948	31,464
U.S. Department of Labor	68	--	68	--	--	68	--	68	82	--	82
U.S. Department of Transportation	12,348	2,803	15,151	5,645	527	17,993	3,330	21,323	26,556	4,682	31,238
U.S. Health & Human Services	61,238	155	61,393	14,675	96	75,913	251	76,164	95,901	408	96,309
U.S. Department of Homeland Security	29,106	550	29,656	3,618	157	32,724	707	33,431	41,476	717	42,193
U.S. Housing/Urban Development	188,145	1,262	189,407	17,475	196	205,620	1,458	207,078	208,529	2,072	210,601
U.S. National Foundation on the Arts and Humanities	1,296	47	1,343	358	--	1,654	47	1,701	1,708	76	1,784
U.S. Department of Interior	--	--	--	--	--	--	--	--	--	--	--
U.S. Department of Energy	--	--	--	292	73	292	73	365	590	147	737
U.S. Department of Commerce	--	--	--	44	6	44	6	50	64	35	99
U.S. Department of Education	42	--	42	1	--	43	--	43	46	--	46
Total federal grants	331,813	9,456	341,269	52,781	1,313	384,594	10,769	395,363	429,795	13,085	442,880
State grants											
Texas Governor's Office Criminal Justice Division	353	157	510	150	--	503	157	660	503	157	660
State Health Services	1,873	161	2,034	1,129	102	3,002	263	3,265	4,027	319	4,346
Texas Commission of the Arts	116	--	116	1	--	117	--	117	120	--	120
Texas Comptroller of Public Accounts	713	--	713	188	--	901	--	901	952	--	952
Texas Parks and Wildlife	86	21	107	18	11	104	32	136	804	606	1,410
Texas Department of Transportation	145	15	160	65	22	210	37	247	215	38	253
Texas Department of Motor Vehicles	725	275	1,000	468	120	1,193	395	1,588	1,632	512	2,144
Texas Historical Commission	--	--	--	25	--	25	--	25	25	--	25
Texas State Library and Archives Commission	730	--	730	253	--	983	--	983	758	--	758
Texas Commission on Environmental Quality	30	--	30	185	--	215	--	215	227	--	227
Texas Department of Housing and Community Affairs	574	109	683	1,347	83	1,921	192	2,113	1,922	192	2,114
Total state grants	5,345	738	6,083	3,829	338	9,174	1,076	10,250	11,185	1,824	13,009
Other special revenue grants	2,300	2	2,302	660	11	2,960	13	2,973	3,958	41	3,999
Total all grants	\$ 339,458	10,196	349,654	57,270	1,662	396,728	11,858	408,586	444,938	14,950	459,888

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2011
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	
General government							
Municipal Court:							
Municipal Court Building Security	\$ --	75	--	--	--	--	75
Municipal Court Juvenile Case Manager	--	2,031	--	--	--	--	2,031
Municipal Court Technology	--	929	--	--	--	--	929
Total general government	--	3,035	--	--	--	--	3,035
Public safety							
Police:							
Auto Theft Interdiction	--	40	--	--	--	--	40
Police Benefit	--	76	--	--	--	--	76
Police Federal Dept. of Treasury Asset Forfeiture	4	1,903	--	--	--	--	1,907
Police Federal Dept. of Justice Asset Forfeiture	--	2,323	--	--	--	--	2,323
Police State Contraband Asset Forfeiture	--	663	--	--	--	--	663
Texas State Forfeiture Gambling	--	716	--	--	--	--	716
Municipal Court Traffic Safety	--	196	--	--	--	--	196
Total Police	4	5,917	--	--	--	--	5,921
Fire:							
Fire Miscellaneous	--	39	--	--	--	--	39
Total Fire	--	39	--	--	--	--	39
Total public safety	4	5,956	--	--	--	--	5,960
Transportation, planning, and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	33,477	--	--	10,357	--	43,834
Total Public Works and Transportation	--	33,477	--	--	10,357	--	43,834
Transportation, Planning, and Sustainability:							
Austin Transportation Study	--	--	--	548	--	--	548
Child Safety	--	642	--	--	--	--	642
Subdivision Participation	--	--	--	--	--	--	--
Total Transportation, Planning, and Sustainability	--	642	--	548	--	--	1,190
Total transportation, planning, and sustainability	\$ --	34,119	--	548	10,357	--	45,024

City of Austin, Texas
Exhibit E-11

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Due to Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
15	--	--	--	--	15	60	--	--	--	60	75
--	6	--	--	--	6	2,025	--	--	--	2,025	2,031
19	--	--	--	--	19	910	--	--	--	910	929
34	6	--	--	--	40	2,995	--	--	--	2,995	3,035
--	--	--	--	31	31	9	--	--	--	9	40
--	--	--	--	--	--	76	--	--	--	76	76
688	--	--	--	--	688	1,219	--	--	--	1,219	1,907
3	--	--	--	--	3	2,320	--	--	--	2,320	2,323
13	--	--	--	--	13	650	--	--	--	650	663
32	--	--	--	--	32	684	--	--	--	684	716
49	--	--	--	182	231	--	--	--	(35)	(35)	196
785	--	--	--	213	998	4,958	--	--	(35)	4,923	5,921
--	--	--	--	1	1	38	--	--	--	38	39
--	--	--	--	1	1	38	--	--	--	38	39
785	--	--	--	214	999	4,996	--	--	(35)	4,961	5,960
24	--	--	--	43,609	43,633	--	201	--	--	201	43,834
24	--	--	--	43,609	43,633	--	201	--	--	201	43,834
107	--	24	205	--	336	212	--	--	--	212	548
--	36	--	--	--	36	596	--	10	--	606	642
--	--	--	--	--	--	--	--	--	--	--	--
107	36	24	205	--	372	808	--	10	--	818	1,190
131	36	24	205	43,609	44,005	808	201	10	--	1,019	45,024

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2011
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	
Public health							
Health and Human Services:							
Health Miscellaneous	\$ --	154	--	--	--	--	154
Total Health and Human Services	--	154	--	--	--	--	154
Other public health:							
Animal Services	--	280	--	--	--	--	280
Animal Shelter Building	--	15	--	--	--	--	15
Total other public health	--	295	--	--	--	--	295
Total public health	--	449	--	--	--	--	449
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	115	--	--	--	--	115
Friends of Austin Public Library	--	401	--	--	--	--	401
Special Library	--	666	--	--	--	--	666
Total Austin Public Library	--	1,182	--	--	--	--	1,182
Parks and Recreation:							
Adaptive Programs	--	14	--	--	--	--	14
Balcones Canyonlands	--	21	--	--	--	--	21
PARD Cultural Projects	--	1,509	--	--	--	--	1,509
PARD Miscellaneous	--	577	--	--	--	--	577
PARD Police Asset Forfeitures	--	--	--	--	--	--	--
Planting for the Future	--	253	--	--	--	--	253
Republic Square	--	1	--	--	--	--	1
Senior Nutrition	--	--	--	--	--	--	--
Summer Musical	--	351	--	--	--	--	351
Teen Activity	--	16	--	--	--	--	16
Tennis League	--	7	--	--	--	--	7
Town Lake Beautification	--	97	--	--	--	--	97
Total Parks and Recreation	--	2,846	--	--	--	--	2,846
Total public recreation and culture	\$ --	4,028	--	--	--	--	4,028

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
--	--	--	--	110	110	44	--	--	--	44	154
--	--	--	--	110	110	44	--	--	--	44	154
2	--	--	--	57	59	212	--	9	--	221	280
--	--	--	--	--	--	--	--	15	--	15	15
2	--	--	--	57	59	212	--	24	--	236	295
2	--	--	--	167	169	256	--	24	--	280	449
--	--	--	--	--	--	115	--	--	--	115	115
1	--	--	--	10	11	390	--	--	--	390	401
15	--	--	--	--	15	651	--	--	--	651	666
16	--	--	--	10	26	1,156	--	--	--	1,156	1,182
--	--	--	--	--	--	14	--	--	--	14	14
--	--	--	--	2	2	19	--	--	--	19	21
128	--	--	--	--	128	--	1,370	11	--	1,381	1,509
--	--	--	--	--	--	519	--	58	--	577	577
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	253	--	--	--	253	253
--	--	--	--	--	--	1	--	--	--	1	1
--	--	--	10	--	10	--	--	--	(10)	(10)	--
--	--	--	--	--	--	351	--	--	--	351	351
--	--	--	--	--	--	16	--	--	--	16	16
--	--	--	--	--	--	7	--	--	--	7	7
--	--	--	--	--	--	97	--	--	--	97	97
128	--	--	10	2	140	1,277	1,370	69	(10)	2,706	2,846
144	--	--	10	12	166	2,433	1,370	69	(10)	3,862	4,028

(Continued)

Special Revenue Funds - Other
Combining Balance Sheet
September 30, 2011
(In thousands)

	Assets						Total Assets
	Cash	Pooled Investments and Cash	Cash Held by Trustee	Net Accounts Receivable	Due from Other Funds	Other Assets	
Urban growth management							
Neighborhood Housing & Community Development:							
Housing Trust Social Equity	\$ --	1,503	--	--	--	--	1,503
UNO Housing Trust	--	254	--	--	--	--	254
Total Neighborhood Housing & Community Development	--	1,757	--	--	--	--	1,757
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	182	--	--	--	--	182
Austin Inner City Redevelopment Corporation	--	2	--	--	--	--	2
Barton Springs Zone Mitigation	--	--	--	--	--	--	--
East Sixth Street Public Improvement District	--	90	--	36	--	--	126
Performance Contracting	--	--	--	--	--	--	--
Public Improvement District	--	1,397	--	193	--	--	1,590
Urban Forest Replenishment	--	1,496	--	--	--	--	1,496
Total Development Services and Watershed Protection	--	3,167	--	229	--	--	3,396
Other urban growth management:							
Business Retention & Enhancement	--	1,080	--	146	--	351	1,577
Cable TV	--	623	--	--	--	--	623
City Hall	--	274	--	12	--	--	286
City Hall Retail Tenant Improvement	--	117	--	--	--	--	117
Hotel-Motel Occupancy Tax	--	99	--	11,236	--	--	11,335
I-35 Parking Program	--	155	--	--	--	--	155
Mueller Development	--	10	--	708	--	--	718
Mueller Local Government Corporation	--	1,096	36	--	--	--	1,132
Mueller Tax Increment Financing	--	--	--	--	--	--	--
Music Loan Program	--	295	--	--	--	--	295
One Texas Center	--	--	--	--	--	--	--
Public Arts	--	10	--	--	--	--	10
Rutherford Lane Facility	--	--	--	--	--	--	--
Tax Increment Finance	--	381	--	--	--	--	381
Tourism and Promotion	--	1,298	--	--	--	425	1,723
Vehicle Rental Tax	--	--	--	1,702	--	--	1,702
Waller Creek Reserve	--	3,806	--	--	1,330	--	5,136
Waller Creek Tax Increment Finance	--	1,905	--	--	--	--	1,905
Waller Creek Local Government Corporation	--	--	--	--	--	--	--
Wildland Conservation	--	1,051	--	--	--	--	1,051
Total other urban growth management	--	12,200	36	13,804	1,330	776	28,146
Total urban growth management	--	17,124	36	14,033	1,330	776	33,299
Total	\$ 4	64,711	36	14,581	11,687	776	91,795

Liabilities						Fund Balances				Total Fund Balances	Total Liabilities and Fund Balances
Accounts Payable	Accrued Payroll	Other Funds	Deferred Revenue	Deposits and Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned		
2	--	--	--	--	2	--	1,380	121	--	1,501	1,503
--	--	--	--	--	--	239	--	15	--	254	254
2	--	--	--	--	2	239	1,380	136	--	1,755	1,757
--	--	--	--	--	--	--	182	--	--	182	182
2	--	--	--	--	2	--	--	--	--	--	2
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	124	2	--	126	126
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	1,590	--	--	1,590	1,590
--	--	--	--	--	--	--	1,496	--	--	1,496	1,496
2	--	--	--	--	2	--	3,392	2	--	3,394	3,396
--	--	--	--	--	--	--	1,484	93	--	1,577	1,577
--	--	--	--	--	--	618	--	5	--	623	623
77	--	--	--	5	82	204	--	--	--	204	286
--	--	--	--	24	24	93	--	--	--	93	117
--	--	--	--	99	99	11,236	--	--	--	11,236	11,335
2	--	--	--	--	2	145	--	8	--	153	155
1	--	--	--	5	6	--	712	--	--	712	718
--	--	--	--	--	--	--	1,132	--	--	1,132	1,132
--	--	--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	295	--	--	295	295
--	--	395	--	--	395	--	--	--	(395)	(395)	--
--	--	--	--	10	10	--	--	--	--	--	10
28	--	935	--	3	966	--	--	--	(966)	(966)	--
2	--	--	--	--	2	--	335	44	--	379	381
705	--	--	--	--	705	888	130	--	--	1,018	1,723
--	--	--	--	--	--	--	1,677	25	--	1,702	1,702
--	--	--	--	--	--	--	5,136	--	--	5,136	5,136
--	--	--	--	--	--	1,905	--	--	--	1,905	1,905
--	--	--	--	--	--	--	--	--	--	--	--
8	--	--	--	--	8	--	895	148	--	1,043	1,051
823	--	1,330	--	146	2,299	15,089	11,796	323	(1,361)	25,847	28,146
827	--	1,330	--	146	2,303	15,328	16,568	461	(1,361)	30,996	33,299
1,923	42	1,354	215	44,148	47,682	26,816	18,139	564	(1,406)	44,113	91,795

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2011
(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	\$ --	--	446	--	--	--	446
Municipal Court Juvenile Case Manager	--	--	581	--	--	10	591
Municipal Court Technology	--	--	595	--	--	5	600
Total general government	--	--	1,622	--	--	15	1,637
Public safety							
Police:							
Auto Theft Interdiction	--	--	--	--	--	--	--
Police Benefit	--	--	--	17	1	--	18
Police Federal Dept. of Treasury Asset Forfeiture	--	--	498	--	--	10	508
Police Federal Dept. of Justice Asset Forfeiture	--	--	1,300	--	--	9	1,309
Police State Contraband Asset Forfeiture	--	--	307	--	--	4	311
Texas State Forfeiture Gambling	--	--	--	174	--	4	178
Municipal Court Traffic Safety	--	--	563	--	--	53	616
Total Police	--	--	2,668	191	1	80	2,940
Fire:							
Fire Miscellaneous	--	--	--	6	--	--	6
Total Fire	--	--	--	6	--	--	6
Total public safety	--	--	2,668	197	1	80	2,946
Transportation, planning and sustainability							
Public Works and Transportation:							
Fiscal Surety - Land Development	--	--	--	--	--	(147)	(147)
Total Public Works and Transportation	--	--	--	--	--	(147)	(147)
Transportation, Planning and Sustainability:							
Austin Transportation Study	--	--	--	2,340	--	--	2,340
Child Safety	--	--	1,483	--	--	4	1,487
Subdivision Participation	--	--	--	--	1,090	377	1,467
Total Transportation, Planning and Sustainability	--	--	1,483	2,340	1,090	381	5,294
Total transportation, planning and sustainability	\$ --	--	1,483	2,340	1,090	234	5,147

(1) Expenditures include capital outlay of \$1.3 million.

Expenditures (1)	Principal	Interest	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			
491	--	--	(45)	--	--	(45)	105	60
300	--	--	291	--	--	291	1,734	2,025
618	--	--	(18)	--	--	(18)	928	910
1,409	--	--	228	--	--	228	2,767	2,995
--	--	--	--	--	--	--	9	9
--	--	--	18	--	--	18	58	76
1,464	--	--	(956)	--	(3)	(959)	2,178	1,219
194	--	--	1,115	--	--	1,115	1,205	2,320
221	--	--	90	--	--	90	560	650
230	--	--	(52)	--	--	(52)	736	684
651	--	--	(35)	--	--	(35)	--	(35)
2,760	--	--	180	--	(3)	177	4,746	4,923
3	--	--	3	--	--	3	35	38
3	--	--	3	--	--	3	35	38
2,763	--	--	183	--	(3)	180	4,781	4,961
--	--	--	(147)	--	--	(147)	348	201
--	--	--	(147)	--	--	(147)	348	201
2,129	--	--	211	--	--	211	1	212
1,444	--	--	43	--	(181)	(138)	744	606
--	--	--	1,467	--	(5,317)	(3,850)	3,850	--
3,573	--	--	1,721	--	(5,498)	(3,777)	4,595	818
3,573	--	--	1,574	--	(5,498)	(3,924)	4,943	1,019

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2011
(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:							
Health Miscellaneous	\$ --	--	--	--	--	--	--
Total Health and Human Services	--	--	--	--	--	--	--
Other public health:							
Animal Services	--	--	--	--	129	1	130
Animal Shelter Building	--	--	--	--	--	1	1
Total other public health	--	--	--	--	129	2	131
Total public health	--	--	--	--	129	2	131
Public recreation and culture							
Austin Public Library:							
Austin History Center	--	--	--	--	8	--	8
Friends of Austin Public Library	--	--	--	--	151	--	151
Special Library	--	--	--	--	201	--	201
Total Austin Public Library	--	--	--	--	360	--	360
Parks and Recreation:							
Adaptive Programs	--	--	--	--	4	--	4
Balcones Canyonlands	--	--	--	--	--	--	--
PARD Cultural Projects	--	5,463	--	--	--	9	5,472
PARD Miscellaneous	--	--	--	--	76	5	81
PARD Police Asset Forfeitures	--	--	--	--	--	--	--
Planting for the Future	--	--	--	--	126	--	126
Republic Square	--	--	--	--	--	--	--
Senior Nutrition	--	--	--	--	--	--	--
Summer Musical	--	--	--	--	25	--	25
Teen Activity	--	--	--	--	8	--	8
Tennis League	--	--	--	--	--	--	--
Town Lake Beautification	--	--	--	--	15	--	15
Total parks and recreation	--	5,463	--	--	254	14	5,731
Total public recreation and culture	\$ --	5,463	--	--	614	14	6,091

(1) Expenditures include capital outlay of \$1.3 million.

(Continued)

Expenditures (1)	Principal	Interest	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			
--	--	--	--	--	--	--	44	44
--	--	--	--	--	--	--	44	44
26	--	--	104	--	--	104	117	221
--	--	--	1	--	--	1	14	15
26	--	--	105	--	--	105	131	236
26	--	--	105	--	--	105	175	280
36	--	--	(28)	--	--	(28)	143	115
10	--	--	141	--	--	141	249	390
132	--	--	69	--	--	69	582	651
178	--	--	182	--	--	182	974	1,156
--	--	--	4	--	--	4	10	14
56	--	--	(56)	--	--	(56)	75	19
4,354	--	--	1,118	--	--	1,118	263	1,381
38	--	--	43	--	--	43	534	577
--	--	--	--	2	--	2	(2)	--
91	--	--	35	--	--	35	218	253
--	--	--	--	--	--	--	1	1
--	--	--	--	--	--	--	(10)	(10)
76	--	--	(51)	--	--	(51)	402	351
3	--	--	5	--	--	5	11	16
--	--	--	--	--	--	--	7	7
64	--	--	(49)	--	--	(49)	146	97
4,682	--	--	1,049	2	--	1,051	1,655	2,706
4,860	--	--	1,231	2	--	1,233	2,629	3,862

(Continued)

Special Revenue Funds - Other
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2011
(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 Trust Social Equity	\$ --	--	--	--	--	11	11
UNO Housing Trust	--	--	--	--	--	1	1
Total Neighborhood Housing & Community Development	--	--	--	--	--	12	12
Development Services and Watershed Protection:							
Austin Industrial Development Corporation (AIDC)	--	--	--	--	--	1	1
Austin Inner City Redevelopment Corporation	--	--	--	--	--	--	--
Barton Springs Zone Mitigation	--	--	--	--	411	--	411
East Sixth Street Public Improvement District	--	--	--	71	43	1	115
Performance Contracting	--	--	--	--	--	2,024	2,024
Public Improvement District	--	--	--	2,591	--	11	2,602
Urban Forest Replenishment	--	--	--	--	460	7	467
Total Development Services and Watershed Protection	--	--	--	2,662	914	2,044	5,620
Other urban growth management:							
Business Retention & Enhancement	--	--	--	219	--	51	270
Cable TV	--	785	--	--	--	2	787
City Hall	--	--	--	704	--	--	704
City Hall Retail Tenant Improvement	--	--	--	--	--	--	--
Hotel-Motel Occupancy Tax	--	34,958	--	--	--	--	34,958
I-35 Parking Program	--	--	--	24	--	1	25
Mueller Development	--	--	--	22	--	--	22
Mueller Local Government Corporation	--	--	--	--	972	2	974
Mueller Tax Increment Financing	966	--	--	--	--	5	971
Music Loan Program	--	--	--	--	--	2	2
One Texas Center	--	--	--	1,812	--	--	1,812
Public Arts	--	--	--	--	--	--	--
Rutherford Lane Facility	--	--	--	2,702	--	--	2,702
Tax Increment Finance	--	--	--	--	--	2	2
Tourism and Promotion	--	7,541	--	--	--	3	7,544
Vehicle Rental Tax	--	6,902	--	--	--	12	6,914
Waller Creek Reserve	--	--	--	--	--	695	695
Waller Creek Tax Increment Finance	796	--	--	--	--	7	803
Waller Creek Local Government Corporation	--	--	--	--	400	--	400
Wildland Conservation	--	--	173	--	--	8	181
Total other urban growth management	1,762	50,186	173	5,483	1,372	790	59,766
Total urban growth management	1,762	50,186	173	8,145	2,286	2,846	65,398
Total	\$ 1,762	55,649	5,946	10,682	4,120	3,191	81,350

(1) Expenditures include capital outlay of \$1.3 million.

(Continued)

Expenditures (1)	Principal	Interest	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			
617	--	--	(606)	350	--	(256)	1,757	1,501
25	--	--	(24)	--	--	(24)	278	254
642	--	--	(630)	350	--	(280)	2,035	1,755
--	--	--	1	--	--	1	181	182
2	--	--	(2)	--	--	(2)	2	--
--	--	--	411	--	(411)	--	--	--
108	--	--	7	--	--	7	119	126
973	--	--	1,051	--	--	1,051	(1,051)	--
2,698	--	--	(96)	150	--	54	1,536	1,590
199	--	--	268	--	--	268	1,228	1,496
3,980	--	--	1,640	150	(411)	1,379	2,015	3,394
--	--	--	270	--	--	270	1,307	1,577
623	--	--	164	--	--	164	459	623
383	--	--	321	--	--	321	(117)	204
--	--	--	--	--	--	--	93	93
--	--	--	34,958	--	(33,806)	1,152	10,084	11,236
24	--	--	1	--	--	1	152	153
4	--	--	18	--	--	18	694	712
1	1,095	1,069	(1,191)	983	(213)	(421)	1,553	1,132
972	--	--	(1)	213	--	212	(212)	--
--	--	--	2	--	--	2	293	295
--	--	--	1,812	--	(1,607)	205	(600)	(395)
--	--	--	--	--	--	--	--	--
1,521	--	--	1,181	--	(1,355)	(174)	(792)	(966)
127	--	--	(125)	100	--	(25)	404	379
6,683	--	--	861	125	--	986	32	1,018
--	--	--	6,914	--	(6,765)	149	1,553	1,702
--	--	--	695	1,964	(2,000)	659	4,477	5,136
--	--	--	803	--	--	803	1,102	1,905
400	--	--	--	--	--	--	--	--
780	--	--	(599)	--	--	(599)	1,642	1,043
11,518	1,095	1,069	46,084	3,385	(45,746)	3,723	22,124	25,847
16,140	1,095	1,069	47,094	3,885	(46,157)	4,822	26,174	30,996
28,771	1,095	1,069	50,415	3,887	(51,658)	2,644	41,469	44,113

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-13

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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		
General government							
Municipal Court:							
Municipal Court Building Security							
Actual-budget basis	\$ (46)	447	491	--	--	(44)	(90)
Budget	91	471	515	--	--	(44)	47
Variance-Positive (Negative)	(137)	(24)	24	--	--	--	(137)
Municipal Court Technology							
Actual-budget basis	826	600	631	--	--	(31)	795
Budget	745	623	674	--	--	(51)	694
Variance-Positive (Negative)	81	(23)	43	--	--	20	101
Municipal Court Juvenile Case Manager							
Actual-budget basis	1,433	591	300	--	--	291	1,724
Budget	1,732	625	345	--	--	280	2,012
Variance-Positive (Negative)	(299)	(34)	45	--	--	11	(288)
Public safety							
Police:							
Federal Dept. of Justice Asset Forfeiture							
Actual-budget basis	1,204	1,309	234	--	--	1,075	2,279
Budget	976	--	976	--	--	(976)	--
Variance-Positive (Negative)	228	1,309	742	--	--	2,051	2,279
Federal Dept. of Treasury Asset Forfeiture							
Actual-budget basis	1,640	508	1,289	--	2	(783)	857
Budget	1,809	--	1,809	--	--	(1,809)	--
Variance-Positive (Negative)	(169)	508	520	--	(2)	1,026	857
State Contraband Asset Forfeiture							
Actual-budget basis	506	310	318	--	--	(8)	498
Budget	484	--	484	--	--	(484)	--
Variance-Positive (Negative)	22	310	166	--	--	476	498
State Gambling Asset Forfeiture							
Actual-budget basis	720	179	214	--	--	(35)	685
Budget	646	--	646	--	--	(646)	--
Variance-Positive (Negative)	74	179	432	--	--	611	685

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2011
(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		
Public Safety, continued							
Traffic Safety							
Actual-budget basis	\$ 3	616	651	--	--	(35)	(32)
Budget	--	1,221	1,221	--	--	--	--
Variance-Positive (Negative)	3	(605)	570	--	--	(35)	(32)
Transportation, planning and sustainability							
Transportation, planning and sustainability							
Child Safety							
Actual-budget basis	608	1,487	1,474	--	181	(168)	440
Budget	642	1,518	1,586	--	181	(249)	393
Variance-Positive (Negative)	(34)	(31)	112	--	--	81	47
Public recreation and culture							
PARD Police Asset Forfeitures							
Actual-budget basis	(2)	--	--	2	--	2	--
Budget	--	--	--	--	--	--	--
Variance-Positive (Negative)	(2)	--	--	2	--	2	--
PARD Cultural Projects							
Actual-budget basis	(436)	5,472	4,365	--	--	1,107	671
Budget	85	--	4,415	4,811	--	396	481
Variance-Positive (Negative)	(521)	5,472	50	(4,811)	--	711	190
Urban growth management							
Neighborhood Housing & Community Development							
Housing Trust Social Equity							
Actual-budget basis	1,756	11	617	350	--	(256)	1,500
Budget	1,676	--	2,026	350	--	(1,676)	--
Variance-Positive (Negative)	80	11	1,409	--	--	1,420	1,500
UNO Housing Trust							
Actual-budget basis	277	1	32	--	--	(31)	246
Budget	277	25	302	--	--	(277)	--
Variance-Positive (Negative)	--	(24)	270	--	--	246	246
Development Services and Watershed Protection:							
East Sixth Street Public Improvement District							
Actual-budget basis	(34)	185	100	--	--	85	51
Budget	--	100	100	--	--	--	--
Variance-Positive (Negative)	(34)	85	--	--	--	85	51

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Urban growth management, continued							
Neighborhood Planning and Zoning:							
Performance Contracting							
Actual-budget basis	\$ (2,135)	2,024	94	--	--	1,930	(205)
Budget	(5,697)	5,997	300	--	--	5,697	--
Variance	3,562	(3,973)	206	--	--	(3,767)	(205)
Public Improvement District							
Actual-budget basis	229	2,602	2,786	150	--	(34)	195
Budget	--	2,786	2,786	--	--	--	--
Variance-Positive (Negative)	229	(184)	--	150	--	(34)	195
Other							
Business Retention and Enhancement							
Actual-budget basis	894	339	--	--	--	339	1,233
Budget	665	87	250	--	--	(163)	502
Variance-Positive (Negative)	229	252	250	--	--	502	731
Cable TV							
Actual-budget basis	460	787	649	--	--	138	598
Budget	426	704	689	--	--	15	441
Variance-Positive (Negative)	34	83	40	--	--	123	157
City Hall							
Actual-budget basis	(146)	705	385	--	--	320	174
Budget	(143)	439	371	--	--	68	(75)
Variance-Positive (Negative)	(3)	266	(14)	--	--	252	249
Hotel-Motel Occupancy Tax							
Actual-budget basis	643	48,267	--	--	46,810	1,457	2,100
Budget	--	40,685	--	--	40,685	--	--
Variance-Positive (Negative)	643	7,582	--	--	(6,125)	1,457	2,100
I-35 Parking Program							
Actual-budget basis	147	25	24	--	--	1	148
Budget	127	143	95	--	--	48	175
Variance-Positive (Negative)	20	(118)	71	--	--	(47)	(27)

(Continued)

Special Revenue Funds - Other
Combining Schedule of Revenues, Expenditures, and Transfers -
Budget and Actual-Budget Basis
Year ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Other, continued							
Mueller Development							
Actual-budget basis	\$ 602	22	23	--	--	(1)	601
Budget	653	250	250	--	--	--	653
Variance-Positive (Negative)	(51)	(228)	227	--	--	(1)	(52)
Mueller Tax Increment Financing							
Actual-budget basis	(213)	972	972	213	--	213	--
Budget	(213)	1,533	1,533	213	--	213	--
Variance-Positive (Negative)	--	(561)	561	--	--	--	--
One Texas Center							
Actual-budget basis	(638)	1,811	--	--	1,608	203	(435)
Budget	(546)	1,680	--	--	1,608	72	(474)
Variance-Positive (Negative)	(92)	131	--	--	--	131	39
Rutherford Lane Facility							
Actual-budget basis	(843)	2,701	1,508	--	1,355	(162)	(1,005)
Budget	(837)	2,984	1,712	--	1,355	(83)	(920)
Variance-Positive (Negative)	(6)	(283)	204	--	--	(79)	(85)
Tourism and Promotion							
Actual-budget basis	45	3	6,683	7,666	--	986	1,031
Budget	--	3	6,683	6,680	--	--	--
Variance-Positive (Negative)	45	--	--	986	--	986	1,031
Vehicle Rental Tax							
Actual-budget basis	(2,194)	6,913	--	--	6,765	148	(2,046)
Budget	--	5,440	--	--	5,440	--	--
Variance-Positive (Negative)	(2,194)	1,473	--	--	(1,325)	148	(2,046)
Waller Creek Reserve							
Actual-budget basis	4,478	695	--	1,964	2,000	659	5,137
Budget	4,478	--	--	--	4,475	(4,475)	3
Variance-Positive (Negative)	--	695	--	1,964	2,475	5,134	5,134
Waller Creek Tax Increment Finance							
Actual-budget basis	1,102	802	--	--	--	802	1,904
Budget	1,101	889	--	--	--	889	1,990
Variance-Positive (Negative)	1	(87)	--	--	--	(87)	(86)

(Continued)

Special Revenue Funds - Other
 Combining Schedule of Revenues, Expenditures, and Transfers -
 Budget and Actual-Budget Basis
 Year ended September 30, 2011
 (In thousands)

City of Austin, Texas
 Exhibit E-13

(Continued)

	Fund Balances at Beginning of Year	Revenues	Expenditures	Other Financing Sources (Uses)		Excess of Sources Over Uses	Fund Balances at End of Year
				Transfer In	Transfer Out		
Other, continued							
Wildland Conservation							
Actual-budget basis	\$ 1,006	181	593	--	--	(412)	594
Budget	1,251	125	787	--	--	(662)	589
Variance-Positive (Negative)	(245)	56	194	--	--	250	5
Total							
Actual-budget basis	\$ 11,892	80,565	24,433	10,345	58,721	7,756	19,648
Budget	10,428	68,328	30,555	12,054	53,744	(3,917)	6,511
Variance-Positive (Negative)	1,464	12,237	6,122	(1,709)	(4,977)	11,673	13,137



DEBT SERVICE FUNDS

Debt service funds account for and report financial resources, and the accumulation of those financial resources, that are restricted, committed, or assigned to expenditure for principal and interest of general long-term debt and HUD Section 108 loans. The City reports the following nonmajor debt service funds:

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

HUD Section 108 Loans Fund - Accounts for HUD loans for construction costs.



Debt Service Funds
 Combining Balance Sheet
 September 30, 2011
 (In thousands)

City of Austin, Texas
 Exhibit E-14

	General Obligation	HUD Section 108 Loans	Total
ASSETS			
Pooled investments and cash	\$ 614	--	614
Investments, at fair value	17,165	--	17,165
Property taxes receivable	5,328	--	5,328
Less allowance for uncollectible taxes	(1,557)	--	(1,557)
Net property taxes receivable	3,771	--	3,771
Due from other funds	19	--	19
Advances to other funds	3,597	--	3,597
Total assets	25,166	--	25,166
LIABILITIES AND FUND BALANCES			
Due to other funds	238	--	238
Deferred revenue	3,648	--	3,648
Advances from other funds	474	--	474
Total liabilities	4,360	--	4,360
Fund balances			
Restricted	20,806	--	20,806
Total fund balances	20,806	--	20,806
Total liabilities and fund balances	\$ 25,166	--	25,166

Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-15

	<u>General Obligation</u>	<u>HUD Section 108 Loans</u>	<u>Total</u>
REVENUES			
Property taxes			
Current	\$ 101,181	--	101,181
Penalty and interest	467	--	467
Interest and other	5,590	2,203	7,793
Total revenues	<u>107,238</u>	<u>2,203</u>	<u>109,441</u>
EXPENDITURES			
Debt service:			
Principal	75,978	1,495	77,473
Interest	43,115	708	43,823
Fees and commissions	13	--	13
Total expenditures	<u>119,106</u>	<u>2,203</u>	<u>121,309</u>
Excess (deficiency) of revenues over expenditures	(11,868)	--	(11,868)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	79,342	--	79,342
Bond premiums	14,929	--	14,929
Payment to refunding bond escrow agent	(94,271)	--	(94,271)
Transfers in	6,177	--	6,177
Total other financing sources (uses)	<u>6,177</u>	<u>--</u>	<u>6,177</u>
Net change in fund balances	(5,691)	--	(5,691)
Fund balances at beginning of year	26,497	--	26,497
Fund balances at end of year	<u>\$ 20,806</u>	<u>--</u>	<u>20,806</u>

Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual-Budget Basis
For the period ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit E-16

	General Obligation			HUD Section 108 Loans			Actual-Budget Basis
	Actual- Budget Basis	Budget	Variance- Positive (Negative)	Actual- Budget Basis	Budget	Variance- Positive (Negative)	
REVENUES							
General property taxes	\$ 101,647	100,264	1,383	--	--	--	101,647
Interest	93	144	(51)	--	--	--	93
Other revenue	4,977	5,424	(447)	2,203	2,397	(194)	7,180
Total revenues	106,717	105,832	885	2,203	2,397	(194)	108,920
EXPENDITURES							
Principal retirement	92,882	93,374	492	1,495	1,495	--	94,377
Interest and other	48,490	51,965	3,475	708	872	164	49,198
Fees and commissions	13	15	2	--	30	30	13
Total expenditures	141,385	145,354	3,969	2,203	2,397	194	143,588
Excess (deficiency) of revenues over expenditures	(34,668)	(39,522)	4,854	--	--	--	(34,668)
OTHER FINANCING SOURCES (USES)							
Transfers in	30,395	32,545	(2,150)	--	--	--	30,395
Total other financing sources (uses)	30,395	32,545	(2,150)	--	--	--	30,395
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,273)	(6,977)	2,704	--	--	--	(4,273)
Fund balances at beginning of year	57,524	12,094	45,430	--	--	--	57,524
Fund balances at end of year	\$ 53,251	5,117	48,134	--	--	--	53,251



CAPITAL PROJECTS FUNDS

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those reported within proprietary funds). The City reports the following nonmajor capital projects funds:

Prior

to 1984: Funds authorized prior to 1981, for police and court projects;

Funds authorized August 29, 1981, for emergency medical service projects;

1984: Funds authorized September 8, 1984, for parks and recreation, street and drainage improvements, and fire projects;

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

Funds authorized July 26, 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;

2010: Funds authorized November 2, 2010, for transportation mobility; and

Other: Other funds established for various purposes.



**Capital Projects Funds
Combining Balance Sheet
September 30, 2011
(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	\$ --	--	--	--	--	--	--
	--	--	--	--	--	--	--
Funds Authorized							
August 29, 1981							
EMS buildings	225	--	--	--	--	--	225
Total Funds Authorized							
Prior to 1984	225	--	--	--	--	--	225
Funds Authorized							
September 8, 1984							
Parkland acquisition	2	--	--	--	--	--	2
Drainage and flood improvements	2,482	--	--	--	--	--	2,482
Street improvements	953	12	--	12	--	--	965
Fire improvements	4	--	--	--	--	--	4
Total Funds Authorized in 1984	3,441	12	--	12	--	--	3,453
Funds Authorized							
January 19, 1985							
Cultural arts	263	--	--	--	--	--	263
Funds Authorized							
July 26, 1985							
Neighborhood park and recreation	9,897	--	--	--	--	--	9,897
Total Funds Authorized in 1985	10,160	--	--	--	--	--	10,160
Funds Authorized							
September 3, 1987							
Street resurfacing	204	--	--	--	--	--	204
Total Funds Authorized in 1987	204	--	--	--	--	--	204
Funds Authorized							
August 10, 1992							
Police substations	31	--	--	--	--	--	31
Asbestos abatement/ADA compliance/ East Austin health clinic	147	--	--	--	--	--	147
Erosion & flood control	1	--	--	--	--	--	1
Street & traffic signals	--	--	--	--	--	--	--
Neighborhood sidewalks	2	--	--	--	--	--	2
Parks and recreation facilities	--	--	--	--	--	--	--
Libraries	--	--	--	--	--	--	--
Barton Creek greenway	320	--	--	--	--	--	320
Total Funds Authorized in 1992	501	--	--	--	--	--	501
Funds Authorized							
May 3, 1997							
Radio Trunking	--	1,041	--	1,041	--	--	1,041
Total Funds Authorized in 1997	\$ --	1,041	--	1,041	--	--	1,041

Liabilities				Fund Balances				Total	Total
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned	Fund Balances	Liabilities and Fund Balances
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	225	--	225	225
--	--	--	--	--	--	225	--	225	225
--	--	--	--	--	--	2	--	2	2
--	--	--	--	1,562	--	920	--	2,482	2,482
--	--	--	--	--	1	964	--	965	965
--	--	--	--	--	--	4	--	4	4
--	--	--	--	1,562	1	1,890	--	3,453	3,453
--	--	--	--	--	--	263	--	263	263
12	--	--	12	2,189	--	7,696	--	9,885	9,897
12	--	--	12	2,189	--	7,959	--	10,148	10,160
--	--	--	--	--	--	204	--	204	204
--	--	--	--	--	--	204	--	204	204
--	--	--	--	--	--	31	--	31	31
--	--	--	--	--	3	144	--	147	147
--	--	--	--	--	--	1	--	1	1
--	8	--	8	--	--	--	(8)	(8)	--
--	--	--	--	2	--	--	--	2	2
--	288	--	288	--	--	--	(288)	(288)	--
--	17	--	17	--	--	--	(17)	(17)	--
--	--	--	--	320	--	--	--	320	320
--	313	--	313	322	3	176	(313)	188	501
--	1,088	--	1,088	--	--	--	(47)	(47)	1,041
--	1,088	--	1,088	--	--	--	(47)	(47)	1,041

(Continued)

**Capital Projects Funds
Combining Balance Sheet
September 30, 2011
(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							
November 3, 1998							
Cultural arts and land	\$ 1,109	--	--	--	--	--	1,109
Traffic signals	6,729	63	--	63	1,401	--	8,193
Public safety facilities	665	--	--	--	--	--	665
Parks and recreation facilities	6,733	--	--	--	--	--	6,733
Total Funds Authorized in 1998	15,236	63	--	63	1,401	--	16,700
Funds Authorized							
November 7, 2000							
Transportation Mobility Improvement	59,236	--	--	--	--	--	59,236
Open Spaces	2	3	--	3	--	--	5
Total Funds Authorized in 2000	59,238	3	--	3	--	--	59,241
Funds Authorized							
November 7, 2006							
Transportation	3,300	--	--	--	--	--	3,300
Drainage & Open Spaces	11,690	--	--	--	--	--	11,690
Parks	3,120	--	--	--	11,371	--	14,491
Cultural Facilities	--	--	--	--	--	--	--
Affordable Housing	--	--	--	--	--	--	--
Central Library	--	--	--	--	--	--	--
Public Safety	3,491	--	--	--	--	--	3,491
Total Funds Authorized in 2006	21,601	--	--	--	11,371	--	32,972
Funds Authorized							
November 2, 2010							
Mobility	--	--	--	--	--	--	--
Total Funds Authorized in 2010	--	--	--	--	--	--	--
Other funds							
Planning & development improvements	--	--	--	--	--	--	--
TPSD general improvements	--	11	--	11	--	--	11
Library automation system	215	--	--	--	--	--	215
Fire/EMS/NW Austin MUD #1	757	--	--	--	--	--	757
General government projects	976	--	--	--	17,365	--	18,341
Health projects	801	--	--	--	--	--	801
Build Austin	--	10	--	10	--	--	10
CMTA Mobility	--	12,507	--	12,507	--	--	12,507
Park improvements	813	--	--	--	--	--	813
Parks and Recreation	10,222	--	--	--	--	--	10,222
Police and courts	--	--	--	--	--	--	--
Fire - general	2,047	--	--	--	--	--	2,047
Capital reserve	--	247	(12)	235	--	--	235
CTM	8,190	--	--	--	--	--	8,190
Public Works	--	--	--	--	--	--	--
Watershed Protection	--	--	--	--	--	--	--
Great Streets	973	--	--	--	--	--	973
City Hall, plaza, parking garage	--	30	--	30	--	--	30
Conservation Land	--	--	--	--	--	--	--
Colony Park	149	--	--	--	2,929	--	3,078
NPZ General	2,331	--	--	--	(301)	--	2,030
Economic Development	144	--	--	--	--	--	144
Waller Creek Tunnel	--	--	--	--	--	--	--
Interest income fund	4,865	--	--	--	--	99	4,964
Total other funds	32,483	12,805	(12)	12,793	19,993	99	65,368
Totals	\$ 143,089	13,924	(12)	13,912	32,765	99	189,865

(Continued)

Liabilities				Fund Balances				Total	Total
Accounts Payable	Due to Other Funds	Other Liabilities	Total Liabilities	Restricted	Committed	Assigned	Unassigned	Fund Balances	Liabilities and Fund Balances
96	--	--	96	1,013	--	--	--	1,013	1,109
519	--	--	519	7,674	--	--	--	7,674	8,193
--	--	--	--	665	--	--	--	665	665
253	--	--	253	6,480	--	--	--	6,480	6,733
868	--	--	868	15,832	--	--	--	15,832	16,700
1,353	--	--	1,353	43,045	--	14,838	--	57,883	59,236
--	--	--	--	5	--	--	--	5	5
1,353	--	--	1,353	43,050	--	14,838	--	57,888	59,241
2,110	--	--	2,110	1,190	--	--	--	1,190	3,300
662	--	--	662	11,028	--	--	--	11,028	11,690
533	--	--	533	13,958	--	--	--	13,958	14,491
1,152	2,255	--	3,407	--	--	--	(3,407)	(3,407)	--
123	5,181	--	5,304	--	--	--	(5,304)	(5,304)	--
141	1,481	--	1,622	--	--	--	(1,622)	(1,622)	--
898	--	--	898	2,593	--	--	--	2,593	3,491
5,619	8,917	--	14,536	28,769	--	--	(10,333)	18,436	32,972
590	2,454	--	3,044	--	--	--	(3,044)	(3,044)	--
590	2,454	--	3,044	--	--	--	(3,044)	(3,044)	--
--	1	--	1	--	--	--	(1)	(1)	--
295	1,447	--	1,742	--	--	--	(1,731)	(1,731)	11
35	--	--	35	--	82	98	--	180	215
--	--	--	--	--	--	757	--	757	757
249	--	412	661	--	2,137	15,543	--	17,680	18,341
4	--	--	4	--	176	621	--	797	801
--	291	--	291	--	--	--	(281)	(281)	10
264	44	--	308	12,189	--	10	--	12,199	12,507
52	--	--	52	--	761	--	--	761	813
193	--	--	193	--	1,381	8,648	--	10,029	10,222
618	6,179	--	6,797	--	--	--	(6,797)	(6,797)	--
11	--	--	11	--	180	1,856	--	2,036	2,047
160	407	--	567	--	--	--	(332)	(332)	235
260	--	--	260	--	2,542	5,388	--	7,930	8,190
100	939	--	1,039	--	--	--	(1,039)	(1,039)	--
--	670	--	670	--	--	--	(670)	(670)	--
2	--	--	2	--	--	971	--	971	973
--	7,085	--	7,085	--	--	--	(7,055)	(7,055)	30
--	--	15	15	--	--	--	(15)	(15)	--
31	--	--	31	--	76	2,971	--	3,047	3,078
240	--	--	240	--	668	1,122	--	1,790	2,030
--	--	--	--	--	--	144	--	144	144
588	2,930	--	3,518	--	--	--	(3,518)	(3,518)	--
--	--	--	--	--	--	4,964	--	4,964	4,964
3,102	19,993	427	23,522	12,189	8,003	43,093	(21,439)	41,846	65,368
11,544	32,765	427	44,736	103,913	8,007	68,385	(35,176)	145,129	189,865

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2011
(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	\$ --	--	--	--	2
Funds Authorized August 29, 1981					
EMS buildings	--	--	--	--	--
Total Funds Authorized Prior to 1984	--	--	--	--	2
Funds Authorized September 8, 1984					
Parkland acquisition	--	--	--	--	--
Drainage and flood improvements	--	--	--	--	--
Street improvements	--	--	--	--	573
Fire improvements	--	--	--	--	2
Total Funds Authorized in 1984	--	--	--	--	575
Funds Authorized January 19, 1985					
Cultural arts	--	--	1	1	547
Funds Authorized July 26, 1985					
Neighborhood park and recreation	--	1,495	16	1,511	790
Total Funds Authorized in 1985	--	1,495	17	1,512	1,337
Funds Authorized September 3, 1987					
Street resurfacing	--	--	3	3	--
Total Funds Authorized in 1987	--	--	3	3	--
Funds Authorized August 10, 1992					
Police substations	--	--	--	--	--
Asbestos abatement/ADA compliance/ East Austin health clinic	--	--	--	--	48
Erosion & flood control	--	--	--	--	--
Street & traffic signals	--	--	--	--	--
Neighborhood sidewalks	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	--
Libraries	--	--	--	--	--
Barton Creek greenway	--	--	--	--	--
Total Funds Authorized in 1992	--	--	--	--	48
Funds Authorized May 3, 1997					
Radio Trunking	512	(9)	--	503	13
Total Funds Authorized in 1997	\$ 512	(9)	--	503	13

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)	2	--	
--	--	--	--	--	--	225	225	
(2)	--	--	--	--	(2)	227	225	
--	--	--	--	--	--	2	2	
--	--	--	--	--	--	2,482	2,482	
(573)	--	--	--	--	(573)	1,538	965	
(2)	--	--	--	--	(2)	6	4	
(575)	--	--	--	--	(575)	4,028	3,453	
(546)	--	--	--	--	(546)	809	263	
721	--	533	(533)	--	721	9,164	9,885	
175	--	533	(533)	--	175	9,973	10,148	
3	--	--	--	--	3	201	204	
3	--	--	--	--	3	201	204	
--	--	--	--	--	--	31	31	
(48)	--	--	--	--	(48)	195	147	
--	--	--	--	--	--	1	1	
--	--	--	--	--	--	(8)	(8)	
--	--	--	--	--	--	2	2	
--	--	--	--	--	--	(288)	(288)	
--	--	--	--	--	--	(17)	(17)	
--	--	--	--	--	--	320	320	
(48)	--	--	--	--	(48)	236	188	
490	--	--	--	--	490	(537)	(47)	
490	--	--	--	--	490	(537)	(47)	

(Continued)

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
September 30, 2011
(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	\$ --	--	--	--	129
Traffic signals	--	--	--	--	1,999
Public safety facilities	--	--	--	--	--
Parks and recreation facilities	--	--	--	--	3,627
Total Funds Authorized in 1998	--	--	--	--	5,755
Funds Authorized					
November 7, 2000					
Transportation Mobility Improvement	--	--	--	--	15,687
Open Spaces	--	--	--	--	--
Total Funds Authorized in 2000	--	--	--	--	15,687
Funds Authorized					
November 7, 2006					
Transportation	--	--	--	--	25,505
Drainage & Open Spaces	--	--	--	--	27,832
Parks	--	--	--	--	11,093
Cultural Facilities	--	--	--	--	4,865
Affordable Housing	--	--	--	--	9,666
Central Library	--	--	--	--	2,397
Public Safety	--	--	--	--	12,456
Total Funds Authorized in 2006	--	--	--	--	93,814
Funds Authorized					
November 2, 2010					
Mobility	--	--	--	--	3,044
Total Funds Authorized in 2010	--	--	--	--	3,044
Other funds					
Planning & development improvements	--	--	--	--	95
TPSD general improvements	--	428	53	481	2,937
Library automation system	--	--	--	--	147
Fire/EMS/NW Austin MUD #1	--	--	4	4	--
General government projects	--	14	--	14	5,604
Health projects	--	--	--	--	725
Build Austin	--	--	--	--	--
CMTA Mobility	5,726	--	10	5,736	2,079
Park improvements	315	--	--	315	792
Parks and Recreation	--	536	109	645	3,581
Police and courts	--	18	--	18	5,552
Fire - general	--	--	--	--	860
Capital reserve	--	(11)	--	(11)	400
CTM	985	--	--	985	4,918
Public Works	1,915	--	--	1,915	2,770
Watershed Protection	--	--	--	--	7
Great Streets	--	--	--	--	--
City Hall, plaza, parking garage	--	--	--	--	--
Conservation Land	--	--	--	--	--
Colony Park	550	33	2	585	885
NPZ General	1,655	--	--	1,655	5,537
Economic Development	--	--	--	--	--
Waller Creek Tunnel	--	--	--	--	3,518
Interest income fund	--	--	789	789	--
Total other funds	11,146	1,018	967	13,131	40,407
Totals	\$ 11,658	2,504	987	15,149	160,682

(Continued)

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
	Issuance of Tax Supported Debt	Transfers In	Transfers Out	Total Other Financing Sources(Uses)			
(129)	--	--	--	--	(129)	1,142	1,013
(1,999)	--	--	--	--	(1,999)	9,673	7,674
--	--	--	--	--	--	665	665
(3,627)	--	--	--	--	(3,627)	10,107	6,480
(5,755)	--	--	--	--	(5,755)	21,587	15,832
(15,687)	16,998	--	--	16,998	1,311	56,572	57,883
--	--	--	--	--	--	5	5
(15,687)	16,998	--	--	16,998	1,311	56,577	57,888
(25,505)	15,800	--	--	15,800	(9,705)	10,895	1,190
(27,832)	24,000	--	--	24,000	(3,832)	14,860	11,028
(11,093)	20,130	--	--	20,130	9,037	4,921	13,958
(4,865)	100	--	--	100	(4,765)	1,358	(3,407)
(9,666)	26,400	--	--	26,400	16,734	(22,038)	(5,304)
(2,397)	1,000	--	--	1,000	(1,397)	(225)	(1,622)
(12,456)	1,500	--	--	1,500	(10,956)	13,549	2,593
(93,814)	88,930	--	--	88,930	(4,884)	23,320	18,436
(3,044)	--	--	--	--	(3,044)	--	(3,044)
(3,044)	--	--	--	--	(3,044)	--	(3,044)
(95)	--	--	--	--	(95)	94	(1)
(2,456)	--	2,641	--	2,641	185	(1,916)	(1,731)
(147)	--	--	--	--	(147)	327	180
4	--	--	--	--	4	753	757
(5,590)	--	4,886	--	4,886	(704)	18,384	17,680
(725)	--	685	--	685	(40)	837	797
--	--	--	--	--	--	(281)	(281)
3,657	9,000	--	--	9,000	12,657	(458)	12,199
(477)	--	--	(197)	(197)	(674)	1,435	761
(2,936)	--	297	--	297	(2,639)	12,668	10,029
(5,534)	3,850	471	--	4,321	(1,213)	(5,584)	(6,797)
(860)	--	550	--	550	(310)	2,346	2,036
(411)	--	--	--	--	(411)	79	(332)
(3,933)	--	9,222	--	9,222	5,289	2,641	7,930
(855)	--	--	--	--	(855)	(184)	(1,039)
(7)	--	--	--	--	(7)	(663)	(670)
--	--	656	(656)	--	--	971	971
--	--	--	--	--	--	(7,055)	(7,055)
--	--	--	--	--	--	(15)	(15)
(300)	--	--	--	--	(300)	3,347	3,047
(3,882)	--	2,706	--	2,706	(1,176)	2,966	1,790
--	--	--	--	--	--	144	144
(3,518)	--	--	--	--	(3,518)	--	(3,518)
789	--	5,317	(7,615)	(2,298)	(1,509)	6,473	4,964
(27,276)	12,850	27,431	(8,468)	31,813	4,537	37,309	41,846
(145,533)	118,778	27,964	(9,001)	137,741	(7,792)	152,921	145,129





PERMANENT FUNDS

Permanent funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City reports the following nonmajor permanent funds:

3M Maintenance Endowment Fund - Accounts for 3M Mitigation Land Endowment.

Ellis Library Trust Fund - Accounts 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 Fund - Accounts for revenues to be used for maintenance and care of cemeteries.



Permanent Funds
Combining Balance Sheet
September 30, 2011
(In thousands)

City of Austin, Texas
 Exhibit E-19

	3M			
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	Total
ASSETS				
Pooled investments and cash	\$ 50	27	1,730	1,807
Total assets	50	27	1,730	1,807
LIABILITIES AND FUND BALANCEG				
Accounts payable	--	--	3	3
Total liabilities	--	--	3	3
Fund balances				
Nonspendable:				
Permanent funds	50	9	981	1,040
Restricted	--	18	746	764
Total fund balances	50	27	1,727	1,804
Total liabilities and fund balances	\$ 50	27	1,730	1,807

Permanent Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
 Exhibit E-20

	3M			
	Maintenance Endowment	Ellis Library Trust	Perpetual Care	Total
REVENUES				
Interest and other	\$ --	--	33	33
Total revenues	--	--	33	33
EXPENDITURES				
Current:				
Public recreation and culture	--	--	33	33
Total expenditures	--	--	33	33
Net change in fund balances	--	--	--	--
Fund balances at beginning of year	50	27	1,727	1,804
Fund balances at end of year	\$ 50	27	1,727	1,804





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 City reports the following nonmajor enterprise funds:

Convention Center Fund – Accounts for convention center and public events activities.

Drainage Fund – Accounts for drainage activities.

Golf Fund – Accounts for golf activities.

Parks and Recreation Fund – Accounts for parks and recreation activities.

Solid Waste Services Fund – Accounts for solid waste services activities.

Transportation Fund – Accounts for transportation activities.



Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2011
(In thousands)

	<u>Convention Center</u>	<u>Drainage</u>	<u>Golf</u>	<u>Parks and Recreation</u>
ASSETS				
Current assets:				
Cash	\$ 20	2	4	--
Pooled investments and cash	37,430	79,576	--	--
Pooled investments and cash - restricted	12,397	13,766	653	--
Total pooled investments and cash	49,827	93,342	653	--
Investments, at fair value - restricted	9,886	--	--	--
Accounts receivable	693	3,916	--	--
Less allowance for doubtful accounts	(3)	(87)	--	--
Net accounts receivable	690	3,829	--	--
Receivable from other governments - restricted	13	--	--	--
Due from other funds	--	350	--	--
Inventories, at cost	--	--	--	--
Prepaid expenses	154	7	35	--
Other receivables - restricted	--	655	--	--
Total current assets	<u>60,590</u>	<u>98,185</u>	<u>692</u>	<u>--</u>
Noncurrent assets:				
Advances to other funds	37	22	--	--
Investments, at fair value - restricted	8,498	--	--	--
Depreciable capital assets	198,944	89,512	9,533	--
Nondepreciable capital assets	68,693	63,574	372	--
Deferred costs and expenses, net of amortization	3,763	85	8	--
Total noncurrent assets	<u>279,935</u>	<u>153,193</u>	<u>9,913</u>	<u>--</u>
Total assets	<u>340,525</u>	<u>251,378</u>	<u>10,605</u>	<u>--</u>
Deferred outflows of resources	<u>\$ 19,179</u>	<u>--</u>	<u>--</u>	<u>--</u>

	Solid Waste Services	Trans- portation	Total
ASSETS			
Current assets:			
Cash	3	2	31
Pooled investments and cash	20,326	18,336	155,668
Pooled investments and cash - restricted	9,464	1,219	37,499
Total pooled investments and cash	29,790	19,555	193,167
Investments, at fair value - restricted	--	--	9,886
Accounts receivable	7,419	3,981	16,009
Less allowance for doubtful accounts	(121)	(136)	(347)
Net accounts receivable	7,298	3,845	15,662
Receivable from other governments - restricted	--	--	13
Due from other funds	--	--	350
Inventories, at cost	--	1,094	1,094
Prepaid expenses	--	5	201
Other receivables - restricted	--	--	655
Total current assets	<u>37,091</u>	<u>24,501</u>	<u>221,059</u>
Noncurrent assets:			
Advances to other funds	--	--	59
Investments, at fair value - restricted	--	--	8,498
Depreciable capital assets	29,961	16,577	344,527
Nondepreciable capital assets	21,552	3,664	157,855
Deferred costs and expenses, net of amortization	298	83	4,237
Total noncurrent assets	<u>51,811</u>	<u>20,324</u>	<u>515,176</u>
Total assets	<u>88,902</u>	<u>44,825</u>	<u>736,235</u>
Deferred outflows of resources	<u>--</u>	<u>--</u>	<u>19,179</u>

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Net Assets
September 30, 2011
(In thousands)

	<u>Convention Center</u>	<u>Drainage</u>	<u>Golf</u>	<u>Parks and Recreation</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 123	148	30	--
Accounts and retainage payable from restricted assets	1,194	1,708	--	--
Accrued payroll	282	394	54	--
Accrued compensated absences	793	1,349	135	--
Due to other funds	315	--	350	--
Accrued interest payable from restricted assets	2,007	--	--	--
Interest payable on other debt	92	48	6	--
Bonds payable, net of discount and inclusive of premium	1,635	1,056	215	--
Bonds payable from restricted assets	9,450	--	--	--
Customer and escrow deposits payable from restricted assets	2,017	302	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Other liabilities payable from restricted assets	--	43	--	--
Total current liabilities	<u>17,908</u>	<u>5,048</u>	<u>790</u>	<u>--</u>
Noncurrent liabilities, net of current portion:				
Accrued compensated absences	49	--	82	--
Advances from other funds	1,315	--	--	--
Bonds payable	214,563	11,969	946	--
Pension obligation payable	2,262	4,272	426	--
Other post employment benefits payable	6,083	9,112	--	--
Accrued landfill closure and postclosure costs	--	--	--	--
Derivative instruments - interest rate swaps	19,179	--	--	--
Deferred credits and other liabilities	4,222	--	--	--
Other liabilities payable from restricted assets	--	730	--	--
Total noncurrent liabilities	<u>247,673</u>	<u>26,083</u>	<u>1,454</u>	<u>--</u>
Total liabilities	<u>265,581</u>	<u>31,131</u>	<u>2,244</u>	<u>--</u>
NET ASSETS				
Invested in capital assets, net of related debt	45,983	140,230	8,803	--
Restricted for:				
Debt service	7,879	--	--	--
Bond Reserve	6,824	--	--	--
Capital projects	--	12,327	602	--
Renewal and replacement	875	--	--	--
Operating reserve	3,135	--	--	--
Unrestricted	29,427	67,690	(1,044)	--
Total net assets	<u>\$ 94,123</u>	<u>220,247</u>	<u>8,361</u>	<u>--</u>

(Continued)

	<u>Solid Waste Services</u>	<u>Trans- portation</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,065	3,381	4,747
Accounts and retainage payable from restricted assets	97	5	3,004
Accrued payroll	527	453	1,710
Accrued compensated absences	1,581	1,364	5,222
Due to other funds	--	--	665
Accrued interest payable from restricted assets	--	--	2,007
Interest payable on other debt	411	101	658
Bonds payable, net of discount and inclusive of premium	7,925	2,856	13,687
Bonds payable from restricted assets	--	--	9,450
Customer and escrow deposits payable from restricted assets	1,166	--	3,485
Accrued landfill closure and postclosure costs	186	--	186
Other liabilities payable from restricted assets	3,428	--	3,471
Total current liabilities	<u>16,386</u>	<u>8,160</u>	<u>48,292</u>
Noncurrent liabilities, net of current portion:			
Accrued compensated absences	--	107	238
Advances from other funds	425	--	1,740
Bonds payable	45,859	12,641	285,978
Pension obligation payable	4,810	3,819	15,589
Other post employment benefits payable	12,585	11,009	38,789
Accrued landfill closure and postclosure costs	7,323	--	7,323
Derivative instruments - interest rate swaps	--	--	19,179
Deferred credits and other liabilities	--	--	4,222
Other liabilities payable from restricted assets	5,305	--	6,035
Total noncurrent liabilities	<u>76,307</u>	<u>27,576</u>	<u>379,093</u>
Total liabilities	<u>92,693</u>	<u>35,736</u>	<u>427,385</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,569	6,046	206,631
Restricted for:			
Debt service	--	--	7,879
Bond Reserve	--	--	6,824
Capital projects	--	--	12,929
Renewal and replacement	--	--	875
Operating reserve	--	--	3,135
Unrestricted	(9,360)	3,043	89,756
Total net assets	<u>(3,791)</u>	<u>9,089</u>	<u>328,029</u>

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2011
(In thousands)

	<u>Convention Center</u>	<u>Drainage</u>	<u>Golf</u>	<u>Parks and Recreation</u>
OPERATING REVENUES				
User fees and rentals	\$ 18,486	58,825	5,260	--
Total operating revenues	<u>18,486</u>	<u>58,825</u>	<u>5,260</u>	<u>--</u>
OPERATING EXPENSES				
Operating expenses before depreciation	34,247	42,025	4,778	5
Depreciation and amortization	8,388	4,979	774	--
Total operating expenses	<u>42,635</u>	<u>47,004</u>	<u>5,552</u>	<u>5</u>
Operating income (loss)	<u>(24,149)</u>	<u>11,821</u>	<u>(292)</u>	<u>(5)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenues	88	474	--	--
Interest on revenue bonds and other debt	(11,163)	(554)	(14)	--
Interest capitalized during construction	1,120	474	--	--
Amortization of bond issue cost	(243)	(8)	(2)	--
Other nonoperating revenue (expense)	(1,627)	(8,590)	--	331
Total nonoperating revenues (expenses)	<u>(11,825)</u>	<u>(8,204)</u>	<u>(16)</u>	<u>331</u>
Income (loss) before contributions and transfers	<u>(35,974)</u>	<u>3,617</u>	<u>(308)</u>	<u>326</u>
Capital contributions	13	9,539	150	--
Transfers in	40,571	4,011	--	--
Transfers out	(2,164)	(591)	--	--
Change in net assets	<u>2,446</u>	<u>16,576</u>	<u>(158)</u>	<u>326</u>
Total net assets - beginning, as restated	<u>91,677</u>	<u>203,671</u>	<u>8,519</u>	<u>(326)</u>
Total net assets - ending	<u>\$ 94,123</u>	<u>220,247</u>	<u>8,361</u>	<u>--</u>

	Solid Waste Services	Trans- portation	Total
OPERATING REVENUES			
User fees and rentals	75,981	57,025	215,577
Total operating revenues	75,981	57,025	215,577
OPERATING EXPENSES			
Operating expenses before depreciation	80,630	52,579	214,264
Depreciation and amortization	6,695	2,799	23,635
Total operating expenses	87,325	55,378	237,899
Operating income (loss)	(11,344)	1,647	(22,322)
NONOPERATING REVENUES (EXPENSES)			
Interest and other revenues	190	92	844
Interest on revenue bonds and other debt	(1,719)	(343)	(13,793)
Interest capitalized during construction	72	--	1,666
Amortization of bond issue cost	(44)	(14)	(311)
Other nonoperating revenue (expense)	(2,065)	(155)	(12,106)
Total nonoperating revenues (expenses)	(3,566)	(420)	(23,700)
Income (loss) before contributions and transfers	(14,910)	1,227	(46,022)
Capital contributions	1,027	(148)	10,581
Transfers in	873	1,665	47,120
Transfers out	(760)	(2,346)	(5,861)
Change in net assets	(13,770)	398	5,818
Total net assets - beginning, as restated	9,979	8,691	322,211
Total net assets - ending	(3,791)	9,089	328,029

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Convention Center	Drainage	Golf	Parks and Recreation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 18,305	58,606	5,260	--
Cash payments to suppliers for goods and services	(18,994)	(17,805)	(2,130)	(14)
Cash payments to employees for services	(13,421)	(22,082)	(2,667)	(435)
Net cash provided (used) by operating activities	(14,110)	18,719	463	(449)
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Transfers in	40,571	4,011	--	--
Transfers out	(2,164)	(591)	--	--
Interest paid on revenue notes and other debt	--	--	--	--
Contributions (to) from other funds	--	(241)	--	--
Loans to other funds	(7)	--	--	--
Loan repayments to other funds	(310)	(33)	(367)	--
Loan repayments from other funds	--	367	--	--
Collections from other governments	--	329	--	--
Net cash provided (used) by noncapital financing activities	38,090	3,842	(367)	--
CASH FLOWS FROM CAPITAL AND RELATED				
FINANCING ACTIVITIES:				
Proceeds from the sale of general obligation bonds and other tax-supported debt	--	--	1,070	--
Principal paid on long-term debt	(10,140)	(1,022)	(200)	--
Purchased interest received	5	5	(1)	--
Interest paid on revenue bonds and other debt	(10,546)	(591)	(17)	--
Acquisition and construction of capital assets	(8,286)	(15,470)	(446)	--
Contributions (to) from municipality	--	--	--	378
Contributions in aid of construction	--	4,885	150	--
Bond issuance costs	(22)	(21)	9	--
Bond premiums	462	449	(8)	--
Bonds issued for advanced refundings of debt	2,528	2,479	--	--
Cash paid for bond refunding escrow	(2,968)	(2,909)	--	--
Net cash provided (used) by capital and related financing activities	\$ (28,967)	(12,195)	557	378

	Solid Waste Services	Trans- portation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	75,497	56,338	214,006
Cash payments to suppliers for goods and services	(42,953)	(27,706)	(109,602)
Cash payments to employees for services	(25,727)	(20,604)	(84,936)
Net cash provided (used) by operating activities	6,817	8,028	19,468
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES:			
Transfers in	873	1,665	47,120
Transfers out	(760)	(2,346)	(5,861)
Interest paid on revenue notes and other debt	(2)	--	(2)
Contributions (to) from other funds	483	--	242
Loans to other funds	--	--	(7)
Loan repayments to other funds	(581)	--	(1,291)
Loan repayments from other funds	--	--	367
Collections from other governments	29	--	358
Net cash provided (used) by noncapital financing activities	42	(681)	40,926
CASH FLOWS FROM CAPITAL AND RELATED			
FINANCING ACTIVITIES:			
Proceeds from the sale of general obligation bonds and other tax-supported debt	16,700	5,105	22,875
Principal paid on long-term debt	(7,265)	(2,549)	(21,176)
Purchased interest received	33	--	42
Interest paid on revenue bonds and other debt	(1,961)	(438)	(13,553)
Acquisition and construction of capital assets	(3,898)	(1,256)	(29,356)
Contributions (to) from municipality	--	(148)	230
Contributions in aid of construction	72	--	5,107
Bond issuance costs	(151)	(40)	(225)
Bond premiums	213	37	1,153
Bonds issued for advanced refundings of debt	506	--	5,513
Cash paid for bond refunding escrow	(594)	--	(6,471)
Net cash provided (used) by capital and related financing activities	3,655	711	(35,861)

(Continued)

Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Convention Center	Drainage	Golf	Parks and Recreation
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	\$ (22,657)	--	--	--
Proceeds from sale and maturities of investment securities	22,868	--	--	--
Interest on investments	88	474	--	--
Net cash provided (used) by investing activities	299	474	--	--
Net increase (decrease) in cash and cash equivalents	(4,688)	10,840	653	(71)
Cash and cash equivalents, October 1, as restated	54,535	82,504	4	71
Cash and cash equivalents, September 30	49,847	93,344	657	--
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(24,149)	11,821	(292)	(5)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	8,388	4,979	774	--
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(362)	(220)	--	--
Increase (decrease) in allowance for doubtful accounts	(1)	2	--	--
(Increase) decrease in inventory	--	--	--	--
(Increase) decrease in prepaid expenses and other assets	16	2	1	--
Increase (decrease) in accounts payable	(93)	(616)	24	(9)
Increase (decrease) in accrued payroll and compensated absences	(413)	(837)	(100)	(163)
Increase (decrease) in advances from other funds	(7)	--	--	--
Increase (decrease) in pension obligations payable	357	545	56	(272)
Increase (decrease) in other post employment benefits payable	1,966	3,043	--	--
Increase (decrease) in deferred credits and other liabilities	--	--	--	--
Increase (decrease) in customer deposits	188	--	--	--
Total adjustments	10,039	6,898	755	(444)
Net cash provided (used) by operating activities	\$ (14,110)	18,719	463	(449)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
(Increase) decrease in deferred assets/expenses	\$ 221	--	--	--
Capital assets contributed (to) from other funds	--	--	--	--
Increase (decrease) in the fair value of investments	(205)	--	--	--
Amortization of bond issue costs	(243)	(8)	(2)	--
Amortization of bond (discounts) premiums	497	71	4	--
Amortization of deferred gain (loss) on refundings	(1,190)	(43)	--	--
Gain (loss) on disposal of assets	(499)	(8,678)	--	(21)

(Continued)

	Solid Waste Services	Trans- portation	Total
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities	--	--	(22,657)
Proceeds from sale and maturities of investment securities	--	--	22,868
Interest on investments	190	92	844
Net cash provided (used) by investing activities	190	92	1,055
Net increase (decrease) in cash and cash equivalents	10,704	8,150	25,588
Cash and cash equivalents, October 1, as restated	19,089	11,407	167,610
Cash and cash equivalents, September 30	29,793	19,557	193,198
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	(11,344)	1,647	(22,322)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	6,695	2,799	23,635
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(550)	(687)	(1,819)
Increase (decrease) in allowance for doubtful accounts	(26)	7	(18)
(Increase) decrease in inventory	--	94	94
(Increase) decrease in prepaid expenses and other assets	--	--	19
Increase (decrease) in accounts payable	81	1,054	441
Increase (decrease) in accrued payroll and compensated absences	(796)	(801)	(3,110)
Increase (decrease) in advances from other funds	--	--	(7)
Increase (decrease) in pension obligations payable	697	576	1,959
Increase (decrease) in other post employment benefits payable	3,666	3,339	12,014
Increase (decrease) in deferred credits and other liabilities	8,302	--	8,302
Increase (decrease) in customer deposits	92	--	280
Total adjustments	18,161	6,381	41,790
Net cash provided (used) by operating activities	6,817	8,028	19,468
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
(Increase) decrease in deferred assets/expenses	(107)	--	114
Capital assets contributed (to) from other funds	1,027	(148)	879
Increase (decrease) in the fair value of investments	--	--	(205)
Amortization of bond issue costs	(44)	(14)	(311)
Amortization of bond (discounts) premiums	58	42	672
Amortization of deferred gain (loss) on refundings	(36)	--	(1,269)
Gain (loss) on disposal of assets	(2,070)	(155)	(11,423)





INTERNAL SERVICE FUNDS

Internal service funds account for and report 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 City reports the following internal service funds:

Capital Projects Management Fund – Accounts for the City's capital improvement projects.

Combined Transportation, Emergency and Communications Center Fund (CTECC) – Accounts for the operation of shared critical emergency communications and transportation management for the region.

Employee Benefits Fund – Accounts for activities related to the health, dental, and life insurance costs of City employees.

Fleet Maintenance Fund - Accounts for City vehicle and equipment services.

Information Systems Fund – Accounts for the activities of the Communications and Technology Management Department.

Liability Reserve Fund – Accounts for coverage of the City's major claims liabilities.

Support Services Fund - Accounts for the activities of the various support service departments.

Wireless Communication Fund - Accounts for communication support activities.

Workers' Compensation Fund - Accounts for workers' compensation costs.



Internal Service Funds
Combining Statement of Net Assets
September 30, 2011
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
ASSETS					
Current assets:					
Cash	\$ 2	--	--	1	--
Pooled investments and cash	1,660	1,031	34,261	7,218	6,044
Cash held by trustee - restricted	--	--	873	--	--
Accounts receivable	341	1,442	--	62	33
Receivables from other governments	--	--	--	--	--
Due from other funds	--	--	--	--	--
Inventories, at cost	--	--	--	1,495	--
Prepaid expenses	15	5	--	--	50
Total current assets	2,018	2,478	35,134	8,776	6,127
Noncurrent assets:					
Advances to other funds	--	--	--	69	--
Depreciable capital assets	605	8,576	--	9,459	9,473
Nondepreciable capital assets	--	--	--	821	--
Deferred costs and expenses, net of amortization	--	--	--	12	--
Total noncurrent assets	605	8,576	--	10,361	9,473
Total assets	2,623	11,054	35,134	19,137	15,600
LIABILITIES					
Current liabilities:					
Accounts payable	172	741	941	4,250	517
Accrued payroll	446	59	--	232	367
Accrued compensated absences	1,298	173	--	749	1,295
Claims payable	--	--	10,638	--	--
Due to other funds	--	--	--	--	--
Interest payable on other debt	--	--	--	19	--
Bonds payable	--	--	--	446	--
Capital lease obligations payable	--	--	--	--	274
Deferred credits and other liabilities	5	10	767	--	--
Total current liabilities	1,921	983	12,346	5,696	2,453
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	--	--	--	218
Claims payable	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Bonds payable, net of discount and inclusive of premium	--	--	--	3,806	--
Capital lease obligations payable	--	--	--	--	159
Total noncurrent liabilities	--	--	--	3,806	377
Total liabilities	1,921	983	12,346	9,502	2,830
NET ASSETS					
Invested in capital assets, net of related debt	605	8,576	--	6,040	9,040
Unrestricted	97	1,495	22,788	3,595	3,730
Total net assets	\$ 702	10,071	22,788	9,635	12,770

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
ASSETS					
Current assets:					
Cash	--	11	--	--	14
Pooled investments and cash	13,575	15,955	1,230	18,006	98,980
Cash held by trustee - restricted	--	--	--	--	873
Accounts receivable	--	--	407	--	2,285
Receivables from other governments	--	13	--	--	13
Due from other funds	--	11	--	--	11
Inventories, at cost	--	13	126	--	1,634
Prepaid expenses	--	12	--	--	82
Total current assets	13,575	16,015	1,763	18,006	103,892
Noncurrent assets:					
Advances to other funds	--	23	--	--	92
Depreciable capital assets	--	3,199	8,971	--	40,283
Nondepreciable capital assets	--	511	262	--	1,594
Deferred costs and expenses, net of amortization	--	--	--	--	12
Total noncurrent assets	--	3,733	9,233	--	41,981
Total assets	13,575	19,748	10,996	18,006	145,873
LIABILITIES					
Current liabilities:					
Accounts payable	206	6,644	204	117	13,792
Accrued payroll	--	1,023	62	--	2,189
Accrued compensated absences	--	3,324	136	--	6,975
Claims payable	2,048	--	--	4,286	16,972
Due to other funds	--	141	--	--	141
Interest payable on other debt	--	1	--	--	20
Bonds payable	--	41	--	--	487
Capital lease obligations payable	--	--	--	--	274
Deferred credits and other liabilities	--	261	189	--	1,232
Total current liabilities	2,254	11,435	591	4,403	42,082
Noncurrent liabilities, net of current portion:					
Accrued compensated absences	--	301	63	--	582
Claims payable	5,537	--	--	11,352	16,889
Advances from other funds	--	315	--	--	315
Bonds payable, net of discount and inclusive of premium	--	282	--	--	4,088
Capital lease obligations payable	--	--	--	--	159
Total noncurrent liabilities	5,537	898	63	11,352	22,033
Total liabilities	7,791	12,333	654	15,755	64,115
NET ASSETS					
Invested in capital assets, net of related debt	--	3,387	9,233	--	36,881
Unrestricted	5,784	4,028	1,109	2,251	44,877
Total net assets	5,784	7,415	10,342	2,251	81,758

Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2011
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
OPERATING REVENUES					
Billings to departments	\$ 27,947	7,380	91,750	48,708	33,784
Employee contributions	--	--	28,320	--	--
Operating revenues from other governments	--	2,876	--	--	--
Other operating revenues	337	--	--	1,991	183
Total operating revenues	28,284	10,256	120,070	50,699	33,967
OPERATING EXPENSES					
Operating expenses before depreciation	28,566	9,520	114,414	40,981	27,004
Depreciation and amortization	123	3,351	--	743	2,148
Total operating expenses	28,689	12,871	114,414	41,724	29,152
Operating income (loss)	(405)	(2,615)	5,656	8,975	4,815
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	10	3	--	41	11
Interest on bonds and other debt	--	--	--	(213)	(11)
Amortization of bond issue cost	--	--	--	16	--
Other nonoperating revenue (expense)	(5)	(225)	--	(10,965)	(342)
Total nonoperating revenues (expenses)	5	(222)	--	(11,121)	(342)
Income (loss) before contributions and transfers	(400)	(2,837)	5,656	(2,146)	4,473
Capital contributions	1	2,815	--	--	1,594
Transfers out	(875)	(110)	--	--	(4,752)
Change in net assets	(1,274)	(132)	5,656	(2,146)	1,315
Total net assets - beginning	1,976	10,203	17,132	11,781	11,455
Total net assets - ending	\$ 702	10,071	22,788	9,635	12,770

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
OPERATING REVENUES					
Billings to departments	3,935	66,135	5,596	10,248	295,483
Employee contributions	--	--	--	--	28,320
Operating revenues from other governments	--	--	255	--	3,131
Other operating revenues	--	335	2,006	--	4,852
Total operating revenues	3,935	66,470	7,857	10,248	331,786
OPERATING EXPENSES					
Operating expenses before depreciation	5,631	62,802	7,650	9,250	305,818
Depreciation and amortization	--	554	1,896	--	8,815
Total operating expenses	5,631	63,356	9,546	9,250	314,633
Operating income (loss)	(1,696)	3,114	(1,689)	998	17,153
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	--	49	4	--	118
Interest on bonds and other debt	--	(38)	--	--	(262)
Amortization of bond issue cost	--	3	--	--	19
Other nonoperating revenue (expense)	--	(112)	(1)	--	(11,650)
Total nonoperating revenues (expenses)	--	(98)	3	--	(11,775)
Income (loss) before contributions and transfers	(1,696)	3,016	(1,686)	998	5,378
Capital contributions	--	58	3,251	--	7,719
Transfers out	--	(5,101)	--	--	(10,838)
Change in net assets	(1,696)	(2,027)	1,565	998	2,259
Total net assets - beginning	7,480	9,442	8,777	1,253	79,499
Total net assets - ending	5,784	7,415	10,342	2,251	81,758

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 28,164	9,597	120,070	50,598	34,155
Cash payments to suppliers for goods and services	(4,924)	(5,965)	(14,616)	(28,736)	(7,275)
Cash payments to employees for services	(24,120)	(3,322)	--	(12,357)	(20,085)
Cash payments to claimants/beneficiaries	--	--	(98,716)	--	--
Net cash provided (used) by operating activities	(880)	310	6,738	9,505	6,795
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(875)	(110)	--	--	(4,752)
Loan repayments to other funds	--	--	--	--	(27)
Net cash provided (used) by noncapital financing activities	(875)	(110)	--	--	(4,779)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	--	--	(446)	(283)
Interest paid on revenue bonds and other debt	--	--	--	(213)	(11)
Acquisition and construction of capital assets	(226)	(1,048)	--	(11,204)	(1,412)
Net cash provided (used) by capital and related financing activities	\$ (226)	(1,048)	--	(11,863)	(1,706)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	3,935	66,487	7,654	10,248	330,908
Cash payments to suppliers for goods and services	(4,813)	(4,326)	(4,758)	(6,593)	(82,006)
Cash payments to employees for services	--	(56,519)	(3,195)	--	(119,598)
Cash payments to claimants/beneficiaries	(4,281)	--	--	(2,356)	(105,353)
Net cash provided (used) by operating activities	(5,159)	5,642	(299)	1,299	23,951
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	--	(5,101)	--	--	(10,838)
Loan repayments to other funds	--	(138)	--	--	(165)
Net cash provided (used) by noncapital financing activities	--	(5,239)	--	--	(11,003)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on long-term debt	--	(45)	--	--	(774)
Interest paid on revenue bonds and other debt	--	(38)	--	--	(262)
Acquisition and construction of capital assets	--	(112)	(9)	--	(14,011)
Net cash provided (used) by capital and related financing activities	--	(195)	(9)	--	(15,047)

(Continued)

Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2011
(In thousands)

	Capital Projects Management	CTECC	Employee Benefits	Fleet Maintenance	Information Systems
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	\$ 10	3	--	41	11
Net cash provided (used) by investing activities	10	3	--	41	11
Net increase (decrease) in cash and cash equivalents	(1,971)	(845)	6,738	(2,317)	321
Cash and cash equivalents, October 1	3,633	1,876	28,396	9,536	5,723
Cash and cash equivalents, September 30	1,662	1,031	35,134	7,219	6,044
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(405)	(2,615)	5,656	8,975	4,815
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	123	3,351	--	743	2,148
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(117)	(364)	--	(4)	188
(Increase) decrease in due from other funds	--	--	--	--	--
(Increase) decrease in inventory	--	--	--	(624)	--
(Increase) decrease in prepaid expenses and other assets	(6)	--	--	--	(2)
(Increase) decrease in deferred costs and other expenses	--	(294)	--	--	--
(Increase) decrease in other long-term assets	--	--	--	(8)	--
Increase (decrease) in accounts payable	124	355	723	927	241
Increase (decrease) in accrued payroll and compensated absences	(596)	(123)	--	(407)	(595)
Increase (decrease) in claims payable	--	--	80	--	--
Increase (decrease) in due to other governments	--	--	--	(69)	--
Increase (decrease) in advances from other funds	--	--	--	(28)	--
Increase (decrease) in deferred credits and other liabilities	(3)	--	279	--	--
Total adjustments	(475)	2,925	1,082	530	1,980
Net cash provided (used) by operating activities	\$ (880)	310	6,738	9,505	6,795
NONCASH INVESTING, CAPITAL, AND FINANCIN; ACTIVITIES:					
Capital assets contributed (to) from other funds	\$ 1	2,815	--	--	1,594
Amortization of bond issue costs	--	--	--	(16)	--
Gain (loss) on disposal of assets	(5)	(225)	--	(10,965)	(342)

(Continued)

	Liability Reserve	Support Services	Wireless Communication	Workers' Compensation	Total
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	--	49	4	--	118
Net cash provided (used) by investing activities	--	49	4	--	118
Net increase (decrease) in cash and cash equivalents	(5,159)	257	(304)	1,299	(1,981)
Cash and cash equivalents, October 1	18,734	15,709	1,534	16,707	101,848
Cash and cash equivalents, September 30	13,575	15,966	1,230	18,006	99,867
RECONCILIATION OF OPERATING INCOME TO NET					
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	(1,696)	3,114	(1,689)	998	17,153
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	--	554	1,896	--	8,815
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	--	17	(3)	--	(283)
(Increase) decrease in due from other funds	--	11	--	--	11
(Increase) decrease in inventory	--	--	25	--	(599)
(Increase) decrease in prepaid expenses and other assets	--	4	--	--	(4)
(Increase) decrease in deferred costs and other expenses	--	--	--	--	(294)
(Increase) decrease in other long-term assets	--	--	--	--	(8)
Increase (decrease) in accounts payable	128	3,592	(277)	(36)	5,777
Increase (decrease) in accrued payroll and compensated absences	--	(1,606)	(51)	--	(3,378)
Increase (decrease) in claims payable	9	--	--	337	426
Increase (decrease) in due to other governments	--	--	--	--	(69)
Increase (decrease) in advances from other funds	--	--	--	--	(28)
Increase (decrease) in deferred credits and other liabilities	(3,600)	(44)	(200)	--	(3,568)
Total adjustments	(3,463)	2,528	1,390	301	6,798
Net cash provided (used) by operating activities	(5,159)	5,642	(299)	1,299	23,951
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital assets contributed (to) from other funds	--	58	3,251	--	7,719
Amortization of bond issue costs	--	(3)	--	--	(19)
Gain (loss) on disposal of assets	--	(112)	(1)	--	(11,650)





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. The City utilizes private-purpose trust funds and agency funds which are considered fiduciary funds.

Private-purpose trust funds account for and 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. The City reports the following private-purpose trust funds and agency funds:

Private-Purpose Trust Funds

General Government

Unclaimed Property Fund – Accounts for and reports unclaimed City of Austin checks.

Transportation, Planning and Sustainability

Voluntary Utility Assistance Fund – Accounts for and reports contributions for the benefit of indigent utility customers. Contributions are received with electric bill payments.

Public Recreation and Culture

Barbara Jordan Memorial Fund – Accounts for and reports donations for a future memorial.

First Step - A Community Project Fund - Accounts for and reports programs and activities that improve community relations.

Science Fest Fund - Accounts for and reports all contributions, registration fees and other donations received for the Regional Science Festival.

Urban Growth Management

Leveraged Loan Pool Fund - Accounts for and reports funds that are held to leverage private capital and state or federal resources to stimulate business investments.

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

Agency Funds

BCCP Permit Fund – Accounts for and reports BCCP Permit fees that are collected and held on behalf of Travis County.

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

Municipal Courts Fund – Accounts for and reports service fees collected at Municipal Court that will be remitted to the State Comptroller of Public Accounts.

Neighborhood Revitalization Fund - Accounts for and reports escrow deposits and payments to loan recipients.

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Fiduciary Net Assets
September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit H-1

	Assets			Liabilities		Net Assets Held in Trust
	Pooled Investments and Cash	Other Assets	Total Assets	Other Liabilities	Total Liabilities	
General government						
Unclaimed Property	\$ 784	--	784	689	689	95
Total general government	<u>784</u>	<u>--</u>	<u>784</u>	<u>689</u>	<u>689</u>	<u>95</u>
Transportation, planning, and sustainability						
Voluntary Utility Assistance	155	--	155	--	--	155
Total transportation, planning, and sustainability	<u>155</u>	<u>--</u>	<u>155</u>	<u>--</u>	<u>--</u>	<u>155</u>
Public recreation and culture						
Barbara Jordan Memorial	2	--	2	--	--	2
First Step - A Community Project	14	--	14	--	--	14
Science Fest	21	--	21	--	--	21
Total public recreation and culture	<u>37</u>	<u>--</u>	<u>37</u>	<u>--</u>	<u>--</u>	<u>37</u>
Urban growth management						
Leveraged Loan Pool	440	121	561	--	--	561
Telecommunity Partnership	16	--	16	--	--	16
Total urban growth management	<u>456</u>	<u>121</u>	<u>577</u>	<u>--</u>	<u>--</u>	<u>577</u>
Total	<u>\$ 1,432</u>	<u>121</u>	<u>1,553</u>	<u>689</u>	<u>689</u>	<u>864</u>

Fiduciary Funds
Private-purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the year ended September 30, 2011
(In thousands)

City of Austin, Texas
Exhibit H-2

	<u>Additions</u>			<u>Deductions</u>	<u>Net Increase (Decrease)</u>	<u>Net Assets at Beginning of Year</u>	<u>Net Assets at End of Year</u>
	<u>Contributions</u>	<u>Interest and Other</u>	<u>Total Additions</u>	<u>Benefit Payments</u>			
General government							
Unclaimed Property	\$ --	4	4	1	3	92	95
Total general government	--	4	4	1	3	92	95
Transportation, planning, and sustainability							
Voluntary Utility Assistance	367	1	368	356	12	143	155
Total transportation, planning, and sustainability	367	1	368	356	12	143	155
Public recreation and culture							
Barbara Jordan Memorial	--	--	--	--	--	2	2
First Step - A Community Project	--	--	--	--	--	14	14
Science Fest	124	--	124	145	(21)	42	21
Total public recreation and culture	124	--	124	145	(21)	58	37
Urban growth management							
Leveraged Loan Pool	--	2	2	--	2	559	561
Telecommunity Partnership	--	--	--	--	--	16	16
Total urban growth management	--	2	2	--	2	575	577
Total	\$ 491	7	498	502	(4)	868	864

Fiduciary Funds
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended September 30, 2011
(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	\$ 9	4	13	--
Total assets	9	4	13	--
Liabilities				
Accounts payable	9	4	13	--
Due to other governments	--	16	16	--
Total liabilities	9	20	29	--
Campaign Financing Fund				
Assets				
Pooled investments and cash	51	19	64	6
Total assets	51	19	64	6
Liabilities				
Accounts payable	--	64	64	--
Deposits and other liabilities	51	44	89	6
Total liabilities	51	108	153	6
Municipal Courts				
Assets				
Pooled investments and cash	3,240	12,964	13,728	2,476
Total assets	3,240	12,964	13,728	2,476
Liabilities				
Accounts payable	2	12,742	12,726	18
Due to other governments	2,799	22,581	23,283	2,097
Deposits and other liabilities	439	3,147	3,225	361
Total liabilities	3,240	38,470	39,234	2,476
Neighborhood Revitalization				
Assets				
Pooled investments and cash	344	--	102	242
Total assets	344	--	102	242
Liabilities				
Deposits and other liabilities	344	--	102	242
Total liabilities	344	--	102	242
Total Agency Funds				
Assets				
Pooled investments and cash	3,644	12,987	13,907	2,724
Total assets	3,644	12,987	13,907	2,724
Liabilities				
Accounts payable	11	12,810	12,803	18
Due to other governments	2,799	22,597	23,299	2,097
Deposits and other liabilities	834	3,191	3,416	609
Total liabilities	\$ 3,644	38,598	39,518	2,724





SUPPLEMENTAL SCHEDULES

**Enterprise Related Grants
Combining Balance Sheet
September 30, 2011
(In thousands)**

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

	Assets			Liabilities and Fund Balances			
	Pooled Investments and Cash	Receivables from Other Governments	Total Assets	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
AUSTIN ENERGY RELATED							
U.S. Department of Energy	\$ --	312	312	312	312	--	312
Propane Education and Research Council	--	--	--	--	--	--	--
State Energy Conservation Office	--	6	6	6	6	--	6
Texas Commission of the Arts	--	2	2	2	2	--	2
Texas Department of Housing & Community Affairs	--	331	331	331	331	--	331
Leonardo Technologies, Inc.	--	25	25	25	25	--	25
Total Austin Energy	--	676	676	676	676	--	676
AUSTIN WATER UTILITY RELATED							
U.S. Environmental Protection Agency	308	--	308	308	308	--	308
Total Austin Water Utility	308	--	308	308	308	--	308
AIRPORT RELATED							
U.S. Department of Transportation	--	440	440	440	440	--	440
U.S. Department of Homeland Security	--	172	172	172	172	--	172
Federal Bureau of Investigation	--	1	1	1	1	--	1
Total Airport	--	613	613	613	613	--	613
CONVENTION CENTER RELATED							
Austin Convention & Visitors Bureau	--	13	13	13	13	--	13
Total Convention Center	--	13	13	13	13	--	13
DRAINAGE RELATED							
National Oceanic and Atmospheric Administration	--	37	37	37	37	--	37
U.S. Department of Agriculture	--	25	25	25	25	--	25
U.S. Environmental Protection Agency	--	25	25	25	25	--	25
U.S. Department of Homeland Security	--	540	540	540	540	--	540
U.S. Department of Interior	--	6	6	6	6	--	6
Texas Water Development Board	--	23	23	23	23	--	23
Total Drainage	--	656	656	656	656	--	656
SOLID WASTE SERVICES RELATED							
Capital Area Council of Governments	--	--	--	--	--	--	--
Total Solid Waste Services	--	--	--	--	--	--	--
Total grants, enterprise related	\$ 308	1,958	2,266	2,266	2,266	--	2,266

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

**Enterprise Related Grants
Combining Schedule of Expenditures
From Inception to September 30, 2011
(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
AUSTIN ENERGY RELATED											
U.S. Department of Energy	\$ 1,504	248	1,752	8,006	80	9,510	328	9,838	18,713	841	19,554
Propane Education & Research Council	122	10	132	2	--	124	10	134	127	15	142
State Energy Conservation Office	210	154	364	34	--	244	154	398	270	154	424
Texas Commission of the Arts	46	--	46	70	--	116	--	116	137	--	137
Texas Department of Housing & Community Affairs	882	--	882	5,270	--	6,152	--	6,152	8,091	--	8,091
Leonardo Technologies, Inc.	14	--	14	32	--	46	--	46	73	--	73
Total Austin Energy	2,778	412	3,190	13,414	80	16,192	492	16,684	27,411	1,010	28,421
AUSTIN WATER UTILITY RELATED											
U.S. Environmental Protection Agency	711	785	1,496	--	--	711	785	1,496	959	785	1,744
Total Austin Water Utility	711	785	1,496	--	--	711	785	1,496	959	785	1,744
AIRPORT RELATED											
U.S. Department of Transportation	48,346	14,329	62,675	5,444	1,760	53,790	16,089	69,879	88,733	25,270	114,003
U.S. Department of Homeland Security	5,673	--	5,673	703	--	6,376	--	6,376	7,492	--	7,492
Federal Bureau of Investigation	23	--	23	--	--	23	--	23	25	--	25
Total Airport	54,042	14,329	68,371	6,147	1,760	60,189	16,089	76,278	96,250	25,270	121,520
CONVENTION CENTER RELATED											
Austin Convention & Visitors Bureau	--	--	--	13	--	13	--	13	47	--	47
Total Convention Center	--	--	--	13	--	13	--	13	47	--	47
DRAINAGE RELATED											
National Oceanic and Atmospheric Administration	37	--	37	--	--	37	--	37	37	--	37
U.S. Department of Agriculture	50	50	100	--	--	50	50	100	50	50	100
U.S. Environmental Protection Agency	988	120	1,108	78	46	1,066	166	1,232	1,203	168	1,371
U.S. Department of Homeland Security	2,714	905	3,619	2,476	1,544	5,190	2,449	7,639	15,581	6,003	21,584
U.S. Department of Interior	17	5	22	--	--	17	5	22	25	9	34
Texas Water Development Board	98	--	98	--	--	98	--	98	401	198	599
Total Drainage	3,904	1,080	4,984	2,554	1,590	6,458	2,670	9,128	17,297	6,428	23,725
SOLID WASTE SERVICES RELATED											
Capital Area Council of Governments	64	32	96	5	--	69	32	101	69	32	101
Total Solid Waste Services	64	32	96	5	--	69	32	101	69	32	101
Total grants, enterprise related	\$ 61,499	16,638	78,137	22,133	3,430	83,632	20,068	103,700	142,033	33,525	175,558

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

**Schedule of General Obligation Bonds
Authorized and Unissued
Year ended September 30, 2011
(In thousands)**

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

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued September 30, 2011
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	133,002	16,998	--
11-07-06	Transportation	103,100	49,860	15,800	37,440
11-07-06	Drainage improvements	145,000	83,000	24,000	38,000
11-07-06	Parks improvements	84,700	31,445	20,130	33,125
11-07-06	Cultural arts	31,500	11,000	100	20,400
11-07-06	Affordable housing	55,000	13,500	26,400	15,100
11-07-06	Central library	90,000	500	1,000	88,500
11-07-06	Public safety facility	58,100	40,850	1,500	15,750
		<u>\$ 797,660</u>	<u>428,480</u>	<u>105,928</u>	<u>263,252</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, 2011
(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, 2011
AUSTIN ENERGY						
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 Austin Energy		1,124,021	--	561,633	--	562,388
AUSTIN WATER UTILITY (Water)						
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 Austin Water Utility (Water)		\$ 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, 2011
(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, 2011
AUSTIN WATER UTILITY (Wastewater)						
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 Austin Water Utility (Wastewater)		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

(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.





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. (Tables 1 - 5)

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. (Tables 6 - 12)

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. (Tables 13 - 17)

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. (Tables 18 - 19)

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. (Tables 20 - 22)

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 No. 54 in 2011; governmental funds fund balance will reflect this change beginning in FY2011.



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

City of Austin, Texas
Table 1

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	1,545,216	1,544,834	1,562,046
Restricted	28,492	100,469	53,482	68,848	84,218	69,982	76,478	95,641	71,716	92,650
Unrestricted (deficit)	107,454	42,781	51,244	65,561	77,564	28,115	1,553	(56,971)	(58,002)	(164,152)
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>	<u>1,583,886</u>	<u>1,558,548</u>	<u>1,490,544</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	1,902,398	1,998,753	2,048,964
Restricted	202,651	216,459	197,174	410,975	469,238	492,356	497,927	488,413	502,211	550,516
Unrestricted	757,955	575,473	477,081	378,537	551,838	562,899	558,625	495,318	403,346	438,240
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>	<u>2,886,129</u>	<u>2,904,310</u>	<u>3,037,720</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	3,447,614	3,543,587	3,611,010
Restricted	231,143	316,928	250,656	479,823	553,456	562,338	574,405	584,054	573,927	643,166
Unrestricted	865,409	618,254	528,325	444,098	629,402	591,014	560,178	438,347	345,344	274,088
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>	<u>4,470,015</u>	<u>4,462,858</u>	<u>4,528,264</u>

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

City of Austin, Texas
Table 2

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Governmental activities:										
General government	75,941	43,405	46,607	73,233	84,693	76,136	97,945	80,819	89,315	99,780
Public safety	279,533	292,411	292,678	320,942	373,361	397,583	440,345	442,690	455,760	485,611
Transportation, planning and sustainability	15,694	17,119	15,879	17,247	25,426	48,758	49,426	79,840	65,565	74,835
Public health	75,033	80,808	48,733	104,361	94,697	94,158	102,188	81,773	63,215	61,865
Public recreation and culture	71,863	58,199	56,408	58,962	65,453	72,082	87,975	90,307	91,732	106,488
Urban growth management	54,287	59,949	64,631	77,340	81,439	93,185	123,115	121,237	143,884	129,258
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	42,435	44,889	45,154
Total governmental activities expenses	642,196	626,601	600,968	752,138	799,192	821,068	941,948	939,101	954,360	1,002,991
Business-Type activities:										
Electric	610,374	754,393	774,702	804,658	918,369	929,057	1,070,999	1,089,632	1,086,470	1,136,850
Water	132,665	130,119	155,472	142,061	161,516	162,158	202,900	200,162	169,708	178,712
Wastewater	118,506	115,284	137,227	122,176	132,005	144,573	147,059	160,962	166,979	170,514
Airport	76,546	79,558	77,541	87,538	78,487	80,368	91,557	98,403	92,780	102,774
Convention	36,344	40,621	52,336	38,844	41,992	43,956	52,911	52,219	51,818	54,231
Environmental and health services	61,764	63,527	100,343	45,739	50,290	55,386	69,805	67,097	66,380	91,151
Public recreation	10,433	9,107	9,295	9,408	9,225	9,800	10,169	10,274	9,715	5,209
Urban growth management	43,321	47,129	48,204	60,562	63,981	69,293	84,886	89,306	106,618	110,996
Total business-type expenses	1,089,953	1,239,738	1,355,120	1,310,986	1,455,865	1,494,591	1,730,286	1,768,055	1,750,468	1,850,437
Total primary government expenses	1,732,149	1,866,339	1,956,088	2,063,124	2,255,057	2,315,659	2,672,234	2,707,156	2,704,828	2,853,428
Program Revenues										
Governmental activities:										
Charges for services:										
General government	12,964	4,791	210	7,334	9,718	2,633	9,572	11,319	7,902	8,126
Public safety	36,226	36,579	37,071	37,825	40,314	40,529	45,880	51,710	47,530	52,998
Transportation, planning and sustainability	4,948	5,142	5,027	2,689	3,186	3,260	3,531	3,960	3,792	3,823
Public health	6,969	8,100	7,617	59,948	45,610	40,238	43,122	25,181	7,561	7,592
Public recreation and culture	2,499	2,551	2,716	3,208	3,339	2,998	3,749	3,819	3,456	7,891
Urban growth management	20,743	18,306	22,020	31,953	37,609	43,012	43,840	45,000	38,895	21,305
Operating grants and contributions	53,374	55,122	52,068	67,494	77,923	57,331	65,782	54,022	66,831	66,348
Capital grants and contributions	1,203	3,956	2,546	5,702	1,111	2,942	3,652	85,085	50,546	51,182
Total governmental activities program revenues	138,926	134,547	129,275	216,153	218,810	192,943	219,128	280,096	226,513	219,265
Business-type activities:										
Charges for services:										
Electric	745,095	921,649	829,018	972,846	1,070,606	1,056,488	1,217,735	1,162,286	1,147,676	1,249,139
Water	122,035	130,424	119,254	140,356	164,561	138,350	181,515	195,480	171,457	243,382
Wastewater	107,499	111,941	114,710	129,314	141,676	154,118	183,608	196,416	189,192	204,666

(Continued)

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

City of Austin, Texas
Table 2
(Continued)

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Airport	72,777	71,693	75,916	82,220	87,473	96,562	102,519	96,618	100,223	106,978
Convention	10,376	15,040	10,404	11,169	14,692	14,577	17,572	16,258	14,784	18,486
Environmental and health services	61,969	56,368	60,883	44,550	45,078	46,310	49,190	65,940	74,399	75,981
Public recreation	10,210	9,323	8,955	9,117	8,968	8,784	9,760	10,119	8,864	5,260
Urban growth management	44,794	52,178	60,425	69,859	77,381	79,252	83,779	90,739	108,312	115,850
Capital grants and contributions	43,537	48,325	47,570	48,544	69,804	50,898	76,881	71,819	31,703	47,850
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>	<u>1,905,675</u>	<u>1,846,610</u>	<u>2,067,592</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>	<u>2,185,771</u>	<u>2,073,123</u>	<u>2,286,857</u>
Net (Expense)/Revenue										
Governmental activities	(503,270)	(492,054)	(471,693)	(535,985)	(580,382)	(628,125)	(722,820)	(659,005)	(727,847)	(783,726)
Business-type activities	128,339	177,203	(27,985)	196,989	224,374	150,748	192,273	137,620	96,142	217,155
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>	<u>(521,385)</u>	<u>(631,705)</u>	<u>(566,571)</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	309,888	341,812	355,185
Sales tax	115,441	110,454	117,725	123,617	139,289	153,098	154,445	139,795	144,710	151,125
Franchise fees and gross receipts tax	62,576	63,049	63,509	69,120	79,755	87,180	93,236	85,183	87,996	95,029
Grants and contributions not restricted to specific programs	19,137	94,210	81,937	83,365	90,083	73,711	80,178	-- (3)	--	--
Interest and other	23,746	24,975	26,799	24,753	35,315	54,963	29,287	20,827	31,960	19,364
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	82,686	96,031	97,100
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>	<u>638,379</u>	<u>702,509</u>	<u>717,803</u>
Business-type activities:										
Interest and other	58,180	30,430	16,582	23,932	47,905	60,970	59,028	27,938	13,935	11,274
Special items	--	--	(3,000) (2)	(37,443) (2)	--	--	--	--	--	--
Transfers	(104,519)	(66,926)	(39,264)	(73,879)	(65,974)	(67,353)	(73,163)	(82,686)	(96,031)	(97,100)
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>	<u>(54,748)</u>	<u>(82,096)</u>	<u>(85,826)</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>	<u>583,631</u>	<u>620,413</u>	<u>631,977</u>
Change in Net Assets										
Governmental activities	42,545	100,690	90,377	56,414	66,180	67,123	(23,709)	(20,626)	(25,338)	(65,923)
Business-type activities	82,000	140,707	(53,667)	109,599	206,305	144,365	178,138	82,872	14,046	131,329
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>	<u>62,246</u>	<u>(11,292)</u>	<u>65,406</u>

Note:

(1) 2002 Purchases land lease rights

(2) Travis County Hospital District reserve payments

(3) Beginning in 2009, these amounts were assigned to the appropriate programs

Program Revenues by Function/Program
Last Ten Fiscal Years (In thousands)
(Accrual basis of accounting)

City of Austin, Texas
 Table 3

Function/Program	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities:										
General government	13,286	5,084	586	7,755	10,933	5,678	13,338	15,524	11,831	17,491
Public safety	41,227	42,903	42,847	48,596	62,287	52,317	53,565	64,997	57,135	63,617
Transportation, planning and sustainability	5,649	6,319	5,828	7,055	3,246	3,260	3,531	57,178	17,928	42,282
Public health	22,862	27,095	27,444	82,395	67,839	61,221	66,680	42,750	34,369	31,185
Public recreation and culture	8,283	6,225	5,620	6,593	4,849	4,505	5,253	7,846	9,536	11,544
Urban growth management	47,619	46,921	46,950	63,759	69,656	65,962	76,761	91,801	95,714	53,146
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>	<u>280,096</u>	<u>226,513</u>	<u>219,265</u>
Business-type activities:										
Electric	748,831	925,086	833,302	978,115	1,083,758	1,065,001	1,228,542	1,168,242	1,152,532	1,259,400
Water	137,928	148,638	139,156	154,837	182,801	153,148	216,654	225,881	180,918	257,346
Wastewater	119,019	129,412	131,303	138,652	157,973	167,851	189,823	211,080	190,625	213,339
Airport	81,682	79,217	82,033	97,786	103,490	104,462	113,368	112,804	108,022	112,457
Convention	10,376	15,040	10,404	11,459	14,968	14,577	17,572	16,258	14,784	18,499
Environmental and health services	62,270	56,411	60,246	44,887	46,350	46,640	50,311	66,592	75,033	77,008
Public recreation	10,049	9,408	9,038	9,230	9,225	9,073	11,134	11,268	12,809	5,410
Urban growth management	48,137	53,729	61,653	73,009	81,674	84,587	95,155	93,550	111,887	124,133
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>	<u>1,905,675</u>	<u>1,846,610</u>	<u>2,067,592</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>	<u>2,185,771</u>	<u>2,073,123</u>	<u>2,286,857</u>

Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 4

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Reserved	6,052	5,112	5,534	6,504	6,761	9,458	3,566	4,510	4,135	N/A
Unreserved	87,566	88,094	100,753	98,838	105,043	97,352	85,124	87,651	104,575	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,109
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	--
Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,117
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10,992
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	119,035
Total general fund	93,618	93,206	106,287	105,342	111,804	106,810	88,690	92,161	108,710	134,253
All Other Governmental Funds										
Reserved (1)	101,490	122,106	97,372	75,227	83,065	108,338	106,399	134,194	174,820	N/A
Unreserved, reported in:										
Special revenue fund	23,686	25,388	26,010	27,994	50,020	48,916	56,008	56,385	57,694	N/A
Debt service funds (1)	16,451	--	--	--	--	--	--	--	--	N/A
Capital projects funds	147,876	104,442	79,152	100,663	104,209	46,054	77,469	168,328	28,447	N/A
Permanent funds	284	313	370	332	443	660	844	819	764	N/A
Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,040
Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	175,522
Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26,146
Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	68,949
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(36,582)
Total all other governmental funds	289,787	252,249	202,904	204,216	237,737	203,968	240,720	359,726	261,725	235,075

Note: The City implemented GASB Statement No. 54 in fiscal year 2011, which changes the reporting requirements for fund balances.

(1) The debt service funds classification was changed from unreserved designated to reserved in 2003.

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)

City of Austin, Texas
Table 5

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Property taxes	215,838	232,573	243,370	220,694	234,555	251,470	277,886	308,292	340,804	355,262
Sales taxes	115,441	110,454	117,725	123,617	139,289	153,098	154,445	139,795	144,710	151,125
Franchise fees and other taxes	62,435	63,050	63,509	69,168	79,755	87,180	93,236	85,183	88,321	94,920
Fine, forfeitures and penalties	21,690	20,966	21,774	21,932	23,697	20,959	24,574	25,380	24,571	24,077
Licenses, permits and inspections	14,670	14,737	15,317	17,399	22,131	25,635	24,268	20,531	15,716	18,653
Charges for services/goods	40,799	39,866	42,279	100,099	88,789	87,936	96,076	84,905	64,594	55,170
Intergovernmental	62,141	74,392	73,428	88,661	94,955	73,886	91,765	62,802	86,557	78,250
Property owners' participation and contributions	13,214	10,937	3,798	6,152	9,486	2,639	7,065	12,161	6,937	6,624
Interest and other	25,401	29,745	26,544	23,192	34,386	55,522	31,830	31,187	35,563	19,270
Total revenues	571,629	596,720	607,744	670,914	727,043	758,325	801,145	770,236	807,773	803,351
Expenditures										
General government	55,441	44,295	41,411	44,044	50,825	59,043	67,597	53,000	66,287	69,024
Public safety	263,258	278,297	288,152	324,815	359,613	383,685	399,060	409,579	421,958	449,355
Transportation, planning and sustainability	13,818	14,113	13,208	8,623	4,839	5,559	9,370	7,675	10,634	9,983
Public health	75,053	80,470	49,676	101,917	93,725	90,719	91,863	70,762	53,229	55,508
Public recreation and culture	59,655	52,836	50,567	53,315	54,865	62,578	72,760	74,477	74,089	86,595
Urban growth management	57,520	59,561	63,581	76,142	76,565	77,928	101,492	106,149	100,218	75,865
Debt service:										
Principal	44,382	49,340	48,862	50,608	57,651	59,929	61,800	69,809	70,424	78,568
Interest	36,566	38,529	40,109	41,233	39,023	39,156	40,954	42,170	44,590	44,892
Fees and commissions	7	8	14	10	10	10	--	8	17	13
Capital outlay	174,239	155,517	151,768	81,507	87,931	94,228	119,290	96,342	166,491	160,682
Total expenditures	779,939	772,966	747,348	782,214	825,047	872,835	964,186	929,971	1,007,937	1,030,485
Excess (deficiency) of revenues over expenditures	(208,310)	(176,246)	(139,604)	(111,300)	(98,004)	(114,510)	(163,041)	(159,735)	(200,164)	(227,134)
Other financing sources (uses)										
Issuance of tax supported debt	254,505	70,323	70,040	26,940	67,735	--	104,060	191,310	15,000	118,778
Issuance of refunding bonds	14,685	62,514	--	148,125	--	--	156,038	--	--	79,342
Bond premiums	--	--	28	13,750	11	--	15,090	1,897	--	14,929
Payment to escrow agent	(14,685)	(62,514)	--	(161,875)	--	--	(171,128)	--	--	(94,271)
Capital leases	--	891	646	932	--	--	--	--	--	--
Transfers in	176,878	129,258	128,874	142,404	142,064	171,995	173,627	175,250	197,669	179,476
Transfers out	(67,464)	(62,176)	(88,548)	(58,609)	(71,823)	(96,248)	(96,014)	(86,245)	(93,957)	(70,146)
Total other financing sources (uses)	363,919	138,296	111,040	111,667	137,987	75,747	181,673	282,212	118,712	228,108
Net change in fund balances	155,609	(37,950)	(28,564)	367	39,983	(38,763)	18,632	122,477	(81,452)	974
Debt service as a percentage of noncapital expenditures	13.2%	14.4%	15.1%	13.3%	13.2%	12.7%	12.3%	13.6%	13.8%	13.6%

**Tax Revenue by Source, Governmental Funds
Last Ten Fiscal Years (In thousands)
(Modified accrual basis of accounting)**

**City of Austin, Texas
Table 6**

Fiscal Year Ended Sept. 30	Property Tax	Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Total
	\$	\$	\$	\$	\$
2002	215,838	115,441	3,693	58,742	393,714
2003	232,573	110,454	3,679	59,371	406,077
2004	243,370	117,725	3,946	59,563	424,604
2005	220,694	123,617	4,242	64,926	413,479
2006	234,555	139,289	4,605	75,150	453,599
2007	251,470	153,098	5,186	81,994	491,748
2008	277,886	154,445	5,541	87,695	525,567
2009	308,292	139,795	5,651	79,532	533,270
2010	340,804	144,710	6,049	82,272	573,835
2011	355,262	151,125	6,367	88,553	601,307
Change 2002-2011	64.60%	30.91%	72.41%	50.75%	

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**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 %
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	0.00
2004	2003	93.53	52,348,646,852	3,384,371,844	48,964,275,008	(3.54)	0.3236	0.1692	0.4928	7.20
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	(10.11)
2006	2005	85.47	61,246,465,280	8,896,822,983	52,349,642,297	5.33	0.2841	0.1589	0.4430	0.00
2007	2006	84.61	71,515,572,939	11,003,244,050	60,512,328,889	15.59	0.2760	0.1366	0.4126	(6.86)
2008	2007	85.81	80,103,507,188	11,366,716,262	68,736,790,926	13.59	0.2730	0.1304	0.4034	(2.23)
2009	2008	86.54	88,688,319,460	11,936,311,723	76,752,007,737	11.66	0.2749	0.1263	0.4012	(0.55)
2010	2009	87.63	92,388,003,449	11,427,462,473	80,960,540,976	5.48	0.2950	0.1259	0.4209	4.91
2011	2010	88.15	88,051,834,377	10,432,484,993	77,619,349,384	(4.13)	0.3262	0.1309	0.4571	8.60
2012 (2)	2011	87.34	92,650,484,059	11,725,860,767	80,924,623,292	4.26	0.3551	0.1260	0.4811	5.25

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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 (3)	
			Amount \$	Percentage of Levy %		Amount \$	Percentage of Levy %	Amount \$	Percentage of Levy %
2002	2001	219,657,867	217,043,867	98.81	110,538	217,154,405	98.86	7,435,974	3.39
2003	2002	233,342,114	230,629,853	98.84	1,559,379	232,189,232	99.51	7,990,337	3.42
2004	2003	241,295,947	239,017,055	99.06	1,578,566	240,595,621	99.71	8,297,267	3.44
2005 (1)	2004	220,183,876	217,913,724	98.97	1,053,989	218,967,713	99.45	8,411,887	3.82
2006	2005	231,908,915	230,867,812	99.55	750,245	231,618,057	99.87	9,867,232	4.25
2007	2006	249,673,869	248,705,821	99.61	661,616	249,367,437	99.88	8,717,040	3.49
2008	2007	277,284,215	274,903,217	99.14	1,643,158	276,546,374	99.73	9,338,671	3.37
2009	2008	307,929,055	304,956,471	99.03	1,580,391	306,536,862	99.55	9,626,876	3.13
2010	2009	340,762,917	337,268,213	98.97	8,210	337,276,423	98.98	10,591,712	3.11
2011	2010	354,798,046	351,707,776	99.13	--	351,707,776	99.13	11,589,297	3.27
2012 (2)	2011	389,328,363	**	**	**	**	**	**	**

** Information not yet available for fiscal year 2012.

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 Healthcare District.
- (2) Appraised value at January 1, 2012, is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.
- (3) These amounts represent the total amount of outstanding delinquencies at the end of each fiscal year for all tax years.

**Assessed Taxable Property Value by Class
Last Ten Fiscal Years (In thousands)**

**City of Austin, Texas
Table 8**

Fiscal Year Sept. 30	Single Family Property	Multi-Family Property	Land	Commercial Property	Personal Property	Total Assessed Taxable Value	Tax Rates (per \$100 Assessed Value)
	\$	\$	\$	\$	\$	\$	\$
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	33,316,002	8,839,048	1,524,308	17,725,306	6,779,068	68,183,732	0.4034
2009	37,453,292	9,896,356	1,389,608	19,800,799	7,915,406	76,455,461	0.4012
2010	40,713,121	10,145,319	1,419,091	19,957,214	7,942,287	80,177,032	0.4209
2011	40,652,702	9,611,968	1,367,974	18,531,700	6,932,805	77,097,149	0.4571

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**

Government	Tax Rates (per 000's Assessed Value) for Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	0.4597	0.4597	0.4928	0.4430	0.4430	0.4126	0.4034	0.4012	0.4209	0.4571
Austin Community College	0.0500	0.0500	0.0771	0.0900	0.0991	0.0965	0.0958	0.0954	0.0946	0.0951
Austin Independent School District	1.5486	1.5964	1.6137	1.6230	1.6230	1.4930	1.1630	1.2020	1.2020	1.2270
Del Valle Independent School District	1.6949	1.7785	1.7968	1.8063	1.8700	1.7277	1.4800	1.4800	1.4800	1.5300
Eanes Independent School District	1.7485	1.7312	1.7778	1.6705	1.6610	1.5625	1.2025	1.2025	1.2025	1.2025
Leander Independent School District	1.6500	1.7220	1.8300	1.7900	1.7500	1.6438	1.3334	1.3792	1.4223	1.4548
Manor Independent School District	1.6954	1.7141	1.7291	1.8262	1.8000	1.7680	1.5150	1.5350	1.5150	1.5150
North Austin MUD #1	0.5100	0.5000	0.5000	0.4500	0.4500	0.4500	0.4180	0.4050	0.3801	0.3819
Northwest Austin MUD #1	0.3577	0.3150	0.2632	0.2600	0.3000	0.2900	0.2750	0.2525	0.2427	--
Northwest Travis County RD #3	0.1646	0.1500	0.1660	0.1800	0.1650	0.1300	0.1100	0.1100	0.1250	0.1450
Pflugerville Independent School District	1.4700	1.6900	1.8500	1.8300	1.8500	1.6800	1.4700	1.4600	1.4600	1.4600
Round Rock Independent School District	1.7387	1.7924	1.8643	1.8572	1.8335	1.6406	1.3238	1.3324	1.3800	1.3800
Travis County (1)	0.4460	0.4660	0.4918	0.4872	0.4993	0.4499	0.4216	0.4122	0.4215	0.4658
Travis County Healthcare District	--	--	--	0.0779	0.0779	0.0734	0.0693	0.0679	0.0674	0.0719

Government	Tax Levies (in 000's) for Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
City of Austin	219,658	233,342	241,296	220,184	231,909	249,674	277,284	307,929	340,763	354,798
Austin Community College	23,323	24,863	37,321	44,345	49,521	70,836	72,389	79,189	82,756	79,524
Austin Independent School District	593,189	644,948	627,876	627,876	636,792	702,291	732,434	704,839	735,582	730,909
Del Valle Independent School District	39,203	37,453	36,980	36,719	38,980	43,792	43,898	47,600	46,563	43,736
Eanes Independent School District	99,104	105,139	104,611	99,760	106,455	116,394	100,971	111,930	115,036	110,042
Leander Independent School District	79,203	101,605	114,260	123,587	129,115	140,287	142,085	173,078	185,502	185,883
Manor Independent School District	28,127	26,803	25,144	26,742	28,499	33,568	35,816	37,916	43,116	38,829
North Austin MUD #1	2,856	2,808	2,736	2,753	1,196	2,765	2,873	2,859	2,859	2,750
Northwest Austin MUD #1 (2)	1,093	874	883	867	1,105	1,226	1,230	1,216	1,173	--
Northwest Travis County RD #3	654	626	611	621	627	601	524	546	582	576
Pflugerville Independent School District	57,038	76,052	83,918	89,397	96,641	97,889	95,934	104,552	108,097	104,112
Round Rock Independent School District	214,202	239,813	247,373	254,174	268,176	268,063	247,325	272,758	284,082	273,120
Travis County (1)	256,710	287,478	293,345	293,753	320,020	339,590	361,662	391,696	417,426	441,859
Travis County Healthcare District	--	--	--	50,416	60,798	55,520	59,543	64,629	66,842	68,303

Source: Travis Central Appraisal District, Williamson Central Appraisal District, Hays Central Appraisal District, and taxing entities.

Note: 2005 was initial year for Travis County Healthcare District Levy.

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

(2) Northwest Austin MUD #1 discontinued in 2010.

**Principal Property Taxpayers
Current Year and Nine Years Ago**

**City of Austin, Texas
Table 10**

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		Fiscal Year Ended September 30					
		2011			2002		
Taxpayer	Type of Property	January 1, 2010 Assessed	Rank	Percent of Total Assessed Valuation of	January 1, 2001 Assessed	Rank	Percent of Total Assessed Valuation of
		Valuation		\$77,619,349,384	Valuation		\$47,782,873,096
		\$		%	\$		%
Samsung Austin Semiconductor LLC	Manufacturing	1,000,506,530	1	1.29	366,983,973	5	0.77
TPG-300 West 6th Street LLC	Commercial	470,972,536	2	0.61			
Columbia/St. Davids Health Care	Hospital/Medical	339,687,227	3	0.44			
Freescale Semiconductor, Inc. (1)	Manufacturing	308,192,177	4	0.40			
Dell Computer Corporation	Manufacturing	274,297,343	5	0.35			
Advanced Micro Devices, Inc.	Manufacturing	253,322,134	6	0.33	579,717,695	3	1.21
IBM Corporation	Manufacturing	232,068,893	7	0.30	311,659,505	7	0.65
Shopping Center at Gateway LP	Commercial	202,485,879	8	0.26			
Spansion LLC (2)	Manufacturing	181,405,407	9	0.23			
Brandywine Acquisition Partners LP	Commercial	167,173,847	10	0.22			
Motorola, Inc.	Manufacturing				1,267,927,061	1	2.65
Applied Materials Inc.	Manufacturing				605,727,899	2	1.27
Solectron Texas	Manufacturing				369,192,946	4	0.77
AT & T (3)	Telephone Utility				332,333,910	6	0.70
Crescent Real Estate Equities	Commercial				180,836,215	8	0.38
Minnesota Mining & Manufacturing	Manufacturing				179,417,067	9	0.38
Prudential Insurance Company	Commercial				168,528,000	10	0.35
Total Assessed Valuation		3,430,111,973		4.43	4,362,324,271		9.13

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 Ended Sept. 30	City Direct Rate (1)	Capital Metro Rate (2)	State of Texas Rate (3)
	%	%	%
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
2009	1.00	1.00	6.25
2010	1.00	1.00	6.25
2011	1.00	1.00	6.25

Sources: Capital Metro, Comptroller of Public Accounts, and 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**

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agriculture, forestry, fishing	30,183	1,630	4,002	3,004	4,822	6,850	7,609	6,929	5,914	5,456
Mining	--	6,106	7,667	7,615	10,401	8,709	6,537	4,034	2,854	2,179
Construction	239,625	204,815	254,371	259,845	358,782	436,157	452,770	352,053	366,032	363,770
Manufacturing	542,662	602,525	600,640	711,213	821,000	922,956	1,037,155	944,168	1,081,049	1,509,875
Transportation, communications, utilities	470,133	413,848	359,521	341,382	386,265	447,312	550,890	447,710	348,856	325,814
Wholesale trade	635,326	566,740	655,358	728,722	874,189	913,648	938,536	787,674	768,158	734,207
Retail trade	5,137,925	4,706,963	4,836,334	5,260,730	5,786,205	6,103,478	6,210,206	5,583,715	5,577,157	5,899,241
Finance, insurance, real estate	142,414	188,058	167,531	189,119	221,387	232,656	239,747	223,761	205,853	192,507
Services	1,090,947	957,924	971,989	1,024,088	1,144,477	1,251,260	1,355,771	1,233,599	1,197,035	1,239,260
Public administration	209,178	286,631	313,964	328,926	388,647	402,782	433,151	442,422	443,604	422,579
Unclassified establishments	412	8	240	28	--	--	--	--	--	--
Other	1,602,792	2,150,204	2,147,499	2,130,487	2,287,822	2,074,431	2,170,937	2,128,161	2,164,642	2,367,998
Total taxable sales by category	10,101,597	10,085,452	10,319,116	10,985,159	12,283,997	12,800,239	13,403,309	12,154,226	12,161,154	13,062,886

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Source: State of Texas Comptroller of Public Accounts

Note: Data subject to change as more precise numbers become available.

(1) Data not available for fourth quarter FY2011. Figures are estimates.

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

Fiscal Year Ended Sept. 30	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
2009	845,741	78,525	28,456	468	953,190
2010	789,619	71,586	38,295	716	900,216
2011	842,708	62,426	32,994	433	938,561

Fiscal Year Ended Sept. 30	Business-Type Activities									
	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
2009	21,510	42,877	60,195	6,650	339,999	28,000	3,442,342	914	1,981	3,944,468
2010	16,233	40,169	50,064	18,178	299,797	28,000	3,643,111	--	1,628	4,097,180
2011	25,398	40,903	54,854	11,274	359,792	28,000	3,694,277	--	1,258	4,215,756

Fiscal Year Ended Sept. 30	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
2009	4,897,658	0.13	6,358
2010	4,997,396	0.14	6,419
2011	5,154,317	0.13	6,398

Note: 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.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (In thousands except per capita)**

**City of Austin, Texas
Table 14**

Fiscal Year Ended Sept. 30	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	13,972	863,637	1.81	1,287.01
2003	731,219	177,426	908,645	12,634	896,011	1.77	1,327.98
2004	758,773	208,551	967,324	12,168	955,156	1.95	1,397.34
2005	748,288	198,091	946,379	13,199	933,180	1.88	1,341.01
2006	727,968	230,242	958,210	14,898	943,312	1.80	1,320.73
2007	676,354	211,481	887,835	17,861	869,974	1.44	1,187.87
2008	751,048	174,698	925,746	18,079	907,667	1.32	1,216.54
2009	867,251	216,703	1,083,954	18,389	1,065,565	1.39	1,383.32
2010	805,852	218,292	1,024,144	21,958	1,002,186	1.24	1,287.23
2011	868,106	202,451	1,070,557	20,806	1,049,751	1.35	1,302.97

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, 2011**

**City of Austin, Texas
Table 15**

Name of Governmental Unit	Net Debt Outstanding as of September 30, 2011 (in 000's) \$	Percent Applicable to City of Austin %	Amount Applicable to City of Austin (in 000's) \$
Direct debt: Governmental activities debt			
General obligation bonds	842,708		
Certificates of obligation	62,426		
Contractual obligations	32,994		
Total direct debt	<u>938,128</u> (1)	100.00	<u>938,128</u>
Overlapping debt			
Greater than 10%			
Austin Community College	93,164	71.12	66,258
Austin Independent School District	816,198	93.97	766,981
Del Valle Independent School District	165,525	68.31	113,070
Eanes Independent School District	155,600	29.89	46,509
Leander Independent School District	1,288,146	11.07	142,598
Manor Independent School District	204,315	69.65	142,305
Northwest Travis County RD #3	2,260	100.00	2,260
Pflugerville Independent School District	346,240	38.48	133,233
Round Rock Independent School District	744,650	33.39	248,639
Travis County	605,971	69.92	423,695
Subtotal greater than 10%	<u>4,422,069</u>		<u>2,085,548</u>
Less than 10%			
Williamson County	820,309	9.85	80,800
Subtotal less than 10%	<u>820,309</u>		<u>80,800</u>
Total overlapping debt	<u>5,242,378</u>		<u>2,166,348</u>
Total direct and overlapping debt	<u>6,180,506</u>		<u>3,104,476</u>

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

4.00 %

Per capita overlapping debt (3)

\$ 3,853.32

Source: Taxing jurisdictions, Travis Central Appraisal District and Municipal Advisory Council of Texas

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 6.

(2) Based on assessed valuation of \$77,619,349,384 provided by the Travis Central Appraisal District and Williamson County Appraisal District.

(3) Based on 2011 estimated population of 805,662.

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

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed taxable value (1)	76,843,156
Debt limit	11,316,858 (2)
Debt applicable to limit:	
General obligation debt	1,041,565
Less: Amount set aside for repayment of general obligation debt	(20,806)
Total net debt applicable to limit	1,020,759
Legal debt margin	<u>\$ 10,296,099</u>

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	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 6,966,722	\$ 7,400,733	\$ 7,138,962	\$ 7,246,657	\$ 7,632,549	\$ 10,330,201	\$ 10,021,785	\$ 11,190,400	\$ 11,804,005	\$ 11,316,858
Total net debt applicable to limit	851,443	872,917	931,297	906,446	936,104	846,455	878,798	1,043,671	971,250	1,020,759
Legal debt margin	5,922,613	6,313,239	6,040,147	6,169,474	6,696,445	9,483,746	9,142,987	10,146,729	10,832,755	10,296,099
Total net debt applicable to the limit as a percentage of debt limit	12.22%	11.80%	13.05%	12.51%	12.26%	8.19%	8.77%	9.33%	8.23%	9.02%

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, 2010, of \$77,619,349 at a 99% collection rate.

(2) Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2010, for collections of \$76,843,156 results in tax revenues of \$1,152,647. This revenue could service the debt on \$11,316,858 issued as 8% - 20-year serial bonds with level debt service payments.

Pledged-Revenue Coverage
Last Ten Fiscal Years (In thousands)

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	
	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	
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	515,597	325,944	93,374	80,927	1.87	234,970	108,907	126,063	28,337	63,066	1.38
2005	989,534	612,914	376,620	89,949	67,907	2.39	270,867	115,807	155,060	40,796	59,135	1.55
2006	1,103,665	692,583	411,082	75,906	63,057	2.96	309,188	128,235	180,953	42,585	63,258	1.71
2007	1,096,869	707,053	389,816	101,312	66,674	2.32	296,475	132,586	163,889	45,208	66,252	1.47
2008	1,260,817	840,753	420,064	81,366	61,834	2.93	367,444	144,018	223,426	56,091	87,544	1.56
2009	1,179,688	851,736	327,952	78,773	93,170	1.91	393,771	162,117	231,654	59,018	88,089	1.58
2010	1,159,295	866,914	292,381	65,823	99,786	1.77	361,342	159,402	201,940	54,413	101,265	1.30
2011	1,258,871	907,524	351,347	75,084	97,547	2.04	448,467	163,531	284,936	50,660	105,221	1.83

Fiscal Year Ended Sept. 30	Airport Revenue Bonds						Convention Center Revenue Bonds						
	Service Charges (1)	Other Available Funds (5)	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	
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	\$	
2002	68,457	6,993	37,265	38,185	2,046	14,702	2.28	37,262	18,927	18,335	3,090	13,626	1.10
2003	65,963	7,332	40,786	32,509	3,615	14,756	1.77	39,193	21,778	17,415	3,255	13,466	1.04
2004	67,277	7,384	38,288	36,373	4,922	14,928	1.83	34,015	18,102	15,913	5,210	12,062	0.92
2005	71,831	7,327	41,091	38,067	4,415	12,266	2.28	39,055	19,371	19,684	3,520	12,599	1.22
2006	77,268	7,066	45,316	39,018	8,848	10,476	2.02	49,711	22,917	26,794	2,330	9,899	2.19
2007	87,419	6,820	46,677	47,562	5,386	9,834	3.12	55,932	23,787	32,145	1,260	9,829	2.90
2008	91,271	6,879	49,928	48,222	6,545	11,654	2.65	59,951	29,791	30,160	3,440	12,047	1.95
2009	85,070	7,146	54,256	37,960	6,843	12,851	1.93	54,491	30,058	24,433	4,720	11,330	1.52
2010	85,156	7,930	57,379	35,707	7,168	7,522	2.43	51,226	30,517	20,709	8,215	9,238	1.19
2011	90,259	8,342	59,965	38,636	7,544	7,410	2.58	59,351	31,973	27,378	8,545	9,356	1.53

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Operating revenue, rental tax revenue, hotel tax revenue, and interest income.
- (2) Operating expenses other than interest on debt, depreciation, amortization, and year-end unfunded other post employment benefit and pension expenses.
- (3) Debt service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements and excludes debt service amounts paid with passenger facility charge revenue.
- (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.
- (5) Pursuant to bond ordinance, Airport is authorized to use "other available funds" in the calculation of revenue bond coverage.

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year Ended Sept. 30	City of Austin Population (1)	Area of Incorporation (Sq. Miles) (1)	Population MSA (2)	Income (MSA) (thousands of dollars) (2)	Median Household Income MSA (3)	Per Capita Personal Income MSA (2)	Unemployment Rate (MSA) (4)
				\$	\$	\$	%
2002	671,044	273	1,355,241	41,908,425	47,089	30,923	5.9
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	5.1
2005	695,881	294	1,464,563	51,058,588	40,335	34,863	4.5
2006	714,237	296	1,528,958	56,105,872	40,888	36,695	4.2
2007	732,381	297	1,577,856	59,924,200	42,263	37,978	3.7
2008	746,105	298	1,633,870	64,411,889	46,340	39,423	4.4
2009	770,296	302	1,682,338	64,014,645	47,520	38,051	6.9
2010	778,560	306	1,728,307	66,936,889	48,460	38,730	7.1
2011	805,662	308	1,773,675 (6)	68,258,303 (5)	46,689	38,484 (5)	7.5
2002-2011 Change	20.06%	12.78%	30.88%	62.87%	(0.85)%	24.45%	

Note: Prior year statistics are subject to change as more precise numbers become available.

(1) Source : City Demographer, City of Austin, Planning and Zoning Department based on full purpose area as of September 30.

(2) Source: Bureau of Economic Analysis for all years except 2011 which will not be available until first quarter 2012.

(3) Source: Claritas, a Nielsen company.

(4) Source: Bureau of Labor Statistics, United States Dept. of Labor as of September 30.

(5) Data not available for 2011. Figures are estimated.

(6) Source: Claritas, a Nielsen company that historically reports less than the final numbers from Bureau of Economic Analysis.

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

**City of Austin, Texas
Table 19**

		Fiscal Year Ended September 30						
		2011			2002			
10 Largest Employers	Industry	Rank	Employees (1)	Percent of MSA Total (2)	Rank	Employees (1)	Percent of MSA Total (2)	
				%			%	
State Government (3)	Government	1	37,818	4.83				
The University of Texas at Austin	Education	2	22,956	2.93	1	20,249	3.07	
Dell Computer Corporation	Computers	3	14,000	1.79	2	16,000	2.43	
City of Austin	Government	4	11,997	1.53	3	10,922	1.66	
Austin Independent School District	Education	5	11,736	1.50	4	10,408	1.58	
Seton Healthcare Network	Healthcare	6	11,601	1.48	7	6,779	1.03	
Federal Government	Government	7	11,000	1.41				
HEB Grocery	Grocery retail/distribution	8	10,263	1.31	9	5,666	0.86	
St. David's Healthcare Partnership	Healthcare	9	7,100	0.91				
IBM Corporation	Computers	10	6,239	0.80	6	7,000	1.06	
Motorola, Inc.	Electronic Components				5	7,500	1.14	
Internal Revenue Service	Government				8	5,800	0.88	
Austin Community College	Education				10	4,600	0.70	
			144,710	18.48	94,924			14.40

(1) Source: Texas Education Agency 2010-11 District Performance Report, Austin Chamber of Commerce, City of Austin Budget Documents 2010-2011, University of Texas at Austin, Texas State Auditor's Office, and Bureau of Labor Statistics

(2) Total refers to a Metropolitan Statistical Area (MSA) employed work force of 782,900 for 2011 and 659,100 for 2002. Source: Texas Workforce Commission

(3) FY 2011 MSA data not available by state agency. FY 2002 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
General government	181	169	151	152	147	157	171	169	169	169
Public safety	3,535	3,519	3,581	3,591	3,790	3,844	3,959	3,954	3,938	4,046
Transportation planning and sustainability	3	3	3	5	5	5	5	5	4	4
Public health	837	828	799	836	893	913	953	484	517	517
Public recreation	853	763	690	694	703	796	838	865	846	890
Urban growth management	554	451	402	308	314	335	373	373	378	387
Total governmental employees	5,963	5,733	5,626	5,586	5,852	6,050	6,299	5,850	5,852	6,013
Business-type activities										
Electric	1,449	1,459	1,472	1,538	1,561	1,605	1,679	1,719	1,738	1,737
Water	493	504	470	462	460	461	481	521	530	535
Wastewater	551	540	535	558	573	574	555	536	540	535
Airport	387	393	377	372	328	340	348	352	345	345
Convention	228	228	224	202	203	209	221	241	244	239
Environmental and health services	377	450	447	414	423	431	448	463	461	461
Public recreation	105	102	89	76	71	90	91	88	88	41
Urban growth management	454	485	489	611	631	645	661	659	632	649
Total proprietary programs	4,044	4,161	4,103	4,233	4,250	4,355	4,484	4,579	4,578	4,542
Internal Services (1)	1,458	1,412	1,306	1,283	1,323	1,390	1,453	1,502	1,451	1,482
Total full-time equivalent employees	11,465	11,306	11,035	11,102	11,425	11,795	12,236	11,931	11,881	12,037

(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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
General government										
Municipal court cases filed	436,000	437,561	410,924	402,243	414,018	346,223	424,239	431,958	369,053	341,036
Central booking cases magistrates/arraigned	88,831	89,443	95,831	93,071	86,067	98,892	92,764	101,649	114,334	106,974
Warrants issued	100,368	120,652	128,741	125,284	118,949	121,704	139,831	159,038	158,597	140,820
Number of warrants prepared	122,550	130,358	120,114	117,022	77,687	70,651	109,239	140,668	138,379	134,038
Jail cases prepared	97,307	100,894	111,070	109,613	106,379	113,811	119,140	125,406	134,018	122,279
Public safety										
Number of law offenses	125,474	130,478	169,221	146,457	160,316	189,581	173,180	161,167	148,479	146,277
Physical arrests	52,253	51,774	56,462	54,472	58,759	60,983	59,000	46,762	45,783	42,220
Traffic violations	228,291	233,571	230,823	260,698	231,169	179,505	239,781	262,700	225,924	165,757
Fire emergency responses	59,108	58,988	58,943	64,771	68,335	75,748	76,347	74,211	75,676	81,982
Fire responses	2,402	2,262	2,186	2,295	2,799	2,241	2,767	2,816	2,172	3,208
Fire inspections	28,680	26,895	26,627	28,527	26,663	25,728	26,834	25,523	25,029	25,621
EMS response units dispatched	80,217	80,285	85,562	103,325	107,162	116,850	116,897	113,410	114,700	122,701
EMS 911 calls received	80,535	81,368	85,453	97,254	100,796	101,787	108,478	106,477	110,703	114,625
EMS ground patient transports	43,939	41,402	42,495	48,787	50,631	56,378	55,738	56,127	61,267	71,577
Transportation, planning and sustainability										
Engineering studies completed in school zones	54	50	87	52	51	76	118	35	39	40
Number of children receiving safety training	16,552	19,277	29,987	44,880	45,028	47,019	49,077	44,480	44,582	44,648
Injuries to children in school zones	--	--	1	2	--	1	--	--	--	--
Public health										
Number of permits issued (food, pools, temporary events)	N/A	N/A	N/A	N/A	N/A	9,805	10,858	10,586	12,464	12,335
Number of animals sheltered	21,877	23,960	24,800	25,489	24,357	27,163	24,663	22,150	24,026	19,752
Birth and death certificates	119,151	122,089	131,205	131,025	130,526	134,229	121,787	96,421	84,017	63,979
STD patient clinic visits	14,781	11,498	12,007	12,463	13,046	12,856	12,696	13,248	13,869	14,187
Immunizations shots administered	45,012	46,694	46,786	39,542	41,464	48,563	62,949	37,133	42,905	27,194
Women and children service encounters	300,861	323,331	336,142	349,210	352,540	363,624	375,008	433,133	458,580	148,758
Participants receiving basic needs services	N/A	10,855	9,394	10,691	7,587	7,965	8,291	1,098	7,635	9,016
Food establishment permits issued	4,150	N/A	4,760	4,803	4,634	5,016	5,355	5,783	5,909	9,452
Pregnancy rate/1000 female teens (13-17 years old)	37	34	27	32	32	32	28	30	29	25
HIV clients	2,858	1,562	3,267	3,411	3,732	3,950	4,110	4,299	4,413	4,352
HIV client visits	28,500	35,282	26,378	28,190	18,825	15,000	23,478	31,173	25,587	24,397

(Continued)

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

City of Austin, Texas
Table 21

Fiscal Year Ended September 30										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public recreation and culture										
Volumes in library collection	1,477,881	1,550,145	1,614,460	1,652,303	1,705,805	1,490,814	1,469,288	1,455,793	1,465,765	1,454,103
Library volumes borrowed	3,282,517	3,332,645	3,230,357	3,355,351	3,373,408	3,552,013	3,791,515	4,197,963	4,316,785	4,663,583
Registered library borrowers	446,272	484,075	516,666	420,461	456,009	489,649	494,757	561,112	483,099	519,788
Meals served to senior citizens	142,040	143,000	126,311	118,066	114,770	107,101	119,224	64,821	64,032	63,299
Participant hours in nature center program	122,487	140,463	149,103	142,709	118,994	113,159	103,241	133,390	125,115	133,577
Visitors to garden center	426,357	388,549	402,645	385,160	392,181	411,540	426,032	463,095	374,661	402,930
Participant hours in summer playground program (3)	210,365	189,185	157,272	151,230	151,230	178,667	124,566	200,400	1,560,777	92,531
Urban growth management										
One-stop shop customers served development assistance	N/A	N/A	N/A	23,421	20,702	23,534	30,447	26,531	26,597	28,983
Neighborhood plans adopted	8	8	7	5	9	5	2	2	4	2
Zoning applications processed	201	179	186	259	268	222	232	101	145	137
Building inspections performed-development and regulation	150,946	157,461	155,360	177,909	207,389	213,799	226,841	177,854	150,228	166,467
One-stop shop building permits issued	N/A	N/A	N/A	82,439	98,827	75,078	111,735	92,396	91,996	96,205
Households served by community development activities	N/A	N/A	16,408	11,688	11,325	11,166	5,574	3,162	6,387	6,660
Renters assisted through S.M.A.R.T. construction/rehabilitation u	N/A	321	221	284	270	294	2,110	1,026	273	609
Homebuyers assisted through S.M.A.R.T. housing	266	262	294	218	135	66	109	119	118	338
S.M.A.R.T. housing units completed	400	1,694	1,612	1,725	1,692	1,470	3,473	1,341	673	947
Owner-occupied homes retained through rehabilitation/constructi	926	717	980	995	903	917	833	904	839	818
Business-type activities										
Electric										
Electric sales (in millions of KWH)	10,153	10,321	10,262	10,904	11,248	11,325	12,184	12,103	11,976	12,779
Number of metered customers	353,072	359,526	365,874	372,735	380,696	388,626	396,791	407,926	413,870	417,865
Water										
Actual water pumpage (in millions of gallons)	50,883	51,111	48,469	51,374	56,603	45,867	53,921	53,331	43,827	54,923
Average daily consumption (thousands of gallons)	122,024	119,020	113,826	120,179	135,537	112,394	145,386	129,600	108,600	135,576
Average daily consumption per capita	159	155	145	150	165	134	130	147	135	150
Peak daily capacity (thousands of gallons)	260,000	260,000	260,000	260,000	260,000	310,000	285,000	286,000	286,000	286,000
Wastewater										
Average daily sewage treatment (millions of gallons)	93,942	87,165	81,431	85,436	77,805	97,598	83,000	82,038	98,854	84,135
Combined daily capacity (thousands of gallons)	130,000	130,000	130,000	135,000	135,000	150,000	150,000	135,000	135,000	135,000
Airport										
Enplanements (1)	3,439,302	3,436,944	3,707,864	3,866,383	4,141,580	4,552,481	4,619,630	4,113,544	4,375,428	4,549,175
Deplanements (1)	3,281,366	3,270,137	3,530,781	3,704,881	3,984,670	4,332,910	4,419,445	4,107,354	4,318,280	4,531,603
Cargo (in millions of pounds) (1)	286	252	254	242	230	211	202	156	153	153

(Continued)

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

City of Austin, Texas
Table 21

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Convention										
Convention contracts executed	242	276	257	261	308	263	285	281	251	307
Pre-event plans produced	315	343	438	577	705	674	558	475	504	350
Vehicles parked	233,666	250,504	218,669	284,070	345,896	335,551	488,916	539,098	429,993	467,908
Environment and health services										
Tons of garbage collected	118,264	118,580	122,695	126,047	132,458	138,801	143,950	128,519	130,851	126,497
Tons of recyclables collected	35,420	N/A	N/A	N/A	30,058	31,877	34,691	49,811	52,479	52,236
Tons of brush collected	3,495	4,116	5,050	4,737	5,938	6,614	7,380	7,683	7,350	6,853
Tons of bulk items collected	8,739	8,293	7,687	7,697	8,035	7,434	7,792	8,219	7,710	7,503
Tons of yard trimmings collected	18,636	17,754	18,262	19,230	20,697	20,315	24,027	19,497	22,456	24,777
Public recreation										
Golf rounds played	308,950	287,244	270,767	253,479	226,172	194,289	231,231	230,852	200,446	216,789
Sports teams	3,200	N/A	N/A	1,678	1,813	2,133	2,379	2,051	2,204	1,890
Estimated participant hours for community recreation program	3,455,493	3,241,960	2,461,425	3,335,339	2,210,843	2,274,456	2,103,611	2,238,370	1,689,583	1,794,202
Urban growth management										
Storm Water Discharge permits issued to businesses	1,244	1,207	1,151	1,194	1,165	1,144	1,160	1,183	1,087	1,083
Residential ponds provided vegetation control	370	384	409	481	500	515	519	522	533	540
Residential ponds maintained (3)	161	220	244	522	555	531	575	733	196	239
Acres treated with stormwater improvements (cumulative)	4,559	4,667	4,559	4,676	4,868	5,283	5,327	5,947	6,489	6,733
Litter and debris collection on Lady Bird Town Lake (in tons)	222	215	231	251	222	243	209	270	374	230
Miles of creeks maintained	63	63	63	63	64	63	64	64	65	87
Stormwater sites successfully sampled and analyzed	681	727	1,002	1,009	871	1,503	1,312	903	1,370	731
Feet of pipeline cleaned	51,900	40,893	53,013	81,040	87,770	75,554	77,283	74,164	51,627	70,235
Potholes repaired	2,203	3,231	1,478	1,072	672	1,073	784	638	1,828	1,632
Signal studies	246	266	250	277	270	280	281	281	280	280
Signal modifications	59	93	35	86	52	38	32	22	9	9
Traffic sign installations	14,280	15,361	20,540	18,784	33,709	30,820	28,002	23,144	31,754	21,300
Citizen requests for traffic improvement completed	966	1,151	1,303	1,319	1,227	1,474	1,840	1,433	589	1,632
Parking tickets	137,232	132,775	123,160	117,004	130,267	118,663	126,941	115,837	89,851	103,698

(Continued)

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

City of Austin, Texas
Table 21

	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Internal services activities (2)										
Internal services										
Vehicles sold	423	282	150	230	224	344	326	306	473	247
Rental units	1,934	1,780	740	1,547	1,580	1,426	1,537	1,436	1,292	1,254
Payment transactions processed	274,980	250,993	249,435	262,282	306,783	259,527	243,338	216,340	218,778	200,605
Payroll payments	332,725	327,328	323,754	328,819	492,843	420,985	434,578	435,034	425,679	444,255
Units of mail processed	2,844,605	2,505,959	1,804,358	1,977,488	2,003,607	2,003,607	2,251,672	1,939,554	1,849,811	1,925,640
Employees enrolled in medical benefit plans (3)	8,619	7,710	7,111	9,902	10,095	10,580	11,013	10,949	10,774	10,916
Requests for council action processed	1,063	2,235	2,161	2,242	2,300	2,074	2,685	2,114	2,126	2,272
Active construction projects managed in-house	50	293	297	310	338	319	300	312	366	418
Land parcels acquired	184	127	176	130	148	239	100	218	244	169

Source: Various city departments; budget documents and performance reports

N/A Information not available

(1) Data provided is based on a calendar year versus a fiscal year.

(2) Internal service activities are allocated to other programs and functions on a government-wide basis.

(3) The methodology for calculating the result changed.

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

**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Public safety										
Police stations	3	3	4	4	4	4	5	8	5	5
Police zones	7	7	9	9	9	9	9	9	9	9
Patrol units	290	318	340	333	351	352	355	355	359	349
Fire stations	40	41	41	42	43	44	44	44	45	45
EMS stations	28	28	29	30	30	31	33	33	35	35
Public health										
Health facilities (sq. ft.)	362,155	362,155	334,419	341,607	318,462	331,462	331,462	331,726	400,426	404,059
Program vehicles	66	66	57	59	61	61	76	76	76	76
Public recreation and culture										
Libraries	22	22	22	22	22	22	22	22	23	23
District parks	11	11	11	11	11	11	11	13	13	13
Metropolitan parks	10	11	11	18	11	11	11	12	11	12
Natural preserves	15	15	15	15	13	13	13	13	15	15
Greenbelts	25	25	25	32	26	26	26	29	40	40
Neighborhood parks	84	85	85	85	90	90	90	96	96	79
Special parks (museums, etc.)	27	26	27	27	30	27	28	28	39	39
Youth entertainment complexes	1	1	1	1	1	1	1	1	1	1
Recreation centers	17	17	17	17	17	18	18	20	20	20
Open fields	88	89	89	89	90	90	90	89	93	103
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)	51	75	117	117	117	117	117	117	193	199
Tennis courts	102	102	102	102	102	102	102	114	110	110
Swimming pools	47	47	47	47	47	46	46	50	51	52
Business-type activities										
Electric										
Overhead distribution (miles)	5,493	5,532	5,546	5,549	5,540	5,527	5,489	5,493	5,475	5,450
Underground distribution (miles)	4,140	4,517	4,762	5,011	5,236	5,429	5,700	5,786	5,844	5,912
Water										
Treatment plants	3	3	3	3	3	3	2	2	2	2
Water mains (miles)	2,872	2,995	2,871	2,791	3,449	3,514	3,594	3,626	3,634	3,657
Booster pumps	46	45	47	47	45	44	45	45	46	45
Fire hydrants	26,303	27,647	27,134	28,115	29,204	30,479	31,348	32,232	32,576	33,533
Wastewater										
Sanitary sewers (miles)	2,226	2,311	2,265	2,200	2,490	2,544	2,607	2,634	2,650	2,650
Connections	168,159	169,330	174,593	178,574	181,330	186,675	191,297	196,842	198,116	199,005

(Continued)

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

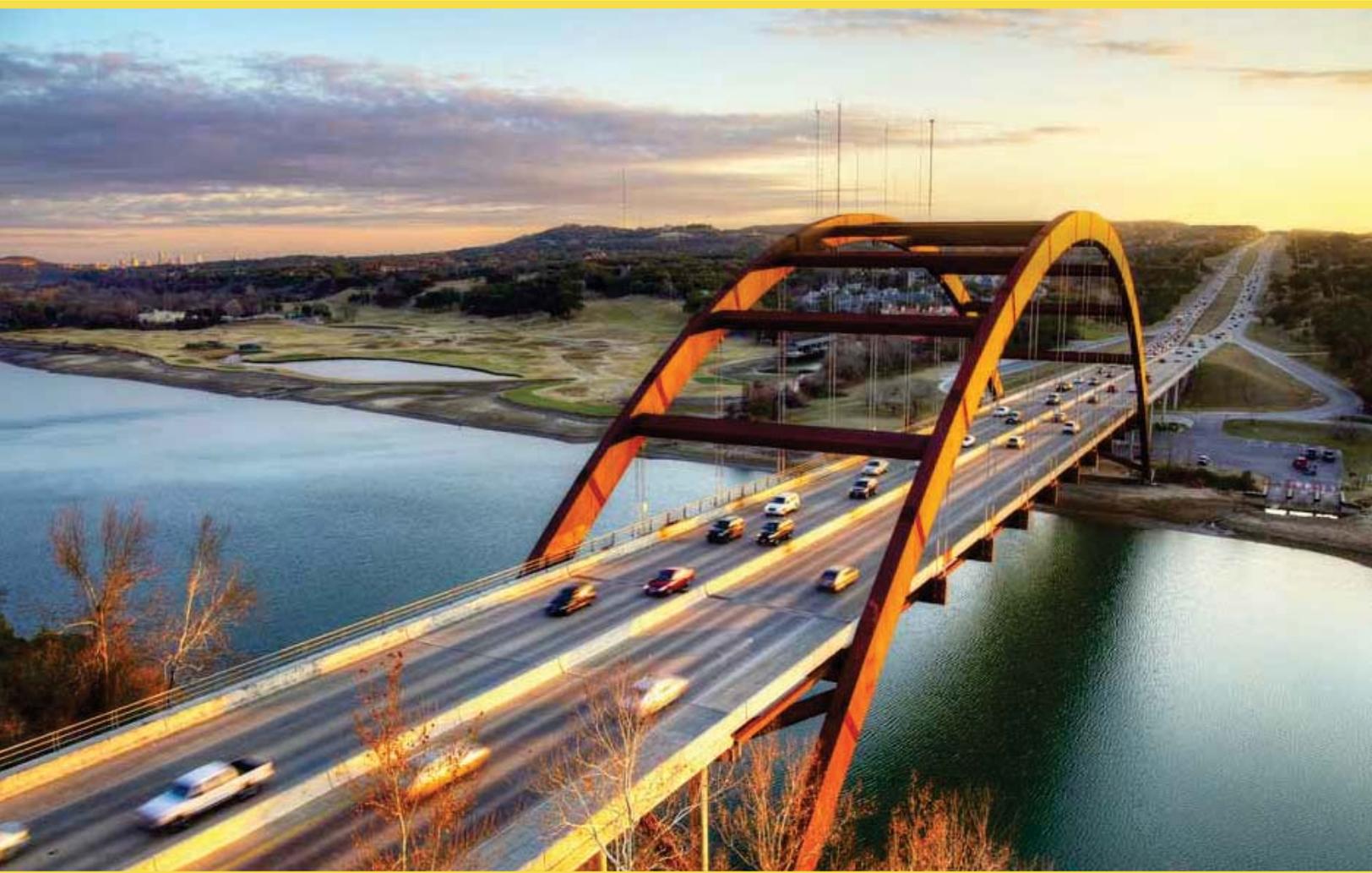
**City of Austin, Texas
Table 22**

Function/Program	Fiscal Year Ended September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities, continued										
Airport										
Buildings maintained (sq. ft.)	2,290,563	2,288,130	2,288,130	2,288,130	2,288,130	2,306,130	2,306,130	2,306,130	2,306,130	2,306,130
Facility (terminal) maintained (sq. ft.)	754,000	754,000	754,000	754,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000	1,016,000
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.)	1,877,000	1,877,000	1,877,000	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222	2,080,222
Environment and health services										
Refuse collection trucks	97	88	102	96	93	108	64	62	89	67
Recycle collection trucks	42	44	34	34	30	34	53	31	38	36
Public recreation										
Golf courses	6	6	6	6	6	5	5	5	5	5
Athletic fields	87	87	87	87	176	176	176	185	174	174
Softball fields	16	16	16	16	16	16	16	35	37	32
Urban growth management										
Residential ponds	442	480	491	577	599	612	630	710	803	820
Street (miles)	6,502	6,599	6,789	6,908	7,037	7,266	7,349	7,626	7,348	7,550
Bridges	N/A	302	310	323	323	337	366	424	427	438
Traffic signals	772	798	811	824	827	836	852	865	902	925
Metered parking spaces	3,586	3,675	3,747	3,805	3,859	3,865	3,772	4,017	5,026	5,076
Internal Services (1)										
Fleet facilities (sq. ft.)	11,860	11,860	11,860	123,117	123,117	123,117	123,117	123,117	127,916	127,916
Secured computer workstations	8,000	8,000	6,200	7,542	7,700	8,963	5,614	8,000	6,200	8,146
Number of network end use devices	5,277	5,186	5,892	5,994	6,030	6,031	11,654	10,021	18,000	17,571
City facilities insured	1,100	1,077	1,113	1,102	1,074	1,111	1,101	1,129	1,193	1,040
Facilities maintained (sq. ft.)	967,194	962,994	1,250,994	1,448,379	1,621,921	1,621,921	1,621,921	1,539,244	1,539,244	1,539,244

Source: 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.





THE CITY OF
AUSTIN, TEXAS

P.O. Box 2920, Austin, Texas 78768 • 512-974-2600 • www.cityofaustin.org

The City of Austin is in compliance with the Americans with Disabilities Act.
Reasonable modifications and equal access to communications will be provided upon request.