PERSPECTIVES

HOUSTON INDUSTRIES INCORPORATED

ANNUAL REPORT 1991

Houston Industries Incorporated is a diversified holding company with major subsidiaries involved in the electric utility, cable television and utility services industries.

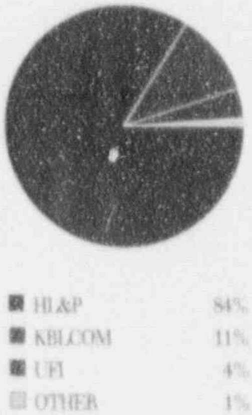
Houston Lighting & Power Company is the nation's seventh largest electric utility in terms of kilowatt-hour sales. HL&P provides electric service to a 5,000 square-mile area including Houston, the nation's fourth largest city.

KBLCOM Incorporated is one of the nation's 20 largest cable television operators. KBLCOM directly serves approximately 559,000 customers in four states and owns a 50 percent interest in Paragon Communications, a cable television partnership serving approximately 865,000 customers.

Utility Fuels, Inc. provides coal supply, transportation and handling services for six HL&P generating units as well as full-service railcar leasing, power plant testing and training for non-affiliated companies. UFI manages a fleet of over 3,000 railcars, the second largest private fleet of coal-carrying railcars in the nation.

Houston Industries Finance, Inc. purchases the accounts receivable of HL&P and KBLCOM's directly-owned systems.

Percent of Assets



Percent of Revenues

**KBLCOM revenues do not reflect Paragon Communications, a cable television partnership.*

HL&P Service Area

HOUSTON INDUSTRIES INCORPORATED ANNUAL REPORT 1991

PERSPECTIVES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2 **CORPORATE PROFILE**

3 **CORPORATE HIGHLIGHTS**

4 **CHAIRMAN'S LETTER**

Successful settlement of electric utility rate requests combined with declining losses in cable television resulted in improvements in both the level and quality of earnings in 1991. Chairman Don Jordan discusses his expectations for the future as well as HI's overall strategy.

8 **FINANCIAL REVIEW AND STRATEGY**

16 **HOUSTON LIGHTING & POWER COMPANY**

With major generation-related construction completed and rate issues resolved, HL&P is well positioned to meet the electricity needs of the Houston economy. Management's attention is now focused on improving efficiency and effectiveness while maintaining HL&P's high customer service standards.

24 **KBLCOM INCORPORATED**

In less than three years of operation, KBLCOM has earned a reputation as one of the nation's most innovative multi-system cable operators. KBLCOM continues to offer customers high-quality programming and service, while developing revenues from non-traditional sources.

30 **UTILITY FUELS, INC.**

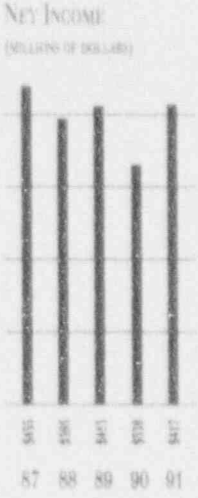
Sales of coal and lignite to HL&P are not expected to increase in the near future, but UFI is enhancing its growth prospects by strengthening its ability to provide coal-related services to non-affiliated companies. With an expanded coal car fleet and a new railcar maintenance joint venture, UFI is well positioned to capitalize on increasingly strict environmental legislation.

32 **GLOSSARY**

33 **FINANCIAL SECTION**

Few could have predicted the dramatic events of 1991, most notably the swift victory in the Gulf War and the breakup of the Soviet Union. Both events were overwhelmingly positive but also raised new questions about the future.

While admittedly less dramatic, the same may be said for the events which affected Houston Industries in 1991. Our electric utility received approval to increase electric rates to reflect the remainder of its new plant investment but now must identify and implement programs to control costs and improve long-term performance. Similarly, our cable television subsidiary reduced its losses as forecasted but, due to a slowdown in subscriber growth, needed to accelerate its efforts to make cable services more affordable and attractive.

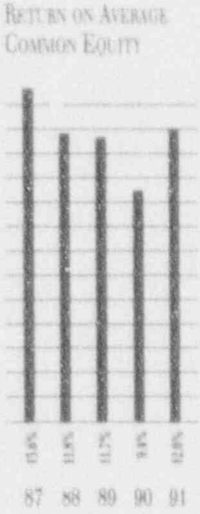


Earnings and return on equity rebounded in 1991, reflecting improved financial performance at Houston Lighting & Power and KBLCOM.

1991: A FINANCIAL SUCCESS

Without question, 1991 was a financial success. Earnings increased in both quantity and quality. Consolidated earnings rose to $417 million, or $3.28 per share, up from $339 million, or $2.67 per share, in 1990. Return on equity was 12.0 percent, compared to 9.4 percent in 1990, and cash flow from operating activities rose $218 million to $870 million.

Strengthened by unusually warm weather, Houston Lighting & Power's results exceeded our expectations. A $313 million rate increase, which became effective in May, boosted HL&P's earnings slightly, but more importantly, replaced non-cash earnings with real dollars. As I noted in last year's report, the increase was based on a settlement reached between HL&P and most parties to its 1990 rate case. Recognizing HL&P's need to recover its large capital investment, the Public Utility Commission of Texas gave its final approval of the increase in October.



KBLCOM's results also improved. Revenues grew 12 percent to $225 million in 1991, and net loss fell from $72 million in 1990 to $55 million in 1991. Due to the national recession, subscriber growth was lower than expected in 1991, but KBLCOM improved retention of existing customers. Advertising sales and pay-per-view revenues, which already exceeded industry averages, continued to grow rapidly.

REGULATORY PROPOSALS THREATEN INDUSTRY

We are pleased with the progress we achieved in 1991, but we also are concerned about a new threat challenging the very nature of the electric utility industry. Special interest groups have persuaded Congress to consider changes to the Public Utility Holding Company Act of 1935, which would exempt certain independent power

CORPORATE HIGHLIGHTS

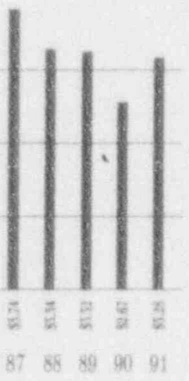
	1991	1990	1989	% Change (90/91)
YEAR ENDED DECEMBER 31:				
Operating Revenues (000)	$ 4,445,739	$ 4,178,376	$ 3,789,780	6.3
Operating Expenses (000)	$ 3,413,932	$ 3,228,046	$ 3,006,582	5.8
Net Income (000)	$ 417,383	$ 339,454	$ 413,452	23.0
Cash Flow from Operations (000)	$ 869,765	$ 651,807	$ 677,682	33.4
Return on Average Common Equity	12.0%	9.4%	11.7%	
Earnings Per Common Share (1)	$ 3.28	$ 2.67	$ 3.32	22.8
Dividends Per Common Share	$ 2.96	$ 2.96	$ 2.96	—
AT YEAR END:				
Book Value Per Share (2)	$ 26.63	$ 28.45	$ 29.05	(6.4)
Market Value Per Share	$ 44.25	$ 36.75	$ 35.00	20.4
Market to Book Value	166 %	129 %	120 %	
Price to Earnings Ratio	13.5	13.8	10.5	
Total Assets (000)	$ 12,028,811	$ 11,926,166	$ 11,681,925	0.9
Long-term Debt (000) (3)	$ 5,076,800	$ 4,749,211	$ 4,762,100	6.9
Shareholders' Equity (000)	$ 3,449,348	$ 3,646,757	$ 3,675,535	(5.4)
Preferred Stock (000)	$ 459,612	$ 568,320	$ 568,220	(19.1)
Capitalization (000) (3)	$ 8,985,760	$ 8,964,288	$ 9,005,855	0.2
Common Shares Outstanding (000)	129,514	128,171	126,510	1.0
Number of Common Shareholders	72,825	74,945	77,445	(2.8)
Number of Employees	13,289	13,084	12,878	1.6

(1) Includes tax benefit on common dividends paid to ESOP.

(2) Reduced in 1991 and 1990 by note receivable from ESOP.

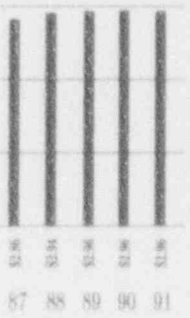
(3) Includes current portion of long-term debt.

Earnings per common share



While HI has not been able to achieve consistent growth in earnings per share in recent years, the company is now strengthening earnings and earnings quality.

Dividends per common share



HI's current annual dividend is $2.96, which provided investors a yield of 8.1 percent in 1991, based on the stock price at year-end 1990.

producers from regulation and ultimately could force utilities to open transmission systems to third parties.

These proposals would promote the development of a special class of unregulated power producers with no obligation to the consumer. Open access to transmission systems is particularly alarming in that power produced by third parties could crowd out existing utility generation, undermine the reliability of the transmission system and ultimately burden residential customers with increased costs. We continue to strongly oppose these proposals because of the risks they pose to our nation's electric utility service.

DON JORDAN REVIEWS HL&P'S ENERGY CONTROL AND DATA CENTER, WHICH HELPS ENSURE SYSTEM RELIABILITY AND EFFICIENT GENERATION.

We also are monitoring Congressional efforts to increase regulation of the cable television industry. It is too early to predict what form legislation may ultimately take, but we are generally opposed to any new restrictions. Coupled with competition, current regulation by the Federal Communications Commission and local franchising authorities adequately protects consumers. Additional regulation is unnecessary and could hurt consumers by raising costs and stifling industry investment in programming and technology.

STRATEGIC PLAN MOVES FORWARD

Even without sweeping regulatory changes, HI recognizes the need to prepare for increasing competition in its core businesses. Over the last several years, we have taken important steps in implementing a focused strategic plan. We have concentrated our business activities in the areas of electric utilities, cable television and utility services.

In the electric utility business, we are focusing our attention on managing operations efficiently and effectively. Rising costs can be detrimental to any business, but with major power plant construction completed, controlling costs is a particularly important element of HL&P's strategy for holding the line on further rate increases. After considerable study, we are now nearing completion of a plan we believe will considerably strengthen our competitive position for the remainder of this decade.

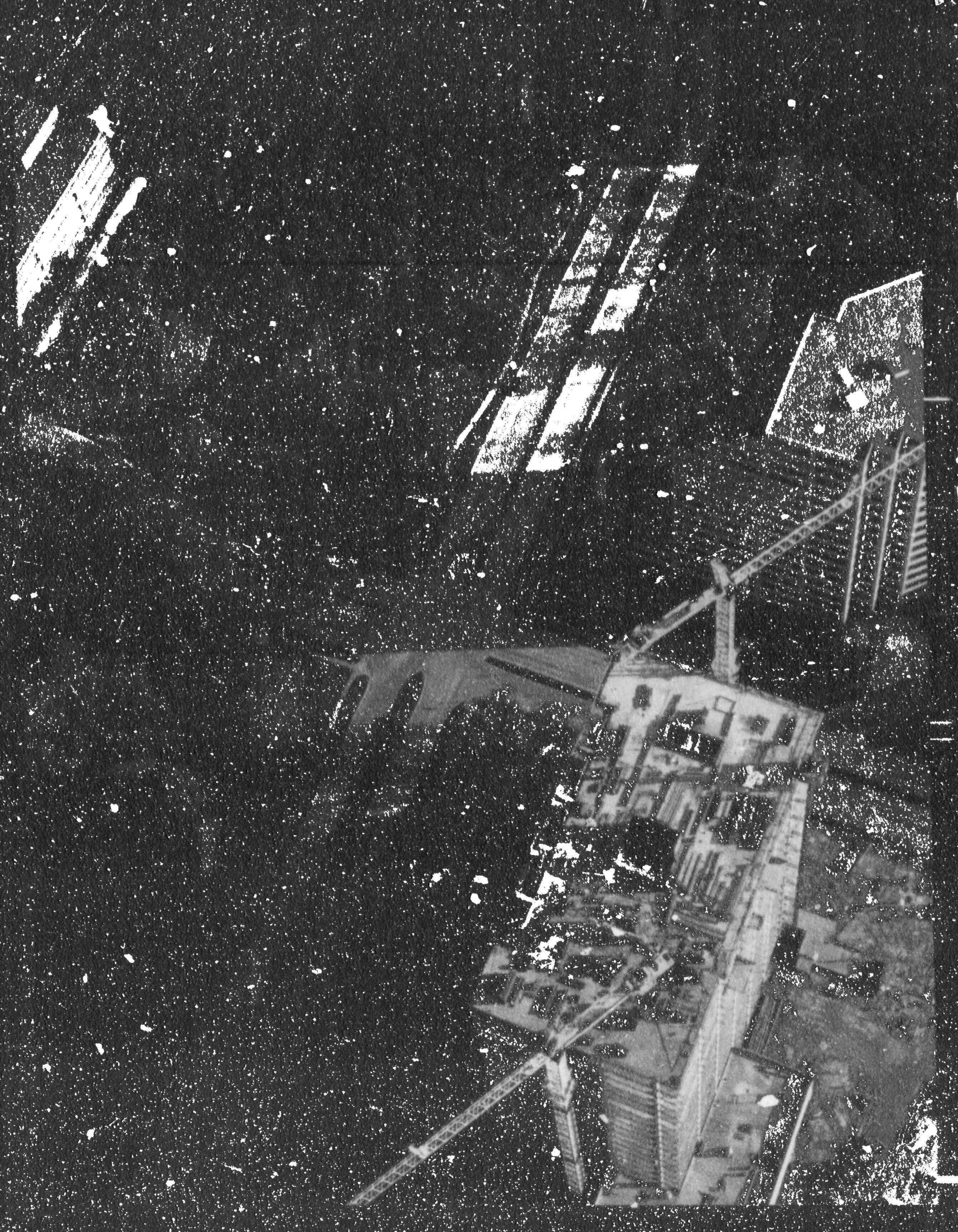
We are managing our cable television business to increase margins and expand our customer base. As in utility operations, excellent customer service is a key part of our strategy. In cable television we also require significant flexibility to react to changing needs and desires of customers. We frequently survey our customers to identify new ways to increase satisfaction, and we aggressively market the value of our services.

We are still in the process of assimilating our 1989 cable acquisition, so our immediate objective is to strengthen existing operations and improve performance. However, we do not rule out new acquisitions or expansions that add substantial value. In January 1992, for example, KBLCOM acquired a small cable system adjoining our existing operations in Portland, Oregon. Other investments which improve the quality and reliability of service or create new revenue sources will continue to receive high priority in our capital allocation process.

Our most important resource, however, is the dedicated workforce whose consistent efforts have earned Houston Industries a reputation for quality service at a fair price. While we cannot achieve our performance goals without staff reductions in some operations, we will strive to make the treatment of employees consistent and equitable. I remain confident that, working together, we will continue to enhance our competitive position and the value of your investment in the coming year.

Don D. Jordan

Don D. Jordan
Chairman, President and Chief Executive Officer
Houston, Texas, March 10, 1992



Houston Industries' earnings rebounded to $417.4 million, or $3.28 per share, in 1991, compared to $339.5 million, or $2.67 per share, in 1990. Cash flow from operations improved even more dramatically, rising 33 percent to $869.8 million. Return on average common equity was 12 percent in 1991, compared to 9.4 percent in 1990.

Q

Why did Houston Industries buy a cash flow company when utility investors are primarily interested in earnings? Is management concerned that emphasis on generating profits will hurt KBLCOM's long-term growth prospects?

ELIZABETH MOORE
DEAN WITTER REYNOLDS

RESULTS IMPROVE AT HL&P AND KBLCOM

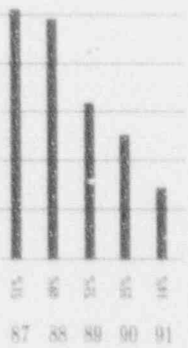
Increased earnings at Houston Lighting & Power and improved results at KBLCOM were the primary reasons for HI's strong financial performance. HL&P earned $448.3 million, or $3.48 per share, compared to $391.4 million, or $3.08 per share, in 1990. HL&P's earnings improved due to an increase in residential customers, sales growth in all classes of customers and an increase in base rates implemented under bond in May and approved by the Public Utility Commission of Texas in October.

When the new rates went into effect in May, HL&P stopped deferring expenses related to the South Texas Project nuclear plant and began amortizing those costs. Consequently, allowance for funds used during construction (AFUDC), deferred carrying costs and deferred return accounted for just 14 percent of HL&P's earnings in 1991, compared to 25 percent the previous year. These non-cash earnings, which represent carrying costs associated with construction and operation of new generating units, accounted for over half of HL&P's earnings in 1987.

KBLCOM lost $55.2 million, or $.43 per share, in 1991, compared to $71.9 million, or $.57 per share, in 1990. Improvements in KBLCOM's results are primarily the result of higher revenues, improved operating margins, reduced interest expense and increased profits from its jointly-owned cable television partnership, Paragon Communications.

KBLCOM's losses were in line with expectations and should continue to decline as the systems build their customer base and revenues. Over the long term, KBLCOM is expected to generate significant growth in shareholder value and earnings.

AFUDC AND DEFERRED CARRYING COSTS AS A PERCENT OF HL&P INCOME



Non-cash earnings associated with construction and operation of new generating units continued to decline as a percent of HL&P's income after preferred dividends.

PREVIOUS PAGE: ONCE THOUGHT AN "ENDANGERED SPECIES," CONSTRUCTION CRANES HAVE RETURNED TO HOUSTON, EVIDENCING THE IMPROVEMENT IN THE LOCAL ECONOMY. THROUGH ITS HL&P AND KBLCOM SUBSIDIARIES, HOUSTON INDUSTRIES PROVIDES ELECTRIC AND CABLE TELEVISION SERVICES IN SOME OF THE NATION'S LARGEST METROPOLITAN AREAS.

Utility Fuels reported earnings of $28.1 million, or $.22 per share, compared to $35.2 million, or $.28 per share, in 1990. While not directly regulated, UFI's profits from sales to HL&P are a function of the return it earns on its asset base. UFI's earnings fell in 1991 due to a depreciating asset base and a reduction in its return related to contract provisions with HL&P. UFI's future efforts to increase earnings will focus on expanding its customer base beyond HL&P.

STOCK PROVIDES ATTRACTIVE TOTAL RETURN

Houston Industries provides a balanced investment opportunity, combining an attractive dividend rate with the potential for future price appreciation. HI seeks to provide a competitive long-term total return (dividends plus capital appreciation).

'A

We entered the cable TV business because of its attractive long-term growth prospects. Our pursuit of earnings will have a greater impact on how we achieve that growth than it will on the level of growth itself. Growth can come through the development of existing markets or through acquisition. Since large acquisitions dilute earnings, our primary focus is on developing our existing systems with some selective, moderate acquisitions. We remain confident that KBLCOM will generate significant earnings and cash flow over the long term.

BILL CROPPER
VICE PRESIDENT AND TREASURER
HOUSTON INDUSTRIES

HI common shareholders realized a total return of 28.5 percent during 1991 and an annual compound total return of 14.0 percent for the five years ending December 31, 1991. This compares to total returns of 30.0 and 15.2 percent for the Standard & Poor's 500 for the same periods. The Duff & Phelps Electric Utility Index realized a total return of 27.8 percent in 1991 and a five-year annual compound total return of 11.5 percent.

HI's current annual dividend per share is $2.96, which provided investors a yield of 8.1 percent in 1991, based on the stock price at year-end 1990. The company has paid uninterrupted quarterly dividends for 70 years.

Typically, utilities have fairly high dividend payout ratios — in the 70 to 75 percent range. While Houston Industries' operations are not limited to the utility industry, HI management expects its dividend payout to be consistent with that range over the long term, although payouts may be higher or lower at any given time. HI paid out 90 percent of earnings as common dividends in 1991.

Of course, the HI Board must consider numerous factors in evaluating the appropriate dividend level. The Board remains sensitive to the needs of HI investors and will attempt to maintain the attractiveness of its dividend relative to alternative investments.

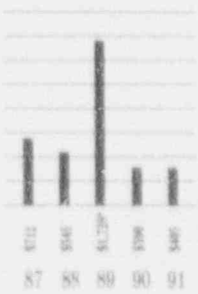
Falling interest rates benefited the prices of most utility stocks in 1991. HI common stock closed at $44.25 per share on December 31, 1991, up 20 percent from the year-end 1990 price. Despite this excellent performance, HI management believes the company's stock is not yet fully valued and sees the potential for higher valuations as cash flow increases, cable operations become profitable and the market fully recognizes the value contributed by the cable properties. The cable systems are expected to reach break-even earnings by late 1994.

MANAGEMENT TARGETS GROWTH

Consistent improvement in growth in earnings per share is a key corporate goal. The company has not been able to achieve this goal in recent years as HL&P completed its construction program and the related regulatory process and KBLCOM experienced losses related to its expanded cable operations. The next few years should provide greater opportunity to pursue this objective and achieve increases in earnings and earnings quality — improving the company's ability to increase common stock dividends.

The desire to achieve greater earnings growth was a primary reason for the development of HI's diversification strategy. HI believes its diversified activities will provide greater earnings growth and higher risk-adjusted returns in the future than its electric utility business alone.

CAPITAL EXPENDITURES
(MILLIONS OF DOLLARS)



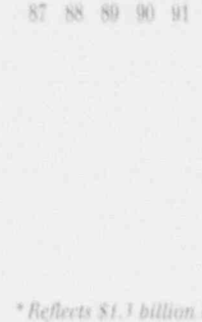
Capital needs were relatively low in 1991, but HI took advantage of favorable market conditions to refinance a number of existing obligations.

CAPITAL EXPENDITURES REMAIN RELATIVELY LOW

Capital expenditures remained modest in 1991. Excluding AFUDC, refinancings and maturities of long-term debt, capital expenditures for HI and its subsidiaries totaled $403 million in 1991, compared to $390 million in 1990. Projected capital requirements for 1992, 1993 and 1994 are $464, $471 and $397 million, respectively.

With capital expenditures at historically low levels and improving operating performance at both the cable television and utility subsidiaries, cash flow should grow at an accelerated rate through the mid-1990s. HI intends to carefully manage its growing capital resources through a focused strategy which emphasizes investments that enhance existing operations and, in non-utility activities, target long-term returns in excess of 15 percent. Of course, projects required to maintain a high level of customer service will continue to receive top priority.

EXTERNAL FINANCINGS
(MILLIONS OF DOLLARS)



** Reflects $1.3 billion cable television acquisition.*

FINANCING ACTIVITY RESUMES IN 1991

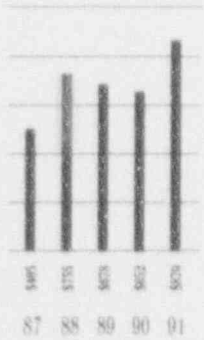
While new capital needs were limited in 1991, HI took advantage of favorable market conditions to refinance a number of existing obligations. In January, $132 million of HL&P's 9 3/8% first mortgage bonds matured, and HL&P issued $100 million of 8 5/8% debt securities collateralized by first mortgage bonds. In March, HL&P issued $160 million of 9.15% first mortgage bonds. In May, $35 million of 10 1/8% first mortgage bonds were redeemed.

In November, HL&P redeemed its $9.04, $9.08 and $9.52 series of cumulative preferred stock, which had an aggregate fixed liquidation value of $110 million. In February 1992, HL&P issued $100 million of variable term, cumulative preferred stock, with an initial annual dividend rate of 5.45%.

A portion of employee contributions to the company's employee savings plan is matched by HI in the form of common stock. In October 1990, an Employee Stock Ownership Plan (ESOP) was added to the employee savings plan to satisfy a portion of this obligation. The ESOP trustee purchased a total of 9.4 million shares of HI common stock. The company loaned $350 million to the trustee for the purchases. The loans are to be repaid to HI by the ESOP trustee over a period of up to 20 years.

In June 1991, HI issued $250 million principal amount of 9 3/8% debentures. The proceeds were used to partially refund its loan to the ESOP and repay short-term debt. HI issued an additional $200 million principal amount of 7 1/4% debentures in December 1991 in conjunction with the redemption of $200 million of its outstanding 9 3/8% debentures.

CASH PROVIDED BY OPERATIONS
(MILLIONS OF DOLLARS)



Cash flow from operations reached its highest level in five years, as non-cash earnings continued to decline.

HIGHER EQUITY LEVELS ANTICIPATED

At year-end 1991, HI had common equity of $3.4 billion, representing approximately 38 percent of capitalization. This percentage reflects the accounting treatment for the ESOP, which reduced equity by approximately $332 million (the loan balance at December 31). At the consolidated level, HI seeks to maintain an equity level consistent with comparable electric utility holding companies, or approximately 45 percent of capitalization. Over time, as cash flows continue to improve, HI expects equity levels to increase to this target. The form of any new financing will be a function of this capitalization target as well as general market conditions.

Besides retained earnings, new equity in 1991 was limited to shares issued in conjunction with the company's dividend reinvestment and employee savings plans, for a total value of approximately $51 million. Since January 1992, HI has acquired shares for these plans through open market purchases. HI expects equity levels to rise primarily through increased retained earnings over the next five years.

ELEVEN-YEAR COMPARISON OF SELECTED FINANCIAL DATA

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

The following table sets forth selected financial data with respect to the company's consolidated financial condition and consolidated results of operations and should be read in conjunction with the Consolidated Financial Statements and the related notes which begin on page 33.

(THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)	1991	1990	1989
Revenues	$ 4,445,739	$ 4,178,576	$ 3,789,780
Net income	$ 417,383	$ 339,454	$ 413,452
Earnings per share (1)	$ 3.28	$ 2.67	$ 3.32
Cash dividends declared per common share	$ 2.96	$ 2.96	$ 2.96
Return on average common equity	12.0 %	9.4 %	11.7 %
Ratio of earnings to fixed charges:			
Including AFUDC (2)	2.15	1.91	2.19
Excluding AFUDC (2)	1.99	1.66	1.81
AT YEAR END:			
Book value per common share (3)	$ 26.63	$ 28.45	$ 29.05
Market price per common share	$ 44.25	$ 36.75	$ 35.00
Market price as a percent of book value	166 %	129 %	120 %
AT YEAR END:			
Total assets	$ 12,028,811	$ 11,926,166	$ 11,681,925
Long-term obligations (including current maturities)(4)	$ 5,303,432	$ 4,976,212	$ 4,989,888
Capitalization:			
Common stock equity (3)	38 %	41 %	41 %
Cumulative preferred stock	5 %	6 %	6 %
Long-term debt (including current maturities)	57 %	53 %	53 %
CAPITAL EXPENDITURES:			
Construction and nuclear fuel expenditures (excluding AFUDC)	$ 373,520	$ 358,455	$ 388,653
Cable television investment	$ 26,624	$ 31,186	$ 1,339,680
HL&P SELECTED DATA:			
Percent of construction expenditures financed internally from operations	130 %	84 %	76 %
Ratio of earnings to fixed charges:			
Including AFUDC (2)	2.95	2.80	3.11
Excluding AFUDC (2)	2.71	2.40	2.49
Ratio of earnings to fixed charges and preferred dividend requirements	2.50	2.34	2.60
AFUDC as a percent of net income (2)	14 %	25 %	32 %

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(1) Includes tax benefit on common dividends paid to ESOP. Reference is made to Note 1(j) to the Consolidated Financial Statements.

(2) AFUDC includes HL&P's deferred carrying costs and deferred return.

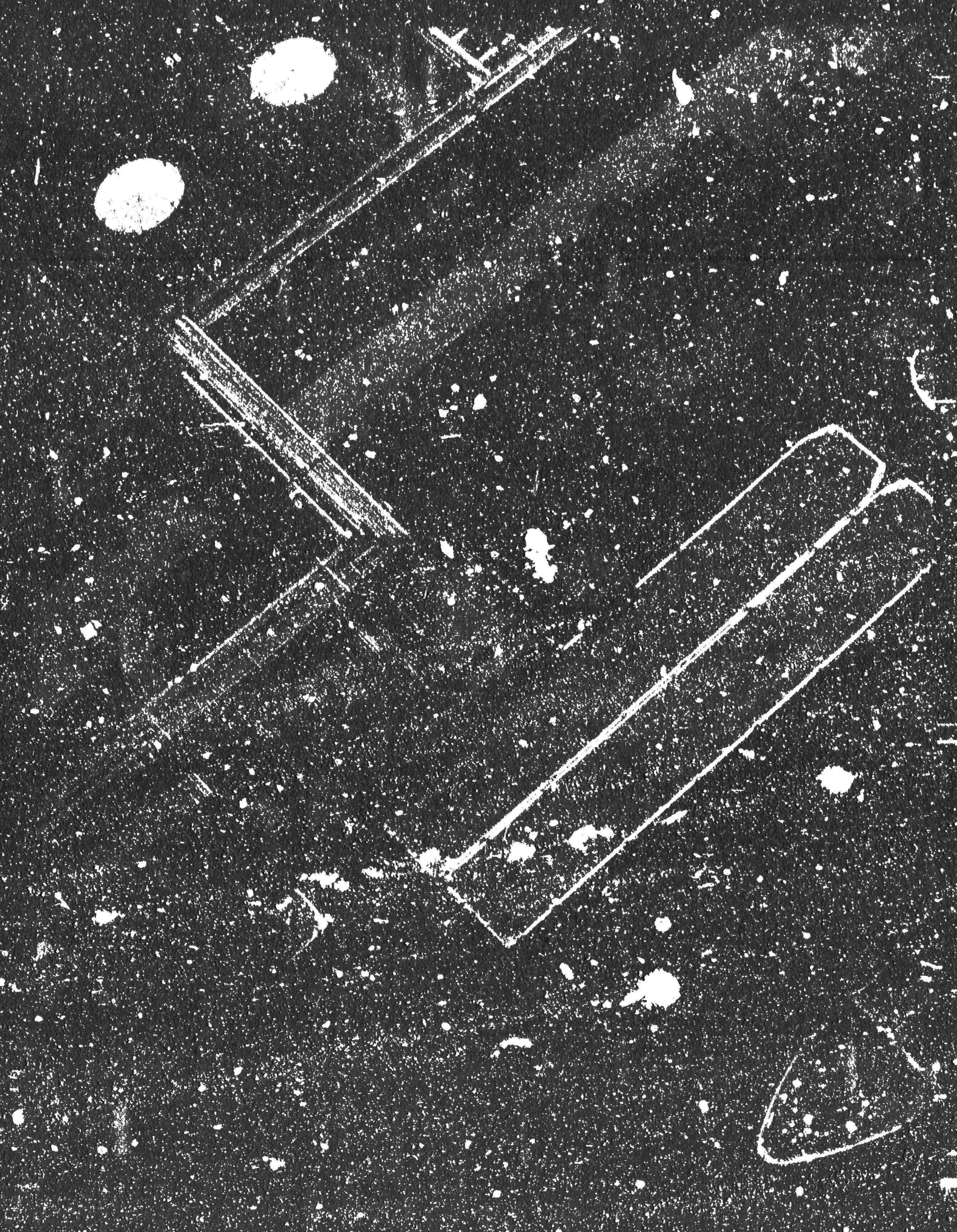
(3) Reduced in 1991 and 1990 by note receivable from ESOP. See also Note 2 to the Consolidated Financial Statements.

(4) Includes Cumulative Preferred Stock subject to mandatory redemption.

YEAR ENDED DECEMBER 31,

1988	1987	1986	1985	1984	1983	1982	1981
$ 3,540,918	$ 3,514,226	$ 3,430,592	$ 3,951,427	$ 4,110,974	$ 3,920,557	$ 3,784,860	$ 3,048,334
$ 395,254	$ 434,958	$ 424,935	$ 434,128	$ 351,146	$ 299,837	$ 116,329	$ 201,712
$ 3.34	$ 3.74	$ 3.81	$ 4.13	$ 3.69	$ 3.50	$ 1.50	$ 2.93
$ 2.94	$ 2.86	$ 2.76	$ 2.60	$ 2.44	$ 2.28	$ 2.16	$ 1.99
11.8%	13.6%	14.5%	16.7%	15.7%	15.6%	6.4%	12.7%
2.56	2.78	2.69	2.88	2.77	2.90	1.79	2.59
1.82	2.09	1.96	2.18	2.33	2.68	1.47	2.32
$ 28.75	$ 28.33	$ 27.19	$ 25.88	$ 24.31	$ 23.27	$ 22.23	$ 23.70
$ 28.00	$ 30.00	$ 34.75	$ 28.00	$ 22.50	$ 19.38	$ 20.00	$ 18.13
97%	106%	128%	108%	93%	83%	90%	76%
$ 10,186,752	$ 9,704,164	$ 9,005,258	$ 8,590,780	$ 7,486,153	$ 6,545,716	$ 5,662,498	$ 5,109,482
$ 3,598,947	$ 3,235,682	$ 3,209,441	$ 2,954,383	$ 2,684,911	$ 2,275,942	$ 2,058,299	$ 1,923,488
46%	48%	47%	46%	45%	46%	44%	45%
6%	6%	5%	6%	5%	5%	6%	6%
48%	46%	48%	48%	50%	49%	50%	49%
$ 543,862	$ 662,033	$ 733,273	$ 893,033	$ 997,982	$ 913,825	$ 754,965	$ 708,254
$ 1,130	$ 49,701	$ 26,249					
37%	29%	33%	39%	37%	42%	35%	41%
2.76	3.35	3.36	3.76	3.55	3.50	2.29	3.63
2.06	2.41	2.42	2.84	2.99	3.24	1.95	3.30
2.39	2.87	2.95	3.26	3.05	3.01	1.94	2.98
49%	51%	52%	45%	31%	17%	32%	22%

FOLLOWING SPREAD: HOUSTON IS HOME TO ABOUT 45 PERCENT OF U.S. BASIC PETROCHEMICAL CAPACITY, AND ITS SHARE IS GROWING. ATTRACTED BY AN EXTENSIVE NETWORK OF PIPELINES, AMPLE STORAGE FACILITIES AND ONE OF THE LARGEST PORTS IN THE U.S., NEARLY HALF OF THE NATION'S NEW PETROCHEMICAL CAPITAL PROJECTS ARE CURRENTLY UNDERWAY IN THE HOUSTON AREA.



With the Houston economy largely recovered from its energy-related slump, major power plant construction completed and rate needs satisfied, the next few years look like a period of relative stability for Houston Lighting & Power. Rather than celebrating its recent accomplishments, however, HL&P is using this respite to reexamine how it does business and to seek improvements in the efficiency and effectiveness of its operations.

Please explain the impact of pending utility legislation, such as Public Utility Holding Company Act (PUHCA) reform and transmission access.

CHARLIE BENORE
PAINE WEBBER

GROWTH SLOWS, BUT ECONOMY REMAINS HEALTHY

It has taken nearly a decade to replace jobs Houston lost following the collapse of the oil markets in the early 1980s. Nonetheless, the reversal in Houston's fortune has been dramatic. Seen as a liability for HL&P's performance a few years ago, the city's economy is now one of the strongest in the country.

In terms of job creation, Houston led the nation in 1990 and ranked among the top U.S. cities in 1991, although growth slowed considerably in the second half of the year due to the effects of the national recession. Houston has diversified successfully, replacing jobs lost in energy exploration and production during the down cycle with new jobs in medical, professional and engineering services.

Nevertheless, Houston remains the nation's energy capital, with more than 5,065 energy-related companies within a 100 mile radius of the city. Large industrial customers, primarily in the petrochemical and refining industries, account for nearly half of HL&P's electrical sales.

Following four years of growth, the petrochemical industry as a whole is now experiencing a downturn. Houston, however, has so far avoided most of the industry's problems. With low-priced feedstocks and a modern infrastructure, local plants are among the most efficient and lowest-cost producers in the world. And, while overcapacity exists in some commodity chemicals, Houston's diversified petrochemical base is still expanding in

AFFORDABLE HOUSING, AN IMPROVED ECONOMY AND A HIGH QUALITY OF LIFE CONTINUE TO ATTRACT NEW RESIDENTS TO THE HOUSTON AREA.

HL&P FIRM
KILOWATT-HOUR SALES
(BILLIONS OF KWH)

A 1.7 percent increase in residential customers helped HL&P to post strong electricity sales in 1991.

specialty areas, where profit margins remain high. For example, numerous facilities are being constructed to manufacture gasoline additives which reduce auto emissions.

ELECTRICITY SALES RISE

Despite slowing growth in the Houston economy, the addition of 21,000 new residential customers helped HL&P to increase firm electricity sales by 1.5 percent in 1991.

While warmer than normal, the summer of 1991 lacked the extreme spikes in temperature that Houston experienced in 1990, resulting in peak demand of just 10,908 megawatts, a 2 percent decline from the 1990 peak. Including interruptible demand, the peak actually served was 11,601 megawatts, compared to 12,216 megawatts in 1990. HL&P expects compound annual growth in firm electricity sales and peak demand to average about 2 percent over the next ten years.

The provisions contained in Senate Bill 1220 and House of Representatives Bill 776 to amend the Public Utility Holding Company Act and to federally mandate access to the regulated utilities' transmission systems, if enacted, would raise costs to consumers, jeopardize the reliability of electric service, erode the financial health of the regulated utilities and place the future of our nation's electricity supplies in the hands of unregulated entities who do not share our statutory obligation to serve.

RAY SNOKHOUS

SENIOR VICE PRESIDENT,
GOVERNMENTAL AND
REGULATORY AFFAIRS
HOUSTON INDUSTRIES

PROGRAMS ATTRACT INDUSTRIAL CUSTOMERS

Working in conjunction with local economic development councils, HL&P has continued its successful efforts to attract new industrial facilities to the Houston area. As part of this effort, HL&P has an aggressive program aimed at informing strategic planners and energy managers across the nation about the benefits of Houston and HL&P's willingness to work with new industry to satisfy electricity needs. In the last year, HL&P representatives visited the corporate headquarters of 50 of its largest industrial customers. Those energy planners commented that no other utility had approached them with the type of information and forecasts provided by HL&P.

Developing and enhancing relations with industrial and large commercial customers is a major part of HL&P's strategy for improving the company's long-term competitive position. Industrial customers help HL&P use generating capacity efficiently because they operate around the clock, using electricity when demand from other customers is low.

In addition to providing extensive information about the availability and cost of electric service, HL&P makes its sophisticated computer modeling capability available to those customers so they can compare alternative energy options and avoid self-generation projects that are uneconomical.

RESOURCE PLAN MINIMIZES CAPITAL EXPENSE

To identify the lowest-cost means of meeting electricity needs, HL&P uses a resource planning system which integrates the analysis of supply options with the examination of programs to reduce or shift the timing of electricity consumption. Although this is not a new process at HL&P, the company has refined methods for analyzing and comparing alternatives. The process includes quantification and review of such factors as the availability and cost of fuel, the ability to schedule and finance new construction and the need for operating flexibility in meeting daily load swings.

AN HL&P COGENERATION FACILITY TO BE BUILT AT DU PONT'S LA PORTE CHEMICAL PLANT WILL BE THE SECOND UTILITY-OWNED, RATE-BASED COGENERATION PLANT BUILT IN THE U.S. SINCE THE 1940s.

One of the most attractive projects identified through this process is a cogeneration facility to be constructed at the E. I. du Pont de Nemours chemical plant in La Porte, Texas. Du Pont currently produces steam needed in its chemical manufacturing processes by firing boilers with natural gas. The cogeneration facility will provide Du Pont lower-cost steam produced by modern, efficient equipment, while HL&P's customers will benefit because their cost of electricity will be reduced by the value of steam sales revenues. HL&P is pursuing similar arrangements with other industrial customers.

HL&P is also one of the nation's largest purchasers of cogenerated power. In January 1991, the company signed a 10-year contract to buy 270 megawatts of power from Bayou Cogeneration. The agreement becomes effective in 1995 and covers the same capacity as an existing contract which expires at that time. In its first year, the pricing on the new contract will save HL&P's electric customers an estimated $50 million, compared to the costs if the existing contract had been extended. HL&P continues its efforts to buy similarly cost-competitive power from other cogenerators. Because of the uncertainty surrounding renewal of HL&P's cogeneration agreements, the company is also considering other supply options, such as reactivation of retired generating facilities.

What do you see as the future for power purchases as part of your resource strategy? What would be the cost implications of renewing or renegotiating your power purchase contracts?

DORIS KELLEY
MERRILL LYNCH

PROGRAMS HOLD DOWN ELECTRICITY DEMAND

HL&P anticipates that by 1995, cost-effective programs designed to reduce or shift the timing of electricity usage will decrease overall demand by 225 megawatts, compared to what otherwise would be required.

Purchased power contracts are just one of the resources we are considering. We currently have several contracts nearing expiration, which were signed in the mid-1980s. Unlike that period of rapidly rising demand and high energy prices, today we have many cost-competitive supply and demand-side options. We will insist that pricing on any new contracts be very competitive.

DON SYKORA

PRESIDENT & CHIEF OPERATING OFFICER
HOUSTON LIGHTING & POWER

HL&P's "Good Cents" program, for example, already has had considerable success since it was launched in 1988. The program, which encourages construction of energy-efficient homes, now accounts for 40 percent of new home construction in the Houston area, compared to 7 percent in 1989. HL&P believes that the widespread acceptance of the program is also influencing non-participating builders to adopt higher energy efficiency standards.

IN ADDITION TO EFFORTS TO CONSERVE NATURAL RESOURCES, HL&P ACTIVELY SUPPORTS ENVIRONMENTAL RESEARCH PROJECTS. IN GALVESTON BAY, THE COMPANY IS TESTING THE CREATION OF ARTIFICIAL OYSTER REEFS USING COAL COMBUSTION BY-PRODUCTS.

Other residential programs encourage use of high-efficiency air conditioners and heat pumps and allow HL&P to interrupt operation of residential air conditioners for short periods. A commercial program promotes use of water chilled at night with off-peak generating capacity to help cool commercial buildings in the hottest part of the day. HL&P also is testing a program which would provide rebates to qualifying commercial and industrial customers who make capital investments to permanently reduce their peak electricity demand.

Some states' regulatory agencies have adjusted the way utilities are allowed to recover their expenditures to account for revenue lost due to conservation programs. That has not yet happened in Texas, but HL&P is currently allowed to capitalize the incremental costs of the programs for future recovery through rates.

FUEL STRATEGY PROVES SUCCESSFUL

HL&P reduced its average cost of fuel in 1991, and the company continues to aggressively negotiate competitively-priced fuel purchases. Its success has been the result of a diversified fuel mix, system flexibility and a combination of long-term, short-term and spot contracts. The company's average cost of natural gas is among the lowest of utilities in the Southwest.

Improved operation of the jointly-owned South Texas Project nuclear plant also contributed to lower average fuel costs in 1991. Nuclear fuel costs only 36 percent as much as HL&P's next lowest-cost fuel. In 1991, STP achieved an average capacity factor of 66.0 percent, compared to 56.8 percent in 1990. In terms of the amount of electricity produced, both STP units ranked among the world's top ten nuclear generators in August and among the top five nuclear generators in the U.S. in both July and August.

A 300,000 SQUARE-FOOT OFFICE HEADQUARTERS FACILITY WAS COMPLETED DURING 1991 TO CONSOLIDATE MAJOR OFFICE FUNCTIONS FOR STP. THE FACILITY WAS DESIGNED AND CONSTRUCTED IN JUST 22 MONTHS — SIX MONTHS AHEAD OF INDUSTRY STANDARDS — AND WAS COMPLETED UNDER BUDGET.

PUC APPROVES RATE SETTLEMENT

In October, the Public Utility Commission of Texas approved the recovery of HL&P's remaining STP investment. The $313 million, or nine percent, rate increase confirmed a settlement reached earlier in the year between HL&P and most parties to its 1990 rate case. HL&P put the higher rates into effect in May, subject to refund, pending final PUC approval. As part of the settlement, HL&P agreed to freeze base electric rates at the new level until at least May 1993.

The PUC's order has been appealed, and as two recent court rulings demonstrate, the regulatory process is not complete until all appeals have been put to rest. In an August ruling involving another utility, the Austin Court of Appeals said that the PUC did not have statutory authority to grant rate-base treatment of deferred plant costs. While HL&P is not a party to that case, it did receive deferred accounting treatment in its most recent rate orders. HL&P believes the court's decision was wrong and inconsistent with its earlier rulings, but the company cannot predict whether the ruling will be applied to HL&P or what action the PUC might take if it had to reconsider its earlier decisions.

With the rate case behind you, I imagine the day-to-day business of running the utility will become more of a focus of management attention. What steps are contemplated for holding down costs in an increasingly competitive environment?

KIT KONOLIGE
FIRST BOSTON

In November, a Texas District Court ruled that the PUC had erred in 1986 when it allowed HL&P to include approximately $678 million of Construction Work in

Progress in rate base. The court indicated that HL&P had not demonstrated its need for this "exceptional form of rate relief." The court's position is without judicial precedent in Texas. In fact, in February 1992, another Texas District Court affirmed similar CWIP treatment granted to HL&P in its 1984 rate case. HL&P is seeking review of the November decision by appellate courts. The company believes the PUC's action will ultimately be upheld.

A

HL&P has indeed increased its focus on performance. Management has undertaken an intense performance improvement program called STEP (Success Through Excellence in Performance) that is aimed at reducing costs while continuing to meet customer needs. This program has called upon many employees throughout the company to analyze our performance and to identify opportunities for improvement. We are pleased with t[illegible] recommendations a[illegible]e confident that the program will considerably strengthen our competitive position.

ED TURNER

GROUP VICE PRESIDENT,
ADMINISTRATION AND SUPPORT
HOUSTON LIGHTING & POWER

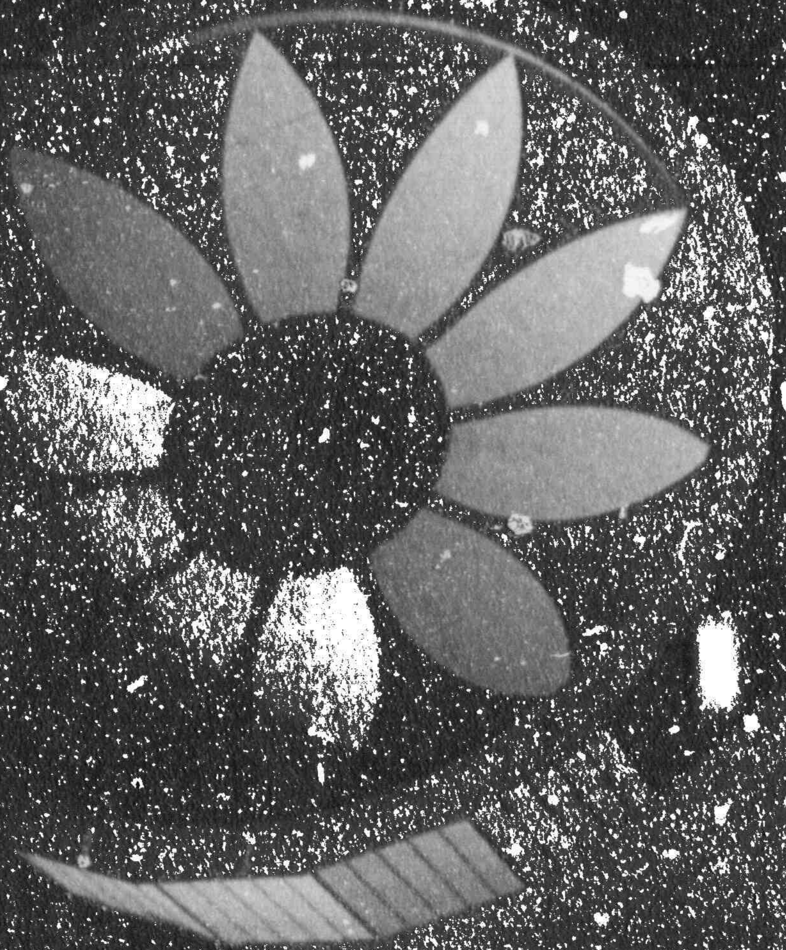
HL&P TARGETS IMPROVED PERFORMANCE

With some of its biggest challenges behind it, HL&P can now turn its talent and energy to improving operating performance. To ensure that it is prepared to operate successfully in the increasingly competitive business environment anticipated during the next several decades, HL&P is intensifying its focus on meeting customer requirements at the lowest possible cost and holding the line on electric rates.

Committed to being one of the best electric utilities in the nation, HL&P launched "Success Through Excellence in Performance" in late 1991. Through several initiatives, the STEP program asked employees to challenge the way the company currently does business. Employees have responded by suggesting ways to hold down costs, improve operating effectiveness and maintain the high level of customer satisfaction that HL&P has achieved in the past. The process has been demanding, but changes, including personnel reductions, are necessary if HL&P is going to achieve its long-term objectives.

By the end of 1992, STEP initiatives will be underway to help achieve performance excellence throughout the organization. HL&P believes these changes will help avoid base-rate increases for an extended period, improve the company's competitive position and help ensure superior financial results.

FOLLOWING SPREAD: KBLCOM SERVES 559,000 CUSTOMERS IN SOME OF THE NATION'S MOST ATTRACTIVE CABLE TV MARKETS. ITS SAN ANTONIO OPERATION IS THE EIGHTH LARGEST CABLE SYSTEM IN THE U.S.



Cable television continues to draw viewers away from the networks and expand its foothold among the American public. During 1991, however, overall growth was modest due to a decline in consumer spending and sluggish economies in many U.S. cities.

Despite these economic challenges, KBLCOM met its financial goals and most operating objectives through a strategy that combined innovative marketing programs, improvements in technology and development of new businesses and products.

In several areas, KBLCOM's directly-owned systems performed better than the industry. Cable revenue per customer, advertising revenue per customer and pay-per-view revenue per customer all exceeded industry averages. And, while the company experienced a slowdown in growth of cable customers compared to previous years, KBLCOM's efforts to retain existing customers had positive results. The number of customers who disconnected their service in 1991 was the lowest in the company's history.

Q

How would proposed cable regulation affect your business?

ED TIRELLO
SMITH BARNEY

EXCLUSIVE SPORTS PROGRAMMING, SUCH AS PORTLAND TRAILBLAZERS BASKETBALL, HAS HELPED MAKE KBLCOM A LEADER IN PAY-PER-VIEW SALES.

At the close of 1991, KBLCOM directly served approximately 559,000 customers in San Antonio and Laredo, Texas; Portland, Oregon; Minneapolis, Minnesota and Orange County, California.

PAY-PER-VIEW REVENUE LEADS INDUSTRY

KBLCOM's pay-per-view service called First Choice* achieved record sales results in 1991, up 54.8 percent over 1990. This service, which allows customers to order first-run movies, exclusive sports programs and special events from the convenience of their homes, is available to approximately half of [illegible]'s customers.

Monthly revenue totaled $3.[illegible] for each pay-per-view capable home — triple the industry average. Much of this success was due to KBLCOM's marketing efforts and quality programming, which included major boxing events and the games of three professional sports teams.

Improved technology and ordering capability also contributed to the company's pay-per-view success. In 1991, 96 percent of KBLCOM's pay-per-view customers could order attractions through their converters, rather than using the telephone, and about half of these customers could order events and movies instantly through their hand-held remote control.

During 1992, KBLCOM will make additional technological improvements to expand its revenue opportunities. For example, the addition of ten channels will give the Minneapolis system a total of 14 pay-per-view channels by the end of the year. This pilot program will test the profitability of making numerous pay-per-view channels available.

The company also plans to continue a variety of marketing programs, including a 24-hour cable channel that shows clips of upcoming events and movies, free pay-per-view guides to current users, national advertising promotions and discount offers to encourage new customers to try the service.

In 1991, pay-per-view advertising efforts were effective and drew national attention for KBLCOM. One pay-per-view commercial entitled "Bad TV" earned the coveted CLIO award from the National Federation of Advertising which recognizes excellence in advertising. KBLCOM is the first cable company in history to receive this honor.

While legislation to regulate cable TV has been enacted by the Senate, it is far from becoming law. It is impossible to predict what form regulation may ultimately take. We believe the regulation proposed in Senate Bill 12 is unnecessary and bad for consumers. However, the near-term impact on KBLCOM would be minimal, because KBLCOM has limited investment in programmers and already meets strict customer service standards.

GARY WEIK

PRESIDENT AND CHIEF OPERATING OFFICER
KBLCOM

KBL-TV, AN INNOVATOR IN ADVERTISING SALES

KBL-TV, KBLCOM's advertising sales subsidiary, has achieved dramatic growth since its formation as a separate business three years ago. In 1991, advertising revenues grew 36 percent over the previous year, increasing to $12 million from $8.8 million in 1990. One reason for this high growth was KBLCOM's management of advertising sales for other cable operators located throughout the United States.

KBL-TV proved to be a formidable competitor to the networks after working with A.C. Nielsen to develop metering research software in the fall of 1990. Metering has allowed KBL-TV to compete head-to-head with the major networks because it provides advertisers specific numbers of viewers and demographic information, allowing them to effectively target their messages.

KBL-TV was the first cable operator to develop this research capability. As a result, the company was awarded the Cablevision 1991 Gold Mine award, which recognizes innovation that results in significant revenue gain.

STRATEGY POSITIONS KBLCOM FOR THE FUTURE

KBLCOM is committed to marketing and delivering the highest-quality entertainment and information services. To accomplish this goal, KBLCOM has implemented an aggressive long-term strategy which focuses on three critical objectives: high performance, revenue growth and competitive advantage.

HIGH PERFORMANCE IMPROVES PRODUCTIVITY

In 1991, KBLCOM streamlined its operations to improve efficiency and competitiveness. Managing operating expenses and capital expenditures will continue to be a management priority in 1992.

In addition, quality customer service remains a primary focus. KBLCOM frequently surveys its customers to learn how it can increase satisfaction with the company's products and services. Although KBLCOM's customer satisfaction scores are higher than industry averages, the company plans to find additional ways to increase awareness of its products and improve its service to customers.

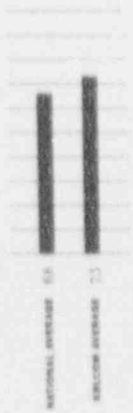
KBLCOM EMPHASIZES RELIABLE HIGH-QUALITY SERVICE IN ALL ITS OPERATIONS. ITS MINNEAPOLIS SYSTEM HAS RECEIVED THE NATIONAL CABLE TELEVISION ASSOCIATION'S CUSTOMER SERVICE GOLD SEAL.

REVENUE GROWTH ADDS VALUE FOR SHAREHOLDERS

KBLCOM seeks to promote revenue growth by introducing new products which make cable service more attractive and affordable. A lower-cost alternative cable service was introduced in 1991 to satisfy customers seeking to stretch their entertainment dollars. KBLCOM continues to research and design new channel packages and promotions that increase the choices available to consumers.

In addition to maximizing revenue from traditional sources, KBLCOM is developing new revenue streams. It is one of the first operators in the country to offer a new premium audio service called Digital Music Express™ (DMX). This service uses cable to transmit compact disc-quality music directly into customers' home stereos for a monthly fee which is less than the cost of one compact disc.

In July 1991, KBLCOM launched Paragon Business Systems to tap the commercial market. It is offering cable video, commercial audio, computer data



Overall Customer Satisfaction

KBLCOM exceeds cable TV industry standards for customer satisfaction, but the company continues to seek ways to improve the quality and reliability of its service.

exchange services and data by-pass services to retail and business establishments. The development of Paragon Business Systems as a separate entity recognizes that the needs of commercial and retail clients are different from residential customers.

KBLCOM INCREASES ITS COMPETITIVE EDGE

In 1991, the entire cable industry, including KBLCOM, faced increasing competition from alternative cable operators and companies using different technology to distribute video to customers. To differentiate itself from potential competitors, KBLCOM introduced new non-video information and entertainment products, such as DMX, and upgraded its distribution systems to enhance picture quality and system reliability.

In San Antonio, KBLCOM's largest system, the company began construction of a fiber optic network. During 1991, KBLCOM invested approximately $4 million in the San Antonio fiber optic project. Additional fiber optic cable will be in place in KBLCOM's Portland and Minneapolis systems by the end of 1992.

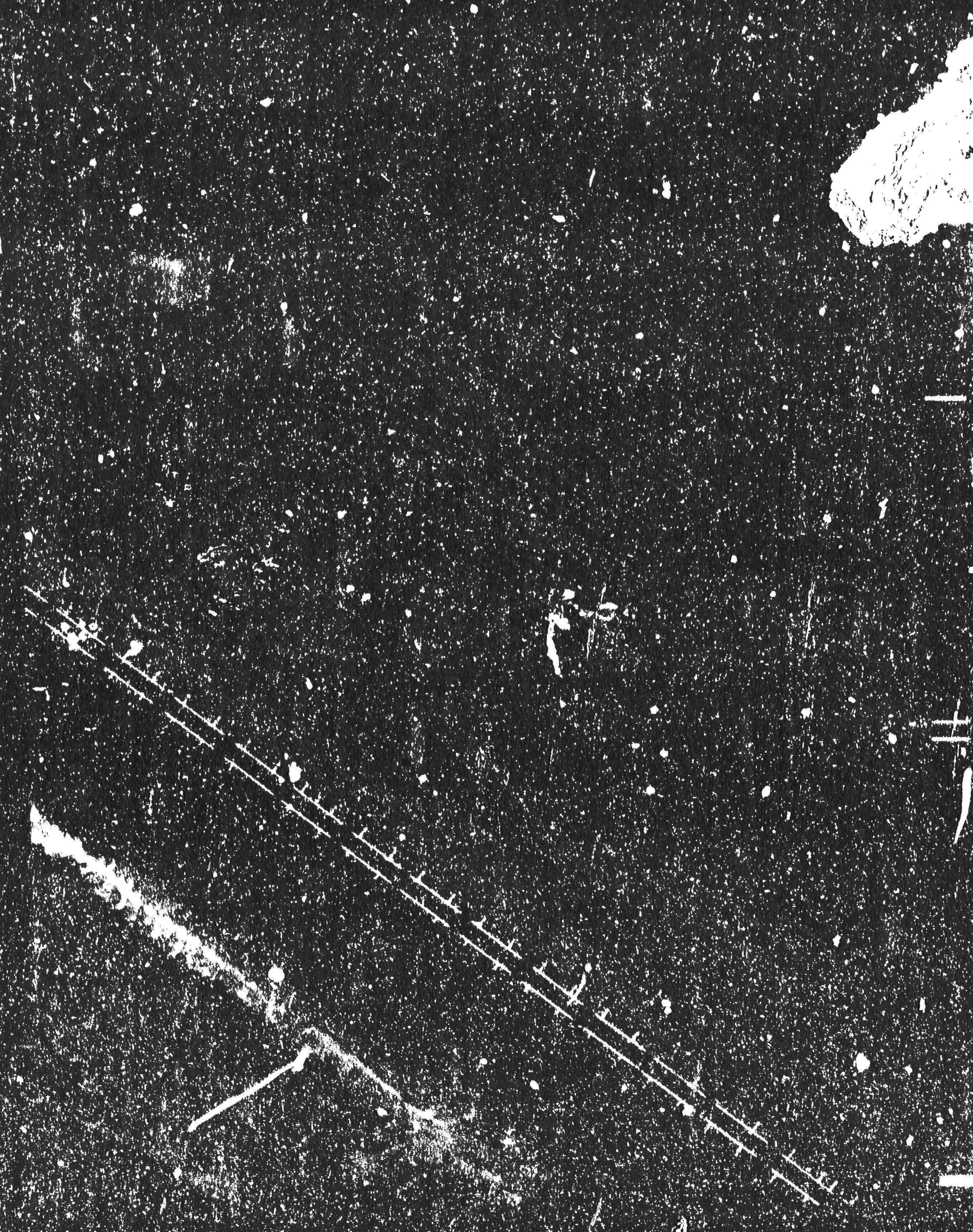
DIGITAL MUSIC EXPRESS™, WHICH WAS INTRODUCED IN ORANGE COUNTY, CALIFORNIA IN LATE 1991, PROVIDES KBLCOM CUSTOMERS 30 CHANNELS OF COMPACT DISC-QUALITY SOUND FOR ABOUT $10 A MONTH.

PARAGON COMMUNICATIONS SHOWS STEADY GROWTH

Paragon Communications, which was HI's first cable venture, generated profits of $20.6 million on revenues of $284 million in 1991. KBLCOM owns a 50 percent interest in the partnership, formed in 1986. American Television and Communications Corporation (ATC), a subsidiary of Time Warner, Inc., is the managing partner of these properties, which serve approximately 865,000 customers located in the Tampa Bay area of Florida; the Northeastern U.S., including upper Manhattan in New York City; California; Texas and Arizona.

In 1991, these systems added approximately 36,000 customers, a 4 percent increase over 1990. The systems continue to improve in service and technology. By year-end 1991, the upper Manhattan and Tampa Bay systems were 60 percent rebuilt.

FOLLOWING SPREAD: EFFICIENT OPERATIONS AT THE JEWETT MINE, LOCATED NEAR HL&P'S LIMESTONE ELECTRIC GENERATING STATION, HELP UFI TO MAINTAIN COST-COMPETITIVE LIGNITE PRICES.



Sales of coal and lignite to HL&P totaled 17.0 million tons in 1991, a 5 percent increase over the prior year. Western coal accounted for 9.3 million tons and Texas lignite 7.7 million tons. Coal and lignite sales to HL&P should remain stable in the future since HL&P has no plans to add new coal or lignite facilities during the 1990s.

UFI's weighted average delivered price of coal and lignite to HL&P increased 5 percent to $2.10 per million Btu. In 1992, UFI will continue its efforts to hold down costs through efficiency improvements and increased spot coal purchases. A contract signed with Burlington Northern Railroad Company in early 1992 will provide shipments of spot coal to HL&P's W. A. Parish plant at a lower cost than under its current contract rates.

UFI CELEBRATES MILESTONE

In October 1991, UFI and HL&P celebrated the shipment and burning of 100 million tons of coal at the W.A. Parish plant. The plant, which provides more than a fourth of the electricity for customers in HL&P's service area, is one of the largest coal-burning power plants in the U.S.

The four coal-burning units at W.A. Parish, which were HL&P's first step toward fuel diversification, have produced more than 157 billion kilowatt-hours of electricity since the first unit began operation in 1978. The Parish units, which burn low-sulfur coal, already meet the air quality standards set by recent clean air legislation.

UFI READIES FOR ENVIRONMENTAL LEGISLATION

UFI is well positioned to benefit from environmental legislation which is expanding the market for low-sulfur Western coal and stimulating demand for railcars to transport the coal. The company took several steps in 1991 to further enhance its ability to provide short-term railcar leasing service to coal transportation customers.

Should we be able to expect any improving trend in the coal supply business or UFI's earnings?

ERNIE LIU
GOLDMAN, SACHS

UFI added 545 railcars to its existing fleet and now manages the second-largest private fleet of coal-carrying railcars in the nation. UFI will use these cars in providing short-term leases. At the end of 1991, all cars were leased to utilities.

In late 1991, the company also entered into a joint venture to own and operate three railcar maintenance shops in Nebraska. The joint venture is well positioned to provide services to the increasing rail traffic for coal from the Powder River and Hanna Basins of Wyoming to utilities in the Midwest and South.

UFI EXPORTS EXPERTISE

UFI provided a 10-month coal utilization training program for Minera Carbonifera de Rio Escondido (MICARE), Mexico's state-owned mining company, in 1991. With funding from the U.S. State Department, UFI provided training to more than 100 MICARE employees in mine planning, equipment application and maintenance, safety and supervision of mine and fuel handling operations.

The training program, which positions UFI for future growth under the proposed U.S./Mexico Free Trade Agreement, will allow MICARE to use state-of-the-art technology to expand its coal production to fuel plants currently under construction or planned in Mexico. UFI has previously provided similar training to Costa Rica, the Dominican Republic, the Philippines, Botswana, Pakistan, Nepal, Indonesia, Malaysia, Thailand and Germany.

UFI's plant services group also provides testing and analysis to improve the efficiency of power plants in both the U.S. and overseas. Testing primarily involves boiler and turbine operations to identify ways to better use fuel and steam resources. In 1991, UFI completed test programs at 25 locations and received numerous orders for future business.

A

In general, slow growth in demand for domestic coal will present limited opportunities, but demand for low-sulfur Western coal could grow much faster. UFI took steps in 1991 to position itself to be more competitive in full-service leasing of railcars used to move coal. Increased demand for coal in Japan and other Asian countries will also present opportunities, as will the trend to privatize government-owned utilities. Privatization is expected in Mexico and other developing countries where electricity demands are expected to increase significantly.

KEN SMITH

PRESIDENT & CHIEF EXECUTIVE OFFICER, UTILITY FUELS

GLOSSARY

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC):
The cost of financing construction projects. Financing costs are added to direct construction costs for recovery after new facilities are placed in service. During construction, AFUDC increases income but does not increase cash flow.

CAPACITY FACTOR:
The amount of electricity produced by a generating unit expressed as a percentage of the maximum amount that could be produced if the unit operated continuously at 100 percent power.

CASH FLOW:
Earnings after taxes plus non-cash expenses, such as depreciation.

COGENERATION:
The simultaneous generation of electricity and steam from the same fuel.

CONSTRUCTION WORK IN PROGRESS:
Cost of construction projects that may take several years to complete, such as generating plants or transmission lines.

DEFERRED ACCOUNTING:
An accounting treatment which allows a utility to defer operating and depreciation costs associated with new facilities and continue accruing carrying charges while awaiting approval of rates which reflect these costs. Use of deferred accounting provides an opportunity to recover these costs at a later date and prevents a drain on earnings during the regulatory process.

EARNINGS PER COMMON SHARE:
Net income earned for the reporting period increased by the tax benefit on common dividends paid to the Employee Stock Option Plan divided by the weighted average number of common shares outstanding for the period.

NET INCOME OR EARNINGS:
Earnings available to common shareholders after all expenses, financing costs and taxes are paid.

RETAINED EARNINGS:
The portion of net income which is retained for reinvestment in the business rather than paid to shareholders in dividends.

RETURN ON AVERAGE COMMON EQUITY:
The rate of return earned on shareholders' equity. It is calculated by dividing net income by average shareholders' equity.

SHAREHOLDERS' EQUITY:
The book value of common shareholders' investment in a company. It is the amount paid in by shareholders for common shares plus retained earnings.

TOTAL RETURN:
The increase in the value of a shareholder's investment, considering both dividends and changes in the share price.

YIELD:
The return provided to shareholders in dividends. It is calculated by dividing the annual dividend per share by the stock price.

1991 FINANCIALS

RESULTS OF OPERATIONS

Overview

Consolidated net income of Houston Industries Incorporated (Company) for 1991 was $417.4 million, a 25% increase over 1990 and a 1% increase from 1989. Consolidated earnings per share were $5.28 for 1991 as compared to $2.67 per share in 1990 and $5.52 per share in 1989.

Houston Lighting & Power Company (HL&P), the Company's principal operating subsidiary, contributed $5.48 to the 1991 consolidated earnings per share on income of $448.5 million after preferred dividends. Utility Fuels, Inc. (Utility Fuels) contributed $.22 per share on earnings of $28.1 million. KBLCOM Incorporated (KBLCOM) posted a loss of $55.2 million or $.45 per share. The Company and its other subsidiaries posted combined earnings of $.01 per share.

The increase in the Company's earnings in 1991 compared to 1990 was principally the result of improved results at both HL&P and KBLCOM. The decrease in the Company's earnings in 1990 compared to 1989 was principally the result of the inclusion of $70 million in 1989 earnings as a result of the settlement of an appeal of HL&P's 1982 rate case and the gain on the sale of all the oil and gas assets of Primary Fuels, Inc.

Interest income in 1991 increased $18.7 million compared to 1990 due to interest received on a refund of prior years' income taxes.

During 1989-1991, the Company's and HL&P's results of operations were significantly affected by decisions of the Public Utility Commission of Texas (Utility Commission) in connection with rate increase applications filed by HL&P relating to, among other things, the commercial operation of the South Texas Project Electric Generating Station (South Texas Project). These decisions are discussed in Notes 9, 10 and 11 to the Consolidated Financial Statements, which are incorporated herein by reference.

HL&P

General

HL&P had income after preferred dividends of $448.5 million for 1991, an increase of $50.9 million from 1990 and an increase of $11.0 million over 1989. The increase in 1991 income is the result of higher kilowatt-hour (KWH) sales and a $313 million increase in base rates implemented in May 1991. The rate increase improved earnings slightly, but had a more significant impact on cash flow since operating revenues now reflect recovery of costs previously deferred. Income for 1990 was negatively impacted by a write-off of disallowed costs of approximately $20 million, while 1989 earnings were increased by the settlement of an appeal of a 1982 rate order. Allowance for Funds Used During Construction (AFUDC), deferred carrying costs and deferred return accounted for 14% of 1991 earnings compared to 25% in 1990 and 52% in 1989. For a discussion of deferred carrying costs and deferred return, see Note 11 to the Consolidated Financial Statements.

Operating Revenues and Sales

Electric operating revenues increased 5.9% and 11.2% for the years 1991 and 1990, respectively. The favorable trend in annual revenues reflects increased KWH sales, excluding interruptible, in all three major customer categories, primarily residential, and increased rates in 1991 and 1990. Residential sales increased by 1.7% in 1991 and 6.4% in 1990. Higher residential sales reflect a 1.7% increase in the number [illegible] a 2.1% increase in customers in 1990. Both 1991 and 1990 residential sales reflect the unseasonably warm [illegible] Texas Gulf Coast area resulting in an increase in base revenues of $54 million and $45 million, respectively. Co[illegible]strial sales increases reflect the strengthening of the Houston economy during 1990 and the early part of 1991.

HL&P expects compound annual growth in firm electricity sales and peak demand to average 2.1% and 1.8%, respectively, over the next 10 years. Despite the loss of some industrial sales to self-generation, HL&P expects to gain new customers as a result of industrial expansion in the area.

Fuel and Purchased Power Expense

Fuel expense for 1991 decreased $27.1 million over the prior year primarily due to a lower unit cost of fuel resulting from lower natural gas prices. Fuel expense decreased $7.4 million for 1990, primarily due to a lower unit cost of fuel due to increased nuclear generation and lower natural gas prices, partially offset by higher overall electric generation. The average cost of fuel used by HL&P during 1991 was $1.75 per million Btu, compared to $1.79 and $1.85 per million Btu in 1990 and 1989, respectively. The combined cost of fuel used by HL&P and the fuel portion of purchased power was 1.86 cents per KWH in 1991, down from 1.92 cents per KWH in 1990 and 1989. Purchased power expense increased $10.2 million and $39.9 million in 1991 and 1990, respectively, due to escalating capacity charges paid to cogenerators.

Operation and Maintenance Expenses, Depreciation, Other Taxes and Interest

Electric operation and maintenance expenses in 1991 increased $45.6 million or 6.0% over 1990 primarily due to increases in administrative and general, production maintenance and distribution maintenance expenses. The increase in administrative and general expense was primarily attributable to a $9.4 million increase in employee benefit expenses related to increased medical and pension expense. In addition, workmen's compensation increased $6.6 million over 1990 as a result of higher premiums and a one-time adjustment to recognize these costs on an accrual basis. In 1990, operation and maintenance expenses increased $95.1 million or 14.5% over 1989. Expenses in 1990 reflect the first full year of operation of Unit No. 2 of the South Texas Project. In 1989, operating expenses were reduced by non-recurring inventory adjustments.

Depreciation and amortization expense increased $25.7 million in 1991 over 1990, while such expense in 1990 was $15.8 million higher than in 1989. The 1991 increase is primarily attributable to the amortization of deferred plant costs related to the South Texas Project which began when new rates were implemented in May 1991. The 1990 increase primarily reflects the commencement of depreciation on Unit No. 2 of the South Texas Project in June 1989. Other taxes increased $2.5 million in 1991 which reflects the effects of a state franchise tax refund of $10.5 million and a change in the franchise tax calculation methodology, offset by a change in the franchise tax privilege period and by higher ad valorem tax expenses in 1991 due to new tax rates. Other taxes increased $31 million in 1990, reflecting the effects of a state franchise tax refund in 1989 which served to reduce other tax expense by approximately $28.8 million in 1989.

Interest income in 1991 increased $10.3 million compared to 1990 primarily due to interest received on a refund of prior years' income taxes. Offsetting this was an increase in other interest expense of $8.2 million due primarily to interest paid on an assessment of prior years' income taxes.

Success Through Excellence in Performance (STEP) Program

In October 1991, HL&P launched its STEP program, an internal effort to identify performance improvement opportunities that could be made while maintaining the high level of customer satisfaction that HL&P has achieved in the past. Now that HL&P's major construction program has been completed and growth in the service area has become more stable, the STEP program has intensified HL&P's focus on meeting customer requirements at the lowest possible cost in order to maintain the current level of base electric rates for an extended period of time. Approximately 500 employees have accepted a voluntary early retirement plan which was offered in January 1992. Additional workforce reductions, to be accomplished through a combination of severance and attrition starting in April 1992, have been identified as part of the STEP program. HL&P expects to record a pre-tax charge in the range of $70 million to $90 million in the first quarter of 1992 to reflect the implementation of the STEP program, but anticipates that the effect on annual results for 1992 will be substantially mitigated by the savings derived from such program.

KBLCOM

General

KBLCOM experienced a net loss of $55.2 million in 1991 compared to a net loss of $71.9 million in 1990 and a net loss of $72.8 million in 1989. Results for 1989 reflect only ten months of operations of the cable television systems acquired by its subsidiary, KBL Cable, Inc. (KBL Cable), in March 1989. KBL Cable's cable television systems, located in four states, served approximately 559,000 and 550,000 basic subscribers at December 31, 1991 and 1990, respectively. See also Note 16 to the Consolidated Financial Statements regarding business segment information.

KBLCOM is expected to continue to experience losses for the next several years. KBLCOM's future earnings outlook is dependent to a large degree on the success of its marketing programs to increase basic subscribers and premium programming services, its success in marketing other services such as advertising and pay-per-view, and the general economic conditions in the areas it serves. In addition, the cable television industry in general, including KBLCOM, is faced with various uncertainties including attempts to impose the reregulation of basic service rates by municipalities, the potential entry of telephone companies into the cable business and increased competition from other entities. Certain proposed changes to the legislative and regulatory environment in which the cable television industry operates could limit KBLCOM's ability to increase future prices charged for cable television services.

Because the Paragon Communications (Paragon) partnership is accounted for under the equity method of accounting, the following discussion of operating revenues and sales and depreciation and interest expense results relate only to KBLCOM and its wholly-owned subsidiaries.

Operating Revenues and Sales

In 1991, revenues were $224.7 million, an increase of 12.4% over 1930. Revenues increased 33% in 1990 as compared to 1989. Gross operating margin (revenues less operating expenses, exclusive of depreciation and amortization) grew to $84.5 million, an increase of 15.6% over 1990. 1990 gross operating margin increased 39.5% over the prior year. Operating margins were 37.6% for 1991, compared to 36.6% for 1990 and 34.9% for 1989. Cable television revenues were favorably impacted by the addition of approximately 9,000 basic subscribers in 1991, an increase of 1.6%, and by the addition of approximately 24,000 basic subscribers in 1990, an increase of approximately 5%.

In 1991, basic service revenues increased $17.9 million or 13.8% over 1990 and $33.2 million or 34.4% in 1990 as compared to 1989. Basic service revenue increases are due primarily to additional customers and increased rates.

Ancillary revenues in 1291 were up $10.1 million or 41.6% over the prior year while 1990 ancillary revenues increased $11 million or 82% over 1989. These increases are due primarily to increased pay-per-view and advertising revenues and higher installation and other related transaction fees.

Following a trend in the cable television industry, premium service revenues for 1991 were down $3.1 million or 6.9% compared to 1990 due to fewer premium units and lower unit prices. Premium service revenues in 1990 increased $5.5 million or 13.1% over 1989.

Depreciation and Interest Expense

In 1991, depreciation and amortization increased $2.8 million due primarily to asset additions. The $10.8 million increase in depreciation and amortization in 1990 over the prior year was primarily due to asset additions and the additional two months of operation of the cable systems acquired in March 1989.

Interest expense decreased $7.2 million in 1991 or 7.5% compared to 1990, while 1990 interest expense increased $8.5 million or 9.4% compared to 1989. The 1991 reduction was primarily due to lower interest rates, while the increase in 1990 as compared to 1989 was due primarily to the two additional months of operations of the cable systems acquired in March 1989.

Paragon Partnership

Another subsidiary of KBLCOM owns a 50% interest in Paragon, a Colorado partnership which, in turn, owns cable television systems that served approximately 865,000 and 829,000 basic cable customers in seven states as of December 31, 1991 and 1990, respectively. Paragon's revenues were favorably impacted in 1991 by the addition of approximately 36,000 basic subscribers, a gain of 4% over 1990. Paragon added approximately 39,000 basic subscribers in 1990, an increase of 5% over 1989. For 1991, Paragon reported a pre-tax gain of $20.6 million compared to a loss of $1.5 million in 1990 and a loss of $11.6 million in 1989. KBLCOM included one-half of these amounts in its earnings under the equity method of accounting.

Regional Bell Operating Companies (RBOCs)

In October 1991, the United States Court of Appeals for the District of Columbia Circuit (Court of Appeals) vacated the stay pending appeal of the order of the United States District Court for the District of Columbia in *United States v. Western Electric Company, et al.*, permitting RBOCs to enter into information services business both within and outside of each RBOC's service area. While the final effect of this decision is uncertain, RBOCs now may be entitled to own and operate cable television systems outside their service areas as a result of the Court of Appeals' ruling. RBOCs are still prohibited by the Cable Communications Policy Act of 1984 from owning or operating cable television systems within their service areas. No prediction can be made at this time concerning the impact, if any, of the Court of Appeals decision on KBLCOM and the Company.

Utility Fuels

Utility Fuels reported earnings of $28.1 million in 1991, a $7.1 million and $12.5 million decrease from 1990 and 1989 earnings, respectively. The decrease in 1991 earnings was primarily due to decreased returns on assets under contract with HL&P and interest expense on federal taxes related to prior years. The decrease in 1990 earnings from 1989 was primarily due to decreased returns on assets mentioned above and tax refunds of approximately $5.5 million recorded in 1989 related to previous tax years. Utility Fuels' fuel supply contracts generally allow Utility Fuels to recover its costs plus a return on its net investment in facilities. As a result of the regulation of affiliate costs by the Utility Commission, a portion of Utility Fuels' charges is not recoverable by HL&P through its electric rates.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company's 1991 net cash provided by operating activities increased $218.0 million and $192.1 million from 1990 and 1989, respectively. The increase is primarily due to the increase in net cash provided by electric utility and coal handling operations and a decrease in net cash used in cable television operations.

Net cash used in investing activities in 1991 increased $29.7 million from 1990 and decreased $1.1 billion from 1989. The 1991 change was primarily due to an increase in electric and coal handling capital expenditures. The change from 1989 relates to the cost of cable television systems acquired in 1989 offset by the proceeds from the sale of the oil and gas properties.

Net cash used in financing activities for 1991 increased $176.6 million from 1990 primarily due to the payment of long-term debt and short-term borrowings and loans made to the Company's Employee Stock Ownership Plan (ESOP), partially offset by the issuance of long-term debt. Net cash used in financing activities for 1991 increased $1.2 billion from 1989 primarily due to the financing related to the cable television systems purchased in 1989.

The liquidity and capital requirements of the Company and its subsidiaries are affected primarily by capital programs and debt service requirements. The capital requirements for 1991, and as estimated for 1992 through 1994, are as follows:

MILLIONS OF DOLLARS	1991	1992	1993	1994
Utility construction and nuclear fuel (excluding AFUDC) (1)	$ 345	$ 399	$ 408	$ 516
Coal handling facilities and lignite mining and handling facilities (2)	31	28	33	33
Cable television additions	27	37	30	46
Maturities of long-term debt and minimum capital lease payments	137	208	149	58
Total	$ 540	$ 672	$ 620	$ 653

(1) These amounts do not include expenditures on projects for which HL&P expects to be reimbursed by customers or other parties.

(2) These amounts include HL&P's expenditures of $8.4 million in 1991. It is expected that $8.7 million, $9.6 million and $9.8 million in 1992, 1993 and 1994, respectively, will be spent to keep the Malakoff Electric Generating Station (Malakoff) lignite leases and other related agreements in effect.

For a discussion of the Company's commitments for capital expenditures, see Note 7 to the Consolidated Financial Statements which is incorporated herein by reference.

The Company

General

The Company has consolidated financing activities for KBLCOM and Utility Fuels and for its corporate operations in order to provide a coordinated, cost-effective method of meeting short and long-term capital requirements. As part of the consolidated financing program, the Company has established a "money fund" through which its subsidiaries can borrow or invest on a short-term basis. The funding requirements of individual subsidiaries are aggregated and borrowing or investing is conducted by the Company based on the net cash position. Any shortfall in funds may be supplemented by the Company's commercial paper program. As of December 31, 1991, the Company maintained bank lines aggregating $400 million which are used to support its commercial paper program. At December 31, 1991, the Company had approximately $192 million of commercial paper outstanding. Rates paid by the Company on its short-term borrowings are generally lower than the prime rate.

ESOP

In October 1990, the Company amended its existing Savings Plan (Plan) to add an ESOP component to the Plan. The ESOP component of the Plan allows the Company to satisfy a portion of its obligations to make matching contributions under the Plan. The ESOP trustee purchased shares of the Company's common stock in open market transactions with funds provided by loans from the Company and completed the purchase of stock under the ESOP in December 1991 after purchasing 9,381,092 shares at a cost of $350 million. As the ESOP loans are repaid by the ESOP trustee over a period of up to 20 years, the common stock purchased for the Plan will be allocated to the participants' accounts. The loans will be repaid from dividends on the common stock in, and Company contributions to, the Plan. The loans to the Plan were funded initially by the Company from short-term borrowings which have been partially refinanced with long-term debt. The balance of such short-term borrowings is also expected to be refinanced with long-term debt. At December 31, 1991, the balance of the ESOP loans was approximately $352 million.

Financing Activities

In June 1991, the Company issued $250 million of debentures, 9 5/8% series due 2001. Proceeds were used to repay short-term indebtedness incurred in connection with loans to the ESOP and to finance additional purchases of stock by the ESOP trustee. In November 1991, the Company redeemed $200 million of debentures, 9 5/8% series due 1996 at a price of 102.61%. In December 1991, the Company issued $200 million of debentures, 7 1/4% series due 1996. Proceeds were used to pay a portion of the redemption price of the senior debentures redeemed in November 1991. Debt securities of $250 million, which were registered with the Securities and Exchange Commission (SEC) in April 1991, remain unissued.

In February 1992, the Company purchased $19 million of KBL Cable's 10.95% Senior Notes due 1999 and $23.75 million of KBL Cable's 11.50% Senior Subordinated Notes due 1999. The notes were purchased at a weighted average price of 109%. The purchases were made to reduce interest expense on a consolidated basis. The notes will be held by the Company.

HL&P and Utility Fuels

General

Utility construction and nuclear fuel expenditures for the 1992-1994 period represent estimated costs of HL&P's construction program. The estimated expenditures for coal handling facilities and lignite mining and handling facilities are expected to be incurred by HL&P and Utility Fuels in connection with HL&P's lignite projects. Utility Fuels expects to finance its capital program through internally generated funds.

HL&P's 1991 net cash provided by operations increased $226.5 million and $158.0 million from 1990 and 1989, respectively. The increases were primarily the result of the implementation of bonded rates in May 1991, which included recovery of costs previously deferred, and increased sales. Net cash provided by operations for 1990 was negatively impacted primarily by $105 million for disputed income taxes and interest paid to the Internal Revenue Service (IRS), while 1989 net cash from operations benefited from implementation of bonded rates.

HL&P's 1991 net cash used in investing activities (excluding transactions with affiliates) increased $19.0 million as compared to 1990, and decreased $11.[illegible] million when compared to 1989, resulting primarily from changes in capital expenditures.

HL&P's 1991 net cash used in financing activities increased $214.6 million and $254.5 million from 1990 and 1989, respectively. The increases were primarily due to the payment of long-term debt and short-term borrowings and the redemption of preferred stock, partially offset by the issuance of long-term debt in 1991.

Construction Program

With the completion of Unit No. 2 of the South Texas Project in 1989, HL&P's power plant construction program is essentially complete for the near term. Over 50% of HL&P's construction program for the next three years is expected to relate to costs for transmission, distribution and general plant facilities. Based on the current forecast of demand for electricity in HL&P's service area, HL&P does not expect to increase its generating capacity until the mid 1990's. With an in-service date of 2005 for Unit No. 1, Malakoff is currently the largest planned addition to production plant. Currently there are no significant expenditures for new generation capacity planned until 1994 with the exception of the E.I. du Pont de Nemours Company (Du Pont) project. HL&P and Du Pont have agreed that HL&P will construct, own, and operate two 80 MW natural gas-fired cogeneration systems to be located at DuPont's chemical plant in La Porte, Texas. The project is expected to cost $121 million and be available to meet peak demand in 1995, at which time HL&P will supply, and DuPont will pay for, substantially all of Du Pont's process steam requirements from the project. The timing and cost of HL&P's construction program are subject to review and may be revised due to changes in load forecasts, changing regulatory and environmental standards and other factors.

Financing Activities

HL&P expects to finance its construction program for the period 1992-1994 through funds generated internally from operations.

In 1991, HL&P's Board of Directors authorized the redemption, purchase or other acquisition, from time to time, of all series of its preferred stock outstanding during 1991, certain series of first mortgage bonds and certain series of pollution control bonds issued on behalf of HL&P.

In January 1991, HL&P issued $100 million of its medium-term notes, series B due 1996 collateralized by first mortgage bonds, and repaid at maturity $152 million of first mortgage bonds, 9 5/8% series. In March 1991, HL&P issued $160 million of first mortgage bonds, 9.15% series due 2021. In May 1991, approximately $55 million of first mortgage bonds, 10 1/8% series due 2004, were redeemed at 100% of their principal amount. Proceeds from the sales of long-term debt were used for general corporate purposes, including repayment of first mortgage bonds and short-term indebtedness.

In November 1991, HL&P redeemed all shares of its $9.52, $9.08 and $9.04 cumulative preferred stock at prices of 105%, 101% and 105%, respectively, of their fixed liquidation value. Such preferred stock had an aggregate fixed liquidation value of $110 million. In February 1992, HL&P issued $100 million of variable term perpetual preferred stock. Proceeds from the sale were used to reduce short-term indebtedness, including indebtedness incurred for the November 1991 preferred stock redemptions.

In January 1992, HL&P repaid at maturity $152 million of first mortgage bonds, 9 5/8% series.

On March 9, 1992, HL&P offered to purchase, at a premium over the principal amount, seven series of pollution control revenue bonds issued on behalf of HL&P by the Brazos River Authority (BRA) and the Matagorda County Navigation District Number One (MCND). The cash offer is for any and all of the bonds. The offer is conditioned upon, among other things, the issuance of pollution control revenue refunding bonds on behalf of HL&P by the BRA and the MCND in respective principal amounts equal to the aggregate principal amount of bonds of such issuer purchased under the offer. The bonds to be refunded bear interest at rates ranging from 9 3/4% to 10 5/8%.

On March 12, 1992, HL&P offered to purchase, at a premium over the principal amount, any and all of its first mortgage bonds, 9 1/4% series due 2008. The cash offer is conditioned upon, among other things, HL&P having at least $357 million available on the expiration date of the offer.

Collateralized medium-term notes of $100 million, which were registered with the SEC in 1989, remain unissued. A registration statement for $250 million of debt securities to be issued as first mortgage bonds or as debt securities collateralized by first mortgage bonds and a registration statement for $350 million of preferred stock were filed with the SEC in March 1992.

HL&P's interim financing requirements are met through the issuance of short-term debt, primarily commercial paper, supported by a bank line of credit. At December 31, 1991, such line was maintained in the aggregate principal amount of $250 million.

HL&P's capitalization ratios at December 31, 1991 consisted of 50% long-term debt, 6% preferred stock and 44% common equity.

HL&P expects the common equity ratio to increase in the near term due to the completion of its power plant construction program and improved cash flow from operations as a result of the Utility Commission's approval of HL&P's rate increase application.

Environmental Expenditures

In November 1990, the Clean Air Act was enacted by Congress primarily to reduce emissions of sulfur dioxides and nitrogen oxides. HL&P has already made a substantial investment in pollution control facilities, and all of its generating facilities currently comply in all material respects with sulfur dioxide emission standards established by the legislation. The Clean Air Act also provides for the establishment of new emission standards for nitrogen oxides over the next several years. At this time, it is not possible to predict the cost of complying with such future standards. The new standards could also substantially increase the cost of constructing new generating units.

The United States Environmental Protection Agency (EPA) has identified HL&P as a "potentially responsible party" for the costs of remediation of a superfund site located adjacent to HL&P's property. Although HL&P did not contribute waste to or operate the site, it has been alleged that waste disposal pits encroach onto HL&P's property. HL&P has denied that it owns any portion of the superfund site or that it is responsible for the remediation activities, except that HL&P has said that, if necessary, it will remove substances which have migrated onto its property. In June 1990, HL&P and a group of other potentially responsible parties received an Administrative Order purporting to require those parties to implement the management of migration remediation at the site. HL&P understands that the other respondents to the Administrative Order have proceeded with implementation of the management of migration remediation, in which it has not participated, and are negotiating a consent decree regarding this operable unit with the EPA. The aggregate potential clean-up cost for the entire site is estimated to be approximately $80 million. No prediction can be made at this time concerning the ultimate outcome of this matter.

KBLCOM

KBLCOM's 1991 net cash provided by operating activities was $1.1 million, compared to net cash used in operating activities of $5.7 million and $15.6 million in 1990 and 1989, respectively. The 1991 improvement over 1990 and 1989 was primarily attributable improved operating margins and reduced interest expense.

KBLCOM's net cash used in investing activities decreased $5.8 million for 1991, as compared to the same period in 1990, primarily due to reductions in construction expenditures and equipment purchases. The net cash used in investing activities decreased approximately $1.3 billion in 1990 as compared to 1989 due to the cost of cable systems purchased in 1989.

KBLCOM's net cash provided by financing activities decreased $13 million for 1991, as compared to 1990, primarily due to less borrowing from the Company and reductions in long-term debt. The 1990 financing activities decreased approximately $1.3 billion from the prior year due to financing related to the cable systems purchased in 1989.

Capital expenditures for cable television additions totaled approximately $26.8 million during 1991. These capital expenditures were financed principally through intercompany borrowings. In the first quarter of 1991, the Company advanced KBLCOM $24 million, and additional funds were drawn by KBLCOM under its bank facility to repay a portion of the outstanding bank indebtedness of KBL Cable and to make interest payments. In 1990, the Company advanced KBLCOM $40 million to reduce borrowings under a revolving credit facility of KBL Cable and to pay interest on outstanding obligations. A substantial portion of KBLCOM's 1992-1994 capital requirements are expected to be met through internally generated funds. It is expected that any shortfall will be met through intercompany borrowings.

Additional borrowings under bank facilities maintained by KBLCOM and KBL Cable are subject to certain restrictive covenants which relate primarily to the maintenance of certain financial ratios, principally debt to cash flow and interest coverages. KBLCOM and KBL Cable presently are in compliance with such covenants. However, these covenants have and will become more stringent, restricting the ability to borrow under such facilities.

Houston Industries Finance, Inc.

Houston Industries Finance, Inc. (Houston Industries Finance) purchases accounts receivable of HL&P and of certain KBLCOM subsidiaries. The financing requirements are met through short-term bank loans and the issuance of commercial paper. Houston Industries Finance has entered into a bank revolving credit facility which provides for borrowings of up to $300 million aggregate principal amount. This facility is available to make direct borrowings or to support the issuance of commercial paper. At December 31, 1991, Houston Industries Finance had $138 million of commercial paper outstanding.

NEW ACCOUNTING PRONOUNCEMENTS

In December 1990, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". This accounting standard, effective for fiscal years beginning after December 15, 1992, requires companies to recognize the liability for postretirement benefit plans other than pensions, primarily medical and dental benefits. The Company currently anticipates adoption in 1993. With no changes in plan designs and recognition of the transition obligation (the liability existing as of the date of adoption) over 20 years, rather than immediate recognition (which treatment is permitted for the Company) the Company estimates that adoption will increase pre-tax benefit expense by approximately $50 million over the current "pay-as-you-go" amount in 1993 with a related transition obligation or accumulated postretirement benefit obligation of approximately $200 million. The Utility Commission has not yet determined the appropriate regulatory treatment for recognition of such costs. The above estimates do not include the impact, if any, of the early retirement plan or involuntary severance under HL&P's STEP program.

In February 1992, the FASB adopted SFAS No. 109 which amends SFAS No. 96, "Accounting for Income Taxes," and is effective for fiscal years beginning after December 15, 1992. SFAS No. 109 requires, among other things, the liability method of recognition for all temporary differences, requires that deferred tax liabilities and assets be adjusted for an enacted change in tax laws or rates and prohibits net-of-tax accounting and reporting. Certain provisions of SFAS No. [illegible] vide that regulated enterprises are permitted to recognize such adjustments as regulatory assets or liabilities if it is probable that s[illegible] ounts will be recovered from or returned to customers in future rates. KBLCOM has significant temporary differences related to its [illegible] 1989 acquisitions of cable television systems, the tax effect of which will have to be recognized when SFAS No. 109 is adopted. [illegible] pany will evaluate the effects of SFAS No. 109 before deciding how and when it will be adopted.

STATEMENTS OF CONSOLIDATED INCOME

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

		YEAR ENDED DECEMBER 31,		
(THOUSANDS OF DOLLARS)		1991	1990	1989
REVENUES:	Electric	$ 3,674,543	$ 3,468,682	$ 3,118,735
	Coal and lignite	544,468	510,001	520,612
	Cable television	224,728	199,893	150,433
	Total	4,443,739	4,178,576	3,789,780
EXPENSES:	Electric:			
	Fuel	960,091	987,168	994,544
	Purchased power	444,040	433,862	393,984
	Operation and maintenance	805,564	759,933	664,810
	Taxes other than income taxes	190,526	187,987	157,034
	Deferred expenses	(22,975)	(101,187)	(121,885)
	Cost of coal and lignite sold	461,444	426,030	439,612
	Cable television operating expenses	140,225	126,764	98,006
	Depreciation and amortization	435,017	407,489	380,477
	Total	3,413,932	3,228,046	3,006,582
OPERATING INCOME		1,029,807	950,530	783,198
OTHER INCOME (EXPENSE):	Allowance for other funds used during construction	5,749	3,841	18,052
	Settlement of 1982 rate case			108,045
	Deferred return under phase-in plan	38,758	35,269	
	Disallowed plant costs and regulatory adjustment	14,483	(35,573)	
	Gain on sale of oil and gas assets			48,797
	Equity on income (loss) of cable television partnerships	10,672	(214)	(4,986)
	Interest income	21,144	2,488	4,464
	Other — net	(13,515)	(13,001)	7,057
	Total	77,291	(7,190)	181,429
FIXED CHARGES:	Interest on long-term debt	429,900	435,748	420,669
	Other interest	42,970	48,872	46,205
	Allowance for borrowed funds used during construction	(10,049)	(9,465)	(37,349)
	Deferred carrying costs	(30,695)	(91,152)	(151,707)
	Preferred dividends of subsidiary	46,187	47,753	44,491
	Total	478,313	431,756	322,309
INCOME BEFORE INCOME TAXES		628,785	511,584	642,318
INCOME TAXES		211,402	172,130	228,866
NET INCOME		$ 417,383	$ 339,454	$ 413,452
EARNINGS PER COMMON SHARE		$ 3.28	$ 2.67	$ 3.32
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (000)		128,802	127,254	124,621

See Notes to Consolidated Financial Statements.

STATEMENTS OF CONSOLIDATED RETAINED EARNINGS

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

(THOUSANDS OF DOLLARS)	YEAR ENDED DECEMBER 31, 1991	 1990	 1989
Balance at Beginning of Year	$ 1,382,169	$ 1,419,248	$ 1,373,799
Add — Net Income	417,383	339,454	413,452
Total	1,799,552	1,758,702	1,787,251
Common Stock Dividends:			
$2.96 per share for all years	(381,117)	(376,533)	(368,003)
Tax Benefit of ESOP Dividends	4,981		
Redemption of HL&P Preferred Stock	(4,160)		
Balance at End of Year	$ 1,419,256	$ 1,382,169	$ 1,419,248

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

(THOUSANDS OF DOLLARS)		DECEMBER 31, 1991	1990
ASSETS			
PROPERTY, PLANT AND EQUIPMENT — AT COST:	Electric plant:		
	Production	$ 6,724,755	$ 6,595,577
	Transmission	801,049	764,5[illegible]
	Distribution	2,502,657	2,173,981
	General	690,246	660,969
	Construction work in progress	259,159	287,805
	Nuclear fuel	181,855	177,508
	Plant held for future use	2[illegible]5,719	265,755
	Electric plant acquisition adjustments	3,166	3,166
	Coal handling equipment and mining property	556,728	518,221
	Cable television property	250,751	225,164
	Other property	12,159	11,995
	Total	12,018,202	11,682,257
	Less accumulated depreciation and amortization	2,758,750	2,427,162
	Property, plant and equipment — net	9,279,452	9,255,095
CURRENT ASSETS:	Cash and cash equivalents	27,669	8,654
	Special deposits	1,417	149
	Accounts receivable:		
	Customers (less allowance for doubtful accounts of $12,585 and $10,018 at December 31, 1991 and 1990, respectively)	150,666	144,046
	Others	56,274	29,855
	Fuel stock, at lifo cost:		
	Oil and gas	25,435	26,271
	Coal and lignite	41,611	46,479
	Materials and supplies, at average cost	178,298	165,420
	Prepayments	18,304	27,561
	Total current assets	459,032	448,455
OTHER ASSETS:	Cable television franchises and intangible assets (less accumulated amortization of $107,681 and $89,725 at December 31, 1991 and 1990, respectively)	1,058,576	1,096,488
	Deferred plant costs	716,264	622,979
	Deferred debits	295,967	277,146
	Unamortized debt expense and premium on reacquired debt	94,065	95,419
	Equity investment in cable television partnership	65,025	57,484
	Recoverable project costs	59,782	75,122
	Total other assets	2,289,677	2,222,058
	Total	$12,028,811	$11,926,166

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

(THOUSANDS OF DOLLARS)		DECEMBER 31, 1991	1990
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION:	Common Stock Equity (statements on following page)	$ 3,449,348	$ 3,646,757
	Preference Stock, no par; authorized 10,000,000 shares; none outstanding		
	Cumulative Preferred Stock of Subsidiary: (statements on following page)		
	Not subject to mandatory redemption	232,980	341,519
	Subject to mandatory redemption	226,632	227,001
	Total cumulative preferred stock	459,612	568,520
	Long-Term Debt (statements on following page)	4,868,651	4,612,440
	Total capitalization	8,777,611	8,827,517
CURRENT LIABILITIES:	Notes payable	330,294	364,612
	Accounts payable	238,407	226,586
	Taxes accrued	190,725	129,855
	Interest accrued	116,826	124,759
	Accrued liabilities to municipalities	21,510	44,112
	Customer deposits	65,224	56,988
	Current portion of long-term debt	208,149	156,771
	Fuel refund, including interest	62,995	54,958
	Other	49,454	55,515
	Total current liabilities	1,283,580	1,213,952
DEFERRED CREDITS:	Accumulated deferred income taxes	1,349,956	1,258,253
	Unamortized investment tax credit	474,752	494,635
	Other	142,952	131,829
	Total deferred credits	1,967,620	1,884,717
COMMITMENTS AND CONTINGENCIES			
	Total	$12,028,811	$11,926,186

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

		DECEMBER 31,	
(THOUSANDS OF DOLLARS)		**1991**	**1990**
COMMON STOCK EQUITY:	Common stock, no par; authorized, 200,000,000 shares; outstanding, 129,315,620 and 128,171,315 shares at December 31, 1991 and 1990, respectively	$ 2,362,581	$ 2,311,961
	Note receivable from ESOP	(352,489)	(47,373)
	Retained earnings	1,439,256	1,382,169
	Total common stock equity	3,449,348	3,646,757
CUMULATIVE PREFERRED STOCK:	No par; authorized, 10,000,000 shares; outstanding, 4,632,397 and 5,732,397 shares at December 31, 1991 and 1990, respectively (entitled upon liquidation to $100 per share)		
	Houston Lighting & Power Company:		
	Not subject to mandatory redemption:		
	$4.00 series, 97,397 shares	9,740	9,740
	$6.72 series, 250,000 shares	25,115	25,115
	$7.52 series, 500,000 shares	50,226	50,226
	$9.52 series, 400,000 shares		39,372
	$9.08 series, 400,000 shares		39,395
	$8.12 series, 500,000 shares	50,098	50,098
	$9.04 series, 300,000 shares		29,572
	"A" series, 500,000 shares	48,810	48,810
	"B" series, 500,000 shares	48,991	48,991
	Total	232,980	341,319
	Subject to mandatory redemption:		
	$8.50 series, 1,000,000 shares	98,993	99,362
	$9.375 series, 1,285,050 shares	127,659	127,659
	Total	226,652	227,001
	Total cumulative preferred stock	459,632	568,320
LONG-TERM DEBT:	Debentures:		
	9 5/8% series, due 1996		200,000
	9 3/8% series, due 2001	250,000	
	7 1/4% series, due 1996	200,000	
	Unamortized discount	(1,003)	(482)
	Total debentures	448,997	199,518

CONSOLIDATED STATEMENTS OF CAPITALIZATION (CONTINUED)

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

(THOUSANDS OF DOLLARS)	DECEMBER 31, 1991	1990
Houston Lighting & Power Company		
First mortgage bonds:		
9 5/8% series, due 1991		$ 152,000
4 1/2% series, due 1992	$ 25,000	25,000
9 5/8% series, due 1992	152,000	152,000
9 5/8% series, due 1993	136,000	136,000
5 1/4% series, due 1996	40,000	40,000
5 1/4% series, due 1997	40,000	40,000
6 3/4% series, due 1997	35,000	35,000
6 3/4% series, due 1998	35,000	35,000
7 1/2% series, due 1999	50,000	50,000
7 1/4% series, due 2001	50,000	50,000
7 1/2% series, due 2001	50,000	50,000
8 1/8% series, due 2004	100,000	100,000
10 1/8% series, due 2004		35,407
8 3/4% series, due 2005	125,000	125,000
8 3/8% series, due 2006	125,000	125,000
8 5/8% series, due 2007	125,000	125,000
8 7/8% series, due 2008	125,000	125,000
9 1/4% series, due 2008	100,000	100,000
9 % series, due 2017	390,519	390,519
10 1/4% series, due 2019	225,000	225,000
9.15 % series, due 2021	160,000	
7 % pollution control series, due 2008	19,200	19,200
7 3/4% pollution control series, due 2015	68,700	68,700
8 1/4% pollution control series, due 2015	90,000	90,000
7 7/8% pollution control series, due 2016	68,000	68,000
7 7/8% pollution control series, due 2018	50,000	50,000
8 1/4% pollution control series, due 2019	100,000	100,000
8.10 % pollution control series, due 2019	100,000	100,000
7 7/8% pollution control series, due 2019	29,685	29,685
7.60 % pollution control series, due 2019	70,315	70,315
7.70 % pollution control series, due 2019	75,000	75,000
7 1/8% pollution control series, due 2019	100,000	100,000
7.20 % pollution control series, due 2019	175,000	175,000
7 5/8% pollution control series, due 2019	100,000	100,000
Medium-term notes series A, 9.79%-9.85%, due 1994-1999	200,000	200,000
Medium-term notes series B, 8 5/8%, due 1996	100,000	
Total first mortgage bonds	3,594,419	3,501,826

(continued on next page)

(THOUSANDS OF DOLLARS)	DECEMBER 31, 1991	 1990
Pollution control revenue bonds:		
Gulf Coast 1980-T series, floating rate, due 1998	$ 5,000	$ 5,000
Brazos River 1985 series, 10 1/2%, due 2005	25,000	25,000
Gulf Coast 1974 series, 7 3/8%, due 2004	17,300	17,650
Brazos River 1985 A2 series, 9 3/4%, due 2005	10,000	10,000
Gulf Coast 1982 series, 9 7/8%, due 2012	12,100	12,100
Brazos River 1982 series, 9 7/8%, due 2012	42,800	42,800
Brazos River 1985 series, 10 5/8%, due 2015	75,000	75,000
Brazos River 1985 A1 series, 9 7/8%, due 2015	100,000	100,000
Matagorda County 1985 series, 10%, due 2015	115,000	115,000
Funds on deposit with Trustee		(5,012)
Total pollution control revenue bonds	402,200	397,538
Unamortized premium or (discount) — net	(11,826)	(11,899)
Capitalized lease obligations	3,190	2,598
Notes payable	3,187	3,848
Total	3,791,170	3,695,711

CONSOLIDATED STATEMENTS OF CAPITALIZATION (CONTINUED)

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

(THOUSANDS OF DOLLARS)	DECEMBER 31, 1991	1990
KBLCOM Incorporated and Subsidiaries:		
KBL Cable, Inc. senior bank debt	$ 420,000	$ 460,000
KBLCOM Incorporated senior bank debt	167,349	143,845
KBL Cable, Inc. senior notes	100,000	100,000
KBL Cable, Inc. senior subordinated notes	125,000	125,000
Capitalized lease obligations	854	970
Total	813,203	829,815
Utility Fuels, Inc.:		
Other notes payable	6,352	6,092
Capitalized lease obligations, average discount rate 6.4%	17,098	20,075
Total	23,450	26,167
Total	5,076,800	4,749,211
Less current maturities	208,149	136,771
Total long-term debt	4,868,651	4,612,440
Total capitalization	$ 8,777,611	$ 8,827,517

See Notes to Consolidated Financial Statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

(THOUSANDS OF DOLLARS)		YEAR ENDED DECEMBER 31, 1991	 1990	 1989
CASH FLOWS FROM OPERATING ACTIVITIES:	Net Income	$ 417,383	$ 339,454	$ 413,432
	Adjustments to reconcile net income to net cash provided by operating activities:			
	Depreciation and amortization	435,017	407,489	380,477
	Amortization of nuclear fuel	23,145	19,951	12,396
	Deferred income taxes	91,683	134,118	158,790
	Investment tax credits	(19,903)	(25,130)	(33,921)
	Allowance for other funds used during construction	(5,749)	(3,841)	(18,052)
	Deferred plant costs	(53,668)	(192,339)	(273,592)
	Payment of disputed income taxes and related interest		(104,534)	
	Deferred return under phase-in plan	(38,758)	(35,269)	
	Disallowed plant costs and regulatory adjustment	(14,483)	33,553	
	Disallowed expenses	13,124	20,950	
	Bonded rate revenue		(2,382)	127,297
	Settlement of 1982 rate case			(108,045)
	Fuel cost (refund) and over recovery — net	(7,061)	46,424	17,568
	Equity in (income) loss of cable television partnerships	(10,672)	214	4,986
	Gain on sale of oil and gas assets			(48,797)
	Changes in other assets and liabilities:			
	Accounts receivable — net	6,959	23,770	(27,330)
	Inventory	(7,182)	(20,037)	(16,288)
	Other current assets	7,989	(3,770)	(555)
	Accounts payable	11,821	(27,572)	(12,152)
	Interest and taxes accrued	52,937	(8,114)	93,995
	Other current liabilities	(40,225)	8,554	20,438
	Other — net	7,408	40,318	(12,965)
	Total adjustments	452,382	312,353	264,250
	Net cash provided by operating activities	869,765	651,807	677,682
CASH FLOWS FROM INVESTING ACTIVITIES:	Electric and coal handling capital expenditures (including allowance for borrowed funds used during construction)	(385,569)	(367,920)	(416,705)
	Cable television additions	(26,624)	(31,186)	(1,339,680)
	Proceeds from sale of oil and gas properties			261,488
	Other — net	(8,153)	8,417	(16,073)
	Net cash used in investing activities	(420,346)	(390,689)	(1,510,970)

STATEMENTS OF CONSOLIDATED CASH FLOWS (CONTINUED)

Increase (Decrease) in Cash and Cash Equivalents

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

		YEAR ENDED DECEMBER 31,		
(THOUSANDS OF DOLLARS)		1991	1990	1989
CASH FLOWS FROM FINANCING ACTIVITIES:	Proceeds from common stock	$ 50,620	$ 55,674	$ 222,667
	Increase in note receivable from ESOP	(285,116)	(47,575)	
	Proceeds from preferred stock			127,731
	Proceeds from first mortgage bonds	258,141		517,514
	Proceeds from senior bank debt	25,504	29,148	611,186
	Proceeds from senior and subordinated notes			222,157
	Proceeds from debentures	448,935		
	Reacquisition of debentures	(205,220)		
	Payment of matured first mortgage bonds	(152,000)		(55,000)
	Payment of senior bank debt	(40,000)	(40,000)	
	Payment of dividends	(581,117)	(576,555)	(568,005)
	Redemption of preferred stock	(112,500)		
	Increase (decrease) in notes payable	(54,518)	128,229	(399,627)
	Extinguishment of long-term debt	(55,757)	(909)	(52,662)
	Other — net	14,424	(1,997)	(15,728)
	Net cash provided by (used in) financing activities	(430,404)	(255,761)	812,255
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		19,015	7,357	(21,053)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,654	1,297	22,350
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 27,669	$ 8,654	$ 1,297
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	Noncash Financing Transactions:			
	Redemption of pollution control revenue bonds with proceeds of collateralized revenue refunding bonds			$ 469,200
	Cash Payments:			
	Interest (net of amounts capitalized or deferred)	$ 595,822	$ 584,195	$ 247,007
	Income taxes	85,202	141,515	58,639

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE YEARS ENDED DECEMBER 31, 1991

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *System of Accounts.* The accounting records of Houston Lighting & Power Company (HL&P), the principal subsidiary of Houston Industries Incorporated (Company), are maintained in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts as adopted by the Public Utility Commission of Texas (Utility Commission).

(b) *Principles of Consolidation.* The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, HL&P, KBLCOM Incorporated (KBLCOM), Utility Fuels, Inc. (Utility Fuels), Houston Industries Finance, Inc. (Houston Industries Finance), Development Ventures, Inc. and Primary Fuels, Inc. (Primary Fuels).

Coal and lignite sales and related cost of coal and lignite sold generally represent intercompany sales to HL&P and are not eliminated because of the distinction for regulatory purposes between utility and non-utility operations. For this same reason, the purchases of accounts receivable from HL&P by Houston Industries Finance also are not eliminated. All other significant intercompany transactions and balances are eliminated in consolidation.

Investments in affiliates in which the Company has a 20% to 50% interest are recorded using the equity method of accounting.

(c) *Electric Plant.* Additions to electric plant, betterments to existing property and replacements of units of property are capitalized at cost. Cost includes the original cost of contracted services, direct labor and material, indirect charges for engineering supervision and similar overhead items and an Allowance for Funds Used During Construction (AFUDC). Customer advances for construction reduce additions to electric plant.

HL&P computes depreciation using the straight-line method. The depreciation provision as a percentage of the depreciable cost of plant was 3.1% for 1991, 3.2% for 1990 and 3.3% for 1989.

(d) *Cable Television Property.* The Company records additions to property at cost which includes amounts for material, labor, overhead and interest. Depreciation is computed by the straight-line method. The depreciation provision as a percentage of the depreciable cost of property was 11.4% and 12.3% for 1991 and 1990, respectively, and 10.4% for ten months in 1989. Expenditures for maintenance and repairs are expensed as incurred.

(e) *Cable Television Franchises and Intangible Assets.* The Company has recorded the acquisition cost in excess of the fair market value of the tangible assets and liabilities of RCA Cablesystems Holding Co. (Cablesystems) in cable television franchises and intangible assets. Such amount is being amortized over periods ranging from 8-40 years on a straight-line basis.

(f) *Oil and Gas Property.* The Company followed the successful efforts method of accounting for costs incurred in the exploration and development of oil and gas reserves.

See Note 18 regarding the sale of all of the Company's oil and gas assets.

(g) *Allowance for Funds Used During Construction.* HL&P accrues AFUDC on construction projects and nuclear fuel payments, except for amounts included in the rate base by regulatory authorities. The accrual rates were 8.75% in 1991, 9.25% in 1990 and 10% in 1989. A net-of-tax accrual rate of 7.6% was utilized in 1989 for certain transition property, principally the South Texas Project Electric Generating Station (South Texas Project).

(h) *Revenues.* Electric revenues are recognized from the sale of electricity as bills are rendered to customers. The Utility Commission provides for the recovery of fuel and the energy portion of purchased power costs through an energy component of base electric rates.

Coal and lignite revenues are recognized as fuel is consumed.

Cable television revenues are recognized as the services are provided to subscribers, and advertising revenues are recorded when earned.

(i) *Income Taxes.* The Company follows a policy of comprehensive interperiod income tax allocation. Investment tax credits are deferred and amortized over the estimated lives of the related property.

(j) *Earnings Per Common Share.* Earnings per common share is computed by dividing net income, increased by approximately $4,981,000 for the year ended December 31, 1991, relating to the tax benefit with respect to common dividends paid to the Employee Stock Ownership Plan (ESOP), by the weighted average number of shares outstanding during the respective periods. Under current tax laws, the Company may realize tax savings by deducting for tax purposes dividends on the Company's common stock that are used to pay debt service on the ESOP loans.

(k) *Statements of Consolidated Cash Flows.* For purposes of reporting cash flows, cash equivalents are considered to be short-term, highly liquid investments readily convertible to cash.

2. COMMON STOCK

Common stock issued during 1991, 1990 and 1989 amounted to 1,542,505 shares, 1,661,580 shares and 7,998,769 shares, respectively.

In October 1990, the Company amended its existing Savings Plan (Plan) to add an ESOP component to the plan. The ESOP component of the Plan allows the Company to satisfy a portion of its obligations to make matching contributions under the Plan. The ESOP trustee purchased shares of the Company's common stock in open market transactions with funds provided by loans from the Company and completed the purchase of stock under the ESOP in December 1991, after purchasing 9,581,092 shares at a cost of $350 million. At December 31, 1991, the balance of the ESOP loans was approximately $352 million. The loans from the

Company to the ESOP are shown on the Company's Consolidated Balance Sheets as a reduction in common stock equity. The loans will be repaid over a period of up to 20 years from dividends on the common stock in, and Company contributions to, the Plan. The loans to the Plan were funded initially by the Company from short-term borrowings which have been partially refinanced with long-term debt. The balance of such short-term borrowings is also expected to be refinanced with long-term debt. Interest expense on Company borrowings to fund loans to the ESOP has been reduced by interest income on the loans to the ESOP.

In July 1990, the Company adopted a Shareholders Rights Plan and declared a dividend of one right for each outstanding share of the Company's common stock. The rights, which under certain circumstances entitle their holders to purchase one one-hundredth of a share of Series A Preference Stock for an exercise price of $85, will expire on July 11, 2000. The rights will become exercisable only if a person or entity acquires 20% or more of the Company's outstanding common stock or if a person or entity commences a tender offer or exchange offer for 20% or more of the outstanding common stock.

The rights entitle the holder to purchase shares of the Company's common stock having a current market price (as defined in the Plan) equal to twice the exercise price of the right, except pursuant to an offer for all outstanding shares of common stock which a majority of the independent directors of the Company determines to be at a price which is in the best interests of the Company and its shareholders (Permitted Offer).

In the event that the Company is a party to a merger or other business combination (other than a merger that follows a Permitted Offer), rights holders will be entitled to purchase common stock of the acquiring company having a current market price (as defined in the Plan) equal to twice the exercise price of the right. The rights are redeemable by the Company for $.01 per right at any time prior to the date the rights become exercisable.

3. PREFERRED STOCK

HL&P's preferred stock may be redeemed at the following per share prices, plus any unpaid accrued dividends to the date of redemption:

SERIES	REDEMPTION PRICE PER SHARE		
	CURRENT	FUTURE RANGE	
		FROM	TO
NOT SUBJECT TO MANDATORY REDEMPTION:			
$4.00	$ 105.00	$ 105.00	$ 105.00
$6.72	102.51	102.51	102.51
$7.52	102.55	102.55	102.55
$8.12	104.25	104.25	102.25
Adjustable rate "A" (a)	103.00	103.00	[illegible]
Adjustable rate "B" (a)	103.00	103.00	100.00
SUBJECT TO MANDATORY REDEMPTION:			
$8.50 (b)	108.50	104.25	100.00
$9.375 (c)	—	106.30	100.00

(a) Adjustable rate series "A" and "B" bear dividend rates for the period commencing January 1, 1992 of 6.50% and 6.25% per annum, respectively. The rates on both series are adjusted quarterly based on the yield of U. S. Treasury securities.

(b) HL&P is required to redeem 200,000 shares of this series annually beginning June 1, 1993. This series may not be redeemed, directly or indirectly, prior to June 1, 1992 from the proceeds of any refunding through the incurrence of debt or through the issuance of preferred stock ranking equally with or prior to the $8.50 series as to dividends or liquidation, where such debt has an effective interest cost, or such preferred stock has an effective dividend cost, of less than 8.50% per annum.

(c) HL&P is required to redeem 257,000 shares annually beginning April 1, 1995. This series is redeemable at $100 per share after April 1, 1997.

4. LONG-TERM DEBT

At December 31, 1991, sinking or improvement fund requirements of HL&P's first mortgage bonds outstanding will be approximately $71 million for each of the years 1992 through 1996. Of such requirements, approximately $55 million for each of the years 1992 through 1996 may be satisfied by certification of property additions at 100% of the requirements, and the remainder through certification of such property additions at 166 2/3% of the requirements. Sinking or improvement fund requirements for 1991 and prior years have been satisfied by certification of property additions.

HL&P has agreed to expend an amount each year for replacements and improvements in respect of its depreciable mortgaged utility property equal to $1,450,000 plus [illegible] 1/2% of net additions to such mortgaged property made after March 31, 19[illegible]8 and before July 1 of the preceding year. Such requirement may be met with cash, first mortgage bonds, gross property additions or expenditures for repairs or replacements, or by taking credit for property additions at [illegible]0% of the requirements. At the option of HL&P, but only with respect to first mortgage bonds of a series subject to special redemption, deposited cash may be used to redeem first mortgage bonds of such series at the applicable special redemption price.

The amount of HL&P's first mortgage bonds is unlimited as to issuance, but limited by property, earnings, and other provisions of the Mortgage and Deed of Trust and the supplemental indentures thereto. Substantially all properties of HL&P are subject to liens securing HL&P's long-term debt.

A portion of the funds for the acquisition of Cablesystems was obtained by KBL Cable, Inc. (KBL Cable) and its corporate parent KBLCOM under the terms of several financing agreements:

(a) *KBL Cable Senior Bank Credit Facility.* KBL Cable is a party to a $540 million revolving credit and letter of credit facility agreement with mandatory commitment reductions (which may require principal payments) beginning in 1992. The final maturity for loans under this facility is 1999. Loans have generally borne interest at an interest rate of LIBOR plus an "applicable margin." The margin was 1% at December 31, 1991. The bank credit agreement also contains certain restrictions, including restrictions on dividends, sales of assets and limitations on total indebtedness. The amount of notes outstanding at December 31, 1991 and 1990 was $420 million and $460 million, respectively. Based on annualized cash flow for the fourth quarter of 1991 and more restrictive covenants that become effective in the first quarter of 1992, the amount of additional borrowings under the agreement would have been limited.

In October 1989, KBL Cable entered into interest rate swap agreements with four banks which effectively fixed the rates on $375 million of debt under the KBL Cable senior bank credit facility at approximately 9% plus the applicable margin. As of December 31, 1991 and 1990, the interest rates on such debt were approximately 10% and 10.25%, respectively. An interest rate swap in the amount of $100 million terminated in October 1991. The remaining interest rate swaps terminate in 1992, 1994 and 1996. The differential to be paid or received under the interest rate swap agreements is accrued as interest rates change and is recognized over the life of the agreement. KBL Cable is exposed to risk of nonperformance by the other parties to the interest rate swap agreements. However, KBL Cable does not anticipate nonperformance by the parties.

(b) *KBLCOM Senior Bank Facility.* KBLCOM has entered into a $300 million letter of credit and term loan facility under which $100 million was borrowed upon the closing of the acquisition. This $100 million Tranche A borrowing matures in 1996.

The purpose of the remaining $200 million under the facility was to provide bank letters of credit (1) to support KBL Cable's debt service obligations on its senior subordinated notes up to $152.7 million (Exclusive Letters of Credit) and (2) to provide funds to KBLCOM and KBL Cable for certain specified purposes, including reimbursement of KBL Cable's capital expenditures (Non-Exclusive Letters of Credit). Drawings under these Letters of Credit (Tranche B borrowings) totaled approximately $87.5 million and $45.8 million as of December 31, 1991 and 1990, respectively, all of which related to the Non-Exclusive Letters of Credit, resulting in no remaining capacity on the Non-Exclusive Letters of Credit at December 31, 1991. There have been no draws on the Exclusive Letters of Credit, resulting in remaining capacity of $152.7 million at December 31, 1991. Tranche B borrowings must be repaid over five years beginning in 1993. The interest rate on the Tranche B borrowings is LIBOR plus a margin that increases in several steps from the current .75% to 1.25% in 1996. Borrowings under the KBLCOM bank facility are recourse to the Company.

(c) *KBL Cable Notes.* KBL Cable has outstanding $100 million of 10.95% senior notes and $125 million of 13.50% senior subordinated notes. Both series mature in 1999 with principal payments beginning in 1992. The agreement under which the notes were issued contains restrictions and covenants similar to those contained in the KBL Cable senior bank facility.

Commitment fees are required on the unused capacity of the KBL Cable and KBLCOM bank credit facilities.

Consolidated annual maturities of long-term debt and minimum capital lease payments for the Company are approximately $208 million in 1992, $149 million in 1993, $58 million in 1994, $75 million in 1995 and $574 million in 1996.

5. SHORT-TERM FINANCING

The interim financing requirements of the Company's operating subsidiaries are met through short-term bank loans, the issuance of commercial paper and short-term advances from the Company. The Company and its subsidiaries had bank lines of credit aggregating $950 million at December 31, 1991 and $1.1 billion at December 31, 1990, under which borrowings are classified as short-term indebtedness. Such bank lines limit the Company's total short-term borrowings and provide for interest at rates generally less than the prime rate. Commercial paper outstanding was $550 million at December 31, 1991. Outstanding bank loans and commercial paper aggregated $565 million at December 31, 1990. Commitment fees are required on the undrawn portion of the bank lines of credit. For a description of bank credit facilities of KBLCOM and KBL Cable (borrowings under which are classified as long-term debt), see Note 4.

6. RETIREMENT PLANS

The Company has noncontributory retirement plans covering substantially all employees. The plans provide retirement benefits based on years of service and compensation. The Company's funding policy is to contribute amounts annually in accordance with applicable regulations in order to achieve adequate funding of projected benefit obligations. The assets of the plans consist principally of common stocks and high quality, interest-bearing obligations.

Net pension cost includes the following components:

	YEAR ENDED DECEMBER 31,		
THOUSANDS OF DOLLARS	**1991**	**1990**	**1989**
Service cost — benefits earned during the period	$ 22,130	$ 21,146	$14,221
Interest cost on projected benefit obligation	38,564	35,091	28,653
Actual return on plan assets	(61,582)	(8,553)	(30,097)
Net amortization and deferrals	30,415	(21,938)	3,502
Net pension cost	$ 29,527	$ 25,746	$16,279

The funded status of the retirement plans was as follows:

	DECEMBER 31,	
THOUSANDS OF DOLLARS	1991	1990
Actuarial present value of:		
Vested benefit obligation	$ 278,990	$ 225,465
Accumulated benefit obligation	$ 310,556	$ 265,990
Plan assets at market value	$ 399,400	$ 339,577
Projected benefit obligation	522,962	437,066
Assets less than projected benefit obligation	(123,562)	(97,489)
Unrecognized transitional asset	(21,098)	(22,950)
Unrecognized prior service cost	14,390	15,719
Unrecognized net loss	86,426	77,747
Accrued pension cost	$ (43,844)	$ (26,973)

The projected benefit obligation was determined using an assumed discount rate of 8.5% in 1991 and 9% in 1990. A long-term rate of compensation increase ranging from 6.9% to 9.0% was assumed in 1991 and 1990. The assumed long-term rate of return on plan assets was 9.5% in 1991 and 1990. The transitional asset at January 1, 1986, is being recognized over approximately 17 years, and the prior service cost is being recognized over approximately 15 years.

In December 1990, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This accounting standard, effective for fiscal years beginning after December 15, 1992, requires companies to recognize the liability for postretirement benefit plans other than pensions, primarily medical and dental benefits. The Company currently anticipates adoption in 1993. With no changes in plan designs and recognition of the transition obligation (the liability existing as of the date of adoption) over 20 years, rather than immediate recognition (which treatment is permitted for the Company), the Company estimates that adoption will increase pre-tax benefit expense by approximately $30 million over the current "pay-as-you-go" amount in 1993 with a related transition obligation or accumulated postretirement benefit obligation of approximately $200 million. The Utility Commission has not yet determined the appropriate regulatory treatment for recognition of such costs. The above estimates do not include the impact, if any, of the early retirement plan or involuntary severance under the Company's Success Through Excellence in Performance (STEP) program. See also Note 19.

7. COMMITMENTS AND CONTINGENCIES

(a) *HL&P Commitments.* HL&P has various commitments for capital expenditures, fuel, purchased power, cooling water and operating leases. Commitments in connection with HL&P's capital program are generally revocable by HL&P subject to reimbursement to manufacturers for expenditures incurred or other cancellation penalties. HL&P's other commitments have various quantity requirements and durations. However, if these requirements could not be met, various alternatives are available to mitigate the cost associated with the contracts' commitments.

HL&P's capital program (exclusive of AFUDC and nuclear fuel) is presently estimated to cost $376 million in 1992, $400 million in 1993 and $505 million in 1994. These amounts do not include expenditures on projects for which HL&P expects to be reimbursed by customers or other parties. During the 1992-1994 period, HL&P expects to spend $42 million for uranium concentrate and nuclear fuel processing services for HL&P's portion of the South Texas Project.

HL&P has entered into several long-term coal, lignite and natural gas contracts which have various quantity requirements and durations. Minimum obligations for coal and transportation agreements for 1992 and 1993 are approximately $166 million annually and approximately $164 million in 1994. In addition, it is expected that approximately $9 million will be spent annually during the 1992-1994 period to keep lignite leases and other agreements in effect. The coal and lignite contracts include provisions permitting HL&P to defer delivery at HL&P's discretion and force majeure provisions. HL&P has entered into several gas purchase agreements containing contract terms in excess of one year which provide for specified purchase and delivery obligations based upon HL&P's purchase nominations to its suppliers. Collectively, these contracts could amount to 49% of HL&P's annual natural gas requirements. The Utility Commission's rules provide for recovery of the coal, lignite and natural gas costs described above as a reconcilable component of HL&P's electric rates. Nuclear fuel costs are also a reconcilable component of HL&P's electric rates based on the cost of nuclear fuel consumed in the reactor.

HL&P has commitments to purchase firm capacity from cogenerators of approximately $200 million annually in 1992 and 1993 and approximately $144 million in 1994. The Utility Commission's rules allow recovery of these costs through HL&P's base rates for electric service and additionally authorize HL&P to charge or credit customers for any variation in actual purchased power cost from the cost utilized to determine its base rates. In the event that the Utility Commission, at some future date, does not allow recovery through rates of any amount of purchased power payments, the three principal firm capacity contracts contain provisions allowing HL&P to suspend or reduce payments and seek repayment for amounts disallowed.

HL&P's service area is heavily dependent on oil, gas, refined products, petrochemicals and related business. Significant adverse events affecting these industries would negatively impact the revenues of the Company and HL&P.

(b) *KBLCOM Commitments and Obligations Under Cable Franchise Agreements.* KBL Cable's capital requirements are estimated to be $57 million in 1992, $30 million in 1993 and $46 million in 1994. KBL Cable and its subsidiaries presently have certain cable franchises containing provisions for construction of cable plant and service to customers within the franchise area. In connection with certain obligations under existing franchise agreements, KBL Cable and its subsidiaries obtain surety bonds and letters of credit guaranteeing performance to municipalities and public utilities. Payment is required only in the event of non-performance. KBL Cable and its subsidiaries have fulfilled all of their obligations such that no payments have been required.

(c) *Equipment Expenditures - Utility Fuels.* Utility Fuels' expenditures for coal handling facilities and lignite mining and handling facilities are estimated to be $19 million in 1992, $23 million in 1993 and $23 million in 1994.

8. JOINTLY-OWNED NUCLEAR PLANT

(a) *HL&P Investment.* HL&P is project manager and one of four co-owners in the South Texas Project, which consists of two 1,250 megawatt (MW) nuclear generating units. Each co-owner funds its own share of capital and operating costs associated with the plant, with HL&P's interest in the project being 30.8%. HL&P's share of the operation and maintenance expenses is included in the corresponding operating expense amounts on the Company's Statements of Consolidated Income. As of December 31, 1991, HL&P's investments (net of accumulated depreciation and amortization) in the South Texas Project and in nuclear fuel, including AFUDC, were $2.3 billion and $121 million, respectively.

(b) *City of Austin Litigation.* In July 1989, judgment was entered in favor of HL&P and the Company in a 1983 suit filed in state district court by the City of Austin (Austin), one of the four co-owners in the South Texas Project. Austin alleged that it was fraudulently induced to participate in the South Texas Project and that HL&P failed to perform properly its duties as project manager. Although the amount of alleged damages varied, at trial Austin claimed actual damages of at least $419 million, with all or some portion alleged to be subject to trebling under the Texas Deceptive Trade Practices - Consumer Protection Act. Austin has appealed the judgment to the Court of Appeals for the 5th Supreme Judicial District in Dallas, and the parties are awaiting a ruling from that court.

During the course of the Austin litigation, the City of San Antonio (San Antonio) and Central Power and Light Company (CPL), the other two co-owners in the South Texas Project, asserted claims for unspecified damages against HL&P as project manager of the South Texas Project, alleging HL&P breached its duties and obligations. San Antonio and CPL have requested arbitration of their claims under the Participation Agreement among the owners of the South Texas Project. This matter has been severed from the Austin litigation and is pending before the 101st District Court in Dallas County, Texas.

The District Court has ruled that the demand for arbitration is valid and enforceable under the Participation Agreement, and directed arbitration before a panel composed of persons appointed by each of the four co-owners and a fifth member chosen by the four appointees. After Texas appellate courts refused to review the District Court's rulings, in January 1992 HL&P sought review by certiorari in the United States Supreme Court, which has not yet ruled. Meanwhile, arbitrators have been appointed by the co-owners in connection with the District Court's ruling.

HL&P and the Company continue to regard Austin's claims and those asserted by San Antonio and CPL to be without merit. From time to time, HL&P and other parties to these proceedings have held discussions with a view toward settling their differences on these matters. HL&P is currently holding settlement discussions with CPL. No settlements have been achieved, and no prediction can be made as to whether any settlements can be achieved. While HL&P and the Company cannot give definitive assurance regarding the ultimate resolution of these matters, they presently do not believe such resolution will have a material adverse impact on HL&P's or the Company's financial position.

(c) *Nuclear Insurance.* HL&P and the other owners of the South Texas Project maintain nuclear property and nuclear liability insurance coverages as required by law and periodically review available limits and coverage for additional protection. The owners of the South Texas Project currently maintain $500 million primary property damage insurance and $700 million of excess insurance from American Nuclear Insurers. Additionally, the owners of the South Texas Project carry $1.250 billion of excess property insurance coverage through participation in the Nuclear Electric Insurance Limited (NEIL) II program. Under NEIL II, HL&P and the other owners of the South Texas Project are subject to a maximum assessment of approximately $7.6 million in any one policy year. The aforementioned property coverage represents the maximum amounts currently available through the insurance industry on December 31, 1991. The application of the proceeds of such property insurance is subject to the priorities established by the United States Nuclear Regulatory Commission (NRC) regulations relating to the safety of licensed reactors and decontamination operations.

Pursuant to the Price-Anderson Act (Act), public liability for owners of nuclear power plants, such as the South Texas Project, is limited to approximately $7.8 billion. Owners are required under the Act to insure their liability for nuclear incidents and protective evacuations by maintaining the maximum amount of financial protection available from private sources and by maintaining secondary financial protection through an industry retrospective rating plan. This plan provides for assessment of deferred premiums for each nuclear incident up to $63 million per reactor subject to indexing for inflation and a possible 5% surcharge (but no more than $10 million per reactor per incident in any one year). HL&P and the other owners of the South Texas Project currently maintain the required nuclear liability insurance and participate in the industry retrospective rating plan.

HL&P and the other owners of the South Texas Project also maintain a "Master Workers" nuclear liability insurance policy to cover claims by non-company employees alleging injury resulting from radiation exposure.

There can be no assurance that all potential losses or liabilities will be insurable, or that the amount of insurance will be sufficient to cover them. Any substantial losses not covered by insurance would have a material effect on HL&P's and the Company's financial condition. As of December 31, 1991, HL&P had not paid any assessments under the "Master Workers" plan or the Act.

(d) *Nuclear Decommissioning.* HL&P and the other co-owners of the South Texas Project are required by the NRC to meet minimum decommissioning funding requirements to pay the costs of decommissioning the South Texas Project. Pursuant to the terms of the order of the Utility Commission in Docket No. 9850, HL&P is currently funding decommissioning costs for the South Texas Project with an independent trustee at an annual amount of $6 million.

As of December 31, 1991, the trustee held approximately $5.5 million for decommissioning, which is reflected in the

Company's Consolidated Balance Sheet as deferred debits and deferred credits, respectively. This funding level is estimated to provide approximately $156 million in 1989 dollars, an amount which exceeds the NRC minimum. There is, however, no assurance that the amounts held in trust will be adequate to cover the decommissioning costs.

9. SOUTH TEXAS PROJECT PRUDENCE REVIEW

In June 1990, the Utility Commission issued the final order in Docket No. 6668, the Utility Commission's inquiry into the prudence of the planning, management and construction of the South Texas Project. The Utility Commission's findings and order in Docket No. 6668 were incorporated in Docket No. 8425, HL&P's 1988 general rate case. See also Note 10(a). Pursuant to the findings in Docket No. 6668, the Utility Commission found imprudent $375.5 million out of HL&P's $2.8 billion investment in the two units of the South Texas Project.

The Utility Commission's findings did not reflect $207 million in benefits received in a settlement of litigation with the former architect-engineer of the South Texas Project or the effects of federal income taxes, investment tax credits or certain deferrals. In addition, accounting standards require that the equity portion of AFUDC accrued for regulatory purposes under deferred accounting orders be utilized to determine the cost disallowance for financial reporting purposes. After taking all of these items into account, HL&P recorded an after-tax charge of $15 million in 1990 and continued to reduce such loss with the equity portion of deferrals in 1991 related to Unit No. 2 of the South Texas Project. The findings in Docket No. 6668 are expected to represent the Utility Commission's final determination regarding the prudence of expenditures associated with the planning and construction of the South Texas Project. Unless the order is modified or reversed on appeal, the Company will be precluded from recovering in rate proceedings the amount found imprudent by the Utility Commission.

Although numerous parties, including HL&P, appealed the Utility Commission's decision in Docket No. 6668, a District Court dismissed all such appeals for lack of jurisdiction in May 1991. Several parties, including HL&P, the City of Houston and the Office of Public Utility Counsel (OPUC), have appealed the order dismissing the appeals in Docket No. 6668 to the Court of Appeals for the 3rd Supreme Judicial District in Austin. In addition, a separate appeal of the Utility Commission's order in Docket No. 8425 (see also Note 10(a)) in which the findings of the order in Docket No. 6668 began to be reflected in rates, is pending, and a separate appeal of the order in Docket No. 9850 has been filed, which also reflected in rates the findings of the order in Docket No. 6668. The dismissal of the appeals in Docket No. 6668 does not affect the appeal of Docket Nos. 8425 or 9850. No prediction can be made at this time concerning the ultimate outcome of the appeals of Docket No. 6668.

10. APPLICATIONS FOR RATE INCREASES

(a) *Docket No. 8425.* In June 1990, the Utility Commission granted HL&P a $227 million annual increase in base revenues, allowed a 12.92% return on common equity, authorized a qualified phase-in plan for Unit No. 1 of the South Texas Project (including approximately 72% of Unit No. 1 in rate base) and authorized HL&P to use deferred accounting for Unit No. 2 of the South Texas Project. See Note 11. Rates substantially corresponding to the increase granted were implemented by HL&P under bond in June 1989. Appeals of the order in Docket No. 8425 are pending. No prediction can be made at this time concerning the ultimate outcome of such appeal.

(b) *Docket No. 9850.* Pursuant to the qualified phase-in plan authorized in Docket No. 8425, HL&P filed applications in November 1990 for increased electric rates with the Utility Commission (Docket No. 9850) and the cities served by HL&P totaling approximately $552 million. In October 1991, the Utility Commission approved rates consistent with the settlement agreement reached in February 1991 by HL&P, the General Counsel of the Utility Commission, representatives of the City of Houston and most other parties to Docket No. 9850. The Utility Commission's action resolves HL&P's rate increase applications and includes recovery of HL&P's remaining investment in the South Texas Project through a one-step, $313 million increase in base rates which was implemented under bond effective May 16, 1991. Under the terms of the settlement, reconciliation of fuel expense was severed into a separate proceeding (Docket No. 10092), and the deferrals granted for Unit No. 2 of the South Texas Project in Docket No. 8425, as well as the qualified phase-in plan deferrals granted with respect to Unit No. 1, ceased. Recovery of the deferred plant costs is included in the $313 million settlement. See also Note 11. HL&P estimates that the settlement will increase its annual revenues on a system-wide basis by 9%. In the settlement, HL&P also agreed not to request any additional increases in base rates that would be implemented prior to May 1, 1993. The settlement provides a 12.55% return on common equity for HL&P. The OPUC has appealed the Utility Commission order to a District Court of Travis County, Texas, where the matter is pending. No prediction can be made at this time concerning the ultimate outcome of this appeal.

(c) *Docket No. 10092.* In February 1992, the Utility Commission issued an order reconciling $1.6 billion of fuel costs for the period March 1, 1988 to March 31, 1990. The Utility Commission's order disallowed recovery of $6.9 million of fuel costs relating to heat rates at HL&P's coal units and alleged imprudent outages at the South Texas Project. After including interest on the disallowed fuel costs, HL&P has recorded an after-tax charge of $7.5 million in 1991.

(d) *Docket Nos. 6765, 6766 and 5779.* In a judgment dated December 13, 1991, a District Court of Travis County, Texas ruled on a long-dormant appeal from a final order of the Utility Commission in HL&P's 1986 general rate case, Docket Nos. 6765 and 6766. In its November 1986 final order, the Utility Commission granted HL&P a general rate increase which included in rate base approximately $678 million of Construction Work In Progress (CWIP) and authorized a rate of return on rate base of 11.57%. Pursuant to that final order, HL&P implemented rates in December 1986, which remained in effect until June 1989, when HL&P implemented rates under bond pursuant to its 1988 general rate case, Docket No. 8425.

In its judgment, the District Court stated that the Utility Commission's inclusion of CWIP in rate base did not comply with the Texas statute, which states that such inclusion "is an exceptional form of rate relief to be granted only upon the demonstration by the utility that such inclusion is necessary to the financial integrity of the utility." The Utility Commission had found that HL&P's

financial integrity required inclusion of CWIP and that the statutory requirements accordingly had been met. Testimony from HL&P, the Utility Commission staff and the City of Houston supported this finding. The District Court nevertheless accepted an argument from OPUC, the only party challenging the inclusion of CWIP, that a threshold showing of "exceptional circumstances" was not met.

Similar CWIP treatment has been granted by the Utility Commission to other utilities in other rate proceedings and to HL&P in its 1984 rate case, Docket No. 5779, which authorized HL&P to include approximately $948 million of CWIP in rate base and authorized a rate of return on rate base of 12.56%. HL&P implemented those rates in January 1985, which rates were in effect until December 1986. In February 1992, another District Court issued its judgment denying a similar appeal by OPUC and affirming the Utility Commission's final order in Docket No. 5779.

The Company and HL&P believe that the District Court's position regarding the Utility Commission's treatment of CWIP in Docket No. 6765 is without judicial precedent in Texas. The Company and HL&P also believe that such position is based on an erroneous construction of the statute and ignores the substantial evidence on which the Utility Commission's findings and conclusions were based. In February 1992, HL&P appealed the District Court's decision to the Court of Appeals for the Third District in Austin. The Company and HL&P presently believe that the Utility Commission's action ultimately will be upheld, but if it is not upheld, a remand to the Utility Commission would be required. Although it cannot be predicted what action the Utility Commission would take on remand, an unfavorable resolution of the matter could require a refund to customers of amounts collected with respect to the CWIP included in rate base, the magnitude and timing of which would depend on a number of variables which cannot be determined at this time.

11. DEFERRED PLANT COSTS

Deferred plant costs were authorized for the South Texas Project by the Utility Commission in two contexts. In the first context, or "deferred accounting," the Utility Commission orders permitted HL&P, for regulatory purposes, to continue to accrue carrying costs in the form of AFUDC (at a 10% rate) on its investment in the two units of the South Texas Project until costs of such units were reflected in rates (which was July 1990 for approximately 72% of Unit No. 1, and May 1991 for the remainder of Unit No. 1 and 100% of Unit No. 2) and to defer and capitalize depreciation, operation and maintenance, insurance and tax expenses associated with such units during the deferral period. Accounting standards do not permit the accrual of the equity portion of AFUDC for financial reporting purposes under these circumstances. However, in accordance with accounting standards, such amounts were utilized to determine the amount of plant cost disallowance for financial reporting purposes. See also Note 9.

The deferred expenses and the debt portion of the carrying costs associated with the South Texas Project are included in the Statements of Consolidated Income in deferred expenses and deferred carrying costs, respectively.

Beginning with the June 1990 order in Docket No. 8425, deferrals were permitted in a second context, a "qualified phase-in plan" for Unit No. 1 of the South Texas Project. Accounting standards require allowable costs deferred for future recovery under a qualified phase-in plan to be capitalized as a deferred charge if certain criteria are met. The qualified phase-in plan as approved by the Utility Commission meets these criteria.

During the period June 1990 through May 15, 1991, HL&P deferred depreciation and property taxes related to the 28% of its investment in Unit No. 1 of the South Texas Project not reflected in the Docket No. 8425 rates and recorded a deferred return on that investment as part of the qualified phase-in plan. Deferred return represents the financing costs (equity and debt) associated with the qualified phase-in plan. The deferred expenses and deferred return related to the qualified phase-in plan are included in the Statements of Consolidated Income in deferred expenses and deferred return under phase-in plan, respectively. Under the phase-in plan, these accumulated deferrals will be recoverable within ten years of the June 1990 order. The final order in Docket No. 8425 is on appeal by HL&P and other parties to a District Court of Travis County, Texas. See also Note 10 (a).

On May 16, 1991, HL&P implemented under bond, in Docket No. 9850, a $313 million base rate increase consistent with the terms of the settlement. Accordingly, HL&P ceased all cost deferrals related to the South Texas Project and began the recovery of such amounts. These deferrals are being amortized on a straight-line basis as allowed by the final order in Docket No. 9850. The amortization of these deferrals totaled $16.1 million for 1991 and is recorded on the Company's Statements of Consolidated Income in depreciation and amortization expense. See also Note 10(b).

The Utility Commission's orders granting deferred accounting with respect to the South Texas Project (Docket Nos. 8230 and 9010 for Unit No. 1 and Docket No. 8425 for Unit No. 2) are in various stages of judicial review. The Utility Commission's orders for Docket Nos. 8230 and 9010 have been affirmed by a District Court in Travis County, Texas, and further review is pending before the Austin Court of Appeals, which heard oral argument in October 1991. In a recent case involving another utility, the Austin Court of Appeals ruled that the Utility Commission did not have statutory authority to grant rate base treatment of deferred costs such as the treatment which the Utility Commission has authorized for HL&P. That ruling is still before the Austin Court of Appeals on a motion for rehearing and is subject to further appeal to the Texas Supreme Court. The Company and HL&P consider the ruling by the Austin Court of Appeals to have been erroneous and contrary to an earlier decision of the same court, and HL&P has vigorously argued that such ruling should not be applied to HL&P's pending appeals. At this time, no prediction can be made as to whether the ruling will be applied to the deferred amounts granted to HL&P or as to what action the Utility Commission would take if the dockets were remanded. However, an unfavorable resolution of these matters for HL&P could require a charge against earnings, the magnitude and timing of which would depend on what action the courts and the Utility Commission ultimately take.

HL&P has recorded the following deferred plant costs associated with the South Texas Project:

THOUSANDS OF DOLLARS	YEAR ENDED DECEMBER 31, 1991	BALANCE AT DECEMBER 31, 1991
DEFERRED ACCOUNTING: (a)		
Deferred expenses	$ 19,447	$ 228,114
Deferred carrying costs	30,695	422,010
Amortization	(10,402)	(10,402)
Total	39,740	639,722
QUALIFIED PHASE - IN PLAN: (b)		
Deferred expenses	3,526	8,227
Deferred return	38,758	74,027
Amortization	(5,712)	(5,712)
Total	36,572	76,542
Total Deferred Plant Costs	$ 76,312	$ 716,264

As of December 31, 1991, HL&P has recorded deferred income taxes of $210 million with respect to deferred accounting and $19 million with respect to the deferrals associated with the qualified phase-in plan.

(a) Amortized over the estimated depreciable life of the South Texas Project.

(b) Amortized over nine years.

12. MALAKOFF ELECTRIC GENERATING STATION

The scheduled in-service dates for the Malakoff Electric Generating Station (Malakoff) units have been postponed, with Unit No.1 now expected to commence commercial operation in 2005. The modified schedule resulted from the availability of other cost effective resource options. All developmental work was stopped in 1987, but HL&P will resume activity when necessary to meet the scheduled commercial operation dates.

In June 1990, HL&P purchased from its fuel supply affiliate, Utility Fuels, all of Utility Fuels' interest in the lignite reserves and lignite handling facilities for Malakoff. The purchase price was $158.2 million, which represented the net book value of Utility Fuels' investment in such reserves and facilities. As part of the June 1990 rate order (Docket No. 8425), the Utility Commission ordered that issues related to the prudence of the amount invested in the lignite reserves be considered in HL&P's next general rate case which was filed in November 1990 (Docket No. [illegible]). However, under the October 1991 Utility Commission order in Docket No. 9850, this determination was postponed to a subsequent docket.

HL&P's total investment in Malakoff through December 31, 1991 of $247 million ($93 million of which is included in rate base), including lignite reserves and handling facilities, land and AFUDC, is included on the Company's Consolidated Balance Sheets in plant held for future use. HL&P suspended the accrual of AFUDC effective December 31, 1986. For the 1992-1994 period, HL&P anticipates $28 million of expenditures relating to lignite reserves, primarily to keep lignite leases and other related agreements in effect.

13. RECOVERABLE PROJECT COSTS

The Utility Commission has allowed recovery of certain costs over a period of time by amortizing those costs for rate making purposes. However, recoverable project costs have not been included in rate base and, as a result, no return on investment is being earned during the recovery period. The amount of such assets and the remaining recovery period applicable to each are listed below:

	UNRECOVERED AMOUNT AT DECEMBER 31, 1991 THOUSANDS OF DOLLARS	REMAINING RECOVERY PERIOD AT DECEMBER 31, 1991 MONTHS
Malakoff	$ 52,088	102
Allens Creek	7,894	12

14. INCOME TAXES

The current and deferred components of income tax expense are as follows:

	YEAR ENDED DECEMBER 31,		
THOUSANDS OF DOLLARS	**1991**	**1990**	**1989**
CURRENT:			
U.S.	$ 138,195	$ 121,855	$ 92,498
Foreign			3,478
DEFERRED:			
Liberalized depreciation	91,745	102,300	111,585
Applicable to AFUDC		175	10,058
Investment tax credit - net	(19,911)	(37,979)	(34,755)
Alternative minimum tax	10,391	(35,246)	(44,064)
Excess deferred taxes	(17,532)	(12,295)	(6,547)
Deferred plant costs	22,828	85,725	94,560
IRS 1983-84 audit assessment	(2,446)	(34,916)	
Other - net	(11,868)	(17,489)	2,053
INCOME TAXES	$ 211,402	$ 172,130	$ 228,866

Effective income tax rates are lower than statutory corporate rates for each year as follows:

	YEAR ENDED DECEMBER 31,		
THOUSANDS OF DOLLARS	**1991**	**1990**	**1989**
Income before income taxes	$ 628,785	$ 511,584	$ 642,318
Preferred dividends of subsidiary	46,187	47,753	44,491
Total	674,972	559,337	686,809
Statutory rate	34 %	34 %	34 %
Income taxes at statutory rate	229,490	190,175	233,515
Reduction in taxes resulting from:			
AFUDC - other included in income	6,858	4,902	6,138
Amortization of investment tax credit	20,298	41,310	23,742
Amortization of intangible assets	(9,542)	(9,359)	(7,514)
Excess deferred taxes	17,532	12,295	6,547
Difference between book and tax depreciation for which deferred taxes have not been normalized	(18,767)	(22,072)	(15,272)
Disallowed plant costs - net	1,699	(11,873)	
Other - net	10	2,913	(8,992)
Total	18,088	18,045	4,649
Income taxes	$ 211,402	$ 172,130	$ 228,866
Effective rate	31.3 %	30.8 %	33.3 %

In February 1992, the FASB adopted SFAS No. 109 which amends SFAS No. 96, "Accounting for Income Taxes," and is effective for fiscal years beginning after December 15, 1992. SFAS No. 109 requires, among other things, the liability method of recognition for all temporary differences, requires that deferred tax liabilities and assets be adjusted for an enacted change in tax laws or rates and prohibits net-of-tax accounting and reporting. Certain provisions of SFAS No. 109 provide that regulated enterprises are permitted to recognize such adjustments as regulatory assets or liabilities if it is probable that such amounts will be recovered from or returned to customers in future rates. KBLCOM has significant temporary differences related to its 1986 and 1989 acquisitions of cable television systems, the tax effect of which will have to be recognized when SFAS No. 109 is adopted. The Company will evaluate the effects of SFAS No. 109 before deciding how and when it will be adopted.

15. SUPPLEMENTARY EXPENSE INFORMATION

Taxes, other than income taxes, were charged to expense as follows:

				YEAR ENDED DECEMBER 31,		
THOUSANDS OF DOLLARS		1991		1990		1989
ELECTRIC:						
Ad valorem	$	117,298	$	99,375	$	95,085
State gross receipts		40,876		39,001		36,283
Payroll		23,515		22,265		20,907
PUC assessment		6,001		5,715		5,252
State franchise tax (net of refunds)		2,017		21,054		(846)
Miscellaneous		819		489		575
Total		190,526		187,987		157,054
TAXES INCLUDED IN CABLE TELEVISION OPERATING EXPENSES		9,260		8,646		6,665
TAXES INCLUDED IN COST OF COAL AND LIGNITE SOLD		5,475		4,945		5,705
TAXES INCLUDED IN OTHER INCOME (EXPENSE)						648
Total	$	205,261	$	201,578	$	170,050
RESEARCH AND DEVELOPMENT COSTS CHARGED TO EXPENSE	$	15,548	$	15,392	$	15,285

16. BUSINESS SEGMENT INFORMATION

The Company operates principally in two business segments: electric utility and cable television. The electric utility business segment encompasses the operations of HL&P and Utility Fuels. HL&P provides electric service in and around Houston, while Utility Fuels supplies coal, lignite and transportation services to certain of HL&P's electric generating facilities. KBLCOM and its subsidiaries conduct the Company's cable television operations. Financial information by business segment is summarized as follows:

				YEAR ENDED DECEMBER 31,		
THOUSANDS OF DOLLARS		1991		1990		1989(c)
REVENUES:						
Electric utility (a)	$	4,219,011	$	3,978,683	$	3,639,347
Cable television (b)		224,728		199,893		150,433
Total revenues	$	4,443,739	$	4,178,576	$	3,789,780
OPERATING INCOME (EXPENSE):						
Electric utility	$	1,013,542	$	943,282	$	786,273
Cable television (b)		17,860		9,312		(734)
Other operations		(1,595)		(2,064)		(2,341)
Total operating income		1,029,807		950,530		783,198
Other income (expense)		77,291		(7,190)		181,429
Fixed charges		(478,313)		(431,756)		(322,309)
Income before income taxes	$	628,785	$	511,584	$	642,318
DEPRECIATION AND AMORTIZATION:						
Electric utility	$	366,777	$	341,608	$	324,975
Cable television (b)		66,645		63,817		53,161
Other operations		1,595		2,064		2,341
Total depreciation and amortization	$	435,017	$	407,489	$	380,477
IDENTIFIABLE ASSETS (END OF PERIOD):						
Electric utility	$	10,541,540	$	10,401,283	$	10,180,829
Cable television		1,371,906		1,406,298		1,393,911
Other operations		230,896		248,710		267,206
Adjustments and eliminations		(115,531)		(130,125)		(160,021)
Total assets	$	12,028,811	$	11,926,166	$	11,681,925
CAPITAL EXPENDITURES:						
Electric utility	$	375,520	$	358,455	$	388,853
Cable television (b)		26,624		31,186		1,339,680
Total capital expenditures	$	402,144	$	389,641	$	1,728,533

(a) Electric utility revenues include sales of $542 million, $510 million and $521 million for 1991, 1990 and 1989, respectively, between HL&P and Utility Fuels. These sales are not eliminated in consolidation because of the distinction for regulatory purposes between utility and non-utility operations.

(b) Amounts do not include Paragon Communications (Paragon), which is accounted for under the equity method.

(c) Amounts for 1989 include only ten months of operations for the cable television segment.

17. CABLE TELEVISION PARTNERSHIP

A KBLCOM subsidiary owns a 50% interest in Paragon, a Colorado partnership that owns cable television systems. The remaining interest in the partnership is owned by American Television and Communications Corporation (ATC), a subsidiary of Time Warner Inc. The partnership agreement provides that at any time after December 31, 1993 either partner may elect to divide the assets of the partnership under certain pre-defined procedures set forth in the agreement.

Paragon is party to a $275 million revolving credit and letter of credit facility agreement with a group of banks. Borrowings under the agreement are non-recourse to the Company and to ATC.

18. ACQUISITIONS AND DISPOSITIONS

(a) *Cable Television Acquisition.* In March 1989, KBL Cable, an indirect subsidiary of the Company, completed the acquisition of Cablesystems for an adjusted purchase price of approximately $1.3 billion, which amount includes approximately $346 million of indebtedness which was refinanced concurrently with the closing.

The acquisition of Cablesystems was recorded by the purchase method of accounting. The accompanying Statements of Consolidated Income include the results of operations of Cablesystems from March 1989.

The following pro forma summary of the Company's consolidated results of operations has been prepared for 1989 as though Cablesystems had been acquired on January 1, 1989. Actual information for the years ended December 31, 1991 and 1990 is presented for comparative purposes only.

			YEAR ENDED DECEMBER 31,
	1991	1990	1989
THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS	ACTUAL	ACTUAL	PRO FORMA
Revenues	$ 4,443,739	$ 4,178,576	$ 3,819,367
Net income	$ 417,383	$ 339,454	$ 396,157
Earnings per common share	$ 3.28	$ 2.67	$ 3.16

These pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations that would have occurred had Cablesystems been acquired at the earlier dates noted above or of results which may occur in the future.

In connection with the acquisition of Cablesystems, the Company issued four million shares of its common stock resulting in net proceeds of approximately $106 million.

(b) *Sales of Oil and Gas Assets.* The Company's 1989 earnings reflect the gains from the sales of all of the oil and gas properties of Primary Fuels. These sales were completed during the first and second quarters of 1989 and resulted in after-tax income of approximately $20 million, after giving effect to the expenses associated with winding down Primary Fuels' operations and operating losses incurred prior to the sales. The operations of Primary Fuels for 1989 have been included in other income.

19. SUBSEQUENT EVENTS

STEP Program. In October 1991, HL&P launched its STEP program, an internal effort to identify performance improvement opportunities that could be made while maintaining the high level of customer satisfaction that HL&P has achieved in the past. Now that HL&P's major construction program has been completed and growth in the service area has become more stable, the STEP program has intensified HL&P's focus on meeting customer requirements at the lowest possible cost in order to maintain the current level of base electric rates for an extended period of time. Approximately 500 employees have accepted a voluntary early retirement plan which was offered in January 1992. Additional workforce reductions, to be accomplished through a combination of severance and attrition starting in April 1992, have been identified as part of the STEP program. HL&P expects to record a pre-tax charge in the range of $70 million to $90 million in the first quarter of 1992 to reflect the implementation of the STEP program, but anticipates that the effect on annual results for 1992 will be substantially mitigated by the savings derived from such program.

The Company and Utility Fuels have also performed functional area studies to evaluate and recommend possible performance improvements and cost reductions.

Financing Activities: In January 1992, HL&P repaid at maturity $152 million of first mortgage bonds, 9 3/8% series.

In February 1992, the Company purchased $19 million of KBL Cable's 10.95% Senior Notes due 1999 and $23.75 million of KBL Cable's 11.30% Senior Subordinated Notes due 1999. The notes were purchased at a weighted average price of 109%. The purchases were made to reduce interest expense on a consolidated basis. The notes will be held by the Company.

In February 1992, HL&P issued $100 million of variable term perpetual preferred stock. Proceeds from the sale were used to reduce short-term indebtedness incurred for the November 1991 preferred stock redemptions.

On March 9, 1992, HL&P offered to purchase, at a premium over the principal amount, seven series of pollution control revenue bonds issued on behalf of HL&P by the Brazos River Authority (BRA) and the Matagorda County Navigation District Number One (MCND). The cash offer is for any and all of the bonds. The offer is conditioned upon, among other things, the issuance of pollution control revenue refunding bonds on behalf of HL&P by the BRA and the MCND in respective principal amounts equal to the aggregate principal amount of bonds of such issuer purchased under the offer. The bonds to be refunded bear interest at rates ranging from 9 3/4% to 10 3/8%.

On March 12, 1992, HL&P offered to purchase, at a premium over the principal amount, any and all of its first mortgage bonds, 9 1/4% series due 2008. The cash offer is conditioned upon, among other things, HL&P having at least $557 million available on the expiration date of the offer.

20. UNAUDITED QUARTERLY INFORMATION

The following unaudited quarterly financial information includes, in the opinion of management, all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation. Quarterly results are not necessarily indicative of a full year's operations because of seasonality and other factors, including rate increases and variations in operating expense patterns.

QUARTER ENDED	REVENUES	OPERATING INCOME	NET INCOME (LOSS)	EARNINGS (LOSS) PER COMMON SHARE (a)
		THOUSANDS OF DOLLARS		
March 31, 1990	$ 817,874	$ 82,822	$ (8,872) (b)	$ (.07)
June 30, 1990	1,074,125	268,698	77,545	.61
Sept. 30, 1990	1,279,198	408,552	209,205	1.64
Dec. 31, 1990	1,007,579	190,458	61,576	.48
March 31, 1991	918,160	155,511	51,849	.41
June 30, 1991	1,059,605	216,018	87,424	.69
Sept. 30, 1991	1,370,609	459,948	223,831	1.75
Dec. 31, 1991	1,095,365	220,530	54,279	.43

(a) Quarterly earnings (loss) per common share are based on the weighted average number of shares outstanding during the quarter, and the sum of the quarters may not equal annual earnings per common share.

(b) Amount includes costs incurred at HL&P not being recovered through rates, principally Unit No. 2 of the South Texas Project, for which deferred accounting had not yet been authorized. (See also Note 11.)

21. RECLASSIFICATION

Certain amounts from the previous years have been reclassified to conform to the 1991 presentation of financial statements. Such reclassifications do not affect earnings.

INDEPENDENT AUDITORS' REPORT

HOUSTON INDUSTRIES INCORPORATED:

We have audited the accompanying consolidated balance sheets and the consolidated statements of capitalization of Houston Industries Incorporated and its subsidiaries as of December 31, 1991 and 1990 and the related statements of consolidated income, consolidated retained earnings and consolidated cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries at December 31, 1991 and 1990 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles.

Deloitte & Touche
Houston, Texas
March 4, 1992

OPERATING STATISTICS OF HL&P

HOUSTON INDUSTRIES INCORPORATED AND SUBSIDIARIES

		YEAR ENDED DECEMBER 31,		
		1991	**1990**	**1989**
ELECTRIC ENERGY GENERATED AND PURCHASED (MWH):	Generated — Net Station Output	52,346,488	52,040,529	51,821,785
	Purchased	10,518,246	10,520,356	9,352,752
	Net Interchange	(54)	(11,845)	11,556
	Total	62,864,680	62,549,040	61,186,093
	Company Use, Lost and Unaccounted for	2,663,539	2,792,536	3,387,886
	Energy Sold	60,201,141	59,556,504	57,798,207
ELECTRIC SALES (MWH):	Residential	16,978,934	16,701,269	15,699,501
	Commercial	12,501,613	12,188,947	11,775,537
	Industrial	24,250,892	23,812,889	23,070,232
	Street Lighting — Government and Municipal	109,874	110,026	109,160
	Total Firm Retail Sales	53,841,313	52,813,131	50,654,430
	Other Electric Utilities	506,558	718,626	685,851
	Total Firm Sales	54,347,871	53,531,757	51,340,281
	Interruptible	5,304,345	5,770,154	5,619,321
	Off-System	548,925	254,593	838,605
	Total	60,201,141	59,556,504	57,798,207
NUMBER OF CUSTOMERS (END OF PERIOD):	Residential	1,238,451	1,217,594	1,192,179
	Commercial	163,054	161,067	159,428
	Industrial (Including Interruptible)	1,791	1,844	1,775
	Street Lighting — Government and Municipal	82	82	82
	Other Electric Utilities (Including Off-System)	13	10	11
	Total	1,403,391	1,380,597	1,353,475
OPERATING REVENUE (THOUSANDS OF DOLLARS):	Residential	$ 1,465,403	$ 1,385,710	$ 1,250,647
	Commercial	882,873	838,325	789,526
	Industrial	1,109,108	1,070,660	995,585
	Street Lighting — Government and Municipal	21,977	20,366	19,659
	Total Electric Revenue — Firm Retail Sales	3,479,361	3,315,061	3,055,417
	Other Electric Utilities	41,136	48,833	45,931
	Total Electric Revenue — Firm Sales	3,520,497	3,363,894	3,101,348
	Interruptible	105,476	121,228	115,256
	Off-System	8,907	4,746	16,639
	Total Electric Revenue	3,634,880	3,489,868	3,233,243
	Miscellaneous Electric Revenues	39,663	(21,186)	(114,508)
	Total	$ 3,674,543	$ 3,468,682	$ 3,118,735
INSTALLED NET GENERATING CAPABILITY (KW) (END OF PERIOD):		13,583,000	13,584,000	13,584,000
COST OF FUEL (CENTS PER MILLION BTU):	Gas	161.5	178.9	185.5
	Coal	230.6	220.5	223.3
	Lignite	173.5	160.1	149.1
	Nuclear	58.3	57.9	49.6
	Average	173.3	178.9	183.0

HOUSTON INDUSTRIES INCORPORATED

DIRECTORS

***CHARLES E. BISHOP, PH.D**
70, President Emeritus of University of Houston System,
Houston, Texas, director since 1985.

JOHN T. CATER
56, Chairman, Chief Executive Officer and Director of River Oaks Trust Company,
Houston, Texas, director since 1985.

FLOYD L. CULLER, JR.
69, President Emeritus and Consultant to the Electric Power Research Institute, Palo Alto, California, director since 1988.

JOSEPH M. HENDRIE, PH.D
67, Consulting Engineer, Bellport, New York, director since1985.

HOWARD W. HORNE
65, Vice Chairman of Cushman & Wakefield of Texas, Inc., Houston, Texas, director since 1978.

DON D. JORDAN
59, Chairman, President and Chief Executive Officer of the Company, Houston, Texas, director since 1974.

***JAMES R. LESCH**
70, Retired Chairman of the Board of Hughes Tool Company, Houston, Texas, director since 1982.

THOMAS B. MCDADE
68, Private Investor
Houston, Texas, director since 1980.

RANDALL MEYER
69, Retired President of Exxon Company USA, Houston,Texas, director since 1988.

KENNETH L. SCHNITZER, SR.
62, Chairman of the Board of Schnitzer Investments, Inc. and Chairman of the Board of Century Corporation, Houston, Texas, director since 1985.

DON D. SYKORA
61, Vice President of the Company, Houston, Texas, director since 1982.

JACK T. TROTTER
65, Private Investor and Chairman of the Board of First Interstate Bank of Texas, Houston, Texas, director since 1985.

* Messrs. Bishop and Lesch are expected to retire from the Board of Directors at the 1992 Annual Meeting of Shareholders, pursuant to the Director of Retirement Provision of the company's bylaws.

OFFICERS

DON D. JORDAN
59, Chairman, President and Chief Executive Officer

RAYMOND J. SNOKHAUS
62, Senior Vice President Government and Regulatory Affairs

WILLIAM A. CROPPER
52, Vice President and Treasurer

ROSS E. DOAN
62, Vice President Administration and Accounting

HUGH RICE KELLY
49, Vice President General Counsel and Corporate Secretary

DON D. SYKORA
61, Vice President

GARY G. WEIK
46, Vice President

KEN W. NABORS
48, Comptroller

CHRISTIAN SCHLEY
45, Associate General Counsel and Assistant Corporate Secretary

RUFUS S. SCOTT
48, Associate General Counsel and Assistant Corporate Secretary

GRETCHEN H. DENUM
37, Assistant Corporate Secretary

MARC KILBRIDE
39, Assistant Corporate Secretary and Assistant Treasurer

KEVIN P. LOUGHNANE
35, Assistant Treasurer

ROBERT L. SMITH
47, Assistant Corporate Secretary

HOUSTON LIGHTING & POWER COMPANY

OFFICERS

Don D. Jordan
59, Chairman and Chief Executive Officer

Don D. Sykora
61, President and Chief Operating Officer

Jack D. Greenwade
52, Group Vice President Operations

Don P. Hall
64, Group Vice President Nuclear

Lee W. Hogan
47, Group Vice President External Affairs

Hugh Rice Kelly
49, Senior Vice President, General Counsel and Corporate Secretary

R. Steve Letbetter
45, Group Vice President Finance and Regulatory Relations

Edward A. Turner
64, Group Vice President Administration and Support

L. G. Brackeen
57, Vice President Fuel and Energy Management

James S. Brian
44, Vice President and Comptroller

Robert W. Chewning
62, Vice President Nuclear Support

Susan D. Fabre
36, Vice President, Human Resources

Lawrence B. Horrican, Jr.
57, Vice President Purchasing and Support Services

Warren H. Kinsey, Jr.
47, Vice President Nuclear Generation

Ancel D. Maddox
51, Vice President Customer Relations

Stephen W. Naeve
44, Vice President Corporate Planning and Treasurer

Stephen L. Rosen
51, Vice President Nuclear Engineering

Stephen C. Schaffer
44, Vice President Regulatory Relations

David G. Tees
47, Vice President Energy Production

Robert L. Waldrop
44, Vice President Public Affairs

Rufus S. Scott
48, Associate General Counsel and Assistant Corporate Secretary

Gretchen H. Denum
37, Assistant Corporate Secretary

Mary P. Ricciardello
36, Assistant Corporate Secretary and Assistant Treasurer

Christian Schiley
43, Assistant Corporate Secretary

KBLCOM INCORPORATED

OFFICERS

Don D. Jordan
59, Chairman and Chief Executive Officer

Gary G. Weik
46, President and Chief Operating Officer

John R. Bickham
42, Executive Vice President Group Operations

Dean A. Gilbert
55, Executive Vice President Group Operations

David M. McClanahan
42, Senior Vice President and Chief Financial Officer

Richard N. Clevenger
45, Vice President Engineering/Technology

Hugh Rice Kelly
49, Corporate Secretary

William A. Cropper
52, Vice President and Treasurer

Frank H. Hosea
43, Vice President Sales

Jonathan F. Myers
45, Vice President and General Counsel

M. Scott Smith
53, Vice President and Comptroller

UTILITY FUELS, INC.

OFFICERS

Don D. Jordan
59, Chairman

F. Ken Smith
57, President and Chief Executive Officer

Charles L. Merka
54, Senior Vice President

Ronald D. Baalman
42, Vice President Finance and Treasurer

Lawrence J. Rogers
45, Vice President Business Development

Hugh Rice Kelly
49, Corporate Secretary

John J. Bartell
54, Assistant Treasurer

Richard B. Dauphin
38, Assistant Corporate Secretary

HOUSTON INDUSTRIES FINANCE, INC.

OFFICERS

William A. Cropper
52, President

INVESTOR INFORMATION

Houston Industries is committed to providing the highest level and quality of investor information and services. Investors are encouraged to take advantage of the full range of information and services offered.

ANNUAL MEETING

The annual meeting of shareholders will be held May 6, 1992 at 9 a.m. in the Electric Tower, 611 Walker Street, Houston, Texas. All holders of common shares are encouraged to attend and participate.

A formal notice of the meeting will be mailed to shareholders in March. The notice will be accompanied by a proxy statement describing the items of business to be considered and a proxy card, which may be used to vote on nominees for director and any other matters to be decided at the meeting.

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT

The Houston Industries Investor Services Department serves as transfer agent, registrar and dividend disbursing agent for HI common stock and for HL&P preferred stock and first mortgage bonds.

DIVIDEND PAYMENTS

Common stock dividends generally are paid on March 10, June 10, September 10 and December 10 [illegible] holders of record on February 16, [illegible] 16, August 16 and November 16, respectively.

Dividends are subject to declaration by the Board of Directors, which establishes the amount of each quarterly dividend to be paid on common stock and fixes the record date and payment date for each common and preferred stock series.

Beginning with the June 10, 1992 common stock dividend payment, shareholders of record may have their quarterly dividends automatically, electronically deposited, on payment date, directly to their bank accounts. Further information on Direct Deposit may be obtained by writing or calling Investor Services.

DIVIDEND REINVESTMENT

The Company's dividend reinvestment program gives shareholders the opportunity to reinvest dividends in HI common stock. Shareholders also may make optional cash contributions ranging from $50 to $6,000 per calendar quarter to purchase additional shares.

Further information on the dividend reinvestment program may be obtained by calling numbers listed under "Investor Assistance" below.

SHAREHOLDER REPORTS

In addition to the annual report and proxy statement distributed in March, shareholders receive three quarterly reports each year. Reports of results for the first, second and third quarters are mailed about the end of May, August and November, respectively. Fourth quarter results are included in the annual report.

INVESTOR ASSISTANCE

Investor Services representatives are available during normal business hours to provide assistance and answer questions regarding HI common stock, HL&P preferred stock and HL&P first mortgage bonds. Investors may write to Investor Services at the address of the Corporate offices below, or call, using the following telephone numbers:

In Houston: (713) 629-3060

In other parts of Texas:

1-800-392-4201

In other parts of the U.S.:

1-800-231-6406

SEC FORM 10-K

A copy of the annual report to the Securities and Exchange Commission on Form 10-K, other corporate publications and printed copies of key executive speeches are available on request. Videotaped copies of the annual shareholders' meeting are provided on loan upon request. In early May, the annual report will be available on audio tape for the visually impaired. All materials may be requested in writing or by calling the numbers listed under "Investor Assistance".

FINANCIAL INFORMATION

Prospective investors, analysts and representatives of financial institutions requiring information regarding Houston Industries should contact the Financial & Public Relations Department at: (713) 629-3127.

STOCK LISTING

Houston Industries common stock is traded under the symbol HOU on the New York, Midwest and London Stock Exchanges.

AUDITORS

Deloitte & Touche, Houston, Texas

CORPORATE OFFICES

Houston Industries Incorporated
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027
P.O. Box 4567
Houston, Texas 77210
Telephone: (713) 629-3000
FAX: (713) 629-3129

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[illegible]

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DEFINITIONS

When used herein, the following terms will have the meanings indicated.

TERM	DEFINITIONS
1935 Act	Public Utility Holding Company Act of 1935
AFUDC	Allowance for Funds Used During Construction
Austin	City of Austin
Bcf	Billion Cubic Feet
Clean Air Act	Clean Air Act including Amendments of 1990
Clean Water Act	Clean Water Act Amendments of 1987
Code	Internal Revenue Code of 1986, as amended
CPL	Central Power and Light Company
CSW	Central and South West Corporation
DOE	Department of Energy
Du Pont	E. I. du Pont de Nemours Company
EICP	Executive Incentive Compensation Plan of Houston Industries Incorporated
Enron	Enron Corporation
EPA	United States Environmental Protection Agency
ESOP	Employee Stock Ownership Plan of Houston Industries Incorporated
Exxon	Exxon Company, U.S.A.
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FERC	Federal Energy Regulatory Commission
HL&P	Houston Lighting & Power Company
Houston	City of Houston
Houston Industries	Houston Industries Incorporated
IRS	Internal Revenue Service
KBLCOM	KBLCOM Incorporated
KW	Kilowatt (1,000 Watts)
KWH	Kilowatt-Hour
LICP	Long-Term Incentive Compensation Plan of Houston Industries Incorporated
Limestone	Limestone Electric Generating Station
Malakoff	Malakoff Electric Generating Station
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Mva	Megavolt Amps
MW	Megawatt (1,000 KW)
NRC	United States Nuclear Regulatory Commission
PCB	Polychlorinated Biphenyl
Personnel Committee	Personnel Committee of the Board of Directors of Houston Industries Incorporated
PURA	Texas Public Utility Regulatory Act of 1975
RCRA	Resource Conservation and Recovery Act
Retirement Plan	Retirement Plan of Houston Industries Incorporated
San Antonio	City of San Antonio
SAR	Stock Appreciation Right
Savings Plan	Savings Plan of Houston Industries Incorporated

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (*FEE REQUIRED*)

For the fiscal year ended December 31, 1991

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934 (*NO FEE REQUIRED*)

For the transition period from to

Commission File Number 1-3187H-1

HOUSTON LIGHTING & POWER COMPANY
(Exact name of registrant as specified in its charter)

Texas	74-0694415
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
611 Walker Avenue Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 228-9211

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
None	

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class

Preferred Stock, cumulative, no par:
$4 Series; $6.72 Series; $7.52 Series; $8.12 Series; Adjustable Rate, Series A; Adjustable Rate, Series B; and $8.50 Series.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [✓]

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No __

As of March 1, 1992, 106,660,778 shares of the registrant's Common Stock, without par value, were issued and outstanding and privately held, beneficially and of record, by Houston Industries Incorporated.

TERM	DEFINITIONS
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
South Texas Project	South Texas Project Electric Generating Station
State Street	State Street Bank and Trust Company
STEP	Success Through Excellence in Performance
TACB	Texas Air Control Board
TWC	Texas Water Commission
Utility Commission	Public Utility Commission of Texas
Utility Fuels	Utility Fuels, Inc.
UTT	United Texas Transmission Company
W.A. Parish	W.A. Parish Electric Generating Station
Westinghouse	Westinghouse Electric Corporation

HOUSTON LIGHTING & POWER COMPANY
Form 10-K for the Year Ended December 31, 1991

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PART I

Item 1. Business

General

HL&P, incorporated in Texas in 1906, is engaged in the generation, transmission, distribution and sale of electric energy. Sales are made to approximately 1.4 million residential, commercial and industrial customers in a 5,000 square mile service area of the Texas Gulf Coast, including Houston.

HL&P is a subsidiary of Houston Industries which owns all of HL&P's outstanding common stock. Houston Industries is a holding company as defined in the 1935 Act, but is exempt from regulation as a "registered" holding company under the 1935 Act except with respect to the acquisition of certain voting securities of other public utility companies and holding companies. Houston Industries also owns all of the outstanding common stock of five other subsidiaries: KBLCOM, Utility Fuels, Houston Industries Finance, Inc., Development Ventures, Inc. and Primary Fuels, Inc.

HL&P is project manager and one of the four co-owners of the South Texas Project, which consists of two 1,250 MW nuclear generating units. HL&P owns a 30.8% interest in the South Texas Project. For a description of litigation brought by the owners of the South Texas Project, reference is made to Item 3 - "Legal Proceedings" of this Report and Note 7(b) to the Financial Statements in Item 8 of this Report, which are incorporated herein by reference.

As an electric utility, HL&P has been affected to varying degrees by a number of factors that have affected the electric utility industry in general, including difficulty in obtaining rate increases sufficient to provide an adequate return on invested capital, high costs and delays associated with compliance with environmental and nuclear regulations, changes in regulatory climate, prudence audits, competition from other energy suppliers and the effects of inflation and other factors on operating costs and construction expenditures. HL&P is unable to predict the future effect of these or other factors upon its operations and financial condition.

A major factor that affected HL&P during 1991 was the resolution of HL&P's applications for general rate increases. In October 1991, the Utility Commission approved rates consistent with a settlement agreed to by HL&P and most other parties to HL&P's 1990 rate case in Docket No. 9850. The Utility Commission's action resolved HL&P's rate increase applications through a one-step $313 million increase in base rates which was implemented under bond in May 1991. The final order in Docket No. 9850 has been appealed to the Travis County District Court by a party that did not agree to the settlement. One of the terms of the settlement provides that HL&P not implement any additional increases in base rates prior to May 1, 1993. For additional information concerning this rate case, see Note 9(b) of the Financial Statements in Item 8 of this Report, which is incorporated herein by reference.

In January 1992, HL&P, as part of a program of self examination to identify performance improvement opportunities, offered certain employees a voluntary early retirement plan and announced a severance plan for those employees who will be affected by recommended changes to HL&P's workforce. Approximately 500 employees have accepted the early retirement offer. HL&P's review, referred to herein as the STEP program, is expected to be finalized in the first quarter of 1992. HL&P expects to record a substantial charge to first quarter earnings, but anticipates that the effect on annual results for 1992 will be substantially mitigated by the savings derived from the STEP program. For a further discussion of the STEP program, see "Results of Operations" in the MD&A in Item 7 of this Report and Note 16 to the Financial Statements in Item 8 of this Report, which are incorporated herein by reference.

Service Area

During the mid-1980's, the HL&P service area was adversely impacted by an economic downturn that was largely attributable to conditions in the oil and gas, real estate and banking industries. Although employment, personal income and industrial activity in the Houston area have steadily increased since 1987, the effects of the national recession slowed growth in HL&P's service area in 1991. Although the local economy continues to expand and diversify in the areas of medical, professional and engineering services, the service area is still dependent to a large degree on oil, gas, refined products, petrochemicals and related businesses.

HL&P operates under a certificate of convenience and necessity granted by the Utility Commission which covers its present service area and facilities. In addition, HL&P holds franchises to provide electric service within the incorporated municipalities in its service territory. None of such franchises expire before 2007.

Peak Loads and Capability

The following table sets forth for the years indicated information with respect to the installed and total net capability of HL&P at the time of peak demand, the net maximum hourly demand on its system and the reserve margin at the time of its system net maximum hourly demand:

				Net Maximum Hourly Demand			
Year	Installed Net Capability (MW)	Purchased Power (MW)(1)	Total Net Capability (MW)	Date	MW (2)	% Change From Prior Year	Reserve Margin (%)
1987	12,460	1,295	13,755	August 19	10,302	(2.4)	33.5
1988	12,855	820	13,675	August 9	10,422	1.2	31.2
1989	13,644	820	14,464	Sept. 1	10,456	0.3	38.3
1990	13,584	945	14,529	August 27	11,150	6.6	30.3
1991	13,583	945	14,528	August 21	10,908	(2.2)	33.2

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(1) Reflects firm capacity purchased.

(2) Does not include interruptible load at time of peak.

At December 31, 1991, HL&P owned and operated generating facilities with installed net generating capability of 13,583 MW.

While warmer than normal, the summer of 1991 lacked the extreme spikes in temperature that Houston experienced in 1990, which resulted in a firm peak demand of 10,908 MW, a 2.2% decline from the 1990 peak. Including interruptible demand, the peak actually served was 11,601 MW compared to 12,216 in 1990.

For planning purposes, HL&P currently expects peak demand for electricity to grow at a compound annual rate of 1.8% over the next ten years. Assuming facilities currently planned are placed in service and other capacity needs are met as scheduled, HL&P expects to maintain a reserve margin of at least 18% in excess of its current estimate of peak load requirements through 2001. Assuming average weather conditions, reserve margins are projected to decrease from 27% in 1992 to 19% in 1995 as a result of growth in peak demand and the expiration of firm cogeneration contracts. See "Construction Program; Value-Based Planning" and "Competition" below.

HL&P experiences significant seasonal variation in its sales of electricity. Sales during the summer months are typically higher than sales during other months of the year due in large part to the reliance on air conditioning in HL&P's service territory. See Note 17 to the Financial Statements in Item 8 of this Report for a presentation of certain unaudited financial information by quarter for 1990 and 1991, which is incorporated herein by reference.

Construction Program; Value-Based Planning

HL&P has a continuous program to maintain its existing facilities and to expand its physical plant as needed to meet customer requirements. Such program and the estimated construction costs set forth below are subject to periodic review and revision because of changes in load forecasts, the need to retire older plants, changing regulatory and environmental standards and other factors. Such program discussed below is currently estimated to cost approximately $1.3 billion during the three-year period 1992-1994 with approximately $376 million, $400 million and $505 million to be spent in 1992, 1993 and 1994, respectively, excluding nuclear fuel and AFUDC. In 1991, total construction expenditures were approximately $340 million. These amounts do not include expenditures on projects for which HL&P was reimbursed or expects to be reimbursed by customers or other parties.

HL&P's construction program for 1992-1994 consists of the following principal estimated expenditures:

	Amount (millions)	Percent of Total Expenditures
Fossil-fueled generating facilities.....	$ 479	37%
Nuclear-fueled generating facilities....	41	3
Transmission facilities.................	115	9
Distribution facilities.................	484	38
General plant facilities................	162	13
Total...................................	$1,281	100%

Current projections indicate a need for additional generating capacity beginning in 1995. HL&P intends to address this need with the installation of two gas turbines with attendant heat recovery steam generators at the Du Pont chemical plant located in the Houston area. The project, which is estimated to cost $121 million, is expected to be available for peak demand in 1995 and is designed to add approximately 160 MW of electrical capacity to HL&P's system while providing needed process steam to the Du Pont chemical plant. For further information regarding the Du Pont project, see "Liquidity and Capital Resources" in the MD&A in Item 7 of this Report, which is incorporated herein by reference. In addition, HL&P is considering reactivation of the Webster Electric Generating Station Unit Nos. 1 and 2 for service in 1996 (expenditures for this project of approximately $38 million are included in the estimated expenditures for 1992-1994 presented above) and the Greens Bayou Power Plant Unit Nos. 3 and [illegible] for service in 1998 (no expenditures for this project are expected to be incurred during 1992-1994). Refurbishment of these four gas-fired units would add approximately 440 MW of capacity. Future capacity needs might also be met through additional steam sale projects or by other methods, such as purchasing power from cogenerators or other utilities as well as demand side management activities. See "Competition" below. The remaining construction expenditures relating to fossil-fueled generating stations expected in the 1992-1994 period are primarily associated with improvements to existing generating stations.

HL&P's construction program for the period 1992 through 1994 does not include expenditures in connection with Malakoff. However, HL&P expects to spend $28 million during that three-year period primarily to keep lignite leases and other related agreements in effect. The scheduled in-service dates for the Malakoff units have been postponed, with Unit No. 1 deferred to 2005. The total estimated completed cost for Malakoff is $2.8 billion (excluding AFUDC). In January 1987, development work was stopped on Malakoff. Concurrently, HL&P suspended the accrual of AFUDC on power plant construction expenditures and Utility Fuels suspended capitalization of interest on the lignite mine pending reactivation of the project. HL&P's total investment in Malakoff through December 31, 1991 was $247 million (excluding the amounts being recovered in rates over a ten-year period commencing in 1990 and including lignite reserves and equipment which were purchased from Utility Fuels in 1990). See "Regulatory Matters" below and Note 11 to the Financial Statements in Item 8 of this Report, which are incorporated herein by reference.

Expenditures for environmental protection facilities for the five years ended December 31, 1991 aggregated $162 million (excluding AFUDC), including expenditures of $3 million in 1991. Environmental protection expenditures for 1992-1994 based on existing laws and regulations are estimated to be $34 million (excluding AFUDC), of which $6 million is expected to be spent during 1992, $1 million during 1993 and $27 million during 1994. See "Regulatory Matters - Environmental Quality" below.

Actual construction expenditures and scheduled in-service dates will vary from the above estimates as a result of numerous factors, including, but not limited to, changes in the rate of inflation, changes in equipment delivery schedules, construction delays and deferrals, availability and relative cost of fuel, availability and cost of purchased power, environmental protection requirements, the availability of adequate and timely rate relief and other regulatory approvals, the ability to secure external financing, legislative changes and changes in anticipated customer demand and business conditions. In connection with its construction program planning, HL&P employs value-based planning techniques that take into account conservation and load management programs along with traditional utility supply options to select the plan utilizing the most appropriate and cost-effective alternatives.

In 1991, HL&P spent approximately $4.8 million, excluding AFUDC, for uranium concentrate and nuclear fuel processing services for its share of the fuel for the South Texas Project. HL&P expects to spend an additional $42 million for similar purposes in connection with its share of the project during the 1992-1994 period. See "Fuel - Nuclear Fuel Supply" below.

Total gross additions to the plant of HL&P during the five years ended December 31, 1991 amounted to approximately $4 billion and, during the same period, retirements amounted to approximately $320 million. Gross additions during the five-year period amounted to approximately 41% of total utility plant at December 31, 1991.

Finance. For a discussion of HL&P's liquidity and financing activities and requirements, including the financing of HL&P's construction program, see "Liquidity and Capital Resources" in the MD&A in Item 7 of this Report, which is incorporated herein by reference.

Competition

A number of cogeneration facilities have been built in HL&P's service area as a result of a high concentration of process industries located in the Gulf Coast region. Cogeneration is the simultaneous generation of two forms of energy, usually steam and electricity. The Public Utility Regulatory Policy Act of 1978 generally requires utilities to purchase all electricity offered to them by qualifying cogeneration facilities. In Texas, however, cogenerators generally are not permitted to make sales of electricity to parties other than electric utilities or the thermal purchaser.

HL&P is currently purchasing energy from fourteen cogeneration facilities, representing over 3,400 MW of total generating capability. HL&P has four contracts totaling 945 MW of firm cogeneration capacity and associated energy which expire in 1993 (225 MW), 1994 (325 MW), 1995 (270 MW) and 1998 (125 MW). Electric utilities in Texas are required to provide transmission wheeling service for power sales by cogenerators to other electric utilities at a compensatory rate. During 1991, approximately 1,500 MW of cogenerated power were transmitted or "wheeled" by HL&P to other utilities in Texas.

HL&P's current load forecast indicates a need for additional capacity beginning in 1995. In February 1991, HL&P entered into a ten-year 270 MW contract with an existing cogenerator effectively extending firm purchases to the year 2005. Utility Commission certification with respect to this agreement was received on August 28, 1991. Given the inherent uncertainties associated with efforts to obtain additional commitments for purchased power terms, HL&P is continuing to pursue plans which include new construction and reactivation of existing facilities. See "Construction Program; Value-Based Planning" above.

On the national level, attempts have been made by owners of cogeneration facilities to secure authorization to sell electricity to traditional customers of regulated electric utilities. Independent power producers may not be subject to the same forms of regulation that affect electric utilities. The United States Senate has passed a bill that would amend the 1935 Act. Such amendments would, among other things, provide preferential treatment to certain wholesale [illegible]-producing companies by exempting such companies from the provisions of the 1935 Act. If such legislation were enacted, companies that are already exempt from registration under the 1935 Act, as well as companies not otherwise engaged in the utility business, would be permitted to own such wholesale power producers without being thereby rendered subject to the registration requirements and the geographic, ownership and other restrictions currently imposed by the 1935 Act upon registered non-exempt holding companies and their subsidiaries. In addition, companies currently registered under the 1935 Act would be permitted to own wholesale power producers outside of their service areas. The pending legislation would also give the FERC the authority to order owners of transmission lines, such as HL&P, to carry the power produced by wholesale power producers over such transmission lines.

HL&P has opposed enactment of legislation such as that described above because HL&P believes such unregulated retail sales could work to the detriment of the majority of HL&P's remaining customers by forcing them to bear increased costs and by reducing the overall reliability of electric service. In addition, to the extent owners of cogeneration facilities and other unregulated entities are allowed to make sales to traditional electric utility customers or to gain access to the electric transmission and distribution systems for their own purposes, prospects of HL&P may be adversely affected. HL&P intends to continue its opposition to such efforts. However, HL&P cannot predict whether or when the pending legislation may be enacted or the final content of any such legislation that may be enacted and signed into law.

HL&P is continuing to address the issue of increased competition by, among other things, holding down the cost of construction through the implementation of demand-side management programs to control load, deferring the construction of large central station generating units and related transmission facilities and refurbishing retired gas-fired generating facilities. HL&P attempts to control its cost of fuel through the spot purchase of gas and coal at prices below existing contract terms, utilizing gas storage facilities to mitigate the seasonal variations in fuel prices and contracting for purchased power when available on acceptable terms. HL&P is also addressing its costs through the STEP program; see "Results of Operations" in the MD&A in Item 7 of this Report and Note 16 to the Financial Statements in Item 8 of this Report, which are incorporated herein by reference. Additionally, HL&P continues to encourage industrial expansion in its service area by offering an economic development tariff and economically attractive interruptible rates for those customers capable of taking such service.

HL&P currently has no long-term purchased power contracts in effect with other utilities.

Fuel

Approximately 37% of HL&P's energy requirements during 1991 was met with natural gas, 39% with coal and lignite and 7% with nuclear. The remaining 17% was met principally with cogenerated power. HL&P currently expects its future energy mix to be in the following proportions for the indicated periods:

	Estimated Energy Mix			
	1992	1993	1995	2000
Gas	34%	36%	38%	40%
Coal and Lignite	40	39	41	39
Nuclear	9	9	9	7
Cogeneration	17	16	12	14
Total	100%	100%	100%	100%

HL&P's actual energy mix in future years may vary from the percentages shown in the table. Such percentages are based upon numerous assumptions relating to, among other things, environmental protection requirements, load growth, load management, availability of cogeneration, the cost and availability of fuels and purchased electrical energy and the actual in-service dates of HL&P's planned generating facilities.

Natural Gas Supply. HL&P purchased its natural gas fuel supplies from a large number of suppliers during 1991; however, approximately 60% of HL&P's gas requirements were purchased from its traditional suppliers, UTT, Exxon, Enron and their affiliates. UTT will supply 30% or more of HL&P's natural gas requirements under the terms of a contract which is scheduled to expire in March 1996. Exxon sells gas to HL&P under a long-term contract which will expire in 1996 or after Exxon has tendered a specified quantity of natural gas, whichever comes first. HL&P believes that Exxon will complete its obligation in 1994.

HL&P has connected certain of its generating facilities to a number of gas pipelines and is able to purchase gas through various sales interchange and gas transportation arrangements. HL&P has a long-term contract for gas storage at the North Dayton gas storage facility, providing HL&P with working storage capacity of up to 3.5 Bcf of natural gas which can be delivered to HL&P's generating facilities at varying rates up to 0.5 Bcf per day. HL&P's average daily gas consumption during 1991 was 0.7 Bcf per day with peak consumption of 1.2 Bcf per day.

Although natural gas has been relatively plentiful in recent years, supplies available to HL&P and other consumers are vulnerable to disruption due to weather conditions, transportation disruptions, price changes and other events. Large boiler fuel users of natural gas, including electric utilities, generally have the lowest priority among gas users in the event pipeline suppliers are forced to curtail deliveries due to inadequate supplies. As a result of this vulnerability, supplies of natural gas may become unavailable from time to time, or prices may increase rapidly in response to temporary supply disruptions. Such events could require HL&P to withdraw gas from the North Dayton gas storage facility or shift its gas-fired generation to alternative fuel sources such as fuel oil to the extent it has the capability to burn those alternative fuels. Since most of the cogeneration capacity available to HL&P is also gas-fired, gas supply disruptions generally also affect the availability of purchased power from cogenerators.

Currently, HL&P anticipates that its alternate fuel capability, combined with its solid-fueled generating resources and available gas storage capability, are adequate to meet fuel needs during any temporary gas supply interruptions. However, there is no assurance that adequate levels of gas supply will be available in the long-term.

HL&P's average cost of natural gas was $1.54 per MMBtu in 1991 (excluding storage costs).

Coal and Lignite Supply. Coal supply services for HL&P's four coal-fired units at W. A. Parish (aggregating 2,335 MW) are being provided by Utility Fuels. Utility Fuels purchases low-sulfur Powder River Basin coal under two long-term coal supply contracts and, if necessary, on the spot market. Substantially all of the coal requirements for the projected operating lives of the four coal-fired units at W. A. Parish are expected to be met under such long-term contracts.

The lignite supply services for HL&P's Limestone units are also provided by Utility Fuels. Utility Fuels has under lease or contract recoverable lignite reserves which are expected to be sufficient to meet the total projected lignite fuel requirements for the remaining life of the Limestone units. It is presently contemplated that Utility Fuels will also provide management services in connection with the lignite supply for Malakoff. See "Construction Program; Value-Based Planning" above and Note 11 to the Financial Statements in Item 8 of this Report, which is incorporated herein by reference. In June 1990, HL&P purchased Utility Fuels' interest in the lignite reserves and lignite handling facilities for Malakoff. The lignite reserves are expected to be sufficient to meet the total lignite fuel requirements of those two proposed generating units.

Nuclear Fuel Supply. The supply of fuel for nuclear generating facilities involves the acquisition of uranium concentrates, conversion to uranium hexafluoride, enrichment of the uranium hexafluoride and fabrication of nuclear fuel assemblies. Contracts have been entered into with various suppliers to provide the South Texas Project with uranium concentrates to permit operation through 1995, conversion services through 1993, enrichment services through 2014 and fuel fabrication services for the initial cores and 16 additional years of operation.

Under a contract with the DOE, the DOE will ultimately take possession of all spent fuel generated by the South Texas Project. HL&P has been advised that the DOE plans to place the spent fuel in a permanent underground storage facility in an as-yet undetermined location. The DOE contract currently requires payment of a spent fuel disposal fee on nuclear plant generated electricity of one mill ($.001) per net KWH sold. This fee is subject to adjustment to ensure full cost recovery. The South Texas Project is designed to have sufficient on-site storage facilities to accommodate over 40 years of the spent fuel discharges for each unit.

Oil Supply. Fuel oil is maintained in inventory by HL&P to provide for fuel needs in emergency situations in the event sufficient supplies of natural gas are not available. In addition, certain of HL&P's generating plants have the ability to use fuel oil from time to time if oil becomes a more economical fuel than incremental gas supplies. HL&P has storage facilities for over six million barrels of oil located at those generating plants capable of burning oil. HL&P's oil inventory is adjusted periodically, as necessary, to accommodate changes in the availability of primary fuel supplies.

Recovery of Fuel Costs. For information relating to the cost of fuel over the last three years, see "Operating Statistics" and "Results of Operations" in the MD&A in Item 7 of this Report, which are incorporated herein by reference. The Utility Commission rules provide for the recovery of fuel costs through an energy component of electric rates. The energy component is established during either a utility's general rate proceeding, a fuel reconciliation proceeding, or an interim fuel proceeding and is to be generally effective for a minimum of twelve months, unless a substantial change in a utility's cost of fuel occurs. In that event, a utility may be authorized to revise the energy component of its rates appropriately.

In January 1991, July 1991 and January 1992, HL&P refunded to customers approximately $58 million, $47 million and $65 million (each such amount including interest), respectively, of amounts previously collected through its fuel factor. Those amounts resulted primarily from lower unit fuel costs and amounts received from settlements in certain fuel transportation litigation. In October 1991, the Utility Commission approved HL&P's existing fixed fuel factor as contemplated in the settlement agreement reached in February 1991 by HL&P and most other parties to Docket No. 9850. See Note 9(b) to the Financial Statements in Item 8 of this Report, which is incorporated herein by reference.

Reconciliation of $1.6 billion of fuel expenses was severed from the 1990 general rate case (Docket No. 9850) into Docket No. 10092. In February 1992, the Utility Commission issued an order disallowing $6.9 million of fuel related costs. After considering interest on the disallowed fuel costs, HL&P has taken an after-tax charge of $7.3 million in 1991. See Note 9(c) to the Financial Statements in Item 8 of this Report, which is incorporated herein by reference.

Regulatory Matters

Rates and Services. Pursuant to the PURA, the Utility Commission has original jurisdiction over electric rates and services in unincorporated areas of the State of Texas and in the cities that have relinquished original jurisdiction. Original jurisdiction over electric rates and services in the remaining incorporated municipalities served by HL&P is exercised by such municipalities, including Houston, but the Utility

Commission has appellate jurisdiction over electric rates and services within those incorporated municipalities.

Applications for Rate Increases. For information concerning HL&P's applications for general rate increases with the Utility Commission (Docket No. 8425 for the 1988 rate case and Docket No. 9850 for the 1990 rate case) and the municipalities within HL&P's service area, reference is made to Notes 9(a) and 9(b) to the Financial Statements in Item 8 of this Report, which are incorporated herein by reference. For information concerning a ruling from a District Court of Travis County, Texas in connection with HL&P's 1986 general rate case (Dockets No. 6765 and 6766), and the affirmation by another District Court of Travis County, Texas of the Utility Commission's final order in HL&P's 1984 rate case (Docket No. 5779), reference is made to Note 9(d) to the Financial Statements in Item 8 of this Report, which is incorporated herein by reference.

Prudence Review of South Texas Project. For information concerning a prudence review of the South Texas Project by the Utility Commission (Docket No. 6668), reference is made to Note 8 to the Financial Statements in Item 8 of this Report, which is incorporated herein by reference.

Deferred Accounting Dockets. For information concerning the Utility Commission's orders allowing deferred accounting treatment for certain costs associated with the South Texas Project (Docket Nos. 8230, 9010 and 8425), reference is made to Note 10 to the Financial Statements in Item 8 of this Report, which is incorporated herein by reference.

Environmental Quality. General. HL&P is subject to regulation with respect to air and water quality, solid waste management and other environmental matters by various federal, state and local authorities. Environmental regulations continue to be affected by legislation, administrative actions and judicial review and interpretation. As a result, the precise effect of existing and potential regulations upon existing and proposed facilities and operations cannot presently be determined. However, developments in these and other areas of regulation in the past have required HL&P to make substantial expenditures to modify, supplement or replace equipment and facilities and may in the future delay or impede construction and operation of new facilities or require substantial expenditures to modify existing facilities.

Air. The TACB has jurisdiction and enforcement power to determine the level of air contaminants emitted in the State of Texas. The standards established by the Texas Clean Air Act and the rules of the TACB are subject to modification by standards promulgated by the EPA. Compliance with such standards has resulted, and is expected to continue to result, in substantial expense to HL&P. In addition, expanded permit and fee systems and enforcement penalties may discourage industrial growth within HL&P's service area.

In November 1990, significant amendments to the Clean Air Act became law. The law is designed to control emissions of air pollutants which contribute to acid rain, to reduce urb[illegible]r pollution and to reduce emissions of toxic air pollutants. Parts [illegible] Clean Air Act are directed at reducing emissions of sulfur dioxide a[illegible]rogen oxides from electric utility generating units. This reduction program includes an "allowance" system which sets forth formulas and criteria to establish a cap on sulfur dioxide emissions for each utility generating unit. The EPA will determine the allowances which HL&P will receive under this legislation. Although the EPA is not expected to finalize allowance allocations until December 1992, HL&P's analysis indicates that it should receive allowances sufficient to permit continued operation of its existing facilities and some expansion of its solid-fuel generating facilities without substantial additional expense relating to modification of its facilities.

HL&P has already made substantial investments in pollution control facilities, and all of its generating facilities currently comply in all material respects with sulfur dioxide emission standards established by the legislation. As a result of this previous investment, HL&P does not anticipate that significant expenditures for sulfur dioxide removal equipment will be required. New emission standards for nitrogen oxides will also be established over the next several years to comply with the provisions of the Clean Air Act and it is anticipated that such standards may require modifications to existing HL&P facilities and may make new generating facilities more expensive. At this time, it is not possible to predict the cost of complying with such future standards.

The Clean Air Act established a new permitting program to be administered in Texas by the TACB. The precise requirements of the program cannot be determined until final regulations have been promulgated. Based on the regulations proposed to date, HL&P anticipates that additional expenditures may be required for administering the permitting process and implementing modifications to a number of existing generating units to comply with such requirements. The legislation could also substantially increase the cost of constructing new generating units.

Further, certain provisions of the Clean Air Act require the EPA to conduct studies to determine if additional emission controls may be needed to reduce certain toxic air pollutants. The impact on HL&P of any such future requirements cannot be determined at present.

Water. The TWC has jurisdiction over water discharges in the State of Texas and is empowered to set water quality standards and issue permits regulating water quality. The TWC jurisdiction is currently shared with the EPA, which also issues water discharge permits and reviews the Texas water quality standards program.

HL&P has obtained permits from both the TWC and the EPA for all facilities currently in operation which require such permits. Applications for renewal of permits for existing facilities have been submitted as required. The reissued permits reflect changes in federal and state regulations which may increase the cost of maintaining compliance. In November 1990, the EPA promulgated stormwater discharge regulations which implement the Clean Water Act and require HL&P to obtain discharge permits and possibly develop additional controls on certain stormwater discharges. Although compliance with the new regulations has resulted and will continue to result in additional costs to HL&P, the costs have not had and are not expected to have a material impact on HL&P's financial condition or results of operations.

For a description of certain Administrative Orders issued by the EPA to HL&P under the Clean Water Act and for a description of certain other environmental litigation, see Item 3 - "Legal Proceedings" of this Report.

Solid Waste. HL&P is also subject to regulation by the TWC and the EPA with respect to the handling and disposal of solid waste generated on-site. The EPA has promulgated a number of regulations to protect human health and the environment from hazardous waste. Compliance with the regulations promulgated to date has not materially affected the operation of HL&P's facilities, but such compliance has increased operating costs. Legislation to amend RCRA has been proposed which, if enacted, may significantly increase HL&P's solid waste handling and disposal costs. Additionally, the promulgation of new regulations or the amendment of existing regulations could result in increased costs to HL&P.

Federal Regulation of Nuclear Power. Under the Atomic Energy Act of 1954 and Energy Reorganization Act of 1974, operation of nuclear plants is extensively regulated by the NRC, which has broad power to impose licensing and safety requirements. In the event of non-compliance, the NRC has the authority to impose fines or shut down nuclear plants, or both, depending upon its assessment of the severity of the situation, until compliance is achieved.

Low-Level Radioactive Waste. The federal Low-Level Radioactive Waste Policy Act delegates the responsibility for low-level waste disposal to the states. Texas created the Texas Low-Level Radioactive Waste Disposal Authority to build and operate a low-level waste disposal facility. The Low-Level Radioactive Waste Policy Act requires states to assume responsibility for their own waste by December 31, 1992 and establishes several milestones to ensure adequate progress is being made. States not meeting these milestones may be stopped from sending their waste to currently operating disposal sites before the December 31, 1992 deadline.

In January 1991, a District Court in Hudspeth County, Texas enjoined the Texas Low-Level Radioactive Waste Disposal Authority from developing a site in Hudspeth County, and the Texas Low-Level Radioactive Waste Disposal Authority is not expected to meet the December 31, 1992 deadline. HL&P cannot predict when a state storage facility will be available. HL&P is in the final stages of developing plans to construct a temporary low-level radioactive waste storage facility at the South Texas Project, the cost of which is not expected to be material. The facility is expected to be completed in late 1992.

Nuclear Insurance and Nuclear Decommissioning

Reference is made to Notes 7(c) and 7(d) to the Financial Statements in Item 8 of this Report for information concerning nuclear insurance and nuclear decommissioning, which are incorporated herein by reference.

Labor Matters

As of December 31, 1991, HL&P had 10,988 employees of whom 4,182 were hourly-paid employees represented by the International Brotherhood of Electrical Workers under a collective bargaining agreement which expires on May 25, 1993.

For a discussion of HL&P's STEP program and related employee matters, reference is made to Item 1 of this Report, "General", "Results of Operations" in the MD&A in Item 7 of this Report and Note 16 to the Financial Statements in Item 8 of this Report, which are incorporated herein by reference.

Operating Statistics

	Year Ended December 31,		
	1991	1990	1989
Electric Energy Generated and Purchased (MWH):			
Generated - Net Station Output	52,346,488	52,040,529	51,821,785
Purchased	10,518,246	10,320,356	9,352,752
Net Interchange	(54)	(11,845)	11,556
Total	62,864,680	62,349,040	61,186,093
Company Use, Lost and Unaccounted for	2,663,539	2,792,536	3,387,886
Energy Sold	60,201,141	59,556,504	57,798,207
Electric Sales (MWH):			
Residential	16,978,934	16,701,269	15,699,501
Commercial	12,501,613	12,188,947	11,775,557
Industrial	24,250,892	23,812,889	23,070,232
Street Lighting - Government and Municipal	109,874	110,026	109,160
Total Firm Retail Sales	53,841,313	52,813,131	50,654,450
Other Electric Utilities	506,558	718,626	685,831
Total Firm Sales	54,347,871	53,531,757	51,340,281
Interruptible	5,304,345	5,770,154	5,619,321
Off-System	548,925	254,593	838,605
Total	60,201,141	59,556,504	57,798,207
Number of Customers (End of Period):			
Residential	1,238,451	1,217,594	1,192,179
Commercial	163,054	161,067	159,428
Industrial (Including Interruptible)	1,791	1,844	1,775
Street Lighting - Government and Municipal	82	82	82
Other Electric Utilities (Including Off-System)	13	10	11
Total	1,403,391	1,380,597	1,353,475
Operating Revenue (Thousands of Dollars):			
Residential	$1,465,403	$1,385,710	$1,250,647
Commercial	882,873	838,325	789,526
Industrial	1,109,108	1,070,660	995,585
Street Lighting - Government and Municipal	21,977	20,366	19,659
Total Electric Revenue - Firm Retail Sales	3,479,361	3,315,061	3,055,417
Other Electric Utilities	41,136	48,833	45,931
Total Electric Revenue - Firm Sales	3,520,497	3,363,894	3,101,348
Interruptible	105,476	121,228	115,256
Off-System	8,907	4,746	16,639
Total Electric Revenue	3,634,880	3,489,868	3,233,243
Miscellaneous Electric Revenues	39,663	(21,186)	(114,508)
Total	$3,674,543	$3,468,682	$3,118,735
Installed Net Generating Capability (KW) (End of Period)	13,583,000	13,584,000	13,584,000
Cost of Fuel (Cents per Million Btu):			
Gas	161.5	178.9	185.5
Coal	230.6	220.5	223.3
Lignite	175.5	160.1	149.1
Nuclear	58.3	57.9	49.6
Average	175.3	178.9	183.0

OFFICERS

Name	Age (1)	Officer Since(2)	Business Experience 1987-1991 and Positions	
Don D. Jordan.....	59	1971	Chairman and Chief Executive Officer and Director	1987-
Don D. Sykora.....	61	1977	President and Chief Operating Officer and Director	1987-
Jack D. Greenwade.	52	1982	Group Vice President - Operations	1990-
			Senior Vice President and Chief Operating Officer - KBLCOM Incorporated	1989
			Vice President - System Operations	1987-1989
Donald P. Hall....	64	1989	Group Vice President - Nuclear	1989-
			Senior Vice President - Illinois Power Company, an electric utility	1989
			Vice President-Illinois Power Company	1987-1989
Lee W. Hogan......	47	1990	Group Vice President - External Affairs	1990-
			President and Chief Executive Officer - Greater Houston Partnership, an organization which governs the Houston Economic Development Council, the Houston Chamber of Commerce and The World Trade Association	1989-1990
			President and Chief Executive Officer - Houston Economic Development Council, an organization formed to promote economic diversity in Houston	1987-1988
			Private Investment and Consulting	1987
Hugh Rice Kelly...	49	1984	Senior Vice President, General Counsel and Corporate Secretary	1987-
R. Steve Letbetter	43	1978	Group Vice President - Finance and Regulatory Relations	1988-
			Vice President - Regulatory Relations	1987-1988
Edward A. Turner..	64	1978	Group Vice President - Administration and Support	1987-
L. G. Brackeen....	57	1984	Vice President - Fuel and Energy Management	1989-
			Vice President - Fossil Fuels and Cogeneration	1987-1989
			Vice President - Fossil Fuel Resources	1987

OFFICERS (Continued)

Name	Age (1)	Officer Since(2)	Business Experience 1987-1991 and Positions	
James S. Brian....	44	1983	Vice President and Comptroller	1988-
			Vice President - Finance and Comptroller	1987-1988
Robert W. Chewning	62	1989	Vice President - Nuclear Support	1990-
			Vice President - Nuclear Assurance	1989-1990
			General Manager - Nuclear Safety Review Board	1988-1989
			Special Assistant to the Group Vice President - Nuclear	1987-1988
Susan D. Fabre....	36	1992(3)	Vice President - Human Resources	1992-
			General Manager - Human Resources	1991-1992
			Principal Attorney	1987-1991
Lawrence B. Horrigan........	57	1981	Vice President - Purchasing and Support Services	1988-
			Vice President - Purchasing and Materials Management	1987-1988
			Vice President - Fossil Plant Engineering and Construction	1987
Warren H. Kinsey, Jr......	47	1990	Vice President - Nuclear Generation	1990-
			Plant Manager - Nuclear Operations	1987-1990
Ancel D. Maddox...	50	1982	Vice President - Customer Relations	1987-
Stephen W. Naeve..	44	1988	Vice President - Corporate Planning and Treasurer	1990-
			Vice President - Corporate Planning	1988-1990
			General Manager - Planning and Strategic Management	1987-1988
Stephen L. Rosen..	51	1989	Vice President - Nuclear Engineering	1990-
			Vice President - Nuclear Engineering and Construction	1989-1990
			General Manager - Operations Support	1988-1989
			Chairman - Nuclear Safety Review Board	1987-1988
Stephen C. Schaeffer.......	44	1989	Vice President - Regulatory Relations	1989-
			General Manager - Regulatory Activities	1987-1989
			Manager - Rate & Research	1987

OFFICERS (Continued)

Name	Age (1)	Officer Since(2)	Business Experience 1987-1991 and Positions	
David G. Tees.....	47	1986	Vice President - Energy Production	1987-
Robert L. Waldrop.	44	1988	Vice President - Public Affairs	1988-
			General Manager - Public Affairs	1987-1988

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(1) At December 31, 1991.

(2) Unless otherwise noted, elected May 7, 1991 to serve for one year or until their successors are duly elected and qualified.

(3) Elected effective March 4, 1992.

Item 2. Properties.

All of HL&P's electric generating stations and all of the other operating properties of HL&P are located in the State of Texas. HL&P considers its properties to be well maintained, in good operating condition and suitable for their intended purposes.

Electric Generating Stations. As of December 31, 1991, HL&P owned eleven electric generating stations (61 generating units) with a combined turbine nameplate rating of 13,425,868 KW, including a 30.8% interest in one station (two units) with a combined turbine nameplate rating of 2,623,676 KW.

Substations. As of December 31, 1991, HL&P owned 202 major substations (with capacities of at least 10.0 Mva) having a total installed rated transformer capacity of 54,801 Mva (exclusive of spare transformers), including a 30.8% interest in one major substation with an installed rated transformer capacity of 3,080 Mva.

Electric Lines-Overhead. As of December 31, 1991, HL&P operated 23,956 pole miles of overhead distribution lines and 3,560 circuit miles of overhead transmission lines, including 1,992 circuit miles operated at 138,000 volts and 1,030 circuit miles operated at 345,000 volts.

Electric Lines-Underground. As of December 31, 1991, HL&P operated 7,385 circuit miles of underground distribution lines and 12.6 circuit miles of underground transmission lines, including 8 circuit miles operated at 138,000 volts.

General Properties. HL&P owns various properties which include a 27-story headquarters office building, division offices, service centers, telecommunications equipment and other facilities used for general purposes.

Titles. The electric generating plants and other important units of property of HL&P are situated on lands owned in fee by HL&P. Transmission lines and distribution systems have been constructed in part on or across privately owned land pursuant to easements or on streets and highways and across waterways pursuant to authority granted by municipal and county permits, and by permits issued by state and federal governmental authorities. Under the laws of the State of Texas, HL&P has the right of eminent domain pursuant to which it may secure or perfect rights-of-way over private property, if necessary.

The major properties of HL&P are subject to liens securing its long-term debt, and titles to some of its properties are subject to minor encumbrances and defects, none of which impairs the use of such properties in the operation of its business.

Item 3. Legal Proceedings.

For a description of certain legal and regulatory proceedings affecting HL&P, see Notes 7 through 11 to the Financial Statements included under Item 8 of this Report, which are incorporated herein by reference.

On February 15, 1991 and November 20, 1991, the EPA issued Administrative Orders to HL&P pursuant to the Clean Water Act. These Administrative Orders relate to alleged noncompliance at Limestone in 1989, 1990 and 1991. On August 29, 1991 the EPA issued an Administrative Order related to alleged noncompliance at W. A. Parish. HL&P is taking action to address the issues cited by the EPA and has largely resolved these matters. No material impact on HL&P's financial condition or results of operations is expected.

From time to time, HL&P sells equipment and material it no longer requires for its business. In the past, some purchasers may have improperly handled the material, principally through improper disposal of oils containing PCBs used in older transformers. Claims have been asserted against HL&P for clean-up of environmental contamination as well as for personal injury and property damages resulting from the purchasers' alleged improper activities. Although HL&P has disputed its responsibility for the actions of such purchasers, HL&P has in some cases participated or contributed in the remediation of those sites. Such undertakings in the past have not required material expenditures by HL&P. In 1990, HL&P, together with other companies, participated in the clean-up of one such site. Two suits have been brought against HL&P and numerous other parties for personal injury and property damages in connection with that site and its cleanup. HL&P has disputed its responsibility for the actions of the disposal site operator and whether injuries or damages occurred. At this time no prediction can be made as to the outcome of these suits.

The EPA has identified HL&P as a "potentially responsible party" for remediation of a superfund site adjacent to one of HL&P's transmission lines in Harris County. Although HL&P did not contribute waste to or operate that site, the party primarily responsible for contributing waste to the site, and possibly other potentially responsible parties, have alleged that waste disposal pits dug by the site operator encroach onto HL&P's property and that HL&P therefore is responsible as a site owner. On June 11, 1990, the EPA issued an Administrative Order to HL&P and several other companies purporting to require those parties to implement the management of migration remediation at the site. HL&P denies that it is an owner of the land or is otherwise responsible for the remediation activities, except that HL&P admits that it owns adjacent property onto which substances from the site appear to have migrated. HL&P has responded to the Administrative Order by saying that, if necessary, it will remove substances which have migrated onto its property, but will not otherwise assume responsibility for site remediation. HL&P has not participated in the management of migration remediation required by the Administrative Order. HL&P understands that the other respondents to the Administrative Order have proceeded with implementation of the management of migration remediation and are negotiating a consent decree regarding this operable unit with the EPA. Neither the EPA nor any other responsible party has presented HL&P with a claim for a share of costs for the management of the migration operable unit. The aggregate potential clean-up costs for the entire site are estimated to be approximately $80 million. No prediction can be made at this time concerning the ultimate outcome of this matter.

HL&P and the other owners of the South Texas Project have filed suit against Westinghouse in the District Court for Matagorda County, Texas (Cause No. 90-S-0684-C), alleging breach of warranty and misrepresentation in connection with the steam generators supplied by Westinghouse for the South Texas Project. In recent years other utilities have encountered stress corrosion cracking in steam generator tubes in Westinghouse units similar to those supplied for the South Texas Project. Failure of such tubes can result in a reduction of plant efficiency, and in some cases utilities have replaced their steam generators. To date no similar stress corrosion cracking has been experienced with steam generator tubes supplied for the South Texas Project, but the owners of the South Texas Project have undertaken expenditures to forestall such corrosion. The litigation, which is in its early stages, seeks appropriate damages and other relief from Westinghouse and is not expected to go to trial until after 1993. No prediction can be made as to the ultimate outcome of that litigation.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders during the fourth quarter of 1991.

PART II

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters.

All of HL&P's Common Stock is privately held, beneficially and of record, by its parent, Houston Industries.

Item 6. Selected Financial Data.

The following table sets forth selected financial data with respect to HL&P's financial condition and results of operations and should be read in conjunction with the Financial Statements and the related notes included elsewhere herein.

	(Thousands of Dollars) Year Ended December 31,				
	1991	1990	1989	1988	1987
Revenues	$ 3,674,543	$3,468,682	$3,118,735	$3,063,573	$3,000,832
Income after preferred dividends	$ 448,296	$ 391,382	$ 437,269	$ 368,516	$ 408,581
AFUDC as a percent of income after preferred dividends(1)	14%	25%	32%	49%	51%
Return on average common equity	13.6%	12.4%	14.2%	12.2%	14.0%
Ratio of earnings to fixed charges:					
Including AFUDC(1)	2.95	2.80	3.11	2.76	3.35
Excluding AFUDC(1)	2.71	2.40	2.49	2.06	2.41
Ratio of earnings to fixed charges and preferred dividend requirements	2.50	2.34	2.60	2.39	2.87
At year-end:					
Total assets	$10,085,268	$9,943,444	$9,599,470	$9,095,026	$8,664,220
Long-term obligations including current maturities(2)	$ 4,017,802	$3,920,712	$3,917,605	$3,364,447	$2,944,707
Capitalization:					
Common stock equity	44%	43%	42%	45%	48%
Cumulative preferred stock	6%	8%	8%	7%	7%
Long-term debt (including current maturities)	50%	49%	50%	48%	45%
Construction and nuclear fuel expenditures (excluding AFUDC)(1)	$ 353,031	$ 335,678	$ 349,650	$ 506,074	$ 644,580
Percent of construction expenditures financed internally from operations	130%	84%	76%	37%	29%

(1) AFUDC includes deferred carrying costs and deferred return.
(2) Includes Cumulative Preferred Stock subject to mandatory redemption.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

General. Houston Lighting & Power Company (HL&P) had income after preferred dividends of $448.3 million for 1991, an increase of $56.9 million from 1990 and an increase of $11.0 million over 1989. The increase in 1991 income is the result of higher kilowatt-hour (KWH) sales and a $313 million increase in base rates implemented in May 1991. The rate increase improved earnings slightly, but had a more significant impact on cash flow since operating revenues now reflect recovery of costs previously deferred. Income for 1990 was negatively impacted by a write-off of disallowed costs of approximately $29 million, while 1989 earnings were increased by $70 million as a result of the settlement of an appeal of a 1982 rate order. Allowance for Funds Used During Construction (AFUDC), deferred carrying costs and deferred return accounted for 14% of 1991 earnings compared to 25% in 1990 and 32% in 1989. For a discussion of deferred carrying costs and deferred return, see Note 10 to the Financial Statements.

During 1989-1991, HL&P's results of operations were significantly affected by decisions of the Public Utility Commission of Texas (Utility Commission) in connection with rate increase applications filed by HL&P relating to, among other things, the commercial operations of the South Texas Project Electric Generating Station (South Texas Project). These decisions are discussed in Notes 8, 9 and 10 to the Financial Statements, which are incorporated herein by reference.

Operating Revenues and Sales. Electric operating revenues increased 5.9% and 11.2% for the years 1991 and 1990, respectively. The favorable trend in annual revenues reflects increased KWH sales, excluding interruptible, in all three major customer categories, primarily residential, and increased rates in 1991 and 1990. Residential sales increased by 1.7% in 1991 and 6.4% in 1990. Higher residential sales reflect a 1.7% increase in the number of customers in 1991 and a 2.1% increase in customers in 1990. Both 1991 and 1990 residential sales reflect the unseasonably warm summer weather in the Texas Gulf Coast area resulting in an increase in base revenues of $54 million and $43 million, respectively. Commercial and industrial sales increases reflect the strengthening of the Houston economy during 1990 and the early part of 1991.

HL&P expects compound annual growth in firm electricity sales and peak demand to average 2.1% and 1.8%, respectively, over the next 10 years. Despite the loss of some industrial sales to self-generation, HL&P expects to gain new customers as a result of industrial expansion in the area.

Fuel and Purchased Power Expense. Fuel expense for 1991 decreased $27.1 million over the prior year primarily due to a lower unit cost of fuel resulting from lower natural gas prices. Fuel expense decreased $7.4 million for 1990, primarily due to a lower unit cost of fuel due to increased nuclear generation and lower natural gas prices, partially offset by higher overall electric generation. The average cost of fuel used by HL&P during 1991 was $1.75 per million Btu, compared to $1.79 and $1.83 per million Btu in 1990 and 1989, respectively. The combined cost of fuel used by HL&P and the fuel portion of purchased power was 1.86 cents per KWH in 1991, down from 1.92

cents per KWH in 1990 and 1989. Purchased power expense increased $10.2 million and $39.9 million in 1991 and 1990, respectively, due to escalating capacity charges paid to cogenerators.

Operation and Maintenance Expenses, Depreciation, Other Taxes and Interest. Electric operation and maintenance expenses in 1991 increased $45.6 million or 6.0% over 1990 primarily due to increases in administrative and general, production maintenance and distribution maintenance expenses. The increase in administrative and general expense was primarily attributable to a $9.4 million increase in employee benefit expenses related to increased medical and pension expense. In addition, workmen's compensation increased $6.6 million over 1990 as a result of higher premiums and a one-time adjustment to recognize these costs on an accrual basis. In 1990, operation and maintenance expenses increased $95.1 million or 14.3% over 1989. Expenses in 1990 reflect the first full year of operation of Unit No. 2 of the South Texas Project. In 1989, operating expenses were reduced by non-recurring inventory adjustments.

Depreciation and amortization expense increased $23.7 million in 1991 over 1990, while such expense in 1990 was $13.8 million higher than in 1989. The 1991 increase is primarily attributable to the amortization of deferred plant costs related to the South Texas Project which began when new rates were implemented in May 1991. The 1990 increase primarily reflects the commencement of depreciation on Unit No. 2 of the South Texas Project in June 1989. Other taxes increased $2.5 million in 1991 which reflects the effects of a state franchise tax refund of $10.5 million and a change in the franchise tax calculation methodology, offset by a change in the franchise tax privilege period and by higher ad valorem tax expenses in 1991 due to new tax rates. Other taxes increased $31 million in 1990, reflecting the effects of a state franchise tax refund in 1989 which served to reduce other tax expense by approximately $28.8 million in 1989.

Interest income in 1991 increased $10.3 million compared to 1990 primarily due to interest received on a refund of prior years' income taxes. Offsetting this was an increase in other interest expense of $8.2 million due primarily to interest paid on an assessment of prior years' income taxes.

Success Through Excellence in Performance (STEP) Program. In October 1991, HL&P launched its STEP program, an internal effort to identify performance improvement opportunities that could be made while maintaining the high level of customer satisfaction that HL&P has achieved in the past. Now that HL&P's major construction program has been completed and growth in the service area has become more stable, the STEP program has intensified HL&P's focus on meeting customer requirements at the lowest possible cost in order to maintain the current level of base electric rates for an extended period of time. Approximately 500 employees have accepted a voluntary early retirement plan which was offered in January 1992. Additional workforce reductions, to be accomplished through a combination of severance and attrition starting in April 1992, have been identified as part of the STEP program. HL&P expects to record a pre-tax charge in the range of $70 million to $90 million in the first quarter of 1992 to reflect the implementation of the STEP program, but anticipates that the effect on annual results for 1992 will be substantially mitigated by the savings derived from such program.

Liquidity and Capital Resources

General. HL&P's 1991 net cash provided by operations increased $226.3 million and $158.0 million from 1990 and 1989, respectively. The increases were primarily the result of the implementation of bonded rates in May 1991, which included recovery of costs previously deferred, and increased sales. Net cash provided by operations for 1990 was negatively impacted primarily by $105 million for disputed income taxes and interest paid to the Internal Revenue Service, while 1989 net cash from operations benefited from implementation of bonded rates.

HL&P's 1991 net cash used in investing activities decreased $98.8 million and $11.7 million as compared to 1990 and 1989, respectively. The decrease from 1990 is primarily due to the purchase of lignite reserves and handling equipment from Utility Fuels, Inc., HL&P's fuel supply affiliate, in June 1990. The decrease from 1989 is primarily due to decreased capital expenditures.

HL&P's 1991 net cash used in financing activities increased $214.6 million and $254.5 million from 1990 and 1989, respectively. The increases were primarily due to the payment of long-term debt and short-term borrowings and the redemption of preferred stock, partially offset by the issuance of long-term debt in 1991.

Construction Program. HL&P's construction and nuclear fuel expenditures (excluding AFUDC) for 1991 totaled $345 million. Estimated expenditures for 1992, 1993 and 1994 are $399 million, $408 million and $516 million, respectively. These amounts do not include expenditures on projects for which HL&P expects to be reimbursed by customers or other parties. HL&P's expenditures to keep lignite leases and other related agreements in effect for the Malakoff Electric Generating Station (Malakoff) were $8.4 million in 1991 and are estimated to be $8.7 million, $9.6 million and $9.8 million in 1992, 1993 and 1994, respectively. Maturities of long-term debt for this same period include $159 million in 1992, $137 million in 1993 and $20 million in 1994. For a discussion of HL&P's commitments for capital expenditures, see Note 6 to the Financial Statements which is incorporated herein by reference.

With the completion of Unit No. 2 of the South Texas Project in 1989, HL&P's power plant construction program is essentially complete for the near term. Over 50% of HL&P's construction program for the next three years is expected to relate to costs for transmission, distribution and general plant facilities. Based on the current forecast of demand for electricity in HL&P's service area, HL&P does not expect to increase its generating capacity until the mid 1990's. With an in-service date of 2005 for Unit No. 1, Malakoff is currently the largest planned addition to production plant. Currently there are no significant expenditures for new generation capacity planned until 1994 with the exception of the E.I. du Pont de Nemours Company (Du Pont) project. HL&P and Du Pont have agreed that HL&P will construct, own, and operate two 80 MW natural gas-fired cogeneration systems to be located at Du Pont's chemical plant in La Porte, Texas. The project is expected to cost $121 million and be available to meet peak demand in 1995, at which time HL&P will supply, and Du Pont will pay for, substantially all of Du Pont's process steam requirements from the project. The timing and cost of HL&P's construction program are subject to review and may be revised due to changes in load forecasts, changing regulatory and environmental standards and other factors.

Financing Activities. HL&P expects to finance its construction program for the period 1992-1994 through funds generated internally from operations.

In 1991, HL&P's Board of Directors authorized the redemption, purchase or other acquisition, from time to time, of all series of its preferred stock outstanding during 1991, certain series of first mortgage bonds and certain series of pollution control bonds issued on behalf of HL&P.

In January 1991, HL&P issued $100 million of its medium-term notes, series B due 1996 collateralized by first mortgage bonds, and repaid at maturity $132 million of first mortgage bonds, 9 3/8% series. In March 1991, HL&P issued $160 million of first mortgage bonds, 9.15% series due 2021. In May 1991, approximately $35 million of first mortgage bonds, 10 1/8% series due 2004, were redeemed at 100% of their principal amount. Proceeds from the sales of long-term debt were used for general corporate purposes, including repayment of first mortgage bonds and short-term indebtedness.

In November 1991, HL&P redeemed all shares of its $9.52, $9.08 and $9.04 cumulative preferred stock at prices of 103%, 101% and 103%, respectively, of their fixed liquidation value. Such preferred stock had an aggregate fixed liquidation value of $110 million. In February 1992, HL&P issued $100 million of variable term perpetual preferred stock. Proceeds from the sale were used to reduce short-term indebtedness, including indebtedness incurred for the November 1991 preferred stock redemptions.

In January 1992, HL&P repaid at maturity $132 million of first mortgage bonds, 9 3/8% series.

On March 9, 1992, HL&P offered to purchase, at a premium over the principal amount, seven series of pollution control revenue bonds issued on behalf of HL&P by the Brazos River Authority (BRA) and the Matagorda County Navigation District Number One (MCND). The cash offer is for any and all of the bonds. The offer is conditioned upon, among other things, the issuance of pollution control revenue refunding bonds on behalf of HL&P by the BRA and the MCND in respective principal amounts equal to the aggregate principal amount of bonds of such issuer purchased under the offer. The bonds to be refunded bear interest at rates ranging from 9 3/4% to 10 5/8%.

On March 12, 1992, HL&P offered to purchase, at a premium over the principal amount, any and all of its first mortgage bonds, 9 1/4% series due 2008. The cash offer is conditioned upon, among other things, HL&P having at least $357 million available on the expiration date of the offer.

Collateralized medium-term notes of $100 million, which were registered with the SEC in 1989, remain unissued. A registration statement for $250 million of debt securities to be issued as first mortgage bonds or as debt securities collateralized by first mortgage bonds and a registration statement for $350 million of preferred stock were filed with the SEC in March 1992.

HL&P's interim financing requirements are met through the issuance of short-term debt, primarily commercial paper, supported by a bank line of credit. At December 31, 1991, such line was maintained in the aggregate principal amount of $250 million.

HL&P's capitalization ratios at December 31, 1991 consisted of 50% long-term debt, 6% preferred stock and 44% common equity. HL&P expects the common equity ratio to increase in the near term due to the completion of its power plant construction program and improved cash flow from operations as a result of the Utility Commission's approval of HL&P's rate increase application.

Environmental Expenditures. In November 1990, the Clean Air Act was enacted by Congress primarily to reduce emissions of sulfur dioxides and nitrogen oxides. HL&P has already made a substantial investment in pollution control facilities, and all of its generating facilities currently comply in all material respects with sulfur dioxide emission standards established by the legislation. The Clean Air Act also provides for the establishment of new emission standards for nitrogen oxides over the next several years. At this time, it is not possible to predict the cost of complying with such future standards. The new standards could also substantially increase the cost of constructing new generating units.

The United States Environmental Protection Agency (EPA) has identified HL&P as a "potentially responsible party" for the costs of remediation of a superfund site located adjacent to HL&P's property. Although HL&P did not contribute waste to or operate the site, it has been alleged that waste disposal pits encroach onto HL&P's property. HL&P has denied that it owns any portion of the superfund site or that it is responsible for the remediation activities, except that HL&P has said that, if necessary, it will remove substances which have migrated onto its property. In June 1990, HL&P and a group of other potentially responsible parties received an Administrative Order purporting to require those parties to implement the management of migration remediation at the site. HL&P understands that the other respondents to the Administrative Order have proceeded with implementation of the management of migration remediation, in which it has not participated, and are negotiating a consent decree regarding this operable unit with the EPA. The aggregate potential clean-up cost for the entire site is estimated to be approximately $80 million. No prediction can be made at this time concerning the ultimate outcome of this matter.

New Accounting Pronouncements

In December 1990, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions". This accounting standard, effective for fiscal years beginning after December 15, 1992, requires companies to recognize the liability for postretirement benefit plans other than pensions, primarily medical and dental benefits. HL&P currently anticipates adoption in 1993. With no changes in plan designs and recognition of the transition obligation (the liability existing as of the date of adoption) over 20 years, rather than immediate recognition (which treatment is permitted for HL&P) HL&P estimates that adoption will increase pre-tax benefit expense by approximately $30 million over the current "pay-as-you-go" amount in 1993 with a related transition obligation or accumulated postretirement benefit obligation of approximately $190 million. The Utility Commission has not yet determined the appropriate regulatory treatment for recognition of such costs. The above estimates do not include the impact, if any, of the early retirement plan or involuntary severance under HL&P's STEP program.

In February 1992, the FASB adopted SFAS No. 109 which amends SFAS No. 96, "Accounting for Income Taxes," and is effective for fiscal years beginning after December 15, 1992. SFAS No. 109 requires, among other things, the liability method of recognition for all temporary differences, requires that deferred tax liabilities and assets be adjusted for an enacted change in tax laws or rates and prohibits net-of-tax accounting and reporting. Certain provisions of SFAS No. 109 provide that regulated enterprises are permitted to recognize such adjustments as regulatory assets or liabilities if it is probable that such amounts will be recovered from or returned to customers in future rates. HL&P will evaluate the effects of SFAS No. 109 before deciding how and when it will be adopted.

Item 8. Financial Statements and Supplementary Data.

HOUSTON LIGHTING & POWER COMPANY

STATEMENTS OF INCOME
(Thousands of Dollars)

	Year Ended December 31,		
	1991	1990	1989
Operating Revenues	$3,674,543	$3,468,682	$3,118,735
Operating Expenses:			
Fuel	960,091	987,168	994,544
Purchased power	444,040	433,862	393,984
Operation	574,455	546,768	480,101
Maintenance	231,109	213,165	184,709
Depreciation and amortization	341,398	317,713	303,927
Income taxes	207,915	217,036	182,250
Other taxes	190,526	187,987	157,034
Deferred expenses	(22,973)	(101,187)	(121,885)
Total	2,926,561	2,802,512	2,574,664
Operating Income	747,982	666,170	544,071
Other Income (Expense):			
Allowance for other funds used during construction	5,749	3,841	18,052
Settlement of 1982 rate case			108,045
Deferred return under phase-in plan	38,758	35,269	
Disallowed plant costs and regulatory adjustment	14,483	(35,573)	
Interest income	13,524	3,266	7,916
Income taxes	(1,941)	30,692	(37,742)
Other - net	(11,869)	(24,940)	(20,478)
Total	58,704	12,555	75,793
Income Before Interest Charges	806,686	678,725	619,864
Interest Charges:			
Interest on long-term debt	324,828	319,729	311,116
Other interest	28,119	19,963	13,806
Allowance for borrowed funds used during construction	(10,049)	(8,950)	(35,111)
Deferred carrying costs	(30,695)	(91,152)	(151,707)
Total	312,203	239,590	138,104
Net Income	494,483	439,135	481,760
Dividends on Preferred Stock	46,187	47,753	44,491
Income After Preferred Dividends	$ 448,296	$ 391,382	$ 437,269

See Notes to Financial Statements.

HOUSTON LIGHTING & POWER COMPANY

STATEMENTS OF RETAINED EARNINGS
(Thousands of Dollars)

	Year Ended December 31,		
	1991	1990	1989
BALANCE AT BEGINNING OF YEAR............	$1,625,358	$1,549,692	$1,428,139
ADD - NET INCOME........................	494,483	439,135	481,760
REDEMPTION OF PREFERRED STOCK...........	(4,160)		
Total............................	2,115,681	1,988,827	1,909,899
DEDUCT - CASH DIVIDENDS:			
Preferred:			
$4.00 Series........................	390	390	390
$6.72 Series........................	1,680	1,680	1,680
$7.52 Series........................	3,760	3,760	3,760
$9.52 Series........................	3,290	3,808	3,808
$9.08 Series........................	3,138	3,632	3,632
$8.12 Series........................	4,060	4,060	4,060
$9.04 Series........................	2,343	2,712	2,712
"A" Series........................	3,550	3,645	3,670
"B" Series........................	3,430	3,520	3,545
$8.50 Series........................	8,500	8,500	8,500
$9.375 Series.......................	12,046	12,046	8,734
Common..............................	315,716	315,716	315,716
Total............................	361,903	363,469	360,207
BALANCE AT END OF YEAR..................	$1,753,778	$1,625,358	$1,549,692

See Notes to Financial Statements.

HOUSTON LIGHTING & POWER COMPANY

BALANCE SHEETS
(Thousands of Dollars)

ASSETS

	December 31,	
	1991	1990
PROPERTY, PLANT AND EQUIPMENT-AT COST:		
Electric plant:		
Production	$ 6,724,735	$ 6,595,577
Transmission	801,049	764,336
Distribution	2,302,657	2,173,981
General	690,246	660,969
Construction work in progress	239,159	287,805
Nuclear fuel	181,853	177,308
Plant held for future use	275,719	263,735
Electric plant acquisition adjustments	3,166	3,166
Total	11,218,584	10,926,877
Less accumulated depreciation and amortization	2,480,902	2,220,889
Property, plant and equipment - net	8,737,682	8,705,988
CURRENT ASSETS:		
Cash and cash equivalents	7,773	556
Special deposits	1,417	149
Accounts receivable:		
Affiliated companies	680	8,177
Others	24,918	11,295
Inventory:		
Fuel oil and gas, at lifo cost	25,443	26,271
Materials and supplies, at average cost	173,827	161,107
Prepayments	12,522	19,653
Total current assets	246,580	227,208
OTHER ASSETS		
Deferred plant costs	716,264	622,979
Deferred debits	238,649	225,470
Unamortized debt expense and premium on reacquired debt	86,311	88,677
Recoverable project costs	59,782	73,122
Total other assets	1,101,006	1,010,248
Total	$10,085,268	$ 9,943,444

See Notes to Financial Statements.

HOUSTON LIGHTING & POWER COMPANY

BALANCE SHEETS
(Thousands of Dollars)

CAPITALIZATION AND LIABILITIES

	December 31,	
	1991	1990
CAPITALIZATION (statements on following page):		
Common stock equity	$ 3,355,875	$ 3,227,455
Cumulative preferred stock:		
Not subject to mandatory redemption	232,980	341,319
Subject to mandatory redemption	226,632	227,001
Long-term debt	3,632,317	3,559,969
Total capitalization	7,447,804	7,355,744
CURRENT LIABILITIES:		
Notes payable		64,000
Notes payable to affiliated companies		35,500
Accounts payable	137,206	145,992
Accounts payable to affiliated companies	36,549	32,746
Taxes accrued	193,498	137,054
Interest and dividends accrued	96,068	95,212
Accrued liabilities to municipalities	21,510	84,112
Customer deposits	65,224	56,988
Current portion of long-term debt	158,853	133,742
Fuel refund, including interest	62,993	54,938
Other	38,602	24,005
Total current liabilities	810,503	864,289
DEFERRED CREDITS:		
Accumulated deferred income taxes	1,235,407	1,136,895
Unamortized investment tax credit	451,965	470,411
Other	139,589	116,105
Total deferred credits	1,826,961	1,723,411
COMMITMENTS AND CONTINGENCIES		
Total	$10,085,268	$ 9,943,444

See Notes to Financial Statements.

HOUSTON LIGHTING & POWER COMPANY

STATEMENTS OF CAPITALIZATION
(Thousands of Dollars)

	December 31,	
	1991	1990
COMMON STOCK EQUITY:		
Common stock, no par; authorized, 200,000,000 shares; outstanding, 106,660,778 shares at December 31, 1991 and 1990	$1,602,097	$1,602,097
Retained earnings	1,753,778	1,625,358
Total common stock equity	3,355,875	3,227,455
CUMULATIVE PREFERRED STOCK, no par; authorized, 10,000,000 shares; outstanding, 4,632,397 shares at December 31, 1991 and 5,732,397 shares at December 31, 1990 (entitled upon liquidation to $100 per share)		
Not subject to mandatory redemption:		
$4.00 series, 97,397 shares	9,740	9,740
$6.72 series, 250,000 shares	25,115	25,115
$7.52 series, 500,000 shares	50,226	50,226
$9.52 series, 400,000 shares		39,372
$9.08 series, 400,000 shares		39,395
$8.12 series, 500,000 shares	50,098	50,098
$9.04 series, 300,000 shares		29,572
"A" series, 500,000 shares	48,810	48,810
"B" series, 500,000 shares	48,991	48,991
Total	232,980	341,319
Subject to mandatory redemption:		
$8.50 series, 1,000,000 shares	98,993	99,362
$9.375 series, 1,285,000 shares	127,639	127,639
Total	226,632	227,001
Total cumulative preferred stock	459,612	568,320
LONG-TERM DEBT:		
First mortgage bonds:		
9 3/8% series, due 1991		132,000
4 1/2% series, due 1992	25,000	25,000
9 3/8% series, due 1992	132,000	132,000
9 3/8% series, due 1993	136,000	136,000
5 1/4% series, due 1996	40,000	40,000
5 1/4% series, due 1997	40,000	40,000
6 3/4% series, due 1997	35,000	35,000
6 3/4% series, due 1998	35,000	35,000
7 1/2% series, due 1999	30,000	30,000
7 1/4% series, due 2001	50,000	50,000
7 1/2% series, due 2001	50,000	50,000
8 1/8% series, due 2004	100,000	100,000
10 1/8% series, due 2004		35,407
8 3/4% series, due 2005	125,000	125,000
8 3/8% series, due 2006	125,000	125,000
8 3/8% series, due 2007	125,000	125,000

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STATEMENTS OF CAPITALIZATION
(Thousands of Dollars)

(Continued)

	December 31, 1991	December 31, 1990
8 7/8% series, due 2008	$ 125,000	$ 125,000
9 1/4% series, due 2008	100,000	100,000
9 % series, due 2017	390,519	390,519
10 1/4% series, due 2019	225,000	225,000
9.15 % series, due 2021	160,000	
7 % pollution control series, due 2008	19,200	19,200
7 3/4% pollution control series, due 2015	68,700	68,700
8 1/4% pollution control series, due 2015	90,000	90,000
7 7/8% pollution control series, due 2016	68,000	68,000
7 7/8% pollution control series, due 2018	50,000	50,000
8 1/4% pollution control series, due 2019	100,000	100,000
8.10 % pollution control series, due 2019	100,000	100,000
7 7/8% pollution control series, due 2019	29,685	29,685
7.60 % pollution control series, due 2019	70,315	70,315
7.70 % pollution control series, due 2019	75,000	75,000
7 1/8% pollution control series, due 2019	100,000	100,000
7.20 % pollution control series, due 2019	175,000	175,000
7 5/8% pollution control series, due 2019	100,000	100,000
Medium-term notes series A, 9.79%-9.85%, due 1994-1999	200,000	200,000
Medium-term notes series B, 8 5/8%, due 1996	100,000	
Total first mortgage bonds	3,394,419	3,301,826
Pollution control revenue bonds:		
Gulf Coast 1980-T series, floating rate, due 1998	5,000	5,000
Brazos River 1983 series, 10 1/2%, due 2003	25,000	25,000
Gulf Coast 1974 series, 7 3/8%, due 2004	17,300	17,650
Brazos River 1985 A2 series, 9 3/4%, due 2005	10,000	10,000
Gulf Coast 1982 series, 9 7/8%, due 2012	12,100	12,100
Brazos River 1982 series, 9 7/8%, due 2012	42,800	42,800
Brazos River 1983 series, 10 5/8%, due 2013	75,000	75,000
Brazos River 1985 A1 series, 9 7/8%, due 2015	100,000	100,000
Matagorda County 1985 series, 10%, due 2015	115,000	115,000
Funds on deposit with Trustee		(5,012)
Total pollution control revenue bonds	402,200	397,538
Unamortized premium (discount) - net	(11,826)	(11,899)
Capitalized lease obligations	3,190	2,398
Notes payable	3,187	3,948
Total	3,791,170	3,693,711
Less current maturities	158,853	133,742
Total long-term debt	3,632,317	3,559,969
Total capitalization	$7,447,804	$7,355,744

See Notes to Financial Statements.

HOUSTON LIGHTING & POWER COMPANY

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents
(Thousands of Dollars)

	Year Ended December 31,		
	1991	1990	1989
Cash Flows from Operating Activities:			
Net income	$ 494,483	$ 439,135	$ 481,760
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	341,398	317,713	303,927
Amortization of nuclear fuel	23,145	19,931	12,396
Deferred income taxes	98,497	140,414	140,535
Investment tax credits	(18,446)	(25,925)	(31,082)
Allowance for other funds used during construction	(5,749)	(3,841)	(18,052)
Deferred plant costs	(53,668)	(192,339)	(273,592)
Payment of disputed income taxes and related interest		(104,534)	
Deferred return under phase-in plan	(38,758)	(35,269)	
Disallowed plant costs and regulatory adjustment	(14,483)	35,573	
Disallowed expenses	13,124	20,950	
Fuel cost (refund) and over recovery - net	(7,061)	46,424	17,568
Bonded rate revenues		(2,382)	127,297
Settlement of 1982 rate case			(108,045)
Changes in other assets and liabilities:			
Accounts receivable - net	(6,126)	6,346	(13,182)
Materials and supplies	(12,720)	(9,510)	(44,826)
Fuel stock	828	(9,374)	2,413
Accounts payable	(4,983)	(32,148)	9,364
Prepayments	7,131	(3,809)	(549)
Interest and taxes accrued	52,228	(19,357)	83,653
Other current liabilities	(37,268)	10,252	21,384
Other - net	28,969	35,956	(8,467)
Total adjustments	366,058	195,071	220,742
Net cash provided by operating activities	860,541	634,206	702,502
Cash Flows from Investing Activities:			
Construction and nuclear fuel expenditures (including allowance for borrowed funds used during construction)	(363,080)	(344,628)	(375,464)
Purchase of lignite reserves and handling equipment from affiliated company		(117,865)	
Other - net	(11,108)	(10,517)	(10,393)
Net cash used in investing activities	(374,188)	(473,010)	(385,857)

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HOUSTON LIGHTING & POWER COMPANY

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents
(Thousands of Dollars)

(continued)

	Year Ended December 31,		
	1991	1990	1989
Cash Flows from Financing Activities:			
Proceeds from preferred stock.................			$ 127,731
Proceeds from first mortgage bonds............	$ 258,141		517,514
Payment of matured bonds......................	(132,000)		(55,000)
Payment of dividends..........................	(364,681)	$ (363,469)	(360,207)
Increase (decrease) in notes payable..........	(64,000)	64,000	(391,786)
Increase (decrease) in notes payable to affiliated company........................	(35,500)	35,500	
Redemption of preferred stock.................	(112,500)		
Extinguishment of long-term debt..............	(35,757)		(52,662)
Other - net	7,161	(532)	(10,263)
Net cash used in financing activities.....	(479,136)	(264,501)	(224,673)
Net Increase (Decrease) in Cash and Cash Equivalents................................	7,217	(103,305)	91,972
Cash and Cash Equivalents at Beginning of Year...	556	103,861	11,889
Cash and Cash Equivalents at End of Year.........	$ 7,773	$ 556	$ 103,861

Supplemental Disclosure of Cash Flow Information:

Noncash Financing Transactions:			
Redemption of pollution control revenue bonds with proceeds of collateralized revenue refunding bonds............................			$ 469,200
Cash Payments:			
Interest (net of amounts capitalized or deferred)....................	$ 261,652	$ 250,506	$ 130,644
Income taxes..................................	85,914	157,104	48,768

See Notes to Financial Statements.

HOUSTON LIGHTING & POWER COMPANY

NOTES TO FINANCIAL STATEMENTS
For the Three Years Ended December 31, 1991

(1) Summary of Significant Accounting Policies

(a) **System of Accounts.** The accounting records of Houston Lighting & Power Company (HL&P) are maintained in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts as adopted by the Public Utility Commission of Texas (Utility Commission).

(b) **Electric Plant.** Additions to electric plant, betterments to existing property and replacements of units of property are capitalized at cost. Cost includes the original cost of contracted services, direct labor and material, indirect charges for engineering supervision and similar overhead items and an Allowance for Funds Used During Construction (AFUDC). Customer advances for construction reduce additions to electric plant.

HL&P computes depreciation using the straight-line method. The depreciation provision as a percentage of the depreciable cost of plant was 3.1% for 1991, 3.2% for 1990 and 3.3% for 1989.

(c) **Allowance for Funds Used During Construction.** HL&P accrues AFUDC on construction projects and nuclear fuel payments, except for amounts included in the rate base by regulatory authorities. The accrual rates were 8.75% in 1991, 9.25% in 1990 and 10% in 1989. A net-of-tax accrual rate of 7.6% was utilized in 1989 for certain transition property, principally the South Texas Project Electric Generating Station (South Texas Project).

(d) **Revenues.** Electric revenues are recognized from the sale of electricity as bills are rendered to customers. The Utility Commission provides for the recovery of fuel and the energy portion of purchased power costs through an energy component of base electric rates.

(e) **Income Taxes.** Houston Industries Incorporated (Houston Industries) and its subsidiaries file a consolidated income tax return. HL&P records as its current income tax expense an amount equal to the tax it would have to pay if it filed a separate return. HL&P follows a policy of comprehensive interperiod income tax allocation. Investment tax credits are deferred and amortized over the estimated lives of the related property.

(f) **Earnings Per Common Share.** All issued and outstanding common stock of HL&P is held by Houston Industries. Accordingly, earnings per share data is not computed.

(g) **Statements of Cash Flows.** For purposes of reporting cash flows, cash equivalents are considered to be short-term, highly liquid investments readily convertible to cash. At December 31, 1991 and 1989, HL&P had temporary investments (considered to be cash equivalents) of $7 million and $103 million, respectively, and at December 31, 1990 HL&P had borrowings of $35.5 million, with Houston Industries.

(2) Preferred Stock

HL&P's preferred stock may be redeemed at the following per share prices, plus any unpaid accrued dividends to the date of redemption:

Series	Redemption Price Per Share		
	Current	Future Range	
		From	To
Not Subject to Mandatory Redemption:			
$4.00........................	$105.00	$105.00	$105.00
$6.72........................	102.51	102.51	102.51
$7.52........................	102.35	102.35	102.35
$8.12........................	104.25	104.25	102.25
Adjustable Rate "A" (a)......	103.00	103.00	100.00
Adjustable Rate "B" (a)......	103.00	103.00	100.00
Subject to Mandatory Redemption:			
$8.50 (b)....................	108.50	104.25	100.00
$9.375 (c)...................	---	100.00	100.00

(a) Adjustable rate series "A" and "B" bear dividend rates for the period commencing January 1, 1992 of 6.50% and 6.25% per annum, respectively. The rates on both series are adjusted quarterly based on the yield of U. S. Treasury securities.

(b) HL&P is required to redeem 200,000 shares of this series annually beginning June 1, 1993. This series may not be redeemed, directly or indirectly, prior to June 1, 1992 from the proceeds of any refunding through the incurrence of debt or through the issuance of preferred stock ranking equally with or prior to the $8.50 series as to dividends or liquidation, where such debt has an effective interest cost, or such preferred stock has an effective dividend cost, of less than 8.50% per annum.

(c) HL&P is required to redeem 257,000 shares annually beginning April 1, 1995. This series is redeemable at $100 per share after April 1, 1997.

(3) Long-Term Debt

At December 31, 1991, sinking or improvement fund requirements of HL&P's first mortgage bonds outstanding will be approximately $71 million for each of the years 1992 through 1996. Of such requirements, approximately $33 million for each of the years 1992 through 1996 may be satisfied by certification of property additions at 100% of the requirements, and the remainder through certification of such property additions at 166 2/3% of the requirements. Sinking or improvement fund requirements for 1991 and prior years have been satisfied by certification of property additions.

HL&P has agreed to expend an amount each year for replacements and improvements in respect of its depreciable mortgaged utility property equal to $1,450,000 plus 2 1/2% of net additions to such mortgaged property made after March 31, 1948 and before July 1 of the preceding year. Such requirement may be met with cash, first mortgage bonds, gross property additions or expenditures for repairs or replacements, or by taking credit for property additions at 100% of the requirements. At the option of HL&P, but only with respect to first mortgage bonds of a series subject to special redemption, deposited cash may be used to redeem first mortgage bonds of such series at the applicable special redemption price.

The amount of HL&P's first mortgage bonds is unlimited as to issuance, but limited by property, earnings, and other provisions of the Mortgage and Deed of Trust and the supplemental indentures thereto. Substantially all properties of HL&P are subject to liens securing HL&P's long-term debt.

Annual maturities of long-term debt and minimum capital lease payments are approximately $159 million in 1992, $137 million in 1993, $20 million in 1994, none in 1995 and $150 million in 1996.

(4) Short-Term Financing

The interim financing requirements of HL&P are met through the issuance of commercial paper. HL&P had bank lines of credit aggregating $250 million at December 31, 1991 and $400 million at December 31, 1990, which limit its total short-term borrowings and provide for interest at rates generally less than the prime rate. There was no commercial paper outstanding at December 31, 1991. Commercial paper outstanding was $64.0 million and notes payable to Houston Industries were $35.5 million at December 31, 1990. Commitment fees are required on the undrawn portion of the bank lines of credit.

(5) Retirement Plan

Houston Industries maintains noncontributory retirement plans covering substantially all employees of Houston Industries and HL&P and employees of certain other subsidiaries of Houston Industries. The plans provide retirement benefits based on years of service and compensation. Houston Industries' funding policy is to contribute amounts annually in accordance with applicable regulations in order to achieve adequate funding of projected benefit obligations. The assets of the plans consist principally of common stocks and high quality, interest-bearing obligations.

HL&P's portion of net pension cost includes the following components:

	Year Ended December 31,		
	1991	1990	1989
	(Thousands of Dollars)		
Service cost - benefits earned during the period..................	$ 20,734	$ 19,922	$ 13,405
Interest cost on projected benefit obligation................	37,396	34,255	28,058
Actual return on plan assets.........	(60,043)	(8,315)	(29,471)
Net amortization and deferrals......	29,585	(21,460)	3,420
Net pension cost....................	$ 27,672	$ 24,402	$ 15,412

The funded status of the retirement plans as it relates to HL&P was as follows:

	December 31, 1991	December 31, 1990
	(Thousands of Dollars)	
Actuarial present value of:		
Vested benefit obligation	$ 270,799	$219,025
Accumulated benefit obligation	$ 301,200	$258,200
Plan assets at market value	$ 388,412	$330,802
Projected benefit obligation	506,404	426,152
Assets less than projected benefit obligation	(117,992)	(95,350)
Unrecognized transitional asset	(20,806)	(22,704)
Unrecognized prior service cost	14,317	15,457
Unrecognized net loss	82,102	75,781
Accrued pension cost	$ (42,379)	$(26,816)

The projected benefit obligation was determined using an assumed discount rate of 8.5% in 1991 and 9% in 1990. A long-term rate of compensation increase ranging from 6.9% to 9.0% was assumed in 1991 and 1990. The assumed long-term rate of return on plan assets was 9.5% in 1991 and 1990. The transitional asset at January 1, 1986, is being recognized over approximately 17 years, and the prior service cost is being recognized over approximately 15 years.

In December 1990, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This accounting standard, effective for fiscal years beginning after December 15, 1992, requires companies to recognize the liability for postretirement benefit plans other than pensions, primarily medical and dental benefits. HL&P currently anticipates adoption in 1993. With no changes in plan designs and recognition of the transition obligation (the liability existing as of the date of adoption) over 20 years, rather than immediate recognition (which treatment is permitted for HL&P), HL&P estimates that adoption will increase pre-tax benefit expense by approximately $30 million over the current "pay-as-you-go" amount in 1993 with a related transition obligation or accumulated postretirement benefit obligation of approximately $190 million. The Utility Commission has not yet determined the appropriate regulatory treatment for recognition of such costs. The above estimates do not include the impact, if any, of the early retirement plan or involuntary severance under HL&P's Success Through Excellence in Performance (STEP) program. See also Note 16.

(6) Commitments and Contingencies

HL&P has various commitments for capital expenditures, fuel, purchased power, cooling water and operating leases. Commitments in connection with HL&P's capital program are generally revocable by HL&P subject to reimbursement to manufacturers for expenditures incurred or other cancellation penalties. HL&P's other commitments have various quantity requirements and durations. However, if these requirements could not be met, various alternatives are available to mitigate the cost associated with the contracts' commitments.

Capital Program. HL&P's capital program (exclusive of AFUDC and nuclear fuel) is presently estimated to cost $376 million in 1992, $400 million in 1993 and $505 million in 1994. These amounts do not include expenditures on projects for which HL&P expects to be reimbursed by customers or other parties. During the 1992-1994 period, HL&P expects to spend $42 million for uranium concentrate and nuclear fuel processing services for HL&P's portion of the South Texas Project.

Fuel. HL&P has entered into several long-term coal, lignite and natural gas contracts which have various quantity requirements and durations. Minimum obligations for coal and transportation agreements for 1992 and 1993 are approximately $166 million annually and approximately $164 million in 1994. In addition, it is expected that approximately $9 million will be spent annually during the 1992-1994 period to keep lignite leases and other agreements in effect. The coal and lignite contracts include provisions permitting HL&P to defer delivery at HL&P's discretion and force majeure provisions. HL&P has entered into several gas purchase agreements containing contract terms in excess of one year which provide for specified purchase and delivery obligations based upon HL&P's purchase nominations to its suppliers. Collectively, these contracts could amount to 49% of HL&P's annual natural gas requirements. The Utility Commission's rules provide for recovery of the coal, lignite and natural gas costs described above as a reconcilable component of HL&P's electric rates. Nuclear fuel costs are also a reconcilable component of HL&P's electric rates based on the cost of nuclear fuel consumed in the reactor.

Purchased Power. HL&P has commitments to purchase firm capacity from cogenerators of approximately $200 million annually in 1992 and 1993 and approximately $144 million in 1994. The Utility Commission's rules allow recovery of these costs through HL&P's base rates for electric service and additionally authorize HL&P to charge or credit customers for any variation in actual purchased power cost from the cost utilized to determine its base rates. In the event that the Utility Commission, at some future date, does not allow recovery through rates of any amount of purchased power payments, the three principal firm capacity contracts contain provisions allowing HL&P to suspend or reduce payments and seek repayment for amounts disallowed.

Customers. HL&P's service area is heavily dependent on oil, gas, refined products, petrochemicals and related business. Significant adverse events affecting these industries would negatively impact HL&P's revenues.

([illegible]) Jointly-Owned Nuclear Plant

(a) HL&P Investment. HL&P is project manager and one of four co-owners in the South Texas Project, which consists of two 1,250 megawatt (MW) nuclear generating units. Each co-owner funds its own share of capital and operating costs associated with the plant, with HL&P's interest in the project being 30.8%. HL&P's share of the operation and maintenance expenses is included in the corresponding operating expense amounts on HL&P's Statements of Income. As of December 31, 1991, HL&P's investments (net of accumulated depreciation and amortization) in the South Texas Project and in nuclear fuel, including AFUDC, were $2.3 billion and $121 million, respectively.

(b) City of Austin Litigation. In July 1989, judgment was entered in favor of HL&P in a 1983 suit filed in state district court by the City of Austin (Austin), one of the four co-owners in the South Texas Project. Austin alleged that it was fraudulently induced to participate in the South Texas Project and that HL&P failed to perform properly its duties as project manager. Although the amount of alleged damages varied, at trial Austin claimed actual damages of at least $419 million, with all or some portion alleged to be subject to trebling under the Texas Deceptive Trade Practices-Consumer Protection Act. Austin has appealed the judgment to the Court of Appeals for the 5th Supreme Judicial District in Dallas, and the parties are awaiting a ruling from that court.

During the course of the Austin litigation, the City of San Antonio (San Antonio) and Central Power and Light Company (CPL), the other two co-owners in the South Texas Project, asserted claims for unspecified damages against HL&P as project manager of the South Texas Project, alleging HL&P breached its duties and obligations. San Antonio and CPL have requested arbitration of their claims under the Participation Agreement among the owners of the South Texas Project. This matter has been severed from the Austin litigation and is pending before the 101st District Court in Dallas County, Texas.

The District Court has ruled that the demand for arbitration is valid and enforceable under the Participation Agreement, and directed arbitration before a panel composed of persons appointed by each of the four co-owners and a fifth member chosen by the four appointees. After Texas appellate courts refused to review the District Court's rulings, in January 1992 HL&P sought review by certiorari in the United States Supreme Court, which has not yet ruled. Meanwhile, arbitrators have been appointed by the co-owners in connection with the District Court's ruling.

HL&P continues to regard Austin's claims and those asserted by San Antonio and CPL to be without merit. From time to time, HL&P and other parties to these proceedings have held discussions with a view toward settling their differences on these matters. HL&P is currently holding settlement discussions with CPL. No settlements have been achieved, and no prediction can be made as to whether any settlements can be achieved. While HL&P cannot give definitive assurance regarding the ultimate resolution of these matters, it presently does not believe such resolution will have a material adverse impact on its financial position.

(c) Nuclear Insurance. HL&P and the other owners of the South Texas Project maintain nuclear property and nuclear liability insurance coverages as required by law and periodically review available limits and coverage for additional protection. The owners of the South Texas Project currently maintain $500 million primary property damage insurance and $700 million of excess insurance from American Nuclear Insurers. Additionally, the owners of the South Texas Project carry

$1.250 billion of excess property insurance coverage through participation in the Nuclear Electric Insurance Limited (NEIL) II program. Under NEIL II, HL&P and the other owners of the South Texas Project are subject to a maximum assessment of approximately $7.6 million in any one policy year. The aforementioned property coverage represents the maximum amounts currently available through the insurance industry on December 31, 1991. The application of the proceeds of such property insurance is subject to the priorities established by the United States Nuclear Regulatory Commission (NRC) regulations relating to the safety of licensed reactors and decontamination operations.

Pursuant to the Price-Anderson Act (Act), public liability for owners of nuclear power plants, such as the South Texas Project, is limited to approximately $7.8 billion. Owners are required under the Act to insure their liability for nuclear incidents and protective evacuations by maintaining the maximum amount of financial protection available from private sources and by maintaining secondary financial protection through an industry retrospective rating plan. This plan provides for assessment of deferred premiums for each nuclear incident up to $63 million per reactor subject to indexing for inflation and a possible 5% surcharge (but no more than $10 million per reactor per incident in any one year). HL&P and the other owners of the South Texas Project currently maintain the required nuclear liability insurance and participate in the industry retrospective rating plan.

HL&P and the other owners of the South Texas Project also maintain a "Master Workers" nuclear liability insurance policy to cover claims by non-company employees alleging injury resulting from radiation exposure.

There can be no assurance that all potential losses or liabilities will be insurable, or that the amount of insurance will be sufficient to cover them. Any substantial losses not covered by insurance would have a material effect on HL&P's financial condition. As of December 31, 1991, HL&P had not paid any assessments under the "Master Workers" plan or the Act.

(d) Nuclear Decommissioning. HL&P and the other co-owners of the South Texas Project are required by the NRC to meet minimum decommissioning funding requirements to pay the costs of decommissioning the South Texas Project. Pursuant to the terms of the order of the Utility Commission in Docket No. 9850, HL&P is currently funding decommissioning costs for the South Texas Project with an independent trustee at an annual amount of $6 million.

As of December 31, 1991, the trustee held approximately $5.5 million for decommissioning, which is reflected in HL&P's Balance Sheet in deferred debits and deferred credits, respectively. This funding level is estimated to provide approximately $136 million in 1989 dollars, an amount which exceeds the NRC minimum. There is, however, no assurance that the amounts held in trust will be adequate to cover the decommissioning costs.

(8) South Texas Project Prudence Review. In June 1990, the Utility Commission issued the final order in Docket No. 6668, the Utility Commission's inquiry into the prudence of the planning, management and construction of the South Texas Project. The Utility Commission's findings and order in Docket No. 6668 were incorporated in Docket No. 8425, HL&P's 1988 general rate case. See also Note 9(a). Pursuant to the findings in Docket No. 6668, the Utility Commission found imprudent $375.5 million out of HL&P's $2.8 billion investment in the two units of the South Texas Project.

The Utility Commission's findings did not reflect $207 million in benefits received in a settlement of litigation with the former architect-engineer of the South Texas Project or the effects of federal income taxes, investment tax credits or certain deferrals. In addition, accounting standards require that the equity portion of AFUDC accrued for regulatory purposes under deferred accounting orders be utilized to determine the cost disallowance for financial reporting purposes. After taking all of these items into account, HL&P recorded an after-tax charge of $15 million in 1990 and continued to reduce such loss with the equity portion of deferrals in 1991 related to Unit No. 2 of the South Texas Project. The findings in Docket No. 6668 are expected to represent the Utility Commission's final determination regarding the prudence of expenditures associated with the planning and construction of the South Texas Project. Unless the order is modified or reversed on appeal, HL&P will be precluded from recovering in rate proceedings the amount found imprudent by the Utility Commission.

Although numerous parties, including HL&P, appealed the Utility Commission's decision in Docket No. 6668, a District Court dismissed all such appeals for lack of jurisdiction in May 1991. Several parties, including HL&P, the City of Houston and the Office of Public Utility Counsel (OPUC), have appealed the order dismissing the appeals in Docket No. 6668 to the Court of Appeals for the 3rd Supreme Judicial District in Austin. In addition, a separate appeal of the Utility Commission's order in Docket No. 8425 (see also Note 9(c)) in which the findings of the order in Docket No. 6668 began to be reflected in rates, is pending, and a separate appeal of the order in Docket No. 9850 has been filed, which also reflected in rates the findings of the order in Docket No. 6668. The dismissal of the appeals in Docket No. 6668 does not affect the appeal of Docket Nos. 8425 or 9850. No prediction can be made at this time concerning the ultimate outcome of the appeals of Docket No. 6668.

(9) Applications For Rate Increases

(a) Docket No. 8425. In June 1990, the Utility Commission granted HL&P a $227 million increase in base revenues, allowed a 12.92% return on common equity, authorized a qualified phase-in plan for Unit No. 1 of the South Texas Project (including approximately 72% of Unit No. 1 in rate base) and authorized HL&P to use deferred accounting for Unit No. 2 of the South Texas Project. See Note 10. Rates substantially corresponding to the increase granted were implemented by HL&P under bond in June 1989. Appeals of the order in Docket No. 8425 are pending. No prediction can be made at this time concerning the ultimate outcome of such appeals.

(b) Docket No. 9850. Pursuant to the qualified phase-in plan authorized in Docket No. 8425, HL&P filed applications in November 1990 for increased electric rates with the Utility Commission (Docket No. 9850) and the cities served by HL&P totaling approximately $552 million. In October 1991, the Utility Commission approved rates consistent with the settlement agreement reached in February 1991 by HL&P, the General Counsel of the Utility Commission, representatives of the City of Houston and most other parties to Docket No. 9850. The Utility Commission's action resolves HL&P's rate increase applications and includes recovery of HL&P's remaining investment in the South Texas Project through a one-step, $313 million increase in base rates which was implemented under bond effective May 16, 1991. Under the terms of the settlement, reconciliation of fuel expense was severed into a separate proceeding (Docket No. 10092), and the deferrals granted for Unit No. 2 of the South Texas Project in Docket No. 8425, as well as the qualified phase-in plan deferrals granted with respect to Unit No. 1, ceased. Recovery of the deferred plant costs is included in the $313 million settlement. See also Note 10. HL&P estimates that the settlement will increase its annual revenues on a system-wide basis by 9%. In the settlement, HL&P also agreed not to request any additional increases in base rates that would be implemented prior to May 1, 1993. The settlement provides a 12.55% return on common equity for HL&P. The OPUC has appealed the Utility Commission order to a District Court of Travis County, Texas, where the matter is pending. No prediction can be made at this time concerning the ultimate outcome of this appeal.

(c) Docket No. 10092. In February 1992, the Utility Commission issued an order reconciling $1.6 billion of fuel costs for the period March 1, 1988 to March 31, 1990. The Utility Commission's order disallowed recovery of $6.9 million of fuel costs relating to heat rates at HL&P's coal units and alleged imprudent outages at the South Texas Project. After including interest on the disallowed fuel costs, HL&P has recorded an after-tax charge of $7.3 million in 1991.

(d) Docket Nos. 6765, 6766 and 5779. In a judgment dated December 13, 1991, a District Court of Travis County, Texas ruled on a long-dormant appeal from a final order of the Utility Commission in HL&P's 1986 general rate case, Docket Nos. 6765 and 6766. In its November 1986 final order, the Utility Commission granted HL&P a general rate increase which included in rate base approximately $678 million of Construction Work In Progress (CWIP) and authorized a rate of return on rate base of 11.37%. Pursuant to that final order, HL&P implemented rates in December 1986, which remained in effect until June 1989, when HL&P implemented rates under bond pursuant to its 1988 general rate case, Docket No. 8425.

In its judgment, the District Court stated that the Utility Commission's inclusion of CWIP in rate base did not comply with the Texas statute, which states that such inclusion "is an exceptional form of rate relief to be granted only upon the demonstration by the utility that such inclusion is necessary to the financial integrity of the utility." The Utility Commission had found that HL&P's financial integrity required inclusion of CWIP and that the statutory requirements accordingly had been met. Testimony from HL&P, the Utility Commission staff and the City of Houston supported this finding. The District Court nevertheless accepted an argument from

OPUC, the only party challenging the inclusion of CWIP, that a threshold showing of "exceptional circumstances" was not met.

Similar CWIP treatment has been granted by the Utility Commission to other utilities in other rate proceedings and to HL&P in its 1984 rate case, Docket No. 5779 which authorized HL&P to include approximately $948 million of CWIP in rate base and authorized a rate of return on rate base of 12.56%. HL&P implemented those rates in January 1985, which rates were in effect until December 1986. In February 1992, another District Court issued its judgment denying a similar appeal by OPUC and affirming the Utility Commission's final order in Docket No. 5779.

HL&P believes that the District Court's position regarding the Utility Commission's treatment of CWIP in Docket No. 6765 is without judicial precedent in Texas. HL&P also believes that such position is based on an erroneous construction of the statute and ignores the substantial evidence on which the Utility Commission's findings and conclusions were based. In February 1992, HL&P appealed the District Court's decision to the Court of Appeals for the Third District in Austin. HL&P presently believes that the Utility Commission's action ultimately will be upheld, but if it is not upheld, a remand to the Utility Commission would be required. Although it cannot be predicted what action the Utility Commission would take on remand, an unfavorable resolution of the matter could require a refund to customers of amounts collected with respect to the CWIP included in rate base, the magnitude and timing of which would depend on a number of variables which cannot be determined at this time.

(10) Deferred Plant Costs

Deferred plant costs were authorized for the South Texas Project by the Utility Commission in two contexts. In the first context, or "deferred accounting," the Utility Commission orders permitted HL&P, for regulatory purposes, to continue to accrue carrying costs in the form of AFUDC (at a 10% rate) on its investment in the two units of the South Texas Project until costs of such units were reflected in rates (which was July 1990 for approximately 72% of Unit No. 1, and May 1991 for the remainder of Unit No. 1 and 100% of Unit No. 2) and to defer and capitalize depreciation, operation and maintenance, insurance and tax expenses associated with such units during the deferral period. Accounting standards do not permit the accrual of the equity portion of AFUDC for financial reporting purposes under these circumstances. However, in accordance with accounting standards, such amounts were utilized to determine the amount of plant cost disallowance for financial reporting purposes. See also Note 8.

The deferred expenses and the debt portion of the carrying costs associated with the South Texas Project are included in the Statements of Income in deferred expenses and deferred carrying costs, respectively.

Beginning with the June 1990 order in Docket No. 8425, deferrals were permitted in a second context, a "qualified phase-in plan" for Unit No. 1 of the South Texas Project. Accounting standards require allowable costs deferred for future recovery under a qualified phase-in plan to be capitalized as a deferred charge if certain criteria are met. The qualified phase-in plan as approved by the Utility Commission meets these criteria.

During the period June 1990 through May 15, 1991, HL&P deferred depreciation and property taxes related to the 28% of its investment in Unit No. 1 of the South Texas Project not reflected in the Docket No. 8425 rates and recorded a deferred return on that investment as part of the qualified phase-in plan. Deferred return represents the financing costs (equity and debt) associated with the qualified phase-in plan. The deferred expenses and deferred return related to the qualified phase-in plan are included in the Statements of Income in deferred expenses and deferred return under phase-in plan, respectively. Under the phase-in plan, these accumulated deferrals will be recoverable within ten years of the June 1990 order. The final order in Docket No. 8425 is on appeal by HL&P and other parties to a District Court of Travis County, Texas. See also Note 9(a).

On May 16, 1991, HL&P implemented under bond, in Docket No. 9850, a $313 million base rate increase consistent with the terms of the settlement. Accordingly, HL&P ceased all cost deferrals related to the South Texas Project and began the recovery of such amounts. These deferrals are being amortized on a straight-line basis as allowed by the final order in Docket No. 9850. The amortization of these deferrals totaled $16.1 million for 1991 and is recorded on HL&P's Statements of Income in depreciation and amortization expense. See also Note 9(b).

The Utility Commission's orders granting deferred accounting with respect to the South Texas Project (Docket Nos. 8230 and 9010 for Unit No. 1 and Docket No. 8425 for Unit No. 2) are in various stages of judicial review. The Utility Commission's orders for Docket Nos. 8230 and 9010 have been affirmed by a District Court in Travis County, Texas, and further review is pending before the Austin Court of Appeals, which heard oral argument in October 1991. In a recent case involving another utility, the Austin Court of Appeals ruled that the Utility Commission did not have statutory authority to grant rate base treatment of deferred costs such as the treatment which the Utility Commission has authorized for HL&P. That ruling is still before the Austin Court of Appeals on a motion for rehearing and is subject to further appeal to the Texas Supreme Court. HL&P considers the ruling by the Austin Court of Appeals to have been erroneous and contrary to an earlier decision of the same court, and HL&P has vigorously argued that such ruling should not be applied to HL&P's pending appeals. At this time, no prediction can be made as to whether the ruling will be applied to the deferred amounts granted to HL&P or as to what action the Utility Commission would take if the dockets were remanded. However, an unfavorable resolution of these matters for HL&P could require a charge against earnings, the magnitude and timing of which would depend on what action the courts and the Utility Commission ultimately take.

HL&P has recorded the following deferred plant costs associated with the South Texas Project:

	Year Ended December 31, 1991	Balance at December 31, 1991
	(Thousands of Dollars)	
Deferred Accounting: (a)		
Deferred expenses	$19,447	$228,114
Deferred carrying costs	30,695	422,010
Amortization	(10,402)	(10,402)
Total	39,740	639,722
Qualified Phase-In Plan: (b)		
Deferred expenses	3,526	8,227
Deferred return	38,758	74,027
Amortization	(5,712)	(5,712)
Total	36,572	76,542
Total Deferred Plant Costs	$76,312	$716,264

As of December 31, 1991, HL&P has recorded deferred income taxes of $210 million with respect to deferred accounting and $19 million with respect to the deferrals associated with the qualified phase-in plan.

(a) Amortized over the estimated depreciable life of the South Texas Project.
(b) Amortized over nine years.

(11) Malakoff Electric Generating Station

The scheduled in-service dates for the Malakoff Electric Generating Station (Malakoff) units have been postponed, with Unit No. 1 now expected to commence commercial operation in 2005. The modified schedule resulted from the availability of other cost effective resource options. All developmental work was stopped in 1987, but HL&P will resume activity when necessary to meet the scheduled commercial operation dates.

In June 1990, HL&P purchased from its fuel supply affiliate, Utility Fuels, Inc. (Utility Fuels), all of Utility Fuels' interest in the lignite reserves and lignite handling facilities for Malakoff. The purchase price was $138.2 million, which represented the net book value of Utility Fuels' investment in such reserves and facilities. As part of the June 1990 rate order (Docket No. 8425), the Utility Commission ordered that issues related to the prudence of the amounts invested in the lignite reserves be considered in HL&P's next general rate case which was filed in November 1990 (Docket No. 9850). However, under the October 1991 Utility Commission order in Docket No. 9850, this determination was postponed to a subsequent docket.

HL&P's total investment in Malakoff through December 31, 1991 of $247 million ($93 million of which is included in rate base), including lignite reserves and handling facilities, land and AFUDC, is included on HL&P's Balance Sheets in plant held for future use. HL&P suspended the accrual of AFUDC effective December 31, 1986. For the 1992-1994 period, HL&P anticipates $28 million of expenditures relating to lignite reserves, primarily to keep lignite leases and other related agreements in effect.

(12) Recoverable Project Costs

The Utility Commission has allowed recovery of certain costs over a period of time by amortizing those costs for rate making purposes. However, recoverable project costs have not been included in rate base and, as a result, no return on investment is being earned during the recovery period. The amount of such assets and the remaining recovery period applicable to each are listed below:

	Unrecovered Amount At December 31, 1991	Remaining Recovery Period At December 31, 1991
	(Thousands of Dollars)	(Months)
Malakoff........	$ 52,088	102
Allens Creek....	7,694	12

(13) Income Taxes

The current and deferred components of income tax expense are as follows:

	Year Ended December 31,		
	1991	1990	1989
	(Thousands of Dollars)		
Current:			
U.S..................................	$131,856	$133,447	$103,047
Deferred:			
Liberalized depreciation.............	88,709	97,661	100,737
Applicable to AFUDC..................			9,297
Investment tax credit - net..........	(18,447)	(16,301)	(31,082)
Alternative minimum tax..............	20,573	(20,947)	(34,292)
Excess deferred taxes................	(17,532)	(12,295)	(6,547)
Deferred plant costs.................	22,828	83,725	94,560
Bonded rate revenues.................			(39,546)
IRS 1983-84 audit assessment.........	(2,446)	(34,916)	
Other - net..........................	(17,626)	(13,338)	(13,924)
Income tax expense...................	207,915	217,036	182,250
Income tax charged to other income (expense)...........................	1,941	(30,692)	37,742
Income taxes.........................	$209,856	$186,344	$219,992

Effective income tax rates are lower than statutory corporate rates for each year as follows:

	Year Ended December 31,		
	1991	1990	1989
	(Thousands of Dollars)		
Income taxes at statutory rate	$239,475	$212,663	$238,596
Reduction in taxes resulting from:			
AFUDC - other included in income	6,658	4,902	6,138
Amortization of investment tax credit	18,833	39,667	20,069
Excess deferred taxes	17,532	12,295	6,547
Difference between book and tax depreciation for which deferred taxes have not been normalized	(14,437)	(17,482)	(10,617)
Disallowed plant costs - net	1,699	(11,973)	
Other - net	(666)	(1,090)	(3,533)
Total	29,619	26,319	18,604
Income taxes	$209,856	$186,344	$219,992
Effective rate	29.8%	29.8%	31.3%

In February 1992, the FASB adopted SFAS No. 109 which amends SFAS No. 96, "Accounting for Income Taxes," and is effective for fiscal years beginning after December 15, 1992. SFAS No. 109 requires, among other things, the liability method of recognition for all temporary differences, requires that deferred tax liabilities and assets be adjusted for an enacted change in tax laws or rates and prohibits net-of-tax accounting and reporting. Certain provisions of SFAS No. 109 provide that regulated enterprises are permitted to recognize such adjustments as regulatory assets or liabilities if it is probable that such amounts will be recovered from or returned to customers in future rates. HL&P will evaluate the effects of SFAS No. 109 before deciding how and when it will be adopted.

(14) Supplementary Expense Information

Taxes, other than income taxes, were charged to expense as follows:

	Year Ended December 31,		
	1991	1990	1989
	(Thousands of Dollars)		
Electric:			
Ad valorem	$117,298	$ 99,375	$ 95,083
State gross receipts	40,876	39,091	36,283
Payroll	23,515	22,265	20,907
PUC assessment	6,001	5,713	5,232
State franchise tax (net of refunds)	2,017	21,054	(846)
Miscellaneous	819	489	375
Total	$190,526	$187,987	$157,034
Research and development costs charged to expense	$ 15,548	$ 15,392	$ 15,052

(15) Principal Affiliate Transactions

Principal transactions between HL&P, its parent and other related companies are as follows:

Affiliated Company	Purpose	Year Ended December 31,		
		1991	1990	1989
		(Thousands of Dollars)		
Houston Industries	Dividends	$315,716	$315,716	$315,716
	Service Fees (a)	20,231	18,420	17,017
	Money Fund Income (b)	2,908	1,751	5,120
Utility Fuels	Coal and Lignite Purchases (a)	539,055	506,792	517,224
	Limestone Purchases (a)	3,135	2,774	3,147
	Lignite Holding Costs (b)		6,543	13,676
	Lignite Reserves & Handling Equipment Purchases (c)		138,239	
Houston Industries Finance, Inc.	Discount Expenses (a)	26,202	30,585	29,367

(a) Included in Operating Expenses
(b) Included in Other Income (Expense)
(c) Included in Plant Held for Future Use

(16) Subsequent Events

STEP Program. In October 1991, HL&P launched its STEP program, an internal effort to identify performance improvement opportunities that could be made while maintaining the high level of customer satisfaction that HL&P has achieved in the past. Now that HL&P's major construction program has been completed and growth in the service area has become more stable the STEP program has intensified HL&P's focus on meeting customer requirements at the lowest possible cost in order to maintain the current level of base electric rates for an extended period of time. Approximately 500 employees have accepted a voluntary early retirement plan which was offered in January 1992. Additional workforce reductions, to be accomplished through a combination of severance and attrition starting in April 1992, have been identified as part of the STEP program. HL&P expects to record a pre-tax charge in the range of $70 million to $90 million in the first quarter of 1992 to reflect the implementation of the STEP program, but anticipates that the effect on annual results for 1992 will be substantially mitigated by the savings derived from such program.

Financing Activities. In January 1992, HL&P repaid at maturity $132 million of first mortgage bonds, 9 3/8% series.

In February 1992, HL&P issued $100 million of variable term perpetual preferred stock. Proceeds from the sale were used to reduce short-term indebtedness incurred for the November 1991 preferred stock redemptions.

On March 9, 1992, HL&P offered to purchase, at a premium over the principal amount, seven series of pollution control revenue bonds issued on behalf of HL&P by the Brazos River Authority (BRA) and the Matagorda County Navigation District Number One (MCND). The cash offer is for any and all of the bonds. The offer is conditioned upon, among other things, the issuance of pollution control revenue refunding bonds on behalf of HL&P by the BRA and the MCND in respective principal amounts equal to the aggregate principal amount of bonds of such issuer purchased under the offer. The bonds to be refunded bear interest at rates ranging from 9 3/4% to 10 5/8%.

On March 12, 1992, HL&P offered to purchase, at a premium over the principal amount, any and all of its first mortgage bonds, 9 1/4% series due 2008. The cash offer is conditioned upon, among other things, HL&P having at least $357 million available on the expiration date of the offer.

(17) Unaudited Quarterly Information

The following unaudited quarterly financial information includes, in the opinion of management, all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation. Quarterly results are not necessarily indicative of a full year's operations because of seasonality and other factors, including rate increases and variations in operating expense patterns.

Quarter Ended	Revenues	Operating Income	Income After Preferred Dividends
		(Thousands of Dollars)	
March 31, 1990..	$ 660,454	$ 63,957	$ 6,402(a)
June 30, 1990...	898,126	183,697	90,192
Sept. 30, 1990..	1,087,149	284,709	219,655
Dec. 31, 1990...	822,953	133,807	75,133
March 31, 1991..	734,370	98,758	56,097
June 30, 1991...	870,804	156,602	97,064
Sept. 30, 1991..	1,172,752	324,342	231,107
Dec. 31, 1991...	896,617	168,280	64,028

(a) Amount includes costs incurred at HL&P not being recovered through rates, principally Unit No. 2 of the South Texas Project, for which deferred accounting had not yet been authorized. (See also Note 10.)

(18) Reclassification

Certain amounts from the previous years have been reclassified to conform to the 1991 presentation of financial statements. Such reclassifications do not affect earnings.

INDEPENDENT AUDITORS' REPORT

Houston Lighting & Power Company:

We have audited the accompanying balance sheets and the statements of capitalization of Houston Lighting & Power Company as of December 31, 1991 and 1990 and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1991. Our audits also included the financial statement schedules listed in Item 14. These financial statements and the financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1991 and 1990 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche

DELOITTE & TOUCHE

Houston, Texas
March 4, 1992

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information set forth under Item 1. "Business - Officers" is incorporated herein by reference. At December 31, 1991, the executive officers of HL&P were Don D. Jordan, Don D. Sykora, Jack D. Greenwade, Donald P. Hall, Lee W. Hogan, Hugh Rice Kelly, R. Steve Letbetter, Edward A. Turner and James S. Brian.

The following table sets forth certain information with respect to those persons who currently serve as members of the Board of Directors of HL&P. Each member of the Board of Directors of HL&P is also a member of the Board of Directors of Houston Industries. Each member of the Board of Directors of HL&P is elected annually for a one year term. The HL&P annual shareholder meeting at which Houston Industries elects members to the HL&P Board of Directors is expected to occur on May 6, 1992. Included within the information below is information concerning the business experience of each such person during the past five years, other directorships held by each such person, if any, and shares of Common Stock of Houston Industries beneficially owned by each such person as of March 1, 1992. Except as otherwise indicated, each person has had the same principal occupation or employment for more than five years.

Name and Business Experience	Number of Shares of Common Stock Beneficially Owned (1)
Charles E. Bishop, Ph. D., age 70, has been a director since 1983. Dr. Bishop is President Emeritus of the University of Houston System and Special Assistant to the Provost at the University of North Carolina at Chapel Hill, North Carolina. Prior to 1987, he was President of the University of Houston System.	384(4)
John T. Cater, age 56, has been a director since 1983. Mr. Cater is Chairman, Chief Executive Officer and a director of River Oaks Trust Company in Houston, Texas. He is also affiliated with American Industrial Partners, a group specializing in private equity investments in industrial companies, in Houston, Texas. Until his retirement in July 1990, Mr. Cater served as President, Chief Operating Officer and a director of MCorp, a Texas bank holding company. He currently serves as a director of MCorp. (3)	1,000(2)

CONTINUING DIRECTORS

Name and Business Experience	Number of Shares of Common Stock Beneficially Owned(1)
Floyd L. Culler, Jr., age 69, has been a director since 1988. Mr. Culler has served as President Emeritus and consultant to the Electric Power Research Institute (EPRI), a research and development cooperative of electric utilities in Palo Alto, California, since 1988. Prior to 1988, Mr. Culler served as President of EPRI.	348 (4)
Joseph M. Hendrie, Ph.D., age 67, has been a director since 1985. Dr. Hendrie is a Consulting Engineer in Bellport, N.Y. He served as Chairman and Commissioner of the U.S. Nuclear Regulatory Commission from 1977 to 1981 and as President of the American Nuclear Society during 1985. He is also a director of Entergy Operations, Inc. of New Orleans, Louisiana.	364 (4)
Howard W. Horne, age 65, has been a director since 1978. Mr. Horne is Vice Chairman of Cushman & Wakefield of Texas, a subsidiary of a national real estate brokerage firm. Until 1990, Mr. Horne was Chairman of the Board of The Horne Company, a realty firm in Houston, Texas.	3,080
Don D. Jordan, age 59, has been a director of HL&P since 1974 and of Houston Industries since 1977. Mr. Jordan is Chairman and Chief Executive Officer of HL&P and Chairman, President and Chief Executive Officer of Houston Industries. Mr. Jordan also serves as a director of Texas Commerce Bancshares, Inc. and BJ Services Company, Inc. of Houston, Texas.	45,109 (5)
James R. Lesch, age 70, has been a director of HL&P since 1982 and of Houston Industries since 1983. Prior to his retirement in 1987, Mr. Lesch served as Chairman of the Board of Hughes Tool Company, a Houston-based oil field services and equipment company. He previously served as President and Chief Executive Officer of that company. Mr. Lesch also serves as a director of Dun & Bradstreet Corporation and Rowan Companies, Inc.	1,395

Name and Business Experience	Number of Shares of Common Stock Beneficially Owned (1)
Thomas B. McDade, age 68, has been a director since 1980. Mr. McDade is primarily engaged in managing his personal investments in Houston, Texas. Prior to 1989, he served as a consultant to Texas Commerce Bancshares, Inc., a bank holding company in Houston, Texas. Mr. McDade also serves as a director of American Mortgage Company and eleven registered investment companies, for which Transamerica Fund Management Company serves as investment advisor, in Houston, Texas.	3,193
Randall Meyer, age 69, has been a director since 1988. Until his retirement in 1988, Mr. Meyer was President of Exxon Company USA in Houston, Texas.	1,000
Kenneth L. Schnitzer, Sr., age 63, has been a director since 1983. Mr. Schnitzer is Chairman of the Board of Schnitzer Investments, Inc. and Century Corporation, Houston commercial real estate development companies. Until March 1989, he was Chairman of the Board of Century Development Corporation, a Houston-based real estate development firm. (6)	3,000
Don D. Sykora, age 61, has been a director since 1982. Mr. Sykora is President and Chief Operating Officer of HL&P and Vice President of Houston Industries. He also serves as a director of Powell Industries, Inc. and Pool Energy Services Company, Inc. of Houston, Texas.	16,525
Jack T. Trotter, age 65, has been a director since 1985. Mr. Trotter is primarily engaged in managing his personal investments in Houston, Texas. He is Chairman of the Board of First Interstate Bank of Texas, National Association, Houston, Texas. He also serves as a director of Howell Corporation, Weingarten Realty, Inc. and Zapata Corporation.	1,000
All directors and executive officers as a group (19 persons)	97,157

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(1) No ownership shown in the table represents 1% or more of the outstanding shares of Common Stock. In addition, no person or member of the group shown owns any equity securities of HL&P or any of its affiliates. No person or member of the group shown owns any right that would enable him to acquire beneficial ownership of additional equity securities of Houston Industries within 60 days.

(2) Mr. Cater disclaims beneficial ownership of these shares, which are owned by his children.

(3) In March 1989, the FDIC declared 20 of MCorp's 25 banks to be insolvent and transferred their assets and deposits to another bank. In 1989, MCorp filed for protection under the Federal Bankruptcy Code.

(4) Voting power and investment power with respect to the shares listed are shared with the director's wife.

(5) Voting power and investment power with respect to 576 of the shares listed are shared with the director's wife.

(6) HL&P and certain of its affiliates currently lease office space in buildings owned or controlled by affiliates of Mr. Schnitzer. HL&P and certain of its affiliates paid a total of approximately $4.6 million to affiliates of Mr. Schnitzer during 1991, and it is expected that approximately $4.7 million will be paid in 1992. HL&P believes such payments are comparable to those that would have been made to other non-affiliated firms for comparable facilities and services. In March 1989, BancPlus Savings, in which Mr. Schnitzer held an indirect interest and also served as a director, was taken over by the FDIC.

Item 11. Executive Compensation.

The following table shows, for the fiscal year ended December 31, 1991, compensation data for the five most highly compensated executive officers of HL&P and all executive officers of HL&P as a group, in each case for the period during which such person served as an executive officer.

Name	Principal Capacity In Which Served	Cash Compensation (1)
Don D. Jordan	Chairman of the Board and Chief Executive Officer and Director	$734,133(2)
Don D. Sykora	President and Chief Operating Officer and Director	488,850
Hugh Rice Kelly	Senior Vice President, General Counsel and Corporate Secretary	283,750
Donald P. Hall	Group Vice President - Nuclear	248,750
Edward A. Turner	Group Vice President - Administration and Support	227,917
All executive officers of HL&P as a group (9 persons, including those named above)		$2,867,235

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(1) Includes salary, board of director and committee fees paid prior to the time such fees were eliminated for employee directors, including amounts deferred under the Company's Deferred Compensation Plan and Savings Plan. The amounts do not include any amounts paid or accrued to the named individual or group pursuant t. compensation plans described in "Compensation Pursuant to Plans".

(2) The information related to Mr. Jordan also includes salary earned in his capacity as Chairman, President and Chief Executive Officer of Houston Industries.

Other Executive Compensation. The aggregate incremental cost .. Houston Industries and its subsidiaries, including HL&P, of all other compensation paid or distributed for executive officers in 1991 did not exceed, with respect to any individual, the lesser of $25,000 or 10% of the compensation reported in the table, or, with respect to all executive officers as a group, the lesser of $25,000 times the number in the group or 10% of the compensation of the group reported in the table.

Compensation of Directors. Each non-employee director receives a fee of $1,000 for each board meeting attended and a fee of $700 for each committee meeting attended. Additionally, each nonemployee director receives an annual retainer of $20,000 in his capacity as a director of Houston Industries. Directors may defer all or a part of their compensation under the Deferred Compensation Plan. See "Incentive Compensation Plans - Deferred Compensation Plan".

Effective January 1, 1992, Houston Industries established the Director Benefits Plan. Pursuant to this plan, each non-employee director who serves at least one full year will receive an annual benefit in cash equal to the annual retainer payable in the year the director terminates service. Benefits under this plan will be payable to a director, commencing the January following the later of the director's termination of service or attainment of age 65, for a period equal to the number of full years of service of the director.

Compensation Pursuant to Plans.

Savings Plan. Houston Industries maintains a Savings Plan in which substantially all of its employees and employees of certain of its subsidiaries, including HL&P, are eligible to participate. Under the Savings Plan, a participating employee may invest up to 16% of his total compensation base. A participant's compensation base includes all salary, wages, commissions, overtime pay and other payment of compensation subject to FICA tax (up to a maximum of $222,220 in 1991), but does not include any amounts deferred pursuant to a written salary deferral agreement. Participants may direct that their contributions be invested in Common Stock and/or certain other investment funds. Such contributions are always fully vested. HL&P makes matching contributions equal to 70% of the first 6% of such contributions. Matching contributions are invested in Common Stock, either directly or through the ESOP component described below. The percentages of matching contributions that are vested and payable upon a participant's termination of employment depend upon the reason for termination and the length of a participant's participation in the Savings Plan. A participant is 20% vested after two years of Plan participation, 40% after three years, 60% after four years, 80% after five years and 100% after six years of Plan participation.

The Savings Plan includes an ESOP component that allows Houston Industries to satisfy a portion of its obligations to make matching contributions. The ESOP trustee purchased 9,381,092 shares of Houston Industries Common Stock in open market transactions with funds provided by loans from Houston Industries. At December 31, 1991, the balance of the ESOP loans was approximately $332 million. The loans are to be repaid by the ESOP trustee over a period of up to twenty years.

Houston Industries makes periodic contributions to the ESOP, which contributions, together with dividends paid on the shares of Common Stock held in the ESOP, are used to pay principal and interest on the loans from Houston Industries to the trustee of the ESOP. As the principal on the loans is reduced, the Common Stock will be released from pledge and allocated to participants' ESOP accounts, meeting all or a portion of the matching contribution obligations.

Investments in the Savings Plan and the ESOP are held by Texas Commerce Bank National Association and State Street, as trustees for the Savings Plan and the ESOP, respectively. Under the Savings Plan and the ESOP component, participants may direct the voting of Common Stock attributable to their accounts. Allocated Common Stock for which no voting directions are received, as well as unallocated Common Stock will be voted by the appropriate trustee in the same proportions as participants vote the Common Stock attributable to their accounts.

Houston Industries maintains a nonqualified, unfunded and supplemental Savings Restoration Plan. The purpose of the Savings Restoration Plan is to provide the amount of the matching contribution which the participant would otherwise have been credited under the Savings Plan but for the limitation on the amount of contributions a participant could make to the Savings Plan. The Code limits the annual compensation which may be considered under the Savings Plan to $200,000, indexed annually ($222,220 in 1991). The earnings, vesting and payment provisions of the Savings Restoration Plan are similar to the corresponding provisions of the Savings Plan. Effective January 1, 1992, the Savings Restoration Plan was amended to require a certain level of participation in the Savings Plan in order for a participant to benefit under the Savings Restoration Plan.

The vested portion of matching contributions made during 1991 under the Savings Plan and the Savings Restoration Plan to the accounts of the persons and group listed in the Cash Compensation Table above were as follows: Mr. Jordan $31,600; Mr. Sykora, $20,847; Mr. Kelly, $10,862; Mr. Turner, $10,745; and all executive officers as a group (8 persons), $98,618.

Retirement Plan. Houston Industries maintains a noncontributory, defined benefit Retirement Plan for substantially all employees of Houston Industries and its subsidiaries, including HL&P, under which Houston Industries and its subsidiaries annually make such contributions as are actuarially determined to be necessary to provide the retirement benefits established under such Plan. Benefits are based on the employee's final average annual pay and length of service. Final average annual pay means the average of covered compensation for the 36 consecutive months out of the 120 consecutive months immediately preceding termination in which the employee's covered compensation was the highest. Covered compensation under the Retirement Plan is the compensation actually paid or accrued for the employee during the applicable period, including salary, wages and amounts deferred under the Savings Plan, but specifically excluding incentive compensation, overtime compensation, expense allowances and any benefits under the Deferred Compensation Plan. An employee is fully vested in his retirement benefit after five years of employment. Such benefits are payable upon normal retirement at or after age 65, upon early retirement or after termination of employment under certain circumstances.

Houston Industries also maintains a nonqualified Benefit Restoration Plan which provides officers of Houston Industries and certain of its subsidiaries, including HL&P, an amount equal to the difference, if any, between the benefits such officers would have been entitled to receive under the Retirement Plan based on their applicable covered compensation, but for salary excluded due to deferral under the Deferred Compensation Plan and limitations imposed by the Code, and the benefits they actually receive from the Retirement Plan. Effective July 1, 1991, the Benefit Restoration Plan was amended and restated to also include in its formula annual awards earned under the Executive Incentive Compensation Plan. Houston Industries owns, and is beneficiary under, insurance policies on the lives of participants, the benefits of which are expected, over time, to cover the costs of the Benefit Restoration Plan.

The following table shows the estimated annual benefits under the Retirement Plan, the Benefit Restoration Plan and, in certain cases, by supplemental agreements, that would be payable to officers in various compensation classifications upon retirement in 1991 at age 65 after the indicated periods of service, determined on a single-life annuity basis. The amounts in the table are not subject to any deduction for Social Security or other offsetting amounts.

Final Average Annual Pay At Age 65	Estimated Annual Pension Based on Years of Service			
	10 Yrs.	20 Yrs.	30 Yrs.	35 or more Yrs.
$200,000	$ 38,053	$ 76,107	$114,160	$133,187
300,000	57,453	114,907	172,360	201,087
400,000	76,853	153,707	230,560	268,987
500,000	96,253	192,507	288,760	336,887
600,000	115,653	231,307	346,960	404,787
700,000	135,053	270,107	405,160	472,687
800,000	154,453	308,907	463,360	540,587
900,000	173,853	347,707	521,560	608,487
1,000,000	193,253	386,507	579,760	676,387

For the purpose of the pension table above, the current covered compensation is as shown in the Cash Compensation Table, less any board of director and committee fees, plus any vested and contingent annual awards earned under the Executive Incentive Compensation Plan. The amounts of vested and contingent awards earned under the EICP for services rendered in 1991 have not yet been determined. The covered compensation referenced in the following sentence was calculated using the amounts of vested and contingent EICP awards which were received in 1991 for services rendered in 1990. At December 31, 1991, the credit years of service and current covered compensation for the following persons are: Mr. Jordan, 35 years ($889,583); Mr. Sykora, 35 years ($576.625); Mr. Kelly, 17 years, 10 of which result from a supplemental agreement ($329,347) and Mr. Turner, 35 years ($264,064). Mr. Hall does not participate in the Retirement Plan, but a supplemental agreement entitles him to receive upon retirement at age 65 (December 1992) a pension of $40,000 per year.

Executive Benefits Plan. Houston Industries maintains an Executive Benefits Plan that provides certain salary continuation, disability and death benefits to key officers of Houston Industries and its subsidiaries, including those executive officers of HL&P named in the Cash Compensation Table, as set forth in individual agreements. The agreements generally provide for (i) a salary continuation benefit of 100% of the officer's current salary for twelve months after his death during active employment and then 50% of his salary for nine years or until the deceased officer would have attained age 65, if later, and (ii) if the officer retires under the terms of the Retirement Plan after attainment of age 65, a post-retirement death benefit of 50% of the officer's preretirement annual salary payable each year for six years. Houston Industries and its subsidiaries own, and are beneficiaries under, insurance policies on the lives of such officers, the benefits of which are expected, over time, to cover the cost of the Executive Benefits Plan.

Incentive Compensation Plans.

Houston Industries maintains two incentive compensation plans to provide incentive to certain key employees and officers of Houston Industries and certain of its subsidiaries, including HL&P. The plans are intended to encourage a high level of performance through incentives to those employees selected annually to participate in the plans by the Personnel Committee, which is comprised of non-employee directors of Houston Industries.

Executive Incentive Compensation Plan. The Personnel Committee approves performance goals for the EICP participants after review by and recommendation of management. The Personnel Committee determines the actual awards to be made annually (with the aggregate amount not to exceed a specified percentage of Houston Industries' net income for the year) on the basis of each participant's performance in relation to established goals. A portion of each participant's award (ranging from zero to 100%) is vested at the date of the award and is paid in cash following grant of the award unless the participant has irrevocably elected to have all or part of the vested amount credited to a deferral account in the Deferred Compensation Plan, to be held and paid in accordance with the terms and conditions of that plan. The remaining portion, if any, is contingent and converted into a number of Common Stock share equivalent units that vest and are payable at the time described below in an amount of cash determined by reference to the market price of Common Stock at such time. Amounts equal to dividends paid on Common Stock are credited to a participant's account in the form of additional share equivalent units.

The contingent portion of a participant's award is forfeited if, prior to the expiration of a specified period set forth in each participant's agreement, the participant's employment is terminated for cause or any reason other than termination without cause, retirement after age 60, death, disability or a change in control of Houston Industries (as defined in the EICP). Upon such a change in control of Houston Industries, each participant's account will be converted to an amount of cash determined by reference to the market price of Common Stock at such time. At the Personnel Committee's discretion, a participant may elect, with respect to the contingent portion of the award, to (i) be paid in cash, or (ii) defer distribution by electing to have the contingent portion remain invested in share equivalent units and earn additional share equivalent units equal to the dividends paid on the Common Stock or (iii) have the contingent portion annually adjusted as if it were invested in certain funds of the Savings Plan. If a participant is 50 years of age or older and owns 5,000 shares or more of Common Stock, he may elect, in lieu of having share equivalent units credited to his account as described above, to have the contingent portion of his account credited to an account which will be adjusted as if it had been invested in the Deferred Compensation Plan or in certain funds of the Savings Plan. In either event, the participant may elect to receive such deferred distribution in 15 or fewer annual installments or in a lump sum payment.

Vested performance awards that were granted pursuant to the EICP during 1991 for services rendered in 1990 were $83,125 for Mr. Jordan, $48,938 for Mr. Sykora, $22,799 for Mr. Kelly, $19,898 for Mr. Hall, $18,074 for Mr. Turner and $235,065 for all executive officers as a group (8 persons). The contingent portions granted were for the same amounts for these individuals and the group.

Certain participants in the EICP may also receive a long-term award based on the achievement of a specified goal over a four-year period. The goal for the 1988-91 performance period was the achievement of a certain level of financial performance as compared with that of a panel of utilities and utility holding companies. Long-term awards received in 1992 for achieving the goal in the 1988-91 performance period were $32,000 for Mr. Jordan, $20,938 for Mr. Sykora, $13,188 for Mr. Kelly, $10,538 for Mr. Turner and $102,213 for all executive officers (7 persons) as a group. Beginning in 1992, executive officers will no longer be eligible to participate in the long-term awards.

Long-Term Incentive Compensation Plan. The LICP provides for the grant of (i) restricted stock awards and related additional awards of "opportunity shares," (ii) stock options, which may be incentive stock options within the meaning of Section 422 of the Code or nonqualified stock options and (iii) SAR's. A total of 500,000 shares of Common Stock is reserved for issuance under the LICP. Upon a change in control of Houston Industries (as defined in the LICP), all restrictions upon restricted stock awards will lapse, all opportunity shares will be awarded and all options and SAR's will become immediately exercisable.

The Personnel Committee has sole responsibility for administering the LICP and determining the nature and amount of awards, the persons eligible for awards, the performance objectives and time periods for the awards (Performance Cycles, which may not be less than one year nor more than six years) and such other factors as may be necessary to carry out the LICP.

Under the LICP, the Personnel Committee may grant restricted stock awards and additional opportunity shares for a Performance Cycle subject to the achievement of certain performance objectives. The grant of the restricted stock awards may be by credit to a bookkeeping account maintained by Houston Industries evidencing the accrual to the participant of unsecured and unfunded rights to designated shares of Common Stock (Account Method) or by delivery of certificates for Common Stock to be held in escrow for future delivery in accordance with the terms of the LICP. The Personnel Committee's determination of the portion of shares with respect to which restrictions will lapse is based upon the degree to which performance objectives are achieved. If the performance level achieved is greater than the performance objectives, restrictions on all shares covered by the restricted stock award will lapse and additional opportunity shares may be awarded by the Personnel Committee. If the performance objectives are not met, or if the participant leaves the employment of Houston Industries or a participating subsidiary before the lapse of restrictions (with certain exceptions), the participant's rights to the restricted shares are terminated. No restricted stock or opportunity share awards were granted during 1991 to the persons or group listed in the Cash Compensation Table.

The LICP provides that any stock options granted under the Plan must be for a period fixed by the Personnel Committee at the time the option is granted, but not more than ten years from the date of the grant. No option may be exercised until one year after the date of the grant. The option price per share is fixed by the Personnel Committee at the time of the grant, but may not be less than the fair market value of a share of Common Stock on the day the grant is awarded. The maximum value, determined at the time of the grant of stock with respect to which incentive stock options are exercisable for the first time by a participant in any calendar year, may not exceed $100,000. No stock options were granted during 1991 to the persons or group listed in the Cash Compensation Table. No stock options were exercised during 1991.

The Personnel Committee may also grant SAR's in connection with stock options under the LICP. If any SAR is granted together with a stock option, the SAR will entitle the holder to receive cash upon exercise of the SAR or, at the election of the Personnel Committee, shares of Common Stock or a combination thereof, in an amount equal to the excess of the fair market value of a share of Common Stock on the SAR exercise date over the fair market value of a share of Common Stock on the grant date, multiplied by the number of stock option shares with respect to which the SAR is exercised. The exercise of an SAR shall be in lieu of the exercise of the related stock option. No SAR's were granted during 1991 to the persons or group listed in the Cash Compensation Table.

Deferred Compensation Plan. Directors, officers and certain key employees of Houston Industries and certain of its subsidiaries, including HL&P, are eligible to participate in the Deferred Compensation Plan. Under the Plan, an eligible participant may elect to defer up to 25% or 40% (depending on the participant's age) of his salary in the plan year, with a minimum deferral of $2,000. A participant may also elect to defer any awards under the EICP, subject to a $2,000 minimum. Nonemployee directors may defer their annual retainers, with a minimum deferral of $2,000, and any director may also defer meeting fees. The deferrals are credited with interest at varying rates.

For deferrals of salary and directors' fees after January 1, 1989, and for all deferrals after January 1, 1990, an employee participant who continues employment until age 60 will receive a lump-sum distribution upon employment termination at or after age 65 unless the participant shall have previously elected to receive payment in 15 annual installments. Director participants will receive payments at age 70. A participant may elect to receive an early distribution of either 50% or 100% of his original deferral plus accumulated interest not sooner than three years from the end of the year in which the deferral was made. A participant who terminates employment before age 60 will receive one payment of his total account balance. In addition, for deferrals prior to January 1, 1989, for 1989 EICP deferrals, if any, and certain 1990 EICP deferrals, a participant who is 57 years of age or younger and who remains an employee or director for seven years after deferral will receive up to four annual payments equal to the deferred amount. Houston Industries owns, and is beneficiary under, insurance policies on the lives of the participants, and it is currently anticipated that the benefits associated with these policies will be sufficient to cover such deferrals plus accumulated interest.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

As of March 1, 1992, Houston Industries owned 106,660,778 shares of HL&P's Common Stock, without par value, constituting all of the issued and outstanding shares of Common Stock of HL&P.

The information set forth under Item 10 above is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information set forth under Item 10 above is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) (1) Financial Statements.

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Statements of Income for the Three Years Ended December 31, 1991	32
Statements of Retained Earnings for the Three Years Ended December 31, 1991	33
Balance Sheets at December 31, 1991 and 1990	34
Statements of Capitalization at December 31, 1991 and 1990	36
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(a) (2) Financial Statement Schedules.

Schedules for the Three Years Ended December 31, 1991:

V -- Property, Plant and Equipment	69
VI -- Accumulated Provision for Depreciation, Depletion and Amortization of Property, Plant and Equipment	70
VIII -- Reserves	71
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The following schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements:

I, II, III, IV, VII, X, XI, XII and XIII.

(a) (3) Exhibits.

See Index of Exhibits on page 74.

(b) Reports on Form 8-K.

Current Report on Form 8-K dated November 20, 1991 (with respect to certain litigation of HL&P).

SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT

For the Three Years Ended December 31, 1991

(Thousands of Dollars)

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at Beginning of Period	Additions at Cost	Retire-ments	Other Changes - Add (Deduct)	Balance at End of Period
Year Ended December 31, 1991:					
Production Plant....................	$ 6,595,577	$ 131,843	$ 2,685		$ 6,724,735
Transmission Plant..................	764,336	39,937	3,224		801,049
Distribution Plant..................	2,173,981	163,896	35,220		2,302,657
General Plant.......................	660,969	64,560	35,283		690,246
Plant Acquisition Adjustments.......	3,166				3,166
Plant Held for Future Use...........	263,735	11,984			275,719
Total Plant................	$10,461,764	$ 412,220	$ 76,412		$10,797,572
Construction Work in Progress.......	287,805	(48,646)			239,159
Nuclear Fuel........................	177,308	6,049		$ (1,504)	181,853
Total......................	$10,926,877	$ 369,623	$ 76,412	$ (1,504)	$11,218,584
Year Ended December 31, 1990:					
Production Plant....................	$ 6,680,966	85,339	$ 2,228	$ (168,500)	$ 6,595,577
Transmission Plant..................	748,325	17,970	1,959		764,336
Distribution Plant..................	2,060,841	146,187	33,047		2,173,981
General Plant.......................	584,454	91,137	13,849	(773)	660,969
Plant Acquisition Adjustments.......	3,166				3,166
Plant Held for Future Use...........	181,041	143,974		(61,280)	263,735
Total Plant................	10,258,793	484,607	51,083	(230,553)	10,461,764
Construction Work in Progress.......	296,035	(8,230)			287,805
Nuclear Fuel........................	161,191	16,117			177,308
Total......................	$10,716,019	$ 492,494	$ 51,083	$ (230,553)	$10,926,877
Year Ended December 31, 1989:					
Production Plant....................	$ 5,797,764	$ 900,231	$ 17,029		$ 6,680,966
Transmission Plant..................	700,237	50,945	2,857		748,325
Distribution Plant..................	1,951,630	127,341	18,130		2,060,841
General Plant.......................	501,476	99,237	13,310	$ (2,949)	584,454
Plant Acquisition Adjustments.......	3,166				3,166
Plant Held for Future Use...........	180,841	200			181,041
Total Plant................	9,135,114	1,177,954	51,326	(2,949)	10,258,793
Construction Work in Progress.......	1,090,424	(794,341)		(48)	296,035
Nuclear Fuel........................	152,583	8,608			161,191
Total......................	$10,378,121	$ 392,221	$ 51,326	$ (2,997)	$10,716,019

Notes:

(A) Substantially all additions are originally charged to Construction Work in Progress and transferred to electric utility plant accounts upon completion. Additions at cost give effect to such transfers.

(B) Additions at cost include noncash charges for AFUDC.

(C) HL&P computes depreciation using the straight-line method. The depreciation provisions as a percentage of the average depreciable cost of plant were 3.1% for 1991, 3.2% for 1990 and 3.3% for 1989.

(D) Construction Work in Progress was reduced by the amount of capitalized interest earned on funds held in trust in 1989.

(E) Additions to production plant in 1989 include the transfer from Construction Work in Progress of $774 million for the completed units of the South Texas Project.

(F) Other changes to Production Plant in 1990 reflect the disallowance of $375.5 million net of the settlement with the former architect-engineer of $207 million.

(G) The additions at cost in Plant Held for Future Use in 1990 include the purchase of lignite reserves and lignite handling equipment of $138.2 million from Utility Fuels. Other changes in Plant Held For Future Use in 1990 represent the deduction of recoverable costs of $61.3 million related to Malakoff.

SCHEDULE VI - ACCUMULATED PROVISION FOR DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

For the Three Years Ended December 31, 1991
(Thousands of Dollars)

Col. A	Col. B	Col. C		Col. D		Col. E
		Additions		Deductions from Reserve		
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Retirements, Renewals and Replacements	Other	Balance at End of Period
Year Ended December 31, 1991:						
Depreciation, depletion and amortization of property, plant and equipment......	$2,182,286	$304,858	$ [illegible],867	$79,131		$2,419,880
Amortization of nuclear fuel......................	38,603	23,145			$ 726(A)	61,022
Year Ended December 31, 1990:						
Depreciation, depletion and amortization of property, plant and equipment......	$1,923,375	$306,461	$ 10,845	$ 49,736	$ 8,659(B)	$2,182,286
Amortization of nuclear fuel......................	18,672	19,931				38,603
Year Ended December 31, 1989:						
Depreciation, depletion and amortization of property, plant and equipment......	$1,672,593	$296,296	$ 10,276	$ 55,790		$1,923,375
Amortization of nuclear fuel......................	5,256	12,396	1,020			18,672

(A) Represents 1991 disallowed fuel expense.
(B) Includes 1990 disallowed plant costs.

SCHEDULE VIII - RESERVES

For the Three Years Ended December 31, 1991
(Thousands of Dollars)

Col. A	Col. B	Col. C		Col. D	Col. E
		Additions			
Description	Balance at Beginning of Period	Charged to Income	Charged to Other Accounts	Deductions from Reserves (A)	Balance at End of Period
Year Ended December 31, 1991:					
Reserves other than those deducted from assets on balance sheet:					
Property insurance..........	$(1,539)	$ 1,764		$ 4,870	$(4,645)
Injuries and damages........	2,163	8,808		5,124	5,847
Year Ended December 31, 1990:					
Reserves other than those deducted from assets on balance sheet:					
Property insurance..........		$ 533		$ 2,072	$(1,539)
Injuries and damages........	$ 6,004	5,390		9,231	2,163
Year Ended December 31, 1989:					
Reserves other than those deducted from assets on balance sheet:					
Injuries and damages........	$ 1,764	$ 8,901		$ 4,661	$ 6,004

NOTES:

(A) Deductions from reserves represent losses or expenses for which the respective reserves were created.

SCHEDULE IX - SHORT-TERM BORROWINGS

For the Three Years Ended December 31, 1991
(Thousands of Dollars)

	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Description	Category of Aggregate Short-term Borrowings	Balance at End of Period (A)	Weighted Average Interest Rate at End of Period	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period (B)
Year Ended December 31, 1991...	Commercial Paper			$342,900	$133,988	6.80%
Year Ended December 31, 1990...	Commercial Paper	$ 64,000	9.31%	$235,500	$ 96,003	8.54%
Year Ended December 31, 1989...	Commercial Paper			$395,776	$107,018	9.70%

Note:

(A) The Balance at End of Period excludes $35.5 million in notes payable to Houston Industries as of December 31, 1990.

(B) The weighted average interest rate is calculated by dividing interest by the weighted average proceeds from the borrowings.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston and State of Texas, on the 13th day of March, 1992.

HOUSTON LIGHTING & POWER COMPANY
(Registrant)

By DON D. JORDAN
(Don D. Jordan, Chairman and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
DON D. JORDAN (Don D. Jordan)	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	March 13, 1992
R. S. LETBETTER (R. S. Letbetter)	Group Vice President Finance and Regulatory Relations (Principal Financial Officer)	
J. S. BRIAN (J. S. Brian)	Vice President and Comptroller (Principal Accounting Officer)	
CHARLES E. BISHOP (Charles E. Bishop)	Director	
JOHN T. CATER (John T. Cater)	Director	
FLOYD L. CULLER, JR. (Floyd L. Culler, Jr.)	Director	
JOSEPH M. HENDRIE (Joseph M. Hendrie)	Director	
HOWARD W. HORNE (Howard W. Horne)	Director	
JAMES R. LESCH (James R. Lesch)	Director	
THOMAS B. MCDADE (Thomas B. McDade)	Director	
RANDALL MEYER (Randall Meyer)	Director	
KENNETH L. SCHNITZER, SR. (Kenneth L. Schnitzer, Sr.)	Director	
D. D. SYKORA (D. D. Sykora)	Director	
JACK T. TROTTER (Jack T. Trotter)	Director	

HOUSTON LIGHTING & POWER COMPANY

Exhibits to the Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 1991

INDEX OF EXHIBITS

Exhibits not incorporated by reference to a prior filing are designated by an asterisk; all exhibits not so designated are incorporated herein by reference to a prior filing as indicated.

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
3(a)	Restated Articles of Incorporation of HL&P, (restated as of May 18, 1989), as amended	Form 8-K dated February 5, 1992	1-3187H-1	3
3(b)	Amended and Restated Bylaws of HL&P as adopted by resolution of the Board of Directors on July 2, 1986	Form T-3	22-16489	T3B
a)(1)	Mortgage and Deed of Trust dated November 1, 1944 between HL&P and South Texas Commercial National Bank of Houston (Texas Commerce Bank National Association, as successor trustee), as Trustee, as amended and supplemented by 20 Supplemental Indentures thereto	Form S-7 filed on August 25, 1977	2-59748	2(b)
4(a)(2)	Twenty-First through Fiftieth Supplemental Indentures to HL&P Mortgage and Deed of Trust	Form 10-K of HL&P for the year ended December 31, 1989	1-3187H-1	4(a)(2)
4(a)(3)	Fifty-First Supplemental Indenture to HL&P Mortgage and Deed of Trust	Form 10-Q for the quarter ended June 30, 1991	1-3187H-1	4(a)

INDEX OF EXHIBITS (CONT'D)

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
10(a)	Executive Benefit Plan of Houston Industries and First and Second Amendments thereto (effective as of June 2, 1982, July 1, 1984 and May 7, 1986, respectively)	Form 10-Q of Houston Industries for the quarter ended March 31, 1987	1-7629	10(a)(1), 10(a)(2) and 10(a)(3)
10(b)	Executive Incentive Compensation Plan of Houston Industries (effective as of January 1, 1982)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(b)
10(c)(1)	Executive Incentive Compensation Plan of Houston Industries (effective as of January 1, 1985)	Form 10-Q of Houston Industries for the quarter ended March 31, 1987	1-7629	10(b)(1)
10(c)(2)	First Amendment to Exhibit 10(c)(1) (effective as of January 1, 1985)	Form 10-K of Houston Industries for the year ended December 31, 1988	1-7629	10(b)(3)
10(c)(3)	Second Amendment to Exhibit 10(c)(1) (effective as of January 1, 1985)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(c)(3)
10(d)	Executive Incentive Compensation Plan of HL&P (effective as of January 1, 1985	Form 10-Q of Houston Industries for the quarter ended March 31, 1987	1-7629	10(b)(2)
10(e)(1)	Executive Incentive Compensation Plan of Houston Industries (effective as of January 1, 1989)	Form 10-Q of Houston Industries for the quarter ended June 30, 1989	1-7629	10(b)
10(e)(2)	First Amendment to Exhibit 10(e)(1) (effective as of January 1, 1989)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(e)(2)

INDEX OF EXHIBITS (CONT'D)

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
10(f)(1)	Executive Incentive Compensation Plan of Houston Industries (effective as of January 1, 1991)	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(b)
10(f)(2)	First Amendment to Exhibit 10(f)(1) (effective as of of January 1, 1991)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(f)(2)
10(g)(1)	Benefit Restoration Plan of Houston Industries (effective as of June 1, 1985)	Form 10-Q for the quarter ended March 31, 1987	1-7629	10(c)
10(g)(2)	Benefit Restoration Plan of Houston Industries, as amended and restated (effective as of January 1, 1988)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(g)(2)
10(g)(3)	Benefit Restoration Plan of Houston Industries, as amended and restated (effective as of July 1, 1991)	From 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(g)(3)
10(h)(1)	Deferred Compensation Plan of Houston Industries (effective as of September 1, 1985)	Form 10-Q of Houston Industries for the quarter ended March 31, 1987	1-7629	10(d)
10(h)(2)	First Amendment to Exhibit 10(h)(1) (effective as of September 1, 1985)	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(d)(2)
10(i)(1)	Deferred Compensation Plan of Houston Industries as amended and restated (effective as of January 1, 1989)	Form 10-Q of Houston Industries for the quarter ended June 30, 1989	1-7629	10(a)

INDEX OF EXHIBITS (CONT'D)

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
10(i)(2)	First Amendment to Exhibit 10(i)(1) (effective as of January 1, 1989)	Form 10-K of Houston Industries for the year ended December 31, 1989	1-7629	10(e)(3)
10(j)(1)	Deferred Compensation Plan of Houston Industries as amended and restated (effective as of January 1, 1991)	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(d)(3)
10(j)(2)	First Amendment to Exhibit 10(j)(1) (effective as January 1, 1991)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(j)(2)
10(k)(1)	Long-Term Incentive Compensation Plan of Houston Industries (effective as of January 1, 1989)	Form 10-Q of Houston Industries for the quarter ended June 30, 1989	1-7629	10(c)
10(k)(2)	First Amendment to Exhibit 10(k)(1) (effective as of January 1, 1989)	Form 10-K of Houston Industries for the year ended December 31, 1989	1-7629	10(f)(2)
10(l)(1)	Savings Restoration of Houston Industries (effective as of January 1, 1991)	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(f)
10(l)(2)	First Amendment to Exhibit 10(l)(1) (effective as of January 1, 1992)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(l)(2)
10(m)	Director Benefits Plan (effective as of January 1, 1992)	Form 10-K of Houston Industries for the year ended December 31, 1991	1-7629	10(m)

INDEX OF EXHIBITS (CONT'D)

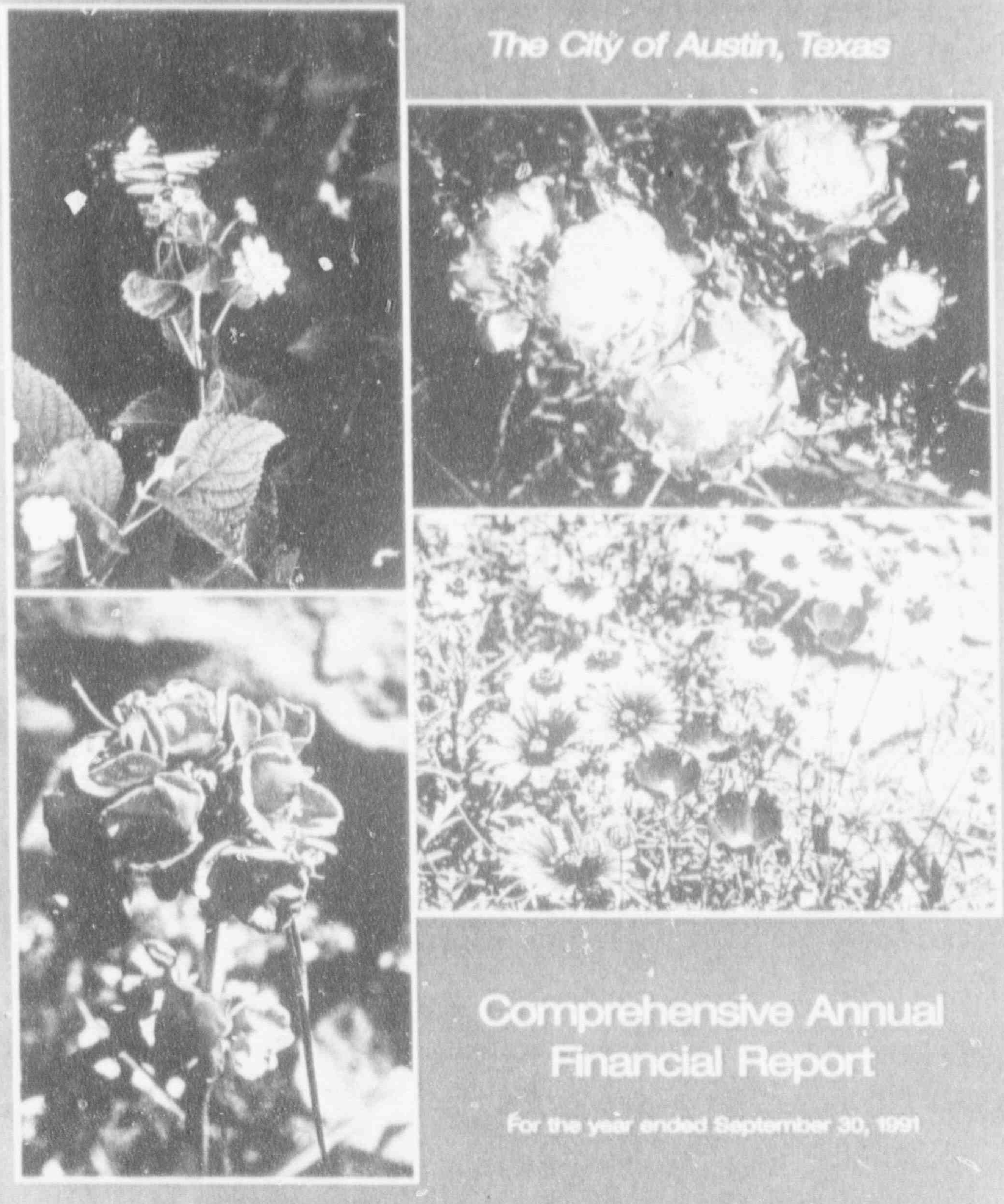
Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
10(n)	Employment and Supplemental Benefits Agreement between HL&P and Hugh Rice Kelly	Form 10-Q of Houston Industries for the quarter ended March 31, 1987	1-7629	10(f)
10(o)	Employment Agreement between HL&P and Donald P. Hall	Form 10-K for the year ended December 31, 1989	1-3187H-1	10(g)
10(p)(1)	Houston Industries Master Savings Trust, effective as of July 1, 1989, and First Amendment thereto, effective as of October 4, 1989 and Second Amendment thereto, dated October 30, 1990, each between Houston Industries and Texas Commerce Bank National Association	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(j)(1)
10(p)(2)	ESOP Trust Agreement between Houston Industries and State Street Bank and Trust Company, as ESOP Trustee, dated October 5, 1990	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(j)(2)
10(p)(3)	Note Purchase Agreement between Houston Industries and the ESOP Trustee, dated October 5, 1990	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(j)(3)
10(p)(4)	Stock Purchase Agreement between Houston Industries and the ESOP Trustee, dated as of October 5, 1990	Form 10-K of Houston Industries for the year ended December 31, 1990	1-7629	10(j)(4)

INDEX OF EXHIBITS (CONT'D)

Exhibit Number	Description	Report or Registration Statement	SEC File or Registration Number	Exhibit Reference
*12	Computation of Ratios of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Dividends			
*24	Consent of Deloitte & Touche, Independent Auditors of HL&P			

There have not been filed as exhibits to this Form 10-K certain long-term debt instruments, including indentures, none of which relates to authorized indebtedness that exceeds 10% of the assets of HL&P. HL&P hereby agrees to furnish a copy of any such instrument to the SEC upon request.

The City of Austin, Texas



Comprehensive Annual Financial Report

For the year ended September 30, 1991

Texas Department of Commerce photos
by Richard Reynolds and Elizabeth Grivas

Wildflower drawings courtesy of
National Wildflower Research Center, 2600 FM 973 North, Austin, Texas 78725
Illustrated by Mary Curtis.

Comprehensive Annual Financial Report

City of Austin, Texas

For the year ended
September 30, 1991

Prepared by:
Financial Services Department

Betty Dunkerley, CPA
Director

John Stephens, CPA
Controller

CITY OF AUSTIN
FOUNDED 1839

City Council

Bruce Todd
Mayor

Charles E. Urdy
Mayor Pro Tem

Council Members
Michael "Max" Nofziger
Ronney Reynolds
Louise C. Epstein
Robert A. Larson
Gus Garcia

Camille Cates Barnett, Ph.D.
City Manager

CITY OF AUSTIN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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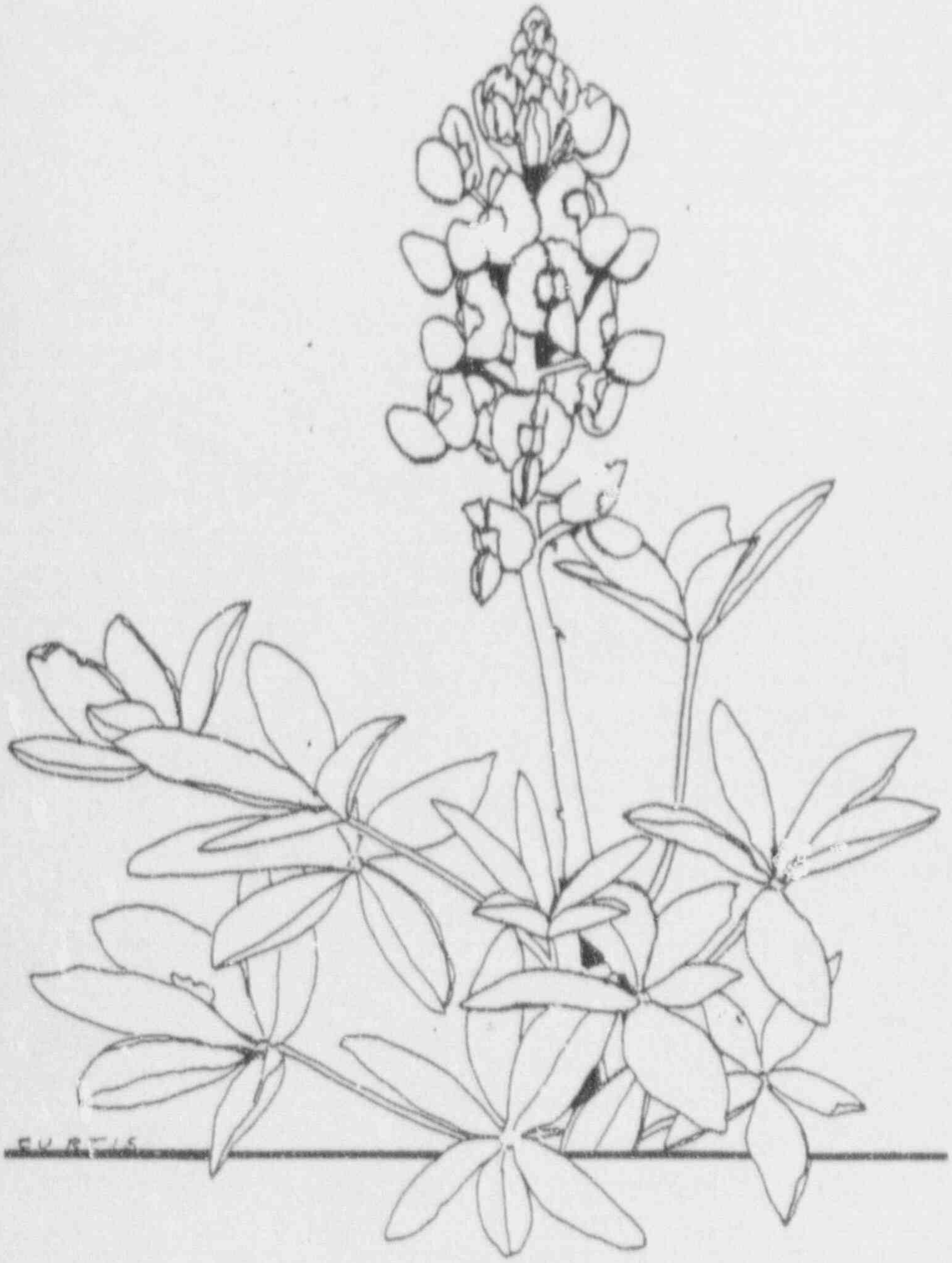
Introduction



Bluebonnet
Lupinus texensis

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

March 9, 1992

Honorable Mayor and Council Members
City of Austin, Texas

We are pleased to submit to you the 1991 Comprehensive Annual Financial Report of the City of Austin, Texas. The report was prepared by the Controller's Office of the Financial Services Department. The combined financial statements and related notes have been audited by an independent firm of Certified Public Accountants, KPMG Peat Marwick, whose report is included herein. This audit satisfies Article VII, Section 15 of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. Additionally, the administrative and accounting controls over federal financial assistance received by the City directly from federal agencies or passed through by the State of Texas or other governmental entities during 1991 were tested by KPMG Peat Marwick for compliance with applicable laws and regulations. This report is available under separate cover.

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

These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the National Council on Governmental Accounting (NCGA) and the American Institute of Certified Public Accountants (AICPA). The City's auditors, KPMG Peat Marwick, have taken exception to the City's method of accounting for the Brackenridge Hospital advance from the investment pool as explained below.

Over a number of years and culminating in 1986, Brackenridge Hospital has borrowed approximately $35 million from the City's investment pool to meet its operating cash needs. In 1988, City management determined that Brackenridge could not reasonably be expected to repay this advance through excess cash generated from operations, given constraints imposed by the health care industry, local competition and existing admission policies. During 1988, City management presented to the City Council for consideration a proposed long-term repayment plan which recommended the General Fund as a funding source. During 1989, the plan was implemented and a $700,000 transfer from the General Fund to the hospital was made. The plan has been continuously followed and in 1990 and 1991, transfers of $1,400,000 and $2,100,000 were made, respectively. For 1992, a transfer of $2,800,000 is budgeted.

In addition to the long-term repayment plan described in the preceding paragraph, significant operational efficiencies and financial improvements have been realized in the past five years. These conditions have allowed Brackenridge to reduce its balance of advanced pooled investments and cash by 27% since 1986.

It is the opinion of the City's independent auditor that since management and the City Council have determined that the General Fund will be responsible for operating transfers to fund the amount owed by Brackenridge Hospital to the City's investment pool and Brackenridge Hospital will be responsible for the repayment to the General Fund of the transfers, generally accepted accounting principles require that an interfund receivable from Brackenridge Hospital be established in the General Fund, and that fund balance be reserved to reflect the long-term nature of the receivable. The effect of such accounting treatment would be a reduction of pooled cash and investments of $25,598,622, an increase in interfund receivables of $25,598,622, a reservation of $25,598,622 in the General Fund's fund balance and a resulting deficit in unreserved fund balance of $7,118,983 with no change to total fund balance.

City management believes that it is inappropriate to recognize this receivable in the General Fund since the entire loan was not made from that fund. In addition, the General Fund did not have the legal authority to loan $35 million to Brackenridge under the City charter and State law, since the General Fund never had an unencumbered fund balance of $35 million available.

The City will continue to reflect this advance from the investment pool in the Hospital Fund and will not record a receivable in any fund. It is City management's intent to reduce the advance over a number of years as evidenced by the repayment plan recommended to City Council and Council's subsequent actions.

The City's 1990 financial report did not receive a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). We believe that the primary reason for the loss of the Certificate is the accounting treatment of the Brackenridge advance and the auditor's qualified opinion. The certificate is awarded to governmental units that publish easily readable and efficiently organized annual reports that satisfy both generally accepted accounting principles and applicable legal requirements. We will submit this report to GFOA for review.

This Comprehensive Annual Financial Report consists of three parts. The Introductory Section includes an organization chart and this transmittal letter, which highlights significant aspects of financial operations during the year and particular financial issues faced by the City. The Financial Section includes the independent auditor's opinion, combined financial statements and related notes, and supplemental financial data. The Statistical Section includes several tables of unaudited data depicting the financial history of the City as well as demographic and other miscellaneous statistics.

Reporting Entity

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

This report includes financial statements of the funds and account groups required to account for those activities, organizations and functions which are related to the City and are controlled by or dependent upon the City's governing body, the City Council. Criteria used by the City for including activities in preparing its financial statements are in conformity with the National Council on Governmental Accounting (NCGA) Statement 3, *Defining the Governmental Reporting Entity.* Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to establish rates, outstanding debt secured by revenues or general obligations of the City, the City's obligation to finance any deficits that may occur, funding and selection of governing authority, and other evidence of financial interdependence and the ability to exercise oversight responsibility.

Based on the above criteria, the following activities are also included in the City's 1991 financial statements: all municipal services (as listed below), pension trust funds, City of Austin Deferred Compensation Plan for City Employees and joint operations. The City provides a full range of municipal services including police and fire, sanitation, parks, libraries, public health and social services, public improvements, public transportation, electric and water and wastewater utilities, planning and zoning, and general administrative services.

Year in Review

Austin has long been considered a unique city, unlike any other in Texas or in the country. Known to many as the "Third Coast", Austin has remained quintessentially Texan, but with its own sense of style and individuality and with a tradition of excellence.

In the past year, Austin's spirit and its tradition of excellence were recognized in a record number of honors and awards.

All-America City

In 1991, Austin was one of ten cities to win the National Civic League's All-America City Award competition. Winners of the award are selected for their success in bringing business, government and citizens together at the local level to solve community problems. Austin was recognized for its Youth at Risk project, designed to fight gang-related violence, the Town Lake Task Force, established by community leaders to clean up Austin's Town Lake, and the Umlauf Sculpture Garden project.

Environmental Quality

The Green Cities Index, a new ranking of 64 U.S. cities with more than 250,000 population listed Austin second only to Honolulu in environmental quality in 1991.

New Woman Magazine named Austin one of the nation's four "Greenest and Cleanest" cities.

Business and Economy

Fortune Magazine listed Austin ninth among the "Top 10 Cities for Business", stating that Austin is in "a category of its own".

Money Magazine listed Austin ninth among the "Top 10 Cities to Live In".

The National Employment Review Magazine said Austin was the "Publisher's Choice" of the top 10 cities for economic development and employment opportunities.

It is important to note that some of these honors seem almost contradictory, but this diversity is itself a part of Austin's tradition.

The City of Austin, Austin's municipal government, has also had a year of successes. Austin's Fire Department was honored in 1991 with an Austin Quality Award for "significant progress in pursuit of total quality" by the Austin Quality Council. The department was also recognized on national television as having one of the nation's best fire prevention programs and was recognized by WCBS in New York in a five-part series as a model in public safety education programs.

In 1991, the State Legislature amended the Municipal Drainage Utility Act so as to make it practical for the City to create a Drainage Utility under State law, thereby fully establishing the City's authority to impose a drainage fee. The legislative action also allows the City to expand its service and billing area into the extraterritorial jurisdiction and assess previously exempt utility customers. In addition, it enables the City to issue revenue bonds rather than general obligation bonds to finance drainage improvements. In November 1991, the City Council approved the creation of the drainage utility. Actions are under way in 1992 to bill and collect a drainage fee and to implement possible changes to the service area and customer base.

In December 1991, the Foreign Trade Zone of Central Texas, a non-profit corporation established by the Cities and Chambers of Commerce of Austin, Round Rock, Georgetown, and San Marcos, received approval of its application to establish a general purpose foreign trade zone for the Austin metropolitan area. A substantial portion of the trade zone project now underway is directed towards the burgeoning high-technology industry in Austin. In addition, the project has been established to take advantage of the increasing trade between Texas and Mexico. A comprehensive operational and marketing program is underway and initial interest from prospective users is excellent.

In November 1991, the City's Municipal Court planned and conducted the largest warrant amnesty program ever held by the City. Over 20,000 cases were cleared from the Court's records and more than $900,0[illegible] in gross revenues was raised. A number of City departments cooperated in the program, including the Police Department, the Public Information Office, the Information Systems Department, the General Services Department, and others.

In July 1989, Austin voters approved the issuance of $69 million in revenue bonds for the construction of the Austin Convention Center. With the opening of the Convention Center scheduled in July 1992, Austin will very soon begin to compete with other cities for major conventions. Bookings for the first year of operations for the Convention Center have exceeded projections made by Coopers and Lybrand, the City's auditors at the time the project began. In 1991, in preparation for the opening, the Convention Center department selected a concessionaire and merged with another City department, the Austin Convention and Visitors' Bureau, to consolidate the marketing and promotion efforts for the Center.

In 1991, the City continued to make progress in implementing a customer service orientation throughout the workforce. The City was featured in a one-hour Gannett Broadcasting documentary, *Hidden Assets: Empowering America's Workers*, that examined the nation's growing attention to customer service in the public and private sectors. The City again held a Customer Service Week, during which 4,500 employees participated in training programs designed to enhance internal and external quality customer service. The City also initiated a Success Strategy program, which establishes an ongoing two-way communication process between employees and supervisors to ensure teamwork, establish goals for successful performance, and remove obstacles to providing quality customer service. In addition, the City continued to invest in its workforce through its Tuition Reimbursement Program, which supports employees who are seeking to enhance their job skills and also enables the City to attract and maintain a highly qualified staff. The results of these efforts to improve and stabilize the City's workforce have already begun to pay off: the overall turnover rate for the City's workforce declined significantly, from 17.4 percent in 1990 to 10.2 percent in 1991, and the executive turnover rate declined from 12 percent to 9.5 percent.

The City of Austin owns and operates Robert Mueller Municipal Airport. The City has determined that Mueller Airport cannot be expanded to meet the long-term projected airline and passenger demand for aviation facilities necessary to serve Austin without significant cost and disruption of the communities surrounding Mueller Airport. A voter referendum on November 3, 1987 affirmed the City's decision to construct a new airport at a site near Manor, Texas. In September 1989, the City issued airport revenue bonds in the amount of $30 million to provide funds for a master plan and land acquisition.

On January 29, 1990, the U.S. Secretary of Defense announced that Bergstrom Air Force Base was included on a list of bases to be studied for possible closure by 1993. In February 1990, the City council authorized a 60-day study to determine the feasibility of considering the Bergstrom site as an alternative to Manor for the new commercial airport. The study concluded that Bergstrom was a feasible alternative to Manor. In September 1991, Bergstrom was approved for closure by the U.S. Congress.

On January 8, 1992, the Environment and Natural Resources Division of the U.S. Department of Justice issued an opinion that the City of Austin has an equitable interest in the 2,940 acres of land comprising Bergstrom Air Force Base. The City is currently taking steps to determine whether a civilian airport can be constructed at Bergstrom that is affordable, sensitive to neighborhood and environmental concerns, and economically advantageous.

Economic Outlook

According to most economists, the U.S. economy is now undergoing a weak recovery from the recession that began in the fourth quarter of calendar year 1990. The nation's gross domestic product grew at a rate of 1.4 percent in the spring and 1.8 percent in the summer but has since grown at a lower rate. According to the Commerce Department, economic activity was essentially flat in the fourth quarter, with real growth of only .3 percent in the gross domestic product. The best news on the 1991 economy was the inflation rate, which declined to a 1.7 percent annual rate for 1991. For 1992, the economy is predicted to grow at a modest 1.6 percent.

The Texas economy did not fall into a recession in 1991, but the national recession has slowed growth in the state. The state economy grew at a rate of just over 1 percent during calendar year 1991; however, Texas added more jobs than any other state in the nation in 1991 and now ranks first among the top ten states in the rate of employment growth. The Texas Comptroller of Public Accounts estimates that economic growth in Texas for 1992 will slightly outpace growth in the national economy.

Austin's economic growth also slowed in 1991. Continuing declines in the finance, insurance, and real estate industries offset small gains in most other sectors of the economy during 1991. However, Austin employment increased by 1,700 jobs in fiscal year 1991. The short-term economic forecast for Austin is for modest growth. Due mostly to the strength of Austin's increasing manufacturing sector, Austin is expected to add almost 20,000 jobs between 1990 and 1993, in spite of the closure of Bergstrom Air Force Base that will be phased in beginning in 1992.

The long-term outlook for Austin remains very good. In constrast to much of Texas, Austin's manufacturing sector will rise in importance during the next 20 years, with most activity related to computer technology and other high-tech fields. Over the next two decades, manufacturing's share of the Austin job mix will rise from about 12.8 percent to 13.3 percent, a trend directly opposite that of the state and most of its metropolitan areas. In addition, Austin's research and development sector is expected to increase significantly over the next several years, at an estimated 6 percent annually. Austin's relative advantage is in information-based technologies, and this should allow it to outperform other cities and other areas of the country.

Life in Austin

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

Austin Weather

Average temperature	68.3
Temperature range - winter	42 - 62
Temperature range - summer	73 - 94
Days below freezing per year	24
Days of sunshine per year	300

Austin's Parks and Recreation Department is acknowledged as one of the finest in the country. The city has a variety of parks and natural recreation areas, including 10 natural preserves, 20 greenbelts, 64 neighborhood parks, 14 recreation centers, 4 golf courses, 106 tennis courts, and 32 swimming pools, including renowned Barton Springs, where as many as 400,000 people a year enjoy the constant 68-degree springfed water. Austin is home to a number of outdoor events and festivals, including the Legends of Golf Tournament, the Capital 10,000 Race, and the Austin Aqua Fest.

Austin is noted for its exceptional quality of life, with educational and cultural amenities comparable to those found in much larger cities. As the state capital and the site of the University of Texas, Austin has a highly educated population and has the highest per-capita book sales in the nation. Austin is famous for its highly active and diverse music scene, with dozens of clubs featuring live performances covering the full range of contemporary music – blues, country, jazz, rock, reggae, folk, and international. Many local, national, and international groups perform at Austin clubs during the annual South-by-Southwest Music Conference. The city also boasts one of the nation's few listener-supported, commercial-free, all classical music stations.

Austin is the home of the University of Texas, the Southwest's largest university, with some 50,000 students. Eight of the university's Ph.D. programs are ranked in the top ten in the country, and its 2,398 faculty members include Nobel Prize laureates and Pulitzer Prize winners. The university possesses the sixth largest academic library system in the United States, and it has been cited as one of the 32 great libraries of the world. Tuition is the most affordable of all top-ranked universities: an article in the October 29, 1990 edition of Business Week magazine called the University of Texas' MBA program the "best bargain" in its survey of the top 20 MBA programs in the country. In addition to the University of Texas, the Austin area has six other institutions of higher learning, with a mix of public and private colleges and universities.

Industry and Business

Austin's economy is diversified, with government being the stabilizing force. Government employs the largest percentage of Austin-area workers (28.3%), closely followed by the service sector (26.1%), wholesale and retail trade (20.1%), and manufacturing (12.8%).

Employment in Austin's manufacturing sector has increased significantly over the last decade as a percentage of total employment. According to the Texas Comptroller of Public Accounts, manufacturing employment in Austin increased more than 16 percent from 1988 to 1990. The State Comptroller estimates that approximately 3,200 jobs will be added to the manufacturing sector between 1990 and 1993. Of the City's 700 manufacturers, 200 are high-tech, employing some 30,000 people, or 65 percent of the manufacturing work force.

Austin is recognized as the center for high technology in the Southwest, a fact consistent with the City's commitment to preserving the striking beauty of its abundant natural resources. Building an industrial base in high technology has meant a more diversified economy and a renewed sense of anticipation for positive growth as Austin emerges as a leader in the global economy of the future. Among the major high-tech companies in Austin are IBM, Texas Instruments, Motorola, Advanced Micro Devices, Abbott Labs, 3M, and Lockheed Missiles and Space.

Over the last several years, a number of high-tech firms have located or expanded operations in Austin, among the most recent being the customer service headquarters of Apple Computer, Inc., the American Airlines Reservation Center, and Tadpole Technologies. Other firms recently relocating or expanding include Applied Materials of Santa Clara, California, Vista Chemical, Ashland Oil Company, Eaton Corporation, Fisher Controls, Cypress Semiconductor, The Continuum Company, and Austin-based Dell Computer Corporation and CompuAdd Corporation.

Austin's emergence as a high-technology center is demonstrated by the presence of two major research consortiums, Microelectronics and Computer Technology Corporation (MCC) and SEMATECH, INC. MCC, a cooperative venture of some 20 major U.S. computer companies, chose Austin as its home in 1983 after considering bids from 56 cities. SEMATECH, which was formed as a vehicle for developing improved semiconductor manufacturing techniques to better compete with Japan, has an annual budget of $[illegible]00 million and has created about 700 new research and development jobs in Austin.

There are a number of reasons why Austin continues to attract new business. Austin is a beautiful city with a moderate climate and a variety of indoor and outdoor activities in which to participate. It has a good school system, a well educated workforce, and excellent municipal services. However, perhaps the main reason that Austin attracts both industry and workers is its cost of living.

COST OF LIVING FOR SELECTED CITIES

City	Composite Index
Austin, TX	96.2
Atlanta, GA	99.7
Phoenix, AZ	101.6
Denver, CO	101.9
Orlando, FL	103.6
Dallas, TX	105.1
Portland, OR	110.4
Seattle, WA	112.7
San Diego, CA	131.4
San Jose, CA	135.6

Source: American Chamber of Commerce Researchers Association Cost of Living Index, 2nd Quarter 1991, a survey measuring relative price levels for consumer goods and services.

Austin's cost of living compares especially well when factoring in the cost of housing or the cost of office space. Austin's housing index is a full nine points below the housing index of the next-lowest city shown above, Phoenix, and is a whopping 146 points below the highest index, that of San Jose, California. There has been an abundance of office space in Austin for several years now, since the boom years of the early and middle 1980s, and this has had a strong moderating effect on the price of office space.

Accounting System and Budgetary Control

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

The City employs a computerized financial accounting system which includes a system of internal accounting controls. Such controls have been designed and are continually being re-evaluated to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

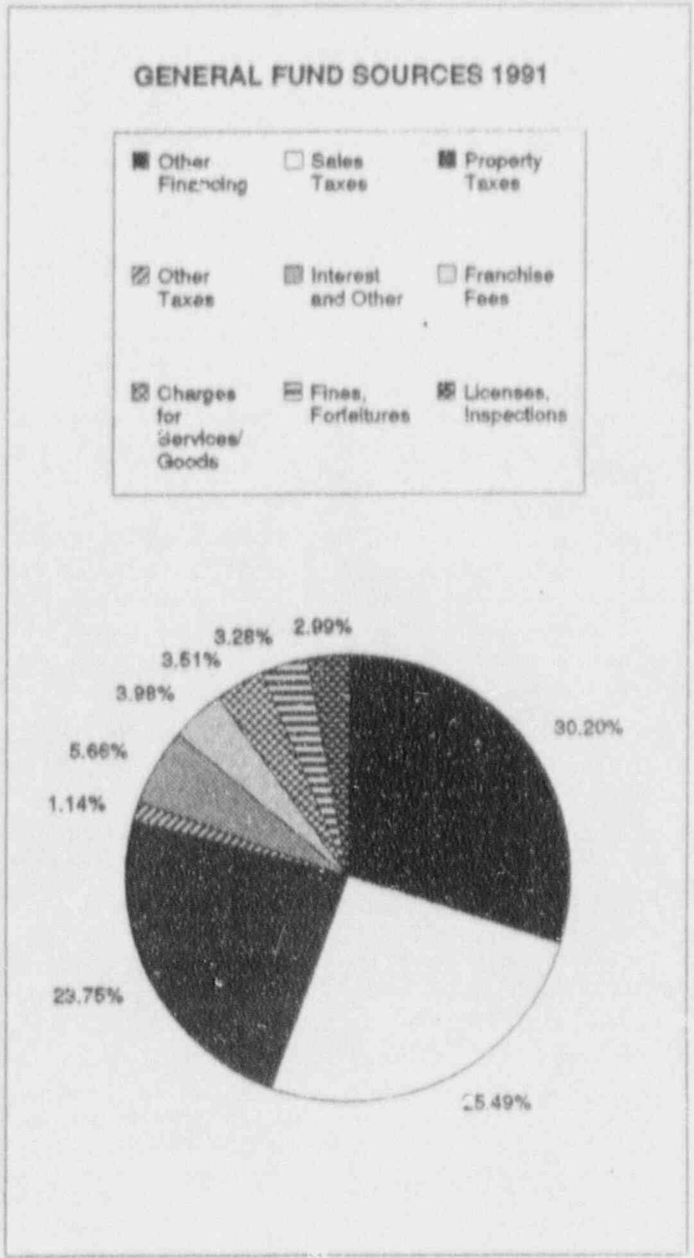
The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately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

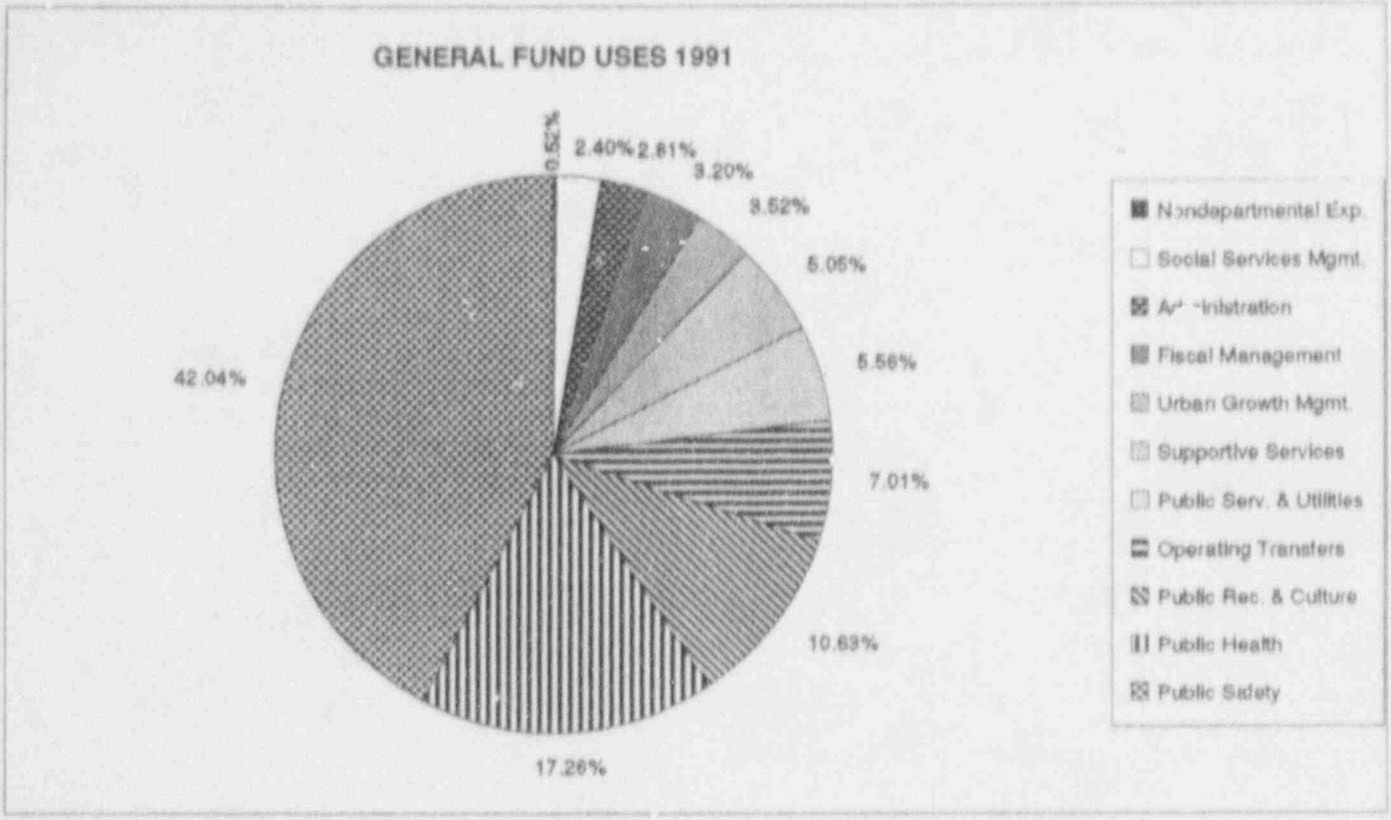
Accounting records for governmental fund types are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and the liabilities are incurred. Accounting records for proprietary fund types and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

The annual operating budget, or financial plan, is proposed by the City Manager and enacted by the City Council after public discussion. Subsequent intradepartmental budget transfers must be approved by the City Manager. Interdepartmental transfers and any increase or decrease in total appropriations must be approved by the City Council. Management control for the operating budget is maintained at the departmental level. During 1991, no department exceeded its legally authorized appropriations.

General Fund

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


GENERAL FUND SOURCES 1991



For the year ended September 30, 1991, actual revenues on a budget basis were $2.3 million more than amended budget, primarily due to increased sales tax revenues and to increased bank franchise fees. Actual expenditures on a budget basis were $4.1 million lower than amended budget, with significant savings achieved by the Municipal Court, the Fire Department, and the Public Works Department. Overall, the General Fund stayed within the amended budget and achieved an undesignated fund balance in excess of 3% of [illegible] expenditures.

(Dollars in millions)

	1991 $	1990 $	Increase (Decrease) $	 %
SOURCES OF FUNDS				
Property taxes	51.62	54.70	(3.08)	(6)
Sales taxes	55.40	51.54	3.86	7
Other taxes	2.48	1.57	.91	58
Franchise fees	8.64	7.76	.88	11
Fines, forfeitures, and penalties	7.14	8.12	(.98)	(12)
Licenses, permits and inspections	6.49	6.00	.49	8
Charges for services, goods	7.63	11.94	(4.31)	(36)
Interest and other	12.31	11.22	1.09	10
Transfer and other sources	65.62	67.55	(1.93)	(3)
Total	217.33	220.40	(3.07)	(1)
USES OF FUNDS				
Administration	6.34	6.15	.19	3
Supportive services	11.39	10.35	1.04	10
Urban growth management	7.95	8.29	(.34)	(4)
Fiscal managament	7.22	7.42	(.20)	(3)
Public safety	94.90	88.48	6.42	7
Public services and utilities	12.56	14.69	(2.13)	(14)
Public health	38.96	36.75	2.21	6
Public recreation and culture	23.99	22.49	1.50	7
Social services management	5.42	4.97	.45	9
Nondepartmental expenditures	1.18	2.60	(1.42)	(55)
Operating transfers out	15.83	17.18	(1.35)	(8)
Total	225.74	219.37	6.37	3
Increase (decrease) in fund balance	(8.41)	1.03	(9.44)	(917)
Total fund balance, beginning of year	31.82	33.25	(1.43)	(4)
Residual equity transfers	(.29)	(2.46)	2.17	88
Total fund balance, end of year	23.12	31.82	(8.70)	(27)

Special Revenue Funds

The Special Revenue Funds include the Federal Grants Funds, State Grants Funds, Other Special Revenue Grants Funds, Other Special Revenue Funds, the Austin Convention and Visitors' Bureau Fund, and the Hotel-Motel Occupancy Tax fund. Collectively, these funds expended $20,680,929 during 1991.

The financial statements for the grants funds within the Special Revenue Funds are prepared in conformance with the National Council on Governmental Accounting (NCGA) Statement 2 Grant, *Entitlement and Shared Revenue Accounting and Reporting by State and Local Governments.* Statement 2 prescribes the application of generally accepted accounting principles for grants, entitlements, and shared revenues received by the City.

Total amounts expended by the Special Revenue Funds during 1991 were:

Federal Grants	$ 9,053,882
State Grants	1,366,382
Other Special Revenue Grants	71,188
Other Special Revenue Funds	10,189,477
Total	$20,680,929

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

In 1991, the Hotel-Motel Occupancy Tax fund transferred $6,304,654 to the Convention Center CIP Fund for construction of the Convention Center, $1,911,102 to the Convention Center Operating Fund for promotion of the tourism industry, and $1,274,068 to the Parks and Recreation Department Cultural Arts Fund for cultural arts programs.

General Obligation Debt Administration

The City maintains a separate fund, the Debt Service Fund, to administer debt associated with its general obligation bonds. A separate ad valorem tax is levied and collected to provide funds to retire such debt. For 1991, this tax was $.2711 per $100 assessed valuation.

The fund balance designated for debt service at September 30, 1991, was $7,298,835 or 13.1% of total debt service requirements. At September 30, 1991, the City had $387,208,567 in general obligation bonds outstanding. Authorized but unissued general obligation bonds at September 30, 1991 totalled $93,730,000.

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita for 1991 and 1990 are shown below. The decrease in assessed valuation is a result of the economic downturn experienced by the City in recent years.

	1991	1990
Net Bonded Debt	$379,909,732	381,406,586
Ratio of Debt to Assessed Value	2.21	2.15
Debt Per Capita	$814.33	846.01
Assessed Valuation (000's)	$17,189,792	17,764,618
Debt Service Tax Rate Per $100 Assessed Valuation	$.2711	.2681

The City's outstanding general obligation debt is rated A1 by Moody's and AA by Standard & Poor's and Fitch.

Capital Projects Funds

The City maintains Capital Projects Funds to account for general government capital improvements which are funded primarily by general obligation bond proceeds. When projects are completed, they are recorded as additions in the General Fixed Asset Account Group. Capital projects for proprietary funds that use general obligation bonds as a funding source (primarily Hospital and Airport) are accounted for within the Enterprise or Internal Service Funds rather than within the Capital Projects Funds.

During 1991, a total of $22,671,132 was expended in the Capital Projects Funds, primarily for street and drainage improvements, flood prevention, parks improvements and fire facilities. At September 30, 1991, total fund balance was $75,589,945 consisting of a reserve for encumbrances of $7,558,867 and an unreserved balance of $68,031,078.

Utilities

The City owns and operates its electric, waterworks and sewer systems and issues revenue bonds for the majority of its capital expenditures for its electric, water, and wastewater facilities. Both Moody's and Standard & Poor's rate the City's outstanding prior lien Combined Utility Systems Revenue Bonds and subordinate lien bonds A. Fitch rates them A+. An A rating is considered good for a utility system, since few utilities get as high as an AA rating.

At September 30, 1991, authorized but unissued revenue bonds totalled $610,284,200 for electric projects, and $536,126,000 for water works and sewer projects. Activity relating to revenue bonds is summarized in the following table (in thousands of dollars):

	Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, net of discount-September 30, 1990	$ 380,755	1,779,743	2,160,498
Debt issued, net of discount/premium	4,440	189,034	193,474
Debt repaid or refunded, net of discount	(17,950)	(7,922)	(25,872)
Amortization of bond discount and premium	1,319	3,243	4,562
Balance payable, net of discount-September 30, 1991	$ 368,564	1,964,098	2,332,662

The Electric Light and Power Fund and the Waterworks and Sewer System Fund transferred $52,221,979 and $10,832,597, respectively, to the General Fund. This includes transfers to cover costs incurred by General Fund departments that provide support services to the utilities.

Electric System

Electric operating revenues for 1991 were $422,465,971, a decrease of .35% from the prior year. Operating expenses before depreciation for 1991 were $212,398,954, an increase of 6% over the prior year. This was due primarily to increased operating expenses associated with the South Texas Project.

Waterworks and Sewer System

The City owns and operates three water treatment plants with an average daily consumption of 89 million gallons per day (mgd), and four wastewater treatment plants with an average daily volume of 68 mgd. The City also owns and operates its own distribution and collection systems.

Total Waterworks and Sewer System operating revenues for 1991 were $149,350,407, a decrease of 7.4% over the prior year. Operating expenses before depreciation for 1991 were $59,062,598, an increase of 7.7% over the prior year.

The City has certain contractual commitments with several Municipal Utility Districts (MUDs) for the construction of certain additions, improvements, and extensions of the City's water and wastewater delivery systems. These MUDs are authorized to issue contract revenue bonds to finance the construction of such improvements. The City will become the owner of these improvements and will make debt service payments on the MUD's bonds. This arrangement will enable the City to expand its system in a manner that prevents the proliferation of stand-alone utilities, which would ultimately need to be integrated into a regional system upon annexation. Under these contracts, the MUDs had issued and outstanding $130,495,000 City of Austin, Texas Contract Revenue Bonds as of September 30, 1991.

Hospital Fund

The City owns and operates Brackenridge Hospital, which provides a full range of healthcare services. The hospital serves as the major 24-hour trauma center in a ten-county area, operates a children's hospital including pediatrics and intensive care services, and serves as a teaching hospital through an association with the Central Texas Medical Foundation.

In 1991, hospital net patient revenue increased $15.7 million over 1990 due primarily to the 10% rate increase implemented in July 1990 and effective throughout fiscal year 1991. The 1991 patient admissions were 1.0% lower than the 1990 level after moving the physical rehabilitation unit to the Rehabilitation Hospital of Austin in April 1990. Hospital operating expenses increased $9.5 million or 10% over 1990. The hospital recorded net income for the year of $9,629,090.

During 1990, the hospital recorded a liability for the repayment of $5.3 million to the Medicare program for the disallowance of certain medic [illegible] tion costs. An appeal has been filed with the Provider Reimbursement Review Board of the Health Care Financing Administration to allow these costs as reimbursable. Repayment of the liability is scheduled over a four-year period.

Airport Fund

The Airport Fund accounts for the operation of the Robert Mueller Municipal Airport. The airport is currently self-sustaining, providing for operating expenses including depreciation, an amount equivalent to the airport's interest on debt, payment for support services from other City departments, and funding of capital improvement projects. Operating revenues for the year ended September 30, 1991 were $15,393,098. After deducting operating expenses of $9,716,749, the airport had operating income of $5,676,349 and net income of $7,219,676.

Pension Fund

The City has three contributory defined benefit retirement plans. Two of the plans, the City of Austin Employees' Retirement and Pension Fund and the City of Austin Police Officers' Retirement and Pension Fund, were established by ordinance and until August 26, 1991, were subject to amendment by the City Council. Since August 26, 1991 and pursuant to State legislation, the funds have been administered by their respective eleven-member boards. The third plan, the Fire Fighters' Relief and Retirement Fund of Austin, Texas was established by State statute. Together the three plans cover substantially all full-time employees.

During the year ended September 30, 1991, the City contributed 7%, 12%, and 14.05% of salaries to each of these funds, respectively. Total contributions by the City to these funds were $19,348,000 for 1991. Total assets in excess of the pension benefit obligation at December 31, 199[illegible] (latest available date) for the Employees' Fund was $47,471,000. The unfunded pension benefit obligation at December 31, 1990 (latest available date) for the Police Officers' Fund and the Fire Fighters' Fund was $6,584,000 and $27,764,000, respectively.

The City's pension plans are qualified under IRS regulations allowing pre-tax status for employee contributions to the plans.

Cash Management

Cash balances of all City funds (except for all debt service, revenue bond retirement reserve, and pension trust funds) are pooled and invested in consideration of four factors: term, liquidity, market exposure, and rate of return. These investments are made in accordance with the Texas City Depository Act and the Public Funds Investment Act of 1987, and are restricted primarily to obligations of the United States, the State of Texas, the County, the City, certificates of deposit issued by Texas state and national banks, and fully collateralized direct repurchase agreements meeting the requirements of the above-mentioned statutes.

During 1991, the City's cash resources were primarily invested in repurchase agreements, certificates of deposit, and U.S. Treasury and Agency issues. The average yield on pooled investments during the year was 7.88%.

Acknowledgements

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

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

We acknowledge the thorough, professional, and timely manner in which the audit was conducted by our independent auditors, KPMG Peat Marwick.

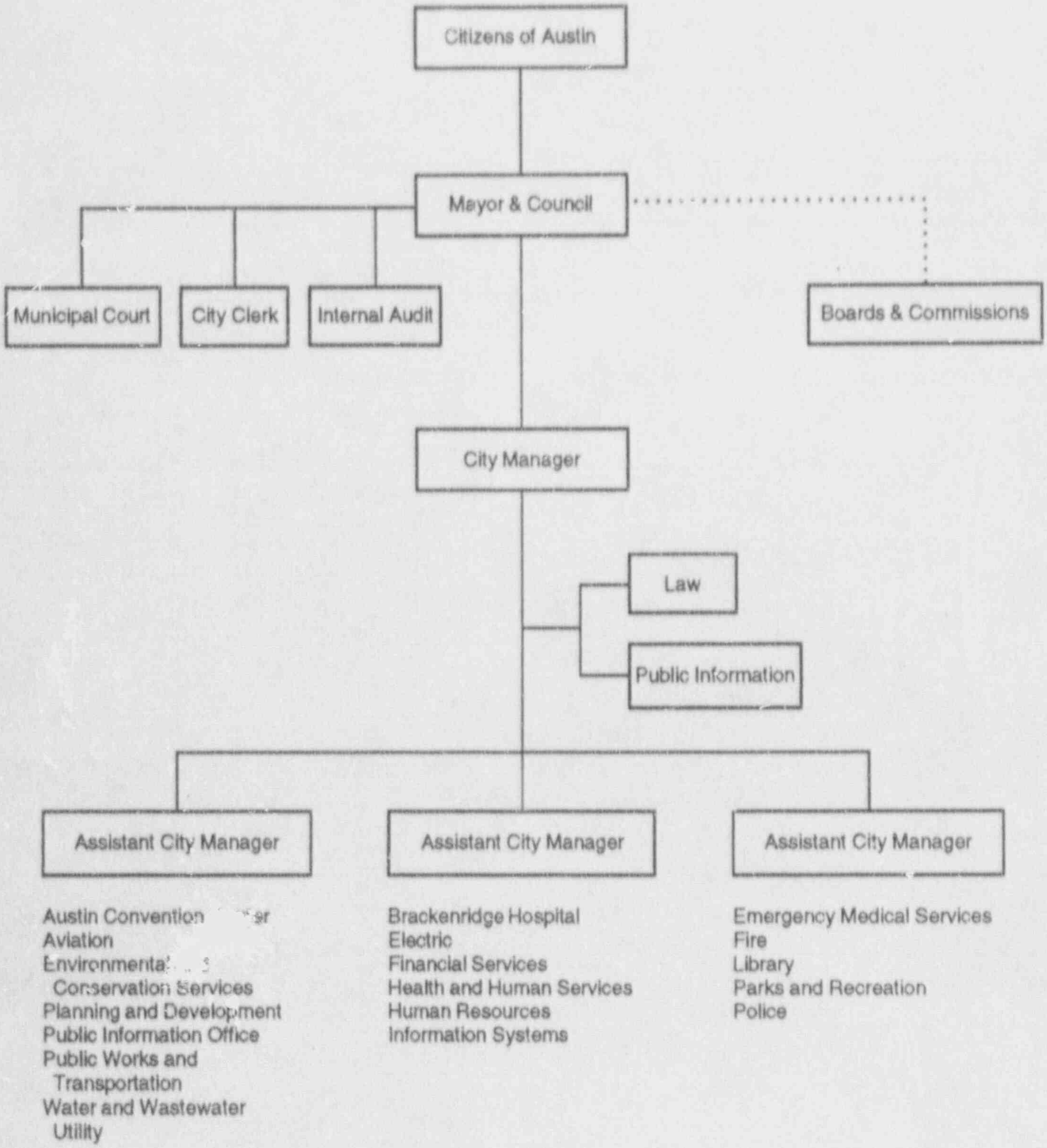
Finally, we acknowledge the Mayor and Council Members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.

Camille Cates Barnett, Ph.D.
City Manager

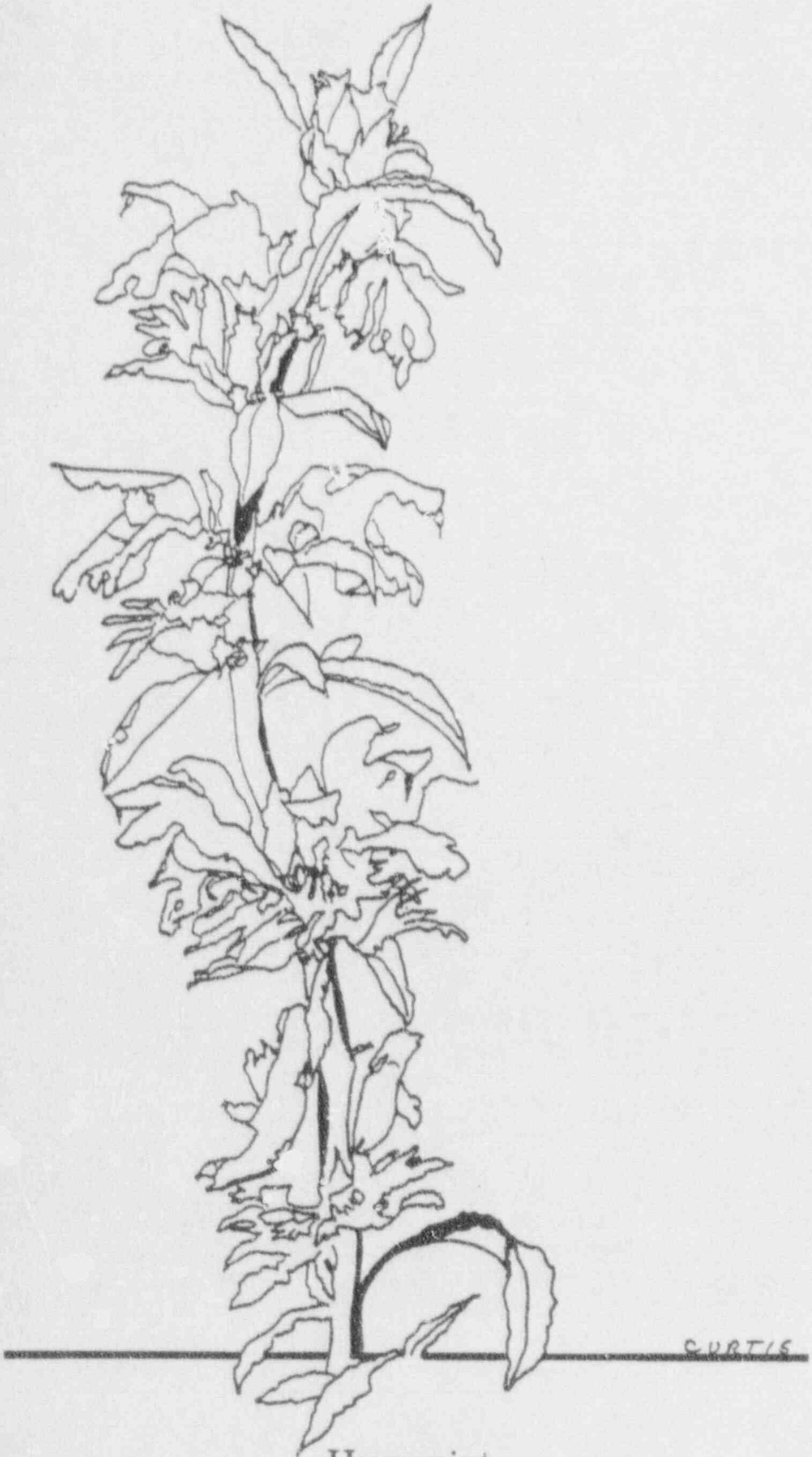
Betty Dunkerley

Betty Dunkerley, CPA
Director of Financial Services

CITY OF AUSTIN, TEXAS
Organization Chart



Financial Section



Horsemint
Monarda citriodora

INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the City of Austin, Texas ("City") as of and for the year ended September 30, 1991, as listed in the accompanying table of contents under "General Purpose Financial Statements". These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Brackenridge Hospital over a number of years, culminating in 1986, borrowed funds from the City's investment pool to meet its operating cash needs. As of September 30, 1991, the Hospital Enterprise Fund balance sheet includes a liability for Brackenridge Hospital to repay $25,598,622 to the City's investment pool. Management and the City Council established a plan in fiscal year 1989 for the General Fund to provide operating transfers to the Hospital Enterprise Fund equaling the amount borrowed by Brackenridge Hospital. Since management and the City Council have determined that the General Fund will be responsible for operating transfers to fund the amount owed by Brackenridge Hospital to the City's investment pool and Brackenridge Hospital will be responsible for the repayment to the General Fund of the transfer, generally accepted accounting principles require that an interfund receivable from Brackenridge Hospital be established in the General Fund and that fund balance be reserved to reflect the long-term nature of the interfund receivable. The accompanying financial statements of the General Fund do not include such an interfund receivable or reservation of fund balance. If the foregoing matters were reflected in the General Fund financial statements in accordance with generally accepted accounting principles, pooled cash and investments would be reduced by $25,598,622 and interfund receivables would be increased by a corresponding amount. Additionally, unreserved fund balance would be reduced by $25,598,622 and reserved fund balance would be increased by a corresponding amount.

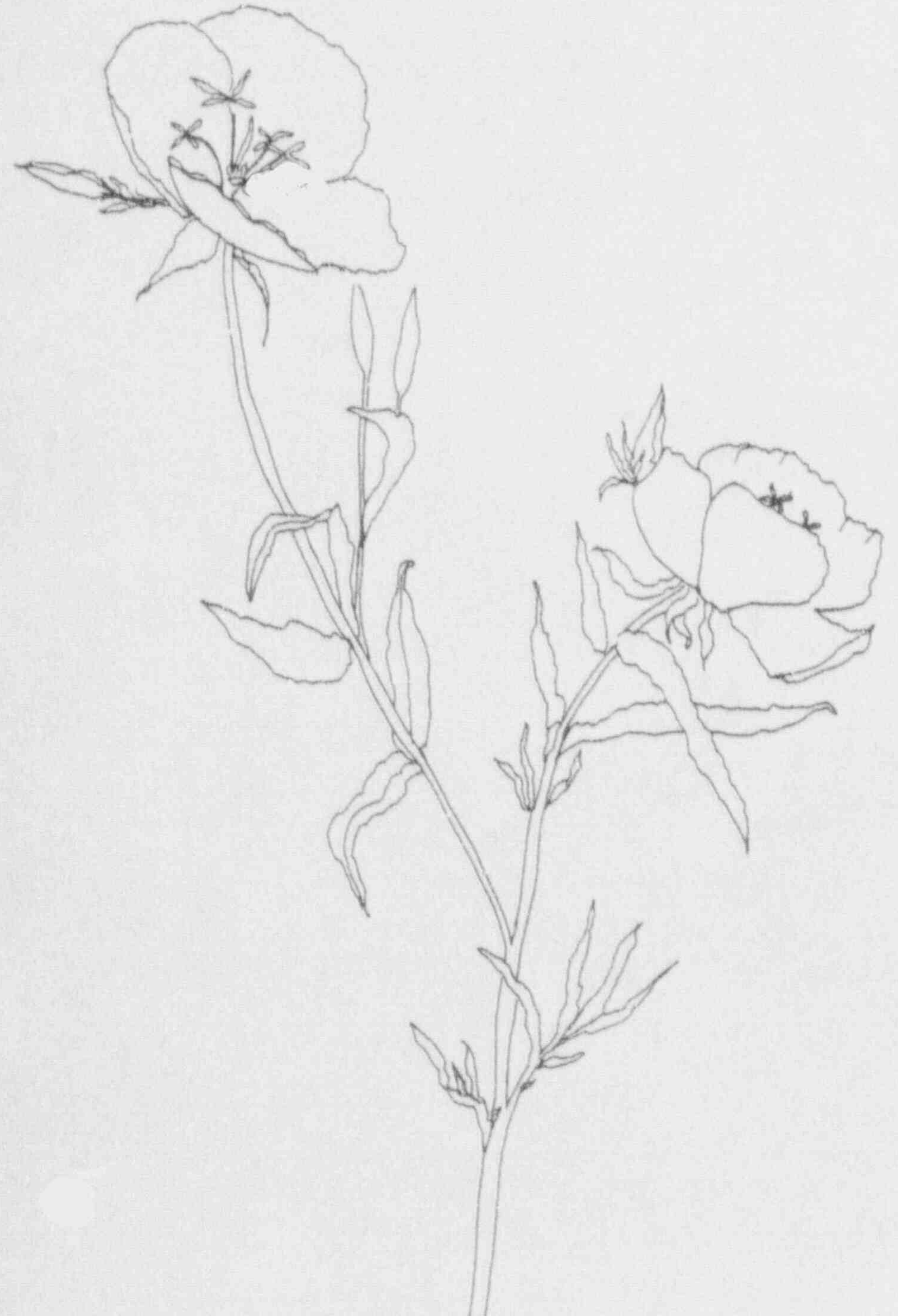
In our opinion, except for the effects of incorrectly classifying an interfund receivable as pooled cash and investments and not reserving fund balance in the General Fund as described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Austin, Texas at September 30, 1991, and the results of its operations and the cash flows of its proprietary fund types and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and individual account group financial statements and schedules, and schedules of bonds authorized and unissued, identified as Exhibits B-1 through M-2 under "Supplemental Information" in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Austin, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects of incorrectly classifying an interfund receivable as pooled cash and investments and not reserving fund balance in the General Fund, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. The schedules as listed under "Statistical Section" in the accompanying table of contents were not audited by us, and, accordingly, we express no opinion on them.

KPMG Peat Marwick

January 24, 1992

Combined Funds



Showy primrose
Oenothera speciosa

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit A-1

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprises	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991	1990
ASSETS AND OTHER DEBITS											
Current assets:											
Cash	$ 72,813	—	1,686	—	36,375	8,600	22,504,851	—	—	22,624,325	6,011,794
Pooled investments and cash	22,824,600	30,069,385	—	57,972,203	34,922,222	2,234,470	19,295,576	—	—	167,318,456	175,906,559
Investments, at cost	—	7,684,333	7,271,657	—	3,067,750	—	497,210,496	—	—	515,234,236	476,338,809
Working capital advances	—	—	—	—	4,789,156	—	—	—	—	4,789,156	3,342,155
Cash and investments held by trustee	62,464	1,336,000	—	—	—	—	40,838,552	—	—	42,237,016	43,547,244
Receivables, net of allowances:											
Property taxes	1,348,473	—	1,161,778	—	—	—	—	—	—	2,510,251	2,467,438
Accounts and other taxes receivable	6,081,453	—	30,774	20,484,061	93,359,577	230,589	24,231	—	—	120,210,685	136,314,869
Receivables from other governments	—	2,637,863	—	—	2,288,039	—	—	—	—	4,925,902	3,157,617
Due from other funds	363,864	—	—	—	—	—	1,108,000	—	—	1,471,864	156,567
Inventories, at cost	1,735,409	—	—	—	49,365,780	864,576	—	—	—	51,965,765	44,026,556
Prepaid items and other assets	—	3,598,864	34,363	—	2,426,572	—	7,771,297	—	—	13,831,096	13,311,875
Deferred costs	—	—	—	—	2,110,374	—	—	—	—	2,110,374	7,599,172
Total current assets	32,489,076	45,326,445	8,500,258	78,456,264	192,365,845	3,338,235	588,753,003	—	—	949,229,126	912,180,756
Restricted assets:											
Cash	—	—	—	—	74,365	—	—	—	—	74,365	2,221,848
Pooled investments and cash	—	—	—	—	236,779,376	2,003,892	—	—	—	238,783,268	262,628,561
Investments, at cost	—	—	—	—	323,357,343	—	—	—	—	323,357,343	344,820,767
Accrued interest on investments	—	—	—	—	7,408,160	—	—	—	—	7,408,160	6,818,978
Cash and investments held by trustee	—	—	—	—	6,452,038	—	—	—	—	6,452,038	3,561,584
Investments held by trustee	—	—	—	—	6,888,578	—	—	—	—	6,888,578	—
Receivables from other governments	—	—	—	—	1,239,397	—	—	—	—	1,239,397	—
Other receivables	—	—	—	—	17,934,601	—	—	—	—	17,934,601	32,444,151
Total restricted assets	—	—	—	—	600,133,858	2,003,892	—	—	—	602,137,750	654,486,880
Property, plant and equipment, at cost, net of accumulated depreciation of $744,555,157 in 1991 and $651,821,686 in 1990	—	—	—	—	2,977,470,747	5,182,695	15,813	315,771,098	—	3,298,440,353	3,219,526,356
Other receivables	—	—	—	—	1,912,317	—	—	—	—	1,912,317	1,912,317
Investment in municipal utility districts	—	—	—	—	78,643,491	—	—	—	—	78,643,491	142,112,067
Investment in internal service funds, at cost	—	—	—	—	—	—	—	—	—	—	1,212,868
Unamortized loss on refunding	—	—	—	—	32,404,890	—	—	—	—	32,404,890	9,893,827
Deferred costs, including bond issue cost, net of amortization	—	—	—	—	134,842,459	—	—	—	—	134,842,459	110,032,653
Other debits:											
Amount available in Debt Service Fund	—	—	—	—	—	—	—	—	7,298,835	7,298,835	8,089,923
Amount to be provided for compensated absences	—	—	—	—	—	—	—	—	31,878,631	31,878,631	31,682,403
Amount to be provided for accrued claims	—	—	—	—	—	—	—	—	2,801,478	2,801,478	4,497,024
Amount to be provided for retirement of general long-term debt	—	—	—	—	—	—	—	—	379,909,732	379,909,732	381,406,586
Amount to be provided for capital lease obligations	—	—	—	—	—	—	—	—	529,077	529,077	3,965,481
Total assets	$ 32,489,076	45,326,445	8,500,258	78,456,264	4,017,773,607	10,524,822	588,768,816	315,771,098	422,417,753	5,520,028,139	5,480,980,749

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

(continued)

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

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

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991	1990
LIABILITIES, EQUITY AND OTHER CREDITS											
Current liabilities:											
Accounts payable	$ 2,890,360	631,487	—	2,273,072	23,303,175	845,870	1,638,113	—	—	31,582,077	35,889,406
Advanced pooled investments and cash	—	2,906,364	—	164,028	25,819,733	—	51,346	—	—	28,741,471	38,456,585
Accrued payroll and compensated absences	5,188,366	—	—	—	12,679,426	973,834	—	—	—	18,841,626	16,487,784
Claims payable	—	—	—	—	—	—	9,480,980	—	—	9,480,980	7,094,968
Construction contracts payable	—	—	—	—	3,168,926	—	—	—	—	3,168,926	3,731,504
Municipal utility district contracts payable	—	—	—	—	2,610,000	—	—	—	—	2,610,000	4,695,000
Due to other governments	—	—	—	—	—	—	610,673	—	—	610,673	1,170,602
Due to other funds	—	—	353,864	—	1,118,000	—	—	—	—	1,471,864	156,667
General obligation bonds payable	—	—	—	—	4,342,659	—	—	—	—	4,342,659	4,232,058
Water improvement district bonds payable	—	—	—	—	176,000	—	—	—	—	176,000	171,022
Public property finance contractual obligations payable	—	—	—	—	175,000	—	—	—	—	175,000	—
Capital lease obligations	—	—	—	—	2,364,419	—	1,345,370	—	—	3,709,789	5,409,980
Other liabilities	1,286,635	24,140,849	847,559	429,219	8,109,966	—	42,521,841	—	—	77,335,869	74,365,919
Total current liabilities	9,365,361	27,678,500	1,201,423	2,866,318	83,667,304	1,819,704	55,648,323	—	—	182,246,934	191,861,515
Payable from restricted assets:											
Cash overdraft	—	—	—	—	—	—	—	—	—	—	91,104
Accounts payable	—	—	—	—	9,578,824	—	—	—	—	9,578,824	7,832,671
Advanced pooled investments and cash	—	—	—	—	1,860,787	—	—	—	—	1,860,787	176,873
Claims payable	—	—	—	—	—	—	—	—	—	—	3,130,139
Accrued interest payable	—	—	—	—	74,662,508	—	—	—	—	74,662,508	75,555,415
Revenue bonds payable within one year	—	—	—	—	29,005,000	—	—	—	—	29,005,000	22,020,000
Tax and revenue bonds payable within one year	—	—	—	—	170,000	—	—	—	—	170,000	—
Revenue notes payable within one year	—	—	—	—	—	—	—	—	—	—	13,750,000
Certificates of obligation due within one year	—	—	—	—	460,000	—	—	—	—	460,000	1,930,000
Deposits and other liabilities	—	—	—	—	29,237,381	—	—	—	—	29,237,381	18,555,148
Total liabilities payable from restricted assets	—	—	—	—	144,974,500	—	—	—	—	144,974,500	143,041,350
Long-term obligations, net of current portion											
Accrued compensated absences	—	—	—	—	8,497,374	244,573	—	—	31,878,631	40,620,578	39,763,725
Accrued liability for claims payable	—	—	—	—	—	—	—	—	2,801,478	2,801,478	8,150,995
Construction contracts payable	—	—	—	—	5,906,055	—	—	—	—	5,906,055	6,512,010
Tax and revenue bonds payable, net of discount of $79,908	—	—	—	—	4,750,092	—	—	—	—	4,750,092	—
Municipal utility district contracts payable	—	—	—	—	127,885,000	—	—	—	—	127,885,000	192,860,001
General obligation bonds payable, net of discount of $367,850 in 1991 and $394,884 in 1990.	—	—	—	—	48,268,011	—	—	—	387,208,567	435,476,578	436,400,145
Revenue bonds payable, net of discount/premium of $76,222,734 in 1991 and $69,499,767 in 1990.	—	—	—	—	2,400,807,761	—	—	—	—	2,400,807,761	2,235,160,732
Water improvement district bonds	—	—	—	—	1,256,000	—	—	—	—	1,256,000	1,432,000
Public property finance contractual obligations	—	—	—	—	2,825,000	—	—	—	—	2,825,000	—
Certificates of obligation	—	—	—	—	4,310,000	—	—	—	—	4,310,000	4,770,000
Notes payable	—	—	—	—	—	—	—	—	—	—	130,500,000
Capital lease obligations payable	—	—	—	—	34,411,737	—	—	—	529,077	34,940,814	40,064,306
Deferred credits	—	—	—	—	87,760,807	—	—	—	—	87,760,807	87,083,737
Investment by enterprise funds	—	—	—	—	—	—	—	—	—	—	1,212,668
Total liabilities	$ 9,365,361	27,678,500	1,201,423	2,866,319	2,955,319,641	2,064,277	55,648,323	—	422,417,753	3,476,561,597	3,518,813,184

(continued)

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

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

ALL FUND TYPES AND ACCOUNT GROUPS
COMBINED BALANCE SHEET

September 30, 1991
With comparative totals for September 30, 1990

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1991	1990
LIABILITIES, EQUITY AND OTHER CREDITS, Continued											
Equity and other credits											
Contributions from municipality	$ —	—	—	—	28,894,264	5,974,752	—	—	—	34,869,016	28,858,259
Contributions from State and Federal governments	—	—	—	—	62,980,982	1,057,312	—	—	—	64,038,294	54,336,354
Contributions in aid of construction	—	—	—	—	258,631,458	—	—	—	—	258,631,458	280,561,091
Investment in general fixed assets	—	—	—	—	—	—	—	315,771,098	—	315,771,098	305,257,139
Retained earnings:											
Reserved for capitalized interest payment	—	—	—	—	—	—	—	—	—	—	2,186,624
Reserved for revenue bond retirement	—	—	—	—	178,486,533	—	—	—	—	178,488,533	178,430,800
Reserved for operations	—	—	—	—	1,648,459	—	—	—	—	1,648,459	1,331,858
Reserved for regulatory requirements	—	—	—	—	500,000	—	—	—	—	500,000	—
Unreserved	—	—	—	—	531,312,270	1,428,481	—	—	—	532,740,751	507,646,027
Fund balances:											
Reserved for encumbrances	2,846,203	—	—	7,558,867	—	—	—	—	—	10,405,070	11,381,311
Reserved for inventories and prepaid items	1,735,409	—	—	—	—	—	—	—	—	1,735,409	929,024
Reserved for capital acquisition	62,464	—	—	—	—	—	—	—	—	62,464	1,112,834
Reserved for nonexpendable trust	—	—	—	—	—	—	26,374	—	—	26,374	26,374
Reserved for retirement systems	—	—	—	—	—	—	524,820,971	—	—	524,820,971	467,398,105
Unreserved:											
Designated for emergency reserve	10,148,430	—	—	—	—	—	—	—	—	10,148,430	10,078,068
Designated for contingency reserve	1,649,623	—	—	—	—	—	—	—	—	1,649,623	2,029,684
Designated for budget fund requirements	—	—	—	—	—	—	—	—	—	—	1,049,827
Designated for future use	—	17,647,945	—	—	—	—	—	—	—	17,647,945	25,397,907
Designated for debt service	—	—	7,298,835	—	—	—	—	—	—	7,298,835	8,069,923
Designated for purposes of trust	—	—	—	—	—	—	8,273,148	—	—	8,273,148	10,097,927
Undesignated	6,681,586	—	—	68,031,078	—	—	—	—	—	74,712,664	75,988,829
Total equity and other credits	23,123,715	17,647,945	7,298,835	75,589,945	1,062,453,968	8,460,545	533,120,493	315,771,098	—	2,043,486,542	1,962,167,565
Total liabilities, equity and other credits	$ 32,489,076	45,326,445	8,500,258	78,456,264	4,017,773,607	10,524,8[illegible]	588,768,816	315,771,098	422,417,753	5,520,028,139	5,480,980,749

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

CITY OF AUSTIN, TEXAS
Exhibit A-2

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1991	1990
REVENUES							
Taxes	$ 109,502,758	—	46,530,190	—	—	156,032,958	156,141,487
Franchise fees	8,639,848	—	—	—	—	8,639,848	7,775,820
Fines, forfeitures and penalties	7,140,162	—	—	—	—	7,140,162	8,119,675
Licenses, permits and inspections	6,486,418	—	—	—	—	6,486,418	6,003,300
Charges for services, goods	7,626,280	—	—	—	—	7,626,280	11,939,977
Intergovernmental revenues	—	10,491,452	—	3,576,510	—	14,067,962	29,038,779
Hotel-motel occupancy tax	—	8,308,029	—	—	—	8,308,029	7,569,811
Property owners' participation and contributions	—	—	—	755,373	—	755,373	143,456
Trust	—	—	—	—	27,686,642	27,686,642	26,093,889
Interest and other	12,305,878	2,673,685	2,129,546	6,530,098	—	23,639,207	22,388,452
Total revenues	151,701,354	21,473,166	48,659,736	10,861,981	27,686,642	260,382,879	275,214,646
EXPENDITURES							
Current, including capital outlay in the General Fund of $2,836,363							
Administration	6,335,913	10,189,477	—	—	—	16,525,390	17,550,417
Supportive services	11,394,880	—	—	—	—	11,394,880	10,354,266
Urban growth management	7,948,749	—	—	—	—	7,948,749	8,290,282
Fiscal management	7,223,267	—	—	—	—	7,223,267	7,421,496
Public safety	94,898,960	—	—	—	—	94,898,960	88,483,349
Public services and utilities	12,559,047	—	—	—	—	12,559,047	14,684,845
Public health	38,955,330	—	—	—	—	38,955,330	36,747,269
Public recreation and culture	23,992,294	—	—	—	—	23,992,294	22,486,031
Social services management	5,418,179	—	—	—	—	5,418,179	4,973,095
Non-departmental expenditures	1,178,400	—	—	—	—	1,178,400	2,504,000
Special projects	—	10,491,452	—	—	—	10,491,452	9,851,250
Capital outlay for construction	—	—	—	22,671,132	—	22,671,132	48,571,404
Debt service:							
Principal retirement	—	—	21,607,942	—	—	21,607,942	20,070,733
Interest, commissions and other	—	—	30,491,982	—	—	30,491,982	34,133,760
Trust	—	—	—	—	33,953,749	33,953,749	29,851,696
Total expenditures	209,905,019	20,680,929	52,099,924	22,671,132	33,953,749	339,310,753	356,073,895
Excess (deficiency) of revenues over expenditures	(58,203,665)	792,237	(3,440,188)	(11,809,151)	(6,267,107)	(78,927,874)	(80,859,249)
OTHER FINANCING SOURCES (USES)							
Increase in capital lease obligations	81,990	—	—	—	—	81,990	—
Proceeds of refunding bonds	—	—	—	—	—	—	113,846,880
Payment to escrow agent	—	—	—	—	—	—	(113,846,880)
Proceeds from issuance of general obligations bonds and certificates of obligation	—	—	—	19,340,000	—	19,340,000	20,995,000
Operating transfers in	65,543,208	5,183,885	2,669,100	3,502,028	4,702,581	81,600,802	89,695,783
Operating transfers out	(15,835,001)	(14,348,186)	—	(4,805,282)	(260,253)	(35,248,722)	(30,731,970)
Contributions from utility	—	4,102,215	—	—	—	4,102,215	4,027,599
Total other financing sources (uses)	49,790,197	(5,062,086)	2,669,100	18,036,746	4,442,328	69,876,285	83,986,412
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,413,468)	(4,269,849)	(771,088)	6,227,595	(1,824,779)	(9,051,589)	3,127,163
Fund balances at beginning of year as restated	31,824,665	26,780,269	8,069,923	69,362,350	10,097,927	146,135,134	158,740,915
Residual equity transfers in (out)	(287,482)	(4,862,475)	—	—	—	(5,149,957)	(15,732,944)
Fund balance at end of year	$ 23,123,715	17,647,945	7,298,835	75,589,945	8,273,148	131,933,588	146,135,134

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

GENERAL FUND, SPECIAL REVENUE FUNDS AND DEBT SERVICE FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL-BUDGET BASIS
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit A-3

	General Fund			Special Revenue Funds Hotel-Motel Occupancy Tax Fund			Debt Service Fund			Totals (Memorandum Only)		
	Actual-Budget Basis	Budget	Variance - Favorable (Unfavorable)	Actual-Budget Basis	Budget	Variance - Favorable (Unfavorable)	Actual-Budget Basis	Budget	Variance - Favorable (Unfavorable)	Actual-Budget Basis	Budget	Variance - Favorable (Unfavorable)
REVENUES												
Taxes	$ 109,502,768	108,291,530	1,211,238	—	—	—	46,530,190	46,920,095	(389,905)	156,032,958	155,211,625	821,333
Franchise fees	8,639,848	8,415,600	224,248	—	—	—	—	—	—	8,639,848	8,415,600	224,248
Fines, forfeitures and penalties	7,140,162	7,979,000	(838,838)	—	—	—	—	—	—	7,140,162	7,979,000	(838,838)
Licenses, permits and inspections	6,486,418	6,031,868	454,550	—	—	—	—	—	—	6,486,418	6,031,868	454,550
Charges for services	7,626,280	6,973,963	652,317	—	—	—	—	—	—	7,626,280	6,973,963	652,317
Hotel-motel occupancy tax	—	—	—	8,308,029	7,831,243	476,786	—	—	—	8,308,029	7,831,243	476,786
Interest and other	8,086,034	7,481,390	604,644	131,968	45,000	86,968	2,129,546	2,133,117	(3,571)	10,347,548	9,659,507	688,041
Total revenues	147,481,510	145,173,351	2,308,159	8,439,997	7,876,243	563,754	48,659,736	49,053,212	(393,476)	204,581,243	202,102,806	2,478,437
EXPENDITURES												
Administration	6,304,689	6,540,225	235,536	—	—	—	—	—	—	6,304,689	6,540,225	235,536
Supportive services	10,515,142	10,709,908	194,766	—	—	—	—	—	—	10,515,142	10,709,908	194,766
Urban growth management	7,907,158	8,225,338	318,180	—	—	—	—	—	—	7,907,158	8,225,338	318,180
Fiscal management	7,288,364	7,548,072	259,708	—	—	—	—	—	—	7,288,364	7,548,072	259,708
Public safety	92,365,432	93,669,851	1,304,419	—	—	—	—	—	—	92,365,432	93,669,851	1,304,419
Public services and utilities	12,141,725	12,976,792	835,067	—	—	—	—	—	—	12,141,725	12,976,792	835,067
Public health	39,197,900	39,973,079	775,179	—	—	—	—	—	—	39,197,900	39,973,079	775,179
Public recreation and culture	23,428,957	23,470,375	41,418	—	—	—	—	—	—	23,428,957	23,470,375	41,418
Social services management	5,403,027	5,515,687	112,660	—	—	—	—	—	—	5,403,027	5,515,687	112,660
Redemption of general obligation bonds	—	—	—	—	—	—	25,840,000	25,840,000	—	25,840,000	25,840,000	—
Interest on general obligation bonds	—	—	—	—	—	—	30,053,491	31,175,188	1,121,697	30,053,491	31,175,188	1,121,697
Fees and commissions	—	—	—	—	—	—	2,311	7,500	5,189	2,311	7,500	5,189
Total expenditures	204,552,394	208,629,327	4,076,933	—	—	—	55,895,802	57,022,688	1,126,886	260,448,196	265,652,015	5,203,819
Excess (deficiency) of revenues over expenditures	(57,070,884)	(63,455,976)	6,385,092	8,439,997	7,876,243	563,754	(7,236,066)	(7,969,476)	733,410	(55,866,953)	(63,549,209)	7,682,256
OTHER FINANCING SOURCES (USES)												
Operating transfers in	69,763,052	70,051,714	(288,662)	—	—	—	6,513,102	6,513,102	—	76,276,154	76,564,816	(288,662)
Operating transfers out	(17,023,401)	(17,079,287)	55,886	(9,489,824)	(9,469,488)	(20,336)	—	—	—	(26,513,225)	(26,548,775)	35,550
Total other financing sources (uses)	52,739,651	52,972,427	(232,776)	(9,489,824)	(9,469,488)	(20,336)	6,513,102	6,513,102	—	49,762,929	50,016,041	(253,112)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,331,233)	(10,483,549)	6,152,316	(1,049,827)	(1,593,245)	543,418	(722,964)	(1,456,374)	733,410	(6,104,024)	(13,533,168)	7,429,144
Fund balances at beginning of year	30,773,036	30,773,036	—	1,049,827	1,593,245	(543,418)	8,069,923	8,069,923	—	39,892,786	40,436,204	(543,418)
Residual equity transfers in (out)	(287,482)	(450,000)	162,518	—	—	—	—	—	—	(287,482)	(450,000)	162,518
Fund balances at end of year	$ 26,154,321	19,839,487	6,314,834	—	—	—	7,346,959	6,613,549	733,410	33,501,280	26,453,036	7,048,244

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

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES

Year ended September 30, 1991

With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS

Exhibit A-4

	Proprietary Fund Types		Fiduciary Fund Type		Totals (Memorandum Only)	
	Enterprise	Internal Service	Nonexpendable Trust	Pension Trusts	1991	1990
REVENUES						
Utility services	$ 571,816,378	—	—	—	571,816,378	585,184,149
Hospital patient services, net	109,106,638	—	—	—	109,106,638	93,380,452
User fees and rentals	41,615,863	—	—	—	41,615,863	34,608,504
Billings to departments	—	26,460,602	—	—	26,460,602	24,816,645
Pension contributions	—	—	—	34,640,130	34,640,130	32,293,290
Other	2,344,463	—	—	—	2,344,463	1,520,461
Operating revenues	724,883,342	26,460,602	—	34,640,130	785,984,074	771,803,501
EXPENSES						
Utility operations	271,461,552	—	—	—	271,461,552	255,122,157
Hospital operations	101,207,566	—	—	—	101,207,566	91,052,291
Other enterprise operations	33,521,526	—	—	—	33,521,526	24,171,733
Internal service operations	—	30,553,585	—	—	30,553,585	28,305,117
Depreciation	92,043,080	1,259,575	—	—	93,302,655	91,430,782
Benefit payments	—	—	—	19,698,839	19,698,839	18,123,839
Contributions refunded	—	—	—	5,981,031	5,981,031	6,746,078
Total operating expenses	498,233,724	31,813,160	—	25,679,870	555,726,754	514,951,997
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	226,649,618	(5,352,558)	—	8,960,260	230,257,320	256,851,504
NONOPERATING REVENUES (EXPENSES)						
Interest and other revenues	52,385,899	183,511	—	48,462,606	101,032,016	104,955,573
Interest on revenue bonds and other debt	(230,696,619)	—	—	—	(230,696,619)	(236,356,953)
Interest capitalized during construction	1,435,101	—	—	—	1,435,101	773,069
Amortization of assets and deferred items	597,471	—	—	—	597,471	(3,190,088)
Deferred nuclear fuel revenue	(7,394,043)	—	—	—	(7,394,043)	(572,543)
Depreciation taken on contributions	10,688,938	—	—	—	10,688,938	10,714,680
Other nonoperating expense	(2,403,436)	592,169	—	—	(1,811,267)	(6,078,564)
Total nonoperating revenues (expenses)	(175,386,689)	775,680	—	48,462,606	(126,148,403)	(129,754,826)
Costs to be recovered in future years	22,990,072	—	—	—	22,990,072	8,771,016
Income (loss) before operating transfers	74,253,001	(4,576,878)	—	57,422,866	127,098,989	135,867,694
Operating transfers:						
Operating transfers in	17,263,771	5,537,866	—	—	22,801,637	13,618,110
Operating transfers out	(68,326,883)	(826,834)	—	—	(69,153,717)	(72,554,256)
Income (loss) before extraordinary loss	23,189,889	134,154	—	57,422,866	80,746,909	76,931,548
Extraordinary loss on bond debt extinguishment	(425,037)	—	—	—	(425,037)	(1,309,597)
Net income (loss)	22,764,852	134,154	—	57,422,866	80,321,872	75,621,951
Add depreciation transferred to contributions	881,628	—	—	—	881,628	784,083
Net increase (decrease) in retained earnings/fund balances	23,646,480	134,154	—	57,422,866	81,203,500	76,406,034
Retained earnings/fund balances at beginning of year	688,300,782	1,294,327	26,374	467,398,105	1,157,019,588	1,081,527,090
Residual equity transfers in (out)	—	—	—	—	—	(913,536)
Retained earnings/fund balances at end of year	$ 711,947,262	1,428,481	26,374	524,820,971	1,238,223,088	1,157,019,588

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

ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUND
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit A-5

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Internal Service	Non-Expendable Trust	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 726,581,080	26,492,235	----	753,073,315	717,805,829
Cash payments to suppliers for goods and services	(236,667,034)	(18,038,280)	----	(254,705,314)	(217,266,289)
Cash payments to employees for services	(144,590,268)	(10,310,790)	----	(154,901,058)	(136,090,801)
Other operating revenues	(7,639,976)	----	----	(7,639,976)	(8,201,383)
Net cash provided (used) by operating activities	337,683,802	(1,856,835)	----	335,826,967	356,247,356
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	17,263,771	5,537,866	----	22,801,637	13,618,110
Operating transfers out	(68,326,883)	(826,834)	----	(69,153,717)	(72,554,256)
Investment by Enterprise Funds	----	(1,212,668)	----	(1,212,668)	----
Contribution to municipality	(1,115,620)	1,142,685	----	27,065	----
Interest paid on revenue notes and other debt	(1,466,703)	----	----	(1,466,703)	(1,803,641)
Increase in deferred assets	(5,163,099)	----	----	(5,163,099)	(3,616,792)
Residual equity transfer in (out)	----	----	----	----	(913,536)
Loan from General Fund	10,000	----	----	10,000	----
Net cash provided (used) by noncapital financing activities	(58,798,534)	4,641,049	----	(54,157,485)	(65,270,115)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds	5,660,000	----	----	5,660,000	4,000,000
Proceeds from the sale of revenue bonds	4,440,000	----	----	4,440,000	66,592,450
Long-term loan proceeds	3,000,000	----	----	3,000,000	434,879
Principal paid on long-term debt	(35,702,485)	----	----	(35,702,485)	(45,561,302)
Proceeds from the sale of equipment	134,155	620,397	----	754,552	865,140
Accrued interest received	952,689	----	----	952,689	1,607,652
Interest paid on revenue bonds and other debt	(215,328,737)	----	----	(215,328,737)	(210,194,622)
Acquisition and construction of capital assets	(139,816,055)	(7,537,748)	----	(147,353,803)	(122,557,392)
Contributions (to) from municipality	6,044,432	4,993,300	----	11,037,732	17,479,301
Contributions from State and Federal governments	1,784,015	----	----	1,784,015	3,821,505
Contributions in aid of construction	6,209,859	----	----	6,209,859	5,136,828
Bond issuance costs	(73,534)	----	----	(73,534)	(1,560,492)
Cash paid for bond defeasance	(6,523,842)	----	----	(6,523,842)	(30,312,918)
Cash paid for contract revenue bond refunding	(6,899,507)	----	----	(6,899,507)	----
Cash paid for note refunding	(12,566,472)	----	----	(12,566,472)	----
Cash paid for nuclear fuel inventory	(2,183,030)	----	----	(2,183,030)	(8,266,881)
Cash received from annexations	6,577,916	----	----	6,577,916	----
Increase (decrease) in deposits	(390,846)	----	----	(390,846)	522,548
Net cash provided (used) by capital and related financing activities	(384,681,442)	(1,924,051)	----	(386,605,493)	(317,993,304)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(1,160,151,216)	----	----	(1,160,151,216)	(1,175,384,000)
Proceeds from sale and maturities of investment securities	1,172,612,481	----	----	1,172,612,481	1,100,990,296
Proceeds on long-term receivables	14,823,714	----	----	14,823,714	13,552,713
Interest on investments	54,121,346	183,511	----	54,304,857	59,653,701
Net cash provided (used) by investing activities	81,406,325	183,511	----	81,589,836	(1,187,290)
Net increase (decrease) in cash and cash equivalents	(24,389,849)	1,043,674	----	(23,346,175)	(28,203,353)
Cash and cash equivalents at beginning of year	275,173,705	3,203,288	26,374	278,403,367	306,606,720
Cash and cash equivalents at end of year	$ 250,783,856	4,246,962	26,374	255,057,192	278,403,367

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

(continued)

ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUND
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Internal Service	Non-Expendable Trust	1991	1990
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 226,649,618	(5,352,558)	----	221,297,060	249,428,131
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	92,125,462	1,259,575	----	93,385,037	91,529,704
Allowance for uncollectible accounts	9,637,778	20,661	----	9,658,439	8,390,688
Amortization	9,775,031	----	----	9,775,031	14,894,467
Change in assets and liabilities:					
(Increase) decrease in cash and working capital advances	(1,447,001)	----	----	(1,447,001)	251,584
(Increase) decrease in accounts receivable	4,470,271	10,972	----	4,481,243	(23,799,243)
Increase in receivable from other governments	(2,035,927)	----	----	(2,035,927)	----
(Increase) decrease in inventory	(10,405,488)	3,402,984	----	(7,002,504)	296,944
(Increase) decrease in prepaid expenses	(1,396,860)	1,000	----	(1,395,860)	49,663
Decrease in deferred costs	9,297,169	----	----	9,297,169	5,530,884
Increase (decrease) in accounts payable	677,246	(722,028)	----	(44,782)	4,715,995
Increase (decrease) in accrued payroll and compensated absences	2,597,274	(477,441)	----	2,119,833	3,338,805
Decrease in claims payable	(6,393,251)	----	----	(6,393,251)	(2,058,143)
Increase in due to other funds	1,108,000	----	----	1,108,000	----
Increase (decrease) in deferred revenue	(1,308,407)	----	----	(1,308,407)	2,538,309
(Increase) decrease in other liabilities	376,265	----	----	376,265	(1,822,640)
Increase in decommissioning expense payable	3,178,432	----	----	3,178,432	2,447,451
Increase (decrease) in customer deposits	(434,478)	----	----	(434,478)	514,757
Decrease in investment in internal service funds	1,212,668	----	----	1,212,668	----
Total adjustments	111,034,184	3,495,723	----	114,529,907	106,819,225
Net cash provided by operating activities	$ 337,683,802	(1,856,835)	----	335,826,967	356,247,356
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Municipal utility district assets placed in service	$ 24,016,736	----	----	24,016,736	4,896,777
Increase (decrease) in deferred assets/expenses	60,263,669	----	----	60,263,669	55,873,996
Bonds issued for the advance refunding of debt	281,665,000	----	----	281,665,000	242,234,248
Bond discounts and issue costs on advance refundings	(11,990,000)	----	----	(11,990,000)	(19,880,329)
Reduction of long-term debt due to advance refundings	(287,115,000)	----	----	(287,115,000)	(186,551,967)
Unamortized bond discounts/issue costs on refundings	4,765	----	----	4,765	358,421
Increase in nuclear fuel expense payable	(7,394,043)	----	----	(7,394,043)	(6,993,696)
Tax and revenue bonds assumed from annexation	7,470,000	----	----	7,470,000	----
Increase in capital appreciation bond interest payable	(6,633,347)	----	----	(6,633,347)	(5,550,704)
Fixed assets acquired through capital leases	720,172	----	----	720,172	----
Fixed assets contributed (to) from other funds	3,308,582	(7,130,309)	----	(3,821,727)	(4,880,414)
Fixed asset contributions from annexation	5,738,364	----	----	5,738,364	----
Contributed facilities	829,973	----	----	829,973	2,079,883
Contributions reclassified to long-term debt	----	----	----	----	8,330,000
Amortization of bond discounts/issue cost	(493,014)	----	----	(493,014)	(616,374)
Amortization of deferred gain (loss) on refundings	3,755,242	----	----	3,755,242	6,218,797
Amortization of deferred assets	(4,011,685)	----	----	(4,011,685)	(4,798,735)
Amortization of coal and nuclear fuel inventory	(5,575,917)	----	----	(5,575,917)	(5,527,161)
Amortization of deferred depreciation	6,900,478	----	----	6,900,478	1,511,018
Principal in excess of depreciation	----	----	----	----	(6,766,635)
Depreciation taken on contributions	11,570,566	----	----	11,570,566	11,498,763
Loss on disposal of assets	(2,403,436)	(28,228)	----	(2,431,664)	(63,462)
Costs to be recovered in future years	22,990,072	----	----	22,990,072	8,771,016
Loss on extinguishment of debt	$ (425,037)	----	----	(425,037)	(1,309,597)

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

1 - REPORTING ENTITY

The City of Austin, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides services, as authorized by its charter, to advance the welfare and safety of the City and its inhabitants.

This report includes the financial statements of the funds and account groups required to account for those activities, organizations, and functions related to the City and controlled by or dependent upon the City's governing body, the City Council. The criteria for including activities used by the City in preparing its financial statements are in conformity with the National Council on Governmental Accounting (NCGA) Statement 3, *Defining the Governmental Reporting Entity*. Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to establish rates, outstanding debt secured by revenues or general obligations of the City, the City's obligation to finance any deficits that may occur, funding and selection of governing authority, and other evidence of financial interdependence and the ability to exercise oversight responsibility.

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

Pension Trust Funds

The City participates in funding the following pension trust funds:

City of Austin Employees' Retirement and Pension Fund (Employees' Fund)

City of Austin Police Officers' Retirement and Pension Fund (Police Fund)

Fire Fighters' Relief and Retirement Fund of Austin, Texas (Fire Fighters' Fund).

These pension funds function for the benefit of various City employee groups.

Prior to August 26, 1991, the Employees' Fund and the Police Fund were governed by separate Pension Boards; however, the operations of the funds were administered by the City of Austin. The City controlled the collection and disbursement of monies for both funds and executed all investment transactions for the employees' Fund and short-term investment transactions for the Police Fund. Since August 26, 1991 and pursuant to State legislation, the funds' operations have been administered by their respective eleven-member boards, each of which consists of one City Council Member; the City Manager or designee; the Director of the Financial Services Department; four active employee members of the system elected by the members of the system; three legally qualified voters of the city, two of which are designated by the City Council, and one that is designated by the board; and a retired member elected by the retired members of the system.

The Fire Fighters' Fund is governed by a five-member Board that includes the Mayor and the City Treasurer. The Board administers all of the fund's operations.

The City and pension plan participants are obligated to fund liabilities of the pension funds based upon actuarial valuations. Expenses for administration and operation of the Employees' Fund and the Police Fund, except for investment counsel expense, certain actuarial fees, and certain other miscellaneous costs, were paid by the General Fund and Enterprise Funds, until August 26, 1991. Since August 26, 1991, the Employees' and Police Funds have paid all of their operating expenses; however, the City has contributed significant staff support and other resources to the funds. Since October 1, 1988, the Fire Fighters' Fund has paid all of its administrative expenses.

Due to the degree of control the City exercised over the pension funds and the level of responsibility the City had for the day-to-day operations of the pension systems, inclusion of these funds in this report is appropriate. These funds are reported as Pension Trust Funds.

The fiscal years differ for the City (September 30) and the pension funds (December 31). The separately available audited financial statements of the pension funds for the year ended during the City's fiscal year (December 31, 1990) have been included in the City's 1991 financial statements in order that accurate data may be presented in a timely manner. Significant events occurring subsequent to the pension funds' year end are disclosed in Note 10.

City of Austin Deferred Compensation Plan for City Employees

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The City does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan

1 - REPORTING ENTITY, continued

are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

In management's opinion, the City has no liability for losses under the plan. However, the City does have the duty of due care that would be required of an ordinary prudent investor. The City believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

All assets of the Plan are held by an independent administrator whose activity is monitored by a Board consisting of City employees. It is appropriate to include this entity in the City's 1991 financial statements since the City has title to these assets. The Deferred Compensation Plan is reported as an Agency Fund and its assets are presented at market value at September 30, 1991.

Joint Operations

The city has entered into participation agreements on the following joint projects:

South Texas Project -- operation of a nuclear power plant;

Fayette Power Project - operation of two coal-fired generating units;

Brushy Creek Water Control and Improvement District No. 1 of Williamson and Milam Counties -- construction and operation of a wastewater collection and treatment system; and

Various utility construction projects - construction of certain contract facilities consisting of additions, improvements and extensions of the City's Waterworks and Sewer System.

Additional disclosure concerning these joint operations is provided in Notes 18 and 19.

Significant Organizations Excluded from the Reporting Entity

The following significant organizations are not part of the City and thus are excluded from the accompanying financial statements:

The *Austin Independent School District* is a separate governmental unit from the City. The District is governed by a distinct Board that levies taxes, approves budgets, maintains accounting records and directs the operations of the District. This Board is elected by citizens living within the District's boundaries, which are not necessarily identical to those of the City.

The *Austin Housing Authority* (the Authority), established under the Housing Authority Laws of Texas, operates independently of the City. Although the City Council appoints the board of directors, the City has no operational oversight for the Authority and no budgetary or financial responsibilities. The Authority aids the private sector in providing adequate housing for low-income families by making low-cost financing available and by providing low-cost rental housing.

The *Capital Metropolitan Transit Authority* is responsible for mass transit operations in Austin, Travis County, and surrounding areas. The Authority is governed by a separate board which is appointed by the City Council, the County Commissioners, and the Mayors of other local municipalities. These bodies have no power to remove board members but may ask for resignations or make suggestions regarding operations of the authority. The City has no operational oversight for the Authority, no budgetary or financial responsibilities, and no interest in the retained earnings of the authority. Based on current authoritative literature, the City believes that continued exclusion from the reporting entity is appropriate.

2 - SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and

2 – SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. There are six major groups of funds within the Special Revenue Funds, three of which account for the activities related to grant programs, one which relates to activities for which expenditures are legally restricted, one relates to activities in the Hotel-Motel Tax Occupancy Fund, and one which relates to the Austin Convention and Visitors Bureau Fund. These include the Federal Grant Funds (both direct and indirect funds), State Grant Funds, Other Special Revenue Grant Funds, Other Special Revenue Funds, Austin Convention and Visitors Bureau Fund, and the Hotel-Motel Occupancy Tax Fund.

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

Capital Project Funds – Capital Project Funds are used to account for financial resources for the acquisition or construction of major capital facilities (other than those reported within proprietary funds and trust funds). Capital projects are funded primarily by general obligation bonds.

In 1981, the City Council passed an ordinance that requires the establishment of a separate fund for each bond proposition approved in each bond election. There are ten major groups of funds within the Capital Projects Funds which account for the activities related to various capital improvement projects as follows:

Funds Authorized Prior to 1981;

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

Funds Authorized September 11, 1982 for various purposes;

Funds Authorized October 22, 1983 for Jollyville Road Improvements;

Funds Authorized September 8, 1984 for various purposes;

Funds Authorized January 19, 1985 for Cultural Arts;

Funds Authorized July 26, 1985 for Parks and Recreation;

Funds Authorized September 26, 1985 for Art in Public Places;

Funds Authorized December 14, 1985 for various purposes; and

Funds Authorized September 3, 1987 for street improvements.

Other Funds were established by ordinance for various purposes and are funded by capital project interest income.

Prior to 1991, the City included State-funded amounts for certain highway projects in its capital project revenues and expenditures. In 1991, only the City-funded portion (10%) of such projects is shown.

Proprietary Funds

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

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

Utility Funds – The Electric Light and Power System Fund and the Waterworks and Sewer System Fund are combined for reporting purposes as the Utility Funds. These funds are primarily supported by electric and water and wastewater user charges.

2 - SIGNIFICANT ACCOUNTING POLICIES, continued

Other Enterprise Funds - The City's nine Other Enterprise Funds account for a wide range of activities including:

Fund	Accounts For
Hospital	Activities of the City-owned Brackenridge Hospital
Environmental and Conservation Services	Solid waste collection and disposal and conservation activities
Softball	City sponsored softball activities
Golf	Public golf courses
Tennis	Public tennis centers
Airport	Operations of the Robert Mueller Municipal Airport
Convention Center	Operations of Palmer Auditorium, the City Coliseum, and the Austin Convention and Visitors' Bureau, and construction activities for the new Convention Center
Drainage	Drainage management activities
Transportation	Street maintenance activities

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other City departments or agencies or to other governmental units on a cost-reimbursement basis. The City has two Internal Service Funds.

In 1991, the General Services Fund accounted for the activities of the General Services Department, which provided vehicles for use by other City departments, maintained City-owned vehicles, purchased and maintained inventories of commodities frequently requested by City departments, and special-ordered other commodities as requested. At the end of 1991, the General Services Department was disbanded, and its vehicle operations were transferred to the Public Works Department. These operations will continue to be reported in subsequent years in an Internal Service Fund. The inventory operations were transferred to the various departments that maintain inventories and will be reported in subsequent years in various operating funds.

In 1991, the City established the Treasury Fund, which accounts for the activities of the City's Treasury Office. These activities were formerly accounted for in the General Fund.

Fiduciary Funds

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

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

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

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

Account Groups

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

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

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

Basis of Accounting

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

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

Property tax revenues are recognized when they become available in accordance with the National Council on Governmental Accounting (NCGA) Interpretation 3, *Revenue Recognition -- Property Taxes.* In this case, available means when due or past due, and receivable within the current period or soon enough thereafter to be used to pay liabilities of the current period (within 60 days). Tax collections expected to be received after the 60-day availability period are reported as deferred revenue.

Sales taxes and mixed drink taxes and certain gross receipts taxes are recorded when susceptible to accrual, i.e., both measurable and available. Monies collected for licenses and permits, charges for services, fines and forfeitures, and miscellaneous

2 - SIGNIFICANT ACCOUNTING POLICIES, continued

revenues (except earnings on investments) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded on the accrual basis in all funds.

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

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

Revenues in the Utility Funds are recognized as they are billed to customers on a cyclical basis. Electric rates include a fixed rate and a fuel recovery cost-adjustment factor that allows recovery of coal, gas, purchased power, and other fuel costs. The City defers the revenues received for replacement of nuclear fuel inventory until the fuel is purchased. Unbilled revenues are recorded if actual fuel costs differ from amounts billed to customers, and any overcollections or under collections are applied to the cost-adjustment factor two months later.

Rates

The City Council has exclusive original jurisdiction over utility rates and other services. The determination of utility rates is based on the cost of operations and a debt service coverage approach. Historically, rates have been set by the City Council to be effective for the rate year beginning November 1 of each year.

Budget

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

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

(2) Public hearings are conducted on the budget.

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

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

(5) Formal budgetary control through the accounting system is employed as a management control device during the year for the General Fund, Debt Service Fund and Proprietary Funds. Management control for the operating budget is maintained at the office, department or agency level. Formal budgetary control through the accounting system is employed as a management control device in the Special Revenue Funds and Capital Projects Funds for the life of the related grants or projects.

(6) Annual budgets are legally adopted for the General Fund, one Special Revenue Fund, the Debt Service Fund, certain Trust Funds, and Proprietary Funds. Budgets for the grant-related Special Revenue Funds are established pursuant to the terms of the related Federal and State grant awards. A comparison of budget to actual is presented in the financial statements for all governmental funds that adopt annual budgets. A comparison of budget to actual for other fund types is prepared for budget purposes, but is not legally required and is not presented in the financial statements.

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

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

(8) At the close of each fiscal year, any unencumbered appropriation balances (appropriation less current year expenditures and encumbrances) in the General Fund lapse or revert to the undesignated fund balance. In the Proprietary Funds, appropriations also lapse but do not revert to fund balance because of the differences in methods of accounting. Unencumbered appropriation balances in the grant-related Special Revenue Funds and Capital Projects Funds do not lapse at year end.

2 – SIGNIFICANT ACCOUNTING POLICIES, continued

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

Encumbrances

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

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

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

Pooled Investments and Cash

Cash balances of all City funds (except for certain funds shown in Note 6 as having non-pooled investments) are pooled and invested. Investments purchased with pooled cash, consisting primarily of U.S. Government obligations, U.S. Agency obligations and repurchase agreements, are recorded at cost which approximates market. Interest earned on investments purchased with pooled cash is allocated monthly to each participating fund based upon the fund's average daily balance. Funds that incur a negative balance in pooled cash and investments, classified as "advanced pooled investments and cash", are not allocated interest earnings nor charged interest expense.

Investments

For all funds except the pension trust funds, investments in certificates of deposit, U. S. Government obligations, State and Local Government obligations and other investments are recorded at cost. Amortization of premium and accretion of discount on investment purchases are not recorded over the term of the investment; however, the effect of this policy on the financial statements of the various funds is immaterial.

Investments owned by the pension trust funds are stated at amortized cost. Premiums and discounts applicable to U.S. Government securities and corporate bonds are amortized or accreted by a straight-line method, which approximates the interest method, over the terms of the related securities. Discounts on mortgage loans are accreted at the rate of eight percent (Fire Fighters' Fund) and ten percent (Employees' Fund and Police Fund) per year of the unaccreted portion of the discount for each respective loan.

Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold.

The market values of the funds' investments (see Note 6) are based on quoted market prices with the exception of mortgage loans, whose market values were determined based on estimated realizable value.

Inventories

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

Fund	Inventory Valuation Method
General Fund	Average cost (predominantly), some first-in, first-out
Electric Fund	
Fuel oil and coal	Last-in, first out
Materials, supplies, Fayette fuel oil and nuclear fuel	Average cost
Hospital Fund	Weighted average
General Services	
Fleet Services Division	First-in, first out
Materials Management Division	Average cost

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

Property, Plant and Equipment – Proprietary Funds

Property, plant and equipment owned by the proprietary funds are stated at historical cost. Maintenance and repairs are charged to operations as incurred, and improvements and betterments which extend the useful lives of fixed assets are capitalized. Interest paid on long-term debt in the Utility Funds is not capitalized unless such debt is issued to pay the interest costs incurred during construction.

2 – SIGNIFICANT ACCOUNTING POLICIES, continued

Depreciation of plant and equipment classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Enterprise Funds:	
Utility Funds:	
Plant	20-50 years
Transmission and distribution system	7-40 years
Other machinery and equipment	7-30 years
Other Enterprise Funds:	
Buildings and improvements	40-50 years
Machinery and equipment	7-20 years
Vehicles	10 years
Internal Service Fund:	
Buildings and improvements	40 years
Machinery and equipment	7-15 years
Vehicles	3-15 years

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

When fixed assets of proprietary funds are retired from service or otherwise disposed of, a gain or loss on disposal of assets is recognized.

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

Contributions of funds from the municipality are recorded as equity contributions when received.

General Fixed Assets

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

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

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

Investment in Internal Service Fund/Investment by Enterprise Funds

Prior to fiscal year 1991, the Investment in Internal Service Fund reported in the Enterprise Funds represented inventory that had been financed by the Enterprise Funds. The Internal Service Fund provided centralized management and reporting for such inventory and reported this as an Investment by Enterprise Funds. At the end of 1991, the management and reporting of inventories was transferred to various operating funds.

Long-Term Debt

General obligation bonds that have been issued to fund capital projects of both the general government and certain proprietary funds are to be repaid from tax revenues of the City. General obligation debt for such capital projects is recorded in the General Long-Term Debt Account Group. Proceeds from issuance of general obligation bonds which are used for construction of certain proprietary fund fixed assets are reported as increases in equity contributions in the applicable proprietary fund.

Prior to 1990, general obligation bonds issued to fund capital projects at Brackenridge Hospital were recorded in the General Long-Term Debt Account Group. Since 1990, such bonds are shown as a specific liability of the Hospital Fund. This is appropriate under generally accepted governmental accounting principles in view of the expectation that the Hospital Fund will provide resources to service the related debt.

Prior to 1991, general obligation bonds issued to fund capital projects recorded in the Airport Fund and the Environmental and Conservation Services Fund were recorded in the General Long-Term Debt Account Group. In 1991, these bonds are shown as a specific fund liability in the respective funds. This is appropriate under generally accepted accounting principles in view of the expectation that these funds will provide resources to service the related debt. Amounts reported in 1990 by these funds as contributions and retained earnings and certain General Long-Term Debt accounts have been restated to reflect activity related to such bonds in order to maintain comparability.

Revenue bonds that have been issued to fund capital projects of the Utility Funds are to be repaid from net revenues of the Utility Systems. Such debt is recorded in the Utility Funds.

Vacation and Sick Pay

All full-time employees accumulate vacation benefits in varying annual amounts up to a maximum allowable accumulation of 240 hours. Sick leave benefits are earned by all full-time employees at a rate of twelve days per year and may be accumulated without limit. Upon termination, an employee is reimbursed for all accumulated vacation days. If the terminating employee has at least five years continuous service, was employed prior to October 1, 1986, and leaves in good standing, reimbursement is also made for all accrued sick leave up to ninety days. Certain employees are also allowed to accumulate credit for compensatory time in lieu of overtime pay up to 120 hours. Compensatory

2 - SIGNIFICANT ACCOUNTING POLICIES, continued

time accrued by employees is taken into consideration when calculating accrued compensated absence liabilities.

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

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

Pension Plans

It is the policy of the City to fund pension costs annually. Pension costs are composed of normal cost and, where applicable, amortization of unfunded prior service cost (see Note 10).

Federal and State Grants, Entitlements and Shared Revenues

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

Revenues received for activities normally recorded in other Governmental Funds are accounted for within these Special Revenue Fund Groups: Federal Grant Funds, State Grant Funds, and Other Special Revenue Grant Funds. Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable Capital Projects Funds. Revenues received for operating activities of proprietary funds or revenues that may be used for either operations or capital expenditures at the discretion of the City are recognized in the applicable proprietary fund. Grant monies restricted for acquisition or construction of capital assets are recorded as contributed equity in the applicable proprietary fund.

Intergovernmental Revenues, Receivables and Liabilities

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

Transactions Between Funds

During the course of normal operations, the City has numerous transactions between funds. Short-term advances between funds are accounted for in the pooled investments and cash accounts. Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

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

Comparative Data

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

Reclassifications

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

Total Columns on Combined Financial Statements

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

2 – SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Items

The City's utility funds are reported in accordance with Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation*. Certain utility expenses that do not currently require funds are deferred to future periods in which they are intended to be recovered by rates. Likewise, certain credits to income are deferred to periods in which they are matched with related costs. Deferred expenses will be recovered in these future periods by setting rates sufficient to provide funds for the related debt service requirements.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be currency on hand, cash held by trustee, demand deposits with banks, and all amounts included in pooled investment and cash accounts. Capital leases represent the City's predominant non-cash activity. However, 1991 capital lease transactions are not material to the City's proprietary or similar trust funds.

Brackenridge Hospital

Brackenridge Hospital has agreements with third-party payors that provide for payments to the hospital at amounts different from its established rates. The Hospital has also entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the hospital under these agreements includes discounts from established charges and prospectively determined daily rates.

Prior to 1991, Brackenridge Hospital reported a provision for doubtful accounts and other contractual allowances as a deduction to gross patient revenues. In 1991, in accordance with the American Institute of Certified Public Accountants' *Audits of Providers of Health Care Services*, the Hospital is presenting net patient revenues and a provision for bad debts. Certain prior year accounts have been restated to maintain comparability.

In light of certain interpretations of the City Charter and applicable laws of the State of Texas, the Hospital does not recognize the cost of providing charity care in its records. However, the Hospital provides charity care in the same manner as comparable hospitals and has forgone the collection of associated revenues. The following information measures the estimated level of charity care provided during fiscal years 1991 and 1990:

	1991	1990
Charges forgone, based on established rates	$ 19,802,322	18,582,712
Recovered through City of Austin funding	(5,600,000)	(5,600,000)
Revenues forgone	$ 14,202,322	12,982,712
Estimated costs and expenses incurred to provide charity care	$ 9,089,000	8,439,000

This estimate of cost and expenses is based on the ratio of operating expenses including depreciation and interest as a percent of gross patient revenue. The ratios are 64% and 65% for 1991 and 1990, respectively.

3 – BUDGET BASIS REPORTING

a – Reconciliation of GAAP Basis and Budget Basis Amounts – General Fund

The City of Austin prepares its annual operating budget on a basis (Budget basis) which differs from generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results with the budget, the Combined Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budget basis for the General Fund, Special Revenue Funds, and Debt Service Fund presents the actual and budget amounts in accordance with the City's Budget basis. The major differences between GAAP and Budget basis are the reporting of encumbrances as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (Budget), and the recording of payroll, compensated absences, legal claims and capital lease activity on the accrual basis (GAAP) as opposed to the cash basis (Budget). Differences also result from the GAAP reporting classification of certain interfund transfers.

Adjustments necessary to convert the excess of revenues and other sources over expenditures and other uses on a GAAP basis to a Budget basis for the General Fund are provided as follows:

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses - GAAP basis	$(8,413,468)
Increase due to net payroll accrual	766,066
Increase due to net compensated absences accrual	112,251
Increase due to increase in claims payable accrual	1,039,158
Increase due to capital lease expenditure accrual	1,105,309
Decrease due to other financing sources - capital lease financing	(81,990)
Decrease due to outstanding 1991 encumbrances	(3,129,709)
Increase due to payments against prior year encumbrances	4,281,150
Decrease due to budgeted transfers out reflected as an amount due from other fund on balance sheet	(10,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses – Budget basis	$(4,331,233)

b – Reconciliation of GAAP Basis and Budget Basis Amounts – Special Revenue and Debt Service Funds

Although the Debt Service Fund is prepared on a Budget basis, no differences exist between GAAP basis and Budget basis fund balance for this fund except for the amount of enterprise-related debt payments budgeted as operating transfers and an unbudgeted expenditure. Since the amounts for enterprise-related debt payments offset each other, the net increase is $48,124 related to the unbudgeted expenditure.

3 – BUDGET BASIS REPORTING, continued

The Special Revenue Fund, the Hotel-Motel Occupancy Tax Fund, has a legally adopted annual budget. No difference exists between GAAP basis and Budget basis for this fund.

c – Budget Amendments

The original budget of the General Fund was amended several times during 1991. The following table compares original to amended budgets:

	Original Budget	Amendments Increase (Decrease)	Amended Budget
REVENUES			
Taxes	$ 116,733,130	(8,441,600)	108,291,530
Franchise fees	----	8,415,600	8,415,600
Fines, forfeitures and penalties	8,642,000	(663,000)	7,979,000
Licenses, permits and inspections	5,782,400	249,468	6,031,868
Charges for services/goods	7,248,360	(274,397)	6,973,963
Interest and other	6,502,068	979,322	7,481,390
Total revenues	144,907,958	265,393	145,173,351
EXPENDITURES			
Administration	6,495,249	44,976	6,540,225
Supportive services	10,391,152	318,756	10,709,908
Urban growth management	8,392,780	(167,442)	8,225,338
Fiscal management	7,539,607	8,465	7,548,072
Public safety	92,972,313	697,538	93,669,851
Public services and utilities	12,968,159	8,633	12,976,792
Public health:			
Physician stipend	3,950,000	----	3,950,000
Medical Assistance Program–patient services payments to Brackenridge Hospital	7,510,000	----	7,510,000
Other public health	28,500,661	12,418	28,513,079
Public recreation and culture	23,231,910	238,465	23,470,375
Social services management	5,016,494	499,193	5,515,687
Total expenditures	206,968,325	1,661,002	208,629,327
TRANSFERS			
Operating transfers in	69,510,861	540,853	70,051,714
Operating transfers out	(17,069,287)	(10,000)	(17,079,287)
Total transfers	52,441,574	530,853	52,972,427
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ (9,618,793)	(864,756)	(10,483,549)

The amended budget, which includes revenue reclassifications, is presented in the accompanying financial statements. The budgeted General Fund Other requirements for employee training of $126,000, tuition reimbursement of $85,000, and Hospital debt to the investment pool of $2,100,000 are included in the original budget for Human Resources and Operating transfers out, respectively.

No department exceeded its legally authorized appropriations during the year.

There were no significant budget amendments to the debt service or special revenue funds.

4 – DEFICITS IN FUND BALANCE AND FUND EQUITY

At September 30, 1991 the Tennis Fund and the Transportation Fund had deficits in retained earnings of $785,448 and $473, respectively, although total Tennis Fund fund equity was $1,096,013. Management intends to recover these deficits in retained earnings through net earnings in future years. At September 30, 1991, the RMD Conservation Fund had a deficit fund balance of $569,748. Management intends to recover the deficit through future operating transfers. At September 30, 1991, certain capital project funds had deficit fund balances. Management intends to recover these deficits through future operating transfers.

5 - POOLED INVESTMENTS AND CASH

The following summarizes the amounts of pooled investments and cash and advances thereof by fund type at September 30, 1991:

	Pooled Investments and Cash	Advanced Pooled Investments and Cash
General fund	$ 22,824,600	----
Special revenue funds	30,069,385	2,906,364
Capital projects funds	57,972,203	164,028
Enterprise funds -- current:		
Utility	27,266,344	----
Hospital	----	25,598,622
Other	7,655,878	21,111
Enterprise funds --		
Construction:		
Utility	178,758,223	----
Hospital	6,255,600	----
Other	25,642,528	1,860,787
Capital improvement:		
Other	3,388,182	----
Operating reserve:		
Other	1,420,279	----
Enterprise funds -- restricted:		
Utility	15,106,831	----
Enterprise funds -- deposits:		
Utility	6,106,217	----
Other	11,516	----
Internal service funds:		
Current	2,234,470	----
Construction account	2,003,892	----
Fiduciary funds	19,295,576	51,346
Total pooled investments and cash	406,101,724	----
Total advanced pooled investments and cash	(30,602,258)	30,602,258
Investment by other funds in investment pool	$ 375,499,466	

Certain funds have made disbursements in excess of their individual equity in the City's investment pool. The balance of these amounts has been reported in the combined balance sheet as advanced pooled investments and cash. Reimbursement of advances will be made primarily through transfers from other funds or investments. In Special Revenue Funds, collections of grant receivables will reimburse the advance.

Of the $30,602,258 advanced pooled investments and cash, $25,598,622 has been advanced to the Hospital Fund for the operations of Brackenridge Hospital. This represents a decrease of approximately $6.6 million from the prior year balance. The following table summarizes the accumulation of this balance (in millions):

Prior to October 1984	$16.7
October 1984 - September 1985	14.8
October 1985 - September 1986	4.0
October 1986 - September 1987	(0.9)
October 1987 - September 1988	0.3
October 1988 - September 1989	(1.4)
October 1989 - September 1990	(1.3)
October 1990 - September 1991	(6.6)
At September 30, 1991	$25.6

In 1991, the City transferred $5.6 million to the hospital to fund catastrophic care for the near poor. The City has budgeted another transfer of $5.6 million for this program in 1992. The catastrophic care program provides funding for Brackenridge patients who do not qualify for the City's medical assistance program but are unable to pay for catastrophic hospital costs.

Over a number of years and culminating in 1986, Brackenridge Hospital has borrowed approximately $35 million from the City's investment pool to meet its operating cash needs. In 1988, City management determined that Brackenridge could not reasonably be expected to repay this advance through excess cash generated from operations, given constraints imposed by the health care industry, local competition and existing admission policies. During 1988, City management presented to the City Council for consideration a proposed long-term repayment plan which recommended the General Fund as a funding source. During 1989, the plan was implemented and a $700,000 transfer from the General Fund to the hospital was made. The plan has been continuously followed and in 1990 and 1991, transfers of $1,400,000 and $2,100,000 were made, respectively. For 1992, a transfer of $2,800,000 is budgeted.

In addition to the long-term repayment plan described in the preceding paragraph, significant operational efficiencies and financial improvements have been realized in the past five years. These conditions have allowed Brackenridge to reduce its balance of advanced pooled investments and cash by 27% since 1986.

It is the opinion of the City's independent auditor that since management and the City Council have determined that the General Fund will be responsible for operating transfers to fund the amount owed by Brackenridge Hospital to the City's investment pool and Brackenridge Hospital will be responsible for the repayment to the General Fund of the transfers, generally accepted accounting principles require that an interfund receivable from Brackenridge Hospital be established in the General Fund, and that fund balance be reserved to reflect the long-term nature of the receivable. The effect of such accounting treatment would be a reduction of pooled cash and investments of $25,598,622, an increase in interfund receivables of $25,598,622, a reservation of $25,598,622 in the General Fund's fund balance and a resulting deficit in unreserved fund balance of $7,118,903 with no change to total fund balance.

City management believes that it is inappropriate to recognize this receivable in the General Fund since the entire loan was not made from that fund. In addition, the General Fund did not have the legal authority to loan $35 million to Brackenridge under the City charter and State law, since the General Fund never had an unencumbered fund balance of $35 million available.

The City will continue to reflect this advance from the investment pool in the Hospital Fund and will not record a receivable in any fund. It is City management's intent to reduce the advance over a number of years as evidenced by the repayment plan recommended to City Council and Council's subsequent actions.

6 – INVESTMENTS

INVESTMENTS

Texas statutes authorize the City to invest in (1) obligations of the U.S. Treasury or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, or cities rated A or better by a national investment rating firm; (5) certificates of deposit that are insured by the Federal Deposit Insurance Corporation or secured by obligations having a market value of at least the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements. State statutes require that securities underlying repurchase agreements must have a market value of at least 100% of the repurchase agreement's cost.

In addition to the aforementioned, the pension trust funds are authorized to invest in stocks, corporate bonds rated A or better by Standard & Poor's Corporation or A or better by Moody's Bond Ratings, commercial paper rated A-1 by Standard & Poor's Corporation and P-1 by Moody's Bond Ratings, and investment grade international equities limited to 10% of the fund portfolio.

It is management's opinion that State statutes permit the City to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. As of September 30, 1991, the City has not entered into any reverse repurchase agreements.

However, the City participates in a securities lending program under which, for an agreed fee, City-owned investments in obligations of the U.S. Government and its agencies totaling $596,597,727 at September 30, 1991 were in the possession of a borrowing financial institution. The lending agreement requires that the borrowing institution place and maintain securities with a total market value of at least 102% of loaned City securities in a third party account in favor of the City. Under the agreement, the borrowed securities are ultimately returned to the City.

The pension trust funds also participate in a securities lending program. As of December 31, 1990, Pension-owned investments of $63,588,025 in obligations of the U.S. Government and its agencies, $4,192,740 in corporate bonds, and $15,155,500 in corporate stocks were in possession of a borrowing financial institution. The lending agreement requires securities on loan be collateralized by cash and/or securities with a total market value of at least 102% of loaned fund securities. Both City and pension trust funds investments on loan under the terms of such agreements are excluded from the categorization shown below.

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

	Category			Carrying Amount
	1	2	3	
Investments				
Repurchase agreements	$ 30,217,000	----	----	30,217,000
Obligations of the U.S. Government and its agencies	224,792,857	----	----	224,792,857
Corporate bonds	42,047,813	----	----	42,047,813
Corporate stocks	187,503,807	----	----	187,503,807
Commercial paper	11,115,000	----	----	11,115,000
International equity securities	30,718,814	----	----	30,718,814
FHA and VA insured real estate mortgages	1,096,903	----	----	1,096,903
	527,492,194	----	----	527,492,194
Investments Held By Trustee				
Obligations of the U.S. Government and its agencies	6,888,578	----	----	6,888,578
Total (1)	$534,380,772	----	----	534,380,772

(1) Excludes certificates of deposit of $143,083, securities on loan of $679,533,992, and international mutual funds of $6,006,823.

6 - INVESTMENTS, continued

Description	Interest Rate	Face Value	Cost	Market Value	Unrealized Gain(Loss)
NON-POOLED INVESTMENTS					
Certificate of Deposit	8.00%	$ 143,083	143,083	143,083	----
Repurchase Agreement	5.40%	13,717,000	13,717,000	13,717,000	----
Obligations of the U.S. Government and its agencies	4.25% - 14.29%	337,118,600	335,481,163	340,496,305	5,015,142
Total non-pooled investments		350,978,683	349,341,246	354,356,388	5,015,142
POOLED INVESTMENTS					
Repurchase Agreements	5.40% - 5.50%	16,500,000	16,500,000	16,500,000	----
Obligations of the U.S. Government and its agencies	5.40% - 9.03%	356,926,000	358,084,513	360,091,857	2,007,344
Total pooled investments		373,426,000	374,584,513	376,591,857	2,007,344
PENSION FUNDS:*					
Obligations of the U.S. Government and its agencies		206,417,278	198,301,511	205,468,390	7,166,879
Corporate bonds		46,770,058	46,240,553	46,683,321	442,768
Corporate stocks		202,660,868	202,659,307	263,892,344	61,233,037
Commercial paper		11,115,000	11,115,000	11,115,000	----
FHA & VA insured real estate mortgages		1,096,768	1,096,903	883,359	(213,544)
International investments		36,725,637	36,725,637	32,072,774	(4,652,863)
Total pension investments		504,785,409	496,138,911	560,115,188	63,976,277
TOTAL ALL INVESTMENTS		$1,229,190,092	1,220,064,670	1,291,063,433	70,998,763

* Amounts shown represent investments owned by the Pension Funds as of December 31, 1990.

DEPOSITS

The September 30, 1991, carrying amount of deposits is as follows:

Cash	
Unrestricted	$ 22,624,325
Restricted	74,365
Cash held by trustee	
Unrestricted	1,857,885
Restricted	6,452,038
Pooled cash	(3,072,359)
	$ 27,936,254

The bank balances of City deposits at September 30, 1991 are categorized below to give an indication of the level of risk (Category 1 - lowest level of risk to Category 3 - highest level of risk), assumed by the City. Category 1 includes bank balances that are either insured or collateralized with securities held by the City or by its agent in the City's name. Category 2 includes bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 consists of uncollateralized bank balances including, if any, bank balances collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

	Category			Total
Deposits	1	2	3	Bank Balance
Cash (2)	$ 6,772,668	----	----	6,772,668
Certificates of deposit	143,083	----	----	143,083
Pooled cash	1,719,073	----	----	1,719,073
Cash held by trustee (1)	8,309,923	----	----	8,309,923
	$16,944,747	----	----	16,944,747

(1) Assets of the City's employee deferred compensation plan totaling $40,379,131 at September 30, 1991, consist of mutual funds held by the plan trustee.

(2) Assets of the City's pension plans totaling $15,926,022 at September 30, 1991, consist of short-term investment funds or money market mutual funds held by the funds' custodial agents in the funds' names.

7 - PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 1990, upon which the 1991 levy was based, was $17,189,792,203.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 1991, 97.31% of the current tax levy (October 1, 1990) was collected.

Legislation that affects the methods of property assessment and tax collection in the City was passed in 1979 and amended in 1981 by the Texas Legislature. This legislation, with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles from taxation. In addition, this legislation created a "Property Tax Code" and provided, among other things, for the establishment of county-wide Appraisal Districts and for a State Property Tax Board, which commenced operation in January, 1980.

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

Under the 1979 legislation, as amended, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements and revaluation, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate increase to no more than 8%.

The 1979 legislation, as amended, also provides that, if mandated by the qualified voters in the Appraisal District, the collection function must be placed with the Appraisal District. In October 1982, Travis County assumed the property tax billing and collection function for the City, as well as for several other governmental entities. The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City Charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at $1.00 per $100 assessed valuation. A practical limitation on taxes levied for debt service of $1.50 per $100 of assessed valuation is established by referring to the State Statute and City Charter limitations.

The tax rate to finance general governmental purposes, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 1991, was $.2984 per $100 assessed valuation. The City has a tax margin for general governmental purposes of $.7016 per $100 assessed valuation and could levy approximately $120,603,582 in additional taxes from the assessed valuation of $17,189,792,203 before the legislative limit is reached.

8 - RESTRICTED ASSETS - ENTERPRISE FUNDS

The following table summarizes restricted assets by purpose at September 30, 1991 (in thousands of dollars):

	Utility Funds	Hospital Fund	Other Enterprise Funds	Total
Revenue bond debt service:				
Cash	$ 13	----	1	14
Investments, at cost	73,931	----	1,180	75,111
Accrued interest on investments	6,275	----	6	6,281
Capitalized interest account:				
Cash	----	----	2	2
Investments, at cost	----	----	6,320	6,320
Total revenue bond debt service	80,219	----	7,509	87,728
Revenue bond retirement reserve:				
Cash	1	----	2	3
Investments, at cost	175,906	----	9,254	185,160
Total revenue bond retirement reserve	175,907	----	9,256	185,163
Investment in tax and revenue bond:				
Cash	1	----	----	1
Pooled investments and cash	44	----	----	44
Investments, at cost	396	----	----	396
Accrued interest	1	----	----	1
Total tax and revenue bonds	442	----	----	442
Construction account:				
Construction:				
Cash	----	----	3	3
Pooled investments and cash	178,758	6,256	25,643	210,657
Investments, at cost	----	----	49,433	49,433
Accrued interest on investments	----	----	1,006	1,006
Receivable from other governments	----	----	1,239	1,239
Other receivables	17,935	----	----	17,935
Total construction account	196,693	6,256	77,324	280,273
Decommissioning account	7,683	----	----	7,683
Capital improvement account:				
Pooled investments and cash	----	----	3,388	3,388
Operating reserve account:				
Cash	----	----	52	52
Pooled investments and cash	----	----	1,420	1,420
Investments, at cost	----	----	6,938	6,938
Total operating reserve account	----	----	8,410	8,410
Cash held by trustee	4,202	2,250	----	6,452
Pooled investments and cash restricted for:				
Purchase of nuclear fuel inventory	14,388	----	----	14,388
Customer deposits	5,411	----	----	5,411
Escrow deposits	784	----	12	796
Total restricted assets	$ 485,729	8,506	105,899	600,134

9 - FIXED ASSETS

Components of the City's fixed assets, (excluding Pension Fund fixed assets of $15,813), at September 30, 1991, are summarized as follows (in thousands of dollars):

	Enterprise Funds	Internal Service Funds	General Fixed Assets	Total
Land and land rights	$ 84,063	----	100,678	184,741
Buildings and improvements	2,224,042	1,980	100,563	2,326,585
Machinery and equipment	882,980	14,088	58,806	955,874
Completed assets not classified	112,158	2,818	----	114,976
Total in service	3,303,243	18,886	260,047	3,582,176
Less accumulated depreciation	(730,852)	(13,703)	----	(744,555)
Net property and equipment in service	2,572,391	5,183	260,047	2,837,621
Construction in progress	316,968	----	55,724	372,692
Nuclear fuel in process	44,886	----	----	44,886
Plant held for future use	43,226	----	----	43,226
	$ 2,977,471	5,183	315,771	3,298,425

The following table summarizes the changes in components of the General Fixed Assets Account Group for the year ended September 30,1991:

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction In Progress	Total
Balance, September 30, 1990	$ 99,528,502	62,862,135	24,129,261	51,890,141	66,847,100	305,257,139
Additions	----	----	----	----	10,551,944	10,551,944
Retirements	----	----	----	(2,329,846)	----	(2,329,846)
Completed construction	1,149,347	7,600,836	5,970,498	6,954,061	(21,674,742)	----
Transfers from (to) other funds	----	----	----	2,291,861	----	2,291,861
Balance, September 30, 1991	$100,677,849	70,462,971	30,099,759	58,806,217	55,724,302	315,771,098

The City does not capitalize public domain general fixed assets. This accounting policy affects only the General Fixed Asset Account Group. During 1991, the City did not capitalize infrastructure assets completed amounting to $14,451,570.

Construction in progress includes various capital projects which are primarily funded by general obligation and revenue bonds. The General Fixed Asset Account Group includes as construction in progress certain completed capital projects in service at September 30, 1991, which have not been unitized or capitalized pending classification to the proper fixed asset in-service categories. In all other funds, completed construction unclassified is included in property, plant and equipment.

During 1988, the City cancelled two Electric capital projects. Land purchased as a result of these projects has been moved to plant held for future use. The remainder of costs were moved to deferred costs and expenses. In September 1991, the final sale of waste-to-energy materials and components was completed.

The City anticipates the need for numerous additional utility-related projects over the next several years. However, the City has no formal commitments to projects other than those currently under construction.

Estimated unfunded future expenditures for capital projects will be funded from operations, issuance of additional general obligation or revenue bonds, or from alternative methods of financing. Authorization to issue additional revenue bonds may be requested from the qualified voters of the City. However, it is the opinion of legal counsel that the City Council is not legally required to secure voter approval to authorize and issue additional revenue bonds (see Note 19f).

9 - FIXED ASSETS, continued

The following tabulation presents the estimated unfunded future expenditures for capital projects and related bonds authorized, but unissued as of September 30, 1991 (in thousands of dollars):

	Total Estimated Cost	Expenditures Incurred to September 30, 1991	Estimated Future Expenditures	Net Amounts Available in (Borrowed From) Construction Accounts	Estimated Unfunded (Overfunded) Future Expenditures	Bonds Authorized Unissued at September 30, 1991
Projects financed with general obligation bonds:						
General fixed assets	$ 670,955	503,855	167,100	75,590	91,510	78,515
Hospital	55,652	3,626	52,026	6,222	45,804	15,215
Environmental and conservation services	11,034	10,663	371	510	(139)	----
Golf	1,069	813	256	526	(270)	----
Airport	57,913	45,030	12,883	21,512	(8,629)	----
Convention center	8,011	6,367	1,644	1,709	(65)	----
General services	3,789	1,684	2,105	2,004	101	----
Total projects funded principally by general obligation bonds	808,423	572,038	236,385	108,073	128,312	93,730
Projects funded by revenue bonds for enterprise funds:						
Municipal airport at Manor (3)	11,297	11,297	----	19,243	(19,243)	698,000
Convention center	69,633	45,742	23,891	24,609	(718)	----
	80,930	57,039	23,891	43,852	(19,961)	698,000
Projects funded by revenue bonds for the utility funds:						
Electric systems improvements, general	772,339	507,206	265,133	128,525	136,608	320,516
Electric systems improvements, Fayette Power Project Units I and II	8,614	3,143	5,471	4,521	950	----
Electric systems improvements, South Texas Nuclear Project (1)(2)	956,679	929,416	27,263	9,041	18,222	289,768
Water improvements	691,567	316,278	375,289	16,901	358,388	311,947
Wastewater improvements	570,720	377,058	193,662	33,830	159,832	224,179
Total projects funded principally by revenue bonds	2,999,919	2,133,101	866,818	192,818	674,000	1,146,410
Less:						
Amounts related to plant in service	2,253,698	1,583,051	670,647			
Amounts related to deferred assets	34,801	34,801	----			
Plant held for future use	[illegible]	43,226	----			
Amounts related to construction in progress	$ 668,194	472,023	196,171			

(1) Excludes nuclear fuel costs.
(2) Proceeds from the Brown and Root Settlement of $52,658,000 were authorized to fund electric system improvements and have been included in this schedule.
(3) On December 17, 1991, the City Council expressed its intent not to issue the $698,000,000 of revenue bonds.

10 - RETIREMENT PLANS

a - General

The City participates in funding three contributory, defined benefit retirement plans: City of Austin Employees' Retirement and Pension Fund, City of Austin Police Officers' Retirement and Pension Fund, and Fire Fighters' Relief and Retirement Fund of Austin, Texas. These plans are City-wide single employer funded plans which cover substantially all full-time employees. Membership of the plans and payroll (in thousands of dollars) at December 31, 1990, is as follows:

	City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,480	79	198	1,757
Current employees				
Vested	3,661	389	373	4,423
Nonvested	2,965	370	376	3,711
	8,106	838	947	9,891
Total payroll for the year ended December 31, 1990	$ 190,175	26,298	25,395	241,868
Payroll for employees covered by the plan for the year ended December 31, 1990	$ 163,216	26,219	25,395	214,830

10 - RETIREMENT PLANS, continued

Prior to August 26, 1991, City and employee contributions to the Employees' Fund and the Police Officers' Fund were governed by City Council ordinance. Since August 26, 1991, City and employee contributions are governed by State law. City and employee contributions to the Fire Fighters' Fund are also governed by State law. The City's total retirement plan expense for the year ended September 30, 1991, was approximately $19,348,000, which includes amortization of prior service cost. Contributions to the plans at September 30, 1991, and net assets available for benefits at December 31, 1990, are as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
Contributions for the year ended September 30, 1991				
City	$ 12,234	3,276	3,838	19,348
Employees	12,224	1,593	3,739	17,556
Total contributions	24,458	4,869	7,577	36,904
Net assets available for benefits at December 31, 1990	$ 345,319	82,269	97,233	524,821

b - Contribution Method and Benefits

The following is a summary of contribution methods and benefits.

	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	City Council Ordinance	City Council Ordinance	State Legislation
Frequency of contribution	Biweekly	Biweekly	Biweekly
Employee's contribution (percent of earnings)	7.0%	6.0%	13.70%
City's contribution (percent of earnings)	7.0% (1)	12.0% (1)	14.05%
Period required to vest	5 years	10 years	10 years
Eligibility for distribution of retirement benefits to member or beneficiary	Age 55 with 20 years of creditable service, or	Age 55 with 20 years of creditable service, or	Age 55 with at least 10 years of service and 10 years of contributions, or
	Age 62, regardless of number of service years, or	Age 50 with 25 years of creditable service, or	Age 50 with 25 years of creditable service, or
	30 years creditable service, regardless of age.	Age 62, regardless of number of service years, or	30 years creditable service, regardless of age.
		30 years creditable service, regardless of age.	
Increases in Benefit	Benefits may be increased annually by the amount of increase in the Consumer Price Index, up to 3%.	Benefits may be increased annually based on the Consumer Price Index, the actuarial experience of the Fund, the investment experience of the Fund, and prior cost of living increases, up to 4%.	Benefits may be increased annually based on the amount of increase in the Consumer Price Index.
	Increases must be approved by the Board and actuaries of the Fund.	Increases must be approved by the Board and actuaries of the Fund.	Increases must be approved by the Board and actuaries of the Fund.
	1990 - 3% 1989 - 3%	1990 - 4% 1989 - 4%	1990 - 4.50% 1989 - 4.25%
Terms of Benefits	For all three funds, terms of benefits are determined by certain elections made by the member, the member's level of earnings and length of service. Benefits are distributed in equal monthly installments over a period of time, or in a lump sum in the event of death. Distributions are also available in the event of total and permanent disability.		

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

10 - RETIREMENT PLANS, continued

c - Actuarial Present Value of Vested Benefits

The contributions to the pension funds are not actuarially determined; however, they are designed by the funds' actuaries to fund current service costs on a current basis and to fund the estimated accrued benefit cost arising from qualifying service prior to the establishment of the Funds over the following years:

Police	25.6 years
Fire Fighters	25.7 years

The Employees' Fund is fully funded.

Calculations of the actuarially computed value of vested benefits were made by actuaries for all funds as of December 31, 1989. The following actuarial cost method and significant assumptions underlying the actuarial calculation were used in the determination of the required plan funding level.

	City Employees	Police Officers	Fire Fighters
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Assumed Rate of Return on Investments	8%	8.5%	8%
Retirement Age	50-70 with graduated rates for each age in the range	50-65 with graduated rates for each age in the range	Dependent on entry age and length of service
Asset Valuation Basis	Adjusted Market Value	Adjusted Market Value	Adjusted Market Value

Other significant assumptions used for all pension funds are the assumed employee turnover, salary increases and mortality rates, which are based on published statistical data.

The amount shown below as the "pension benefit obligation" is a standardized measure of the present value of pension benefits estimated to be payable in the future as a result of employee service to date. These benefits have been adjusted for the effects of projected salary increases.

The pension benefit obligation is the actuarial present value of credited projected benefits and is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons amoung public employee retirement systems. This measure is independent of the actuarial funding method used to perform the actuarial valuation.

The pension benefit obligation for the City of Austin Employees Fund as of December 31, 1990, is based on an actuarial update of the December 31, 1990, actuarial valuation and the plan in effect on December 31, 1990. The pension benefit obligations for the Police Officers' Fund and the Fire Fighters' Pension Fund as of December 31, 1990, are based on the actuarial valuations as of December 31, 1989, and the plans in effect on that date. Significant actuarial assumptions used include:

	City Employees	Police Officers	Fire Fighters
Rate of return on the investment of present and future assets (compounded annually)	8.00%	8.50%	8.00%
Average projected salary increases, attributable to inflation (compounded annually)	6.5%	6.5%	6.5%
Additional projected salary increases, attributable to merit, promotion and longevity	1.4%	1.6%	1.5%
Post retirement benefit increases	none	none	none

Pension benefit obligation as of December 31, 1990, is as follows (in thousands):

	City Employees	Police Officers	Fire Fighters	Total (Memorandum Only)
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 132,840	14,711	43,912	191,463
Current employees:				
Accumulated employee contributions	94,221	17,464	25,876	137,561
Employer-financed vested	86,707	29,708	48,968	165,383
Employer-financed nonvested	4,080	6,970	6,241	17,291
Total pension benefit obligation	317,848	68,853	124,997	511,698
Net assets available for benefits (at book value)	365,319	62,269	97,233	524,821
Unfunded (assets in excess of) pension benefit obligation	(47,471)	6,584	27,764	(13,123)
Net assets available for benefits (at market value)	$ 406,228	63,565	119,005	588,798

10 – RETIREMENT PLANS, continued

d – Changes Related to Actuarial Assumptions

City of Austin Employees' Retirement and Pension Fund	City of Austin Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund
	1990	
No changes.	1. The occupational disability retirement incidence rates were increased as of December 31, 1990.	1. Cost-of-living increases assumed for 1991 and 1992 are 6.3% and 5%, respectively, up from 5% previously assumed for each year. 2. Beginning in 1991, an $850.00 per month, minimum current service retiree and spouse benefit is assumed.
	1989	
No changes.	1. The service retirement incidence rates were increased as of December 31, 1989.	1. Service retirement incidence rates were increased to reflect anticipation that firefighters will retire at somewhat earlier ages due to the availability of higher benefits. 2. 12% of the firefighters were assumed to be single upon retirement.

10 – RETIREMENT PLANS, continued

e – Changes in Plan Provisions

City of Austin Employees' Retirement and Pension Fund	City of Austin Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund
1990		
1. Beginning January 1, 1992, the maximum cost of living adjustments that can be annually granted with the approval of the Fund's actuary and Board was increased to 4%. A 3% cost-of-living increase was approved, effective January 1, 1990.	1. A 4% cost-of-living increase was approved effective January 1, 1990.	1. A 4.50% cost-of-living increase was approved, effective January 1, 1990.
2. The benefit formula multiplier was increased to 2.1% per year of service, effective February 1, 1990.	2. Minimum occupational disability benefits were increased.	
3. Annuitants were granted one-time increases ranging from 15% for those retiring from September 30, 1988 through December 31, 1989, with five increase levels between, depending upon retirement date.		
1989		
1. A 3% cost-of-living increase was approved effective January 1, 1989.	1. A 4% cost-of-living increase was approved effective January 1, 1989.	1. A 4.25% cost-of-living increase was approved effective January 1, 1989.
2. Employees who worked for the City previously and received a refund of their retirement contribution when they left City employment and have now returned to City employment have the option of "buying back" their prior retirement service credit. The availability of this option was continued for 1989.		2. Effective September 1, 1989, vested terminated benefits are allowed to begin at the earliest age at which the member would have completed 30 years of service had the member not terminated employment.
3. The Retiree Member of the Board of Trustees will be elected by the retired members of the Fund to a four year term.		3. The workers' compensation offset for disability benefits was terminated.

10 – RETIREMENT PLANS, continued

f – Federal Income Taxes

The pension funds are public employees' pension plans and are exempt from Federal income taxes and the provisions of the Employee Retirement Income Security Act of 1974.

g – Plan Administration Costs

Plan administration costs which are being paid by the General Fund and Enterprise Funds include audit fees and actuarial fees (valuations performed in alternating years). Additionally, all salaries for administrative personnel are paid by the General Fund. The Fire Fighters' Relief and Retirement Fund is responsible for all of its administrative costs.

h – Historical Trend Information

Unaudited historical trend information required by GASB Statement No. 5 (implemented in 1987), designed to provide details regarding the Fund's progress in accumulating assets to pay benefits when due and to summarize operating results, is presented in separately issued retirement fund financial statements.

Analysis of funding progress for the plans at December 31 is as follows (in thousands of dollars):

	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Assets in excess of) Pension Benefit Obligation	Annual Employer Contribution	Covered Payroll	Unfunded Benefit Obligation as a Percent of Covered Payroll	Employer Contribution as a Percent of Covered Payroll
City Employees								
1990	365,319	317,848	114.9%	(47,471)	11,425	163,216	N/A	7.0%
1989	329,325	279,636	117.8%	(49,689)	10,598	151,400	N/A	7.0%
1988	297,846	259,914	114.6%	(37,933)	11,246	175,720	N/A	6.4%
Police Officers								
1990	62,269	68,854	90.4%	6,584	3,146	26,219	25.1%	12.0%
1989	55,226	60,566	91.2%	5,340	2,915	24,291	22.0%	12.0%
1988	47,558	53,442	89.0%	5,884	3,004	25,032	23.5%	12.0%
Fire Fighters								
1990	97,233	124,997	77.8%	27,764	3,568	25,395	109.3%	14.0%
1989	82,847	112,391	73.7%	29,544	3,370	24,034	122.9%	14.0%
1988	73,711	98,989	74.5%	25,279	3,379	24,053	105.1%	14.0%

i – Subsequent Events

Net assets available for benefits increased for the year ended December 31, 1991 (in thousands of dollars), as follows:

	Unaudited			
	City Employees	Police Officers	Fire Fighters	Total (Memorandum only)
Net increase	$ 45,279	6,216	13,045	64,540

The net increase is the result of recurring pension activity such as contributions received, investment income, benefits paid and contributions refunded.

11 – GENERAL LONG-TERM DEBT

a – General Obligation Bonds – Capital Projects Funding

Capital Projects Funds are used to account for the acquisition and for construction of general fixed assets. Capital projects are funded primarily by the issuance of general obligation bonds and intergovernmental revenues.

General obligation debt is collateralized by the full faith and credit of the City. The City intends to retire its general obligation bonds, 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 bonds sold to fund fixed assets of proprietary funds are reported as obligations of these proprietary funds, although they are not obligated by the applicable bond indentures to repay any portion of principal and interest on outstanding general obligation bonds. However, the City intends for the proprietary funds to meet the debt service requirements.

As described in Note 7, State Statute and the City Charter establish a practical limitation of $1.50 per $100 of assessed valuation on the debt service tax rate levied to service general obligation bonds, including interest. The tax rate to finance the payment of principal and interest on general obligation long-term debt for the year ended September 30, 1991, was $.2711 per $100 assessed valuation. At September 30, 1991, allowable taxes related to debt service (assuming the rate of $1.50 per $100 assessed valuation) are approximately $257,846,883, pro-

11 – GENERAL LONG-TERM DEBT, continued

viding potential additional taxes for debt service of $211,245,356 from the assessed valuation of $17,189,792,203.

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

The following table summarizes significant facts about general obligation bonds outstanding at September 30, 1991, including those reported in certain enterprise funds:

	Date Issued	Original Issue	Amount Outstanding at September 30, 1991	Aggregate Interest Requirements at September 30, 1991	Interest Rates on Bonds Outstanding at September 30, 1991	Maturity Dates of Serial Bonds
		$	$	$	%	
Series 1985	July, 1985	80,000,000	6,000,000	2,047,500 (1)	8.10 – 12.00	7/1/1992-1996
Series 1985A	October, 1985	229,048,455	68,333,455 (3)	68,313,250 (2)	7.90 – 9.00	9/1/1992-2000
Series 1986	July, 1986	100,000,000	90,175,000	68,940,975 (2)	6.75 – 10.75	9/1/1992-2007
Series 1986A	August, 1986	14,710,000	12,700,000	7,675,312 (2)	7.10 – 7.70	9/1/1992-2004
Series 1987	July, 1987	53,000,000	49,250,000	37,971,525 (2)	6.00 – 10.00	9/1/1992-2008
Series 1988	September, 1988	24,860,000	24,195,000	19,984,888 (2)	6.90 – 9.75	9/1/1992-2008
Series 1989	October, 1989	24,995,000	24,995,000	22,827,375 (2)	7.00 – 10.00	9/1/1992-2009
Series 1990A&B	Jaunary, 1990	122,368,632	119,538,632 (4)	91,064,876 (2)	6.15 – 7.00	9/1/1992-2006
Series 1990C	November, 1990	25,000,000	25,000,000	21,765,650 (2)	6.50 – 9.50	9/1/1993-2010
Series 1991	April, 1991	3,000,000	3,000,000	836,453 (5)	5.50,– 8.50	5/1/1992-1998

(1) Interest is paid semiannually on July 1 and January 1.
(2) Interest is paid semiannually on March 1 and September 1.
(3) Includes $32,953,455 of capital appreciation bonds, which have interest payable at maturity on 9/1/1995-2000.
(4) Includes $14,158,632 of capital appreciation bonds, which have interest payable at maturity on 9/1/1997-2000.
(5) Interest is paid semi-annually on May 1 and November 1.

In October 1985, the City issued Public Improvement Refunding Bonds, Series 1985A. Proceeds from the sale of these bonds were used to defease in-substance all general obligation debt and Certificates of Obligation outstanding at that time, other than the $2,500,000 Certificates of Obligation issued in August 1985, and the $80,000,000 Series 1985 Public Improvement Bonds. At September 30, 1991, the amount of in-substance defeased debt still outstanding was $146,470,000.

In December 1990, the City issued Public Improvement Bonds, Series 1990C, in the amount of $25,000,000. Of the proceeds from the issue, $5,325,000 will be used for drainage and flood control improvements, $1,295,000 will be used for parks and recreation construction projects, $5,660,000 will be used for constructing and equipping hospital facilities, $11,675,000 will be used for improvements and reconstruction of streets, and $1,045,000 will be used for traffic signal improvements. These bonds will be amortized serially September 1 each year from 1993 to 2010. Certain of these bonds are callable beginning September 1, 2000. Interest is payable on March 1 and September 1 of each year, beginning March 1, 1991. Total interest requirements for these bonds, at rates ranging from 6.5% to 9.5%, aggregate $23,278,567.

In November 1991, the City issued $25,000,000 Public Improvement Bonds, 1991A and $2,900,000 Public Property Finance Contractual Obligations, Series 1991B. See Note 23 for further information.

The following is a summary of general obligation bond transactions of the City (including certain enterprise funds) for the year ended September 30, 1991 (in thousands of dollars):

	General Obligation Bonds
Balance payable – September 30, 1990	$ 441,027
Debt issued:	
Drainage and flood control improvements	990
Parks and recreation	340
Brackenridge 2000	5,660
Street improvements	11,675
Drainage and flood control	4,335
Parks improvements	955
Traffic signalization	1,045
Brackenridge hospital equipment	3,000
Bonds issued during year	28,000
Debt retired	(25,840)
Balance payable – September 30, 1991	$ 443,187

General obligation bonds authorized and unissued amount to $93,730,000 at September 30, 1991.

11 – GENERAL LONG-TERM DEBT, continued

b – Certificates of Participation

In January 1987, the City issued Certificates of Participation amounting to $24,445,000. A portion of these were refinanced in November 1987, upon issuance of $11,820,000. See Note 21d for additional information.

c – Other Long-Term Debt

In addition to general obligation bonds and certificates of obligation, the General Long-Term Debt Account Group includes all liabilities of the City (other than those reported in the proprietary funds) which are not due in the current period. The following table summarizes the transactions for these other general long-term debt items for the year ended September 30, 1991:

	Capital Lease Obligations*	Claims	Compensated Absences
Balance September 30, 1990	$ 3,965,481	4,497,024	31,682,4(
Increase (decrease) in accrual	----	(1,695,546)	196,228
Decrease in long-term portion	(3,436,404)	----	----
Balance September 30, 1991	$ 529,077	2,801,478	31,878,631

* Includes Capital Leasing Certificates of Participation issued January, 1987, a portion of which were refunded November 1987. See Note 21d.

12 – UTILITY FUNDS – REVENUE BONDS AND OTHER LONG-TERM DEBT

a – General

The Utility Funds of the City derive their funding for capital projects from the issuance of revenue bonds, other sources of financing and net revenues of the Utility Funds not restricted for debt service or other uses. The following table summarizes utility revenue bonds and other long-term financing transactions for the year ended September 30, 1991 (in thousands of dollars):

	Subordinate Lien Bonds	Prior Lien Bonds	Total
Balance payable, net of discount- October 1, 1990	$ 380,755	1,779,743	2,160,498
Debt issued, net of discount/ premium	4,440	189,034	193,474
Debt repaid, defeased, or refunded, net of discount	(17,950)	(7,922)	(25,872)
Amortization of bond discount and premium	1,319	3,243	4,562
Balance payable, net of discount- September 30, 1991	$ 368,564	1,964,098	2,332,662

The total combined utility system obligations at September 30, 1991, consist of $2,026,655,495 prior lien bonds and $38 ,140,000 subordinate lien bonds. Aggregate interest requirements for all Prior Lien and Subordinate Lien Bonds are $2,831,216,417 at September 30, 1991. Revenue bonds authorized and unissued amount to $1,146,410,200 at that date.

b – Revenue Bonds Refunding Issues

The City's Utility Funds have refunded various issues of revenue bonds, notes, and certificates of obligation through refunding revenue bonds. These refunding bonds are collateralized by the net revenues of the Utility Funds, as defined in the respective bond indentures. 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.

Certain 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.

A portion of the proceeds of each of the refunding bond issuances was placed in an irrevocable escrow account and used to purchase U.S. Government Obligations which will mature at such time and yield interest at such amounts so that sufficient monies are available for payment of principal and interest when due. The accounting gains and losses due to the advance refunding of debt have been deferred and are being amortized over the life of the refunding bonds by the straight-line method. However, a gain or loss on defeased bonds is recognized when funds from current operations are used. None of the refunded bonds are included in the City's outstanding long-term debt at September 30, 1991. Although the City is not legally released from the obligation for the refunded bonds, such bonds are considered in-substance defeased debt.

12 – UTILITY FUNDS – REVENUE BONDS AND OTHER LONG-TERM DEBT

The following schedule outlines the refunding bonds issued as of September 30, 1991:

	Series 1979 (1)	Series 1982	Series 1985	Series 1986	Series 1988 AB	Series 1990 AB	Series 1991	Series 1991 A
HISTORICAL INFORMATION								
Date issued	July 1979	March 1982	October 1985	April 1986	October 1988	February 1990	March 1991	July 1991
Original refunding bonds issued	$ 318,925,000	598,000,000(2)	454,950,000 (3)(4)(5)(6)	545,145,000(7)	369,901,308	236,009,188(8)(9)	143,740,000	57,080,000(10)
Amount defeased in-substance	$ 336,515,000	892,445,000	371,655,000	414,000,000	294,340,000	181,310,000	144,250,000	54,640,000
Extraordinary accounting gain(loss)	$ 15,476,906	351,974,945	(42,182,050)	(102,020,331)	(49,026,013)	(30,163,608)	(71,237)	(7,974,776)
Economic gain at time of sale	$ 3,030,403	26,700,000	9,942,814	32,505,000	12,732,000	9,272,455		4,386,994(12)
CURRENT AND FUTURE REQUIREMENTS								
Amount outstanding at September 30, 1991	$ - (1)	358,140,000(2)	95,580,000 (3)(5)	526,480,000	369,901,308	227,134,188	143,740,000	53,910,000
Amount of Serial Bonds outstanding and	$	76,235,000	45,135,000	48,660,000	213,390,000	37,035,000	32,200,000	31,325,000
maturity dates	(1)	1991-1994	1994-1997	1991-2001	1992-2004	1992-2002	1992-2012	1992-2003
Amount of Term Bonds outstanding and	$	281,905,000	50,445,000	477,820,000	107,420,000	160,245,000	111,540,000	22,585,000
maturity dates	(1)	1996-2002	2014-2015	2006-2015	2008-2012	2006-2015	2011-2021	2007
Amount of Capital Appreciation Bonds	$				43,091,308	29,854,188		
outstanding and maturity dates					1994-2012	2000-2017		
Aggregate interest requirements at September 30, 1991(11)	$ (1)	317,857,000	112,392,413	659,214,111	422,893,194	263,901,574	194,118,250	40,790,331
Interest rates on bonds outstanding at September 30, 1991	(1)	11.0% to 14.0%	7.0% to 9.75%	5.0% to 7.75%	6.4% to 7.8%	5.75% to 7.15%	4.50% to 7.125%	5.00% to 6.75%
In-substance Defeased Debt outstanding at September 30, 1991	$ 143,185,000	627,565,000	213,435,000	414,000,000	270,830,000	181,310,000		54,640,000

(1) This issue was refunded by the 1982 Revenue Refunding Bonds.

(2) A portion of these bonds, $123,135,000, was refunded by the 1985 Revenue Refunding Bonds. The refunded bonds are not included in bonds outstanding at September 30, 1991.

(3) A portion of these bonds, $90,000,000, was refunded by the 1986 Revenue Refunding Bonds. The refunded bonds are not included in bonds outstanding at September 30, 1991.

(4) Series 1985 consists of Prior Lien Bonds of $436,825,000 and Subordinate Lien Bonds of $18,125,000.

(5) A portion of these bonds, $229,550,000, was refunded by the 1988 Revenue Refunding Bonds. The refunded bonds are not included in bonds outstanding at September 30, 1991.

(6) A portion of these bonds, $23,555,000, was defeased in September 1990 and are not included in bonds outstanding at September 30, 1991.

(7) A portion of these bonds, $1,860,000, was defeased in September 1990 and are not included in bonds outstanding at September 30, 1991.

(8) A portion of these bonds, $580,000, was defeased in September 1990 and are not included in bonds outstanding at September 30, 1991.

(9) A portion of these bonds, $340,000, was defeased in September 1991 and are not included in the bonds outstanding at September 30, 1991.

(10) A portion of these bonds, $3,170,000, was defeased in September 1991 and are not included in the bonds outstanding at September 30, 1991.

(11) Payments are made on November 15 and May 15.

(12) The Series 1991A refunding reduced total debt service payments in future years by approximately $3.8 million.

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

c – Revenue Bonds Defeased

In September 1991, the City defeased $3,885,000 of revenue bonds. The utility funds placed $3,920,300 in an escrow account that was used to purchase U.S. Government obligations to provide for all future debt service payments on the defeased bonds. Although the City is not legally released from the obligation for the refunded bonds, such bonds are considered in-substance defeased debt.

d – Other Revenue Bonds Outstanding

Prior and subordinate lien revenue bonds outstanding at September 30, 1991, other than the refunding bonds, will be amortized serially on May 15 or November 15 of each year over the period from 1991 to 2020. Certain of these bonds may be called and retired with proceeds from a sale of the City's interest in the South Texas Project (See Note 19). Total interest requirements on outstanding prior and subordinate lien revenue bonds at September 30, 1991, aggregate $2,479,683,161 and $351,533,250 respectively. The following table shows original issue bonds outstanding at September 30, 1991 (in thousands of dollars):

		Series 1985	Series 1985A	Series 1986A	Series 1986C	Series 1987	Series 1988	Series 1989	Series 1990
Date issued		April 1985	Dec 1985	May 1986	Nov 1986	May 1987	Sep 1988	Jul 1989	Aug 1990
Original issue	$	225,000	162,000	325,000	127,915	65,000	33,530	65,800	6,395
Amount outstanding at September 30, 1991	$	30,750 (1)(2)	22,125 (2)(3)	307,600 (2)	131,690 (2)	37,195 (3)(5)	32,875 (6)(7)	65,800	4,875(8)
Aggregate interest requirements at September 30, 1991 (4)	$	18,967	12,280	432,287	168,489	48,688	48,291	88,436	2,592
Interest rates on bonds outstanding at September 30, 1991		9.50-13.50%	8.40-12.00%	6.80-10.80%	5.75-7.30%	8.00-12.00%	7.20-10.25%	6.25-9.25%	5.5%
Amount of Serial Bonds outstanding at September 30, 1991	$	30,750	22,125	55,600	23,095	10,605	6,350	12,810	4,876
and maturity dates		May 15, 1993-2000	May 15, 1993-2000	Nov 15, 1993-2001	May 15, 1993-2001	Nov 15, 1994-2002	May 15, 1994-2003	Nov 15, 1991-2003	Nov 15, 1991-2008
Amount of Term Bonds outstanding at September 30, 1991	$	----	----	252,000	108,595	26,590	26,525	52,990	
and maturity dates		----	----	Nov 15, 2006-2016	May 15, 2006-2017	Nov 15, 2007-2012	May 15, 2006-2018	Nov 15, 2008-2019	

(1) A portion of the issue was refunded by the 1986 Revenue Refunding Bonds.
(2) A portion of the issue was refunded by the 1988 Revenue Refunding Bonds.
(3) A portion of the issue was refunded by the 1990 Revenue Refunding Bonds.
(4) Interest is paid semiannually on May 15 and November 15.
(5) A portion of the issue, $2,660,000 was defeased in September 1990.
(6) A portion of the issue, $400,000 was defeased in September 1990.
(7) A portion of the issue, $375,000 was defeased in September 1991.
(8) The 1990 Subordinate Lien Bonds are issued on a draw basis.

e – Revenue Bond Indenture Requirements

The City is required by bond indentures to pledge the net revenues of the Utility Systems for the retirement of its outstanding revenue bonds, including interest thereon, and is required for such purpose to maintain debt service funds and bond reserve funds for all outstanding revenue bonds. The debt service funds, aggregating $80,218,703 at September 30, 1991, are restricted within the Utility Funds and require that the net revenues of the systems, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments that will accumulate to the semiannual principal and interest requirements as they become due.

The bond reserve fund for revenue bond retirement aggregating $175,906,849 at September 30, 1991, is also restricted within the Utility Funds. The City is required to maintain a Combined Reserve Fund for the benefit of the holders of Prior Lien Bonds and Subordinate Lien Bonds. Such fund must contain cash and investments of not less than $85,000,000, which shall be increased upon the issuance of any additional bonds to the greater of such amount or the average annual principal and interest requirements on all Prior Lien Bonds and Subordinate Lien Bonds. Additional amounts required to be deposited in the Reserve Fund must be funded from bond proceeds or accumulated in the Reserve Fund in equal monthly installments within 60 months from the date of delivery of the additional bonds. The City also covenants under the bond indentures that the custodian of the reserve fund shall be an official City depository and investment of the reserve fund shall be in direct or guaranteed obligations of the United States of America (USA), including obligations guaranteed by the USA, and certificates of deposit of any bank or trust company, the deposits of which are fully secured by a pledge or obligation of the USA or guaranteed by the USA. The revenue bond indentures also provide for a number of other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in various revenue bond indentures.

f – Refunds Payable on Construction Contracts

Refunds payable on construction contracts aggregating approximately $9,074,981 at September 30, 1991, excluding accrued interest, represent contractual obligations of the Water-

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

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

g – Water Improvement District Bonds

Water improvement district bonds, aggregating $1,432,000 at September 30, 1991, represent bonds assumed by the Waterworks and Sewer System Fund from annexation of surrounding communities. Total interest requirements aggregate $369,822. These bonds vary in interest rates from 4.87% to 5% and are payable serially in varying amounts to March 1, 2002. Average annual debt service requirements are $163,802.

h – Municipal Utility District Contracts Payable

See Note 18.

i – Certificates of Participation

In previous years, the City issued Certificates of Participation in the amounts of $23,060,000 and $14,000,000 for the lease purchase of office buildings for the Utilities. See Note 21d for further information.

j – Tax and Revenue Bonds

In May 1991, the City assumed $7,470,000 of tax and revenue bonds when it annexed the North Central Austin Growth Corridor MUD No. 1. In June, the City defeased $2,325,000 of Series 1984 Tax and Revenue Bonds with a cash payment of $2,607,829. An accounting loss of $405,681 was recognized on the defeasance. Total interest requirements on the remaining bonds aggregate $3,154,919. These bonds vary in interest rates from 6.37% to 6.88% and are amortized serially on February 1 and August 1 in varying amounts from 1992 to 2006. Average annual debt service requirements are $543,661.

13 – OTHER ENTERPRISE DEBT

a – Environmental and Conservation Services Fund

On September 1, 1984, the City issued $3,500,000 Combination Tax and Solid Waste Disposal System Subordinate Lien Revenue Certificates of Obligation. Such certificates were issued to provide funding for acquisition of land to be used as a sanitary landfill. The certificates matured on July 1, 1991.

In January 1989, the City issued an additional $5,600,000 Combination Tax and Solid Waste Disposal System Subordinate Lien Revenue Certificates of Obligation, Series 1989. Proceeds of the issue will be used to fund additional land acquisition costs. The Certificates mature on September 15 of each year from 1990 to 1999. Interest rates range from 6.6% to 10.6% and interest payments will be made on March 15 and September 15 of each year commencing September 15, 1989. Total interest requirements over the remaining life of the Certificates aggregate $1,604,848.

The Certificates are collateralized by future ad valorem tax levies and a subordinate lien on and pledge of the net revenues of the City's Solid Waste Disposal System, as defined in the ordinance authorizing issuance. The City intends to retire these Certificates wholly from net revenues of the Environmental and Conservation Services Fund.

b – Airport Fund - Airport System - Prior Lien Revenue Bonds, Series 1989

On September 1, 1989, the City issued $30,000,000 of Airport System Prior Lien Revenue Bonds. The bonds have an interest rate of 7.35%. Interest is payable semiannually on November 15 and May 15 of each year. Total interest requirements over the remaining life of the bonds aggregate $46,209,450.

The Series 1989 Bonds and any additional bonds hereafter issued, are special obligations of the City and are payable from and are equally and ratably collateralized solely by a first lien on the net revenues of the Airport System remaining after payment of operation and maintenance expenses and the monies on deposit in the Debt Service Fund and the Debt Service Reserve Fund. The City has no other revenue bonds outstanding payable from the revenues of the Airport System.

The Ordinance does not constitute a mortgage of any of the physical properties forming a part of the Airport System or create any lien thereon or collateral interest therein. The Series 1989 Bonds are not general obligations of the City, and neither the taxing power of the City nor the State of Texas is pledged as collateral.

The Debt Service Fund, with deposits of $924,343 at September 30, 1991, is restricted within the Airport Fund and requires that the net revenues of the system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semiannual principal and interest requirements as they become due.

The Bond Reserve Fund for revenue bond retirement, with deposits of $2,579,684 at September 30, 1991, is restricted within the Airport Fund. The City is required to maintain a Reserve Fund for the benefit of the holders of prior lien bonds. The Debt Service Reserve Fund requirement was initially funded at the time of issuance and delivery of the Series 1989 Bonds. Each increase in the Debt Service Reserve Fund requirement result-

13 - OTHER ENTERPRISE DEBT, continued

ing from any additional prior lien bonds shall be funded at the time of issuance and delivery of such bonds.

The revenue bond indentures also provide for a number of other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the revenue bond indentures.

The Airport System is currently comprised of the City's Mueller Airport located within the City limits of the City. In the mid 1980's the City commenced studies for a new airport site and on November 3, 1987, $728 million of airport revenue bonds were authorized for a new Airport near Manor, Texas. The Series 1989 Bonds were issued to begin design, development and construction of the new Airport. In 1990 Bergstrom Air Force Base was listed and subsequently determined to be closed by the Base Closure Commission in 1993. On December 17, 1992, the City Council resolved to abondon the Airport project near Manor, Texas, and expressed its intent not to issue the remaining $698 million of revenue bonds for such project. Studies are currently underway examining the feasibility of using the Bergstrom site for the new Airport. Unexpended proceeds of the Series 1989 Bonds will be used to call Series 1989 Bonds on November 15, 1995, as required by Internal Revenue Service regulations.

c - Convention Center

On July 29, 1989, $32,000,000 of Hotel Occupancy Revenue Bonds and $36,240,000 of Convention Center Revenue Bonds were authorized for new Convention Center construction.

On October 1, 1989, the City issued $32,000,000 of Hotel Occupancy Revenue Bonds, Series 1989A and $36,240,000 of Convention Center Revenue Bonds, Series 1989B. The proceeds of the Series 1989A Bonds, together with the 1989B Bonds, certain other available funds of the City and certain investment earnings are being used to pay the costs of land acquisition, planning and construction of a new convention center facility, to pay approximately 33 months of capitalized interest on the Series 1989A and Series 1989B Bonds, to establish a Debt Service Reserve Fund with respect to each of the Series 1989A Bonds and the Series 1989B Bonds and to pay costs of issuance of the Series 1989A and Series 1989B Bonds.

The Series 1989A Bonds interest rates range from 6.5% to 7.2%, and the Series 1989B interest rate is 8.25%. Interest is payable semiannually on November 15 and May 15 of each year. Total interest requirements over the remaining life of the bonds aggregate $36,344,368 for Series 1989A and $51,049,763 for Series 1989B.

The Series 1989A Bonds, together with any additional bonds hereafter issued, are special obligations of the City that are equally and ratably payable from and collateralized by a first lien on the pledged revenues. The pledged revenues consist primarily of that portion of the revenues derived by the City from its hotel occupancy tax levied pursuant to Chapter 351, Texas Tax Code, Vernon's Texas Code Annotated, as amended, which equals 4.5% of the consideration paid by occupants of sleeping rooms furnished by hotels located within the corporate limits of the City in which the cost of occupancy is $2.00 or more per day, together with certain investment earnings. The City, pursuant to the Ordinance, does not grant any lien on or collateral interest in, or any mortgage of any of the physical properties of the City.

The Series 1989B Bonds, together with any additional bonds hereafter issued, are special obligations of the City that are equally and ratably payable from and collateralized by a lien on the gross revenues. The gross revenues consist of net pledged hotel occupancy tax revenues, gross income and other revenues derived by the City from the operation and use of the Convention Center, certain investment earnings, and any additional revenues, receipts, or income hereafter pledged to the bonds in accordance with the ordinance. The City, pursuant to the ordinance, does not grant any lien on or collateral interest in, or any mortgage of any of the physical properties of the City.

The Series 1989A and Series 1989B Bonds do not constitute or create an indebtedness or general obligation of the City, and neither the taxing power of the City, except with respect to the pledged hotel occupancy tax revenues, nor the taxing power of the State of Texas is pledged as collateral.

The Debt Service Fund, with deposits of $2,692,363 in Series 1989A and $3,629,285 in Series 1989B at September 30, 1991, is restricted within the Convention Center and requires that an amount equal to the interest scheduled to accrue on the Series 1989A and Series 1989B Bonds until July 1, 1992, shall be deposited into a capitalized interest account established in the Debt Service Fund from the proceeds of the bonds. Monies credited to the Debt Service Fund are required to be used solely for the purpose of paying principal, interest and redemption premiums on the bonds, plus all bank charges and other costs and expenses relating to such payment. On or before each principal and/or interest payment date with respect to the bonds, the City is required to transfer to the appropriate paying agent/registrar amounts equal to the principal, premium, if any, and interest payable on the bonds on such date.

The Debt Service Reserve Fund, with deposits of $3,080,575 in Series 1989A and $3,595,702 in Series 1989B at September 30, 1991, is restricted within the Convention Center Fund. The City is required to maintain a Reserve Fund for the benefit of the holders of the bonds. The Debt Service Reserve Fund requirement was initially funded at the time of issuance and delivery of the Series 1989A and Series 1989B Bonds. Each increase in the Debt Service Reserve Fund requirement resulting from the issuance of additional bonds will be funded at the time of issuance and delivery of such bonds.

The revenue bond indentures also provide for various other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the revenue bond indentures.

14 – DEBT SERVICE REQUIREMENTS

The following is a summary of the City's debt service requirements for all funds at September 30, 1991:

	Utility Funds					Hospital	Environmental and Conservation Services	Airport	Convention Center		
Fiscal Year Ended September 30	Prior and Subordinate Lien Revenue Bonds	Municipal Utility District Contracts (1)	Assumed Water District Improvement Bonds	Assumed Tax and Revenue Bonds	Utility Debt Subtotal	Contractual Obligations	Certificates of Obligation	Prior Lien Revenue Bonds	Prior and Subordinate Lien Revenue Bonds	General Obligation Bonds	Total
1992	$ 220,125,414	10,582,088	244,579	512,874	231,464,955	378,816	787,243	2,205,000	5,207,765	55,963,968	296,007,747
1993	221,217,628	10,762,343	254,586	522,861	232,757,418	519,763	791,882	2,205,000	5,207,765	55,786,833	297,268,661
1994	227,012,636	10,810,084	153,779	505,630	238,482,129	540,550	793,718	2,205,000	5,207,765	54,441,508	301,670,670
1995	243,492,868	11,050,592	153,633	513,449	255,210,542	517,050	797,677	2,205,000	5,207,765	53,645,233	317,583,267
1996	242,082,639	11,158,872	152,272	529,499	254,923,282	543,525	798,633	2,205,000	6,129,628	52,273,653	316,873,721
1997	246,029,014	12,125,928	155,596	513,355	258,823,895	541,750	801,695	2,648,095	6,274,374	52,994,477	322,084,286
1998	246,183,593	12,512,867	157,400	522,095	259,375,955	537,500	801,500	2,643,183	6,698,359	51,982,448	322,038,945
1999	242,931,950	12,892,198	152,850	528,925	256,505,923	257,500	802,500	2,645,697	6,704,843	49,916,142	316,832,605
2000	244,229,444	13,102,245	121,875	543,825	257,997,389			2,635,640	6,709,445	48,572,378	315,914,852
2001	239,179,021	13,368,820	149,675	546,275	253,243,791			2,642,642	6,716,585	47,067,578	309,670,596
2002	235,876,619	12,726,887	105,575	546,900	249,255,981			2,636,338	6,720,186	45,928,790	304,541,295
2003	214,285,430	13,095,850		580,675	227,961,955			2,636,725	6,729,068	44,421,415	281,749,163
2004	227,604,504	13,256,363		575,925	241,436,792			2,633,437	6,736,094	44,294,763	295,101,086
2005	221,762,943	13,453,484		595,581	235,812,008			2,626,475	6,735,196	40,4[illegible]5	285,602,454
2006	215,815,804	13,497,252		617,050	229,930,106			2,625,470	6,741,220	37,916,725	277,213,521
2007	214,012,924	13,602,506			227,615,430			2,620,055	6,747,414	23,543,300	260,526,139
2008	187,909,805	13,792,054			201,701,859			2,619,862	6,752,206	13,500,163	224,574,090
2009	175,301,027	13,925,570			189,226,597			2,614,525	6,758,846	5,491,538	204,091,506
2010	174,116,747	14,055,381			188,172,128			2,613,675	6,760,582	2,668,750	20[illegible],215,135
2011	174,240,616	315,984			174,556,600			2,606,945	6,775,212		18[illegible],938,757
2012	168,482,418	312,362			168,794,780			2,603,967	6,790,775		178,[illegible]522
2013	164,315,138	312,450			164,627,588			2,594,375	6,810,419		174,[illegible]382
2014	143,805,003	311,062			144,116,065			2,587,800	7,214,982		153,[illegible]847
2015	143,060,404				143,060,404			2,583,507	7,297,637		152,94[illegible]548
2016	83,066,598				83,066,598			2,580,763			85,647,361
2017	63,946,325				63,946,325			2,578,830			66,525,155
2018	22,682,881				22,682,881			2,567,343			25,250,224
2019	13,239,850				13,239,850			2,555,933			15,795,783
2020	12,960,944				12,960,944			2,553,496			15,514,442
2021	9,041,725				9,041,725			2,529,670			11,571,395
Requirements at September 30, 1991	$ 5,239,011,912	241,023,242	1,801,822	8,154,919	5,489,991,895	3,836,454	6,374,848	76,209,450	155,634,131	780,898,437	6,512,945,215

(1) These amounts represent the contract revenue bonds and that portion of other debt outstanding at September 30, 1991 for which the City is liable (see Note 18).

14 – DEBT SERVICE REQUIREMENTS, continued

The following is a schedule of debt service requirements for the Utility Funds as of September 30, 1991:

Fiscal Year Ended September 30	Outstanding Prior Lien Bonds			Outstanding Subordinate Lien Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal (1)	Interest	Total
1992	$ 9,220,000	144,210,726	153,430,726	19,785,000	46,909,688	66,694,688	29,005,000	191,120,414	220,125,414
1993	10,875,000	143,846,703	154,721,703	22,040,000	44,455,925	66,495,925	32,915,000	188,302,628	221,217,628
1994	19,565,000	142,613,561	162,178,561	23,140,000	41,694,075	64,834,075	42,705,000	184,307,636	227,012,636
1995	39,632,200	140,504,205	180,136,405	24,630,000	38,726,463	63,356,463	64,262,200	179,230,668	243,492,868
1996	43,540,330	137,267,221	180,807,551	26,540,000	35,735,088	62,275,088	70,080,330	173,002,309	243,082,639
1997	50,230,580	133,705,659	183,936,239	29,360,000	32,732,775	62,092,775	79,590,580	166,438,434	246,029,014
1998	53,987,960	129,674,533	183,662,493	33,635,000	28,886,100	62,521,100	87,622,960	158,560,633	246,183,593
1999	57,512,460	125,469,002	182,981,462	35,720,000	24,230,488	59,950,488	93,232,460	149,699,490	242,931,950
2000	52,792,525	130,976,619	183,769,144	41,380,000	19,080,300	60,460,300	94,172,525	150,056,919	244,229,444
2001	51,365,742	132,226,692	183,592,434	42,295,000	13,291,588	55,586,588	93,660,742	145,518,280	239,179,021
2002	54,339,637	130,124,619	184,464,256	44,125,000	7,287,363	51,412,363	98,464,637	137,411,982	235,876,619
2003	66,209,643	127,221,037	193,430,680	18,475,000	2,379,750	20,854,750	84,684,643	129,600,787	214,285,430
2004	104,900,743	120,990,685	225,891,428	350,000	1,363,075	1,713,075	105,250,743	122,353,760	227,604,504
2005	115,068,325	104,981,343	220,049,668	370,000	1,343,275	1,713,275	115,438,325	106,324,618	221,762,943
2006	117,229,465	96,873,964	214,103,429	390,000	1,322,375	1,712,375	117,619,465	98,196,339	215,815,804
2007	123,403,559	88,896,990	212,302,549	410,000	1,300,375	1,710,375	123,813,559	90,199,365	214,012,924
2008	105,744,527	80,516,353	186,260,880	370,000	1,278,925	1,648,925	106,114,527	81,795,278	187,909,805
2009	100,821,408	73,210,869	174,032,277	—	1,268,750	1,268,750	100,821,408	74,479,619	175,301,027
2010	106,940,053	65,907,944	172,847,997	—	1,268,750	1,268,750	106,940,053	67,176,694	174,116,747
2011	114,836,275	58,135,591	172,971,866	—	1,268,750	1,268,750	114,836,275	59,404,341	174,240,616
2012	117,474,215	49,739,453	167,213,668	—	1,268,750	1,268,750	117,474,215	51,008,203	168,482,418
2013	121,963,012	41,083,376	163,046,388	—	1,268,750	1,268,750	121,963,012	42,352,126	164,315,138
2014	118,430,000	24,108,253	142,536,253	—	1,268,750	1,268,750	118,430,000	25,375,003	143,805,003
2015	120,618,885	21,172,769	141,791,654	—	1,268,750	1,268,750	120,618,885	22,441,519	143,060,404
2016	49,937,916	14,369,307	64,307,223	18,125,000	634,375	18,759,375	68,062,916	15,003,682	83,066,598
2017	53,316,905	10,629,420	63,946,325	—	—	—	53,316,905	10,629,420	63,946,325
2018	14,794,130	7,888,751	22,682,881	—	—	—	14,794,130	7,888,751	22,682,881
2019	11,470,000	1,769,850	13,239,850	—	—	—	11,470,000	1,769,850	13,239,850
2020	11,895,000	1,065,944	12,960,944	—	—	—	11,895,000	1,065,944	12,960,944
2021	8,540,000	501,725	9,041,725	—	—	—	8,540,000	501,725	9,041,725
Requirements at September 30, 1991	$ 2,026,655,495	2,479,683,164	4,506,338,659	381,140,000	351,533,253	732,673,253	2,407,795,495	2,831,216,417	5,239,011,912

(1) Principal is due annually on November 15 or May 15, according to the dates the bonds were sold, and interest is due semiannually on November 15 and May 15. Interest rates on revenue bonds outstanding range from 5.0% to 14.0%.

14 - DEBT SERVICE REQUIREMENTS, continued

The following schedule represents the debt service requirements at September 30, 1991, for the Environmental and Conservation Services Fund – Revenue Certificates of Obligation:

Fiscal Year Ended September 30	Certificates of Obligation		
	Principal	Interest	Total
1992	$ 460,000	327,243	787,243
1993	495,000	296,882	791,882
1994	530,000	263,718	793,718
1995	570,000	227,677	797,677
1996	610,000	188,633	798,633
1997	655,000	146,695	801,695
1998	700,000	101,500	801,500
1999	750,000	52,500	802,500
	$ 4,770,000	1,604,848	6,374,848

The following schedule represents the debt service requirements at September 30, 1991, for assumed Water Improvement District Bonds:

Fiscal Year Ended September 30	Principal	Interest	Total
1992	$ 176,000	68,579	244,579
1993	195,000	59,586	254,586
1994	104,000	49,779	153,779
1995	109,000	44,633	153,633
1996	113,000	39,272	152,272
1997	122,000	33,598	155,598
1998	130,000	27,400	157,400
1999	132,000	20,850	152,850
2000	107,000	14,875	121,875
2001	141,000	8,675	149,675
2002	103,000	2,575	105,575
	$ 1,432,000	369,822	1,801,822

Outstanding Hospital Fund Public Property Finance Contractual Obligations at September 30, 1991, are as follows:

Fiscal Year Ended September 30	Principal (1)	Interest	Total
1992	$ 175,000	203,816	378,816
1993	350,000	169,763	519,763
1994	400,000	140,550	540,550
1995	400,000	117,050	517,050
1996	450,000	93,525	543,525
1997	475,000	66,750	541,750
1998	500,000	37,500	537,500
1999	250,000	7,500	257,500
	$ 3,000,000	836,454	3,836,454

(1) Principal and interest are due annually on May 1 and November 1. Interest rates range from 5.50% to 8.50%.

The following schedule represents the Water and Wastewater funds debt service requirements at September 30, 1991, for assumed North Central Austin Growth Corridor MUD #1 Unlimited Tax and Revenue Bonds, Series 1986 and 1987.

Fiscal Year Ended September 30	Principal	Interest	Total
1992	$ 170,000	342,874	512,874
1993	195,000	327,861	522,861
1994	195,000	310,630	505,630
1995	220,000	293,449	513,449
1996	255,000	274,499	529,499
1997	255,000	258,355	513,355
1998	280,000	242,095	522,095
1999	305,000	223,925	528,925
2000	340,000	203,825	543,825
2001	365,000	181,275	546,275
2002	390,000	156,900	546,900
2003	450,000	130,675	580,675
2004	475,000	100,925	575,925
2005	525,000	70,581	595,581
2006	580,000	37,050	617,050
	$ 5,000,000	3,154,919	8,154,919

The following schedule represents the debt service requirements at September 30, 1991, for the Airport Fund - Prior Lien Revenue Bonds:

Fiscal Year Ended September 30	Prior Lien Revenue Bonds		
	Principal	Interest	Total
1992	$ ----	2,205,000	2,205,000
1993	----	2,205,000	2,205,000
1994	----	2,205,000	2,205,000
1995	----	2,205,000	2,205,000
1996	----	2,205,000	2,205,000
1997	460,000	2,188,095	2,648,095
1998	490,000	2,153,183	2,043,183
1999	530,000	2,115,697	2,645,697
2000	560,000	2,075,640	2,635,640
2001	610,000	2,032,642	2,642,642
2002	650,000	1,986,338	2,636,338
2003	700,000	1,936,725	2,636,725
2004	750,000	1,883,437	2,633,437
2005	800,000	1,826,475	2,626,475
2006	860,000	1,765,470	2,625,470
2007	920,000	1,700,055	2,620,055
2008	990,000	1,629,862	2,619,862
2009	1,060,000	1,554,525	2,614,525
2010	1,140,000	1,473,675	2,613,675
2011	1,220,000	1,386,945	2,606,945
2012	1,310,000	1,293,967	2,603,967
2013	1,400,000	1,194,375	2,594,375
2014	1,500,000	1,087,800	2,587,800
2015	1,610,000	973,507	2,583,507
2016	1,730,000	850,763	2,580,763
2017	1,860,000	718,830	2,578,830
2018	1,990,000	577,343	2,567,343
2019	2,130,000	425,933	2,555,933
2020	2,290,000	263,498	2,553,498
2021	2,440,000	89,670	2,529,670
	$ 30,000,000	46,209,450	76,209,450

14 – DEBT SERVICE REQUIREMENTS, continued

The following is a schedule of debt service requirements for the Convention Center Funds at September 30, 1991:

Fiscal Year Ended September 30	Outstanding Prior Lien Bonds			Outstanding Subordinate Lien Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal (1)	Interest	Total
1992	$	2,217,965	2,217,965		2,989,800	2,989,800		5,207,765	5,207,765
1993		2,217,965	2,217,965		2,989,800	2,989,800		5,207,765	5,207,765
1994		2,217,965	2,217,965		2,989,800	2,989,800		5,207,765	5,207,765
1995		2,217,965	2,217,965		2,989,800	2,989,800		5,207,765	5,207,765
1996	715,000	2,194,728	2,909,728	240,000	2,979,900	3,219,900	955,000	5,174,628	6,129,628
1997	770,000	2,146,080	2,916,080	405,000	2,953,294	3,358,294	1,175,000	5,099,374	6,274,374
1998	830,000	2,092,865	2,922,865	875,000	2,900,494	3,775,494	1,705,000	4,993,359	6,698,359
1999	895,000	2,034,630	2,929,630	950,000	2,825,213	3,775,213	1,845,000	4,859,843	6,704,843
2000	965,000	1,970,908	2,935,908	1,030,000	2,743,537	3,773,537	1,995,000	4,714,445	6,709,445
2001	1,040,000	1,901,735	2,941,735	1,120,000	2,654,850	3,774,850	2,160,000	4,556,585	6,716,585
2002	1,120,000	1,826,655	2,946,655	1,215,000	2,558,531	3,773,531	2,335,000	4,385,186	6,720,186
2003	1,210,000	1,745,105	2,955,105	1,320,000	2,453,963	3,773,963	2,530,000	4,199,068	6,729,068
2004	1,305,000	1,655,775	2,960,775	1,435,000	2,340,319	3,775,319	2,740,000	3,996,094	6,736,094
2005	1,405,000	1,558,215	2,963,215	1,555,000	2,216,981	3,771,981	2,960,000	3,775,196	6,735,196
2005	1,515,000	1,453,095	2,968,095	1,690,000	2,083,125	3,773,125	3,205,000	3,536,220	6,741,220
2007	1,635,000	1,339,695	2,974,695	1,835,000	1,937,719	3,772,719	3,470,000	3,277,414	6,747,414
2008	1,760,000	1,217,475	2,977,475	1,995,000	1,779,731	3,774,731	3,755,000	2,997,206	6,752,206
2009	1,900,000	1,085,715	2,985,715	2,165,000	1,608,131	3,773,131	4,065,000	2,693,846	6,758,846
2010	2,045,000	943,695	2,988,695	2,350,000	1,421,887	3,771,887	4,395,000	2,365,582	6,760,582
2011	2,205,000	795,656	3,000,656	2,555,000	1,219,556	3,774,556	4,760,000	2,015,212	6,775,212
2012	2,375,000	641,081	3,016,081	2,775,000	999,694	3,774,694	5,150,000	1,640,775	6,790,775
2013	2,565,000	474,356	3,039,356	3,010,000	761,063	3,771,063	5,575,000	1,235,419	6,810,419
2014	2,765,000	294,469	3,059,469	3,670,000	485,513	4,155,513	6,435,000	779,982	7,214,982
2015	2,980,000	100,575	3,080,575	4,050,000	167,062	4,217,062	7,030,000	267,637	7,297,637
Requirements at September 30, 1991	$ 32,000,000	36,344,368	68,344,368	6,240,000	51,049,763	87,289,763	68,240,000	87,394,131	155,634,131

(1) Principal is due annually on November 15 or May 15, according to the dates the bonds were sold, and interest is due semiannually on November 15 and May 15. Interest rates on revenue bonds outstanding range from 6.5% to 8.25%.

14 – DEBT SERVICE REQUIREMENTS, continued

Outstanding General Obligation Bonds of the City at September 30, 1991 are as follows:

Fiscal Year Ended September 30	Enterprise General Obligation Bonds			General Long-Term Debt Account Group			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal (1)	Interest	Total
1992	$ 4,342,658	3,417,239	7,759,897	22,412,342	25,791,729	48,204,071	26,755,000	29,208,968	55,963,963
1993	4,614,220	3,047,957	7,662,177	24,225,780	23,898,876	48,124,656	28,840,000	26,946,833	55,786,833
1994	4,719,025	2,664,868	7,433,893	25,170,975	21,836,640	47,007,615	29,940,000	24,501,508	54,441,508
1995	2,749,287	4,507,630	7,256,917	18,094,887	28,293,429	46,388,316	20,844,174	32,801,059	53,645,233
1996	2,563,598	4,423,011	6,986,609	17,818,636	27,468,408	45,287,044	20,382,234	31,891,419	52,273,653
1997	2,415,143	4,348,293	6,763,436	17,455,549	28,775,492	46,231,041	19,870,692	33,123,785	52,994,477
1998	2,322,925	4,173,120	6,496,045	17,425,673	28,060,730	45,486,403	19,748,598	32,233,850	51,982,448
1999	2,179,004	3,846,867	6,025,871	17,150,811	26,739,460	43,890,271	19,329,815	30,586,327	49,916,142
2000	2,128,043	3,589,339	5,717,382	17,238,531	25,616,465	42,854,996	19,366,574	29,205,804	48,572,378
2001	3,670,279	1,716,238	5,386,517	26,794,721	14,886,340	41,681,061	30,465,000	16,602,578	47,067,578
2002	3,687,512	1,451,123	5,138,635	27,802,488	12,987,667	40,790,155	31,490,000	14,438,790	45,928,790
2003	3,560,766	1,180,095	4,740,861	28,709,234	10,971,320	39,680,554	32,270,000	12,151,415	44,421,415
2004	3,313,173	914,979	4,228,152	31,186,827	8,879,784	40,066,611	34,500,000	9,794,763	44,294,763
2005	2,878,565	668,494	3,547,059	30,296,435	6,645,281	36,941,716	33,175,000	7,313,775	40,488,775
2006	2,485,583	458,906	2,944,489	30,404,417	4,567,819	34,972,236	32,890,000	5,026,725	37,916,725
2007	2,480,598	284,504	2,765,102	18,219,402	2,558,796	20,778,198	20,700,000	2,843,300	23,543,300
2008	1,342,468	150,369	1,492,837	10,807,532	1,199,794	12,007,326	12,150,000	1,350,163	13,500,163
2009	941,369	71,361	1,012,730	4,028,631	450,177	4,478,808	4,970,000	521,538	5,491,538
2010	534,304	19,103	553,407	1,955,696	149,647	2,115,343	2,500,000	168,750	2,668,750
Requirements at September 30, 1991	$ 52,978,520	40,933,496	93,912,016	387,208,567	299,777,854	686,986,421	440,187,087	340,711,350	780,898,437

(1) Principal is due annually on July 1 or September 1, according to the dates the bonds were sold, and interest is due semiannually on March 1 and September 1 or January 1 and July 1, depending on the issue, at interest rates ranging from 6.30% to 12.00%.

15 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 1991, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund		
Due from debt service fund	$ 353,864	----
Enterprise funds:		
Due from transportation fund	10,000	----
Debt Service Fund		
Due to general fund	----	353,864
Enterprise Funds		
Hospital fund		
Due to trust and agency funds	----	1,108,000
Transportation fund		
Due to general fund	----	10,000
Trust and Agency Funds		
Expendable trusts funds:		
Due from hospital fund	1,108,000	----
	$ 1,471,864	1,471,864

16 – INTERFUND TRANSFERS

a – Operating Transfers

Operating transfers between funds during the year were as follows:

	Operating Transfers In	Operating Transfers Out
Governmental		
General Fund	$ 65,543,206	15,835,001
Special Revenue Funds	5,183,885	14,348,186
Debt Service Fund	2,669,100	----
Capital Projects Funds	3,502,028	4,805,282
Enterprises		
Utility Funds	----	66,683,196
Hospital Fund	8,024,000	289,906
Environmental & Conservation Services Fund	1,017,999	422,238
Softball Fund	----	5,004
Golf Fund	----	84,240
Tennis Fund	----	23,333
Airport Fund	----	285,631
Convention Center Fund	8,215,756	264,261
Drainage Fund	6,016	269,074
Internal Service		
General Services Fund	5,537,866	826,834
Trust and Agency		
Expendable Trust Funds	4,702,581	260,253
	$ 104,402,439	104,402,439

e more significant operating transfers include the following:

Operating Transfers In	Operating Transfers Out	Amount
General Fund	Utility Funds	$ 63,054,576
	Environmental & Conservation Services Fund	422,238
	Airport Fund	285,631
	Convention Center Fund	256,354
	Drainage Fund	200,000
	General Services Fund	695,454
	Liability Reserve Fund	260,253
Other Special Revenue Funds:		
Brown & Root Conservation Fund	Special Revenue Funds	3,725,000
PARD Cultural Projects Fund	Special Revenue Funds	1,274,068
Debt Service Fund	Capital Projects Funds	2,650,000
Capital Projects Funds	Other Special Revenue Funds:	
	Subdivision Participation Fund	686,000
	Capital Projects Funds:	
	Other Funds	1,107,238
Enterprise Funds:		
Hospital Fund	General Fund	8,024,000
Environmental & Conservation Services Fund	General Fund	1,017,999
Convention Center Fund	Special Revenue Funds	8,215,756
Internal Service Funds:		
General Services Fund	General Fund	3,762,866
	Utility Funds	1,775,000
Trust and Agency Funds:		
Liability Reserve Fund	Utility Funds	1,000,000
Workers Compensation Fund	General Fund	2,370,136
	Utility Funds	680,417
	Hospital Fund	289,906

b – Residual Equity Transfers

Residual equity transfers between funds during the year were as follows:

	Residual Equity Transfers In	Residual Equity Transfers Out
Governmental		
General Fund	$ ----	287,482
Special Revenue Funds:		
Other Special Revenue Funds	----	4,529,940
Austin Convention and Visitor's Bureau Fund	----	332,535
Proprietary Funds		
Enterprise Funds:		
Utility Funds	----	855,203
Convention Center Fund	4,862,475	----
Internal Service Funds:		
General Services Fund	1,142,685	----
	$ 6,005,160	6,005,160

Certain prior year accounts relating to residual equity transfers and contributed capital have been restated to conform to generally accepted accounting principles and to maintain comparability.

17 - SEGMENT INFORMATION

a - Enterprise Fund Activities

The City maintains ten Enterprise Funds, which provide electric, water and sewer, health care, environmental and conservation, golf, tennis, softball, airport, convention, and drainage services. The first three services are provided by the Electric Light and Power System Fund and the Waterworks and Sewer System Fund. Segment information for the year ended September 30, 1991, is as follows (in thousands of dollars):

	Electric System Fund	Waterworks & Sewer System Fund	Hospital Fund	Other Enterprise Funds	Total Enterprise Funds
Operating revenues	$ 422,466	149,350	111,021	42,046	724,883
Depreciation and amortization expense	51,431	19,415	4,977	4,933	80,756
Operating income (loss)	153,958	64,191	4,836	3,665	226,650
Operating transfers in	----	----	8,024	9,240	17,264
Operating transfers out	55,170	11,513	290	1,354	68,327
Net income (loss)	(5,123)	4,848	9,629	13,410	22,764
Current assets	116,054	27,366	33,048	15,898	192,366
Current liabilities	27,056	12,970	39,613	4,025	83,664
Net working capital surplus (deficit)	88,998	14,396	(6,565)	11,873	108,702
Property, plant and equipment:					
Additions	56,883	77,391	6,784	37,912	178,970
Retirements	1,036	537	----	3,311	4,884
Transfers from (to) other funds	167	148	----	1,061	1,376
Net property, plant and equipment	1,656,791	1,118,789	79,043	122,848	2,977,471
Total assets	2,257,111	1,393,864	120,596	246,203	4,017,774
Bond, restricted, and other long-term liabilities	$1,802,365	900,152	51,929	117,206	2,871,652
Current capital contributions	2,029	6,105	638	6,694	15,466
Total equity	427,690	480,742	29,051	124,971	1,062,454

b - Proprietary Fund Contributed Capital

The following table summarizes activity in contributed capital for the year ended September 30, 1991:

		Contribution Type						
	Balance September 30, 1990	(To) From Municipality	From Donors	From Other Governments	In Aid of Construction	Residual Equity Transfers	Depreciation Taken	Balance September 30, 1991
Utility funds	$ 299,469,208	1,214,344	----	528,691	6,391,098	----	(10,688,938)	296,914,403
Hospital fund	9,926,948	----	638,371	----	----	----	----	10,565,319
Environmental and conservation services fund	272,513	758,901	----	----	----	----	----	1,031,414
Golf fund	1,004,348	----	----	----	----	----	----	1,004,348
Tennis fund	1,881,461	----	----	----	----	----	----	1,881,461
Airport fund	17,207,181	(56,699)	----	1,728,360	----	----	(881,628)	17,997,214
Convention center fund	15,578,874	(330)	----	----	----	4,862,475	----	20,441,019
Drainage fund	388,783	282,743	----	----	----	----	----	671,526
General services fund	8,026,388	(2,137,009)	----	----	----	1,142,685	----	7,032,064
Total	$ 353,755,704	61,950	638,371	2,257,051	6,391,098	6,005,160	(11,570,566)	357,538,768

18 – JOINT OPERATIONS

The City has entered into several participating agreements on joint projects. In accordance with NCGA Statement 7, Financial Reporting for Component Units within the Governmental Reporting Entity, such joint operations have been evaluated to determine under the criteria set forth in NCGA Statement 3 (see Note 1) which fall within the definition of the reporting entity. The following joint operations meet the criteria for inclusion in the reporting entity and are included (combined) in the City's financial statements. The South Texas Project (see Note 19) also meets the criteria for inclusion and is included in the City's financial statements.

a – Fayette Power Project

The Fayette Power Project (the "Project", Units I and II) is an equal partnership between the City and the Lower Colorado River Authority (LCRA, Project Manager) – each participant owns a 50% share. This is a joint venture for operation of two coal-fired electric power generation units with a net capacity of 1,100 megawatts. Each partner's actual equity in the Project may vary from 50% depending on the percentage of kilowatt hours produced by the Project used by each partner.

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

The following is a summary of financial information taken from the Project's audited financial statements, dated June 30, 1991 and 1990, the Project's fiscal year end. These statements were not examined by the City's auditors.

Amounts presented are in thousands of dollars.

	June 30, 1991			June 30, 1990		
	Total	COA	LCRA	Total	COA	LCRA
Assets	$ 86,474	33,908	52,566	69,742	25,074	44,668
Liabilities	13,122	5,056	8,066	11,403	4,602	6,801
Equity	73,352	30,398	42,954	58,339	22,209	36,130
Revenues	2,238	1,158	1,080	3,463	1,788	1,675
Expenses	176,331	61,887	114,444	175,421	62,355	113,066
Net Expenses Incurred	$ 174,093	60,729	113,364	171,958	60,567	111,391

b – Utility Construction Contracts with Municipal Utility Districts

The City has certain contractual commitments with several Municipal Utility Districts (MUDs) for the construction of certain additions, improvements and extensions of the City's Waterworks and Sewer System. These MUDs are authorized to issue contract revenue bonds to finance the construction of such improvements. The City's commitment exists in either of two forms:

(1) The City becomes the owner of the improvements upon completion of the construction and makes payments equal to debt service on the MUDs' bonds. Sources of such payment are MUD customers' user fees, surplus net revenues of the City's Waterworks and Sewer System and, if necessary, City ad valorem taxes.

(2) The City makes payments equal to the principal only on the MUDs' bonds from the same sources mentioned above. The utility construction contract between the MUDs and the City provides that the City will own and operate the water and wastewater improvements upon completion of construction, retirement of all bonds, or upon annexation of the MUDs.

Under these contracts, the MUDs have issued $202,055,000 City of Austin, Texas Contract Revenue Bonds (original issues) to provide funding for construction costs of the contract facilities. Certain Contract Revenue Bonds have been refunded, defeased, and assumed (MUD annexation) leaving bonds outstanding of $130,495,000.

The Springwoods MUD defeased the remaining $445,000 of the Series 1982 Contract Revenue Bonds in October 1990. Surplus escrow funds were allocated 40% to the MUD and 60% to the City of Austin. The City received $529,735 from this defeasance. The MUD plans to construct a park on MUD-owned land with its share of the excess funds.

In May 1991, the City annexed the North Central Austin Growth Corridor MUD No. 1. In July, the City issued $57,080,000 in Revenue Refunding Bonds, Series 1991A. Proceeds from the sale were used to defease in-substance $54,640,000 of the District's City of Austin Contract Revenue Refunding Bonds, Series 1985. The refunding resulted in an economic savings of $4,386,994.

In July 1991, the Circle C MUD No. 3 issued $34,240,000 in Contract Revenue Refunding Bonds Series 1991. Proceeds from the sale were used to defease in-substance $35,375,000 of the District's City of Austin Contract Revenue Bonds, Series 1986. The refunding resulted in an economic savings of $1,021,010.

In September 1991, the Southland Oaks MUD issued $[illegible],255,000 in Contract Revenue Refunding Bonds Series 1991. Proceeds from the sale were used to defease in-substance $30,350,000 of the District's City of Austin Contract Revenue Bonds, Series 1986. The refunding resulted in an economic savings of $1,020,906.

18 – JOINT OPERATIONS, continued

In September 1991, the Village at Western Oaks MUD issued $23,350,000 in contract Revenue Refunding Bonds Series 1991. Proceeds from the sale were used to defease in-substance $22,500,000 of the District's City of Austin Contract Revenue Bonds, Series 1986. The refunding resulted in an economic savings of $756,086.

The bonds are limited obligations of the MUDs payable from and collateralized by a first lien on and pledge of payments to be made by the City pursuant to the utility construction contracts wherein the City has agreed to make semiannual payments in amounts sufficient to pay principal and interest on the bonds when due. A substantial portion of these bonds is collateralized by a subordinate lien on and pledge of the net revenues of the City's Waterworks and Sewer System on a parity with all subordinate lien revenue bonds. The remainder of the bonds are collateralized by a pledge of surplus net revenues of such system and, if necessary, ad valorem City taxes.

To the limited extent of the MUDs' obligation to pay a pro rata share of debt service, the bonds are additionally collateralized by a payable from a levy by the MUD of an annual ad valorem tax without limit as to rate or amount upon all taxable property within the MUD.

Upon completion of the contract facilities, the City's investment in the MUDs will be reclassified as property, plant and equipment.

Following is a schedule of outstanding contract revenue bonds at September 30, 1991, and related debt service requirements (including amounts outstanding for which the City is not liable):

	Outstanding Bonds at September 30, 1991	Aggregate Debt Service Requirements
Wells Branch MUD (formerly North Austin Growth Corridor MUD #1)	$ 5,720,000	8,277,577
South Austin Growth Corridor MUD #1	1,350,000	2,295,319
North Austin MUD #1	18,755,000	34,599,116
Circle C MUD #3	34,240,000	62,400,041
Circle C MUD #4	3,300,000	7,027,325
Southland Oaks MUD	23,255,000	43,830,764
Maple Run at Austin MUD	20,525,000	41,076,269
Village at Western Oaks MUD	23,350,000	41,516,831
	$ 130,495,000	241,023,242

18 – JOINT OPERATIONS, continued

At the time of preparation of these financial statements, financial information was available for a number of the MUDs. The following information is taken from the most recent audited financial statements which are for the fiscal year ended September 30, 1990:

	MUD Fiscal Year Ended September 30, 1990								
	North Austin MUD No. 1	Wells Branch MUD (formerly N. Austin Growth Corridor MUD # 1	South Austin Growth Corridor MUD No. 1	Circle C MUD No. 3	Southland Oaks MUD	Maple Run at Austin MUD	Village at Western Oaks MUD	Circle C MUD #4	Total
Assets	$ 49,899,183	25,688,049	10,349,501	34,091,036	17,788,298	49,181,428	26,578,053	3,630,708	217,206,256
Liabilities	26,743,805	12,356,357	8,223,485	37,100,999	3,102,499	24,895,988	24,568,813	3,495,710	140,487,656
Equity	$ 23,155,378	13,331,692	2,126,016	(3,009,963)	14,685,799	24,285,440	2,009,240	134,998	76,718,600

18 – JOINT OPERATIONS, continued

The following table presents total debt service requirements on contract revenue bonds outstanding at September 30, 1991:

Fiscal Year Ended Sept. 30	Wells Branch MUD (formerly North Austin Growth Corridor MUD #1)			South Austin Growth Corridor MUD #1			North Austin MUD #1		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1992	$ 320,000	424,643	744,643	50,000	112,163	162,163	425,000	1,352,360	1,777,360
1993	350,000	387,343	737,343	50,000	107,413	157,413	460,000	1,318,470	1,778,470
1994	400,000	348,818	748,818	50,000	102,663	152,663	495,000	1,280,983	1,775,983
1995	530,000	322,418	852,418	75,000	96,725	171,725	555,000	1,238,669	1,793,669
1996	570,000	286,907	856,906	75,000	89,787	164,787	615,000	1,190,196	1,805,196
1997	610,000	248,147	858,147	75,000	83,375	158,375	675,000	1,135,427	1,810,427
1998	645,000	206,362	851,362	75,000	77,244	152,244	740,000	1,077,825	1,817,825
1999	705,000	161,857	866,857	100,000	69,950	169,950	795,000	1,021,745	1,816,745
2000	765,000	112,507	877,507	100,000	61,500	161,500	845,000	964,953	1,809,953
2001	825,000	58,575	883,575	125,000	51,875	176,875	920,000	903,390	1,823,390
2002	—	—	—	125,000	41,062	166,062	990,000	836,292	1,826,292
2003	—	—	—	150,000	29,062	179,062	1,080,000	763,325	1,843,325
2004	—	—	—	150,000	16,875	166,875	1,140,000	684,785	1,824,785
2005	—	—	—	150,000	5,625	155,625	1,230,000	600,650	1,830,650
2006	—	—	—	—	—	—	1,335,000	509,259	1,844,259
2007	—	—	—	—	—	—	1,435,000	410,231	1,845,231
2008	—	—	—	—	—	—	1,555,000	303,339	1,858,339
2009	—	—	—	—	—	—	1,670,000	188,045	1,858,045
2010	—	—	—	—	—	—	1,795,000	64,171	1,859,171
2011	—	—	—	—	—	—	—	—	—
2012	—	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—	—
2014	—	—	—	—	—	—	—	—	—
Total	$ 5,720,000	2,557,577	8,277,577	1,350,000	945,319	2,295,319	18,755,000	15,844,115	34,599,115

18 – JOINT OPERATIONS, continued

Fiscal Year Ended Sept. 30	Circle C MUD #3			Circle MUD #4			Southland Oaks MUD		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1992	$ 750,000	1,990,547	2,740,547	—	243,375	243,375	—	1,117,267	1,117,267
1993	495,000	2,145,261	2,640,261	—	243,375	243,375	—	1,489,669	1,489,689
1994	535,000	2,119,461	2,654,461	—	243,375	243,375	—	1,489,689	1,489,689
1995	605,000	2,088,780	2,693,780	75,000	240,609	315,609	—	1,489,689	1,489,689
1996	670,000	2,052,880	2,722,880	85,000	234,709	319,709	—	1,489,689	1,489,689
1997	825,000	2,009,280	2,834,280	90,000	228,256	318,256	305,000	1,480,920	1,785,920
1998	990,000	1,954,748	2,944,748	95,000	221,434	316,434	600,000	1,454,151	2,054,151
1999	1,170,000	1,887,698	3,057,698	100,000	214,244	314,244	855,000	1,410,501	2,265,501
2000	1,365,000	1,807,163	3,172,163	110,000	206,500	316,500	970,000	1,355,266	2,325,266
2001	1,580,000	1,712,133	3,292,133	120,000	198,019	318,019	1,100,000	1,291,581	2,391,581
2002	1,820,000	1,600,722	3,420,722	125,000	188,934	313,984	1,270,000	1,217,794	2,487,794
2003	2,065,000	1,470,969	3,535,969	135,000	179,397	314,397	1,575,000	1,127,903	2,702,903
2004	2,335,000	1,322,469	3,657,469	145,000	169,072	314,072	1,735,000	1,021,313	2,756,313
2005	2,555,000	1,157,431	3,712,431	155,000	158,009	313,009	1,955,000	901,388	2,856,388
2006	2,820,000	979,550	3,799,550	170,000	146,025	316,025	2,140,000	768,300	2,908,300
2007	3,030,000	789,425	3,819,425	180,000	133,119	313,119	2,350,000	622,375	2,972,375
2008	3,275,000	584,512	3,859,512	195,000	119,291	314,291	2,575,000	462,312	3,037,312
2009	3,540,000	363,025	3,903,025	210,000	104,356	314,356	2,800,000	287,625	3,087,625
2010	3,815,000	123,987	3,938,987	225,000	88,316	313,316	3,025,000	98,312	3,123,312
2011	—	—	—	245,000	70,984	315,984	—	—	—
2012	—	—	—	260,000	52,363	312,363	—	—	—
2013	—	—	—	280,000	32,450	312,450	—	—	—
2014	—	—	—	300,000	11,063	311,063	—	—	—
Total	$ 34,240,000	28,160,041	62,400,041	3,300,000	3,727,325	7,027,325	23,255,000	20,575,764	43,830,764

18 – JOINT OPERATIONS, continued

Fiscal Year Ended Sept.30	Maple Run at Austin MUD			Village at Western Oaks MUD			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1992	$ 400,000	1,649,713	2,049,713	665,000	1,082,021	1,747,021	2,610,000	7,972,088	10,582,088
1993	450,000	1,618,463	2,068,463	220,000	1,427,330	1,647,330	2,025,000	8,737,343	10,762,343
1994	500,000	1,584,588	2,084,588	245,000	1,415,509	1,660,509	2,225,000	8,585,084	10,810,084
1995	525,000	1,546,775	2,071,775	260,000	1,401,928	1,661,928	2,625,000	8,425,592	11,050,592
1996	600,000	1,503,838	2,103,838	310,000	1,385,865	1,695,865	2,925,000	8,233,872	11,158,872
1997	650,000	1,454,588	2,104,588	905,000	1,350,934	2,255,934	4,135,000	7,990,928	12,125,928
1998	700,000	1,400,587	2,100,587	980,000	1,295,515	2,275,515	4,825,000	7,687,867	12,512,867
1999	775,000	1,341,587	2,116,587	1,050,000	1,234,615	2,284,615	5,550,000	7,342,198	12,892,198
2000	850,000	1,276,162	2,126,162	1,145,000	1,168,133	2,313,193	6,150,000	6,952,245	13,102,245
2001	950,000	1,203,262	2,153,262	1,235,000	1,094,985	2,329,985	6,855,000	6,513,820	13,368,820
2002	1,050,000	1,121,737	2,171,737	1,325,000	1,015,294	2,340,294	6,705,000	6,021,887	12,726,887
2003	1,150,000	1,031,250	2,181,250	1,410,000	928,944	2,338,944	7,565,000	5,530,850	13,095,850
2004	1,250,000	932,250	2,182,250	1,520,000	834,600	2,354,600	8,275,000	4,981,363	13,256,363
2005	1,375,000	823,969	2,198,969	1,655,000	731,412	2,386,412	9,075,000	4,378,484	13,453,484
2006	1,525,000	704,344	2,229,344	1,780,000	619,775	2,399,775	9,770,000	3,727,252	13,497,252
2007	1,675,000	572,344	2,247,344	1,905,000	500,012	2,405,012	10,575,000	3,027,506	13,602,506
2008	1,850,000	426,937	2,276,937	2,075,000	370,662	2,445,662	11,525,000	2,267,054	13,792,054
2009	2,025,000	267,094	2,292,094	2,240,000	230,425	2,470,425	12,485,000	1,440,570	13,925,570
2010	2,225,000	91,781	2,316,781	2,425,000	78,812	2,503,812	13,510,000	545,381	14,055,381
2011	—	—	—	—	—	—	245,000	70,984	315,984
2012	—	—	—	—	—	—	260,000	52,362	312,362
2013	—	—	—	—	—	—	280,000	32,450	312,450
2014	—	—	—	—	—	—	300,000	11,062	311,062
Total	$ 20,525,000	20,551,269	41,076,269	23,350,000	18,166,831	41,516,831	130,495,000	110,523,242	241,023,242

18 – JOINT OPERATIONS, continued

c – Brushy Creek

On December 16, 1985, the City of Austin entered into a contract with the Brushy Creek Water Control and Improvement District No. 1 of Williamson and Milam Counties (the District) and three other entities: the City of Round Rock, Williamson County MUD No. 2 and Williamson County MUD No. 3. This contract provides for joint funding of a regional wastewater collection and treatment system serving the upper Brushy Creek watershed in Williamson County.

According to the contract, when bids for the construction are received, participants have the option of reviewing those bids and reconsidering participation if bids exceed estimated construction costs stated in the contract by ten percent. If any party decides to withdraw, the District and other participants are relieved from their obligation to proceed with the project; they may also continue participation. When actual bids were received in June 1987, Williamson County MUD No. 2 notified the District of its intention to withdraw from the project. Since that time, Williamson County MUD No. 3 has also withdrawn leaving only the Cities of Austin and Round Rock.

The District presently holds a wastewater discharge permit issued by the Texas Water Commission which will allow a discharge of ten million gallons a day when the system is functional, providing the City with an additional 27,500 living unit equivalents ("LUEs") (approximately equal to one single family detached residence) of wastewater treatment for its customers.

Under this contract, the District acts as Project Manager and uses funding from the other participants for acquiring constructing, financing and operating the system. The Project Manager is assisted by a Technical Committee, established in the contract, which serves in an advisory capacity to the District. It is responsible for reviewing plans, specifications and work related to the project contracts; submitting recommendations to the District for operating budgets, rates for service, and awards or changes in project contracts, reviewing changes to the Engineering Report; and reviewing any other matters referred to the Committee. This Committee is comprised of two members each from Austin and Round Rock.

Ownership in the project at September 30, 1991, is delineated in the following ratios:

	Phase 1A & 1B
City of Austin	85%
City of Round Rock	15%

The most recent audited figures for the project show the following analysis of funding and expenditures as of September 30, 1991:

	City of Austin	City of Round Rock	Williamson County MUD No. 2	Williamson County MUD No. 3	Total
Funded	$ 6,923,898	1,196,574	984,361	248,985	9,353,819
Interest earned on funded amounts	129,553	23,472	34,432	9,205	196,662
Total sources	7,053,451	1,220,046	1,018,793	258,191	9,550,481
Expenditures for the project	6,948,020	1,143,361	950,969	244,224	9,286,574
Refunds to participants withdrawn from the project	----	----	67,824	13,967	81,791
Total uses	6,948,020	1,143,361	1,018,793	258,191	9,368,365
Liability to customers at September 30, 1991	$ 105,431	76,685	----	----	182,116

In February 1989, the District along with the Cities of Austin and Round Rock entered into an agreement with Williamson County MUD No. 9 and a developer concerning wastewater transportation and treatment system facilities. Subject to completion of specified conditions, the District will purchase these constructed facilities at 70% of the approved construction costs.

In 1989, the project purchased facilities which provided revenues to the project. The operating revenues and expenditures of these facilities are not reflected in the audited figures for the project presented as of September 30, 1991. The excess of revenues over expenditures from these facilities was $9,866.

To finance the wastewater treatment facilities, the City has issued approximately $23 million of revenue bonds; the remaining funds are comprised of capital recovery fees which have already been collected, North Austin Municipal Utility District No. 1 contract bonds, and developer participation funds.

19 - SOUTH TEXAS PROJECT

a - General

The City was admitted to the South Texas Project (STP) in December 1973, with a 16% ownership in generating units and common facilities, 18.8% ownership of 400-foot-wide corridor, 19.3% ownership of 340-foot-wide corridor, 50% ownership of transmission tower system #2, and 8% ownership of transmission tower system #3. The City is tenants in common with Houston Lighting and Power Company (HLP, the project manager), City Public Service of San Antonio (CPS), and Central Power and Light Company (CPL). The South Texas Project was formed for the purpose of licensing, constructing and operating two 1250 megawatt nuclear generating units.

The project manager is responsible for the construction, operation, and maintenance of the project. Unit 1 began operating in August, 1988 with Unit 2 operational in June, 1989. Each participant appoints one primary representative and an alternate to the Management Committee. The Management Committee was formed pursuant to the participation agreement to secure effective cooperation and interchange of information and to provide consultation among the participants. Each participant is responsible for its debt related to STP, with the City's portion being financed through revenue bonds, repaid by the Electric Light and Power System Fund (see Note 12). In addition, each participant has the obligation to finance any deficits that may occur.

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

b - South Texas Project

The following is a summary of financial information taken from the South Texas Project's audited financial statements dated December 31, 1990. These statements were not examined by the City's auditors. Amounts presented in thousands of dollars.

	HL&P	San Antonio	Central	Austin	Total
Construction	$ 3,331	3,028	2,725	1,730	10,814
Operations	80,730	73,391	66,052	41,938	262,111
Claim recoveries	(1,144)	(1,040)	(936)	(594)	(3,714)
Direct pay insurance	1,851	1,553	1,514	887	5,805
Nuclear fuel	13,619	12,381	11,143	7,075	44,218
Nuclear fuel disposal fee	4,049	3,681	3,312	2,103	13,145
Total 1990 funding	$ 102,436	92,994	83,810	53,139	332,379

c - Construction History and Status

In September 1981, Brown and Root Inc. (B&R), serving as architect-engineer, construction manager, and constructor, was dismissed from its responsibility on the project as architect-engineer and construction manager. Subsequent to the dismissal of B&R as architect-engineer and construction manager, B&R informed the project manager that it would withdraw completely from the project. In September 1981 and February 1982, a new engineering firm, Bechtel Power Corporation, and construction firm, Ebasco Services Inc., respectively, were engaged to complete the project.

Fuel load for Unit No. 1 was achieved August, 1987. In March 1988, Unit No. 1 achieved reactor criticality for the first time. During that month, the Nuclear Regulatory Commission (NRC) voted 5 to 0 to issue a full power license for Unit No. 1. Commercial operation of Unit No. 1 began in August 1988.

Fuel load for Unit No. 2 was achieved December 1988. In March 1989, Unit No. 2 achieved reactor criticality for the first time. During that month, the NRC issued a full power license for Unit No. 2. Commercial operation of Unit No. 2 began in June 1989.

Based on the final project cost report dated July 1989, total construction costs net of the Brown & Root litigation settlement were approximately $5.4 billion. The City's 16% ownership of the generating units and common facilities in addition to other City internal costs were recorded as plant in service in the amount of $890,715,225.

d - Litigation Against Brown & Root

In December 1981, the project manager and participants filed suit against Brown & Root, Inc. (B&R, former architect-engineer, construction manager and constructor for the project) and its corporate parent, Halliburton Company. The participants and the project manager alleged that B&R materially misrepresented the level of engineering work completed at the time the owners were induced to commence construction of the project, that B&R's performance of the construction contract was substandard and nonprofessional in various respects, (which resulted in delayed completion and increased costs of the project), and that B&R materially breached the construction contract by refusing to continue as constructor after being relieved of its responsibilities for the engineering and design work on the project.

On December 20, 1985, B&R and Halliburton entered into a proposed Settlement Agreement with the project manager and other participants. Under the terms of this Settlement Agreement, the participants will receive a total of $750 million from B&R and Halliburton over a seven-year period in exchange for the plaintiffs dismissing the litigation and agreeing to forego any other claims related to B&R's performance on the STP. The City's portion of the Settlement Agreement is $120 million over

19 – SOUTH TEXAS PROJECT, continued

the seven-year period. The City Council designated $60 million of these proceeds to be used to fund Energy Conservation Programs in the Environmental Conservation Services Department, previously known as the Resource Management Department. In 1989, $7.8 million of the proceeds were used to fund Electric construction projects. City Council approved the use of $46 million for construction advances to the South Texas Project in 1989 and $11 million in 1990 for minor construction projects, STP and FFP advances. Additionally, the City Council approved the use of $9 million in 1990 to partially fund an amount required to defease outstanding revenue bonds.

e – Authority to Sell

On November 3, 1981, the citizens of Austin voted to grant the City Council the authority to sell its interest in the South Texas Project. On September 3, 1987, the City of Austin and Houston Lighting and Power signed an Agreement in Principle under which the City would convey its interest in the South Texas Project to HLP in exchange for an interest in an HLP lignite plant. The settlement was subject to several conditions including a requirement that the Public Utility Commission (PUC) make a finding that the exchange would be in the public interest in regards to its effects on HLP ratepayers. In August, 1988, the PUC deferred the public interest issue until HLP's next general rate proceeding. As a result of mandamus action filed by HLP, the PUC subsequently issued an order that the exchange would not be in the public interest as regards to its effects on HLP's ratepayers. HLP then excercised its option to terminate the Settlement Agreement. Following the termination of the Settlement Agreement, a March 1989, trial date was set and a trial was held. See Note 20 for further details on this agreement.

f – Issuance of Debt Related to STP

The City has not attempted to obtain voter approval for any additional revenue bonds for financing the South Texas Project since January, 1983. On March 1, 1984, the City Council authorized the issuance of $605,000,000 revenue bonds for Austin's share of the estimated cost to complete the South Texas Project. This authorization was in compliance with State statutes even though the City's charter requires voter approval prior to the authorization and issuance of revenue bonds. The City proceeded with a bond validation suit in state district court to validate the $605,000,000 revenue bonds, and thirty-two citizens intervened. The District Court validated the bonds and the intervenors appealed, but lost at every level of appeal including the U.S. Supreme Court. The bonds have been validated.

g – Other PUC Action Related to STP

In connection with the STP prudence proceeding (Docket No. 6668) to review the prudence and efficiency of the project, the PUC ordered that HLP file testimony 12 months prior to expected commercial operation of STP. Such testimony was filed in December 1986. A prehearing conference was held in January 1988. HLP then filed testimony in conjunction with its rate case; a lengthy prudence hearing was held by the PUC during 1989 as part of the HLP and CPL rate cases.

On June 20, 1990, the PUC entered its final order in Docket No. 6668, in conjunction with HL&P's and CP&L's rate cases. The PUC disallowed $375.5 million on HL&P's investment in STP, which is equivalent to a 13.95 percent disallowance.

h – Nuclear Decommissioning

The South Texas Project is subject to regulation by the Nuclear Regulatory Commission (NRC). The NRC amended its regulations effective July 27, 1988, setting forth minimum amounts required to demonstrate reasonable assurance of funds for decommissioning by reactor type. On or before July 26, 1991, each holder of an operating license for a production of utilization facility in effect on July 27, 1990, was required to submit to the NRC a report indicating how reasonable assurance would be provided. The City of Austin with the other participants provided the required report to the NRC. The minimum amount for a PWR reactor the size of each STP unit is $105 million (January 1986 dollars). This minimum is required to be adjusted annually in accordance with the adjustment factor formula set forth in the regulations. The report provided by the City of Austin as well as the other STP Participants, based reasonable assurance on the minimum amount (January 1986 dollars) as adjusted by the adjustment factor formula set forth in the regulations. The City of Austin has established an external irrevocable trust for decommissioning with Bank One Texas, N.A. The City of Austin has been collecting for decommissioning through its rates since fiscal year 1989. For fiscal year 1991, the City of Austin collected $2,658,000 for decommissioning expense.

i – Power and Energy Sales Contracts

The City has a contract with the University of Texas at Austin to provide 25 MW of supplemental standby power and energy. This contract produced revenue of approximately $700,000 in 1991. The contract may be terminated by either party after 180 days written notice, or sooner, if both parties so agree.

In November 1988, the City approved a power sales contract with the City of Weatherford, Texas for the sale of 10MW of power starting June 1989, and increasing to 15 MW in January 1990, through December 1996. A revised contract was adopted by the City on August 21, 1990, which provided the sale of 10 MW of electric capacity from January 1990, through December 1990, and 25 MW of capacity from January 1991, through December 1996. The contract replaced the original of November 1988. In fiscal year 1991, this contract produced revenue of approximately $13 million.

20 – LITIGATION

a – Action Against Houston, Lighting and Power (HLP)

On January 6, 1983, the City filed suit in Travis County against HLP and its parent company, Houston Industries, Inc. The

20 – LITIGATION, continued

lawsuit alleges that HLP failed to properly perform and discharge its duties as project manager for the South Texas Project.

A motion by HLP to transfer venue from Travis County was granted in May, 1986. The case was subsequently assigned to Dallas County, where it was set for trial on May 4, 1987. Subsequently, the court narrowed the focus of the City's case by limiting the breach of contract claim to whether HLP provided adequate information concerning the status of the project to the City as required by the Participation Agreement. On September 3, 1987, the City [illegible] entered into an Agreement in Principle attempting to settle the STP litigation which was followed by a Settlement Agreement dated March 17, 1988, and a First Amendment to the Settlement Agreement dated August 2, 1988. The Settlement Agreement provided for an exchange of the City's interest in STP for interests in a lignite-fueled generating facility owned by HLP. However, the settlement was subject to several conditions including a requirement that the Public Utility Commission ("PUC") make a finding that the exchange of the City's interest in STP for interests in HLP's lignite-fueled generating facility was in the public interest as regards its effect on HLP's ratepayers. As a result of a mandamus action by HLP, the PUC issued an order on October 24, 1988, finding that such exchange was not in the public interest as regards its effects on HLP's ratepayers. HLP then gave the City notice that it determined it would not be possible to obtain a PUC order satisfying its conditions and that it elected to terminate the Settlement Agreement. Following the termination of the Settlement Agreement, a trial date of March 6, 1989, was set. After numerous pretrial hearings and selection of a jury, opening arguments began on March 13, 1989. The City presented almost 50 witnesses during its case-in-chief, and the City rested its case on May 9, 1989. HLP then filed a motion for directed verdict, which was not granted, and then began presenting its case. On July 5, 1989, the jury came back with a unanimous verdict finding that HLP breached the STP Participation Agreement by withholding information from the City, but that this breach had not been the cause of any increase in the cost of STP, and that the City had not suffered any damages. The trial court subsequently denied the City's motion for new trial, and a notice of appeal was filed with the Dallas Court of Appeals. Following the filing of briefs with the Court of Appeals by each side, oral argument was held on December 11, 1990. The City's primary point of error in its appeal is that the trial court wrongly excluded the City's mismanagement claim from trial by erroneously holding that HL&P owed Austin and the other owners no implied duty of reasonable care in its management of STP construction. A decision from the Dallas Court of Appeals is likely sometime in 1992, and it is probable that the losing party will then appeal to the Texas Supreme Court.

The City is involved in two other HLP-related lawsuits which were brought by HLP in Matagorda County in 1987. The first suit alleges that the City owes some $1.1 million in litigation expenses from the Brown & Root lawsuit. The City disputes this claim on the basis that the disputed expenses fall outside the agreement among the Brown & Root plaintiffs to share certain types of litigation expenses. The second suit involves a purchase of power contract HLP had with the City until 1987 and involves the City's claim that HLP failed to live up to the requirements of this contract by unilaterally reducing its payments. The City claim will be for at least $10 million in this case, which the City intends to vigorously pursue.

b – Utility Rate Regulation

The City is not subject to regulation by the PUC with regard to the operation of the Electric Utility or rates charged for electric service to customers within the boundaries of the city. The City has exclusive original jurisdiction over the rates charged ratepayers of the Electric Utility who reside outside the City's boundaries. Texas courts have held that the PUC has appellate jurisdiction to determine retail municipal electric rates outside the City limits if a qualified petition is filed.

In the 1989 71st Regular Session of the Texas Legislature, the Public Utility Regulatory Act ("PURA") was amended as it pertains to the PUC's appellate jurisdiction of the City's electric rates. The PURA, as amended, retains its current means of appeal, i.e., through section 26(c) of the PURA, by the filing of a petition with the PUC containing the requisite number of valid signatures from residential ratepayers who take service outside the City's corporate limits. Two methods of appealing the City's electric rates were added to PURA. Under the new section 26(d) any participant designated as a "party" in the proceedings held by the City to set electric rates, regardless of whether such "party" receives electric service inside or outside the City's corporate limits, may appeal the City's rate ordinance. However, in a section 26(d) appeal, the PUC has no jurisdiction to review the City's electric utility's revenue requirements, including its debt service coverage ratio and its general fund transfer, and the PUC has no jurisdiction to review the City's electric utility's residential rate design.

Under the new section 26(e), in order to effect an appeal, a petition containing the requisite number of valid signatures from residential ratepayers who take service outside the City's corporate limits must be filed with the PUC. Under a section 26(e) appeal, the PUC has no jurisdiction to review the City's electric utility general fund transfer and intervenors are limited to presenting testimony on cost allocation and nonresidential ratepayers rate design. An intervenor may file revenue-related testimony but only if it supports the City's position on revenue requirements. Additionally, under a section 26(e) appeal, the rate case expenses of the petitioning ratepayers are to be paid by the City. The City, however, will be reimbursed by residential ratepayers who receive service outside the City's corporate limits.

The standard of review to be employed by the PUC when examining the City's electric rates was established in 1986 following an appeal initiated by ratepayers living outside the City's corporate boundaries. On October 24, 1985, ratepayers living outside the City limits of the City filed a petition with the PUC challenging the rates authorized by the City Council to be effective for statements rendered after November 1, 1985. On January 31, 1986, the City filed suit in State District Court in Travis County challenging the jurisdiction of the PUC over

20 – LITIGATION, continued

municipal utilities on the grounds that the Public Utility Regulatory Act does not contain sufficient standards applicable to municipal utilities to allow the PUC to validly conduct a proceeding to determine municipal electric rates.

On April 15, 1987, the Texas Court of Appeals held that the PUC has jurisdiction over nonresident ratepayer appeals and that in determining rates for the City the PUC is authorized to apply the Article VI Standards of the Public Utility Regulatory Act. The effect of this ruling is to authorize the PUC to apply the same ratemaking standards to the City as are applied to utilities over which the PUC has original jurisdiction. A writ of error was filed with the Texas Supreme Court on June 12, 1987. On September 16, 1987, the Supreme Court of Texas refused the application for writ of error with the notation "no reversible error".

The City in March, 1990, concluded a refund of approximately $2.5 million to nonresident ratepayers. With this refund the City concluded all litigation related to its electric rates arising from the petition filed on October 24, 1985.

Following several hearings where interested parties were allowed to present their views and opinions, the Electric Utility Commission, a citizens' advisory board, recommended to the City Council an overall increase of 5.27% in electric base rates to be charged in fiscal 1990. On September 14, 1989, the City Council took action regarding electric rates. By its action, the City increased the Electric Utility's base rates by 4.7% for fiscal year 1990. The City has not since changed its Electric Utility's base rates in fiscal year 1991.

c – Water and Wastewater Litigation

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

The City filed suit against the design engineers and performance bond company with respect to four defective anaerobic digesters seeking to recover $3.2 million in damages. The company that had the construction contract was not initially named due to its recent bankruptcy, but the bankrupt company has sought to have the City's claim litigated in such bankruptcy action. Such bankruptcy action may affect the City's ability to recover its claim.

The City has been sued by S.A. Healy Co., the City contractor for major wastewater facilities linking Govalle Wastewater Treatment Plant and South Austin Regional Wastewater Treatment Plant. S.A. Healy's claims involve allegations of differing site conditions which it alleges resulted in damages incident to the collapse of excavation associated with a wastewater tunnel. S.A. Healy has also filed claims of differing site conditions based on other tunneling incidents. The total amount of S.A. Healy's claim and the damages requested in the lawsuit is $4.1 million. The City contests this amount. S.A. Healy joined Parson, Brinkerhoff, Quade & Douglas, the design engineer on the projects, in the lawsuit in July 1988. The City has funding to cover the amount of adverse judgments in the litigation and claims process.

d – Westinghouse Litigation

On October 15, 1990, the four STP owners (City of Austin, City of San Antonio, Houston Lighting & Power Company (HLP), and Central Power and Light Company (CPL)) jointly filed a lawsuit against Westinghouse Electric Corporation and two of its employees in the District Court of Matagorda County, Texas, 130th Judicial District, Cause of Action No. 90-5-0684A-C. This litigation alleges that Westinghouse knowingly sold the STP owners a nuclear steam supply system containing a steam generator tubing that is susceptible to stress corrosion cracking and that Westinghouse has failed to meet its warranty obligations to repair, modify, or replace the steam generator tubes as required. The suit also alleges that Westinghouse violated the Texas Deceptive Trade Practices Act by misrepresenting the quality and capabilities of the steam generator tubing and by failing to disclose information it knew regarding deficiencies in the steam generator tubes. On November 14, 1990, Westinghouse filed a Notice of Removal to remove the action from the Matagorda County District Court to the U.S. District, Southern District of Texas, Galveston Division. Subsequently, the STP owners and Westinghouse reached and entered into an agreement retaining jurisdiction in the Matagorda County District Court and abating the litigation until at least October 15, 1991.

On November 14, 1991, the four STP owners sent Westinghouse written notice terminating the tolling agreement in 90 days since settlement discussions with Westinghouse had not made significant progress. Upon the expiration of the abatement period in February 1992, the STP owners intend to pursue their claims by prosecuting the litigation against Westinghouse while continuing to be open to a resolution of differences through settlement.

e – Other Litigation

The City is a defendant in several lawsuits alleging medical malpractice at Brackenridge Hospital. The Texas Torts and Claims Act operates to set a maximum liability of $250,000 on such claims. The City believes these suits will not have a material adverse effect on these financial statements.

A number of other claims against the City are pending with respect to various matters arising in the normal course of the City's operations. Legal counsel and City management are of the opinion that the settlement of these other claims and pending litigation will not have a material adverse effect on the City's financial statements.

The City has accrued a liability for claims payable at September 30, 1991, which includes amounts for lawsuits settled subsequent to year end, as well as amounts sufficient to fund additional estimated future claims.

21 – COMMITMENTS AND CONTINGENCIES

a – Fuel Contracts

The ARCO coal purchase contract was amended, effective April 1, 1989, to provide for a price reduction in return for an increase in the term and contract volumes. Under the amended contract, the City will buy approximately two million tons of coal annually from ARCO through 1995 at a reduced initial price; the amendment also provides for a system of fixed, indexed, and market-driven prices which are expected to produce a slower rate of price escalation than was experienced under the original terms of the contract. Between 1996 and 2001, inclusive, the City will purchase approximately 1.25 million tons of coal annually from ARCO at a price set by indexes or by the market at the City's option. The contract amendment is expected to save the City approximately $3 million per year through 1995. The LCRA is an equal party to the amended contract as it was to the original agreement. The average price per ton of ARCO coal delivered to the Fayette Project was approximately $2.00 per million British Thermal Units ("MMBTU") in 1988. The current average delivered price per ton of coal under the amended contract, is approximately $1.35 per MMBTU.

In addition to the ARCO coal, the City will also purchase 50,000 to 100,000 tons of coal annually on the spot market.

A ten year coal transportation agreement has been signed with the Union Pacific Railroad Company and Western Railroad Properties Incorporated as part of the settlement of certain litigation.

The City has an agreement with Valero Transmission (Valero) under which the City buys 150,000 MMBTUs of gas per day. This contract runs through 1999.

During the fiscal year, the City also purchased gas from three suppliers (Enron, Tenngasco, and Anthem) under term contracts and from fourteen vendors under spot contracts. All of the term contracts will expire by the end of 1992.

The term contracts provide firm gas volumes which vary daily with the City's gas requirements. The spot contracts can provide on a 30-day basis either firm, non-firm, constant flow, or daily swing volumes, at the City's option. The City's reliance on firm versus non-firm supplies is adjusted monthly depending on the season and market conditions.

The price under the term contracts varies monthly with market indices and may also be subject to price reopeners. The spot prices are bid monthly.

In addition to its major gas supply contracts, the City also receives approximately 2600 MMBTUs per day of gas from Coastal Corporation. This gas is provided pursuant to Texas Railroad Commission orders related to the Docket 500 litigation, and is sold to the City at a price discounted from the market price. The Coastal supplies continue through October 1, 1993.

A separate gas supply contract with Reata provides for the supply and transportation of gas to the City's combustion turbine facility at the Decker Creek plant. This contract may be terminated by either party with a month's notice. Because, in part, of concerns over the reliability of service to the turbines, the City is considering building a new pipeline to serve the turbines. This pipeline could also serve the steam electric units at the Decker site if necessary. The City hired an engineering consultant in January 1990, to perform a feasibility, route selection, and conceptual design study of a pipeline. In December 1990, the City Council approved an easement which would allow a pipeline to be built from Decker to a trunkline of Lone Star which runs immediately to the east of Decker. The City Council also approved at the same time a contract with Lone Star for the transportation of gas to Decker with final delivery via the planned pipeline. The term of the contract is four years from the initiation of deliveries.

The annual average price of gas delivered to the City's generating facilities is under $2.00 per MMBTU.

b – South Texas Project (STP) Fuel Contracts

The three major components in the preparation of nuclear fuel for reactor use are uranium ore, ore enrichment, and fuel fabrication. The Project is currently relying for uranium supplies on its existing inventory, which will be sufficient to meet all needs through 1993. Conversion services are provided by British Nuclear Fuels Ltd.

Uranium enrichment is provided for through a long-term contract with the U.S. Department of Energy, and is provided only by this source through the year 2000.

Fuel fabrication for STP fuel elements is provided for through the Westinghouse Settlement at no charge for 10 years and a reduced charge for an additional 6 years.

c – Purchased Power Contracts

In October 1984, the City signed a contract with the Valley View Energy Corporation to purchase up to 100 MW of electric power from Valley View's facilities located in the Texas Panhandle which are fueled by cattle manure. The City Council voted to discontinue its contract with Valley View in February 1989. On February 9, 1989, the City Council voted to pay $3.5 million to terminate the contract to purchase electricity from the Valley View Corporation. This amount will be paid in five annual payments of $700,000 beginning in February 1990. Because the City has already received some $1.5 million in penalty payments from Valley View, the total remaining cost is $2 million.

d – Certificates of Participation

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

$24,445,000	Certificates of Participation, City of Austin Texas Personal Property Leasing Program, Series 1987;

21 – COMMITMENTS AND CONTINGENCIES, continued

$23,060,000	Certificates of Participation, City of Austin Texas Electric Utility Office Project, Series 1987;
$14,000,000	Certificates of Participation, City of Austin Texas Water and Wastewater Utility Office Project, Series 1987;
$11,820,000	Certificates of Participation, City of Austin, Texas Personal Property Leasing Program, Series 1987A.

The certificates represent proportionate interests in lease payments to be made by the City to a third-party lessor. The City has title to the office projects, pursuant to General Warranty Deeds; however, the trustee maintains a Vendor's Lien and Superior Title to the properties until all sums due are paid in full. For the capital equipment leasing program, the City will receive title to the equipment when the final payments on the Certificates are made.

The City's obligation to make lease payments and any other obligations of the City under the Lease Agreements are subject to and dependent upon annual appropriations for such purpose being made by the City Council. The City's obligation to make lease payments under the Lease Agreement does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Thus the certificates are treated as capital lease obligations rather than long-term bonds.

The following table presents information regarding these certificates:

	Equipment	Electric Office Project (1)	Water and Wastewater Office Project (1)	Equipment (3)
Date issued	January 1987	February 1987	August 1987	December 1987
Amount issued	$24,445,000	23,060,000	14,000,000	11,820,000
Interest rates	4.00% - 5.40%	4.00% - 7.00%	5.25% - 8.00%	6.76%
Interest payable on	October 1 and April 1	March 15 and September 15	May 15 and November 15	October 1 and April 1
Maturity dates	October 1 1987-1991	September 15 1988-2007	November 15 1989-2007	October 1 and April 1, 1988-1991
Present value of lease payments	$1,345,370	20,290,000	13,225,000	—
Reserve fund (2)	$467,854	2,000,000	1,250,000	—

(1) Subject to mandatory redemption upon the occurrence of certain events.

(2) Held by trustee, to be used to make final payments.

(3) Final payment was made September 30, 1991.

The January 1987 Certificates issued for lease equipment contained a clause which required all acquisitions to be completed by November 30, 1987. If acquisitions were not completed by that time, any monies remaining in the acquisition account were to be used to redeem certificates on April 1, 1988. This was the case, and as of that date, some $13.5 million remained to be disbursed. The City issued $11,820,000 Certificates of Participation, City of Austin, Texas Personal Property Leasing Program, Series 1987A in December 1987 to finance the equipment not purchased as of November 30, 1987.

The Certificates are reflected as a capital lease liability in these financial statements in the fund for which the corresponding assets were or will be acquired or in the General Long-Term Debt Account Group for General Fixed Assets. In those funds in which assets have not yet been acquired, and therefore proceeds from the certificates had not been used to purchase assets, the capital lease liability is offset by cash held by trustee. In the General Fund a portion of fund balance has been reserved in an amount equal to cash held by trustee.

e – Federal Financial Assistance Programs

The City participates in a number of federal financial assistance programs. Although the City grant programs have been audited in accordance with the provisions of the Single Audit Act of 1984 through September 30, 1991, these programs are subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

f – Other Commitments and Contingencies

The City is committed under various leases for building and office space, tracts of land and rights of way, and various equipment. These leases are considered for accounting purposes to be operating leases. Lease expense for the year ended September 30, 1991, amounted to approximately $6,847,930. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments for these leases should be approximately the same amount.

The City has entered into certain lease agreements, including the Certificates of Participation, as lessee for financing the purchase of equipment utilized in the General, Electric Utility, Water and Wastewater Utility, Hospital, Environmental and Conservation Services, and General Services funds. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

21 - COMMITMENTS AND CONTINGENCIES, continued

The following summarizes assets recorded at September 30, 1991, under capital lease obligations:

		Electric System Fund	Water & Wastewater Fund	Hospital Fund	General Fixed Assets	Total
Assets						
Machinery and equipment:						
Computer	$	----	----	128,142	1,182,743	1,310,885
Medical		----	----	3,490,347	----	3,490,347
Other		1,787,592	----	----	----	1,787,592
Building		20,180,834	12,750,000	----	----	32,930,834
		21,968,426	12,750,000	3,618,489	1,182,743	39,519,658
Accumulated Depreciation		2,403,835	892,500	1,564,669	215,044	5,076,048
	$	19,564,591	11,857,500	2,053,820	967,699	34,443,610

The following is an analysis of the future minimum lease payments under these capital leases, and Certificates of Participation and the present value of the net minimum lease payments as of September 30, 1991:

Year Ended September 30		Electric System Fund	Water & Wastewater Fund	Hospital Fund	General Long-Term Debt	Total
1992	$	2,591,672	1,400,900	898,733	328,531	5,219,836
1993		2,568,499	1,400,181	833,903	129,774	4,932,357
1994		2,340,496	1,396,719	626,796	118,959	4,482,970
1995		2,115,730	1,390,256	174,736	----	3,680,722
1996		2,116,745	1,405,056	29,125	----	3,550,926
Later years		23,257,834	16,685,923	----	----	39,943,757
Total minimum lease payments		34,990,976	23,679,035	2,563,293	577,264	61,810,568
Less:						
Amount representing interest		13,727,730	10,454,035	275,383	48,187	24,505,335
Present value of net minimum lease payments		21,263,246	13,225,000	2,287,910	529,077	37,305,233
Current portion		1,182,329	425,000	757,090	298,782	2,663,201
Long-term portion	$	20,080,917	12,800,000	1,530,820	230,295	34,642,032

22 - OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain other postemployment benefits to its retirees. Other postemployment benefits include health 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 plans are eligible for other postemployment benefits. Retirees may also enroll eligible dependents under the medical plan in which they participate. Eligible dependents of the retiree include a legally married spouse, unmarried children under age 19 (under age 23 if a full-time student) who are dependent upon the retiree for support, and disabled children regardless of age who are unable to support themselves, and who were covered by the medical plan at the time the disability occurred. Surviving dependents of a deceased retiree may continue health insurance coverage by paying a full premium plus a two-percent administrative fee.

22 – OTHER POSTEMPLOYMENT BENEFITS, continued

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

	Range of City % of Contribution
Retiree	60% - 100%
Retiree & Spouse	48% - 70%
Retiree & Children	49% - 72%
Retiree & Family	46% - 63%

The City pays 100% of the life insurance premium on the retiree.

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

Other postemployment benefits are expensed and funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as a payroll expense/expenditure in an operating fund with a corresponding revenue in the Health Benefits Fund. Payments for health insurance, life insurance, and medical care are then shown as an expenditure in the Health Benefits Fund. The cost of providing these benefits for 1,401 retirees and 9,002 active employees in 1991 and 1,411 retirees and 9,395 active employees in 1990 is not separable. Total payments to the Health Benefits Fund for retirees and active employees were $18,179,961 in 1991 and $18,006,229 in 1990.

23 – SUBSEQUENT EVENTS

a – General Obligation Bond Issuance

In November 1991, the City issued Public Improvement Bonds, Series 1991A, in the amount of $25,000,000. Of the proceeds from the issue, $5,796,000 will be used for drainage and flood control improvements, $1,430,000 will be used for parks and recreation construction projects, $6,000,000 will be used for constructing and equipping hospital facilities, and $11,774,000 will be used for improvements and reconstruction of streets. These bonds will be amortized serially September 1 each year from 1994 to 2011. Certain of these bonds are callable beginning September 1, 2001. Interest is payable on March 1 and September 1 of each year, beginning March 1, 1992. Total interest requirements for these bonds, at rates ranging from 5.875% to 8.875%, aggregate $22,782,208.

b – Contractual Obligations Issuance

In November 1991, the City issued Public Property Finance Contractual Obligations, Series 1991B, in the amount of $2,900,000. Proceeds from the sale of the contractual obligations will be used to purchase equipment for the City's Environmental and Conservation Services Department and an integrated online computer system for the Austin Public Library. These contractual obligations will be amortized serially November 1 of each year over the period from 1992 to 1998. The contractual obligations are not subject to optional redemption. Interest is payable on May 1 and November 1 of each year, commencing May 1, 1992. Total interest requirements for these bonds, at rates ranging from 5% to 8%, aggregate $677,055.

c – Fuel Contracts

To replace the one-year contract with Anthem which expired on October 1, 1991, the City entered into a one-year supply agreement with Women's Energy Inc. for supplies of firm and non-firm gas. Women's is a California-based marketing company that will resell to the City gas supplied by Western Gas Resources of Denver. The City deals directly with Western on all operational matters and has performance guarantees from Western if Women's fails to perform.

d – Decker Pipeline

On December 19, 1991, the City Council approved a $5.7 million turnkey procurement and construction contract with the Houston firm of Gregory and Cook to build a pipeline for the Decker power plant. The pipeline is expected to enter commercial service in May 1992.

e – Texas Water Development Board Loans

In August 1990, the City became a participant in the Texas Water Pollution Control Revolving Fund (SRF), which is administered by the Texas Water Development Board (TWDB). This is a loan program to assist local governments in the construction of municipal wastewater treatment facilities as defined in Section 212 of the Clean Water Act. Proceeds from the loans will be used by the City to pay for qualifying costs incurred in the construction of a sludge-thickening facility at the City's Hornsby Bend Wastewater Treatment Plant. A maximum of $6,395,000 of SRF loans to the City has been approved by the TWDB. After costs are incurred by the City, a request for loan proceeds is made to the TWDB. At the time the City receives the proceeds, a liability for

23 – SUBSEQUENT EVENTS, continued

the debt is recognized. The debt is payable as to both principal and interest solely from and secured by a subordinate lien on the combined net revenues of the City's Electric Light and Power System and its Waterworks and Sewer System. The City has received loan proceeds on the dates and for the amounts as follows:

August 10, 1990	$ 435,000
October 12, 1990	555,000
November 15, 1990	395,000
December 28, 1990	305,000
March 8, 1991	1,050,000
April 5, 1991	685,000
July 1, 1991	1,450,000
November 4, 1991	940,000
Total	$ 5,815,000

f – Westinghouse Litigation

On November 14, 1991, the City of Austin and its three partners in the South Texas Project sent Westinghouse written notice terminating the tolling agreement in 90 days since settlement discussions with Westinghouse had not made significant progress. Upon the expiration of the abatement period in February 1992, the City and its partners intend to pursue their claims by prosecuting the litigation against Westinghouse.

g – Municipal Airport

The City of Austin owns and operates Robert Mueller Municipal Airport. The City has determined that Mueller Airport cannot be expanded to meet the long-term projected airline and passenger demand for aviation facilities necessary to serve Austin without significant cost and disruption of the communities surrounding Mueller Airport. A voter referendum on November 3, 1987, approved the City's decision to construct a new airport at a site near Manor, Texas. In September 1989, the City issued airport revenue bonds in the amount of $30 million to provide funds for a master plan and land acquisition.

On January 29, 1990, the U.S. Secretary of Defense announced that Bergstrom Air Force was included on a list of bases to be studied for possible closure by 1993. In February 1990, the City Council authorized a 60-day study to determine the feasibility of considering the Bergstrom site as an alternative to Manor for the new commercial airport. The study concluded that Bergstrom was a feasible alternative to Manor. In September 1991, Bergstrom was approved for closure by the U.S. Congress.

On January 8, 1992, the Environment and Natural Resources Division of the U.S. Department of Justice issued an opinion on an earlier opinion of the Air Force, that the City of Austin has an equitable interest in the 2,940 acres of land comprising Bergstrom Air Force Base. The City is currently taking steps to determine whether a civilian airport can be constructed at Bergstrom that is affordable, sensitive to neighborhood and environmental concerns, and economically advantageous.

General Fund

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

Spiderwort
Tradescantia sp.

GENERAL FUND
BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit B-1

	1991	1990
ASSETS		
Cash on hand	$ 72,813	65,479
Pooled investments and cash	22,824,600	33,645,954
Cash and investments held by trustee	62,464	1,112,634
Property taxes receivable	4,530,985	4,443,034
Less allowance for uncollectible taxes	(3,182,512)	(3,110,124)
Net taxes receivable	1,348,473	1,332,910
Accounts and other taxes receivable	20,126,569	16,463,520
Less allowance for doubtful accounts	(14,045,116)	(10,498,901)
Net accounts receivable	6,081,453	5,964,619
Due from other funds	363,864	156,667
Inventories, at cost	1,735,409	798,704
Prepaid items and other assets	----	130,320
Total assets	32,489,076	43,207,287
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	2,890,360	4,840,938
Accrued payroll and compensated absences	5,188,366	4,293,732
Claims payable	----	933,488
Deferred revenue	999,972	1,037,881
Performance, escrow and other deposits	286,663	276,583
Total liabilities	9,365,361	11,382,622
Fund balances:		
Reserved for encumbrances	2,846,203	5,529,494
Reserved for inventories and prepaid items	1,735,409	929,024
Reserved for capital acquisition	62,464	1,112,634
Unreserved:		
Designated for emergency reserve	10,148,430	10,078,068
Designated for contingency reserve	1,649,623	2,029,684
Undesignated	6,681,586	12,145,761
Total fund balances	23,123,715	31,824,635
Total liabilities and fund balances	$ 32,489,076	43,207,287

GENERAL FUND **CITY OF AUSTIN, TEXAS**

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL- BUDGET BASIS

Year ended September 30, 1991

With comparative totals for year ended September 30, 1990

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
REVENUES						
Taxes	$ 109,502,768	----	109,502,768	108,291,530	1,211,238	107,813,369
Franchise fees	8,639,848	----	8,639,848	8,415,600	224,248	7,775,820
Fines, forfeitures and penalties	7,140,162	----	7,140,162	7,979,000	(838,838)	8,119,675
Licenses, permits and inspections	6,486,418	----	6,486,418	6,031,868	454,550	6,003,300
Charges for services/goods	7,626,280	----	7,626,280	6,973,963	652,317	11,939,977
Interest and other	12,305,878	(4,219,844)	8,086,034	7,481,390	604,644	6,247,375
Total revenues	151,701,354	(4,219,844)	147,481,510	145,173,351	2,308,159	147,899,516
EXPENDITURES						
Administration	6,335,913	(31,224)	6,304,689	6,540,225	235,536	6,138,152
Supportive services	11,394,880	(879,738)	10,515,142	10,709,908	194,766	10,284,833
Urban growth management	7,948,749	(41,591)	7,907,158	8,225,338	318,180	8,022,372
Fiscal management	7,223,267	65,097	7,288,364	7,548,072	259,708	7,207,479
Public safety	94,898,960	(2,533,528)	92,365,432	93,669,851	1,304,419	88,182,297
Public services and utilities	12,559,047	(417,322)	12,141,725	12,976,792	835,067	15,060,384
Public health:						
Physician stipend	3,950,000	----	3,950,000	3,950,000	----	----
Medical assistance program--- patient services payments to Brackenridge Hospital	7,200,000	----	7,200,000	7,510,000	310,000	7,510,000
Other public health	27,805,330	242,570	28,047,900	28,513,079	465,179	29,134,083
Public recreation and culture	23,992,294	(563,337)	23,428,957	23,470,375	41,418	22,614,976
Social services management	5,418,179	(15,152)	5,403,027	5,515,687	112,660	5,782,246
Nondepartmental expenditures (2)	1,178,400	(1,178,400)	----	----	----	----
Total expenditures	209,905,019	(5,352,625)	204,552,394	208,629,327	4,076,933	199,936,822
Excess (deficiency) of revenues over expenditures	(58,203,665)	1,132,781	(57,070,884)	(63,455,976)	6,385,092	(52,037,306)
OTHER FINANCING SOURCES (USES)						
Increase in capital lease obligations	81,990	(81,990)	----	----	----	----
Operating transfers in	65,543,208	4,219,844	69,763,052	70,051,714	(288,662)	71,291,400
Operating transfers out	(15,835,001)	(1,188,400)	(17,023,401)	(17,079,287)	55,886	(21,779,380)
Total other financing sources (uses)	49,790,197	2,949,454	52,739,651	52,972,427	(232,776)	49,512,020
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,413,468)	4,082,235	(4,331,233)	(10,483,549)	6,152,316	(2,525,286)
Fund balances at beginning of year	31,824,665	(1,051,629)	30,773,036	30,773,036	----	33,754,786
Residual equity transfers in (out):						
Enterprise funds:						
Drainage fund	----	----	----	----	----	(388,783)
Internal service funds:						
General services fund	(287,482)	----	(287,482)	(450,000)	162,518	913,536
Trust and agency funds:						
Cemetery fund	----	----	----	----	----	(981,217)
Fund balances at end of year	$ 23,123,715	3,030,606	26,154,321	19,839,487	6,314,834	30,773,036

---

(1) Includes adjustment for FY 91 encumbrances, payments against prior year encumbrances, accrued payroll, accrued claims, compensated absences, capital leases and transfers.

(2) Represents amounts budgeted as operating transfers to the General Services Fund in 1991.

GENERAL FUND
STATEMENT OF REVENUES – BUDGET AND ACTUAL- BUDGET BASIS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit B-3

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Taxes						
Property taxes:						
Current	$ 49,875,499	----	49,875,499	50,606,080	(730,581)	53,079,580
Delinquent	1,175,429	----	1,175,429	640,230	535,199	1,067,611
Penalty and interest	566,304	----	566,304	426,820	139,484	554,644
Sales tax	55,400,628	----	55,400,628	54,898,400	502,228	51,540,654
Other taxes	2,484,908	----	2,484,908	1,720,000	764,908	1,570,880
Total taxes	109,502,768	----	109,502,768	108,291,530	1,211,238	107,813,369
Franchise fees	8,639,848	----	8,639,848	8,415,600	224,248	7,775,820
Fines, forfeitures and penalties						
Library fines	232,699	----	232,699	200,000	32,699	196,974
Traffic fines	3,297,399	----	3,297,399	4,500,000	(1,202,601)	4,425,161
Parking violations	1,503,688	----	1,503,688	1,375,000	128,688	1,669,034
Other	2,106,376	----	2,106,376	1,904,000	202,376	1,828,506
Total fines, forfeitures and penalties	7,140,162	----	7,140,162	7,979,000	(838,838)	8,119,675
Licenses, permits and inspections						
Parking meters	1,261,808	----	1,261,808	1,200,000	61,808	1,192,140
Alarm permits	177,870	----	177,870	211,000	(33,130)	167,114
Public health	316,723	----	316,723	337,970	(21,247)	320,191
Development	1,193,475	----	1,193,475	1,078,999	114,476	932,694
Building safety	3,197,052	----	3,197,052	2,930,179	266,873	3,116,199
Beer and wine permits	166,427	----	166,427	175,000	(8,573)	153,510
Other	173,063	----	173,063	98,720	74,343	121,452
Total licenses, permits and inspections	6,486,418	----	6,486,418	6,031,868	454,550	6,003,300
Charges for services/goods						
Recreation and culture	2,233,645	----	2,233,645	2,033,710	199,935	2,716,980
Public health	1,927,461	----	1,927,461	1,948,577	(21,116)	1,636,470
Emergency medical services	2,092,074	----	2,092,074	1,981,343	110,731	1,819,029
General government	322,850	----	322,850	260,333	62,517	369,668
Indirect cost recovery	1,050,250	----	1,050,250	750,000	300,250	1,028,058
Drainage (2)	----	----	----	----	----	4,369,772
Total charges for services/goods	7,626,280	----	7,626,280	6,973,963	652,317	11,939,977
Interest and other						
Interest	5,020,651	----	5,020,651	4,917,250	103,401	4,729,072
Rental income	578,469	----	578,469	611,732	(33,263)	510,325
Sale of property	401,953	----	401,953	377,000	24,953	455,124
Municipal utility district	1,151,857	----	1,151,857	1,152,068	(211)	----
Other	5,152,948	(4,219,844)	933,104	423,340	509,764	552,854
Total interest and other	12,305,878	(4,219,844)	8,086,034	7,481,390	604,644	6,247,375
Total revenues	$ 151,701,354	(4,219,844)	147,481,510	145,173,351	2,308,159	147,899,516

(1) Includes revenues from certain enterprise funds for general obligation debt budgeted as an operating transfer.

(2) Drainage activity reported as enterprise fund in 1991.

GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL- BUDGET BASIS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit B-4

		1991					1990
		Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Administration							
Mayor and city council:							
Salaries and fringe benefits	$	545,917	(3,623)	542,294	538,860	(3,434)	432,415
Contractual services		67,994	2,082	70,076	57,270	(12,806)	59,310
Commodities		43,698	926	44,624	36,553	(8,071)	22,597
Expense refunds		(30,000)	----	(30,000)	----	30,000	----
Capital outlay		1,686	----	1,686	----	(1,686)	5,280
		629,295	(615)	628,680	632,683	4,003	519,602
City manager:							
Salaries and fringe benefits		903,182	(7,055)	896,127	894,309	(1,818)	759,725
Contractual services		78,590	----	78,590	36,647	(41,943)	109,749
Commodities		28,528	434	28,962	13,680	(15,282)	28,443
Expense refunds		(220,886)	----	(220,886)	(159,493)	61,393	(193,479)
Capital outlay		1,929	----	1,929	----	(1,929)	----
		791,343	(6,6[illegible])	784,722	785,143	421	704,438
Municipal court:							
Salaries and fringe benefits		3,238,664	(4,738)	3,233,926	3,485,657	251,731	3,206,007
Contractual services		429,908	15,557	445,465	456,253	10,788	459,010
Commodities		80,227	814	81,041	48,088	(32,953)	76,069
Expense refunds		(3,531)	----	(3,531)	(1,200)	2,331	(5,223)
Capital outlay		49,624	(48,596)	1,028	----	(1,028)	129,158
		3,794,892	(36,963)	3,757,929	3,988,798	230,869	3,865,021
City clerk:							
Salaries and fringe benefits		751,939	12,975	764,914	762,358	(2,556)	769,545
Contractual services		326,686	----	326,686	283,418	(43,268)	245,761
Commodities		41,758	----	41,758	87,825	46,067	42,094
Expense refunds		----	----	----	----	----	(11,620)
Capital outlay		----	----	----	----	----	3,311
		1,120,383	12,975	1,133,358	1,133,601	243	1,049,091
Total administration	$	6,335,913	(31,224)	6,304,689	6,540,225	235,536	6,138,152

(1) Includes adjustments for FY 91 encumbrances, payments against prior year encumbrances, accrued payroll, accrued claims, compensated absences and capital leases.

(continued)

GENERAL FUND
STATEMENT OF EXPENDITURES – BUDGET AND ACTUAL- BUDGET BASIS

Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Supportive services						
City attorney:						
Salaries and fringe benefits	$ 4,808,255	(38,505)	4,769,750	4,944,541	174,791	4,117,930
Contractual services	2,212,520	(991,779)	1,220,741	1,365,904	146,163	963,665
Commodities	116,974	59	117,033	112,248	(4,785)	110,551
Expense refunds	(2,835,108)	----	(2,835,108)	(3,033,263)	(198,155)	(2,328,763)
Capital outlay	20,454	5,000	25,454	20,650	(4,804)	----
	4,323,095	(1,025,225)	3,297,870	3,411,080	113,210	2,863,383
Human resources:						
Salaries and fringe benefits	2,783,627	(30,658)	2,752,969	2,734,887	(18,082)	2,318,722
Contractual services	1,025,669	35,902	1,061,571	1,101,176	39,605	834,361
Commodities	188,229	10,137	198,366	62,990	(135,376)	118,761
Expense refunds	(1,309,030)	----	(1,309,030)	(1,132,649)	176,381	(611,858)
Capital outlay	15,504	(2,202)	13,302	----	(13,302)	16,333
	2,703,999	13.179	2,717,178	2,766,404	49,226	2,676,319
Communications:						
Salaries and fringe benefits	478,383	(1,711)	476,672	513,209	33,537	418,472
Contractual services	110,458	(5,448)	105,010	79,162	(25,848)	89,644
Commodities	30,388	(1,447)	28,941	21,935	(7,006)	28,674
Expense refunds	(825)	----	(825)	----	825	(1,765)
Capital outlay	34,090	61,710	95,800	100,600	4,800	11,519
	652,494	53,104	705,598	714,906	9,308	546,544
Information systems:						
Salaries and fringe benefits	3,917,420	(69,690)	3,847,730	4,108,395	260,665	2,889,511
Contractual services	1,875,322	33,915	1,909,237	2,106,513	197,276	1,280,986
Commodities	1,520,463	855	1,521,318	1,310,385	(210,933)	2,286,871
Expense refunds	(3,800,203)	----	(3,800,203)	(3,768,275)	31,928	(2,545,947)
Capital outlay	202,290	114,124	316,414	60,500	(255,914)	287,166
	3,715,292	79,204	3,794,496	3,817,518	23,022	4,198,587
Total supportive services	$ 11,394,880	(879,738)	10,515,142	10,709,908	194,766	10,284,833

(continued)

GENERAL FUND
STATEMENT OF EXPENDITURES – BUDGET AND ACTUAL- BUDGET BASIS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Urban growth management						
Planning:						
Salaries and fringe benefits	$ 7,168,259	18,368	7,186,627	7,945,995	759,368	7,729,355
Contractual services	942,192	(1,467)	940,725	1,014,496	73,771	1,721,619
Commodities	312,929	(5,545)	307,384	190,601	(116,783)	393,742
Indirect cost	94,065	----	94,065	1,548	(92,517)	----
Expense refunds	(710,222)	----	(710,222)	(927,302)	(217,080)	(2,074,987)
Capital outlay	141,526	(52,947)	88,579	----	(88,579)	252,643
Total urban growth management	7,948,749	(41,591)	7,907,158	8,225,338	318,180	8,022,372
Fiscal management						
Financial services- Excluding utility customer service: (2)						
Salaries and fringe benefits	5,251,097	28,489	5,279,586	5,597,917	318,331	4,698,905
Contractual services	2,348,293	10,840	2,359,133	2,246,140	(112,993)	2,277,572
Commodities	172,183	(10,121)	162,062	115,658	(46,404)	168,737
Expense refunds	(1,407,683)	----	(1,407,683)	(1,330,278)	[illegible],405	(652,004)
Capital outlay	126,519	9,243	135,762	107,903	(27,859)	29,913
	6,490,409	38,451	6,528,860	6,737,340	208,480	6,523,126
Financial services- Utility customer services: (2)						
Salaries and fringe benefits	7,693,727	----	7,693,727	7,705,686	11,959	6,646,238
Contractual services	6,515,034	90,579	6,605,613	6,548,615	(56,998)	5,255,329
Commodities	352,322	284	352,606	281,624	(70,982)	265,616
Expense refunds	(14,620,068)	(421,957)	(15,042,025)	(14,846,775)	196,750	(12,245,906)
Capital outlay	58,985	331,094	390,079	310,850	(79,229)	78,723
	----	----	----	----	----	----
Internal auditing:						
Salaries and fringe benefits	1,056,797	27,037	1,083,834	1,122,499	38,665	1,065,531
Contractual services	89,133	----	89,133	99,636	10,503	36,056
Commodities	20,594	(391)	20,203	21,731	1,528	22,098
Expense refunds	(439,884)	----	(439,884)	(439,332)	552	(439,332)
Capital outlay	6,218	----	6,218	6,198	(20)	----
	732,858	26,646	759,504	810,732	51,228	684,353
Total fiscal management	$ 7,223,267	65,097	7,288,364	7,548,072	259,708	7,207,479

(2) Combined in prior year.

(continued)

GENERAL FUND
STATEMENT OF EXPENDITURES –
BUDGET AND ACTUAL - BUDGET BASIS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Public safety						
Police:						
Salaries and fringe benefits	$ 47,549,321	(434,593)	47,114,728	47,446,458	331,730	43,380,351
Contractual services	6,538,497	(83,396)	6,455,101	7,673,092	1,217,991	6,440,076
Commodities	1,872,672	(13,646)	1,859,026	965,385	(893,641)	2,256,262
Indirect cost	----	----	----	----	----	3,747
Expense refunds	(1,560,539)	(68,371)	(1,628,910)	(2,237,740)	(608,830)	(1,451,237)
Capital outlay	1,850,969	(1,492,598)	358,371	344,306	(14,065)	619,339
	56,250,920	(2,092,604)	54,158,316	54,191,501	33,185	51,248,338
Fire:						
Salaries and fringe benefits	35,757,102	(108,410)	35,648,692	36,898,112	1,249,420	34,439,739
Contractual services	2,233,797	(45,291)	2,188,506	2,340,486	151,980	2,520,263
Commodities	1,953,923	(291,566)	1,662,355	1,522,983	(139,372)	1,643,972
Indirect cost	29,446	----	29,446	30,538	1,092	32,079
Expense refunds	(1,420,211)	----	(1,420,211)	(1,414,149)	6,002	(1,719,069)
Capital outlay	93,983	4,345	98,328	100,380	2,052	16,775
	38,648,040	(440,924)	38,207,116	39,478,350	1,271,234	36,933,759
Total public safety	94,898,960	(2,533,528)	92,365,432	93,669,851	1,304,419	88,182,297
Public services and utilities						
Transportation and public services:						
Salaries and fringe benefits	14,507,940	(46,528)	14,461,412	14,274,995	(186,417)	14,447,608
Contractual services	4,392,390	(273,363)	4,119,027	3,460,920	(658,107)	9,395,424
Commodities	2,289,295	(117,319)	2,171,976	2,221,639	49,663	4,417,278
Indirect cost	2.189,752	----	2,189,752	2,325,940	136,188	----
Expense refunds	(15,279,437)	----	(15,279,437)	(13,803,606)	1,475,831	(13,347,042)
Capital outlay	72,822	19,888	92,710	111,044	18,334	147,116
Street lighting	4,386,285	----	4,386,285	4,385,860	(425)	----
Total public services and utilities	$ 12,559,047	(417,322)	12,141,725	12,976,792	835,067	15,060,384

(continued)

GENERAL FUND
STATEMENT OF EXPENDITURES -
BUDGET AND ACTUAL- BUDGET BASIS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Public health						
Physician stipend	$ 3,950,000	----	3,950,000	3,950,000	----	----
Medical assistance program--patient services payments to Brackenridge Hospital	7,200,000	----	7,200,000	7,510,000	310,000	7,510,000
Other public health:						
Public health and medical assistance program excluding patient services:						
Salaries and fringe benefits	15,999,578	(71,218)	15,928,360	15,726,092	(202,268)	15,034,944
Contractual services	5,936,966	284,857	6,221,823	6,246,256	24,433	10,273,554
Commodities	2,029,549	75,579	2,105,126	1,772,197	(332,931)	1,935,933
Indirect cost	15,810	----	15,810	----	(15,810)	290,959
Expense refunds	(2,756,545)	1,644	(2,754,901)	(1,924,857)	830,044	(4,214,189)
Capital outlay	78,368	(23,011)	55,357	117,630	62,273	204,713
	21,303,726	267,851	21,571,577	21,937,318	365,741	23,525,914
Emergency medical services:						
Salaries and fringe benefits	5,356,355	(26,164)	5,330,191	5,334,563	4,372	4,598,787
Contractual services	865,438	6,086	871,524	875,808	4,284	707,880
Commodities	256,650	(1,990)	254,660	318,864	64,204	283,388
Indirect cost	62	----	62	----	(62)	----
Expense refunds	(48,188)	----	(48,188)	(7,292)	40,896	(45,101)
Capital outlay	71,287	(3,213)	68,074	53,818	(14,256)	63,215
	6,501,604	(25,281)	6,476,323	6,575,761	99,438	5,608,169
Subtotal other public health	27,805,330	242,570	28,047,900	28,513,079	465,179	29,134,083
Total pubilc health	$ 38,955,330	242,570	39,197,900	39,973,079	775,179	36,644,083

(continued)

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Public recreation and culture						
Parks and recreation:						
Salaries and fringe benefits	$ 13,425,933	(33,152)	13,392,781	13,036,072	(356,709)	12,098,331
Contractual services	4,836,956	(409,185)	4,427,771	4,079,204	(348,567)	4,875,122
Commodities	1,334,359	(19,337)	1,315,022	1,445,464	130,442	1,480,173
Indirect cost	96,765	----	96,765	88,567	(8,198)	47,168
Expense refunds	(3,128,049)	----	(3,128,049)	(2,509,458)	618,591	(2,403,075)
Capital outlay	35,595	635	36,230	7,000	(29,230)	83,070
	16,601,559	(461,039)	16,140,520	16,146,849	6,329	16,180,789
Libraries:						
Salaries and fringe benefits	5,972,079	(89,141)	5,882,938	5,892,420	9,482	4,951,259
Contractual services	1,141,142	2,972	1,144,114	1,244,167	100,053	1,154,866
Commodities	1,337,244	(365)	1,336,879	1,278,815	(58,064)	1,357,632
Indirect cost	99,259	----	99,259	105,034	5,775	72,208
Expense refunds	(1,192,488)	----	(1,192,488)	(1,210,656)	(18,168)	(1,158,746)
Capital outlay	33,499	(15,764)	17,735	13,746	(3,989)	56,968
	7,390,735	(102,298)	7,288,437	7,323,526	35,089	6,434,187
Total public recreation and culture	23,992,294	(563,337)	23,428,957	23,470,375	41,418	22,614,976
Social services management	5.418,179	(15,152)	5,403,027	5,515,687	112,660	5,782,246
Nondepartmental expenditures (3)	1,178,400	(1,178,400)	----	----	----	----
Total expenditures	$ 209,905,019	(5,352,625)	204,552,394	208,629,327	4,076,933	199,936,822

	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
General fund expenditures by cost category						
Salaries	$ 169,471,848	(878,317)	168,593,531	171,257,339	2,663,808	157,357,137
Contractuals	46,601,951	(1,417,718)	45,184,233	46,827,548	1,643,315	50,954,918
Commodities	13,629,663	(372,925)	13,256,738	11,547,041	(1,709,697)	16,673,275
Indirect cost	2,525,159	----	2,525,159	2,551,627	26,468	446,161
Expense refunds	(36,142,829)	(66,727)	(36,209,556)	(34,499,550)	1,710,006	(33,203,437)
Capital outlay	2,836,363	(1,423,386)	1,412,977	1,043,775	(369,202)	1,926,522
Street lighting	4,386,285	----	4,386,285	4,385,860	(425)	----
Social services management	5,418,179	(15,152)	5,403,027	5,515,687	112,660	5,782,246
Nondeparimental expense (3)	1,178,400	(1,178,400)	----	----	----	----
Total expenditures	$ 209,905,019	(5,352,625)	204,552,394	208,629,327	4,076,933	199,936,822

(3) Represents amounts budgeted as operating transfers to the General Services Fund.

GENERAL FUND
STATEMENT OF TRANSFERS – BUDGET AND ACTUAL- BUDGET BASIS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit B-5

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
Operating transfers in						
Special revenue funds:						
Leveraged loan pool	$ 141,000	----	141,000	141,000	----	100,000
Cable TV	100,600	----	100,600	100,600	----	----
Economic development	39,000	----	39,000	39,000	----	----
Civic center reserve	----	----	----	----	----	27,667
Enterprise funds:						
Utility	63,054,576	----	63,054,576	63,343,238	(288,662)	63,665,887
Hospital	----	3,837,046	3,837,046	3,837,046	----	4,953,331
Energy and conservation	422,238	99,141	521,379	521,379	----	425,817
Golf	65,140	----	65,140	65,140	----	47,020
Tennis	22,962	----	22,962	22,962	----	11,560
Airport	285,631	283,657	569,288	569,288	----	923,989
Convention center	256,354	----	256,354	256,354	----	221,882
Drainage	200,000	----	200,000	200,000	----	----
Internal service funds:						
General services	695,454	----	695,454	695,454	----	914,247
Trust and agency funds:						
Liability reserve	260,253	----	260,253	260,253	----	----
Total operating transfers in	65,543,208	4,219,844	69,763,052	70,051,714	(288,662)	71,291,400
Operating transfers out						
Special revenue funds:						
Voluntary utility assistance	160,000	----	160,000	160,000	----	160,000
Capital projects funds	500,000	----	500,000	500,000	----	516,000
Enterprise funds:						
Hospital	8,024,000	----	8,024,000	8,024,000	----	9,000,000
Energy and conservation	1,017,999	----	1,017,999	1,073,885	55,886	1,875,241
Transportation	----	10,000	10,000	10,000	----	----
Internal service funds:						
General services	3,762,866	1,178,400	4,941,266	4,941,266	----	6,560,674
Trust and agency funds:						
Liability reserve	----	----	----	----	----	267,948
Workers' compensation	2,370,136	----	2,370,136	2,370,136	----	3,399,517
Total operating transfers out	15,835,001	1,188,400	17,023,401	17,079,287	55,886	21,779,380
Net transfers	$ 49,708,207	3,031,444	52,739,651	52,972,427	(232,776)	49,512,020

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

Special Revenue Funds

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

Federal Grants Funds;
State Grants Funds;
Other Special Revenue Grants Funds;
Other Funds - See next page for descriptions of the individual funds;
Austin Convention and Visitors' Bureau - Activity is now reported in the Convention Center Enterprise Fund;
Hotel-Motel Occupancy Tax Fund.

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Other Special Revenue Funds

Housing Assistance Fund – Proceeds from residual equity bonds issued by the Austin Housing Finance Corporation to be used for financing residential ownership and development and providing housing.

Brown & Root Conservation Fund – Monies contributed by the Brown & Root settlement and used for energy loans and rebates/ incentives to customers.

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

RMD Loan Fund – Accounts for energy loans to customers.

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

Economic Development Fund – Used for economic development programs.

Austin Housing Finance Fund (AHFC) – Accounts for administrative costs related to the Austin Housing Finance Corporation.

PARD Cultural Projects Fund – Records activities for cultural project purposes.

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

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

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

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

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

Tourism and Promotion – Accounts for expenses associated with tourism and promotion activities.

Civic Center Reserve – Accounted for the Hotel-Motel Bed Taxes set aside for development of the Convention Center. In 1991, these taxes are accounted for in the Convention Center Enterprise Fund.

Hydromulch/Erosion Control Fund – Escrow funds received from contractors for hydromulch and erosion control.

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

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit C-1

	Federal Grants	State Grants	Other Special Revenue Grants	Other Special Revenue Funds	Austin Convention and Visitors' Bureau Fund	Hotel-Motel Occupancy Tax Fund	Totals 1991	Totals 1990
ASSETS								
Cash	$ ----	----	----	----	----	----	----	3,066,394
Pooled investments and cash	103,730	51,164	7,709	29,906,782	----	----	30,069,385	33,080,428
Investments, at cost	----	----	----	7,684,333	----	----	7,684,333	8,138,438
Cash held by trustee	----	----	----	1,336,000	----	----	1,336,000	4,632,012
Receivable from other governments	2,409,327	222,976	5,560	----	----	----	2,637,863	3,157,617
Prepaid expenses and other assets	390,354	----	----	3,208,510	----	----	3,598,864	4,075,105
Total assets	2,903,411	274,140	13,269	42,135,625	----	----	45,326,445	56,149,994
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	248,854	14,168	----	368,465	----	----	631,487	1,194,871
Advanced pooled investments and cash	2,452,844	217,827	5,560	230,133	----	----	2,906,364	6,096,184
Escrow and other deposits	----	----	----	21,976,765	----	----	21,976,765	19,315,788
Other liabilities	201,713	42,145	7,709	1,912,317	----	----	2,163,984	2,762,882
Total liabilities	2,903,411	274,140	13,269	24,487,680	----	----	27,678,500	29,369,725
Fund balances:								
Unreserved:								
Designated for budget fund requirements	----	----	----	----	----	----	----	1,049,827
Designated for future use	----	----	----	17,647,945	----	----	17,647,945	25,397,907
Undesignated	----	----	----	----	----	----	----	332,535
Total fund balances	----	----	----	17,647,945	----	----	17,647,945	26,780,269
Total liabilities and fund balances	$ 2,903,411	274,140	13,269	42,135,625	----	----	45,326,445	56,149,994

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit C-2

	Federal Grants	State Grants	Other Special Revenue Grants	Other Special Revenue Funds	Austin Convention and Visitors' Bureau Fund	Hotel-Motel Occupancy Tax Fund	Totals 1991	Totals 1990
REVENUES								
Intergovernmental:								
Grants	$ 9,053,882	1,366,382	71,188	----	----	----	10,491,452	8,785,541
Other:								
Hotel-motel occupancy tax	----	----	----	----	----	8,308,029	8,308,029	7,569,811
Interest and other	----	----	----	2,541,717	----	131,968	2,673,685	2,318,393
Total revenues	9,053,882	1,366,382	71,188	2,541,717	----	8,439,997	21,473,166	18,673,745
EXPENDITURES								
Administration	----	----	----	10,189,477	----	----	10,189,477	11,403,190
Special projects	9,053,882	1,366,382	71,188	----	----	----	10,491,452	9,851,250
Total expenditures	9,053,882	1,366,382	71,188	10,189,477	----	----	20,680,929	21,254,440
Excess (deficiency) of revenues over expenditures	----	----	----	(7,647,760)	----	8,439,997	792,237	(2,580,695)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	----	----	----	5,183,885	----	----	5,183,885	7,766,429
Operating transfers out	----	----	----	(4,[illegible]8,362)	----	(9,489,824)	(14,348,186)	(8,225,000)
Contribution from utility	----	----	----	4,102,215	----	----	4,102,215	4,027,599
Total other financing sources (uses)	----	----	----	4,427,738	----	(9,489,824)	(5,062,086)	3,569,028
Excess (deficiency) of revenues and other sources over expenditures and other uses	----	----	----	(3,220,022)	----	(1,049,827)	(4,269,849)	988,333
Fund balances at beginning of year	----	----	----	25,397,907	332,535	1,049,827	26,780,269	40,049,633
Residual equity transfer out	----	----	----	(4,529,940)	(332,535)	----	(4,862,475)	(14,257,697)
Fund balances at end of year	$ ----	----	----	17,647,945	----	----	17,647,945	26,780,269

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET — ALL SPECIAL REVENUE GRANTS
September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit C-3

			Assets				Liabilities and Fund Balance					
	CFDA Number	Fund Number	Pooled Investments and Cash	Receivables from Other Governments	Prepaid Items and Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
FEDERAL GRANTS												
U.S. DEPARTMENT OF AGRICULTURE												
Texas Health Department:												
Women/Infants/Children 90-91	10.557	177	$ —	198,731	—	198,731	9,766	188,965	—	198,731	—	198,731
Women/Infants/Children 89-90	10.557	282	—	—	—	—	—	—	—	—	—	—
WIC-Breastfeeding Peer Counseling	10.557	152	—	8,914	—	8,914	1,150	7,764	—	8,914	—	8,914
			—	207,645	—	207,645	10,916	196,729	—	207,645	—	207,645
Texas Department of Human Services:												
Summer Food Program	10.559	132	—	139,602	—	139,602	—	139,602	—	139,602	—	139,602
Total U.S. Department of Agriculture			—	347,247	—	347,247	10,916	336,331	—	347,247	—	347,247
U.S. DEPARTMENT OF EDUCATION												
Texas State Library:												
Central Tx Library Sys #401.3	84.035	266	—	—	—	—	—	—	—	—	—	—
Central Tx Library Sys #427.3	84.035	166	—	145,420	—	145,420	—	145,420	—	145,420	—	145,420
Central Tx Library Sys #449.3	84.035	234	—	576	—	576	—	576	—	576	—	576
Interlibrary Loan #403.1	84.035	267	—	—	—	—	—	—	—	—	—	—
Interlibrary Loan #428.2	84.035	191	—	55,949	—	5,949	—	55,949	—	55,949	—	55,949
Interlibrary Loan #450.3	84.035	235	—	9,507	—	9,507	—	9,507	—	9,507	—	9,507
LSCA/Title I #409.4	84.035	268	—	—	—	—	—	—	—	—	—	—
LSCA/Title I #436.4	84.035	194	—	8,949	—	8,949	—	8,949	—	8,949	—	8,949
LSCA/Murls #455.4	84.035	243	—	—	—	—	—	—	—	—	—	—
Service to Disadvantaged #434.2	84.035	142	—	20,528	—	20,528	—	20,528	—	20,528	—	20,528
Service to Disadvantaged #457.2	84.035	244	—	513	—	513	—	513	—	513	—	513
CTLS #407.2 Walking Books	84.035	269	—	—	—	—	—	—	—	—	—	—
Total U.S. Department of Education			—	241,442	—	241,442	—	241,442	—	241,442	—	241,442
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION												
Equal Employment Opportunity 86	30.002	153	—	15,725	—	15,725	—	15,725	—	15,725	—	15,725
Equal Employment Opportunity 91	30.002	179	—	56,030	—	56,030	—	56,030	—	56,030	—	56,030
Equal Employment Opportunity 90	30.002	283	—	—	—	—	—	—	—	—	—	—
Total Equal Employment Opportunity			—	71,755	—	71,755	—	71,755	—	71,755	—	71,755
U.S. DEPARTMENT OF JUSTICE												
Texas Governor's Office												
Criminal Justice Division:												
Property Crime Sting Operation	16.573	162	6,419	—	—	6,419	—	—	6,419	6,419	—	6,419
Anti-drug Abuse Task Force/2	16.579	247	2,129	—	—	2,129	—	—	2,129	2,129	—	2,129
Anti-drug Abuse Task Force/3	16.579	220	—	—	—	—	—	—	—	—	—	—
Anti-drug Abuse Task Force/4	16.574	173	—	1,244	17,991	19,235	—	19,235	—	19,235	—	19,235
Anti-drug Abuse Task Force/5	16.574	124	—	142,347	25,430	167,777	6,086	161,691	—	167,777	—	167,777
Total U.S. Department of Justice			$ 8,548	143,591	43,421	195,560	6,086	180,926	8,548	195,560	—	195,560

(continued)

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET — ALL SPECIAL REVENUE GRANTS
September 30, 1991

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

			Assets				Liabilities and Fund Balance					
	CFDA Number	Fund Number	Pooled Investments and Cash	Receivables from Other Governments	Prepaid Items and Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
U.S. DEPARTMENT OF LABOR												
National Council of Senior Citizens												
Senior Aides Program 89	17.235	138	$ —	—	—	—	—	—	—	—	—	—
Senior Aides Program 91	17.235	298	—	2,610	—	2,610	351	2,259	—	2,610	—	2,610
Senior Aides Program 92	17.235	147	—	21,252	—	21,252	—	21,252	—	21,252	—	21,252
Total U.S. Department of Labor			—	23,862	—	23,862	351	23,511	—	23,862	—	23,862
U.S. ENVIRONMENTAL PROTECTION AGENCY												
Texas Water Commission												
Town Lake Ph I, Clean Lake	66.419	184	—	35,000	—	35,000	—	35,000	—	35,000	—	35,000
Total U.S. Environmental Protection Agency			—	35,000	—	35,000	—	35,000	—	35,000	—	35,000
U.S. DEPARTMENT OF TRANSPORTATION												
Texas State Highways and Public Transportation Department:												
F.H.W.A. Section 112 89-90	20.205	284	—	—	—	—	—	—	—	—	—	—
F.H.W.A. Section 112 90-91	20.205	161	—	17,677	—	17,677	—	17,677	—	17,677	—	17,677
Star Flight DWI Awareness 89-90	20.600	299	—	—	—	—	—	—	—	—	—	—
Star Flight DWI Awareness 90-91	20.600	121	—	1,125	—	1,125	—	469	656	1,125	—	1,125
STEP-DWI Program 90-91	20.600	182	—	21,440	—	21,440	—	21,440	—	21,440	—	21,440
STEP-DWI Program 89-90	20.600	290	—	—	—	—	—	—	—	—	—	—
STEP-Occupant Restraint 90-91	20.600	196	—	4,631	—	4,631	—	4,631	—	4,631	—	4,631
STEP-Occupant Restraint 89-90	20.600	288	—	—	—	—	—	—	—	—	—	—
STEP-Natl Maximum Speed Limit 91	20.600	245	—	22,795	—	22,795	—	22,795	—	22,795	—	22,795
STEP-Natl Maximum Speed Limit 90	20.600	289	—	—	—	—	—	—	—	—	—	—
STEP-Traser 90-91	20.600	274	—	2,138	—	2,138	—	2,138	—	2,138	—	2,138
STEP-Traser 89-90	20.600	291	—	—	—	—	—	—	—	—	—	—
Total U.S. Department of Transportation			—	69,806	—	69,806	—	69,150	656	69,806	—	69,806
U.S. FEDERAL EMERGENCY MANAGEMENT												
Texas Department of Public Safety:												
FEMA 88-89	83.503	170	—	—	—	—	—	—	—	—	—	—
FEMA 89-90	83.503	295	—	—	—	—	—	—	—	—	—	—
FEMA 90-91	83.503	154	—	28,664	—	28,664	—	28,664	—	28,664	—	28,664
Total U.S. Federal Emergency Management			$ —	28,664	—	28,664	—	28,664	—	28,664	—	28,664

(continued)

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET — ALL SPECIAL REVENUE GRANTS
September 30, 1991

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

			Assets				Liabilities and Fund Balance					
	CFDA Number	Fund Number	Pooled Investments and Cash	Receivables from Other Governments	Prepaid Items and Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
U.S. HEALTH & HUMAN SERVICES												
Nursing Student Loans	13.364	190	$ 12,266	—	21,632	33,898	20	—	33,878	33,898	—	33,898
Texas Department of Human Resources:												
Family Planning Title XX 89-90	13.217	134	—	—	—	—	—	—	—	—	—	—
Family Planning Title XX 90-91	13.217	135	—	—	—	—	—	—	—	—	—	—
Family Planning Title XX 91-92	13.217	257	—	35,295	—	35,295	35,295	—	—	35,295	—	35,295
			—	35,295	—	35,295	35,295	—	—	35,295	—	35,295
Capital Area Planning Council:												
Elderly Support Services 89-90	13.633	293	—	—	—	—	—	—	—	—	—	—
Elderly Support Services 90-91	13.633	208	—	16,421	—	16,421	—	16,421	—	16,421	—	16,421
Senior Luncheon Program 89-90	13.635	294	—	—	—	—	—	—	—	—	—	—
Senior Luncheon Program 90-91	13.635	206	—	52,993	—	52,993	—	52,993	—	52,993	—	52,993
			—	69,414	—	69,414	—	69,414	—	69,414	—	69,414
Texas Community Affairs:												
Community Services Block Grant 89	13.665	239	—	20,830	—	20,830	—	20,830	—	20,830	—	20,830
Community Services Block Grant 90	13.665	229	—	—	—	—	—	—	—	—	—	—
Community Services Block Grant 91	13.665	263	—	170,834	—	170,834	32,456	138,378	—	170,834	—	170,834
Emergency Community Service 90-91	13.665	228	—	153	—	153	—	153	—	153	—	153
Emergency Community Service 88-89	13.665	171	27,744	—	—	27,744	—	—	27,744	27,744	—	27,744
Emergency Community Service 91-92	13.665	145	—	—	—	—	—	—	—	—	—	—
			27,744	191,817	—	219,561	32,456	159,361	27,744	219,561	—	219,561
Texas Health Department:												
Maternal and Child Health 89-90	13.110	281	—	—	—	—	—	—	—	—	—	—
Maternal and Child Health 90-91	13.110	165	—	93,412	—	93,412	76,013	17,399	—	93,412	—	93,412
Maternal and Child Health Att 10	13.110	169	—	4,915	—	4,915	—	4,915	—	4,915	—	4,915
Tuberculosis Control 90-91	13.116	176	—	9,324	—	9,324	2,125	7,199	—	9,324	—	9,324
Tuberculosis Control Att #5	13.116	146	—	—	—	—	—	—	—	—	—	—
Tuberculosis Control Att #6	13.116	163	—	3,542	—	3,542	—	3,542	—	3,542	—	3,542
AIDS: HIV/HSS	13.118	272	—	10,590	—	10,590	—	10,590	—	10,590	—	10,590
AIDS: HIV/HSS	13.118	256	—	470	—	470	282	188	—	470	—	470
AIDS: HIV-Att 2	13.118	130	—	—	—	—	—	—	—	—	—	—
HIV - Division Att 2	93.118	156	—	53,794	—	53,794	2,631	51,163	—	53,794	—	53,794
HIV - Division Att 3	93.118	157	—	9,765	—	9,765	—	9,765	—	9,765	—	9,765
HIV - Division Att 4	93.118	158	—	103,268	—	103,268	93	103,175	—	103,268	—	103,268
AIDS: HTLV-III Counseling 90	13.118	178	—	79,296	—	79,296	3,537	75,759	—	79,296	—	79,296
Family Planning Clinic 88-89	13.217	139	781	—	—	781	—	—	781	781	—	781
Family Planning Clinic 89-90	13.217	236	—	—	—	—	—	—	—	—	—	—
Family Planning Clinic 90-91	13.217	151	—	—	—	—	—	—	—	—	—	—
Family Planning Clinic 91-92	93.217	149	—	26,650	—	26,650	1,532	25,118	—	26,650	—	26,650
Subtotal Texas Health Department			$ 781	395,026	—	395,807	86,213	308,813	781	395,807	—	395,807

(continued)

	CFDA Number	Fund Number	Assets Pooled Investments and Cash	Receivables from Other Governments	Prepaid Items and Other Assets	Total Assets	Liabilities and Fund Balance Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
U.S. HEALTH & HUMAN SERVICES, CONTINUED												
Texas Health Department Continued												
Subtotal from previous page			$ 781	395,026	—	395,807	86,213	308,813	781	395,807	—	395,907
SLIAG	13.786	276	24,252	—	—	24,252	—	—	24,252	24,252	—	24,252
STD Personnel - Att 1	13.977	133	—	—	—	—	—	—	—	—	—	—
STD Control Division - Att 1	93.977	155	—	946	—	946	—	946	—	946	—	946
STD Personnel 89-90	13.977	232	—	—	—	—	—	—	—	—	—	—
STD Personnel 90-91	13.665	175	—	18,393	—	18,393	19	17,394	980	18,393	—	18,393
STD Att #7	13.665	164	—	5,233	—	5,233	—	5,233	—	5,233	—	5,233
Chronically Ill/Disabled Children	13.994	198	—	—	—	—	—	—	—	—	—	—
Ryan White, Title II	93.917	251	—	—	—	—	—	—	—	—	—	—
Early Intervention Program, Title III	13.994	259	—	—	—	—	—	—	—	—	—	—
Immunization Division	93.268	181	—	9,401	—	9,401	—	9,401	—	9,401	—	9,401
Immunization Division Att 9	93.268	168	—	6,889	—	6,889	901	5,988	—	6,889	—	6,889
			25,033	435,888	—	460,921	87,133	347,775	26,013	460,921	—	460,921
Total U.S. Health & Human Services			65,043	732,414	21,632	819,089	154,904	576,550	87,635	819,089	—	819,089
U.S. HOUSING/URBAN DEVELOPMENT												
Section 8 Substantial Rehab 87-88	14.156	209	—	—	—	—	—	—	—	—	—	—
Section 8 Substantial Rehab 88-89	14.156	248	—	—	—	—	—	—	—	—	—	—
Section 8 Substantial Rehab 89-90	14.156	292	—	—	—	—	—	—	—	—	—	—
Section 8 Substantial Rehab 90-91	14.156	188	—	1,640	—	1,640	—	1,640	—	1,640	—	1,640
Section 8 Substantial Rehab 91-92	14.156	237	—	6,716	—	6,716	—	6,716	—	6,716	—	6,716
Community Development Block 9	14.218	212	—	—	—	—	—	—	—	—	—	—
Community Development Block 11	14.218	215	—	—	—	—	—	—	—	—	—	—
Community Development Block 12	14.218	203	—	11,089	—	11,089	7,268	3,821	—	11,089	—	11,089
Community Development Block 13	14.218	204	—	—	—	—	—	—	—	—	—	—
Community Development Block 14	14.218	252	—	7,443	—	7,443	—	7,443	—	7,443	—	7,443
Community Development Block 15	14.218	287	—	299,038	252,906	551,944	10,324	466,885	74,735	551,944	—	551,944
Community Development Block 16	14.218	271	—	226,403	72,395	298,798	56,127	242,671	—	298,798	—	298,798
Section 312 Loan Funds FY87-88	14.220	211	31	—	—	31	—	—	31	31	—	31
Rental Rehab Grant 85-86	14.230	217	—	—	—	—	—	—	—	—	—	—
Rental Rehab Grant 86-87	14.230	207	—	—	—	—	—	—	—	—	—	—
Rental Rehab Grant 87-88	14.230	210	4,938	—	—	4,938	—	—	4,938	4,938	—	4,938
Rental Rehab Grant 88-89	14.230	249	—	51,538	—	51,538	—	51,538	—	51,538	—	51,538
Rental Rehab Grant 89-90	14.230	253	8,180	—	—	8,180	—	—	8,180	8,180	—	8,180
Rental Rehab Grant 90-91	14.230	187	—	39,126	—	39,126	—	39,126	—	39,126	—	39,126
Youth in Sports Program	14.218	137	—	25,000	—	25,000	—	25,000	—	25,000	—	25,000
Emergency Shelter Grants FY87	14.218	185	234	—	—	234	—	—	234	234	—	234
Emergency Shelter Grant 90-91	14.218	123	—	44,675	—	44,675	—	44,675	—	44,675	—	44,675
Emergency Shelter Grant 89-90	14.218	197	—	—	—	—	—	—	—	—	—	—
Emergency Shelter Grant 91-92	14.218	127	—	2,878	—	2,878	2,878	—	—	2,878	—	2,878
Total U.S. Housing/Urban Development			$ 13,383	715,546	325,301	1,054,230	76,507	889,515	88,118	1,054,230	—	1,054,230

(continued)

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET — ALL SPECIAL REVENUE GRANTS
September 30, 1991

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

	CFDA Number	Fund Number	Assets: Pooled Investments and Cash	Assets: Receivables from Other Governments	Assets: Prepaid Items and Other Assets	Assets: Total Assets	Liabilities and Fund Balance: Accounts Payable	Liabilities and Fund Balance: Advanced Pooled Investments and Cash	Liabilities and Fund Balance: Other Liabilities	Liabilities and Fund Balance: Total Liabilities	Liabilities and Fund Balance: Fund Balances	Liabilities and Fund Balance: Total Liabilities and Fund Balances
U.S. NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES												
National Endowment for the Arts:												
I.M.S. General Operating 90	45.301	202	$ —	—	—	—	—	—	—	—	—	—
I.M.S. General Operating 91	45.301	148	12,666	—	—	12,666	—	—	12,666	12,666	—	12,666
			12,666	—	—	12,666	—	—	12,666	12,666	—	12,666
Texas Commission on the Arts:												
Art In Public Places	45.007	214	4,090	—	—	4,090	—	—	4,090	4,090	—	4,090
Cultural Affairs	45.007	216	—	—	—	—	—	—	—	—	—	—
			4,090	—	—	4,090	—	—	4,090	4,090	—	4,090
National Endowment for the Humanties:												
Elisabet Ney Museum	45.125	213	—	—	—	—	—	—	—	—	—	—
Total U.S. National Foundation on the Arts and Humanties			16,756	—	—	16,756	—	—	16,756	16,756	—	16,756
U.S. DEPARTMENT OF INTERIOR												
UPARR–Mabson Baseball Field	15.919	150	—	—	—	—	—	—	—	—	—	—
U.S. DEPARTMENT OF ENERGY												
Least Cost Planning Grant	81.086	126	—	—	—	—	—	—	—	—	—	—
Total Federal Grants			$ 103,730	2,409,327	390,354	2,903,411	248,854	2,452,844	201,713	2,903,411	—	2,903,411

(continued)

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET — ALL SPECIAL REVENUE GRANTS
September 30, 1991

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

		Assets				Liabilities and Fund Balance					
	Fund Number	Pooled Investments and Cash	Receivables from Other Governments	Prepaid Items and Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
STATE GRANTS											
TEXAS GOVERNOR'S OFFICE											
CRIMINAL JUSTICE DIVISION											
Stolen Pawned Property Recovery/1	183	$ —	9,033	—	9,033	—	9,033	—	9,033	—	9,033
Organized Crime Control Unit/2	279	—	—	—	—	—	—	—	—	—	—
		—	9,033	—	9,033	—	9,033	—	9,033	—	9,033
TEXAS GOVERNOR'S OFFICE											
ENERGY MANAGEMENT CENTER											
Small Business Energy Management	131	—	27,446	—	27,446	—	27,446	—	27,446	—	27,446
Non-Profit Energy Action Directive	255	—	31,024	—	31,024	—	31,024	—	31,024	—	31,024
			58,470	—	58,470	—	58,470	—	58,470	—	58,470
TEXAS HEALTH DEPARTMENT											
Community and Rural Health 90-91	172	—	670	—	670	—	670	—	670	—	670
Community and Rural Health 89-90	233	—	—	—	—	—	—	—	—	—	—
Community and Rural Health Att 8	167	—	4,490	—	4,490	—	4,490	—	4,490	—	4,490
Maternal Infant Health Improvement Act Att 10	180	—	40,297	—	40,297	496	39,801	—	40,297	—	40,297
Maternal Infant Health Improvement Act Att 2	186	—	10,331	—	10,331	—	10,331	—	10,331	—	10,331
		—	55,788	—	55,788	496	55,292	—	55,788	—	55,788
TEXAS STATE LIBRARY											
Central Tx Library #400.3	265	—	—	—	—	—	—	—	—	—	—
Central Tx Library #426.3	160	51,164	4,653	—	55,817	13,672	—	42,145	55,817	—	55,817
Central Tx Library #448.3	231	—	19,316	—	19,316	—	19,316	—	19,316	—	19,316
		51,164	23,969	—	75,133	13,672	19,316	42,145	75,133	—	75,133
TEXAS PARKS AND WILDLIFE											
Austin Veloway Park	120	—	—	—	—	—	—	—	—	—	—
Austin Searight Park	122	—	6,280	—	6,280	—	6,280	—	6,280	—	6,280
		—	6,280	—	6,280	—	6,280	—	6,280	—	6,280
TEXAS WATER COMMISSION											
Texas A & M University											
Effectiveness of Native Species Buffer Zone	285	$ —	—	—	—	—	—	—	—	—	—

(continued)

		Assets				Liabilities and Fund Balance					
	Fund Number	Pooled Investments and Cash	Receivables from Other Governments	Prepaid Items and Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
TEXAS STATE HIGHWAYS AND PUBLIC TRANSPORTATION											
Traffic Light Synchronization	238	$ —	13,903	—	13,903	—	13,903	—	13,903	—	13,903
Traffic Management Project	136	—	55,533	—	55,533	—	55,533	—	55,533	—	55,533
		—	69,436	—	69,436	—	69,436	—	69,436	—	69,436
TEXAS DEPARTMENT ON AGING											
Southwestern Bell Telephone											
Senior Adult Literacy Targeted	226	—	—	—	—	—	—	—	—	—	—
Total State Grants		51,164	222,976	—	274,140	14,168	217,827	42,145	274,140	—	274,140
OTHER SPECIAL REVENUE GRANTS											
NATIONAL EMERGENCY MEDICINE ASSOCIATION											
CPR Training	240	7,709	—	—	7,709	—	—	7,709	7,709	—	7,709
JUNIOR LEAGUE OF AUSTIN/AMERICAN STATESMAN											
Project Walking Books	205	—	—	—	—	—	—	—	—	—	—
AMERICAN FOUNDATION FOR AIDS RESEARCH											
Technical Assistance to Community Organizations	141	—	1,536	—	1,536	—	1,536	—	1,536	—	1,536
CITY OF CHICAGO											
Energy Star Sustainable Systems Rating	254	—	4,024	—	4,024	—	4,024	—	4,024	—	4,024
Total Other Special Revenue Grants		7,709	5,560	—	13,269	—	5,560	7,709	13,269	—	13,269
Total All Grants		$ 162,603	2,637,863	390,354	3,190,820	263,022	2,676,231	251,567	3,190,820	—	3,190,820

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF EXPENDITURES — ALL SPECIAL REVENUE GRANTS
From Inception to September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit C-4

			Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	CFDA Number	Fund Number	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
FEDERAL GRANTS													
U.S. DEPARTMENT OF AGRICULTURE													
Texas Health Department:													
Women/Infants/Children 90-91	10.557	177	$ —	—	—	911,767	45,278	911,767	45,278	957,045	922,954	—	922,954
Women/Infants/Children 89-90	10.557	282	736,142	138,358	874,500	4,498	20,228	740,640	158,586	899,226	740,640	—	740,640
WIC-Breastfeeding Peer Counseling	10.557	152	—	—	—	17,889	—	17,889	—	17,889	20,000	—	20,000
			736,142	138,358	874,500	934,154	65,506	1,670,296	203,864	1,874,160	1,683,594	—	1,683,594
Texas Department of Human Services:													
Summer Food Program	10.559	132	—	—	—	230,040	—	230,040	—	230,040	464,200	—	464,200
Total U.S. Department of Agriculture			736,142	138,358	874,500	1,164,194	65,506	1,900,336	203,864	2,104,200	2,147,794	—	2,147,794
U.S. DEPARTMENT OF EDUCATION													
Texas State Library:													
Central Tx Library Sys #401.3	84.035	266	106,539	—	106,539	—	—	106,539	—	106,539	106,539	—	106,539
Central Tx Library Sys #427.3	84.035	166	3,533	—	3,533	228,562	—	232,095	—	232,095	232,095	—	232,095
Central Tx Library Sys #449.3	84.035	234	—	—	—	576	—	576	—	576	196,676	—	196,676
Interlibrary Loan #403.1	84.035	267	149,574	58	149,632	—	—	149,574	58	149,632	161,181	—	161,181
Interlibrary Loan #428.2	84.035	191	9,963	—	9,963	158,655	—	168,618	—	168,618	168,618	—	168,618
Interlibrary Loan #450.3	84.035	235	—	—	—	9,507	—	9,507	—	9,507	175,531	—	175,531
LSCA/Title I #409.4	84.035	268	37,451	—	37,451	—	—	37,451	—	37,451	37,451	—	37,451
LSCA/Title I #436.4	84.035	194	—	—	—	40,419	—	40,419	—	40,419	40,419	—	40,419
LSCA/Murls #455.4	84.035	243	—	—	—	—	—	—	—	—	43,028	—	43,028
Service To Disadvantaged #434.2	84.035	142	—	—	—	35,722	—	35,722	—	35,722	37,150	—	37,150
Service To Disadvantaged #457.2	84.035	244	—	—	—	513	—	513	—	513	31,757	—	31,757
CTLS #407.2 Walking Books	84.035	269	60,718	—	60,718	—	—	60,718	—	60,718	63,673	—	63,673
Total U.S. Department of Education			367,778	58	367,836	473,954	—	841,732	58	841,790	1,294,118	—	1,294,118
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION													
Equal Employment Opportunity 86	30.002	153	79,703	—	79,703	—	—	79,703	—	79,703	81,613	—	81,613
Equal Employment Opportunity 91	30.002	179	—	—	—	169,801	—	169,801	—	169,801	170,967	—	170,967
Equal Employment Opportunity 90	30.002	283	134,438	—	134,438	—	—	134,438	—	134,438	134,438	—	134,438
Total Equal Employment Opportunity			214,141	—	214,141	169,801	—	[illegible]	—	383,942	387,018	—	387,018
U.S. DEPARTMENT OF JUSTICE													
Texas Governor's Office													
Criminal Justice Division:													
Property Crime Sting Operation	16.573	162	1,688	1,689	3,377	—	—	1,688	1,689	3,377	82,446	120,709	203,155
Anti-drug Abuse Task Force/2	16.579	247	56,647	2,210	58,857	—	—	56,647	2,210	58,857	77,554	1,500	79,054
Anti-drug Abuse Task Force/3	16.579	229	264,205	58,283	322,488	—	—	264,205	58,283	322,488	307,476	67,829	375,305
Anti-drug Abuse Task Force/4	16.574	173	84,441	6,521	90,962	342,219	182,364	426,660	188,885	615,545	615,889	270,096	885,985
Anti-drug Abuse Task Force/5	16.574	124	—	—	—	142,347	53,670	142,347	53,670	196,017	611,808	307,768	919,576
Total U.S. Department of Justice			$ 406,981	68,703	475,684	484,566	236,034	891,547	304,737	1,196,284	1,695,173	767,902	2,463,075

(continued)

COMBINING SCHEDULE OF EXPENDITURES — ALL SPECIAL REVENUE GRANTS

From Inception to September 30, 1991

			Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	CFDA Number	Fund Number	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
U.S. DEPARTMENT OF LABOR													
National Council of Senior Citizens:													
Senior Aides Program 89	17.235	138	$ 269,482	56,770	326,252	—	—	269,482	56,770	326,252	269,482	53,695	323,177
Senior Aides Program 91	17.235	298	51,169	11,126	62,295	199,483	44,573	250,652	55,699	306,351	250,652	55,405	306,057
Senior Aides Program 92	17.235	147	—	—	—	53,157	11,935	53,157	11,935	65,092	252,006	58,861	310,867
Total U.S. Department of Labor			320,651	67,896	388,547	252,640	56,508	573,291	124,404	697,695	772,140	167,961	940,101
U.S. ENVIRONMENTAL PROTECTION AGENCY													
Texas Water Commission:													
Town Lake Ph I, Clean Lake	66.419	184	—	—	—	35,000	38,264	35,000	38,264	73,264	100,000	42,857	142,857
Total U.S. Environmental Protection Agency			—	—	—	35,000	38,264	35,000	38,264	73,264	100,000	42,857	142,857
U.S. DEPARTMENT OF TRANSPORTATION													
Texas State Highways and Public Transportation Department:													
F.H.W.A. Section 112 89-90	20.205	284	81,885	—	81,885	—	—	81,885	—	81,885	102,657	—	102,657
F.H.W.A. Section 112 90-91	20.205	161	—	—	—	74,047	—	74,047	—	74,047	85,272	—	85,272
Star Flight DWI Awareness 89-90	20.600	299	24,826	—	24,826	(34)	—	24,792	—	24,792	25,000	—	25,000
Star Flight DWI Awareness 90-91	20.600	121	—	—	—	35,000	7,415	35,000	7,415	42,415	35,000	—	35,000
STEP-DWI Program 90-91	20.600	182	—	—	—	71,941	77,935	71,941	77,935	149,876	80,000	86,000	166,000
STEP-DWI Program 89-90	20.600	290	103,526	103,542	207,068	—	—	103,526	103,542	207,068	107,416	107,416	214,832
STEP-Occupant Restraint 90-91	20.600	196	—	—	—	18,834	8,891	18,834	8,891	27,725	20,950	10,000	30,950
STEP-Occupant Restraint 89-90	20.600	288	33,151	—	33,151	—	—	33,151	—	33,151	39,954	—	39,954
STEP-Natl Maximum Speed Limit 91	20.600	245	—	—	—	77,267	77,266	77,267	77,266	154,533	82,033	82,033	164,066
STEP-Natl Maximum Speed Limit 90	20.600	289	108,839	36,279	145,118	—	—	108,839	36,279	145,118	123,198	41,816	165,014
STEP-Traser 90-91	20.600	274	—	—	—	9,464	—	9,464	—	9,464	13,464	—	13,464
STEP-Traser 89-90	20.600	291	16,015	—	16,015	—	—	16,015	—	16,015	19,344	—	19,344
Total U.S. Department of Transportation			368,242	139,821	508,063	286,519	171,507	654,761	311,328	966,089	734,288	327,265	1,061,553
U.S. FEDERAL EMERGENCY MANAGEMENT													
Texas Department of Public Safety:													
FEMA 88-89	83.503	170	101,275	101,276	202,551	(5,544)	5,544	95,731	106,820	202,551	124,413	124,413	248,826
FEMA 89-90	83.503	295	114,658	114,658	229,316	—	—	114,658	114,658	229,316	114,658	114,658	229,316
FEMA 90-91	83.503	154	—	—	—	114,658	139,028	114,658	139,028	253,686	114,658	114,658	229,316
Total U.S. Federal Emergency Management			$ 215,933	215,934	431,867	109,114	144,572	325,047	360,506	685,553	353,729	353,729	707,458

(continued)

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF EXPENDITURES — ALL SPECIAL REVENUE GRANTS
From Inception to September 30, 1991

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

			Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	CFDA Number	Fund Number	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
U.S. HEALTH & HUMAN SERVICES													
Nursing Student Loans	13.364	190	$ —	—	—	—	—	—	—	—	—	—	—
Texas Department of Human Resources:													
Family Planning Title XX 89-90	13.217	134	257,233	45,394	302,627	13,431	2,370	270,664	47,764	318,428	270,664	47,764	318,428
Family Planning Title XX 90-91	13.217	135	39,661	6,999	46,660	222,373	39,242	262,034	46,241	308,275	262,034	46,241	308,275
Family Planning Title XX 91-92	13.217	257	—	—	—	35,295	6,229	35,295	6,229	41,524	262,034	46,241	308,275
			296,894	52,393	349,287	271,099	47,841	567,993	100,234	668,227	794,732	140,246	934,978
Capital Area Planning Council:													
Elderly Support Services 89-90	13.633	293	91,058	23,842	114,900	—	—	91,058	23,842	114,900	99,747	22,353	122,100
Elderly Support Services 90-91	13.633	208	—	—	—	96,579	27,317	96,579	27,317	123,896	105,005	23,211	128,216
Senior Luncheon Program 89-90	13.635	294	429,805	359,585	789,390	—	—	429,805	359,585	789,390	434,518	384,422	818,940
Senior Luncheon Program 90-91	13.635	206	—	—	—	427,384	339,584	427,384	339,584	766,968	427,384	388,482	815,866
			520,863	383,427	904,290	523,963	366,901	1,044,826	750,328	1,795,154	1,066,654	818,468	1,885,122
Texas Community Affairs:													
Community Services Block Grant 89	13.665	239	348,447	151,617	500,064	—	—	348,447	151,617	500,064	348,448	151,617	500,065
Community Services Block Grant 90	13.665	229	318,882	—	318,882	—	—	318,882	—	318,882	352,218	—	352,218
Community Services Block Grant 91	13.665	263	—	—	—	370,203	71,759	370,203	71,759	441,962	377,588	—	377,588
Emergency Community Service 90-91	13.665	228	17,081	6,337	23,418	153	—	17,234	6,337	23,571	24,508	—	24,508
Emergency Community Service 88-89	13.665	171	44,870	—	44,870	—	—	44,870	—	44,870	83,732	—	83,732
Emergency Community Service 91-92	13.665	145	—	—	—	—	—	—	—	—	35,048	—	35,048
			729,280	157,954	887,234	370,356	71,759	1,099,636	229,713	1,329,349	1,221,542	151,617	1,373,159
Texas Health Department:													
Maternal and Child Health 89-90	13.110	281	130,369	18,490	148,859	—	—	130,369	18,490	148,859	130,369	—	130,369
Maternal and Child Health 90-91	13.110	165	—	—	—	182,881	755	182,881	755	183,636	225,187	—	225,187
Maternal and Child Health Att 10	13.110	169	—	—	—	4,915	—	4,915	—	4,915	240,152	—	240,152
Tuberculosis Control 90-91	13.116	176	—	—	—	77,771	2,315	77,771	2,315	80,086	84,221	—	84,221
Tuberculosis Control Att #5	13.116	146	—	—	—	—	—	—	—	—	21,914	—	21,914
Tuberculosis Control Att #6	13.116	163	—	—	—	3,542	—	3,542	—	3,542	76,221	—	76,221
AIDS: HIV/HSS	13.118	272	38,237	—	38,237	—	—	38,237	—	38,237	107,710	—	107,710
AIDS: HIV/HSS	13.118	256	—	—	—	470	—	470	—	470	357,076	—	357,076
AIDS: HIV-Att 2	13.118	130	161,198	1,390	162,588	57,462	(1,390)	218,660	—	218,660	236,515	—	236,515
HIV - Division Att 2	93.118	156	—	—	—	163,721	9,949	163,721	9,949	173,670	185,802	—	135,802
HIV - Division Att 3	93.118	157	—	—	—	30,892	949	30,892	949	31,841	37,051	—	37,051
HIV - Division Att 4	93.118	158	—	—	—	103,268	—	103,268	—	103,268	159,105	—	159,105
AIDS: HTLV-III Counseling 90	13.118	178	—	—	—	156,814	474	156,814	474	157,288	185,048	—	185,048
Family Planning Clinic 88-89	13.217	139	87,789	419,079	506,868	—	—	87,789	419,079	506,868	88,734	423,660	512,394
Family Planning Clinic 89-90	13.217	236	85,547	423,661	509,208	—	—	85,547	423,661	509,208	85,547	423,661	509,208
Family Planning Clinic 90-91	13.217	151	37,938	199,043	236,981	45,527	238,852	83,465	437,895	521,360	83,465	437,895	521,360
Family Planning Clinic 91-92	93.217	149	—	—	—	46,679	227,403	46,679	227,403	274,082	84,162	427,647	511,809
Subtotal Texas Health Department			$ 541,078	1,061,663	1,602,741	873,942	479,307	1,415,020	1,540,970	2,955,990	2,388,279	1,712,863	4,101,142

(continued)

COMBINING SCHEDULE OF EXPENDITURES – ALL SPECIAL REVENUE GRANTS
From Inception to September 30, 1991

Exhibit C-4
(Continued)

	CFDA Number	Fund Number	Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
			Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
U.S. HEALTH & HUMAN SERVICES, CONTINUED													
Texas Health Department, continued													
Subtotal from previous page			$ 541,078	1,061,663	1,602,741	873,942	479,307	1,415,020	1,540,970	2,955,990	2,388,279	1,712,863	4,101,142
SLIAG	13.786	276	339,838	—	339,838	207,743	—	547,581	—	547,581	571,833	—	571,833
STD Personnel - Att 1	13.977	133	19,930	—	19,930	5,558	441	25,488	441	25,929	25,488	—	25,488
STD Control Division - Att 1	93.977	155	—	—	—	16,091	—	16,091	—	16,091	28,071	—	28,071
STD Personnel 89-90	13.977	232	113,632	135	113,767	1,466	—	115,098	135	115,233	121,932	—	121,932
STD Personnel 90-91	13.665	175	9,579	—	9,579	115,253	155	124,832	155	124,987	124,832	—	124,832
STD Att #7	13.665	164	—	—	—	5,233	—	5,233	—	5,233	121,932	—	121,932
Chronically Ill/Disabled Children	13.994	198	8,486	—	8,486	2,139	3,733	10,625	3,733	14,358	16,370	—	16,370
Ryan White, Title II	93.917	251	—	—	—	—	—	—	—	—	493,612	—	493,612
Early Intervention Program, Title III	13.994	259	—	—	—	—	—	—	—	—	368,926	—	368,926
Immunization Division	93.268	181	—	—	—	85,003	12,813	85,003	12,813	97,816	92,836	—	92,836
Immunizaion Division Att 9	93.268	168	—	—	—	6,889	874	6,889	874	7,763	90,832	—	90,832
			1,032,543	1,061,798	2,094,341	1,319,317	497,323	2,351,860	1,559,121	3,910,981	4,444,943	1,712,863	5,157,806
Total U.S. Health & Human Services			2,579,580	1,655,572	4,235,152	2,484,735	983,824	5,064,315	2,639,396	7,703,711	7,527,871	2,823,194	10,351,065
U.S. HOUSING/URBAN DEVELOPMENT													
Section 8 Substantial Rehab 87-88	14.156	209	425,126	—	425,126	—	—	425,126	—	425,126	583,391	—	583,391
Section 8 Substantial Rehab 88-89	14.156	248	155,657	—	155,657	—	—	155,657	—	156,657	582,927	—	582,927
Section 8 Substantial Rehab 89-90	14.156	292	133,023	—	133,023	8,771	—	141,794	—	141,794	292,770	—	292,770
Section 8 Substantial Rehab 90-91	14.156	188	—	—	—	128,809	—	128,809	—	128,809	158,729	—	158,729
Section 8 Substantial Rehab 91-92	14.156	237	—	—	—	9,415	—	9,415	—	9,415	268,956	—	268,956
Community Development Block 9	14.218	212	7,789,296	—	7,789,296	22,067	—	7,811,363	—	7,811,363	7,822,632	—	7,822,632
Community Development Block 11	14.218	215	5,767,539	—	5,767,539	—	—	5,767,539	—	5,767,539	5,772,402	—	5,772,402
Community Development Block 12	14.218	203	5,415,199	—	5,415,199	120,248	—	5,535,447	—	5,535,447	5,650,432	—	5,650,432
Community Development Block 13	14.218	204	3,571,338	—	3,571,338	—	—	3,571,338	—	3,571,338	3,677,248	—	3,677,248
Community Development Block 14	14.218	252	3,603,361	—	3,603,361	222,022	—	3,825,383	—	3,825,383	4,871,574	—	4,871,574
Community Development Block 15	14.218	287	1,867,007	—	1,867,007	1,192,382	—	3,059,389	—	3,059,389	7,195,913	—	7,195,913
Community Development Block 16	14.218	271	—	—	—	1,510,917	—	1,510,917	—	1,510,917	5,139,626	—	5,139,626
Section 312 Loan Funds FY 87-88	14.220	211	31,643	—	31,643	—	—	31,643	—	31,643	31,644	—	31,644
Rental Rehab Grant 85-86	14.230	217	403,961	—	403,961	9,040	—	413,001	—	413,001	413,000	—	413,000
Rental Rehab Grant 86-87	14.230	207	—	—	—	20,625	—	20,625	—	20,625	199,000	—	199,000
Rental Rehab Grant 87-88	14.230	210	917,827	—	917,827	89,609	—	1,007,436	—	1,007,436	997,000	—	997,000
Rental Rehab Grant 88-89	14.230	249	698,349	—	698,349	(70,349)	—	628,000	—	628,000	628,000	—	628,000
Rental Rehab Grant 89-90	14.230	253	249,099	—	249,099	91,849	—	340,948	—	340,948	419,000	—	419,000
Rental Rehab Grant 90-91	14.230	187	—	—	—	39,126	—	39,126	—	39,126	357,000	—	357,000
Youth in Sports Program	14.218	137	—	—	—	25,000	—	25,000	—	25,000	25,000	—	25,000
Emergency Shelter Grants FY 87	14.218	185	79,766	—	79,766	—	—	79,766	—	79,766	80,000	—	80,000
Emergency Shelter Grants 90-91	14.218	123	—	—	—	99,841	—	99,841	—	99,841	123,000	—	123,000
Emergency Shelter Grants 89-90	14.218	197	63,624	—	63,624	5,973	—	69,597	—	69,597	78,000	—	78,000
Emergency Shelter Grants 91-92	14.218	127	—	—	—	2,878	—	2,878	—	2,878	120,000	—	120,000
Total U.S. Housing/Urban Development			$ 31,171,815	—	31,171,815	3,528,223	—	34,700,038	—	34,700,038	45,487,244	—	45,487,244

(continued)

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

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF EXPENDITURES – ALL SPECIAL REVENUE GRANTS
From Inception to September 30, 1991

			Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	CFDA Number	Fund Number	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
U.S. NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES													
National Endowment for the Arts:													
I.M.S. General Operating 90	45.301	202	$ 6,018	—	6,018	55,901	—	61,919	—	61,919	61,919	—	61,919
I.M.S. General Operating 91	45.301	148	—	—	—	3,345	—	3,345	—	3,345	64,043	—	64,043
			6,018	—	5,018	59,246	—	65,264	—	65,264	125,962	—	125,962
Texas Commission on the Arts:													
Art in Public Places	45.007	214	—	—	—	—	—	—	—	—	4,090	4,090	8,180
Cultural Affairs	45.007	216	—	—	—	4,415	9,406	4,415	9,406	13,821	4,415	4,415	8,830
			—	—	—	4,415	9,406	4,415	9,406	13,821	8,505	8,505	17,010
National Endowment for the Humanities:													
Elisabet Ney Museum	45.125	213	—	—	—	1,475	—	1,475	—	1,475	1,475	—	1,475
Total U.S. National Foundation on the Arts and Humanities			6,018	—	6,018	65,136	9,406	71,154	9,406	80,560	135,942	8,505	144,447
U.S. DEPARTMENT OF INTERIOR													
UFARR–Mabson Baseball Field	15.919	150	—	—	—	—	—	—	—	—	73,773	8,197	81,970
U.S. DEPARTMENT OF ENERGY													
Least Cost Planning Grant	81.086	126	17,097	3,780	20,877	—	—	17,097	3,780	20,877	26,100	233,678	259,778
Total Federal Grants			$ 36,404,378	2,290,122	38,694,500	9,053,882	1,705,621	45,458,260	3,955,743	49,454,003	60,735,190	4,733,288	65,468,478

(continued)

		Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	Fund Number	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
STATE GRANTS												
TEXAS GOVERNOR'S OFFICE												
CRIMINAL JUSTICE DIVISION												
Stolen Pawned Property Recovery/1	183	$ —	—	—	28,700	1,860	28,700	1,860	30,560	42,847	1,300	44,147
Organized Crime Control Unit/2	279	89,716	16,854	106,570	(8,230)	—	81,486	16,854	98,340	189,146	104,580	293,726
		89,716	16,854	106,570	20,470	1,860	110,186	18,714	128,900	231,993	105,880	337,873
TEXAS GOVERNOR'S OFFICE												
ENERGY MANAGEMENT CENTER												
Small Business Energy Management	131	—	—	—	27,446	26,484	27,446	26,484	53,930	157,920	102,493	260,413
Non-Profit Energy Action Directive	255	—	—	—	31,024	32,620	31,024	32,620	63,644	89,781	151,205	240,986
		—	—	—	58,470	59,104	58,470	59,104	117,574	247,701	253,698	501,399
TEXAS HEALTH DEPARTMENT												
Community and Rural Health 90-91	172	—	—	—	67,679	191	67,679	191	67,870	71,999	—	71,999
Community and Rural Health 89-90	233	39,555	125	39,680	746	—	40,301	125	40,426	46,739	—	46,739
Community and Rural Health Att 8	167	—	—	—	4,490	—	4,490	—	4,490	79,895	—	79,895
Maternal Infant Health Improvement Act Att 10	180	—	—	—	99,726	—	99,726	—	99,726	180,000	—	180,000
Maternal Infant Health Improvement Act Att 2	186	—	—	—	10,331	—	10,331	—	10,331	173,575	—	173,575
		39,555	125	39,680	182,972	191	222,527	316	222,843	552,208	—	552,208
TEXAS STATE LIBRARY												
Central Tx Library #400.3	265	643,515	1,307	644,822	36,238	—	679,753	1,307	681,060	679,753	—	679,753
Central Tx Library #426.3	160	19,470	—	19,470	514,550	—	534,020	—	534,020	571,413	—	571,413
Central Tx Library #448.3	231	—	—	—	19,316	—	19,316	—	19,316	587,433	—	587,433
		662,985	1,307	664,292	570,104	—	1,233,089	1,307	1,234,396	1,838,599	—	1,838,599
TEXAS PARKS AND WILDLIFE												
Austin Veloway Park	120	—	—	—	—	—	—	—	—	500,000	500,000	1,000,000
Austin Searight Park	122	—	—	—	259,681	259,681	259,681	259,681	519,362	500,000	500,000	1,000,000
		—	—	—	259,681	259,681	259,681	259,681	519,362	1,000,000	1,000,000	2,000,000
TEXAS WATER COMMISSION												
Texas A&M University												
Effectiveness of Native Species Buffer Zone	285	$ —	—	—	—	43,[illegible]	—	43,119	43,119	—	57,049	57,049

(continued)

SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF EXPENDITURES – ALL SPECIAL REVENUE GRANTS
From Inception to September 30, 1991

		Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	Fund Number	Grant	In-Kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind Match	Total
TEXAS STATE HIGHWAYS AND PUBLIC TRANSPORTATION												
Traffic Light Synchronization	238	$ —	—	—	199,805	63,881	199,805	63,881	263,686	312,055	109,038	421,093
Traffic Management Project	136	—	—	—	74,880	43,997	74,880	43,997	118,877	415,038	140,802	56[illegible],340
		—	—	—	274,685	107,878	274,685	107,878	382,563	727,093	257,840	984,933
TEXAS DEPARTMENT ON AGING												
Southwestern Bell Telephone Senior Adult Literacy Targeted	226	—	—	—	—	—	—	—	—	2,000	—	2,000
Total State Grants		792,256	18,286	810,542	1,366,382	471,833	2,158,636	490,119	2,648,757	4,599,594	1,674,467	6,274,061
OTHER SPECIAL REVENUE GRANTS												
NATIONAL EMERGENCY MEDICINE ASSOCIATION												
CPR Training	240	4,055	—	4,055	—	—	4,055	—	4,055	35,000	—	35,000
JUNIOR LEAGUE OF AUSTIN/AMERICAN STATESMAN												
Project Walking Books	205	1,474	—	1,474	18,936	—	20,410	—	20,410	20,410	17,774	38,184
AMERICAN FOUNDATION FOR AIDS RESEARCH												
Technical Assistance to Community Organizations	141	111	—	111	17,425	11,949	17,536	11,949	29,485	20,000	9,660	29,660
CITY OF CHICAGO												
Energy Star Sustainable Systems Rating	254	—	—	—	34,827	14,250	34,827	14,250	49,077	75,152	28,281	103,433
Total Other Special Revenue Grants		5,640	—	5,640	71,188	26,199	76,828	26,199	103,027	150,562	55,715	206,277
Total All Grants		$ 37,202,274	2,308,408	39,510,682	10,491,452	2,203,653	47,693,726	4,512,061	52,205,787	65,485,346	6,463,470	71,948,816

SPECIAL REVENUE FUNDS — ENTERPRISE RELATED
COMBINING BALANCE SHEET
September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit C-5

		Assets				Liabilities and Fund Balance				
	CFDA Number	Pooled Investments and Cash	Receivable from Other Governments	Prepaid Items and Other Assets	Total Assets	Advanced Pooled Investments and Cash	Other Liabilities	Total Liabilities	Fund Balance	Total Liabilities and Fund Balance
AIRPORT RELATED										
U.S. DEPARTMENT OF TRANSPORTATION										
Capital Improvements 0013-11	20.106	$ —	54,246	—	54,246	—	54,246	54,246	—	54,246
Capital Improvements 0013-10	20.106	—	245,498	—	245,498	132,204	113,294	245,498	—	245,498
Capital Improvements 0013-14	20.104	450	334,037	—	334,487	—	334,487	334,487	—	334,487
Air-Rescue-Fire Veh. & Bldg.	20.104	—	—	—	—	—	—	—	—	—
Land Acquisition 3-48-0305-01	20.106	—	—	—	—	—	—	—	—	—
Land Acquisition 3-48-0305-03	20.106	2	—	—	2	—	2	2	—	2
Airport Master Plan Ph II	20.106	—	—	—	—	—	—	—	—	—
Security Access Program	20.104	—	293,455	—	293,455	81,248	212,207	293,455	—	293,455
Soundproof Three Public Schools	20.106	—	310,521	—	310,521	—	310,521	310,521	—	310,521
School Sound Insulation Study	20.104	—	—	—	—	—	—	—	—	—
Total U.S. Department of Transportation		452	1,237,757	—	1,238,209	213,452	1,024,757	1,238,209	—	1,238,209
WATERWORKS AND SEWER RELATED										
U.S. ENVIRONMENTAL PROTECTION AGENCY										
Hornsby Bend Sludge Thickening Facility	66.458	—	936,844	—	936,844	936,844	—	936,844	—	936,844
Total U.S. Environmental Protection Agency		—	936,844	—	936,844	936,844	—	936,844	—	936,844
ELECTRIC RELATED										
TEXAS GOVERNOR'S OFFICE										
DIVISION OF BUDGET AND PLANNING										
Alternative Energy		—	25,155	—	25,155	25,155	—	25,155	—	25,155
Total Texas Governor's Office		—	25,155	—	25,155	25,155	—	25,155	—	25,155
Total grants, enterprise related		$ 452	2,199,756	—	2,200,208	1,175,451	1,024,757	2,200,208	—	2,200,208

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

SPECIAL REVENUE FUNDS — ENTERPRISE RELATED
COMBINING SCHEDULE OF EXPENDITURES
From Inception to September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit C-6

		Total Expenditures at September 30, 1990			Current Year		Total Expenditures at September 30, 1991			Budget		
	CFDA Number	Grant	In-kind Match	Total	Grant	In-Kind Match	Grant	In-Kind Match	Total	Grant	In-Kind match	Total
AIRPORT RELATED												
U.S. DEPARTMENT OF TRANSPORTATION												
Capital Improvements 0013-11	20.106	$ —	—	—	116,831	38,944	116,831	38,944	155,775	1,660,294	553,431	2,213,725
Capital improvements 0013-10	20.106	1,566,599	522,200	2,088,799	1,033,570	344,523	2,600,169	866,723	3,466,892	3,478,371	1,159,457	4,637,828
Capital Improvements 0013-14	20.104	—	—	—	395,640	131,879	395,640	131,879	527,519	1,370,144	456,715	1,826,859
Air-Rescue-Fire Veh. & Bldg.	20.104	—	—	—	—	—	—	—	—	340,125	113,375	453,500
Land Acquisition 3-48-0305-01	20.106	172,769	57,590	230,359	—	—	172,769	57,590	230,359	10,000,000	3,333,333	13,333,333
Land Acquisition 3-48-0305-03	20.106	71,803	23,934	95,737	—	—	71,803	23,934	95,737	5,000,000	1,666,667	6,666,667
Airport Master Plan Ph II	20.106	1,727,199	575,733	2,302,932	—	—	1,727,199	575,733	2,302,932	10,000,000	3,333,333	13,333,333
Security Access Program	20.104	—	—	—	348,870	116,290	348,870	116,290	465,160	660,000	220,000	880,000
Soundproof Three Public Schools	20.106	—	—	—	775,839	193,959	775,839	193,959	969,798	1,440,000	360,000	1,800,000
School Sound Insulation Study	20.104	—	—	—	82,158	27,386	82,158	27,386	109,544	110,163	36,721	146,884
Total U.S. Department of Transportation		3,538,370	1,179,457	4,717,827	2,752,908	852,981	6,291,278	2,032,438	8,323,716	34,059,097	11,233,032	45,292,129
WATERWORKS AND SEWER RELATED												
U.S. ENVIRONMENTAL PROTECTION AGENCY												
Hornsby Bend Sludge Thickening Facility	66.419	985,145	—	985,145	4,826,699	—	5,811,844	—	5,811,844	6,395,000	1,345,448	7,740,448
Total U.S. Environmental Protection Agency		985,145	—	985,145	4,826,699	—	5,811,844	—	5,811,844	6,395,000	1,345,448	7,740,448
ELECTRIC RELATED												
TEXAS GOVERNOR'S OFFICE												
DIVISION OF BUDGET AND PLANNING												
Alternative Energy	—	7,202	1,995	9,197	30,419	19,503	37,621	21,498	59,119	48,850	37,500	86,350
Total Texas Governor's Office		7,202	1,995	9,197	30,419	19,503	37,621	21,498	59,119	48,850	37,500	86,350
Total grants, enterprise related		$ 4,530,717	1,181,452	5,712,169	7,610,026	872,484	12,140,743	2,053,936	14,194,679	40,502,947	12,615,080	53,118,927

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

SPECIAL REVENUE FUNDS - OTHER
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit C-7

	Assets						Liabilities						
	Cash	Pooled Investments and Cash	Investments, at Cost	Cash Held by Trustee	Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Performance, Escrow, Other Deposits	Other Liabilities	Total Liabilities	Fund Balances	Total Liabilities and Fund Balances
Housing Assistance	$ —	—	7,684,333	—	95,234	7,779,567	15,841	230,133	—	—	245,974	7,533,593	7,779,567
Brown & Root Conservation	—	3,690,338	—	—	—	3,690,338	176,571	—	—	—	176,571	3,513,767	3,690,338
Leveraged Loan Pool	—	489,309	—	—	2,568,288	3,057,597	—	—	—	—	—	3,057,597	3,057,597
RMD Loan Fund	—	535,834	—	1,336,000	443,518	2,315,352	7,528	—	—	—	7,528	2,307,824	2,315,352
Cable TV	—	550,736	—	—	100,000	650,736	12,565	—	—	—	12,565	638,171	650,736
Economic Development	—	523,583	—	—	—	523,583	—	—	—	—	—	523,583	523,583
AHFC	—	204,075	—	—	—	204,075	—	—	—	—	—	204,075	204,075
PARD Cultural Projects	—	171,058	—	—	—	171,058	7,666	—	—	—	7,666	163,392	171,058
Voluntary Utility Assistance	—	154,376	—	—	—	154,376	116,702	—	—	—	116,702	37,674	154,376
Subdivision Participation	—	5,684,375	—	—	—	5,684,375	—	—	5,597,113	—	5,597,113	87,262	5,684,375
AIDC	—	87,104	—	—	—	87,104	—	—	—	—	—	87,104	87,104
Railroad Right of Way	—	52,828	—	—	1,470	54,298	—	—	15,292	—	15,292	39,006	54,298
Aviation Asset Forfeiture	—	27,967	—	—	—	27,967	—	—	3,322	—	3,322	24,645	27,967
Tourism & Promotion	—	—	—	—	—	—	—	—	—	—	—	—	—
Civic Center Reserve Fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Hydromulch/Erosion Control	—	16,392,630	—	—	—	16,392,630	31,592	—	16,361,038	—	16,392,630	—	16,392,630
RMD Conservation	—	1,342,569	—	—	—	1,342,569	—	—	—	1,912,317	1,912,317	(569,748)	1,342,569
1991 Total	$ —	29,906,782	7,684,333	1,336,000	3,208,510	42,135,625	368,465	230,133	21,976,765	1,912,317	24,487,680	17,647,945	42,135,625
1990 Total	$ 3,066,394	31,267,330	8,138,438	4,632,012	4,048,990	51,153,164	924,223	3,115,429	19,315,738	2,399,817	25,755,257	25,397,907	51,153,164

SPECIAL REVENUE FUNDS - OTHER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	Fund Balances September 30, 1990	Revenues	Expenditures (1)	Operating Transfer In	Operating Transfer Out	Contribution from Utility	Residual Equity Transfer In (Out)	Fund Balances September 30, 1991
Housing Assistance	$ 8,154,835	712,416	1,333,658	----	----	----	----	7,533,593
Brown & Root Conservation	1,605,825	----	5,919,273	3,725,000	----	4,102,215	----	3,513,767
Leveraged Loan Pool	3,306,789	65,244	173,436	----	141,000	----	----	3,057,597
RMD Loan Fund	6,081,594	3,202	51,972	----	3,725,000	----	----	2,307,824
Cable TV	699,368	655,051	615,648	----	100,600	----	----	638,171
Economic Development	718,488	47,330	203,235	----	39,000	----	----	523,583
AHFC	188,466	15,609	----	----	----	----	----	204,075
PARD Cultural Projects	171,477	----	1,282,153	1,274,068	----	----	----	163,392
Voluntary Utility Assistance	138,251	91,193	351,770	160,000	----	----	----	37,674
Subdivision Participation	80,258	834,949	----	24,817	852,762	----	----	87,262
AIDC	80,933	6,171	----	----	----	----	----	87,104
Railroad Right of Way	90,980	84,782	136,756	----	----	----	----	39,006
Aviation Asset Forfeiture	139,407	6,286	121,048	----	----	----	----	24,645
Tourism & Promotion	168,633	----	----	----	----	----	(168,633)	----
Civic Center Reserve Fund	4,361,307	----	----	----	----	----	(4,361,307)	----
Hydromulch/Erosion Control	----	528	528	----	----	----	----	----
RMD Conservation	(588,704)	18,956	----	----	----	----	----	(569,748)
1991 Total	$ 25,397,907	2,541,717	10,189,477	5,183,685	4,858,362	4,102,215	(4,529,940)	17,647,945
1990 Total	$ 39,545,372	1,875,029	11,083,111	6,210,715	920,000	4,027,599	(14,257,697)	25,397,907

(1) Expenditures include capital outlay of $303,830.

Debt Service Fund

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

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DEBT SERVICE FUND
BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit D-1

	1991	1990
ASSETS		
Cash	$ 1,686	68,329
Investments, at cost	7,271,657	8,275,404
Property taxes receivable	3,872,597	3,781,761
Less allowance for doubtful receivables	(2,710,819)	(2,647,233)
Net taxes receivable	1,161,778	1,134,528
Accrued interest receivable	30,774	146,422
Other assets	34,363	----
Total assets	8,500,258	9,624,683
LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to other funds	353,864	156,667
Deferred revenue	847,559	1,398,093
Total liabilities	1,201,423	1,554,760
Fund balance (unreserved):		
Designated for debt service	7,298,835	8,069,923
Total fund balance	7,298,835	8,069,923
Total liabilities and fund balance	$ 8,500,258	9,624,683

DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS

Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit D-2

	1991					1990
	Actual	Adjustments (1)	Actual-Budget Basis	Budget	Variance-Favorable (Unfavorable)	Actual-Budget Basis
REVENUES						
General property taxes	$ 46,530,190	----	46,530,190	46,920,095	(389,905)	48,328,118
Interest and other	2,129,546	----	2,129,546	2,133,117	(3,571)	2,681,482
Total revenues	48,659,736	----	48,659,736	49,053,212	(393,476)	[illegible],009,600
EXPENDITURES						
Principal retirement	21,607,942	4,232,058	25,840,000	25,840,000	----	24,210,000
Interest and other	30,489,671	(436,180)	30,053,491	31,175,188	1,121,697	32,486,399
Fees and commissions	2,311	----	2,311	7,500	5,189	8,455
Total expenditures	52,099,924	3,795,878	55,895,802	57,022,688	1,126,886	56,704,854
Excess (deficiency) of revenues over expenditures	(3,440,188)	(3,795,878)	(7,236,066)	(7,969,476)	733,410	(5,695,254)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	2,669,100	3,844,002	6,513,102	6,513,102	----	5,119,461
Total other financing sources (uses)	2,669,100	3,844,002	6,513,102	6,513,102	----	5,119,461
Excess (deficiency) of revenues and other sources over expenditures and other uses	(771,088)	48,124	(722,964)	(1,456,374)	733,410	(575,793)
Fund balance at beginning of year	8,069,923	----	8,069,923	8,069,923	----	8,645,716
Fund balance at end of year	$ 7,298,835	48,124	7,346,959	6,613,549	733,410	8,069,923

(1) Represents amount of certain Enterprise related debt payments budgeted as operating transfers and an unbudgeted expenditure.

Capital Projects Funds

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

Funds Authorized Prior to 1981;

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

Funds Authorized September 11, 1982 for various purposes;

Funds Authorized October 22, 1983 for Jollyville Road Improvements;

Funds Authorized September 8, 1984 for various purposes;

Funds Authorized January 19, 1985 for Cultural Arts;

Funds Authorized July 26, 1985 for Parks and Recreation;

Funds Authorized September 26, 1985 for Art in Public Places;

Funds Authorized December 14, 1985 for various purposes;

Funds Authorized September 3, 1987 for street improvements; and

Other Funds established by ordinance for various purposes and funded by CIP interest income.

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CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit E-1

	Summary of Funds from General Obligation Bonds by Year of Authorization							Other Funds	Totals	
	Prior to 1981	1981	1982	1983	1984	1985	1987		1991	1990
ASSETS										
Pooled investments and cash	$ 2,090,247	1,131,475	2,553,611	2,961,464	36,634,336	10,841,578	----	1,759,492	57,972,203	50,360,662
Accounts receivable	320	----	2,658	----	20,481,083	----	1,250,146	----	21,734,207	22,988,275
Less allowance for doubtful accounts	----	----	----	----	----	----	(1,250,146)	----	(1,250,146)	(894,246)
Net accounts receivable	320	----	2,658	----	20,481,083	----	----	----	20,484,061	22,094,029
Total assets	2,090,567	1,131,475	2,556,269	2,961,464	57,115,419	10,841,578	----	1,759,492	78,456,264	72,454,691
LIABILITIES AND FUND EQUITY										
Liabilities:										
Accounts payable	43,884	(604)	46,841	1,876	2,104,179	28,820	47,602	474	2,273,072	2,954,305
Advanced pooled investments and cash	153	98	----	----	7,061	----	137,757	18,959	164,028	21,096
Other liabilities	7,104	----	----	----	----	----	2,943	419,172	429,219	116,937
Total liabilities	51,141	(506)	46,841	1,876	2,111,240	28,820	188,302	438,605	2,866,319	3,092,341
Fund balances:										
Reserved for encumbrances	171,209	57,387	241,310	307,212	6,524,327	184,504	72,918	----	7,558,867	5,851,817
Unreserved	1,868,217	1,074,594	2,268,118	2,652,376	48,479,852	10,628,254	(261,220)	1,320,887	68,031,078	63,510,533
Total fund balances	2,039,426	1,131,981	2,509,428	2,959,588	55,004,179	10,812,758	(188,302)	1,320,887	75,589,945	69,362,350
Total liabilities and fund balances	$ 2,090,567	1,131,475	2,556,269	2,961,464	57,115,419	10,841,578	----	1,759,492	78,456,264	72,454,691

CITY OF AUSTIN, TEXAS
Exhibit E-2

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended September 30, 1991
With comparative totals for September 30, 1990

	Summary of Funds from General Obligation Bonds by Year of Authorization							Other Funds	Totals	
	Prior to 1981	1981	1982	1983	1984	1985	1987		1991	1990
REVENUES										
Intergovernmental revenues	$ ----	----	----	----	1,653,054	----	1,923,456	----	3,576,510	20,253,238
Property owners' participation and contributions	----	----	----	----	92,076	----	663,297	----	755,373	143,456
Interest and other	22,500	----	----	----	2,585,436	122,661	91,999	3,707,502	6,530,098	5,435,667
Total revenues	22,500	----	----	----	4,330,566	122,661	2,678,752	3,707,502	10,861,981	25,832,361
EXPENDITURES										
Capital outlay for construction	770,143	422,841	1,583,866	313,595	13,313,910	971,913	3,724,619	1,570,245	22,671,132	48,571,404
Excess (deficiency) of revenues over expenditures	(747,643)	(422,841)	(1,583,866)	(313,595)	(8,983,344)	(849,252)	(1,045,867)	2,137,257	(11,839,151)	(22,739,043)
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of certificates and general obligation bonds	----	----	1,330,000	----	18,010,000	----	----	----	19,340,000	20,995 000
Operating transfers in	350,000	6,292	150,000	83,225	929,229	----	----	1,983,282	3,502,028	1,849,045
Operating transfers out	(95,850)	(13,311)	(204,178)	----	(1,009,714)	(660,229)	----	(2,822,000)	(4,805,282)	(5,331,590)
Total other financing sources (uses)	254,150	(7,019)	1,275,822	83,225	17,929,515	(960,229)	----	(838,718)	18,036,746	17,512,455
Excess (deficiency) of revenues and other sources over expenditures and other uses	(493,493)	(429,860)	(308,044)	(230,370)	8,946,171	(1,509,481)	(1,045,867)	1,298,539	6,227,595	(5,226,588)
Fund balances at beginning of year	2,532,919	1,561,841	2,817,472	3,189,958	46,058,008	12,322,239	857,565	22,348	69,362,350	74,588,938
Fund balances at end of year	$ 2,039,426	1,131,981	2,509,428	2,959,588	55,004,179	10,812,758	(188,302)	1,320,887	75,589,945	69,362,350

CITY OF AUSTIN, TEXAS
Exhibit E-3

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

	Assets					Liabilities				Fund Balances			
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total	Reserved for Encumbrances	Unreserved (Deficit)	Total	Total Liabilities and Fund Balances
Funds Authorized Prior to 1981													
Parks and recreation	$ 1,348,213	—	—	—	1,348,213	42,904	—	(839)	42,065	80,603	1,225,545	1,306,148	1,348,213
Police and courts	—	—	—	—	—	—	153	—	153	—	(153)	(153)	—
Street improvements	550,473	320	—	320	550,793	—	—	7,943	7,943	—	542,850	542,850	550,793
Library	182,370	—	—	—	182,370	980	—	—	980	90,022	91,368	181,390	182,370
Health centers	9,190	—	—	—	9,190	—	—	—	—	584	8,606	9,190	9,190
Neighborhood centers	1	—	—	—	1	—	—	—	—	—	1	1	1
	2,090,247	320	—	320	2,090,567	43,884	153	7,104	51,141	171,209	1,868,217	2,039,426	2,090,567
Funds Authorized August 29, 1981													
Street and drainage	1,083,410	—	—	—	1,083,410	—	—	—	—	55,349	1,028,061	1,083,410	1,083,410
Fire stations	48,065	—	—	—	48,065	(604)	—	—	(604)	2,038	46,631	48,669	48,065
EMS buildings	—	—	—	—	—	—	98	—	98	—	(98)	(98)	—
	1,131,475	—	—	—	1,131,475	(604)	98	—	(506)	57,387	1,074,594	1,131,981	1,131,475
Funds Authorized September 11, 1982													
Street and drainage	312,141	2,658	—	2,658	314,799	—	—	—	—	48,391	266,408	314,799	314,799
Flood prevention	714,862	—	—	—	714,862	20,233	—	—	20,233	156,419	538,210	694,629	714,862
Public works parking	142	—	—	—	142	—	—	—	—	—	142	142	142
Public works service center	152,651	—	—	—	152,651	—	—	—	—	8,988	143,663	152,651	152,651
Traffic signals	117,060	—	—	—	117,060	—	—	—	—	13,176	103,884	117,060	117,060
Parks--various	872,042	—	—		872,042	17,409	—	—	17,409	10,354	844,279	854,633	872,042
Environmental resources	28,454	—	—		28,454	9,199	—	—	9,199	182	19,073	19,255	28,454
Fire/EMS building	356,259	—	—	—	356,259	—	—	—	—	3,800	352,459	356,259	356,259
	2,553,611	2,658	—	2,658	2,556,269	46,841	—	—	46,841	241,310	2,268,118	2,509,428	2,556,269
Funds Authorized October 22, 1983													
Jollyville road improvements	56,885	—	—	—	56,885	—	—	—	—	1,005	55,880	56,885	56,885
Energy improvements city facilities	2,904,579	—	—	—	2,904,579	1,876	—	—	1,876	306,207	2,596,496	2,902,703	2,904,579
	$ 2,961,464	—	—	—	2,961,464	1,876	—	—	1,876	307,212	2,652,376	2,959,588	2,961,464

(continued)

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

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

	Assets					Liabilities				Fund Balances			
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total	Reserved for Encumbrances	Unreserved (Deficit)	Total	Total Liabilities and Fund Balances
Funds Authorized September 8, 1984													
Zilker land acquisition	$ 9	—	—	—	9	—	—	—	—	—	9	9	9
PARD pools	130,957	—	—	—	130,957	3,091	—	—	3,091	67	127,799	127,866	130,957
Parkland acquisition	1,741,244	—	—	—	1,741,244	23	—	—	23	—	1,741,221	1,741,221	1,741,244
Parks/Old Bakery	2,879,131	—	—	—	2,879,131	43,595	—	—	43,595	203,291	2,632,245	2,835,536	2,879,131
Drainage and flood improvements	6,904,331	—	—	—	6,904,331	126,455	—	—	126,455	1,195,319	5,582,557	6,777,876	6,904,331
Street improvements	22,338,089	20,481,083	—	20,481,083	42,819,172	1,924,468	—	—	1,924,468	4,869,169	36,025,535	40,894,704	42,819,172
Fire improvements	1,459,819	—	—	—	1,459,819	3,935	—	—	3,935	175,353	1,280,531	1,455,884	1,459,819
Libraries	855	—	—	—	855	—	—	—	—	—	855	855	855
Police FACS	—	—	—	—	—	—	7,061	—	7,061	1,901	(8,962)	(7,061)	—
Traffic signals	1,173,812	—	—	—	1,173,812	2,612	—	—	2,612	79,227	1,091,973	1,171,200	1,173,812
EMS/Fire facility	6,089	—	—	—	6,089	—	—	—	—	—	6,089	6,089	6,089
	36,634,336	20,481,083	—	20,481,083	57,115,419	2,104,179	7,061	—	2,111,240	6,524,327	48,479,852	55,004,179	57,115,419
Funds Authorized January 19, 1985													
Cultural arts	10,056,850	—	—	—	10,056,850	26,489	—	—	26,489	161,845	9,868,516	10,030,361	10,056,850
Funds Authorized July 26, 1985													
Neighborhood park and recreation	524,434	—	—	—	524,434	—	—	—	—	—	524,434	524,434	524,434
Funds Authorized September 26, 1985													
Art in public places	4,076	—	—	—	4,076	—	—	—	—	—	4,076	4,076	4,076
Funds Authorized December 14, 1985													
Senior activity center	43,236	—	—	—	43,236	2,000	—	—	2,000	22,659	18,577	41,236	43,236
South Austin parkland	10,903	—	—	—	10,903	—	—	—	—	—	10,903	10,903	10,903
Parks Oak Hill	202,079	—	—	—	202,079	331	—	—	331	—	201,748	201,748	202,079
	256,218	—	—	—	256,218	2,331	—	—	2,331	22,659	231,228	253,887	256,218
Total Funds Authorized in 1985	10,841,578	—	—	—	10,841,578	28,820	—	—	28,820	184,504	10,628,254	10,812,758	10,841,578
Funds Authorized September 3, 1987													
Street resurfacing	$ —	1,250,146	(1,250,146)	—	—	47,602	137,757	2,943	188,302	72,918	(261,220)	(188,302)	—

(continued)

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

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

	Assets					Liabilities				Fund Balances			
	Pooled Investments and Cash	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Other Liabilities	Total	Reserved for Encumbrances	Unreserved (Deficit)	Total	Total Liabilities and Fund Balances
Other funds													
Street lights	$ —	—	—	—	—	—	1,721	—	1,721	—	(1,721)	(1,721)	—
Planning & development improvements	—	—	—	—	—	—	1,125	—	1,125	—	(1,125)	(1,125)	—
TPSD general improvements	21,536		—	—	21,536	—	—	—	—	—	21,536	21,536	21,536
Parks projects 1991	—		—	—	—	474	16,113	—	16,587	—	(16,587)	(16,587)	—
Interest income fund	1,737,956		—	—	1,737,956	—	—	419,172	419,172	—	1,318,784	1,318,784	1,737,956
Total other funds	1,759,492	—	—	—	1,759,492	474	18,959	419,172	438,605	—	1,320,887	1,320,887	1,759,492
1991 Totals	57,972,203	21,734,207	(1,250,146)	20,484,061	78,456,264	2,273,072	164,028	429,219	2,866,319	7,558,867	68,031,078	75,589,945	78,456,264
Funds authorized prior to 1981	2,543,451	320	—	320	2,543,771	2,757	152	7,943	10,852	1,958	2,530,961	2,532,919	2,543,771
Funds authorized August 29, 1981	1,562,699	—	—	—	1,562,699	760	98	—	858	156,061	1,405,780	1,561,841	1,562,699
Funds authorized September 11, 1982	2,821,882	2,653	—	2,658	2,824,540	7,068	—	—	7,068	682,235	2,135,237	2,817,472	2,824,540
Funds authorized October 22, 1983	3,328,854	—	—	—	3,328,854	119,771	19,125	—	138,896	122,476	3,067,482	3,189,958	3,328,854
Funds authorized September 8, 1984	26,477,666	22,091,051	—	22,091,051	48,568,717	2,510,709	—	—	2,510,709	3,885,929	42,172,079	46,058,008	48,568,717
Funds authorized 1985	12,418,808	—	—	—	12,418,808	96,569	—	—	96,569	758,022	11,564,217	12,322,239	12,418,808
Funds authorized September 3, 1987	1,016,233	894,246	(894,246)	—	1,016,233	49,674	—	108,994	158,668	78,136	779,429	857,565	1,016,233
Other funds	191,069	—	—	—	191,069	167,000	1,721	—	168,721	167,000	(144,652)	22,348	191,069
1990 Totals	$ 50,360,662	22,988,275	(894,246)	22,094,029	72,454,691	2,954,308	21,096	116,937	3,092,341	5,851,817	63,510,533	69,362,350	72,454,691

CITY OF AUSTIN, TEXAS
Exhibit E-4

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Expenditures-Capital Outlay	Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balances Beginning of Year	Residual Equity Transfer In (Out)	Fund Balances End of Year
							Issuance of Bonds/ Certificates	Operating Transfers In	Operating Transfers Out	Total				
Funds Authorized Prior to 1981														
Parks and recreation	$ —	—	22,500	22,500	510,976	(488,476)	—	190,000	(71,364)	118,636	(369,840)	1,675,988	—	1,306,148
Police and courts	—	—	—	—	—	—	—	—	—	—	—	(153)	—	(153)
Street improvements	—	—	—	—	149,964	(149,964)	—	—	(1,480)	(1,480)	(151,444)	694,294	—	542,850
Library	—	—	—	—	105,091	(105,091)	—	160,000	(2,394)	157,606	52,515	128,875	—	181,390
Health centers	—	—	—	—	4,112	(4,112)	—	—	(20,583)	(20,583)	(24,705)	33,895	—	9,190
Neighborhood centers	—	—	—	—	—	—	—	—	(19)	(19)	(19)	20	—	1
	—	—	22,500	22,500	770,143	(747,643)	—	350,000	(95,850)	254,150	(493,493)	2,532,919	—	2,039,426
Funds Authorized August 29, 1981														
Street and drainage	—	—	—	—	263,055	(263,055)	—	6,292	—	6,292	(256,763)	1,340,173	—	1,083,410
Fire stations	—	—	—	—	159,786	(159,786)	—	—	(13,311)	(13,311)	(173,097)	221,766	—	48,669
EMS buildings	—	—	—	—	—	—	—	—	—	—	—	(98)	—	(98)
	—	—	—	—	422,841	(422,841)	—	6,292	(13,311)	(7,019)	(429,860)	1,561,841	—	1,131,981
Funds Authorized September 11, 1982														
Street and drainage	—	—	—	—	88,170	(88,170)	—	—	(27,335)	(27,335)	(115,505)	430,304	—	314,799
Flood prevention	—	—	—	—	927,381	(927,381)	990,000	—	(26,928)	963,072	35,691	658,938	—	694,629
Public works parking	—	—	—	—	(85)	85	—	—	(5,250)	(5,250)	(5,165)	5,307	—	142
Public works service center	—	—	—	—	47,034	(47,034)	—	—	(14,548)	(14,548)	(61,582)	214,233	—	152,651
Traffic signals	—	—	—	—	91,561	(91,561)	—	—	(23,461)	(23,461)	(115,022)	232,082	—	117,060
Parks--various	—	—	—	—	378,812	(378,812)	340,000	150,000	(83,348)	406,652	27,840	826,793	—	854,633
Environmental resources	—	—	—	—	50,765	(50,765)	—	—	(3,258)	(3,258)	(54,023)	73,278	—	19,255
Fire/EMS building	—	—	—	—	228	(228)	—	—	(20,050)	(20,050)	(20,278)	376,537	—	356,259
	—	—	—	—	1,583,866	(1,583,866)	1,330,000	150,000	(204,178)	1,275,822	(308,044)	2,817,472	—	2,509,428
Funds Authorized October 22, 1983														
Jollyville road improvements	—	—	—	—	7,215	(7,215)	—	83,225	—	83,225	76,010	(19,125)	—	56,885
Energy improvements city facilities	—	—	—	—	306,380	(306,380)	—	—	—	—	(306,380)	3,209,083	—	2,902,703
	$ —	—	—	—	313,595	(313,595)	—	83,225	—	83,225	(230,370)	3,189,958	—	2,959,588

(continued)

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Expenditures-Capital Outlay	Excess (Deficiency) of Revenues Over Expenditures	Other Financing Sources (Uses)				Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balances Beginning of Year	Residual Equity Transfer In (Out)	Fund Balances End of Year
							Issuance of Bonds/ Certificates	Operating Transfers In	Operating Transfers Out	Total				
Funds Authorized September 8, 1984														
Zilker land acquisition	$ —	—	—	—	—	—	—	—	—	—	—	9	—	9
PARD pools	—	—	—	—	125,189	(125,189)	—	—	(12,111)	(12,111)	(137,300)	265,166	—	127,866
Parkland acquisition	—	—	—	—	231,294	(231,294)	—	—	(116,426)	(116,426)	(347,720)	2,088,941	—	1,741,221
Parks/Old Bakery	259,681	—	1,476,546	1,736,227	1,060,678	675,549	955,000	172,001	(63,508)	1,063,493	1,739,042	1,096,494	—	2,835,536
Drainage and flood improvements	—	—	—	—	898,194	(898,194)	4,335,000	686,000	(163,496)	4,857,504	3,959,310	2,818,566	—	6,777,876
Street improvements	1,393,373	2,076	1,108,890	2,504,339	9,143,481	(6,639,142)	11,675,000	71,228	(478,937)	11,267,291	4,628,149	36,266,555	—	40,894,704
Fire improvements	—	—	—	—	1,022,725	(1,022,725)	—	—	(153,617)	(153,617)	(1,176,342)	2,632,226	—	1,455,884
Libraries	—	—	—	—	12	(12)	—	—	—	—	(12)	867	—	855
Police FACS	—	—	—	—	97,029	(97,029)	—	—	—	—	(97,029)	89,968	—	(7,061)
Traffic signals	—	90,000	—	90,000	734,433	(644,433)	1,045,000	—	(21,619)	1,023,381	378,948	792,252	—	1,171,200
EMS/Fire facility	—	—	—	—	875	(875)	—	—	—	—	(875)	6,964	—	6,089
	1,653,054	92,076	2,585,436	4,330,566	13,313,910	(8,983,344)	18,010,000	929,229	(1,009,714)	17,929,515	8,946,171	46,058,008	—	55,004,179
Funds Authorized January 19, 1985														
Cultural arts	—	—	—	—	592,124	(592,124)	—	—	(628,361)	(628,301)	(1,220,425)	11,250,786	—	10,030,361
Funds Authorized July 25, 1985														
Neighborhood park and recreation	—	—	122,661	122,661	3,567	119,094	—	—	—	—	119,094	405,340	—	524,434
Funds Authorized September 26, 1985														
Art in public places	—	—	—	—	—	—	—	—	(782)	(782)	(782)	4,858	—	4,076
Funds Authorized December 14, 1985														
Senior activity center	—	—	—	—	351,835	(351,835)	—	—	(19,434)	(19,434)	(371,269)	412,505	—	41,236
South Austin parkland	—	—	—	—	313	(313)	—	—	—	—	(313)	11,216	—	10,903
Parks Oak Hill	—	—	—	—	24,074	(24,074)	—	—	(11,712)	(11,712)	(35,786)	237,534	—	201,748
	—	—	—	—	376,222	(376,222)	—	—	(31,146)	(31,146)	(407,368)	661,255	—	253,887
Total funds authorized in 1985	—	—	122,661	122,661	971,913	(849,252)	—	—	(660,229)	(660,229)	(1,509,481)	12,322,239	—	10,812,758
Funds Authorized September 3, 1987														
Street resurfacing	$ 1,923,456	663,297	91,999	2,678,752	3,724,619	(1,045,867)	—	—	—	—	(1,045,867)	857,565	—	(188,302)

(continued)

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

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

							Other Financing Sources (Uses)							
	Inter-governmental Revenues	Property Owners' Participation and Contributions	Interest and Other	Total Revenues	Expenditures-Capital Outlay	Excess (Deficiency) of Revenues Over Expenditures	Issuance of Bonds/ Certificates	Operating Transfers In	Operating Transfers Out	Total	Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	Fund Balances Beginning of Year	Residual Equity Transfer In (Out)	Fund Balances End of Year
Other funds														
Street lights	$ —	—	—	—	—	—	—	—	—	—	—	(1,721)	—	(1,721)
Planning & development improvements	—	—	—	—	—	—	—	—	—	—	—	(1,125)	—	(1,125)
TPSD general improvements	—	—	—	—	3,658	(3,658)	—	—	—	—	(3,658)	25,194	—	21,536
Parks project 1991	—	—	—	—	16,587	(16,587)	—	—	—	—	(16,587)	—	—	(16,587)
Interest income fund	—	—	3,707,502	3,707,502	1,550,000	2,157,502	—	1,983,282	(2,822,000)	(838,718)	1,318,784	—	—	1,318,764
Total other funds	—	—	3,707,502	3,707,502	1,570,245	2,137,257	—	1,983,282	(2,822,000)	(838,718)	1,298,539	22,348	—	1,320,887
1991 Totals	3,576,510	755,373	6,530,098	10,861,981	22,671,132	(11,809,151)	19,340,000	3,502,028	(4,805,282)	18,036,746	6,227,595	69,362,350	—	75,589,945
Funds authorized prior to 1981	—	—	210,808	210,808	707,089	(496,281)	—	319,000	(165,244)	153,756	(342,525)	2,875,444	—	2,532,919
Funds authorized August 29, 1981	—	—	149,613	149,613	438,041	(288,428)	—	—	(117,499)	(117,499)	(405,927)	1,967,768	—	1,561,841
Funds authorized September 11, 1982	—	20	306,843	306,863	1,553,628	(1,246,765)	570,000	—	(240,982)	329,018	(917,747)	3,735,219	—	2,817,472
Funds authorized October 22, 1983	—	—	303,445	303,445	361,493	(58,048)	—	—	(238,312)	(238,312)	(296,360)	3,486,318	—	3,189,958
Funds authorized September 8, 1984	18,768,517	87,480	3,211,645	22,067,642	40,864,463	(18,796,821)	20,425,000	—	(2,510,643)	17,914,357	(882,464)	46,940,472	—	46,058,008
Funds authorized 1985	146,385	—	1,071,049	1,217,434	2,282,839	(1,065,405)	—	—	(835,370)	(835,370)	(1,900,775)	14,223,014	—	12,322,239
Funds authorized September 3, 1987	1,338,336	55,956	166,593	1,560,885	2,064,023	(503,138)	—	—	—	—	(503,138)	1,360,703	—	857,565
Other funds	—	—	15,671	15,671	299,828	(284,157)	—	1,530,045	(1,223,540)	306,505	22,348	—	—	22,348
1990 Totals	$20,253,238	143,456	5,435,867	25,832,361	48,571,404	(22,739,043)	20,995,000	1,849,045	(5,331,590)	17,512,455	(5,226,588)	74,588,938	—	69,362,350

Enterprise Funds

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

The Utility Funds, including the Electric Light and Power System and the Waterworks and Sewer System;
The Hospital Fund;
The Environmental and Conservation Services Fund;
The Softball Fund;
The Golf Fund;
The Tennis Fund;
The Airport Fund;
The Convention Center Fund;
The Drainage Fund;
The Transportation Fund.

Mexican hat
Ratibida columnaris

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
ASSETS					
Current assets:					
Cash on hand	$ 22,480	8,800	300	----	----
Pooled investments and cash	27,266,344	----	4,134,209	122,655	726,128
Investments, at cost	----	----	----	----	----
Working capital advances	4,789,156	----	----	----	----
Accounts receivable	113,056,345	35,482,179	4,410,940	560	----
Less: Allowance for doubtful accounts and third party reimbursement programs	(51,906,692)	(8,186,168)	(2,134,611)	----	----
Net accounts receivable	61,149,653	27,296,011	2,276,329	560	----
Receivable from other governments	----	2,035,927	----	----	----
Inventories, at cost	45,957,977	3,407,803	----	----	----
Prepaid expenses and other assets	2,123,720	299,288	3,366	----	----
Deferred litigation costs	2,110,374	----	----	----	----
Deferred costs	----	----	----	----	----
Total current assets	143,419,704	33,047,829	6,414,204	123,215	726,128
Restricted assets:					
Revenue bond debt service:					
Cash	13,317	----	317	----	----
Investments, at cost	73,930,503	----	256,491	----	----
Accrued interest on investments	6,274,883	----	534	----	----
Capitalized interest account:					
Cash	----	----	----	----	----
Investments, at cost	----	----	----	----	----
Total revenue bond debt service	80,218,703	----	257,342	----	----
Revenue bond retirement reserve:					
Cash	1,238	----	----	----	----
Investments, at cost	175,905,611	----	----	----	----
Total revenue bond retirement reserve	175,906,849	----	----	----	----
Tax and revenue bond debt service:					
Cash	888	----	----	----	----
Pooled investments and cash	44,757	----	----	----	----
Investments, at cost	395,953	----	----	----	----
Accrued interest	644	----	----	----	----
Total tax and revenue bond debt service	442,242	----	----	----	----
Construction account:					
Construction:					
Cash	----	----	----	----	----
Pooled investments and cash	178,758,223	6,255,600	622,269	----	530,046
Investments, at cost	----	----	----	----	----
Accrued interest on investments	----	----	----	----	----
Receivable from other governments	----	----	----	----	----
Other receivables	17,934,601	----	----	----	----
Capitalized interest:					
Cash	----	----	----	----	----
Total construction account	$ 196,692,824	6,255,600	622,269	----	530,046

Tennis	Airport	Convention Center	Drainage	Transportation	Totals 1991	Totals 1990
----	1,600	3,195	----	----	36,375	34,493
----	2,032,394	457,020	173,945	9,527	34,922,222	39,695,680
----	----	3,067,750	----	----	3,067,750	954,169
----	----	----	----	----	4,789,156	3,342,155
----	2,402,793	47,274	897,041	----	156,297,132	165,446,265
----	(276,574)	(1,844)	(431,666)	----	(62,937,555)	(57,948,432)
----	2,126,219	15,430	465,375	----	93,359,577	107,497,833
----	252,112		----	----	2,288,039	----
----	----		----	----	49,365,780	38,960,292
----	198	--	----	----	2,426,572	1,030,906
----	-	----	----	----	2,110,374	6,191,200
----	----	----	----	----	----	1,407,972
----	4,412,523	3,573,395	639,320	9,527	192,365,845	199,114,702
----	641	----	----	----	14,275	21,641
----	923,702	----	----	----	75,110,696	85,725,565
----	5,899	----	----	----	6,281,316	7,240,728
----	----	1,634	----	----	1,634	3,719
----	----	6,320,014	----	----	6,320,014	11,525,694
----	930,242	6,321,648	----	----	87,727,935	104,517,347
----	631	851	----	----	2,720	7,067
----	2,579,053	6,675,426	----	----	185,160,090	185,099,810
----	2,579,684	6,676,277	----	----	185,162,810	185,106,877
----	----	----	----	----	888	----
----	----	----	----	----	44,757	----
----	----	----	----	----	395,953	----
----	----	----	----	----	644	----
----	----	----	----	----	442,242	----
----	----	2,657	----	----	2,657	2,083
----	23,765,213	----	725,000	----	210,656,351	236,296,336
----	17,951,707	31,481,587	----	----	49,433,294	55,959,700
----	235,385	770,974	----	----	1,006,359	1,563,304
----	1,239,397	----	----	----	1,239,397	----
----	----	----	----	----	17,934,601	32,444,151
----	----	----	----	----	----	2,186,624
----	43,191,702	32,255,218	725,000	----	280,272.659	328,452,198

(continued)

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
ASSETS, CONTINUED					
Decommissioning account:					
Pooled investments and cash	$ 674,336	----	----	----	----
Investments held by trustee	6,888,578	----	----	----	----
Accrued interest on investments	119,841	----	----	----	----
Total decommissioning account	7,682,755	----	----	----	----
Capital improvement account:					
Pooled investments and cash	----	----	----	----	----
Operating reserve account:					
Cash	----	----	----	----	----
Pooled investments and cash	----	----	----	----	----
Investments, at cost	----	----	----	----	----
Accrued interest on investments	----	----	----	----	----
Total operating reserve account	----	----	----	----	----
Cash and investments held by trustee	4,201,915	2,250,123	----	----	----
Pooled investments and cash restricted for:					
Purchase of nuclear fuel inventory	14,387,738	----	----	----	----
Customer deposits	5,411,470	----	----	----	----
Escrow deposits	784,747	----	----	----	----
Total restricted assets	485,729,243	8,505,723	879,611	----	530,046
Fixed assets, at cost:					
Property, plant and equipment in service	3,088,696,686	105,559,555	17,997,655	4,894	3,680,457
Less accumulated depreciation	(663,184,546)	(31,856,669)	(6,448,787)	(408)	(2,214,383)
Net property, plant and equipment in service	2,425,512,140	73,702,886	11,548,868	4,486	1,466,074
Construction in progress	261,956,491	5,339,666	82,156	----	51,769
Nuclear fuel, net of amortization of $33,900,394 in 1991 and $19,767,571 in 1990	44,885,776	----	----	----	----
Plant held for future use	43,226,142	----	----	----	----
Net property, plant and equipment	2,775,580,549	79,042,552	11,631,024	4,486	1,517,843
Other receivables	1,912,317	----	----	----	----
Investment in municipal utility districts	78,643,491	----	----	----	----
Investment in internal service funds, at cost	----	----	----	----	----
Unamortized loss on refunding	32,404,890	----	----	----	----
Deferred costs and expenses, including bond issue cost, net of amortization	133,284,649	----	28,050	----	----
Total assets	$3,650,974,843	120,596,104	18,952,889	127,701	2,774,017

Tennis	Airport	Convention Center	Drainage	Transportation	Totals	
					1991	1990
----	----	----	----	----	674,336	4,504,323
----	----	----	----	----	6,888,578	----
----	----	----	----	----	119,841	----
----	----	----	----	----	7,682,755	4,504,323
----	3,388,182	----	----	----	3,388,182	6,151,261
----	----	52,191	----	----	52,191	3,714
----	1,398,239	22,040	----	----	1,420,279	1,303,200
----	----	6,937,296	----	----	6,937,296	6,509,998
----	----	----	----	----	----	14,946
----	1,398,239	7,011,527	----	----	8,409,766	7,831,858
----	----	----	----	----	6,452,038	3,551,584
----	----	----	----	----	14,387,738	6,993,696
----	----	----	----	----	5,411,470	5,838,457
----	11,516	----	----	----	796,263	1,187,109
----	51,499,565	52,264,370	725,000	----	600,133,858	654,134,710
2,654,686	64,274,638	19,834,168	539,958	----	3,303,242,697	3,203,580,590
(1,536,257)	(20,803,154)	(4,748,176)	(59,716)	----	(730,852,096)	(639,178,718)
1,118,429	43,471,484	15,085,992	480,242	----	2,572,390,601	2,564,401,872
----	11,973,974	37,564,172	----	----	316,968,228	244,265,661
----	----	----	----	----	44,885,776	56,104,239
----	----	----	----	----	43,226,142	43,221,149
1,118,429	55,445,458	52,650,164	480,242	----	2,977,470,747	2,907,992,921
----	----	----	----	----	1,912,317	1,912,317
----	----	----	----	----	78,643,491	142,112,067
----	----	----	----	----	----	1,212,668
----	----	----	----	----	32,404,890	9,893,627
----	1,032,033	497,727	----	----	134,842,459	110,032,653
1,118,429	112,389,579	108,985,956	1,844,562	9,527	4,017,773,607	4,028,405,665

(continued)

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	$ 18,661,483	3,581,314	747,515	5,499	68,195
Advanced pooled investments and cash	----	25,598,622	----	----	----
Accrued payroll and compensated absences payable	6,400,560	4,497,095	1,055,224	24,328	70,944
Claims payable	----	----	----	----	----
Construction contracts payable	3,168,926	----	----	----	----
Municipal utility district contracts payable	2,610,000	----	----	----	----
Due to other funds	----	1,108,000	----	----	----
Interest payable on other debt	2,349,938	----	3,704	----	----
Deferred revenue	1,692,154	----	92,308	----	----
General obligation bonds payable	----	3,899,362	115,774	----	----
Water improvement district bonds payable	176,000	----	----	----	----
Public property finance contractual obligations payable	----	175,000	----	----	----
Capital lease obligations payable	1,607,329	757,090	----	----	----
Other liabilities	3,359,077	----	176,935	----	----
Total current liabilities	40,026,067	39,616,483	2,191,460	29,827	139,139
Liabilities payable from restricted assets:					
Liabilities payable from debt service:					
Cash overdraft	----	----	----	----	----
Accrued interest payable	71,869,086	----	13,635	----	----
Revenue bonds payable within one year	29,005,000	----	----	----	----
Tax and revenue bonds payable within one year	170,000	----	----	----	----
Revenue notes payable within one year	----	----	----	----	----
Certificates of obligation due within one year	----	----	460,000	----	----
Total liabilities payable from debt service	101,044,086	----	473,635	----	----
Liabilities payable from construction account:					
Accounts payable	3,754,712	34,012	----	----	3,634
Advanced pooled investments and cash	----	----	----	----	----
Claims payable	----	----	----	----	----
Retainage payable	120,137	----	----	----	----
Arbitrage rebate payable	----	----	112,448	----	----
Total liabilities payable from construction account	3,874,849	34,012	112,448	----	3,634
Decommissioning expense payable	7,682,755	----	----	----	----
Nuclear fuel expense payable	14,387,738	----	----	----	----
Customer deposits payable	5,411,470	----	----	----	----
Escrow deposits	784,747	----	----	----	----
Total liabilities payable from restricted assets	$ 133,185,645	34,012	586,083	----	3,634

					Totals	
Tennis	Airport	Convention Center	Drainage	Transportation	1991	1990
1,305	83,547	137,205	17,112	----	23,303,175	22,625,929
21,111	----	----	----	----	25,619,733	32,339,305
----	341,367	119.876	170,032	----	12,679,426	11,169,032
----	----	----	----	----	----	2,970,000
----	----	----	----	----	3,168,926	3,731,504
----	----	----	----	----	2,610,000	4,695,000
----	----	----	----	10,000	1,118,000	----
----	10,477	----	----	----	2,364,119	6,537,845
----	306,677	----	----	----	2,091,139	3,140,316
----	327,523	----	----	----	4,342,659	4,232,058
----	----	----	----	----	176,000	171,022
----	----	----	----	----	175,000	----
----	----	----	----	----	2,364,419	3,294,621
----	46,100	71,996	----	----	3,654,708	2,022,179
22,416	1,115,691	329,077	187,144	10,000	83,667,304	96,948,811
----	----	----	----	----	----	91,104
----	826,875	1,952,912	----	----	74,662,508	75,555,415
----	----	----	----	----	29,005,000	22,020,000
----	----	----	----	----	170,000	----
----	----	----	----	----	----	13,750,000
----	----	----	----	----	460,000	1,930,000
----	826,875	1,952,912	----	----	104,297,508	113,346,519
----	1,900,320	3,886,146	----	----	9,578,824	7,832,671
----	----	1,860,787	----	----	1,860,787	176,873
----	----	----	----	----	----	3,130,130
----	----	----	----	----	120,137	31,563
----	536,426	190,144	----	----	839,018	----
----	2,436,746	5,937,077	----	----	12,398,766	11,171,246
----	----	----	----	----	7,682,755	4,504,323
----	----	----	----	----	14,387,738	6,993,696
----	----	----	----	----	5,411,470	5,838,457
----	11,516	----	----	----	796,263	1,187,109
----	3,275,137	7,889,989	----	----	144,974,500	143,041,350

(continued)

ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
LIABILITIES AND FUND EQUITY, CONTINUED					
Long-term liabilities:					
Accrued compensated absences payable	$ 5,388,057	1,841,295	649,216	61,148	153,463
Accrued liability for claims payable	----	----	----	----	----
Construction contracts payable	5,906,055	----	----	----	----
Tax and revenue bonds payable, net of discount of $79,908	4,750,092	----	----	----	----
Municipal utility district contracts payable	127,885,000	----	----	----	----
General obligation bonds, net of discount of $367,850 in 1991 and $394,884 in 1990	----	45,697,758	671,160	----	----
Prior lien revenue bonds, net of discount of $63,580,503 in 1991 and $55,524,729 in 1990 and inclusive of premium of $377,379 in 1991 and $390,169 in 1990	1,955,255,132	----	--	----	----
Subordinate lien revenue bonds, net of discount of $13,019,610 in 1991 and $14,365,207 in 1990	348,779,489	----	----	----	----
Capital appreciation bond interest payable	14,915,337	----	138,453	----	----
Water improvement district bonds payable	1,256,000	----	----	----	----
Public property finance contractual obligations payable	----	2,825,000	----	----	----
Certificates of obligation	----	----	4,310,000	----	----
Unamortized gain on refunding	51,813,011	----	----	----	----
Notes payable	----	----	----	----	----
Capital lease obligations payable	32,880,917	1,530,820	----	----	----
Deferred credits	20,502,323	----	----	----	----
Total long-term liabilities	2,569,331,413	51,894,873	5,768,829	61,148	153,463
Total liabilities	2,742,543,125	91,545,368	8,546,372	90,975	296,236
Fund equity					
Contributions (to) from municipality	(4,554,165)	8,053,973	1,031,414	----	1,004,348
Contributions (to) from municipality for:					
Capitalized interest payable	----	----	----	----	----
Revenue bond retirement	----	----	----	----	----
Operations	----	----	----	----	----
Contributions from State and Federal governments	44,474,321	874,135	----	----	----
Contributions in aid of construction	256,994,247	----	----	----	----
Contributions from the private sector	----	1,637,211	----	----	----
Total contributions	296,914,403	10,565,319	1,031,414	----	1,004,348
Retained earnings:					
Reserved for capitalized interest payment	----	----	----	----	----
Reserved for revenue bond retirement	175,906,849	----	----	----	----
Reserved for operations	----	----	----	----	----
Reserved for regulatory requirements	----	----	500,000	----	----
Unreserved	435,610,466	18,485,417	8,875,103	36,726	1,473,433
Total retained earnings	611,517,315	18,485,417	9,375,103	36,726	1,473,433
Total fund equity	908,431,718	29,050,736	10,406,517	36,726	2,477,781
Total liabilities and fund equity	$3,650,974,843	120,596,104	18,952,889	127,701	2,774,017

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

Tennis	Airport	Convention Center	Drainage	Transportation	Totals	
					1991	1990
----	136,547	157,641	110,007	----	8,497,274	7,390,494
----	----	----	----	----	----	3,653,971
----	----	----	----	----	5,906,055	6,512,010
----	----	----	----	----	4,750,092	----
----	----	----	----	----	127,885,000	192,860,001
----	1,899,093	----	----	----	48,268,011	46,923,636
----	30,000,000	30,977,240	----	----	2,016,232,372	1,836,585,939
----	----	35,795,900	----	----	384,575,389	398,574,793
----	391,683	----	----	----	15,445,473	8,812,126
----	----	----	----	----	1,256,000	1,432,000
----	----	----	----	----	2,825,000	----
----	----	----	----	----	4,310,000	4,770,000
----	----	----	----	----	51,813,011	57,414,499
----	----	----	----	----	----	130,500,000
----	----	----	----	----	34,411,737	36,098,825
----	----	----	----	----	20,502,323	20,857,112
----	32,427,323	66,930,781	110,007	----	2,726,677,837	2,752,385,406
22,416	36,818,151	75,149,847	297,151	10,000	2,955,319,641	2,992,375,567
1,881,461	364,688	681,787	671,526	----	9,135,032	(2,816,507)
----	----	6,321,648	----	----	6,321,648	11,529,413
----	----	6,676,277	----	----	6,676,277	6,676,277
----	----	6,761,307	----	----	6,761,307	6,500,000
----	17,632,526	----	----	----	62,980,982	63,279,042
----	----	----	----	----	256,994,247	259,562,251
----	----	----	----	----	1,637,211	998,840
1,881,461	17,997,214	20,441,019	671,526	----	350,506,704	345,729,316
----	----	----	----	----	----	2,186,624
----	2,579,684	----	----	----	178,486,533	178,430,600
----	1,393,239	256,220	----	----	1,648,459	1,331,858
----	----	----	----	----	500,000	----
(785,448)	53,596,291	13,144,870	875,885	(473)	531,312,270	506,351,700
(785,448)	57,574,214	13,395,090	875,885	(473)	711,947,262	688,300,782
1,096,013	75,571,428	33,836,109	1,547,411	(473)	1,062,433,966	1,034,030,098
1,118,429	112,389,579	108,985,956	1,844,562	9,527	4,017,773,607	4,026,405,665

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Year ended September 30, 1991

With comparative totals for year ended September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
REVENUES					
Utility services	$ 571,816,378	----	----	----	----
Hospital patient services, net	----	109,106,638	----	----	----
User fees and rentals	----	----	17,127,247	620,694	2,155,828
Other revenues	----	1,914,476	----	----	----
Operating revenues	571,816,378	111,021,114	17,127,247	620,694	2,155,828
EXPENSES					
Operating expenses before depreciation	271,461,552	101,207,566	15,254,410	663,668	1,770,738
Depreciation	82,205,844	4,977,455	1,742,003	204	145,115
Total operating expenses	353,667,396	106,185,021	16,996,413	663,872	1,915,853
Operating income before nonoperating revenues (expenses) and operating transfers	218,148,982	4,836,093	130,834	(43,178)	239,975
NONOPERATING REVENUES (EXPENSES)					
Interest and other revenues	42,874,767	684,198	370,507	6,045	68,095
Interest on revenue bonds and other debt	(218,782,122)	(3,625,295)	(552,836)	----	----
Interest capitalized during construction	----	----	----	----	----
Amortization of bond issue cost	(397,254)	----	(6,905)	----	----
Amortization of refunding gain/loss	3,755,242	----	----	----	----
Amortization of deferred assets	(4,011,685)	----	----	----	----
Amortization of coal and nuclear fuel inventory	(5,575,917)	----	----	----	----
Amortization of deferred depreciation	6,900,478	----	----	----	----
Deferred nuclear fuel revenue	(7,394,043)	----	----	----	----
Principal in excess of depreciation	----	----	----	----	----
Depreciation taken on contributions	10,688,938	----	----	----	----
Loss on disposal of assets	(2,363,848)	----	(32,851)	----	----
Total nonoperating revenues (expenses)	(174,305,444)	(2,941,097)	(222,085)	6,045	68,095
Cost to be recovered in future years	22,990,072	----	----	----	----
Income (loss) before operating transfers	66,833,610	1,894,996	(91,251)	(37,133)	308,070
Operating transfers:					
Operating transfers in	----	8,024,000	1,017,999	----	----
Operating transfers out	(66,683,196)	(289,906)	(422,238)	(5,004)	(84,240)
Income (loss) before extraordinary item	150,414	9,629,090	504,510	(42,137)	223,830
Extraordinary loss - bond debt extinguishment	(425,037)	----	----	----	----
Net income (loss)	(274,623)	9,629,090	504,510	(42,137)	223,830
Add depreciation transferred to contributions	----	----	----	----	----
Net increase (decrease) in retained earnings	(274,623)	9,629,090	504,510	(42,137)	223,830
Retained earnings at beginning of year	611,791,938	8,856,327	8,870,593	78,863	1,249,603
Retained earnings at end of year	$ 611,517,315	18,485,417	9,375,103	36,726	1,473,433

CITY OF AUSTIN, TEXAS
Exhibit F-2

					Totals	
Tennis	Airport	Convention Center	Drainage	Transportation	1991	1990
----	----	----	----	----	571,816,578	585,184,149
----	----	----	----	----	109,106,638	93,380,452
168,989	15,393,098	873,967	5,276,040	----	41,615,863	34,606,504
----	----	429,987	----	----	2,341,463	1,503,087
168,989	15,393,098	1,303,954	5,276,040	----	724,883,342	714,676,192
159,713	7,300,284	4,232,581	4,139,558	574	406,190,644	370,346,181
138,279	2,416,465	357,999	59,716	----	92,043,080	89,684,360
297,992	9,716,749	4,590,580	4,199,274	574	498,233,724	460,030,541
(129,003)	5,676,349	(3,286,626)	1,076,766	(574)	226,649,618	254,645,651
----	3,348,673	4,971,080	62,433	101	52,385,899	63,958,496
----	(2,438,055)	(5,298,236)	(75)	----	(230,696,619)	(236,356,953)
----	961,228	473,873	----	----	1,435,101	773,069
----	(36,151)	(30,337)	----	----	(470,647)	(594,007)
----	----	----	----	----	3,755,242	6,218,797
----	----	----	----	----	(4,011,685)	(4,798,735)
----	----	----	----	----	(5,575,917)	(5,527,161)
----	----	----	----	----	6,900,478	1,511,018
----	----	----	----	----	(7,394,043)	(572,543)
----	----	----	----	----	----	(6,766,635)
----	----	----	----	----	10,688,938	10,714,680
----	(6,737)	----	----	----	(2,403,436)	(96,259)
----	1,828,958	116,380	62,358	101	(175,386,689)	(171,536,233)
----	----	----	----	----	22,990,072	8,771,016
(129,003)	7,505,307	(3,170,246)	1,139,124	(473)	74,253,001	91,880,434
----	----	8,215,756	6,016	----	17,263,771	9,393,812
(23,333)	(285,631)	(264,261)	(269,074)	----	(68,326,883)	(71,138,574)
(152,336)	7,219,676	4,781,249	876,066	(473)	23,189,889	30,135,672
----	----	----	----	----	(425,037)	(1,309,597)
(152,336)	7,219,676	4,781,249	876,066	(473)	22,764,852	28,826,075
----	881,628	----	----	----	881,628	784,083
(152,336)	8,101,304	4,781,249	876,066	(473)	23,646,480	29,610,158
(633,112)	49,472,910	8,613,841	(181)	----	688,300,782	658,690,624
(785,448)	57,574,214	13,395,090	875,885	(473)	711,947,262	688,300,782

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 586,510.014	100,571,523	16,603,388	620,694	2,155,828
Cash payments to suppliers for goods and services	(184,182,890)	(42,395,456)	(1,724,886)	(391,942)	(907,542)
Cash payments to employees for services	(71,044,742)	(52,080,529)	(12,503,628)	(284,165)	(855,596)
Other operating revenues	(9,829,368)	1,914,476	(202,518)	----	----
Net cash provided (used) by operating activities	321,453,014	8,010,014	2,172,356	(55,413)	392,690
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	----	8,024,000	1,017,999	----	----
Operating transfers out	(66,683,196)	(289,906)	(422,238)	(5,004)	(84,240)
Contribution (to) from municipality	(1,115,620)	----	----	----	----
Interest paid on revenue notes and other debt	(1,466,703)	----	----	----	----
Increase in deferred assets	(5,163,099)	----	----	----	----
Loan from General Fund	----	----	----	----	----
Net cash provided (used) by noncapital financing activities	(74,428,618)	7,734,094	595,761	(5,004)	(84,240)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the sale of general obligation bonds	----	5,660,000	----	----	----
Proceeds from the sale of revenue bonds	4,440,000	----	----	----	----
Long-term loan proceeds	----	3,000,000	----	----	----
Principal paid on long-term debt	(28,096,248)	(4,969,441)	(2,310,950)	----	----
Proceeds from the sale of equipment	134,155	----	----	----	----
Accrued interest received	952,689	----	----	----	----
Interest paid on revenue bonds and other debt.	(203,411,563)	(3,796,887)	(557,050)	----	----
Acquisition and construction of capital assets	(101,007,195)	(5,692,905)	(3,482,666)	----	(122,023)
Contributions (to) from municipality	2,241,965	----	(775,834)	----	----
Contributions from State and Federal governments	522,409	----	----	----	----
Contributions in aid of construction	6,209,859	----	----	----	----
Bond issuance costs	(8,919)	(39,615)	----	----	----
Cash paid for bond defeasance	(6,523,842)	----	----	----	----
Cash paid for contract revenue bond refunding	(6,899,507)	----	----	----	----
Cash paid for note refunding	(12,566,472)	----	----	----	----
Cash paid for nuclear fuel inventory	(2,183,030)	----	----	----	----
Cash received from annexations	6,577,916	----	----	----	----
Increase (decrease) in deposits	(391,662)	----	----	----	----
Net cash provided (used) by capital and related financing activities	(340,009,445)	(5,838,848)	(7,126,500)	----	(122,023)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(589,198,271)	--	(13,809,518)	----	----
Proceeds from sale and maturities of investment securities	591,600,511	----	14,633,541	----	----
Proceeds on long-term receivables	14,823,714	----	----	----	----
Interest on investments	43,098,558	684,198	500,798	6,045	68,095
Net cash provided (used) by investing activities	60,324,512	684,198	1,324,821	6,045	68,095
Net increase (decrease) in cash and cash equivalents	(32,660,537)	10,589,458	(3,033,562)	(54,372)	254,522
Cash and cash equivalents at beginning of year	264,227,990	(27,673,557)	7,790,657	177,027	1,001,652
Cash and cash equivalents at end of year	$ 231,567,453	(17,084,099)	4,757,095	122,655	1,256,174

Tennis	Airport	Convention Center	Drainage	Transportation	Totals 1991	Totals 1990
168,989	14,683,926	887,719	4,378,999	----	726,581,080	693,083,717
(159,425)	(3,376,799)	(1,938,409)	(1,589,111)	(574)	(236,667,034)	(198,799,245)
(9,474)	(3,871,864)	(2,118,459)	(1,821,811)	----	(144,590,268)	(126,185,066)
----	47,447	429,987	----	----	(7,639,976)	(8,218,757)
90	7,482,710	(2,739,162)	968,077	(574)	337,683,802	359,880,649
----	----	8,215,756	6,016	----	17,263,771	9,393,812
(23,333)	(285,631)	(264,261)	(269,074)	----	(68,326,883)	(71,138,574)
----	----	----	----	----	(1,115,620)	----
----	----	----	----	----	(1,466,703)	(1,803,641)
----	----	----	----	----	(5,163,099)	(3,616,792)
----	----	----	----	10,000	10,000	----
(23,333)	(285,631)	7,951,495	(263,058)	10,000	(58,798,534)	(67,165,195)
----	----	----	----	----	5,660,000	4,000,000
----	----	----	----	----	4,440,000	66,5[illegible]450
----	----	----	----	----	3,000,000	[illegible],879
----	(325,846)	----	----	----	(35,702,485)	(45,561,302)
----	----	----	----	----	134,155	118,112
----	----	----	----	----	952,689	1,607,652
----	(2,355,397)	(5,207,765)	(75)	----	(215,328,737)	(210,194,622)
----	(4,053,089)	(25,367,480)	(90,697)	----	(139,816,055)	(122,449,208)
----	(71,156)	4,815,975	(166,518)	----	6,044,432	15,187,166
----	1,261,606	----	----	----	1,784,015	3,821,505
----	----	----	----	----	6,209,859	5,136,828
----	(25,000)	----	----	----	(73,534)	(1,560,492)
----	----	----	----	----	(6,523,842)	(30,312,918)
----	----	----	----	----	(6,899,507)	----
----	----	----	----	----	(12,566,472)	----
----	----	----	----	----	(2,183,030)	(8,266,881)
----	----	----	----	----	6,577,916	----
----	816	----	----	----	(390,846)	522,548
----	(5,568,066)	(25,750,270)	(257,290)	----	(384,681,442)	(320,924,283)
----	(176,304,137)	(380,839,290)	----	----	(1,160,151,216)	(1,175,384,000)
----	174,475,915	391,902,514	----	----	1,172,612,481	1,100,990,296
----	----	----	----	----	14,823,714	13,552,713
----	4,016,801	5,684,317	62,433	101	54,121,346	59,515,842
----	2,188,579	16,747,541	62,433	101	81,406,325	(1,325,149)
(23,243)	3,817,592	(3,799,396)	510,162	9,527	(24,389,849)	(29,533,978)
2,132	26,780,824	2,478,197	388,783	----	275,173,705	304,707,683
(21,111)	30,598,416	(1,321.199)	898,945	9,527	250,783,856	275,173,705

(continued)

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	Utility	Hospital	Environmental and Conservation Services	Softball	Golf
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 218,148,982	4,836,093	130,834	(43,178)	239,975
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	82,288,226	4,977,455	1,742,003	204	145,115
Allowance for uncollectible accounts	8,730,655	----	475,457	----	----
Amortization	9,577,072	197,959	----	----	----
Change in assets and liabilities:					
(Increase) decrease in cash and working capital advances	(1,447,001)	----	----	----	----
(Increase) decrease in accounts receivable	5,475,264	(41,175)	(378,848)	----	----
(Increase) in receivable from other governments	----	(2,035,927)	----	----	----
(Increase) decrease in inventory	(9,840,718)	(564,770)	----	----	----
(Increase) decrease in prepaid expenses	(1,576,841)	150,888	6,962	----	----
Decrease in deferred costs	9,297,169	----	----	----	----
Increase (decrease) in accounts payable	184,964	35,622	366,233	(21,440)	(21,994)
Increase in accrued payroll and compensated absences	1,386,440	635,869	177,244	9,001	29,594
Decrease in claims payable	(5,103,251)	(1,290,000)	----	----	----
Increase in due to other funds	----	1,108,000	----	----	----
Increase (decrease) in deferred revenue	(1,153,336)	----	(202,518)	----	----
Increase (decrease) in other liabilities	521,276	----	(145,011)	----	----
Increase in decommissioning expense payable	3,178,432	----	----	----	----
Increase in customer deposits	(426,987)	----	----	----	----
Decrease in investment in internal service funds	1,212,668	----	----	----	----
Total adjustments	103,304,032	3,173,921	2,041,522	(12,235)	152,715
Net cash provided by operating activities	$ 321,453,014	8,010,014	2,172,356	(55,413)	392,690
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Muncipal utility district assets placed in service	$ 24,016,736	----	----	----	----
Increase (decrease) in deferred assets/expenses	34,471,059	----	----	----	----
Deferred loss on extinguishment of debt	24,357,509	----	----	----	----
Bonds issued for the advance refunding of debt	281,695,000	----	----	----	----
Bond discounts and issue costs on advance refundings	(11,990,000)	----	----	----	----
Reduction of long-term debt due to advance refundings	(287,115,000)	----	----	----	----
Unamortized bond discounts/issue costs on refundings	4,765	----	----	----	----
Increase in nuclear fuel expense payable	(7,394,043)	----	----	----	----
Tax and revenue bonds assumed from annexation	7,470,000	----	----	----	----
Increase in capital appreciation bond interest payable	(6,523,432)	----	(28,706)	----	----
Fixed assets acquired through capital leases	----	720,172	----	----	----
Fixed assets contributed (to) from other funds	1,263,958	----	1,534,735	----	----
Fixed asset contributions from annexation	5,738,364	----	----	----	----
Contributed facilities	191,602	638,371	----	----	----
Contributions reclassified to long-term debt	----	----	----	----	----
Amortization of bond discounts/issue cost	(397,254)	(22,367)	(6,905)	----	----
Amortization of deferred gain (loss) on refundings	3,755,242	----	----	----	----
Amortization of deferred assets	(4,011,685)	----	----	----	----
Amortization of coal and nuclear fuel inventory	(5,575,917)	----	----	----	----
Amortization of deferred depreciation	6,900,478	----	----	----	----
Principal in excess of depreciation	----	----	----	----	----
Depreciation taken on contributions	10,688,938	----	----	----	----
Loss on disposal of assets	(2,363,948)	----	(32,851)	----	----
Costs to be recovered in future years	22,990,072	----	----	----	----
Loss on extinguishment of debt	$ (425,037)	----	----	----	----

					Totals	
Tennis	Airport	Convention Center	Drainage	Transportation	1991	1990
(129,003)	5,676,349	(3,286,626)	1,076,766	(574)	226,649,618	254,645,651
138,279	2,416,465	357,999	59,716	----	92,125,462	89,783,282
----	----	----	431,666	----	9,637,778	8,451,971
----	----	----	----	----	9,775,031	14,894,467
----	----	----	----	----	(1,447,001)	251,584
----	(708,599)	20,670	(897,041)	----	4,470,271	(23,765,993)
----	----	----	----	----	(2,035,927)	----
----	----	----	----	----	(10,405,488)	563,537
----	22,131	----	----	----	(1,396,860)	49,663
----	----	----	----	----	9,297,169	5,530,884
(9,186)	13,711	112,405	16,931	----	677,246	4,723,243
----	15,779	63,308	260,039	----	2,597,274	3,132,626
----	----	----	----	----	(6,393,251)	(2,058,143)
----	----	----	----	----	1,108,000	----
----	47,447	----	----	----	(1,308,407)	2,538,309
----	----	----	----	----	376,265	(1,822,640)
----	----	----	----	----	3,178,432	2,447,451
----	(573)	(6,918)	----	----	(434,478)	514,757
----	----	----	----	----	1,212,668	----
129,093	1,806,361	547,464	(108,689)	----	111,034,184	105,234,998
90	7,482,710	(2,739,162)	968,077	(574)	337,683,802	359,880,649
----	----	----	----	----	24,016,736	4,896,777
----	961,228	473,873	----	----	35,906,160	25,374,098
----	----	----	----	----	24,357,509	30,499,898
----	----	----	----	----	281,665,000	242,234,248
----	----	----	----	----	(11,990,000)	(19,880,329)
----	----	----	----	----	(287,115,000)	(186,551,967)
----	----	----	----	----	4,765	358,421
----	----	----	----	----	(7,394,043)	(6,993,696)
----	----	----	----	----	7,470,000	----
----	(81,209)	----	----	----	(6,633,347)	(5,550,704)
----	----	----	----	----	720,172	----
----	14,458	46,170	449,261	----	3,308,582	(109,383)
----	----	----	----	----	5,738,364	----
----	----	----	----	----	829,973	2,079,888
----	----	----	----	----	----	8,330,000
----	(36,151)	(30,337)	----	----	(493,014)	(616,374)
----	----	----	----	----	3,755,242	6,218,797
----	----	----	----	----	(4,011,685)	(4,798,735)
----	----	----	----	----	(5,575,917)	(5,527,161)
----	----	----	----	----	6,900,478	1,511,018
----	----	----	----	----	----	(6,766,635)
----	881,628	----	----	----	11,570,566	11,498,763
----	(6,737)	----	----	----	(2,403,346)	(100,764)
----	----	----	----	----	22,990,072	8,771,016
----	----	----	----	----	(425,037)	(1,309,597)

UTILITY FUNDS
COMBINING BALANCE SHEET –
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit G-1

	Electric Light and Power System Fund	Waterworks and Sewer System Fund	Totals	
			1991	1990
ASSETS				
Current assets:				
Cash on hand	$ 15,030	7,450	22,480	21,880
Pooled investments and cash	19,443,341	7,823,003	27,266,344	31,611,363
Working capital advances	4,789,156	----	4,789,156	3,342,155
Accounts receivable	82,517,888	30,538,457	113,056,345	119,514,409
Less allowance for doubtful accounts	(40,488,434)	(11,418,228)	(51,906,692)	(43,128,630)
Net accounts receivable	42,029,424	19,120,229	61,149,653	76,385,779
Inventories, at cost	45,609,841	348,136	45,957,977	36,117,259
Prepaid expenses and other assets	2,056,562	67,158	2,123,720	546,879
Deferred litigation costs	2,110,374	----	2,110,374	6,191,200
Deferred costs	----	----	----	1,407,972
Total current assets	116,053,728	27,365,976	143,419,704	155,624,487
Restricted assets:				
Revenue bond debt service:				
Cash	10,965	2,352	13,317	20,898
Investments, at cost	56,766,821	17,163,682	73,930,503	83,677,292
Accrued interest on investments	4,484,350	1,790,523	6,274,883	7,104,746
Total revenue bond debt service	61,262,146	18,956,557	80,218,703	90,832,936
Revenue bond retirement reserve:				
Cash	878	360	1,238	5,323
Investments, at cost	124,773,467	51,132,144	175,905,611	175,845,593
Total revenue bond retirement reserve	124,774,345	51,132,504	175,906,849	175,850,916
Tax and revenue bond debt service:				
Cash	----	888	888	----
Pooled investments and cash	----	44,757	44,757	----
Investments, at cost	----	395,953	395,953	----
Accrued interest	----	644	644	----
Total tax and revenue bond debt service	----	442,242	442,242	----
Construction account:				
Pooled investments and cash	126,226,618	52,531,605	178,758,223	210,504,057
Other receivables	16,939,764	994,837	17,934,601	32,444,151
Total construction account	143,166,382	53,526,442	196,692,824	242,948,208
Decommissioning account:				
Pooled investments and cash	674,336	----	674,336	4,504,323
Investments held by trustee	6,888,578	----	6,888,578	----
Accrued interest on investments	119,841	----	119,841	----
Total decommissioning account	7,682,755	----	7,682,755	4,504,323
Investments and Cash held by trustee	2,777,957	1,423,958	4,201,915	3,501,584
Pooled investments and cash restricted for:				
Purchase of nuclear fuel inventory	14,387,738	----	14,387,738	6,993,696
Customer deposits	4,169,487	1,241,983	5,411,470	5,838,457
Escrow deposits	772,030	12,717	784,747	1,176,409
Total restricted assets	$ 358,992,840	126,736,403	485,729,243	531,696,529

(continued)

UTILITY FUNDS
COMBINING BALANCE SHEET –
September 30, 1991
With comparative totals for September 30, 1990

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

	Electric Light and Power System Fund	Waterworks and Sewer System Fund	Totals	
			1991	1990
ASSETS, CONTINUED				
Utility plant, at cost:				
Property, plant and equipment in service	$ 1,946,043,267	1,142,653,419	3,088,696,686	2,994,860,431
Less accumulated depreciation	(444,809,156)	(218,375,390)	(663,184,546)	(580,749,308)
Net property, plant and equipment in service	1,501,234,111	924,278,029	2,425,512,140	2,414,111,123
Construction in progress	67,445,222	194,511,269	261,956,491	225,874,465
Nuclear fuel, net of amortization of $33,900,394 in 1991 and $19,767,571 in 1990	44,885,776	----	44,885,776	56,104,239
Plant held for future use	43,226,142	----	43,226,142	43,221,140
Net utility plant	1,656,791,251	1,118,789,298	2,775,580,549	2,730,310,971
Other receivables	1,912,317	----	1,912,317	1,912,317
Investment in municipal utility districts	----	78,643,491	78,643,491	142,112,067
Investment in internal service funds, at cost	----	----	----	8,212,868
Unamortized loss on refunding	----	32,404,890	32,404,890	9,893,627
Deferred litigation costs	----	----	----	3,860,374
Deferred costs and expenses	116,712,015	7,196,092	123,908,107	96,579,509
Bond issue cost, net of amortization of $1,534,129 in 1991 and $1,332,280 in 1990	6,648,478	2,728,064	9,376,542	7,986,566
Total assets	2,257,110,629	1,393,864,214	3,650,974,843	3,690,189,115
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	17,845,598	815,885	18,661,483	18,476,519
Accrued payroll and compensated absences payable	3,737,858	2,662,702	6,400,560	5,479,333
Claims payable	----	----	----	1,835,000
Construction contracts payable	----	3,168,926	3,168,926	3,731,504
Municipal utility district contracts payable	----	2,610,000	2,610,000	4,695,000
Interest payable on other debt	55,670	2,294,268	2,349,938	6,520,882
Deferred fuel revenue	1,692,154	----	1,692,154	2,845,490
Water improvement district bonds payable	----	176,000	176,000	171,022
Capital lease obligations payable	1,182,329	425,000	1,607,329	1,910,050
Other liabilities	2,542,624	817,053	3,359,677	1,315,416
Total current liabilities	27,056,233	12,969,834	40,026,067	46,980,216
Liabilities payable from restricted assets:				
Liabilities payable from debt service:				
Accrued interest payable	51,390,728	20,478,358	71,869,086	72,728,640
Revenue bonds payable within one year	27,812,998	1,192,002	29,005,000	22,020,000
Tax and revenue bonds payable within one year	----	170,000	170,000	----
Notes payable within one year	----	----	----	13,750,000
Total liabilities payable from debt service	79,203,726	21,840,360	101,044,086	108,498,640
Liabilities payable from construction account:				
Accounts payable	959,387	2,795,325	3,754,712	5,565,785
Retainage payable	120,137	----	120,137	31,563
Total liabilities payable from construction account	1,079,524	2,795,325	3,874,849	5,597,348
Decommissioning expense payable	7,682,755	----	7,682,755	4,504,323
Nuclear fuel expense payable	14,387,738	----	14,387,738	6,993,696
Customer deposits	4,169,487	1,241,983	5,411,470	5,838,457
Escrow deposits	772,030	12,717	784,747	1,176,409
Total liabilities payable from restricted assets	$ 107,295,260	25,890,385	133,185,645	132,608,873

(continued)

	Electric Light and Power System Fund	Waterworks and Sewer System Fund	Totals	
			1991	1990
LIABILITIES AND FUND EQUITY, CONTINUED				
Long-term liabilities:				
Compensated absences payable	$ 3,743,560	1,644,497	5,388,057	4,922,844
Accrued liability for claims payable	----	----	----	3,498,971
Construction contracts payable	----	5,906,055	5,906,055	6,512,010
Tax and revenue bonds payable, net of discount of $79,908	----	4,750,092	4,750,092	----
Municipal utility district contracts payable	----	127,885,000	127,885,000	192,860,001
Prior lien revenue bonds, net of discount of $62,557,743 in 1991 and $54,438,092 in 1990, and inclusive of premium of $377,379 in 1991 and $390,169 in 1990	1,320,959,814	634,295,318	1,955,255,132	1,775,672,576
Subordinate lien revenue bonds, net of discount of $12,575,510 in 1991 and $13,894,514 in 1990	286,980,448	61,799,041	348,779,489	362,805,486
Capital appreciation revenue bond interest payable	11,491,589	3,423,748	14,915,337	8,391,905
Water improvement district bonds payable	----	1,256,000	1,256,000	1,432,000
Unamortized gain on refunding	51,813,011	----	51,813,011	57,414,499
Revenue notes payable	----	----	----	130,500,000
Capital lease obligations payable	20,080,917	12,[illegible],000	32,650,917	34,471,476
Deferred credits	----	20,50[illegible]	20,60[illegible]23	20,857,112
Total long-term liabilities	1,695,069,339	874,202,074	2,569,337,413	2,599,338,880
Total liabilities	1,829,420,832	913,122,293	2,742,543,125	2,778,927,969
Fund equity				
Contributions (to) from municipality	(6,325,453)	1,771,288	(4,554,165)	(5,712,156)
Contributions from State and Federal governments	263,330	44,210,991	44,474,321	45,619,113
Contributions in aid of construction	42,456,239	214,538,008	256,994,247	259,562,251
Total contributions	36,394,116	260,520,287	296,914,403	299,469,208
Retained earnings:				
Reserved for revenue bond retirement	124,774,345	51,132,504	175,906,849	175,850,916
Unreserved	266,521,336	169,089,130	435,610,466	435,941,022
Total retained earnings	391,295,681	220,221,634	611,517,315	611,791,938
Total fund equity	427,689,797	480,741,921	908,431,718	911,261,146
Total liabilities and fund equity	$ 2,257,110,629	1,393,864,214	3,650,974,843	3,690,189,115

UTILITY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit G-2

	Electric Light and Power System Fund	Waterworks and Sewer System Fund	Totals	
			1991	1990
OPERATING REVENUES	$ 422,465,971	149,350,407	571,816,378	585,184,149
EXPENSES				
Operating expenses before depreciation	212,398,954	59,062,598	271,461,552	255,122,157
Depreciation	56,109,416	26,096,428	82,205,844	79,104,439
Total operating expenses	268,508,370	85,159,026	353,667,396	334,226,596
Operating income before nonoperating revenues (expenses) and operating transfers	153,957,601	64,191,381	218,148,982	250,957,553
NONOPERATING REVENUES (EXPENSES)				
Interest	29,161,255	13,713,512	42,874,767	53,747,584
Interest on revenue bonds and other debt	(149,217,357)	(69,564,765)	(218,782,122)	(224,766,302)
Amortization of bond issue cost	(298,776)	(98,478)	(397,254)	(520,007)
Amortization of refunding gain/loss	5,551,774	(1,796,532)	3,755,242	6,218,797
Amortization of deferred assets	(3,366,444)	(646,241)	(4,011,685)	(4,798,735)
Amortization of coal and nuclear fuel inventory	(5,575,917)	----	(5,575,917)	(5,527,161)
Amortization of deferred depreciation	6,406,818	493,660	6,900,478	1,511,018
Deferred nuclear fuel revenue	(7,394,043)	----	(7,394,043)	(572,543)
Principal in excess of depreciation	----	----	----	(6,766,635)
Depreciation taken on contributions	1,960,357	8,728,581	10,688,938	10,714,680
Loss on disposal of assets	(2,340,399)	(23,449)	(2,363,848)	(83,103)
Total nonoperating revenues (expenses)	(125,111,732)	(49,193,712)	(174,305,444)	(170,842,467)
Costs to be recovered in future years	21,210,210	1,779,862	22,990,072	8,771,016
Income (loss) before operating transfers	50,056,079	16,777,531	66,833,610	88,886,102
Operating transfers out:				
General fund	(52,221,979)	(10,832,597)	(63,054,576)	(63,665,887)
Other funds	(2,948,203)	(680,417)	(3,628,620)	(4,463,683)
Total operating transfers out	(55,170,182)	(11,513,014)	(66,683,196)	(68,129,570)
Income (loss) before extraordinary loss	(5,114,103)	5,264,517	150,414	20,756,532
Extraordinary loss revenue bond extinguishment	(8,452)	(416,585)	(425,037)	(457,976)
Net income (loss)	(5,122,555)	4,847,932	(274,623)	20,298,556
Retained earnings at beginning of year	396,418,236	215,373,702	611,791,938	591,493,382
Retained earnings at end of year	$ 391,295,681	220,221,634	611,517,315	611,791,938

UTILITY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit G-3

	Electric Light and Power System Fund	Waterworks and Sewer System Fund	Total	
			1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 434,962,425	151,547,589	586,510,014	571,039,435
Cash payments to suppliers for goods and services	(154,246,592)	(29,936,298)	(184,182,890)	(154,613,456)
Cash payments to employees for services	(42,368,953)	(28,675,789)	(71,044,742)	(61,822,612)
Other operating revenues	(9,829,368)	----	(9,829,368)	(10,016,670)
Net cash provided by operating activities	228,517,512	92,935,502	321,453,014	344,586,697
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers out	(55,170,182)	(11,513,014)	(66,683,196)	(68,129,570)
Contribution (to) from municipality	----	(1,115,620)	(1,115,620)	----
Interest paid on revenue notes and other debt	(1,423,182)	(43,521)	(1,466,703)	(1,803,641)
Increase in deferred assets	(5,163,099)	----	(5,163,099)	(3,616,792)
Net cash provided (used) by noncapital financing activities	(61,756,463)	(12,672,155)	(74,428,618)	(73,550,003)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES:				
Proceeds from the sale of revenue bonds	----	4,440,000	4,440,000	----
Long-term loan proceeds	----	----	----	434,879
Principal paid on long-term debt	(17,990,141)	(10,106,107)	(28,096,248)	(38,327,201)
Proceeds from the sale of equipment	134,154	1	134,155	118,112
Accrued interest received	640,762	311,927	952,689	1,607,652
Interest paid on revenue bonds and other debt	(142,790,960)	(60,620,603)	(203,411,563)	(201,195,157)
Acquisition and construction of capital assets	(56,053,778)	(44,953,417)	(101,007,195)	(88,599,215)
Contributions (to) from municipality	(1,004,469)	3,246,434	2,241,965	(327,274)
Contribution from State and Federal governments	----	522,409	522,409	----
Contributions in aid of construction	2,496,048	3,713,811	6,209,859	5,136,828
Bond issuance costs	(4,105)	(4,814)	(8,919)	(842,505)
Cash paid for bond defeasance	----	(6,523,842)	(6,523,842)	(30,312,918)
Cash paid for contract revenue bond refunding	----	(6,899,507)	(6,899,507)	----
Cash paid for note refunding	(12,566,472	----	(12,566,472)	----
Cash paid for nuclear fuel inventory	(2,183,030)	----	(2,183,030)	(8,266,881)
Cash received from annexation of North Central Austin Growth Corridor	----	6,577,916	6,577,916	----
Decrease in miscellaneous deposits	----	----	----	(46,762)
Increase (decrease) in escrow deposits	(392,565)	903	(391,662)	558,610
Net cash provided (used) by capital and related financing activities	(229,714,556)	(110,294,889)	(340,009,445)	(360,561,832)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	(466,344,623)	(122,853,648)	(589,198,271)	(432,320,575)
Proceeds from sale and maturities of investment securities	467,520,469	124,080,042	591,600,511	436,314,150
Proceeds on long-term receivables	14,823,714	----	14,823,714	13,552,713
Interest on investments	30,570,645	12,527,913	43,098,558	50,974,996
Net cash provided (used) by investing activities	46,570,205	13,754,307	60,324,512	68,521,284
Net increase (decrease) in cash and cash equivalents	(16,383,302)	(16,277,235)	(32,660,537)	(21,003,854)
Cash and cash equivalents at beginning of year	184,861,682	79,366,308	264,227,990	285,231,844
Cash and cash equivalents at end of year	$ 168,478,380	63,089,073	231,567,453	264,227,990

(continued)

UTILITY FUNDS **CITY OF AUSTIN, TEXAS**

COMBINING STATEMENT OF CASH FLOWS **Exhibit G-3**

Year ended September 30, 1991 **(Continued)**

With comparative totals for year ended September 30, 1990

	Electric Light and Power System Fund	Waterworks and Sewer System Fund	Total	
			1991	1990
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 153,957,601	64,191,381	218,148,982	250,957,553
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	56,191,798	26,096,428	82,288,226	79,203,361
Allowance for uncollectible accounts	7,012,535	1,718,120	8,730,655	8,003,968
Amortization	9,577,072	----	9,577,072	14,664,593
Change in assets and liabilities:				
(Increase) decrease in working capital advances	(1,447,001)	----	(1,447,001)	251,584
(Increase) decrease in accounts receivable	4,147,192	2,328,072	6,475,264	(23,566,347)
(Increase) decrease in inventory	(9,492,582)	(348,136)	(9,840,718)	735,684
(Increase) decrease in prepaid expenses	(1,572,851)	(3,990)	(1,576,841)	283,900
Decrease in deferred litigation costs	7,941,200	----	7,941,200	5,780,764
(Increase) decrease in deferred costs	1,355,969	----	1,355,969	(249,880)
Increase in accounts payable	105,963	79,001	184,964	4,385,383
Increase in accrued payroll	832,704	553,736	1,386,440	2,061,090
(Decrease) in claims payable	(3,000,000)	(2,103,251)	(5,103,251)	(1,201,724)
Increase (decrease) in deferred fuel revenue	(1,153,336)	----	(1,153,336)	2,243,483
Increase (decrease) in other liabilites	144,090	377,186	521,276	(1,928,923)
Increase in decommissioning expense payable	3,178,432	----	3,178,432	2,447,451
Increase (decrease) in customer deposits	(473,942)	46,955	(426,987)	514,757
Decrease in investment in internal service funds	1,212,668	----	1,212,668	----
Total adjustments	74,559,911	28,744,121	103,304,032	93,629,144
Net cash provided by operating activities	$ 228,517,512	92,935,502	321,453,014	344,586,697
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Municipal utility district assets placed in service	$ ----	24,016,736	24,016,736	4,896,777
Increase in deferred assets/expenses	33,941,219	529,840	34,471,059	24,601,029
Deferred loss on extinguishment of debt	49,714	24,307,795	24,357,5[illegible]	30,499,898
Bonds issued for the advance refunding of debt	143,740,000	137,925,000	281,665,000	241,234,188
Bond discounts and issue costs on advance refundings	(11,990,000)	----	(11,990,000)	(19,855,489)
Reduction of long-term debt due to advance refundings	(144,250,000)	(142,865,000)	(287,115,000)	(185,695,000)
Unamortized bond discounts/issue costs on refundings	4,765	----	4,765	346,476
Increase in nuclear fuel expense payable	(7,394,043)	----	(7,394,043)	(6,993,696)
Tax and revenue bonds assumed from annexation	----	7,470,000	7,470,000	----
Increase in capital appreciation bond interest payable	(4,879,183)	(1,644,249)	(6,523,432)	(5,130,483)
Fixed assets contributed (to) from other funds	330,790	933,168	1,263,958	(109,383)
Fixed asset contributions from annexation	----	5,738,364	5,738,364	----
Contributed facilities from developers	----	191,602	191,602	1,640,480
Amortization of bond issue cost	(298,776)	(98,478)	(397,254)	(520,007)
Amortization of deferred gain (loss) on refundings	5,551,774	(1,796,532)	3,755,242	6,218,797
Amortization of deferred assets	(3,365,444)	(646,241)	(4,011,685)	(4,798,735)
Amortization of coal and nuclear fuel inventory	(5,575,917)	----	(5,575,917)	(5,527,161)
Amortization of deferred depreciation	6,406,818	493,660	6,900,478	1,511,018
Principal in excess of depreciation	----	----	----	(6,766,635)
Depreciation taken on contributions	1,960,357	8,728,581	10,688,938	10,714,680
Loss on disposal of assets	(2,340,399)	(23,449)	(2,363,848)	(83,163)
Cost to be recovered in future years	21,210,210	1,779,862	22,990,072	8,771,016
Loss on extinguishment of debt	$ (8,452)	(416,585)	(425,037)	(457,976)

UTILITY FUNDS
STATEMENT OF REVENUES
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit G-4

	1991	1990
Electric		
Domestic and rural residential	$ 162,317,275	165,299,924
Commercial general	229,823,507	226,417,792
City utility departments	8,533,025	8,349,918
Public street lighting	4,397,009	4,386,221
City general government departments	4,406,552	4,438,312
Sales to other utilities	6,375,981	11,029,278
Rent from electric property	258,359	243,273
Customers' forfeited discounts and penalties	2,845,825	3,028,629
Miscellaneous	3,508,438	749,050
Operating revenues	422,465,971	423,942,397
Interest	29,161,255	36,482,011
Total electric	451,627,226	460,424,408
Waterworks		
Urban	58,420,030	67,519,679
Rural	6,377,144	6,667,999
City utility departments	501,193	471,764
City general government departments	1,075,788	1,169,328
Sales to other water utilities	5,939,760	8,086,359
Water connections	314,462	280,052
Customers' forfeited discounts	533,720	600,100
Miscellaneous	592,963	30,419
Operating revenues	73,755,060	84,825,700
Interest	5,962,310	8,154,352
Total waterworks	79,717,370	92,980,052
Sewer		
Urban	64,400,804	64,788,401
Rural	2,636,595	2,402,683
City utility departments	140,195	177,596
City general government departments	441,454	492,719
Service to other utilities	3,566,308	4,002,325
Sewer connections	292,001	259,897
Customers' forfeited discounts	499,259	510,719
Miscellaneous	3,618,731	3,781,712
Operating revenues	75,595,347	76,416,052
Interest	7,751,202	9,111,221
Total sewer	83,346,549	85,527,273
Total operating and interest revenues	$ 614,691,145	638,931,733

UTILITY FUNDS **CITY OF AUSTIN, TEXAS**

STATEMENT OF EXPENSES BEFORE INTEREST AND DEPRECIATION

Exhibit G-5

Year ended September 30, 1991

With comparative totals for year ended September 30, 1990

	1991	1990
Electric		
Production, excluding joint facilities	$ 46,478,476	47,463,697
Joint facilities production	117,666,827	111,993,030
Transmission and distribution	17,910,074	13,326,541
Customer accounting and collection	14,805,497	13,699,254
Jobbing and contract work	(116,115)	(148,726)
Design engineering	6,013,090	7,814,613
Administrative and general	8,941,105	5,447,294
Interdepartmental services	700,000	700,000
Total electric	212,398,954	200,295,703
Waterworks		
Purification	10,934,000	10,769,544
Distribution	9,235,423	8,391,521
Customer accounting and collection	4,377,629	3,254,003
Jobbing and contract work	(4,544)	647,063
Administrative and general	7,287,283	6,939,569
Total waterworks	31,829,791	30,001,700
Sewer		
Sewer lines	8,399,306	7,248,274
Sewage treatment plant	12,835,037	11,761,198
Customer accounting and collection	2,771,880	3,411,347
Jobbing and contract work	(21,411)	(48,939)
Design engineering	1,124,907	1,025,150
Administrative and general	2,123,088	1,427,724
Total sewer	27,232,807	24,824,754
Total expenses before interest, depreciation and nonoperating items	$ 271,461,552	255,122,157

UTILITY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit G-6

	Assets						Accumulated Depreciation					
	Balance September 30, 1990	Additions	Retirements	Transfers from Construction Work in Progress	Transfers from (to) Other Funds (1)	Balance September 30, 1991	Balance September 30, 1990	Current Depreciation & Amortization	Retirements	Transfers and Adjustments	Balance September 30, 1991	Net Assets
Plant in service												
Electric	$ 1,900,275,006	8,412,770	(1,021,697)	38,209,787	167,401	1,946,043,267	388,709,422	56,191,797	(96,446)	4,383	444,809,156	1,501,234,111
Waterworks	469,894,799	17,512,927	(384,868)	9,523,570	49,998	496,596,626	91,667,363	10,661,892	(370,316)	(1,520)	101,957,419	394,639,207
Sewer	624,690,626	19,425,152	(152,316)	1,995,187	98,144	646,056,793	100,372,523	16,188,808	(143,155)	(205)	116,417,971	529,638,822
	2,994,860,431	45,350,849	(1,558,681)	49,728,544	315,543	3,088,696,686	580,749,308	83,042,497	(609,917)	2,658	663,184,546	2,425,512,140
Construction in progress												
Electric	60,296,990	46,286,980	(14,532)	(39,124,216)	—	67,445,222	—	—	—	—	—	67,445,222
Waterworks	129,679,040	24,427,220	—	(9,523,570)	—	144,582,690	—	—	—	—	—	144,582,690
Sewer	35,898,430	16,025,336	—	(1,995,187)	—	49,928,579	—	—	—	—	—	49,928,579
	225,874,460	86,739,536	(14,532)	(50,642,973)	—	261,956,491	—	—	—	—	—	261,956,491
Electric nuclear fuel	75,871,810	2,183,030	—	731,330	—	78,786,170	19,767,571	14,132,823	—	—	33,900,394	44,885,776
Electric plant held for future use	43,221,149	—	—	4,993	—	43,226,142	—	—	—	—	—	43,226,142
Total utility plant	$ 3,339,827,850	134,273,415	(1,573,213)	(178,106)	315,543	3,472,665,489	600,516,879	97,175,320	(609,917)	2,658	697,084,940	2,775,580,549

	Electric	Waterworks	Sewer	Total
Plant in service				
Land and land rights	$ 26,594,979	26,033,463	7,647,166	60,275,608
Buildings and improvements	1,224,616,211	393,292,255	463,614,466	2,081,522,932
Machinery and equipment	643,372,213	44,375,945	149,204,394	836,952,552
Completed assets, unclassified	51,459,864	32,894,963	25,590,767	109,945,594
	1,946,043,267	496,596,626	646,056,793	3,088,696,686
Less accumulated depreciation	(444,809,156)	(101,957,419)	(116,417,971)	(663,184,546)
Net plant in service	1,501,234,111	394,639,207	529,638,822	2,425,512,140
Construction in progress, including costs incurred on projects under joint construction	67,445,222	144,582,690	49,928,579	261,956,491
Nuclear fuel net of amortization	44,885,776	—	—	44,885,776
Plant held for future use	43,226,142	—	—	43,226,142
Net utility plant	1,656,791,251	539,221,897	579,567,401	2,775,580,549

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

	Electric	Waterworks	Sewer	Total
Enterprise Funds:				
Utility and other	—	(2,074)	2,074	—
Internal Service Fund:				
General Services	167,133	51,934	96,548	317,615
General Fixed Assets	268	138	(2,478)	(2,072)
Total transfers	$ 167,401	49,998	98,144	315,543

CITY OF AUSTIN, TEXAS
Exhibit H-1

HOSPITAL FUND
BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

	1991	1990
ASSETS		
Current assets:		
Cash	$ 8,800	8,800
Accounts receivable	35,482,179	40,137,066
Less: Allowance for doubtful accounts and third party reimbursement programs	(8,186,168)	(12,882,230)
Net accounts receivable	27,296,011	27,254,836
Receivables from other governments	2,035,927	----
Inventories, at cost	3,407,803	2,843,033
Prepaid expenses and other assets	299,288	450,176
Total current assets	33,047,829	30,556,845
Restricted assets:		
Construction account:		
Pooled investments and cash	6,255,600	4,524,882
Cash and investments held by trustee	2,250,123	----
Total restricted assets	8,505,723	4,524,882
Property and equipment, at cost:		
Property and equipment in service	105,559,555	102,574,028
Less accumulated depreciation	(31,856,669)	(26,879,214)
Net property and equipment in service	73,702,886	75,694,814
Construction in progress	5,339,666	1,541,584
Net property and equipment	79,042,552	77,236.398
Total assets	$ 120,596,104	112,318,125

(continued)

	1991	1990
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	$ 3,581,314	3,545,692
Advanced pooled investments and cash	25,598,622	32,207,239
Accrued payroll and compensated absences payable	4,497,095	4,329,521
Claims payable	----	1,135,000
Due to other funds	1,108,000	----
General obligation bonds payable	3,899,362	3,791,031
Public property finance contractual obligations payable	175,000	----
Capital lease obligations payable	757,090	1,118,802
Total current liabilities	39,616,483	46,127,285
Liabilities payable from restricted assets:		
Liabilities payable from construction account:		
Accounts payable	34,012	337,465
Total liabilities payable from restricted assets	34,012	337,465
Compensated absences payable	1,841,295	1,373,000
Accrued liability for claims payable	----	155,000
Long-term debt, net of current portion:		
General obligation bonds, net of discount of $313,137 in 1991 and $335,507 in 1990	45,697,758	43,914,751
Public property finance contractual obligations payable	2,825,000	----
Capital lease obligations payable	1,530,820	1,627,349
Total long-term liabilities	51,894,873	47,070,100
Total liabilities	91,545,368	93,534,850
Fund equity		
Contributions from municipality	8,053,973	8,053,973
Contributions from State and Federal governments	874,135	874,135
Contributions from Brackenridge Foundation	1,637,211	998,840
Total contributions	10,565,319	9,926,948
Retained earnings--unreserved	18,485,417	8,856,327
Total fund equity	29,050,736	18,783,275
Total liabilities and fund equity	$ 120,596,104	112,318,125

HOSPITAL FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit H-2

	1991	1990
REVENUES		
Hospital patient services, net	$ 109,106,638	93,380,452
Other operating revenues	1,914,476	1,149,216
Operating revenues	111,021,114	94,529,668
EXPENSES		
General patient services	29,835,308	28,404,277
Other professional services	34,386,572	31,148,069
General services	9,319,082	8,144,600
Administrative and fiscal services	21,208,591	17,534,814
Provision for bad debts	6,458,013	5,820,531
Operating expenses before depreciation	101,207,566	91,052,291
Depreciation	4,977,455	5,676,346
Total operating expenses	106,185,021	96,728,637
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	4,836,093	(2,198,969)
NONOPERATING REVENUES (EXPENSES)		
Interest	684,198	462,372
Interest on general obligation bonds payable including amortization of discount on bonds	(3,625.295)	(3,600,882)
Total nonoperating revenues (expenses)	(2,941 097)	(3,138,510)
Income before extraordinary loss	1,894,996	(5,337,479)
Operating transfers:		
Operating transfers in	8,024,000	7,000,000
Operating transfers out	(289,906)	(1,210,695)
Income before extraordinary loss	9,629,090	451,826
Extraordinary loss--general obligation bond refunding	----	(721,423)
Net income (loss)	9,629,090	(269,597)
Retained earnings at beginning of year	8,856,327	9,125,924
Retained earnings at end of year	$ 18,485,417	8,856,327

HOSPITAL FUND
STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit H-3

	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patient services	$ 100,571,523	87,857,710
Cash paid to suppliers for goods and services	(42,395,456)	(38,087,482)
Cash paid to employees	(52,080,529)	(47,648,098)
Other operating revenues collected	1,914,476	1,149,216
Net cash provided by operating activities	8,010,014	3,271,346
CASH FLOWS FROM NONCAPITAL ACTIVITIES		
Operating transfers in	8,024,000	7,000,000
Operating transfers out	(289,906)	(1,210,695)
Net cash provided by noncapital financing activities	7,734,094	5,789,[illegible]
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of general obligation bonds	5,660,000	4,000,000
Proceeds from sale of public property finance contractual obligations	3,000,000	----
Principal paid on general obligation bonds payable	(3,791,028)	(3,676,142)
Principal paid on capital lease obligations payable	(1,178 413)	(1,312,040)
Interest paid on general obligation bonds payable	(3,602,928)	(3,578,515)
Interest paid on capital lease obligations payable	(193,959)	(229,874)
Acquisition and construction of capital assets	(5,692,905)	(2,394,090)
Contributions from municipality	----	1,998,100
Bond issuance costs	(39,615)	----
Net cash provided (used) by capital and related financing activities	(5,838,848)	(5,192,561)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	684,198	462,372
Net cash provided by investing activities	684,198	462,372
Net increase in cash and cash equivalents	10,589,458	4,330,462
Cash and cash equivalents at beginning of year	(27,673,557)	(32,004,019)
Cash and cash equivalents at end of year	(17,084,099)	(27,673,557)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	4,836,093	(2,198,969)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,977,455	5,676,346
Amortization of bond issuance costs	4,000	----
Interest expense-capital leases, shown as financing activities	193,959	229,874
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, net	(41,175)	297,789
(Increase) in receivables from other governments	(2,035,927)	----
(Increase) in inventory	(564,770)	(172,147)
(Increase) decrease in prepaid expenses and other assets	150,888	(228,588)
Increase in accounts payable	35,622	30,766
Increase in accrued payroll and compensated absences	635,869	492,694
Decrease in claims payable	(1,290,000)	(856,419)
Increase in due to other funds	1,108,000	----
Total adjustments	3,173,921	5,470,315
Net cash provided by operating activities	$ 8,010,014	3,271,346
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Fixed assets acquired through capital leases	$ 720,172	----
Fixed asset contributions from Brackenridge Foundation	638,371	439,408
Amortization of bond discounts	(22,367)	(22,367)
Gain (loss) on disposal of assets	----	(4,505)
Gain (loss) on extinguishment of debt	$ ----	(721,423)

HOSPITAL FUND
SCHEDULE OF EXPENSES BEFORE DEPRECIATION
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

Exhibit H-4

	1991	1990
General patient services		
Nursing administration	$ 841,197	635,100
General patient care	14,672,242	15,232,038
Intensive care	2,953,541	2,840,799
Coronary care	1,437,377	1,348,216
Nurseries	2,947,270	2,560,845
Emergency room	3,440,662	2,816,278
Emergency physician services	2,690,829	2,509,245
Out-patient service	425,036	430,135
Nursing education	427,154	31,621
	29,835,308	28,404,277
Other professional services		
Laboratory and blood	5,426,246	5,177,496
Operating rooms	8,483,896	7,925,264
Radiology	2,858,989	2,852,513
Delivery rooms	2,199,914	1,866,568
Pharmacy	6,425,414	5,555,115
Anesthesiology	1,096,284	1,037,643
Recovery room	528,212	415,923
Physical therapy	758,824	707,517
Occupational therapy	155,702	128,794
CT scanner	516,325	267,773
Hemodialysis	424,689	412,218
Inhalation therapy	2,190,825	1,866,428
Nuclear medicine	294,153	224,254
EKG	297,615	129,255
EEG	53,017	56,357
Cardiovascular laboratory	1,688,746	1,632,900
Speech therapy	72,474	80,355
Audiology	43,351	37,217
Wellness program	195,491	136,101
Kidney acquisition	184,226	199,141
Organ procurement	367,481	336,931
Peripheral vascular & echo lab	122,698	102,306
	$ 34,386,572	31,148,069

(continued)

	1991	1990
General services		
Dietary	$ 2,929,657	2,392,824
Plant operation and maintenance	4,372,260	3,852,635
Housekeeping	1,793,339	1,671,235
Biomedical instrumentation	223,826	227.906
	9,319,082	8,144,600
Administrative and fiscal services		
Business office	3,636,208	3,286,119
Administration	7,194,608	4,416,725
Personnel	875,832	664,247
Linen distribution and laundry	910,713	701,277
Purchasing	617,818	572,054
Central service	2,802,399	2,914,046
Data processing	1,445,442	1,378,002
Social services	532,492	528,259
ADT center	646,947	621,583
Medical records	1,228,386	1,180,393
Communications	562,131	485,588
Utilization review	212,406	192,789
Security	543,209	593,732
	21,208,591	17,534,814
Provision for bad debts	6,458,013	5,820,531
Total expenses before depreciation	$101,207,566	91,052,291

HOSPITAL FUND
SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit H-5

	Assets						Accumulated Depreciation				
	Balance September 30, 1990	Additions	Retirements	Transfers from Construction Work in Progress	Transfers from (to) Other Funds	Balance September 30, 1991	Balance September 30, 1990	Current Depreciation	Retirements	Transfers and Adjustments	Balance September 30, 1991
Property and equipment in service											
Land	$ 759,501	—	—	—	—	759,501	—	—	—	—	—
Buildings	69,725,893	73,269	—	3,899	—	69,803,061	12,729,094	2,448,535	—	—	15,177,629
Improvements to grounds	61,378	—	—	—	—	61,378	59,190	385	—	—	59,575
Furniture and equipment	32,027,256	2,908,359	—	—	—	34,935,615	14,090,930	2,528,535	—	—	16,619,465
Total property and equipment in service	102,574,028	2,981,628	—	3,899	—	105,559,555	26,879,214	4,977,455	—	—	31,856,669
Construction in progress	1,541,584	3,801,981	—	(3,899)	—	5,339,666	—	—	—	—	—
Total	$ 104,115,612	6,783,609	—	—	—	110,899,221	26,879,214	4,977,455	—	—	31,856,669

OTHER ENTERPRISE FUNDS
COMBINING SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit I-1

	Assets						Accumulated Depreciation				
	Balance September 30, 1990	Additions	Retirements	Transfers from Construction Work in Progress	Transfers from (to) Other Funds (1)	Balance September 30, 1991	Balance September 30, 1990	Current Depreciation	Retirements	Transfers and Adjustments	Balance September 30, 1991
Property and equipment in service:											
Environmental and conservation services	$ 16,674,996	916,949	(581,669)	196,258	791,121	17,997,655	5,255,803	1,742,083	(548,819)	—	6,448,787
Softball	4,894	—	—	—	—	4,894	204	204	—	—	408
Golf	3,412,799	51,365	(11,870)	228,163	—	3,680,457	2,081,138	145,115	(11,870)	—	2,214,383
Tennis	2,654,686	—	—	—	—	2,654,686	1,397,978	138,279	—	—	1,536,257
Airport	63,870,287	270,157	(484,262)	618,456	—	64,274,638	18,425,097	2,416,465	(38,408)	—	20,803,154
Convention center	19,528,469	188,253	(2,700)	120,146	—	19,834,168	4,390,176	357,999	—	1	4,748,176
Drainage	—	269,924	—	—	270,034	539,958	—	59,716	—	—	59,716
	106,143,131	1,896,648	(1,080,501)	1,163,023	1,061,155	108,986,456	31,550,196	4,859,781	(599,097)	1	35,810,881
Construction in progress:											
Environmental and conservation services	99,223	179,191	—	(196,258)	—	82,156	—	—	—	—	—
Softball	—	—	—	—	—	—	—	—	—	—	—
Golf	234,951	44,981	—	(228,163)	—	51,769	—	—	—	—	—
Tennis	—	—	—	—	—	—	—	—	—	—	—
Airport	6,820,572	8,001,858	(2,230,000)	(618,456)	—	11,973,974	—	—	—	—	—
Convention center	9,694,871	27,989,447	—	(120,146)	—	37,564,172	—	—	—	—	—
Drainage	—	—	—	—	—	—	—	—	—	—	—
	16,849,817	36,215,477	(2,230,000)	(1,163,023)	—	49,672,071	—	—	—	—	—
Totals	$ 122,995,746	37,912,125	(3,310,501)	—	1,061,155	158,658,527	31,550,196	4,859,781	(599,097)	1	35,810,881

	Environmental and Conservation Services	Softball	Golf	Tennis	Airport	Convention Center	Drainage	Total
Property and equipment:								
Land	$ 9,827,328	—	316,693	—	1,546,757	11,336,410	—	23,027,188
Buildings	485,741	—	1,546,641	811,404	36,755,783	7,030,793	—	46,630,362
Improvements to grounds	143,454	—	1,029,428	1,811,001	22,730,738	310,077	—	26,024,698
Furniture and equipment	1,235,922	—	215,393	32,281	1,590,143	745,885	—	3,819,624
Vehicles	5,848,238	—	207,010	—	584,102	129,846	502,671	7,271,867
Completed construction unclassified	458,972	4,894	365,292	—	1,067,115	281,157	37,287	2,212,717
	17,997,655	4,894	3,680,457	2,654,686	64,274,638	19,834,168	539,958	108,986,456
Less accumulated depreciation	6,448,787	408	2,214,383	1,536,257	20,803,154	4,748,176	59,716	35,810,881
	11,548,868	4,486	1,466,074	1,118,429	43,471,484	15,085,992	480,242	73,175,575
Construction work in progress	82,156	—	51,769	—	11,973,974	37,564,172	—	49,672,071
Net property and equipment	$ 11,631,024	4,486	1,517,843	1,118,429	55,445,458	52,650,164	480,242	122,847,646
(1) Transfers from (to) other funds and account groups are as follows: Internal Service Fund: General services	$ 791,121	—	—	—	—	—	270,034	1,061,155

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

The Internal Service Funds are as follows:

The General Services Fund, which includes vehicle and equipment services and central stores activities;
The Treasury Fund, which includes the investing activities for the City.

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INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit J-1

	General Services Fund	Treasury Fund (1)	Totals 1991	Totals 1990
ASSETS				
Current assets:				
Cash on hand	$ 8,600	----	8,600	8,600
Pooled investments and cash	2,234,470	----	2,234,470	2,840,509
Accounts receivable	385,528	----	385,528	396,500
Less allowance for doubtful accounts	(154,939)	----	(154,939)	(134,278)
Net accounts receivable	230,589	----	230,589	262,222
Inventories, at cost	864,576	----	864,576	4,267,560
Prepaid expenses and other assets	----	----	----	1,000
Total current assets	3,338,235	----	3,338,235	7,379,891
Restricted assets -- construction account				
Pooled investments and cash	2,003,892	----	2,003,892	354,179
Total construction account	2,003,892	----	2,003,892	354,179
Property and equipment, at cost:				
Buildings and improvements	1,980,189	----	1,980,189	1,980,189
Furniture and equipment	7,137,449	----	7,137,449	7,063,032
Automobiles, trucks, and other equipment	6,950,112	----	6,950,112	6,996,146
Completed construction unclassified	2,818,006	----	2,818,006	2,862,720
Less accumulated depreciation	(13,703,061)	----	(13,703,061)	(12,642,968)
Net property and equipment	5,182,695	----	5,182,695	6,259,119
Total assets	10,524,822	----	10,524,822	13,993,189
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	845,870	----	845,870	1,763,958
Accrued payroll and compensated absences	973,834	----	973,834	1,005,020
Total current liabilities	1,819,704	----	1,819,704	2,768,978
Long-term liabilities:				
Accrued compensated absences	244,573	----	244,573	690,828
Investment by enterprise funds	----	----	----	1,212,668
Total liabilities	2,064,277	----	2,064,277	4,672,474
Fund equity				
Contributions from municipality	5,974,752	----	5,974,752	6,969,076
Contributions from State and Federal governments	1,057,312	----	1,057,312	1,057,312
Total contributions	7,032,064	----	7,032,064	8,026,388
Retained earnings:				
Unreserved	1,428,481	----	1,428,481	1,294,327
Total fund equity	8,460,545	----	8,460,545	9,320,715
Total liabilities and fund equity	$ 10,524,822	----	10,524,822	13,993,189

(1) Prior to fiscal year 1991, Treasury was reported in the General Fund.

CITY OF AUSTIN, TEXAS
Exhibit J-2

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	General Services Fund	Treasury Fund (1)	Totals	
			1991	1990
REVENUES				
Billings to departments	$ 25,371,259	1,089,343	26,460,602	24,816,645
EXPENSES				
Personnel	9,833,349	----	9,833,349	10,111,914
Operations and maintenance	4,397,201	1,089,343	5,486,544	4,053,433
Materials and supplies	15,233,692	----	15,233,692	14,139,770
Total before depreciation	29,464,242	1,089,343	30,553,585	28,305,117
Depreciation	1,259,575	----	1,259,575	1,746,422
Total operating expenses	30,723,817	1,089,343	31,813,160	30,051,539
Operating income (loss) before nonoperating revenues (expenses) and operating transfers	(5,352,558)	----	(5,352,558)	(5,234,894)
NONOPERATING REVENUES (EXPENSES)				
Interest	183,511	----	183,511	137,859
Gain (loss) on disposal of assets	592,169	----	592,169	784,330
Total nonoperating revenues (expenses)	775,680	----	775,680	922,189
Income (loss) before operating transfers	(4,576,878)	----	(4,576,878)	(4,312,705)
Operating transfers:				
Operating transfers in	5,537,866	----	5,537,866	4,224,298
Operating transfers out	(826,834)	----	(826,834)	(1,415,682)
Net income (loss)	134,154	----	134,154	(1,504,089)
Retained earnings (deficit) at beginning of year	1,294,327	----	1,294,327	3,711,952
Residual equity transfers in (out)	----	----	----	(913,536)
Retained earnings (deficit) at end of year	$ 1,428,481	----	1,428,481	1,294,327

(1) Prior to fiscal year 1991, Treasury was reported in the General Fund.

INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	General Services Fund	Treasury Fund (1)	Totals 1991	Totals 1990
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 25,402,892	1,089,343	26,492,235	24,722,112
Cash payments to suppliers for goods and services	(16,948,937)	(1,089,343)	(18,038,280)	(18,467,044)
Cash payments to employees for services	(10,310,790)	----	(10,310,790)	(9,905,735)
Net cash provided (used) by operating activities	(1,856,835)	----	(1,856,835)	(3,650,667)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating transfers in	5,537,866	----	5,537,866	4,224,298
Operating transfers out	(826,834)	----	(826,834)	(1,415,682)
Investment by enterprise funds	(1,212,668)	----	(1,212,668)	----
Contributions (to) from municipality	1,142,685	----	1,142,685	----
Residual equity transfer in (out)	----	----	----	(913,536)
Net cash provided (used) by noncapital financing activities	4,641,049	----	4,641,049	1,895,080
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of capital assets	620,397	----	620,397	747,028
Acquisition and construction of capital assets	(7,537,748)	----	(7,537,748)	(3,597,174)
Contributions (to) from municipality	4,993,300	----	4,993,300	5,781,125
Net cash provided (used) by capital and related financing activities	(1,924,051)	----	(1,924,051)	2,930,979
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	183,511	----	183,511	137,859
Net cash provided by investing activities	183,511	----	183,511	137,859
Net increase (decrease) in cash and cash equivalents	1,043,674	----	1,043,674	1,313,251
Cash and cash equivalents at beginning of year	3,203,288	----	3,203,288	1,890,037
Cash and cash equivalents at end of year	4,246,962	----	4,246,962	3,203,288
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	(5,352,558)	----	(5,352,558)	(5,234,894)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,259,575	----	1,259,575	1,746,422
Provision for uncollectible accounts	20,661	----	20,661	(61,283)
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	10,972	----	10,972	(33,250)
(Increase) decrease in inventory	3,402,984	----	3,402,984	(266,593)
Decrease in prepaid expenses and other assets	1,000	----	1,000	---
Decrease in accounts payable	(722,028)	----	(722,028)	(7,248)
Increase (decrease) in accrued payroll	(477,441)	----	(477,441)	208,179
Total adjustments	3,495,723	----	3,495,723	1,584,227
Net cash provided (used) by operating activities	$ (1,856,835)	----	(1,856,835)	(3,650,667)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Fixed assets contributed (to) from other funds	$ (7,130,309)	----	(7,130,309)	(4,771,031)
Gain (loss) on disposal of assets	$ (28,228)	----	(28,228)	37,302

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(1) Prior to fiscal year 1991, Treasury was reported in the General Fund.

CITY OF AUSTIN, TEXAS
Exhibit J-4

INTERNAL SERVICE FUND
SCHEDULE OF CHANGES IN FIXED ASSETS AND ACCUMULATED DEPRECIATION
Year ended September 30, 1991

	Assets						Accumulated Depreciation				
	Balance September 30, 1990	Additions	Retirements	Transfers from Construction Work in Progress	Transfers from (to) Other Funds (1)	Balance September 30, 1991	Balance September 30, 1990	Current Depreciation	Retirements	Transfers and Adjustments	Balance September 30, 1991
Property and equipment in service											
Buildings and improvements	$ 1,980,189	—	—	—	—	1,980,189	1,273,374	31,632	—	—	1,305,006
Furniture and equipment	7,063,032	—	(20,714)	94,553	578	7,137,449	5,307,433	599,767	(20,260)	177,288	6,064,228
Automobiles, trucks and other equipment	6,996,146	—	(207,474)	161,440	—	6,950,112	6,435,052	449,592	(179,800)	(549,601)	6,155,243
Completed construction unclassified	2,862,720	238,842	(99)	3,385,680	(3,669,137)	2,818,006	(372,891)	178,584	—	372,891	178,584
Totals	$ 18,902,087	238,842	(228,287)	3,641,673	(3,668,559)	18,885,756	12,642,968	1,259,575	(200,060)	578	13,703,061

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

General fixed assets	$(2,289,789)
Enterprise funds:	
Utility	(317,515)
Environmental and conservation services	(791,121)
Drainage	(270,034)
Total transfers	$(3,668,559)

Fiduciary Funds

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

The Expendable Trust Funds include the Liability Reserve Fund, Workers' Compensation Fund, City's Health Benefits Fund, and various others.

The Non-expendable Trust Fund includes contributions for various governmental purposes, including purchase of library books and cemetery maintenance.

The Pension Trust Funds include the City of Austin Police Officers' Retirement and Pension Fund, Fire Fighters' Relief and Retirement Fund of Austin, Texas, and the City of Austin Employees' Retirement and Pension Fund.

The Agency Funds include the Municipal Utility Districts Fund, Water Improvement District Funds, Deferred Compensation Fund, and various others.

See next page for descriptions of the invidual funds.

Turk's cap
Malvaviscus arboreus

Expendable Trust Funds

Health Benefits Fund - Accounts for monies related to the health, dental, and life insurance costs of City employees.

Liability Reserve Fund - Provides the City with coverage for major liabilities.

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

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

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

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

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

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

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

Adaptive Programs Fund - Receipts from programs and activities sponsored by the Parks and Recreation Department.

Recycle Bins Fund - Donations and receipts to be used to purchase recycle bins for the recycling program.

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

Bicentennial Affairs Fund - Donations to be used for bicentennial/ sesquicentennial type activities.

Hospital Memorial Donations Fund - Donations for memorials for former patients.

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

Nonexpendable Trust Funds

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

Pension Trust Funds

Police Officers' Retirement and Pension Fund - Accounts for pension fund activity related to civil service police officers.

Fire Fighters' Relief and Retirement Fund - Accounts for pension fund activity related to civil service fire fighters.

Employees' Retirement and Pension Fund - Accounts for pension fund activity related to all City employees other than police officers and fire fighters.

Agency Funds

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

Water Improvement Districts Fund - Revenues from water control and improvement customers which are periodically remitted to the districts.

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

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

Deferred Compensation Fund - Used to record the amount of compensation deferred by City employees and held by an independent administrator.

Certificates of Participation Fund - Clearing account used to accumulate and disburse monies for payment of Certificates of Participation outstanding.

TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit K-1

	Expendable Trust Funds	Nonexpendable Trust Funds	Pension Trust Funds (1)	Agency Funds	Totals	
					1991	1990
ASSETS						
Cash	$ ----	----	22,420,751	84,100	22,504,851	2,768,499
Pooled investments and cash	16,667,859	26,374	----	2,601,5[illegible]	19,295,576	16,283,326
Investments, at cost	928,502	----	496,138,911	143,083	497,210,496	458,970,798
Cash and investments held by trustee	----	----	----	40,838,552	40,838,552	37,802,598
Accounts receivable	----	----	----	24,231	24,231	349,744
Due from other funds	1,108,000	----	----	----	1,108,000	----
Other assets	4,307	----	7,766,990	----	7,771,297	8,074,542
Furniture and equipment, at cost, net of accumulated depreciation	----	----	15,813	----	15,813	17,177
Total assets	18,708,468	26,374	526,342,465	43,691,509	588,768,816	524,266,684
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	303,481	----	1,320,694	13,938	1,638,113	2,509,402
Advanced pooled investments and cash	51,346	----	----	----	51,346	----
Claims payable	9,480,980	----	----	----	9,480,980	3,191,500
Due to other governments:						
Municipal utility districts	----	----	----	42,253	42,253	60,540
Water improvement districts	----	----	----	144,663	144,663	395,261
Others	----	----	----	423,757	423,757	714,801
Total due to other governments	----	----	----	610,673	610,673	1,170,602
Certificates of participation payable	----	----	----	1,345,370	1,345,370	2,115,359
Other liabilities	599,513	----	200,800	553,191	1,353,504	1,478,222
Escrow and other deposits	----	----	----	41,168,337	41,168,337	36,279,193
Total liabilities	10,435,320	----	1,5[illegible],494	43,691,509	55,648,323	46,744,278
Fund balances						
Reserved for nonexpendable trust	----	26,374	----	----	26,374	26,374
Reserved for retirement systems	----	----	524,820,971	----	524,820,971	467,398,105
Unreserved:						
Designated for purposes of trust	8,273,148	----	----	----	8,273,148	10,097,927
Total fund balances	8,273,148	26,374	524,820,971	----	533,120,493	477,522,406
Total liabilities and fund balances	$ 18,708,468	26,374	526,342,465	43,691,509	588,768,816	524,266,684

(1) Pension Trust Fund information presented is audited information as of December 31, 1990.

TRUST AND AGENCY FUNDS
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET

September 30, 1991

With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit K-2

	Assets						Liabilities						
	Cash	Pooled Investments and Cash	Investments, at Cost	Due From Other Funds	Other Assets	Total Assets	Accounts Payable	Advanced Pooled Investments and Cash	Claims Payable	Other Liabilities	Total Liabilities	Unreserved Fund Balances Designated for [illegible]	Total Liabilities and Fund Balances
Health Benefits	$ —	5,490,004	—	—	—	5,490,004	78,701	—	2,341,000	330,285	2,749,986	2,740,018	5,490,004
Liability Reserve	—	7,853,421	—	1,108,000	—	8,961,421	60,249	—	6,176,480	—	6,236,729	2,724,692	8,961,421
Workers' Compensation	—	2,928,380	—	—	—	2,928,380	35,390	—	963,500	184,649	1,183,539	1,744,841	2,928,380
Cemetery Fund	—	—	928,502	—	4,307	932,809	119,446	51,346	—	1,065	171,857	760,952	932,809
Police Benefit	—	45,043	—	—	—	45,043	815	—	—	—	815	44,228	45,043
Miscellaneous PARD	—	46,535	—	—	—	46,535	3,191	—	—	—	3,191	43,344	46,535
Miscellaneous	—	130,130	—	—	—	130,130	5,661	—	—	83,514	89,175	40,955	130,130
Planning for the Future	—	39,067	—	—	—	39,067	—	—	—	—	—	39,067	39,067
Town Lake Beautification	—	29,438	—	—	—	29,438	—	—	—	—	—	29,438	29,438
Adaptive Programs	—	23,170	—	—	—	23,170	—	—	—	—	—	23,170	23,170
Recycle Bins	—	22,237	—	—	—	22,237	—	—	—	—	—	22,237	22,237
Teen Activity Fund	—	17,814	—	—	—	17,814	—	—	—	—	—	17,814	17,814
Bicentennial Affairs	—	17,365	—	—	—	17,365	—	—	—	—	—	17,365	17,365
Hospital Memorial Donations	—	14,256	—	—	—	14,256	—	—	—	—	—	14,256	14,256
Special Library	—	10,799	—	—	—	10,799	28	—	—	—	28	10,771	10,799
1991 Total	$ —	16,667,659	928,502	1,108,000	4,307	18,708,468	303,481	51,346	9,480,980	599,513	10,435,320	8,273,148	18,708,468
1990 Total	$618,659	13,674,833	190,237	—	83,258	14,566,987	1,203,202	—	3,191,500	74,358	4,469,060	10,097,927	14,566,987

CITY OF AUSTIN, TEXAS
Exhibit K-3

TRUST AND AGENCY FUNDS
EXPENDABLE TRUST FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

	Fund Balances September 30, 1990	Revenues	Expenditures (1)	Operating Transfer In	Operating Transfer Out	Residual Equity Transfer In (Out)	Fund Balances September 30, 1991
Health Benefits	$ 2,116,068	27,099,436	26,475,486	—	—	—	2,740,018
Liability Reserve	3,630,216	—	1,645,271	1,000,000	260,253	—	2,724,692
Workers' Compensation	3,273,395	320,931	5,552,066	3,702,581	—	—	1,744,841
Cemetery Fund	812,589	67,809	119,446	—	—	—	760,952
Police Benefit	17,481	52,360	25,613	—	—	—	44,228
Miscellaneous PARD	41,177	62,632	60,465	—	—	—	43,344
Miscellaneous	52,415	9,219	20,679	—	—	—	10,955
Planting for the Future	26,475	50,473	37,881	—	—	—	39,067
Town Lake Beautification	27,113	2,728	403	—	—	—	29,438
Adaptive Programs	30,646	—	7,476	—	—	—	23,170
Recycle Bins	19,514	2,723	—	—	—	—	22,237
Teen Activity Fund	7,974	10,000	160	—	—	—	17,814
Bicentennial Affairs	17,365	—	—	—	—	—	17,365
Hospital Memorial Donations	14,256	—	—	—	—	—	14,256
Special Library	11,243	8,331	8,803	—	—	—	10,771
1991 Total	$ 10,097,927	27,686,642	33,953,749	4,702,581	260,253	—	8,273,148
1990 Total	$ 2,210,406	26,093,889	29,851,696	10,664,111	—	981,217	10,097,927

(1) Expenditures include capital outlay of $10,685.

TRUST AND AGENCY FUNDS
PENSION TRUST FUNDS
COMBINING BALANCE SHEET
September 30, 1991
With comparative totals for September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit K-4

	Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund	Employees' Retirement and Pension Fund	Totals (1)	
				1991	1990
ASSETS					
Cash and cash equivalents	$ 8,077,027	2,860,637	11,483,087	22,420,751	2,065,740
Investments, at cost	53,623,014	92,938,504	349,577,393	496,138,911	458,664,563
Other assets	708,935	1,530,589	5,527,436	7,766,990	7,991,284
Furniture and equipment, at cost, net of accumulated depreciation	----	15,813	----	15,813	17,177
Total assets	62,408,976	97,345,543	366,587,946	526,342,465	468,738,764
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	70,474	60,521	1,189,699	1,320,694	1,304,923
Other liabilities	69,166	52,307	79,327	200,800	35,736
Total liabilities	139,640	112,828	1,269,026	1,521,494	1,340,659
Fund balances					
Reserved for retirement systems	62,269,336	97,232,715	365,318,920	524,820,971	467,398,105
Total fund balances	62,269,336	97,232,715	365,318,920	524,820,971	467,398,105
Total liabilities and fund balances	$ 62,408,976	97,345,543	366,587,946	526,342,465	468,738,764

(1) Pension Trust Fund information presented is audited information as of December 31, 1990 and 1989.

TRUST AND AGENCY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Exhibit K-5

	Police Officers' Retirement and Pension Fund	Fire Fighters' Relief and Retirement Fund	Employees' Retirement and Pension Fund	Totals (1)	
				1991	1990
REVENUES					
Pension contributions	$ 4,740,901	7,047,080	22,852,149	34,640,130	32,293,290
Operating revenues	4,740,901	7,047,080	22,852,149	34,640,130	32.293,290
EXPENSES					
Benefit payments	1,544,347	3,850,262	14,304,230	19,698,839	18,123,839
Contributions refunded	165,246	236,832	5,578,953	5,981,031	6,746,078
Total operating expense	1,709,593	4,087,094	19,883,183	25,679,870	24,869,917
Operating income before nonoperating revenues	3,031,308	2,959,986	2,968,966	8,960,260	7,423,373
NONOPERATING REVENUES					
Interest and other revenues	4,011,935	11,425,499	33,025,172	48,462,606	40,859,218
Total nonoperating revenues	4,011,935	11,425,499	33,025,172	48,462,606	40,859,218
Net income	7,043,243	14,385,485	35,994,138	57,422,866	48,282,591
Fund balances at beginning of year	55,226,093	82,847,230	329,324,782	467,398,105	419,115,514
Fund balances at end of year	$ 62,269,336	97,232,715	365,318,920	524,820,971	467,398,105

(1) Pension Trust Fund information presented is audited information as of December 31, 1990 and 1989.

CITY OF AUSTIN, TEXAS
Exhibit K-6

TRUST AND AGENCY FUNDS
AGENCY FUNDS
COMBINING BALANCE SHEET

September 30, 1991
With comparative totals for September 30, 1990

	Municipal Utility Districts	Water Improvement Districts	Neighborhood Revitalization	Municipal Courts	Deferred Compensation	Certificates of Participation	Totals	
							1991	1990
ASSETS								
Cash	$ ----	----	100	----	----	84,000	84,100	84,100
Pooled investments and cash	294,149	128,563	141,123	601,260	----	1,436,446	2,601,543	2,582,119
Investments, at cost	----	----	143,083	----	----	----	143,083	115,298
Cash and investments held by trustee	----	----	----	----	40,379,131	459,421	40,838,552	37,802,598
Accounts receivable	----	24,231	----	----	----	----	24,231	349,744
Total assets	294,149	152,794	284,306	601,260	40,379,131	1,979,869	43,691,509	40,934,559
LIABILITIES								
Accounts payable	----	6,399	----	7,539	----	----	13,938	1,277
Due to other governments	42,253	144,663	----	423,757	----	----	610,673	1,170,602
Certificates of participation payable	----	----	----	----	----	1,345,370	1,345,370	2,115,359
Other liabilities	----	----	2,692	----	----	550,499	553,191	1,442,486
Escrow and other deposits	251,896	1,732	281,614	169,964	40,379,131	84,000	41,168,337	36,204,835
Total liabilities	$ 294,149	152,794	284,306	601,260	40,379,131	1,979,869	43,691,509	40,934,559

TRUST AND AGENCY FUNDS
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit K-7

	Assets			
	Balance September 30, 1990	Debits	Credits	Balance September 30, 1991
Municipal utility districts				
Pooled investments and cash	$ 43,683	1,524,825	1,274,359	294,149
Accounts receivable	18,134	----	18,134	----
Total	61,817	1,524,825	1,292,493	294,149
Water improvement districts				
Pooled investments and cash	68,057	6,667,563	6,607,057	128,563
Accounts receivable	331,610	763,231	1,070,610	24,231
Total	399,667	7,430,794	7,677,667	152,794
Neighborhood revitalization				
Cash	100	----	----	100
Pooled investments and cash	962,334	1,949,907	2,771,118	141,123
Investments, at cost	115,998	27,085	----	143,083
Total	1,078,432	1,976,992	2,771,118	284,306
Municipal courts				
Pooled investments and cash	1,057,018	13,525,604	13,981,362	601,260
Total	1,057,018	13,525,604	13,981,362	601,260
Deferred compensation				
Cash and investments held by trustee	34,764,715	5,614,416	----	40,379,131
Total	34,764,715	5,614,416	----	40,379,131
Certificates of participation				
Cash	84,000	----	----	84,000
Pooled investments and cash	451,027	15,172,719	14,187,298	1,436,448
Cash and investments held by trustee	3,037,883	5,038,229	7,616,691	459,421
Total	3,572,910	20,210,948	21,803,989	1,979,869
Combined totals - all agency funds				
Cash	84,100	----	----	84,100
Pooled investments and cash	2,582,119	38,840,618	38,821,194	2,601,543
Investments, at cost	115,998	27,085	----	143,083
Cash and investments held by trustee	37,802,598	10,652,645	7,616,691	40,838,552
Accounts receivable	349,744	763,231	1,088,744	24,231
Total	$ 40,934,559	50,283,579	47,526,629	43,691,509

(continued)

TRUST AND AGENCY FUNDS
AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit K-7
(Continued)

	Liabilities			
	Balance September 30, 1990	Debits	Credits	Balance September 30, 1991
Municipal utility districts				
Accounts payable	$ 1,277	86,831	85,554	----
Due to other governments	60,540	274,009	255,722	42,253
Escrow and other deposits	----	----	251,896	251,896
Total	61,817	360,840	593,172	294,149
Water improvement districts				
Accounts payable	----	441,017	447,416	6,399
Due to other governments	395,261	1,423,340	1,172,742	144,663
Escrow and other deposits	4,406	6,933	4,259	1,732
Total	399,667	1,871,290	1,624,417	152,794
Neighborhood revitalization				
Accounts payable	----	3,834	3,834	----
Other liabilities	68,935	99,488	33,245	2,692
Escrow and other deposits	1,009,497	1,930,294	1,202,411	281,614
Total	1,078,432	2,033,616	1,239,490	284,306
Municipal courts				
Accounts payable	----	885,538	893,077	7,539
Due to other governments	714,801	2,086,511	1,795,467	423,757
Escrow and other deposits	342,217	780,067	607,814	169,964
Total	1,057,018	3,752,116	3,296,358	601,260
Deferred compensation				
Escrow and other deposits	34,764,715	----	5,614,416	40,379,131
Total	34,764,715	----	5,614,416	40,379,131
Certificates of participation				
Certificates of participation payable	2,115,359	769,989	----	1,345,370
Other liabilities	1,373,551	823,052	----	550,499
Escrow and other deposits	84,000	----	----	84,000
Total	3,572,910	1,593,041	----	1,979,869
Combined totals - all agency funds				
Accounts payable	1,277	1,417,220	1,429,881	13,938
Due to other governments	1,170,602	3,783,860	3,223,931	610,673
Certificates of participation payable	2,115,359	769,989	----	1,345,370
Other liabilities	1,442,486	922,540	33,245	553,191
Escrow and other deposits	36,204,835	2,717,294	7,680,796	41,168,337
Total	$ 40,934,559	9,610,903	12,367,853	43,691,509

Account Groups

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

The General Fixed Asset Account Group was established to account for all fixed assets of the City other than those accounted for in the Proprietary Funds.

The General Long-Term Debt Account Group was established to account for all long-term debt of the City except for that accounted for in the Proprietary Funds.

Indian paintbrush
Castilleja indivisa

GENERAL FIXED ASSETS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
Year ended September 30, 1991

	Balance September 30, 1990	Additions	Retirements	Completed Construction	Transfers from (to) Other Funds (1)	Balance September 30, 1991
Property and equipment in service:						
Land and buildings:						
Land and easements	$ 99,528,502	----	----	1,149,347	----	100,677,849
Buildings	62,862,135	----	----	7,600,836	----	70,462,971
	162,390,637	----	----	8,750,183	----	171,140,820
Improvements other than buildings:						
Grounds	6,706,530	----	----	24,940	----	6,731,470
Parks	15,482,453	----	----	3,482,427	----	18,964,880
Library book stock	60,661	----	----	----	----	60,661
Street markers	180,445	----	----	----	----	180,445
Other	1,699,172	----	----	2,463,131	----	4,162,303
	24,129,261	----	----	5,970,498	----	30,099,759
Machinery and equipment:						
Machinery	26,233,268	----	(1,984,647)	5,241,794	2,290,367	31,780,782
Park equipment	1,188,118	----	----	----	----	1,188,118
Furniture and fixtures	5,822,178	----	(160,395)	292,378	(526)	5,953,635
Barges	54,045	----	----	55,266	----	109,311
Communication equipment	4,575,428	----	(15,243)	222,363	----	4,782,548
Computer equipment	14,017,104	----	(169,561)	1,142,260	2,020	14,991,823
	51,890,141	----	(2,329,846)	6,954,061	2,291,861	58,806,217
Total property and equipment in service	238,410,039	----	(2,329,846)	21,674,742	2,291,861	260,046,796
Construction in progress	66,847,100	10,551,944	----	(21,674,742)	----	55,724,302
Totals	$ 305,257,139	10,551,944	(2,329,846)	----	2,291,861	315,771,098

	General Fixed Assets
(1) Net transfers from (to) other funds:	
Enterprise fund:	
Utility	$ 2,072
Internal service fund:	
General services	2,289,789
Total transfers	$ 2,291,861

GENERAL LONG-TERM DEBT
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit L-2

	Balance September 30, 1990	Increase (Decrease) In Other Long-Term Liabilities	Debt Issued During Year	Long-Term Debt Retired During Year	Debt Service Fund Activity	Balance September 30, 1991
AMOUNT AVAILABLE AND TO BE PROVIDED						
Amount available in Debt Service Fund	$ 8,069,923	—	—	—	(771,088)	7,298,835
Amount to be provided for accrued compensated absences	31,682,403	196,228	—	—	—	31,878,631
Amount to be provided for accrued claims	4,497,024	(1,695,546)	—	—	—	2,801,478
Amount to be provided for retirement of general long-term debt (1)	381,406,586	—	19,340,000	(21,607,942)	771,088	379,909,732
Amount to be provided for capital lease obligations	3,965,481	(3,436,404)	—	—	—	529,077
Total available and to be provided	429,621,417	(4,935,722)	19,340,000	(21,607,942)	—	422,417,753
GENERAL LONG-TERM DEBT PAYABLE						
Accrued compensated absences	31,682,403	196,228	—	—	—	31,678,631
Accrued liability for claims payable	4,497,024	(1,695,546)	—	—	—	2,801,478
General obligation bonds (1)	389,476,509	—	19,340,000	(21,607,942)	—	387,208,567
Capital lease obligations	3,965,481	(3,436,404)	—	—	—	529,077
Total general long-term debt payable	$ 429,621,417	(4,935,722)	19,340,000	(21,607,942)	—	422,417,753

(1) September 30, 1990 balance restated by $2,592,734 for Airport Fund and $916,505 for Environmental and Conservation Services Fund, a total of $3,509,289.

Supplemental Schedules

Drummond's phlox
Phlox drummondii

SCHEDULE OF GENERAL OBLIGATION BONDS AUTHORIZED AND UNISSUED
Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit M-1

Date Authorized	Purpose	Original Authorized	Previously Issued (1)	Issued During Current Year	Unissued 09-30-91
09-11-82	Drainage and flood control improvements	$ 14,000,000	11,570,000	990,000	1,440,000
09-11-82	Parks and recreation	27,800,000	25,210,000	340,000	2,250,000
09-11-82	Library	3,100,000	3,000,000	----	100,000
10-22-83	Brackenridge 2000	50,000,000	29,125,000	5,660,000	15,215,000
09-08-84	Street improvements	200,070,000	141,655,000	11,675,000	46,740,000
09-08-84	Drainage and flood control	48,535,000	24,835,000	4,335,000	19,365,000
09-08-84	PARD pools	3,780,000	3,500,000	----	280,000
09-08-84	Parkland acquisition	7,225,000	6,500,000	----	725,000
09-08-84	Parks improvements	9,975,000	6,800,000	955,000	2,220,000
09-08-84	Traffic signalization	9,955,000	8,910,000	1,045,000	----
01-19-85	Cultural arts	20,285,000	14,890,000	----	5,395,000
		$ 394,725,000	275,995,000	25,000,000	93,730,000

Source: Bond Sale Official Statements

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

SCHEDULE OF REVENUE BONDS AUTHORIZED AND UNISSUED

Year ended September 30, 1991

CITY OF AUSTIN, TEXAS
Exhibit M-2

Date Authorized	Purpose		Original Authorized	Previously Issued (2)(3)	Issued During Current Year	Unissued 09-30-91
ELECTRIC UTILITY						
01-11-83	Electric system, South Texas Nuclear Project (1)	$	605,000,000	315,232,000	----	289,768,000
10-22-83	Hydrogeneration power plant and electric system		39,000,000	10,620,000	----	28,380,000
09-08-84	Electric improvements (gas turbines)		32,775,000	31,237,000	----	1,538,000
09-08-84	Electric improvements (western coal plant)		47,725,000	31,199,000	----	16,526,000
09-08-84	Electric improvements (refuse-fueled plant)		80,000,000	15,331,000	----	64,669,000
09-08-84	Electric transmission and reliability improvements		39,945,000	20,040,000	----	19,905,000
12-14-85	Transmission lines and substations		175,130,000	96,017,000	----	79,113,000
12-14-85	Overhead and underground distribution		76,055,000	46,845,000	----	29,210,000
12-14-85	Energy conservation		65,727,200	----	----	65,727,200
12-14-85	Miscellaneous		25,891,000	10,443,000	----	15,448,000
		$	1,187,248,200	576,964,000	----	610,284,200
WATER UTILITY						
09-11-82	Green water treatment plant, water lines and reservoir	$	40,300,000	28,885,000	----	11,415,000
09-11-82	Ullrich water treatment plant, water lines and reservoir		49,100,000	42,210,000	----	6,890,000
09-11-82	Davis water treatment plant, water lines and reservoir		40,800,000	32,274,000	----	8,526,000
09-11-82	Waterworks system rehabilitation and improvements		12,800,000	9,164,000	----	3,636,000
09-08-84	Waterworks north central, northeast, and east service area		39,385,000	3,990,000	----	35,395,000
09-08-84	Waterworks northwest service area		14,970,000	11,430,000	----	3,540,000
09-08-84	Water improvements in north central and northwest service area		14,470,000	2,745,000	----	11,725,000
09-08-84	Waterworks system improvements		141,110,000	36,513,000	----	104,597,000
09-08-84	Ullrich water treatment plant improvements to South Austin		47,870,000	23,245,000	----	24,625,000
09-08-84	Water lines, reservoir improvements to south corridor area		12,570,000	6,585,000	----	5,985,000
09-08-84	Water lines, pump station improvements to North Austin area		7,945,000	7,765,000	----	180,000
09-08-84	Waterworks system rehabilitation and improvements		26,500,000	3,665,000	----	22,835,000
12-14-85	Northeast area improvements		37,950,000	7,493,000	----	30,457,000
12-14-85	South/southeast area improvements		42,090,000	6,035,000	----	36,055,000
12-14-85	Improvements/extensions		9,775,000	3,689,000	----	6,086,000
		$	537,635,000	225,688,000	----	311,947,000

(1) Series 1984 Revenue Notes of $120,000,000 and Certificates of Obligation, Series 1983, of $30,000,000 which were refunded by the Series 1985 Refunding Bonds are not included in the "Previously Issued" or "Issued During Current Year" amounts since refunding issues are not considered in calculating authorized bonds issued.

(2) Series 1989 Revenue Notes of $144,250,000 which were refunded by the Series 1991 Refunding Bonds, and Series [illegible]85 North Central Austin Growth Corridor MUD #1 Contract Revenue Bonds of $54,640,000 which were refunded by the Series 1991-A Refunding Bonds are not included in the "Previously Issued", or "Issued During Current Year" amounts since refunding issues are not considered in calculating authorized bonds issued.

(3) 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.

(continued)

SCHEDULE OF REVENUE BONDS AUTHORIZED AND UNISSUED
Year ended September 30, 1991

Date Authorized	Purpose	Original Authorized	Previously Issued (2)(3)	Issued During Current Year	Unissued 09-30-91
WASTEWATER UTILITY					
11-20-76	Sewer system improvements	$ 46,920,000	38,920,000	----	8,000,000
09-11-82	Govalle sewage treatment plant, sewer lines and improvements to Canterbury lift station	28,300,000	22,158,000	----	6,142,000
09-11-82	Onion Creek sewage treatment plant and sewer lines	57,000,000	49,345,000	----	7,655,000
09-11-82	Sewer lines for north central and northwest Austin	20,700,000	16,975,000	----	3,725,000
09-11-82	Walnut Creek sewage treatment plant additions	20,400,000	17,971,000	----	2,429,000
09-11-82	Sewer system rehabilitation and improvements	4,800,000	3,930,000	----	870,000
09-08-84	Sewer system rehabilitation and improvements	43,515,000	36,950,000	----	6,565,000
09-08-84	Onion Creek and Walnut Creek sewage treatment plant improvements	44,795,000	42,284,000	----	2,511,000
09-08-84	Sewer system rehabilitation and improvements	46,230,000	14,925,000	----	31,305,000
05-06-85	Sewer system improvements	54,000,000	33,106,000	----	20,894,000
12-14-85	Advanced wastewater treatment	34,500,000	----	----	34,500,000
12-14-85	Northeast area improvements	47,035,000	1,857,000	----	45,178,000
12-14-85	Southeast area improvements	9,200,000	757,000	----	8,443,000
12-14-85	Improvements/extensions	24,725,000	12,621,000	----	12,104,000
12-14-85	Walnut Creek WWTP expansion	46,000,000	13,717,000	----	32,283,000
12-14-85	Bear Creek interceptor	1,840,000	265,000	----	1,575,000
		529,960,000	305,781,000	----	224,179,000
Total utility		2,254,843,200	1,108,433,000	----	1,146,410,200
AIRPORT					
11-03-87	New Austin airport (4)	728,000,000	30,000,000	----	698,000,000
CONVENTION CENTER					
07-29-89	New convention center	68,240,000	68,240,000	----	----
Total revenue bonds		$3,051,083,200	1,206,673,000	----	1,844,410,200

(4) On December 17, 1992, the City Council expressed its intent not to issue the remaining $698,000,000 of revenue bonds.

Source: Bond sale official statements

Statistical Section

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

Bluebonnet
Lupinus texensis

CITY OF AUSTIN, TEXAS
Table 1

EXPENDITURES BY FUNCTION

FUNCTION

otal (1, 2)	Administration	Fiscal Management	Public Safety	Public Services and Utilities	Public Health	Public Recreation and Culture		Social Services Management	Supportive Services	Urban Transportation	Urban Growth Management
						Parks	Libraries				
$	$	$	$	$	$	$	$	$	$	$	$
4,456,364	3,903,455	8,785,434	42,657,527	9,355,487	17,124,596	11,801,213	4,876,329	3,626,304	6,402,867	4,014,205	1,908,927
2,457,267	3,633,661	7,309,150	50,100,164	10,634,266	22,927,948	13,627,139	5,661,080	3,298,198	7,644,675	5,496,254	2,124,732
3,081,173	4,186,516	8,173,512	60,328,977	13,152,845	27,961,433	15,775,499	6,644,820	3,710,630	12,659,512	7,247,353	3,240,076
6,341,269	4,674,259	9,588,634	66,858,974	13,444,038	31,543,852	17,734,001	6,937,450	4,663,959	13,124,700	7,771,402	—(3)
99,050,622	5,239,540	9,141,149	76,931,352	18,101,318	34,841,412	18,396,473	7,666,881	5,299,941	13,791,681	9,149,485	491,390(4)
88,885,510	5,372,347	9,079,174	77,607,844	17,670,828	36,020,169	16,749,440	7,248,659	5,433,001	12,967,352	— (5)	736,696
98,676,512	5,034,869	9,088,523	85,669,015	17,927,676	37,579,116	17,182,879	7,095,979	5,399,612	12,983,722	— (5)	815,121
196,796,206 (6)	4,909,734	8,937,389	82,986,789	14,245,343	34,110,724	15,342,512	6,288,281	5,595,261	11,863,014	— (5)	10,778,941(7)
202,191,862 (9)	6,147,227	7,421,498	88,483,349	14,684,845	38,747,239	16,010,550	6,475,181	4,973,095	10,354,266	— (5)	8,290,282(8)
209,905,019 (10)	6,335,913	7,223,267	94,898,960	12,559,047	38,955,330	16,601,559	7,390,735	5,418,179	11,394,880	— (5)	7,948,749

ES BY FUNCTION AS A PERCENT OF TOTAL EXPENDITURES

Total (1, 2)	Administration	Fiscal Management	Public Safety	Public Services and Utilities	Public Health	Public Recreation and Culture		Social Services Management	Supportive Services	Urban Transportation	Urban Growth Management
						Parks	Libraries				
%	%	%	%	%	%	%	%	%	%	%	%
100.00	3.41	7.68	37.27	8.17	14.96	10.31	4.26	3.17	5.59	3.51	1.67
100.00	2.75	5.52	37.82	8.03	17.31	10.29	4.27	2.49	5.77	4.15	1.60
100.00	2.57	5.01	36.99	8.07	17.15	9.67	4.07	2.28	7.76	4.44	1.99
100.00	2.66	5.44	37.91	7.62	17.89	10.06	3.93	2.64	7.44	4.41	0.00 (3)
100.00	2.64	4.59	38.65	9.09	17.50	9.24	3.85	2.66	6.93	4.60	0.25 (4)
100.00	2.84	4.81	41.09	9.35	19.07	8.37	3.84	2.88	6.86	0.00 (5)	0.39
100.00	2.54	4.58	43.12	9.02	18.91	8.65	3.57	2.72	6.48	0.00 (5)	0.41
100.00 (6)	2.49	4.54	42.17	7.24	17.33	7.80	3.20	2.84	6.03	0.00 (5)	5.48 (7)
100.00 (9)	3.04	3.67	43.76	7.26	18.18	7.92	3.20	2.46	5.12	0.00 (5)	4.10 (9)
100.00(10)	3.02	3.44	45.21	5.98	18.56	7.91	3.52	2.58	5.43	0.00 (5)	3.79

tal does not include transfers to other funds.
crual basis of accounting for payroll expenditures and compensated absences.
anning and Growth Management and Land Development Services converted to an Enterprise Fund in fiscal year 1984-85.
onomic Development and International Trade was established fiscal year 1985-86.
rban Transportation was combined with the Public Works function under Public Services and Utilities in fiscal year 1986-87.
otal General Fund expenditures include $1,738,218 in terminal pay (.88% of total), not shown in any function.
Planning, Building Safety, and Environmental Protection converted to General Fund from Growth Services Enterprise Fund in fiscal year 1988-89.
Environmental Protection converted to Enterprise Fund from General Fund in fiscal year 1989-90.
Total General Fund expenditures include $2,604,000 in nondepartmental expenditures not shown in any function (1.29% of total).
Total General Fund expenditures include $1,178,400 in nondepartmental expenditures not shown in any function (.56% of total).

GENERAL FUND EXPENDITURES BY FUNCTION
1982-1991

CITY OF AUSTIN, TEXAS
Table 1

EXPENDITURES BY FUNCTION

Fiscal Year Ended Sept. 30	Total (1, 2)	Administration	Fiscal Management	Pubilc Safety	Public Services and Utilities	Public Health	Public Recreation and Culture		Social Services Management	Supportive Services	Urban Transportation	Urban Growth Management
							Parks	Libraries				
	$	$	$	$	$	$	$	$	$	$	$	$
1982	114,456,364	3,903,455	8,785,434	42,657,527	9,355,487	17,124,596	11,801,213	4,876,329	3,626,304	6,402,887	4,014,205	1,908,927
1983	132,457,267	3,633,661	7,309,150	50,100,164	10,634,266	22,927,948	13,627,139	5,661,080	3,298,198	7,644,675	5,496,254	2,124,732
1984	163,081,173	4,186,516	8,173,512	60,328,977	13,152,845	27,961,433	15,775,499	6,644,820	3,710,630	12,659,512	7,247,353	3,260,076
1985	176,341,269	4,674,259	9,588,634	66,858,974	13,444,038	31,543,852	17,734,001	6,937,450	4,663,959	13,124,700	7,771,402	—(3)
1986	199,050,622	5,239,540	9,141,149	76,931,352	18,101,318	34,841,412	18,396,473	7,666,881	5,299,941	13,791,681	9,149,485	491,390(4)
1987	188,885,510	5,372,347	9,079,174	77,607,844	17,570,828	36,020,169	16,749,440	7,248,659	5,433,001	12,967,352	— (5)	736,696
1988	198,676,512	5,034,869	9,088,523	85,869,015	17,927,676	37,579,116	17,182,879	7,095,579	5,399,512	12,883,722	— (5)	815,12[illegible]
1989	196,796,206 (6)	4,909,734	8,937,389	82,986,789	14,245,343	34,110,724	15,342,512	6,288,281	5,5[illegible],261	11,863,014	— (5)	10,778,941(7)
1990	202,191,862 (9)	6,147,227	7,421,498	88,483,349	14,684,84[illegible]	36,747,269	16,010,550	6,475,481	4,973,095	10,354,266	— (5)	8,290,282(8)
1991	209,905,019 (10)	6,335,913	7,223,267	94,898,960	12,559,047	38,955,330	16,601,559	7,390,735	5,418,179	11,394,880	— (5)	7,948,749

EXPENDITURES BY FUNCTION AS A PERCENT OF TOTAL EXPENDITURES

Fiscal Year Ended Sept. 30	Total (1, 2)	Administration	Fiscal Management	Public Safety	Public Services and Utilities	Public Health	Public Recreation and Culture		Social Services Management	Supportive Services	Urban Transportation	Urban Growth Management
							Parks	Libraries				
	%	%	%	%	%	%	%	%	%	%	%	%
1982	100.00	3.41	7.68	37.27	8.17	14.96	10.31	4.26	3.17	5.59	3.51	1.67
1983	100.00	2.75	5.52	37.82	8.03	17.31	10.29	4.27	2.49	5.77	4.15	1.60
1984	100.00	2.57	5.01	36.99	8.07	17.15	9.67	4.07	2.28	7.76	4.44	1.99
1985	100.00	2.66	5.44	37.91	7.62	17.89	10.06	3.93	2.64	7.44	4.41	0.00 (3)
1986	100.00	2.64	4.59	38.65	9.09	17.50	9.24	3.85	2.66	6.93	4.60	0.25 (4)
1987	100.00	2.84	4.81	41.09	9.35	19.07	8.87	3.84	2.88	6.86	0.00 (5)	0.39
1988	100.00	2.54	4.58	43.12	9.02	18.91	8.65	3.57	2.72	6.48	0.00 (5)	0.41
1989	100.00 (6)	2.49	4.54	42.17	7.24	17.33	7.80	3.20	2.84	6.03	0.00 (5)	5.48 (7)
1990	100.00 (9)	3.04	3.67	43.76	7.26	18.18	7.92	3.20	2.46	5.12	0.00 (5)	4.10 (9)
1991	100.00(10)	3.02	3.44	45.21	5.98	18.56	7.91	3.52	2.58	5.43	0.00 (5)	3.79

(1) Total does not include transfers to other funds.
(2) Accrual basis of accounting for payroll expenditures and compensated absences.
(3) Planning and Growth Management and Land Development Services converted to an Enterprise Fund in fiscal year 1984-85.
(4) Economic Development and International Trade was established fiscal year 1985-86.
(5) Urban Transportation was combined with the Public Works function under Public Services and Utilities in fiscal year 1986-87.
(6) Total General Fund expenditures include $1,738,218 in terminal pay (.88% of total), not shown in any function.
(7) Planning, Building Safety, and Environmental Protection converted to General Fund from Growth Services Enterprise Fund in fiscal year 1988-89.
(8) Environmental Protection converted to Enterprise Fund from General Fund in fiscal year 1989-90.
(9) Total General Fund expenditures include $2,604,000 in nondepartmental expenditures not shown in any function (1.29% of total).
(10) Total General Fund expenditures include $1,178,400 in nondepartmental expenditures not shown in any function (.56% of total).

GENERAL FUND EXPENDITURES BY FUNCTION
1982-1991
In constant 1982 dollars

CITY OF AUSTIN, TEXAS
Table 2

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Administration	$ 4,632,820	4,721,070	3,907,166	4,103,922	4,518,144	4,513,864	4,136,719	3,836,523	3,477,050	3,903,455
Fiscal management	5,281,653	5,699,710	7,112,374	7,408,055	7,635,585	7,875,100	8,485,941	7 490,206	6,994,126	8,785,434
Public safety	69,390,120	67,955,212	66,040,887	69,828,814	65,268,197	66,276,360	59,170,192	55,285,475	47,940,847	42,657,527
Public services and utilities	9,183,175	11,277,961	11,336,444	14,612,849	14,861,166	15,594,285	11,897,974	12,053,267	10,175,929	9,355,487
Public health	28,484,137	28,221,903	27,145,314	30,630,737	30,292,962	30,015,875	27,916,309	25,623,857	21,939,753	17,124,596
Parks	12,139,060	12,296,102	12,209,571	14,005,765	14,086,279	15,846,561	15,694,591	14,456,667	13,039,809	11,801,213
Libraries	5,404,105	4,973,169	5,004,214	5,783,932	6,096,122	6,605,018	6,139,643	6,089,313	5,417,087	4,876,329
Social services management	3,961,772	3,819,337	4,452,709	4,401,224	4,569,154	4,565,899	4,127,604	3,400,421	3,156,046	3,626,304
Supportive services	8,331,936	7,952,076	9,440,567	10,501,522	10,905,543	11,881,533	11,615,360	11,601,177	7,315,190	6,402,887
Urban transportation (4)	----	----	----	----	----	7,882,281	6,877,691	6,641,474	5,259,365	4,014,205
Urban growth management	5,812,125	6,366,937 (7)	8,577,881 (6)	664,405	619,561	423,332 (3)	---- (2)	2,969,206	2,023,156	1,908,927
Total (1)	$ 153,482,550 (9)	155,283,350 (8)	156,610,421 (5)	161,941,225	158,852,713	171,482,109	156,062,024	149,447,586	126,748,358	114,456,364

(1) Total does not include transfers to other funds. Accrual basis of accounting for all expenditures.
(2) Planning and Growth Management and Land Development Services converted to an Enterprise Fund in fiscal year 1984-85.
(3) Economic Development and International Trade was established in fiscal year 1985-86.
(4) Urban Transportation was combined with the Public Works function under Public Services and Utilities in fiscal year 1986-87.
(5) Total General Fund expenditures include $1,383,274 in terminal pay (.83% of total), not shown in any function.
(6) Planning, Building Safety, and Environmental Protection converted to General Fund from Growth Services Enterprise Fund in fiscal year 1988-89.
(7) Environmental Protection converted to Enterprise Fund from General Fund in fiscal year 1989-90.
(8) Total General Fund expenditures include $1,999,873 in nondepartmental expenditures (budgeted as operating transfers to the General Service Fund), not shown in any function (1.29% of total).
(9) Total General Fund expenditures include $861,647 in nondepartmental expenditures not shown in any function (.56% of total).

Note: Numbers are actual expenditures adjusted by a Consumer Price Index (CPI) based on the U.S. CPI and adjusted for Austin.

GENERAL FUND EXPENDITURES PER CAPITA
1982-1991
In nominal and constant 1982 dollars

CITY OF AUSTIN, TEXAS
Table 3

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
General fund expenditures in nominal dollars	$ 209,905,019	202,191,862	196,796,206	198,676,512	188,885,510	199,050,622	176,341,269	163,081,173	132,457,267	114,456,364
General fund expenditures in constant 1982 dollars	$ 153,482,550	155,283,350	156,610,421	161,941,225	158,852,713	171,482,109	156,062,024	149,447,586	126,748,358	114,456,364
Population	466,530	450,830	450,107	447,582	444,684	431,851	406,584	403,723	375,000	367,550
Expenditures per capita in nominal dollars	$ 450	448	437	444	425	461	434	404	353	311
Expenditures per capita in constant 1982 dollars	$ 329	344	348	362	357	397	384	370	338	311

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY SOURCE 1982-1991

CITY OF AUSTIN, TEXAS
Table 4

REVENUES AND OTHER FINANCING SOURCES

Fiscal Year Ended Sept. 30	Total	Operating Transfers In: Utility System Funds	Operating Transfers In: Other Funds	Subtotal	Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Intergov-ernmental	Miscella-neous
	$	$	$	$	$	$	$	$	$	$	$	$	$
1982	119,686,608	37,082,911	8,982,409	73,621,288	29,982,673	24,417,191	988,489	5,483,343	3,560,188	1,108,825	5,076,974	1,359,851	1,643,754
1983	139,189,109	40,836,300	11,275,188	87,077,621	34,306,274	28,096,955	1,107,728	6,595,509	4,350,105	1,447,965	9,000,819	109,225	2,063,041
1984	169,209,118	46,057,000	13,694,691	109,457,427	42,419,195	36,873,298	1,231,653	6,520,022	5,256,337	1,923,964	12,878,759	29,769	2,324,430
1985	187,375,279	50,524,900	14,506,964	122,343,415	41,761,754	44,634,353	1,629,618	7,120,957	6,065,253	1,813,887	9,903,896 (1)	231,174	9,182,523
1986	203,687,852	56,098,577	20,790,741	126,807,534	49,295,602	43,948,837	1,494,148	6,858,130	7,367,960	2,433,396	11,326,332	148,006	3,935,123
1987	206,630,498	60,203,227	19,305,682	127,121,589	51,888,822	39,688,228	1,379,584	9,726,928	8,064,369	2,390,779	10,227,310	3,440	3,552,129
1988	218,854,640	63,740,768	11,608,042	143,505,830	63,540,778	42,924,913	1,303,269	8,493,295	8,653,727	2,444,074	11,338,298	(2,371)	4,809,847
1989	210,303,132	64,459,956	9,750,483	136,092,693	48,827,708	47,172,111	1,329,005	7,781,282	7,057,143	6,226,239 (2)	11,807,125	490	5,891,590
1990	220,402,149	63,665,887	3,883,415	152,852,847	54,701,835	51,540,272	1,373,893	7,972,807	8,124,047	5,935,001	11,830,625	—	11,374,367
1991	217,244,562	63,054,576	2,488,632	151,701,354	51,617,232	55,400,628	1,555,304	9,569,452	7,140,162	6,486,418	7,626,280	—	12,305,878

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

Fiscal Year Ended Sept. 30	Total	Operating Transfers In: Utility System Funds	Operating Transfers In: Other Funds	Subtotal	Property Tax	1% City Sales Tax	Mixed Drink Tax	Franchise Fees and Gross Receipts Tax	Fines and Forfeitures	Licenses and Permits	Charges for Services/ Goods	Intergov-ernmental	Miscella-neous
	%	%	%	%	%	%	%	%	%	%	%	%	%
1982	100.00	30.98	7.50	61.51	25.05	20.40	0.83	4.58	2.97	0.93	4.24	1.14	1.37
1983	100.00	29.33	8.10	62.57	24.64	20.19	0.80	4.74	3.13	1.04	6.47	0.08	1.48
1984	100.00	27.22	8.09	64.69	25.07	21.79	0.73	3.85	3.11	1.14	7.61	0.02	1.37
1985	100.00	26.96	7.74	65.30	22.29	23.82	0.87	3.80	3.24	0.97	5.29 (1)	0.12	4.90
1986	100.00	27.54	10.21	62.25	24.20	21.58	0.73	3.37	3.62	1.19	5.56	0.07	1.93
1987	100.00	29.14	9.34	61.52	25.11	19.30	0.67	4.71	3.90	1.16	4.95	0.00	1.72
1988	100.00	29.12	5.31	65.57	29.03	19.61	0.60	3.88	3.95	1.12	5.18	0.00	2.20
1989	100.00	30.65	4.64	64.71	23.22	22.43	0.63	3.70	3.36	2.96 (2)	5.61	0.00	2.80
1990	100.00	28.89	1.76	69.35	24.82	23.38	0.62	3.62	3.69	2.69	5.37	0.00	5.16
1991	100.00	29.02	1.15	69.83	23.76	25.50	0.72	4.40	3.29	2.99	3.51	0.00	5.66

(1) Planning and Growth Management and Land Development Services converted to an Enterprise Fund in fiscal year 1984-85.

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

ASSESSED VALUATION, ESTIMATED MARKET VALUE, TAX RATES TAX LEVIES, AND TAX COLLECTIONS
1982-1992

Fiscal Year Ended Sept.30	Valuation Date (January 1)	Ratio of Assessed Value to Market Value	Assessed Valuation	Estimated Market Value	Percent of Growth in Market Value	Tax Rate (per $100 Valuation) General Fund	Tax Rate (per $100 Valuation) Debt Service Fund	Tax Rate (per $100 Valuation) Total
		%	$	$	%	$	$	$
1982	1981	100	7,310,868,750	7,310,868,750	8.5	0.4100	0.2100	0.6200
1983	1982	100	9,424,574,264	9,424,574,264	28.9	0.3623	0.2000	0.5623
1984	1983	100	9,952,550,769	9,952,550,769	5.6	0.4200	0.2300	0.6500
1985 (1)	1984	100	15,401,256,336	15,401,256,336	54.7	0.2670	0.2040	0.4710
1986	1985	100	16,904,568,225	16,904,568,225	9.8	0.2885	0.2395	0.5280
1987	1986	100	23,453,566,705	23,453,566,705	38.7	0.2226	0.1847	0.4073
1988	1987	100	21,289,060,006	21,289,060,006	-9.2	0.2964	0.2353	0.5317
1989	1988	100	19,167,564,379	19,167,564,379	-10.0	0.2521	0.2779	0.5300
1990	1989	100	17,764,618,446	17,764,618,446	-7.3	0.3069	0.2681	0.5750
1991	1990	100	17,189,792,203	17,189,792,203	-3.2	0.2984	0.2711	0.5695
1992 (2)	1991	100	16,948,038,818	16,948,038,818	-1.4	0.3265	0.2762	0.6027

Fiscal Year Ended Sept. 30	Valuation Date (January 1)	Total Tax Levy (October 1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Oustanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
		$	$	%	$	$	%	$	%
1982	1981	45,327,395	44,271,643	97.67	975,593	45,247,236	99.82	3,939,485	8.69
1983	1982	52,994,378	52,310,129	98.71	665,718	52,975,847	99.97	3,504,915	6.61
1984	1983	64,691,580	63,873,136	98.73	843,389	64,716,525	100.04	1,677,068	2.59
1985 (1)	1984	72,539,917	71,795,868	98.97	700,023	72,495,891	99.94	1,737,[illegible]	2.40
1986	1985	89,256,120	88,552,452	99.21	316,077	88,868,529	99.57	3,078,825	3.45
1987	1986	95,526,377	91,786,519	96.08	907,109	92,693,628	97.03	2,074,738	2.17
1988	1987	113,193,932	108,926,060	96.23	2,468,420	111,394,480	98.41	3,164,877	2.80
1989	1988	101,588,091	98,560,815	97.02	2,546,886	101,107,700	99.53	4,708,651	4.64
1990	1989	102,146,556	99,448,384	97.36	2,142,423	101,590,807	99.46	5,443,306	5.33
1991	1990	97,895,866	95,259,049	97.31	1,949,802	97,208,851	99.30	5,827,042	5.95
1992 (2)	1991	102,145,830	**	**	**	**	**	**	**

** Information not yet available for tax year 1991.

(1) Reappraisal of property values and increased annexation during fiscal year 1985 resulted in a significant increase in the assessed valuation.

(2) Assessed valuation for tax year 1991 is subject to change pending additional exemptions and appeals. Accordingly, the tax levy represents an estimate.

PRINCIPAL TAXPAYERS

September 30, 1991

Table 6

Taxpayer	Type of Property	January 1, 1990 Assessed Valuation	Percent of Total Assessed Valuation of $17,189,792,203
		$	%
IBM Corporation	Manufacturing and leasing	1,063,707,908	6.19
Motorola Corporation	Manufacturing	484,033,007	2.82
Southwestern Bell Telephone Company	Telephone utility	199,155,197	1.16
Advanced Micro Devices	Industrial	174,001,444	1.01
Minnesota Mining & Manufacturing	Manufacturing	157,478,185	0.92
NCNB Texas National Bank	Banking	130,504,421	0.76
Lockheed	Manufacturing and research	77,864,520	0.45
Austin Mall Company	Commercial	73,751,658	0.43
Texas Commerce Bank, Austin N. A.	Banking	67,201,223	0.39
Resolution Trust Corporation	Governmental	65,115,112	0.38
		2,492,812,675	14.51

Source: Travis County Appraisal District

NET DEBT PER CAPITA
1982-1991
In constant 1982 dollars

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
General obligation bonds, net of discount, in constant 1982 dollars (1)	277,772,707	292,939,006	331,129,826	359,541,507	367,912,104	342,452,876	272,803,558	224,211,166	193,645,340	151,326,037
Population	466,530	450,830	450,107	447,582	444,684	431,851	406,584	403,723	375,000	367,550
Net debt per capita in constant 1982 dollars	595	650	736	803	827	793	671	555	516	412

(1) Amounts shown are net of related amounts available in the Debt Service Fund. Amounts shown prior to 1990 include general obligation bonds issued for enterprise funds. Amounts shown in 1990 and 1991 exclude enterprise fund bonds.

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
1982-1991

CITY OF AUSTIN, TEXAS
Table 8

Fiscal Year Ended Sept. 30	Population Estimate	Assessed Value	Gross Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Market Value	Net Debt Per Capita
		$	$	$	$	%	%	$
1982	367,550	7,310,868,750	159,180,000(1,2)	7,853,963	151,326,037	2.07	2.07	411.72
1983	375,000	9,424,574,264	209,545,000(1)	7,185,620	202,359,380	2.15	2.15	539.63
1984	403,723	9,952,550,769	252,310,000(1)	7,650,776	244,659,224	2.46	2.46	606.01
1985	406,584	15,401,256,336	322,575,000(1)	14,306,980	308,268,020	2.00	2.00	758.19
1986	431,851	16,904,568,225	409,898,455(1)	12,413.402	397,485,053	2.35	2.35	920.42
1987	444,684	23,453,566,705	443,648,455(1)	6,200,963	437,447,492	1.87	1.87	983.73
1988	447,582	21,289,060,006	447,208,455(1)	6,086,980	441,121,475	2.07	2.07	985.56
1989	450,107	19,167,564,379	424,743,455(1)	8,645,716	416,097,739	2.17	2.17	924.44
1990	450,830 (3)	17,764,618,446	389,476,509(4)	8,069,923	381,406,586	2.15	2.15	846.01
1991	466,530	17,189,792,203	387,208,567(4)	7,298,835	379,909,732	2.21	2.21	814.33

(1) Includes general obligation bonds issued for enterprise funds. Excludes revenue bonds.
(2) Includes certificates of obligation totaling $2,000,000.
(3) Estimate based on U.S. Census Bureau data modified for full-purpose area.
(4) Excludes general obligation bonds issued for enterprise funds. Excludes revenue bonds.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES
1982-1991

CITY OF AUSTIN, TEXAS
Table 9

Fiscal Year Ended Sept.30	Principal	Interest and Paying Agents' Commissions	Total Debt Service	Total General Fund Expenditures	Total Debt Service plus Total General Fund Expenditures	Ratio of Debt Service to Total (2)
	$	$	$	$	$	%
1982	7,210,000 (3)	8,651,418 (3)	15,861,418	114,456,364 (1)	130,317,782	12.17
1983	9,635,000 (3)	14,535,308 (3)	24,170,308	132,457,267	156,627,575	15.43
1984	9,235,000 (3)	16,152,105 (3)	25,387,105	163,081,173	188,468,278	13.47
1985	12,235,000 (3)	20,847,531 (3)	33,082,531	176,341,269	209,423,800	15.80
1986	13,860,000 (3)	21,992,003 (3)	35,852,003	199,050,622	234,902,625	15.26
1987	19,250,000 (3)	31,760,018 (3)	51,010,018	188,885,510	239,895,528	21.26
1988	21,300,000 (3)	33,599,343 (3)	54,899,343	198,676,512	253,575,855	21.65
1989	22,465,000 (3)	33,507,356 (3)	55,972,356	196,796,206	252,768,562	22.14
1990	24,210,000 (3)	32,494,854 (3)	56,704,854	202,191,862	258,896,716	21.90
1991	21,607,942 (4)	30,491,982 (4)	52,099,924	209,905,019	262,004,943	19.89

(1) Restated to reflect reclassification of revenues as reimbursements of expenditures.
(2) Ratio of Total Debt Service plus Total General Fund Expenditures.
(3) Includes debt service payments for general obligation debt of enterprise funds.
(4) Excludes debt service payments for general obligation debt of enterprise funds.

COMPUTATION OF LEGAL DEBT MARGIN
September 30, 1991

Assessed value (100% of estimated market value) as of January 1, 1990		$17,189,792,203
Debt limit		$ 2,405,000,407
Amount of debt applicable to debt limit:		
Total general obligation bonds, excluding enterprise bonds of $55,978,520	$387,208,567	
Less: Amount available in Debt Service Fund	7,298,835	
Debt applicable to debt limit		379,909,732
Legal debt margin		$ 2,025,090,675

Note - Ad valorem tax limitations:

The City is permitted by Article II, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including payment of principal and interest on general obligation long-term debt. However, under the City Charter, a limitation on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at $1.00 per $100 of assessed valuation. A practical limitation on taxes levied for debt service of $1.50 per $100 of assessed valuation is established by referring to the State Statute and City Charter limitations.

Assuming the maximum tax rate for debt service of $1.50 on January 1, 1990 and assessed valuation of $17,189,792,203 at 95% collection, tax revenues of $244,954,539 would be produced. This revenue could service the debt on $2,405,000,407 issued as 8% - 20 year serial bonds with level debt service payments.

Name of Governmental Unit	Total Debt Outstanding as of Sept. 30, 1991	Percent Applicable to City of Austin (1)	Amount Applicable to City of Austin
	$	%	$
City of Austin	387,208,567	100.00	387,208,567
Austin Independent School District	282,494,608	88.51	250,036,048
Travis County	217,096,096	81.05	175,956,386
Southwest Williamson County RD #1	43,302,071	52.00	22,517,077
Austin Community College	20,765,000	97.00	20,142,050
Round Rock Independent School District	149,306,936	13.18	19,678,542
Southwest Travis County RD #1	19,891,161	53.14	10,570,163
Northwest Travis County RD #3	8,600,000	100.00	8,600,000
Pflugerville Independent School District	38,364,366	21.34	8,186,956
Eanes Independent School District	50,463,128	15.84	7,993,359
Northwest Travis County RD #2	3,500,000	100.00	3,500,000
Del Valle Independent School District	10,644,000	23.00	2,448,120
Manor Independent School District	4,534,946	36.78	1,667,953
North Austin MUD #1	26,475,000	4.00	1,059,000
Williamson County	14,150,000	6.00	849,000
Anderson Mill MUD #1	6,899,213	2.00	137,984
Total direct and overlapping debt			920,551,205
Ratio of total direct and overlapping debt to assessed valuation (2)		5.36	
Per capita overlapping debt (3)		1,973.19	

(1) Source: Taxing jurisdictions
(2) Based on assessed valuation of $17,189,792,203.
(3) Based on 1991 estimated population of 466,530.

PROPERTY TAX RATES AND TAX LEVIES
FOR DIRECT AND OVERLAPPING GOVERNMENTS WITH APPLICABLE PERCENTAGES OVER 10%
1982-1991

CITY OF AUSTIN, TEXAS
Table12

Tax Rates (Per $100 of Assessed Value)

Fiscal Year Ended September 30	City of Austin	Austin I.S.D.	Travis County (1)	Austin Community College	Round Rock I.S.D.	SW Williamson County RD#1	SW Travis County RD #1	Pflugerville I.S.D.	Eanes I.S.D.	N W Travis County RD#3	NW Travis County RD #2	Del Valle I.S.D.	Manor I.S.D.
	$	$	$	$	$	$	$	$	$	$	$	$	$
1982	0.6200	1.0800	0.3800	0.0000	0.9000	0.0000	0.0000	1.0500	1.4700	0.0000	0.0000	0.3900	0.7500
1983	0.5623	0.9270	0.2600	0.0000	1.0200	0.0000	0.0000	0.7250	1.0700	0.0000	0.0000	0.4200	0.6500
1984	0.6500	0.7550	0.2900	0.0000	1.0500	0.0000	0.0000	0.7250	1.1500	0.0000	0.0000	0.5900	0.8150
1985	0.4710	0.7550	0.2000	0.0000	1.1700	0.0000	0.0000	0.6700	0.9500	0.0000	0.0000	0.5900	0.6300
1986	0.5280	0.8350	0.2511	0.0000	0.7600	0.0000	0.5000	0.8300	1.2000	0.0000	0.0000	0.6000	0.7000
1987	0.4073	0.7490	0.1913	0.0000	1.0400	0.0000	1.9000	0.7000	1.0200	0.0000	0.0000	0.6000	0.8128
1988	0.5317	0.9520	0.2789	0.0475	1.1100	0.0000	2.9667	0.9300	1.3200	0.0000	0.6000	0.8000	0.8620
1989	0.5300	1.0723	0.3862	0.0475	1.2200	1.0000	2.8184	1.5700	1.6850	0.0000	2.2029	0.8700	0.8620
1990	0.5750	1.1935	0.3862	0.0500	1.4133	1.0000	2.8184	1.5700	1.6410	0.8200	2.2029	0.9653	0.9837
1991	0.6027	1.2660	0.4090	0.0500	1.5550	4.3400	0.9500	1.4750	1.8637	1.0217	1.3214	1.1100	1.2907

Tax Levies

Fiscal Year Ended September 30	City of Austin	Austin I.S.D.	Travis County (1)	Austin Community College	Round Rock I.S.D.	SW Williamson County RD#1	SW Travis County RD #1	Pflugerville I.S.D.	Eanes I.S.D.	N W Travis County RD#3	NW Travis County RD #2	Del Valle I.S.D.	Manor I.S.D.
	$	$	$	$	$	$	$	$	$	$	$	$	$
1982	45,327,395	74,779,200	23,900,974	—	10,584,048	—	—	1,754,819	4,964,321	—	—	1,070,027	698,157
1983	52,994,378	85,636,326	29,379 397	—	13,085,967	—	—	1,919,568	7,347,065	—	—	1,249 044	734,497
1984	64,691,580	117,730,043	35,125,301	—	15,267,415	—	—	2,277,084	8,846,854	—	—	2,638,583	993,880
1985	72,539,917	117,705,837	39,637,135	—	19,983,689	—	—	3,711,734	13,676,806	—	—	2,638,583	1,333,870
1986	89,256,120	160,279,412	52,683,808	—	26,974,137	—	738,405	6,190,819	19,479,696	—	—	5,100,000	3,389,857
1987	95,526,377	169,738,196	56,630,048	—	41,708,745	—	1,610,784	9,073,880	22,166,306	—	—	5,715,848	3,917,000
1988	113,193,932	194,064,513	74,296,499	10,432,520	43,754,994	964,000	2,074,311	12,378,663	25,702,852	—	89,522	7,345,408	3,980,176
1989	101,588,091	197,246,556	87,076,637	9,224,134	46,408,672	947,981	1,796,254	15,772,024	27,918,740	—	4,513	7,387,472	4,388,598
1990	102,229,873	199,062,522	88,310,400	8,753,590	48,168,410	877,831	1,795,739	15,772,236	28,758,881	459,002	331,412	9,301,791	4,367,311
1991	97,895,866	211,411,187	89,173,677	8,510,148	49,443,940	3,124,935	535,319	14,628,559	31,982,630	229,041	444,956	9,464,343	5,061,064

Note: The initial tax levy for Northwest Travis County RD #1 and Southwest Williamson county RD #1 was in fiscal year 1988. The initial tax levy for Southwest Travis County and Northwest Travis County RD #3 was in fiscal year 1986 and 1990 respectively.

(1) Includes Travis County and Farm to Market Roads tax and levy.

Source: Travis County Appraisal District and taxing entity.

CITY SALES TAX
TAX LEVIED EFFECTIVE JANUARY 1, 1968
1968-1991

CITY OF AUSTIN, TEXAS
Table 13

Fiscal Year Year Ended Sept. 30	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.	Total	Percent Base Year	Annual Percent Increase (Decrease)	Percent of Tax Levy	Equivalent Tax Rate
	$	$	$	$	$	%	%	%	¢
1968 (1)	----	----	----	1,457,957	1,457,957	100.00	0.00	14.58	19.54
1969	875,858	906,029	831,768	917,593	3,551,248	243.58	143.58	34.07	43.96
1970	973,702	1,088,570	951,522	1,041,129	4,054,923	278.12	14.18	35.08	45.25
1971	1,128,941	1,245,226	1,137,359	1,234,512	4,746,038	325.53	17.04	34.41	44.39
1972	1,308,930	1,464,787	1,339,538	1,414,787	5,528,042	379.16	16.48	35.50	45.60
1973	1,569,3[illegible]	1,715,523	1,591,553	1,691,794	6,538,190	450.51	18.82	38.37	48.73
1974	1,730,025	1,946,199	1,625,216	1,887,840	7,259,280	497.91	10.52	38.45	48.82
1975	1,961,267	1,972,355	2,327,542	1,644,231	7,905,395	542.22	8.90	36.05	42.89
1976	2,241,741	2,318,177	2,045,637	2,560,088	9,165,643	628.66	15.94	36.17	45.94
1977	1,797,941	3,173,023	2,653,062	3,867,207	11,491,263	788.18	25.37	35.92	45.62
1978	3,022,385	3,500,951	3,154,677	3,852,911	13,530,924	928.07	17.75	40.00	49.60
1979	3,815,525	3,908,796	3,486,853	4,066,500	15,277,674	1047.88	12.91	45.75	43.92
1980	3,792,600	4,269,264	3,721,919	6,000,029	17,783,812	1219.78	16.40	49.42	47.44
1981	3,792,138	5,652,320	5,033,556	7,102,891	21,580,905	1480.22	21.35	56.20	32.03
1982	4,483,423	6,283,622	5,625,486	3,024,660	24,417,191	1674.75	13.14	53.86	33.39
1983	5,170,854	7,089,595	6,784,754	9,051,752	28,096,955	1927.15	15.07	53.02	29.81
1984	6,331,036	8,823,690	8,962,819	12,755,753	36,873,298	2529.11	31.24	57.00	37.05
1985	7,916,721	11,289,037	10,921,876	14,506,719	44,634,353	3061.43	21.05	61.53	28.98
1986	8,378,407	11,393,785	10,435,305	13,741,340	43,948,837	3014.41	(1.54)	49.24	26.00
1987	7,668,943	10,352,615	9,677,073	12,189,597	39,888,228	2735.90	(9.24)	35.23	17.01
1988	7,317,701	10,596,174	10,651,574	14,359,464	42,924,913	2944.18	7.61	37.92	20.16
1989	8,038,526	9,426,849	14,140,172	15,566,564	47,172,111	3235.49	9.89	46.43	24.61
1990	12,381,190	13,276,731	9,918,588	16,963,763	51,540,272	3535.10	9.26	50.46	29.01
1991	12,762,277	10,538,818	13,577,375	18,522,158	55,400,628	3799.88	7.49	56.59	32.23

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

ELECTRIC LIGHT AND POWER SYSTEM FUND

Plant capacity -- 3 plants with a combined capacity of 1,550 net MW and a joint venture power plant with a capacity of 970 net MW at 100% power factor.

Service area peak demand -- maximum 1,408

Distribution --	7,503	miles overhead distribution lines (12KV)
	3,138	miles underground distribution lines (12KV)
	55	miles transmission lines (Fayette Power Project 345KV)
	31	miles transmission lines (Fayette Power Project 345KV) (50% ownership with LCRA)
	94	miles transmission lines (South Texas Power Project 345KV)
	259	miles transmission lines (69KV and 138KV)

WATERWORKS AND SEWER SYSTEM FUND

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

Water treatment plants	3	
Rated peak daily capacity	215,000,000	gallons
Average daily consumption	39,059,500	gallons
Average daily consumption per capita	160	gallons
Water distribution --	2,898	miles of mains
	25	booster pump stations
Water connections --	143,900	metered services
	14,800	fire hydrants
Wastewater treatment plants	4	
Combined daily capacity	122,500,000	gallons
Average daily volume	68,498,000	gallons
Collection: Sanitary sewer mains	2,152	miles
Connections	129,425	
Lift stations	62	

UTILITY FUNDS
ELECTRIC LIGHT AND POWER SYSTEM
AND WATERWORKS AND SEWER SYSTEM
FIVE-YEAR COMPARATIVE OPERATING STATEMENT
1987-1991

CITY OF AUSTIN, TEXAS
Table 15

	Fiscal Year Ended September 30				
	1991	1990	1989	1988	1987
	$	$	$	$	$
REVENUE					
Electric Utility					
Domestic and rural	162,317,275	165,299,924	151,303,830	154,028,604	144,960,926
Commercial - general	229,823,507	226,417,792	210,896,738	223,820,135	215,507,748
City utility departments	8,533,025	8,349,918	8,232,522	9,512,026	8,530,118
Public street lighting	4,397,009	4,386,221	4,888,468	5,233,493	4,929,611
City general government departments	4,406,552	4,438,312	4,055,541	4,154,839	4,129,861
Sales to other utilities (including capacity contract) (1)	6,375,981	11,029,278	4,607,152	6,060,764	18,475,156
Rent from electric property	258,359	243,273	296,872	480,064	238,398
Customers' forfeited discounts	2,845,825	3,028,629	3,089,980	2,685,941	2,984,254
Miscellaneous	3,508,438	749,050	3,574,560	5,367,239	3,328,720
Total electric utility	422,465,971	423,942,397	390,945,663	411,343,105	403,084,802
Water Utility					
Urban	58,420,030	67,519,679	62,790,148	58,667,770	49,378,566
Rural	6,377,144	6,667,999	6,989,959	5,969,520	4,798,682
City utility departments	501,193	471,764	466,268	508,167	541,617
City general government departments	1,075,788	1,169,328	1,194,428	1,055,250	773,662
Sales to other water utilities	5,939,760	8,086,359	6,412,910	6,627,004	5,188,673
Water connections	314,462	280,052	309,590	358,341	671,175
Customers' forfeited discounts	533,720	600,100	654,002	486,825	572,642
Miscellaneous	592,963	30,419	406,590	202,428	127,820
Total water utility	73,755,060	84,825,700	79,223,895	73,875,305	62,052,837
Sewer Utility					
Urban	64,400,804	64,788,401	62,502,436	62,109,179	52,632,211
Rural	2,636,595	2,402,683	2,033,055	1,378,097	3,400,310
City utility departments	140,195	177,596	73,450	44,446	112,427
City general government departments	441,454	492,719	349,658	496,865	336,612
Sewer connections	292,001	259,897	293,944	330,770	583,630
Customers' forfeited discounts	499,259	510,719	592,445	490,130	563,524
Miscellaneous	7,185,039	7,784,037	6,501,160	6,287,917	2,583,166
Total sewer utility	75,595,347	76,416,052	72,346,148	71,137,410	60[illegible],880
Interest	42,874,767	53,747,584	50,230,792	42,873,171	56,137,604
Total revenues	614,691,145	638,931,733	592,746,498	599,228,991	581,487,123

(continued)

UTILITY FUNDS
ELECTRIC LIGHT AND POWER SYSTEM AND WATERWORKS AND SEWER SYSTEM
FIVE-YEAR COMPARATIVE OPERATING STATEMENT
1987-1991

CITY OF AUSTIN, TEXAS
Table 15
(Continued)

	Fiscal Year Ended September 30				
	1991	1990	1989	1988	1987
	$	$	$	$	$
EXPENSE					
Electric Utility					
Production excluding joint facilities	46,478,476	47,463,697	142,284,679	142,027,696	144,758,132
Joint facilities production	117,666,827	111,993,030	----	----	----
Transmission and distribution	17,910,074	13,326,541	11,315,834	9,041,106	11,685,626
Customers' accounting and collection	14,805,497	13,699,254	12,532,593	13,442,052	12,797,258
Jobbing and contract work	(116,115)	(148,726)	(68,304)	2,761,848	(4,300)
Engineering	6,013,090	7,814,613	7,980,160	4,779,123	5,328,833
Administrative and general	8,941,105	5,447,294	4,989,062	19,203,886	16,810,081
Interdepartmental services	700,000	700,000	----	----	----
Total electric utility	212,398,954	200,295,703	179,034,024	191,255,711	191,375,630
Water Utility					
Purification	10,934,000	10,769,544	11,639,343	12,585,170	11,473,825
Distribution	9,235,423	8,391,521	7,365,935	8,239,829	7,912,299
Customers' accounting and collection	4,377,629	3,254,003	3,922,148	3,778,889	3,946,248
Jobbing and contract work	(4,544)	647,063	302,254	140,711	54,636
Administrative and general	7,287,283	6,939,569	5,204,318	5,492,009	6,847,778
Total water utility	31,829,791	30,001,700	28,433,998	30,236,608	30,234,786
Sewer Utility					
Sewer lines	8,399,306	7,248,274	6,169,493	7,584,386	7,154,832
Sewage treatment	12,835,037	11,761,198	10,708,387	11,269,674	10,045,122
Customers' accounting and collection	2,771,880	3,411,347	3,205,687	3,158,606	3,674,673
Jobbing and contract work	(21,411)	(48,939)	(474,152)	(29,669)	(25,011)
Engineering	1,124,907	1,025,150	1,748,525	3,448,463	3,715,879
Administrative and general	2,123,088	1,427,724	603,448	95,907	963,133
Total sewer utility	27,232,807	24,824,754	21,961,388	25,527,367	25,528,678
Total expenses (2)	271,461,552	255,122,157	229,429,410	247,019,686	247,139,094
Net revenue available for debt service	343,229,593	383,809,576	363,317,088	352,209,305	334,348,029

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(1) Primarily revenues from a capacity contract with Houston Lighting and Power Company.
(2) Interest expense, depreciation, amortization and other nonoperating items are not included in total expense.

CITY OF AUSTIN, TEXAS
Table 16

UTILITY FUNDS
ELECTRIC LIGHT AND POWER SYSTEM AND WATERWORKS AND SEWER SYSTEM
PLANT COST AND EQUITY IN UTILITY SYSTEMS
1987-1991

	Fiscal Year Ended September 30				
	1991	1990	1989	1988	1987
	$	$	$	$	$
PLANT COST					
Utility systems					
Electric	2,101,600,407	2,059,897,384	2,023,616,502	1,952,093,818	1,340,135,215
Water	641,179,316	599,573,839	569,454,429	520,950,752	451,320,219
Sewer	695,985,372	660,589,056	643,485,799	596,627,696	504,954,801
Total cost	3,438,765,095	3,320,060,279	3,236,556,730	3,069,672,266	2,796,410,235
Allowance for depreciation:					
Electric	444,809,156	388,709,422	334,508,741	283,530,717	253,648,784
Water	101,957,419	91,667,363	83,205,424	73,361,302	66,319,907
Sewer	116,417,971	100,372,523	85,565,168	69,946,475	61,366,859
Total depreciation	663,184,546	580,749,308	503,279,333	426,838,494	381,335,550
Cost after depreciation	2,775,580,549	2,739,310,971	2,733,277,397	2,642,833,772	2,415,074,685
EQUITY IN UTILITY SYSTEMS					
Utility systems	3,438,765,095	3,320,060,279	3,236,556,730	3,069,672,266	2,796,410,235
Plus:					
Inventories, materials and supplies	26,092,392	22,672,596	19,469,641	14,648,142	8,051,984
Net construction assets and unamortized bond issue cost	280,838,008	387,386,163	437,425,972	432,152,759	525,534,284
	3,745,695,495	3,730,119,038	3,693,452,343	3,516,473,167	3,329,996,503
Less:					
Allowance for depreciation	663,184,546	580,749,308	503,279,333	426,838,494	381,335,550
Construction contracts payable	9,074,981	10,243,514	8,289,302	5,648,570	6,995,299
	672,259,527	590,992,822	511,568,635	432,487,064	388,330,849
Utility systems, net	3,073,435,968	3,139,126,216	3,181,883,708	3,083,986,103	2,941,665,654
Revenue bonds and other debt outstanding	2,504,374,959	2,555,622,465	2,566,829,263	2,461,924,303	2,296,919,938
Less:					
Bond retirement and reserve funds (1)	180,506,734	196,745,031	204,420,657	198,494,211	198,197,420
Net debt	2,323,868,225	2,358,877,434	2,362,408,606	2,263,430,092	2,098,722,518
Equity in utility systems	749,567,743	780,248,782	819,475,102	820,556,011	842,943,136
Percentage of equity in utility systems	24.39 %	24.86 %	25.75%	26.61%	28.66%

(1) Includes MUD bond reserves of $4,599,885 that are not included elsewhere in the financial statements.

SCHEDULE OF REVENUE BOND COVERAGE
1981-1991

Table 17

Fiscal Year Ended Sept.30	Net Revenue Available for Debt Service			Debt Service Requirements (5)			Revenue Bond Coverage (4)
	Total Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total Debt Service	
	$	$	$	$	$	$	$
1981	333,794,767	213,614,076	120,180,691	11,395,000	48,946,460	60,341,460	1.99
1982 (3)	406,532,127	262,066,159	144,465,968	13,585,000	57,881,100	71,466,100	2.02
1983	389,259,488	232,731,102	156,528,386	7,530,000	95,247,386	102,777,386	1.52
1984	482,450,724	288,285,994	194,164,730	8,790,000	90,903,995	99,693,995	1.95
1985	489,889,437	276,575,510	213,313,927	10,120,000	101,770,300	111,890,300	1.91
1986	568,448,380	257,532,410	310,915,970	11,380,000	141,479,440	152,859,440	2.03
1987	581,487,123	247,139,094	334,348,029	18,555,000	189,270,374	207,825,374	1.61
1988	599,228,991	247,019,686	352,209,305	23,560,000	194,635,962	218,195,962	1.61
1989	592,746,498	229,429,411	363,317,087	32,780,000	191,114,545	223,894,545	1.62
1990	638,931,733	255,122,157	383,809,576	33,650,000	183,148,343	216,798,343	1.77
1991	614,691,145	271,461,552	343,229,593	22,020,000	181,868,568	203,888,568	1.68

(1) Operating revenue and interest income.

(2) Operating expenses other than interest on debt, depreciation and amortization.

(3) Accrual basis of accounting for compensated absences implemented.

(4) Revenue Bond Coverage is equal to Net Revenue Available for Debt Service divided by Total Principal and Interest payments made during each fiscal year. Coverage includes prior and subordinate lien bonds only.

(5) Debt Service calculations are done on a cash basis rather than the accrual basis used in preparation of the financial statements.

TRANSFERS FROM UTILITY FUNDS TO GENERAL FUND
1947-1991

CITY OF AUSTIN, TEXAS
Table 18

Calendar Year	Utility Funds Total Revenue (1)	Transfers to General Fund	Percentage of Total Revenue
	$	$	%
1947	3,493,993	1,823,298	52.18
1948	4,051,143	1,210,784	29.89
1949	4,360,541	1,600,000	36.69
1950	4,807,056	1,560,000	32.45
1951	5,803,571	2,000,000	34.16
1952	6,340,361	2,350,000	37.06
1953	6,983,302	2,165,000	31.00
Nine months ended 9-30-54	5,924,763	1,850,000	31.22
Year ended 9-30-55	8,603,548	2,800,000	32.54
1956	10,016,417	2,817,000	28.12
1957	10,432,267	3,600,000	34.50
1958	10,769,096	3,970,000	36.87
1959	11,830,203	3,800,000	32.12
1960	13,762,882	4,470,000	32.48
1961	15,007,454	4,095,000	27.29
1962	17,165,873	4,253,336	24.78
1963	20,140,349	4,200,027	20.85
1964	22,143,967	4,493,400	20.29
1965	23,156,413	4,450,000	19.22
1966	24,705,467	4,955,000	20.06
1967	27,221,495	5,444,400	20.00
1968	28,272,254	5,645,950	19.97

Fiscal Year	Utility Funds (2) Operating Revenue	Other Revenue	Total Revenue	Transfers to General Fund	Percentage of Total Revenue
	$	$	$	$	%
1969	33,003,146	943,524	33,946,670	6,709,325	19.76
1970	37,066,595	1,395,364	38,461,959	7,588,324	19.73
1971	43,775,685	1,511,144	45,286,829	8,902,000	19.66
1972	47,151,022	1,534,918	48,685,940	9,584,585	19.69
1973	49,295,160	1,513,622	50,808,782	9,835,801	19.36
1974	68,633,135	2,385,021	71,018,156	14,118,651	19.88
1975	103,781,077	2,833,508	106,614,585	15,550,000	14.59
1976	131,852,716	3,059,234	134,911,950	16,500,000	12.23
1977	147,978,441	4,231,356	152,209,797	16,400,000	10.77
1978	180,995,700	6,671,451	187,667,151	20,188,190	10.76
1979	176,240,453	27,117,853	203,358,306	17,330,000	8.52
1980	242,003,693	16,982,350	258,986,043	25,426,000	9.82
1981	322,290,425	11,504,342	333,794,767	30,293,933	9.08
1982	388,676,515	17,855,612	406,532,127	37,082,911	9.12
1983	364,544,307	24,715,181	389,259,488	40,836,300	10.49
1984	451,145,965	31,330,815	482,476,780	46,057,000	9.55
1985	447,699,487	42,189,950	489,889,437	50,524,900	10.31
1986	516,724,133	51,724,247	568,448,380	56,089,577	9.87
1987	525,349,519	56,137,604	581,487,123	60,203,227	10.35
1988	556,355,820	42,873,171	599,228,991	63,740,768	10.64
1989	542,515,706	50,230,792	592,746,498	64,459,956	10.87
1990	585,184,149	53,747,584	638,931,733	63,665,887	9.96
1991	571,816,378	42,874,767	614,691,145	63,054,576	10.26

(1) Cash basis of accounting.
(2) Accrual basis of accounting.

UTILITY FUNDS
ELECTRIC LIGHT AND POWER SYSTEM
AND WATERWORKS AND SEWER SYSTEM
STATISTICAL DATA
Year ended September 30, 1991
With comparative totals for year ended September 30, 1990

CITY OF AUSTIN, TEXAS
Table 19

	Electric Sales (KWH)		Number of Metered Customers	
	1991	1990	1991	1990
Electric Utility:				
Residential - multi-fuel	1,779,046,276	1,768,699,468	184,039	177,042
Residential - single-fuel	658,839,816	651,962,230	68,478	58,874
General service	3,844,254,850	3,698,444,543	28,711	39,244
Public street lighting	27,838,307	27,342,555	5	5
Other public authorities	75,564,517	74,185,971	452	435
Interdepartmental	151,170,117	144,283,816	225	224
Sales to other utilities	248,595,000	469,434,000	16	16
	6,785,308,883	6,834,352,583	281,926	275,840

	Water Generated (Thousands of Gallons)		Number of Metered Customers	
	1991	1990	1991	1990
Water Utility:				
Urban:				
Residential	10,773,175	12,999,954	117,151	112,783
General service	14,303,567	16,621,607	13,583	13,243
Rural:				
Residential	1,125,320	1,401,061	10,881	10,805
General service	574,777	589,777	675	670
City accounts with sewer	253,015	278,477	156	235
City accounts without sewer	379,522	417,716	235	156
Sales to other water utilities	2,491,652	3,303,382	40	44
	29,901,028	35,611,614	142,721	137,936

Table 20

UTILITY FUNDS
ELECTRIC LIGHT AND POWER SYSTEM AND WATERWORKS AND SEWER SYSTEM
LARGE CUSTOMERS
FIVE-YEAR COMPARATIVE DATA (1987 - 1991)

Fiscal Year Ended September 30 (dollars in thousands)

	1991		1990		1989		1986		1987	
	MWh	Revenue	MWh	Revenue	MWh	Revenue	MWh	Revenue	MWh	Revenue
		$		$		$		$		$
LARGE ELECTRIC CUSTOMERS										
Motorola, Inc. (Ed Bluestein)	148.766	7,040	144,143	6,886	133,772	6,507	124,167	6,883	119,857	6,253
IBM Corporation (South)(1)	116,902	5,869	116,028	5,893	108,482	5,603	103,429	6,080	92,409	5,007
IBM Corporation (North)(1)	77,240	3,829	73,771	3,633	64,204	3,233	67,414	3,836	65,959	3,499
Bergstrom Air Force Base	67,382	3,133	67,626	3,181	65,585	2,956	62,960	2,968	55,974	3,320
UT - Sematech	66,353	2,667	41,642	2,245	33,069	1,395	----	----	----	----
Advanced Micro Devices (New)	65,886	3,092	62,245	2,944	56,159	2,730	53,032	2,914	48,066	2,449
Motorola, Inc. (U. S. 290)	46,104	2,224	31,935	1,585	24,733	1,215	24,027	1,378	19,889	1,061
Motorola, Inc. (U. S. 290) (New) (2)	42,859	1,688	----	----	----	----	----	----	----	----
Texas Instruments	40,111	2,125	59,311	2,405	43,735	2,323	46,774	2,733	49,105	2,690
Advanced Micro Devices	36,348	1,715	33,660	1,606	31,810	1,550	31,379	1,731	28,026	1,434
	707,951	33,382	630,361	30,378	561,549	27,512	513,182	28,523	479,285	25,713

(1) Both IBM facilities are at the same location, but are billed separately.
(2) Service for nine months only. Economic Development Rate.

Fiscal Year Ended September 30 (gallons in thousands)

	1991		1990		1989		1986		1987	
	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue	Gallons	Revenue
		$		$		$		$		$
LARGE WATER CUSTOMERS										
Motorola, Inc.	1,027,355	2,179,113	775,776	1,749,205	544,742	1,168,868	704,819	1,470,025	730,173	1,330,429
University of Texas, Main Campus	739,002	1,872,477	724,523	1,639,076	604,800	1,307,024	464,825	1,010,438	636,465	1,156,974
Advanced Micro Devices	612,006	1,384,195	631,698	1,423,323	566,400	1,213,831	551,378	1,181,684	488,466	885,875
Williamson County Municipal Utility District #1	524,980	1,190,034	504,952	1,146,721	480,870	1,294,150	364,868	983,267	413,917	942,683
Travis County Water Control and Improvement District #10	467,576	1,153,187	499,064	1,305,814	488,603	1,313,266	462,210	1,242,533	408,462	878,977
IBM Corporation	380,559	818,093	290,939	666,140	248,588	542,785	334,701	731,883	341,126	625,627
Bergstrom Air Force Base	368,022	644,360	411,486	826,814	331,700	714,212	301,692	649,995	253,188	459,737
North Austin Growth Municipal Utility District #1	290,360	663,597	360,692	704,345	318,600	858,249	319,435	862,752	250,789	568,528
Lost Creek Municipal Utility District	215,052	487,473	250,563	596,196	258,768	695,699	236,841	636,934	204,350	459,757
Sematech	164,243	385,298	----	----	----	----	----	----	----	----
	4,863.155	10,777,827	4,449,693	10,057,634	3,843,071	9,108,084	3,740,769	8,769,511	3,726,936	7,308,587

CITY OF AUSTIN, TEXAS
Table 21

CITY OF AUSTIN
SCHEDULE OF INSURANCE IN FORCE
September 30, 1991

Department	Policy	Expires	Annual Premium	Insurer	Limits of Coverage	Coverage Overview
City Wide	Boiler and Machinery	02/1/92	$285,822	Arkwright	Up to $40,000,000 based on location/ equipment	Covers damages from boiler and fired pressure vehicle accidents, and electrical apparatus and equipment used to generate, transmit, or use electrical power (electric utility). Subject to a $100,000 deductible at power plants. Air conditioners and other machines at all other locations have $10,000 deductible.
Finance	Public Employees Blanket Bond			United States Fire		Covers loss of funds through employee dishonesty, no deductible applicable.
	Finance Officer	02/01/92	$ 500		$100,000	
	Treasurer	08/01/92	$ 500		$100,000	
City Wide	Depositor's Forgery	10/20/92	$ 16,699	United States Fire	$5,000,000	Covers loss of funds through employee dishonesty subject to $5,000 deductible.
				United States Fire	$1,000,000	Covers loss of funds through forgery or alteration of, on, or in any covered instrument, no deductible applies.
Aviation	Airport Liability	03/24/92	$ 96,000	Aviation Office of America	$100,000,000 per occurrence	Provides liability protection for operations at the airport. $100,000 aggregate deductible. Personal injury limits of $25,000.
City Wide	All-Risk Property	02/01/92	$612,717	Arkwright	$1,723,093,000	Provides replacement cost coverage for loss or damage to city buildings and contents due to fire, wind storm, hail, or other perils. Subject to a $100,000 per occurrence deductible. Provides coverage for fine arts owned or on loan subject to $1,000 deductible per claim. Covers Cable TV equipment with $1,000 deductible.
Police	Airplane Coverage	05/22/92	$ 850	Ranger	$100,000 per person, $1,000,000 per occurrence	Aircraft physical damage; liability to others; medical expense.

Table 22

HOTEL-MOTEL OCCUPANCY TAX
TAX LEVIED EFFECTIVE JANUARY 1, 1971
1971-1991

Fiscal Year Ended Sept. 30	1st Quarter Oct. - Dec.	2nd Quarter Jan. - Mar.	3rd Quarter Apr. - Jun.	4th Quarter Jul. - Sept.	Total	Percent Base Year	Annual Increase (Decrease)
	$	$	$	$	$	%	%
1971 (1)	----	----	69,071	73,184	142,255	100.00	----
1972	76,984	66,993	72,548	79,457	295,982	208.06	108.06
1973	81,045	72,409	86,576	92,679	332,709	233.88	12.41
1974	93,177	80,532	86,948	99,453	360,110	253.14	8.24
1975	99,215	94,190	96,739	113,131	403,275	283.49	11.99
1976	117,374	102,840	123,474	148,508	492,196	346.00	22.05
1977 (2)	151,665	136,046	185,907	138,515	612,133	430.31	24.37
1978	184,781	214,007	237,216	293,196	929,200	653.19	51.80
1979	288,919	272,772	307,652	353,143	1,222,486	859.36	31.56
1980	341,993	321,153	361,385	401,138	1,425,669	1,002.19	16.62
1981	409,762	362,559	443,138	481,192	1,696,651	1,192.68	19.01
1982	548,825	435,653	507,105	602,974	2,094,557	1,472.40	23.45
1983	630,232	519,503	648,948	699,246	2,497,929	1,755.95	19.26
1984 (3)	689,264	641,817	767,887	917,109	3,016,077	2,120.19	20.74
1985	941,893	1,491,967	1,557,235	1,923,513	5,914,608	4,157.75	96.10
1986	1,705,665	1,438,165	1,597,429	1,554,359	6,295,618	4,425.59	6.44
1987	1,674,558	1,223,621	1,681,665	1,569,008	6,148,852	4,322.42	(2.33)
1988	1,379,099	1,329,160	1,522,765	1,709,054	5,940,078	4,175.65	(3.40)
1989	1,674,823	1,683,558	1,907,258	2,126,998	7,392,637	5,196.75	24.45
1990	1,878,569	1,620,368	1,918,927	2,151,947	7,569,811	5,321.30	2.40
1991	1,942,450	1,860,253	2,154,340	2,350,986	8,308,029	5,840.24	9.75

(1) 3% tax levied effective January 1, 1971. Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.

(2) Tax levy increased to 4% effective October 1, 1977. Ordinance No. 770901-1 amended Section 32-32(a) of Article V of Chapter 32 of the 1967 Code of the City of Austin.

(3) Tax levy increased to 7% effective October 1, 1984. Ordinance No. 840712-U amended Section 5-3-2(a) of Chapter 5-3 of Title V of the 1981 Code of the City of Austin.

MISCELLANEOUS STATISTICAL DATA

CITY OF AUSTIN, TEXAS
Table 23

Date of Incorporation:	December 27, 1839
Date first Charter adopted:	December 27, 1839
Date present Charter adopted:	January 31, 1953
Form of Government:	Council - Manager
Number of Employees:	10,327

Elections:		
Number of registered voters, May 18, 1991	249,238	City - Travis County
	300	City - Williamson County
November 6,1990	56,344	County - Travis
	305,882	

Number of votes cast in:		
Last general election, November 6, 1990	199,829	County
Last bond election, July 29, 1989	47,465	
Last municipal election, May 18,1991	55,781	

Percentage of registered voters voting in:		
Last general election, November 6, 1990	65.39%	County
Last bond election, July 29, 1989	18.53%	
Last municipal election, May 18, 1991	22.38%	

Fire protection:	
Number of stations	33
Number of employees	810
Number of alarms answered	23,441
Number of employees per 1,000 population (1)	1.7362

Police protection:	
Number of employees	1,115
Number of law offenses	102,173
Number of arrests	34,067
Vehicle patrol units	172
Number of employees per 1,000 population (1)	2.3899

Library:	
Central and branch libraries	18
Volumes in collection	1,016,249
Materials circulated	2,567,830
Registered borrowers	305,913

Recreation:	
District parks	14
Metropolitan parks	8
Natural preserves	10
Greenbelts	20
Neighborhood parks	64
Special parks (museums and miscellaneous)	17
Golf courses	4
Swimming pools	32
Recreation centers	14
Senior activity sites	25
Athletic fields	84
Tennis courts	106
Open fields	88
Senior activity centers	2

POPULATION ANALYSIS

	Austin (1)		Travis County (1)		Texas (2)		United States (2)	
Year	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change	Population	Percentage Change
		%		%		%		%
1940	87,930	----	111,053	----	6,414,824	----	132,165,000	----
1950	132,459	50.64	160,980	44.96	7,711,194	20.21	151,326,000	14.50
1960	186,545	40.83	212,136	31.78	9,579,677	24.23	179,323,000	18.50
1970	253,539	35.91	295,516	39.30	11,198,655	16.90	203,302,000	13.37
1980	345,496	36.27	419,573	41.98	14,228,383	27.05	222,110,000	9.25
1982	367,550	3.50	463,302	5.08	15,280,000	5.00	231,543,000	0.96
1983	375,000	2.03	486,847	5.08	15,345,000	0.43	234,545,000	1.30
1984	403,723	7.66	511,588	5.08	15,989,000	4.20	237,457,000	1.24
1985	406,584	0.71	527,120	3.04	16,370,000	2.38	238,740,000	0.54
1986	431,051	6.21	551,101	4.55	16,685,000	1.92	241,078,000	0.98
1987	444,684	2.97	563,787	2.30	16,790,000	0.63	243,249,000	0.90
1988	447,582	0.65	569,700	1.05	16,841,000	0.30	247,031,000	1.55
1989	450,107	0.56	573,805	0.72	17,451,000	3.62	247,732,000	0.28
1990	450,830	0.16	576,407	0.45	16,986,510	-2.66	249,632,692	0.77
1991	466,530	3.48	585,731	1.62	17,349,000	2.13	252,177,000	1.02

(1) All years are estimates from the City's Department of Planning based on full purpose area as of December 31. Census years are modified to conform to U. S. Bureau of the Census data. Estimates for 1985 through 1989 were revised in 1990 based on the 1990 census.

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

MISCELLANEOUS STATISTICAL DATA
ECONOMIC AND GROWTH INDICATORS
1982-1991

Table 24

Year	Area of Incorporation (Sq. Miles) (1)	Population	Utility Connection (2)			Effective Buying Income (EBI) (3)	
			Electric	Water	Gas	Median Household EBI	Per Capita EBI
1982	134.74	367,550	182,725	120,137	113,389	20,275	9,955
1983	143.49	375,000	196,700	123,243	118,583	21,159	10,374
1984	160.43	403,723	222,985	129,266	121,956	24,162	11,767
1985	184.66	406,584	244,602	132,756	122,060	22,379	12,669
1986	197.90	431,851	256,684	135,432	123,032	22,808	13,127
1987	183.35	444,684	254,840	133,738	122,212	22,958	13,342
1988	188.52	447,582	255,470	133,471	121,041	24,869	13,167
1989	185.29	450,107	257,525	136,233	109,366	22,977	12,118
1990	186.44	450,830	275,840	137,936	111,114	22,711	13,917
1991	189.98	466,530	281,926	142,721	131,713	24,809	14,585
1982-1991 Increase	41.00 %	26.93 %	54.29 %	18.80 %	16.16 %	22.36 %	46.51 %

Year	Building Permits			Bank Deposits (4)	Retail Sales (Austin) (5)
	Federal, State and Municipal	Taxable	Total		
	$	$	$	$	$
1982	6,873,777	666,475,158	673,348,935	3,297,911,000	2,445,035,000
1983	5,387,588	833,404,101	838,791,689	4,146,100,000	2,823,290,000
1984	7,645,698	1,148,420,526	1,156,066,224	5,529,141,000	3,550,732,000
1985	38,422,995	1,117,963,792	1,156,386,787	6,003,824,000	4,429,639,266
1986	59,190,359	711,952,255	771,142,614	5,843,454,000	4,357,642,172
1987	33,243,846	401,020,594	434,264,440	5,521,673,000	3,945,195,503
1988	26,174,678	352,811,070	378,985,748	3,556,902,000	4,115,834,592
1989	12,516,321	361,440,727	373,957,048	3,351,751,000	4,682,139,494
1990	48,312,493	309,999,799	358,312,292	2,081,474,000	4,804,199,274
1991	29,126,669	311,962,347	341,089,016	2,007,324,000	5,035,631,267
1982-1991 Increase/ Decrease	323.74 %	-53.19 %	-49.34 %	-39.13 %	105.95 %

Source: Chamber of Commerce and the City of Austin

(1) Figures represent full purpose area as of December 31.
(2) 1991 figures are as of September 30, 1991, except for building permits, which are for calendar year 1991.
(3) Source: Survey of Buying Power, Sales and Marketing Management
(4) Source: Federal Reserve Bank, Dallas. Data shown in 1990 and 1991 are based on a revised method and are not comparable with prior years.
(5) Source: State of Texas Comptroller's Office. Amount for 1991 is an estimate based on projected sales using Austin Chamber of Commerce estimates and State of Texas Comptroller's office data.

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

	197[illegible]		1989		1990		1991	
Industrial Classification	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
Manufacturing	13,300	10.3	46,800	12.6	49,300	12.9	48,700	12.8
Government	51,150	39.5	105,700	28.4	110,400	28.8	107,800	28.3
Trade	26,100	20.2	79,900	21.4	73,400	20.4	76,800	20.1
Services and miscellaneous	19,600	15.1	93,100	25.0	97,200	25.3	99,600	26.1
Finance, insurance and real estate	6,150	4.7	23,600	6.3	23,400	6.1	23,300	6.1
Contract construction	8,750	6.8	11,400	3.0	12,000	3.1	12,400	3.2
Transportation and utilities	4,000	3.1	11,600	3.1	12,100	3.2	12,100	3.2
Mining	450	0.3	600	0.2	700	0.2	700	0.2
Totals	129,500	100.0	372,700	100.0	383,500	100.0	381,400	100.0

Source: Texas Employment Commission

(1) Austin MSA includes Travis, Hays, and Williamson Counties. Numbers shown are as of December 31. Numbers for 1989 were revised February, 1991. Numbers for 1991 are an estimate based on TEC and Bureau of Labor Statics, U.S. Department of Labor data as of September 30, 1991.

AVERAGE ANNUAL UNEMPLOYMENT RATE

Year	Austin	Travis County	Texas	USA
1982	4.8	5.2	6.9	9.7
1983	4.5	4.5	8.0	9.6
1984	3.6	3.5	5.9	7.5
1985	4.6	4.5	7.1	7.3
1986	5.9	5.7	8.9	7.0
1987	6.5	6.5	7.9	5.6
1988	6.1	5.9	7.3	5.5
1989	5.5	5.7	6.8	5.3
1990	5.0	4.9	6.2	5.5
1991	4.7	5.0	6.4	6.4

Source: Texas Employment Commission

TEN LARGEST EMPLOYERS
September 30, 1991

Employer	Product or Service	Number of Employees	Percent of Total (2)
			%
University of Texas	Education and research	19,187	5.0
City of Austin	City government	10,327	2.7
Austin Independent School District	Education	8,400	2.2
IBM Corporation	Office machines	7,500	2.0
Motorola, Inc.	Electronic components	5,000	1.3
Bergstrom Air Force Base	Military	4,425	1.2
Internal Revenue Service	Federal agency	4,200	1.1
H.E.B. Stores Inc.	Grocery chain	4,071	1.1
Daughters of Charity Health Services	Hospital/health services	2,987	0.8
State Comptroller of Public Accounts	State government	2,828	0.7
		68,905	18.1

Source: Austin Chamber of Commerce

(2) Total refers to total work force of 381,400 as stated in the 'Employment by Industry' Table, above.