

AUSTIN CITY COUNCIL ORIENTATION



Financial Overview

Elaine Hart-Financial Services

CHIEF FINANCIAL OFFICER (CFO)

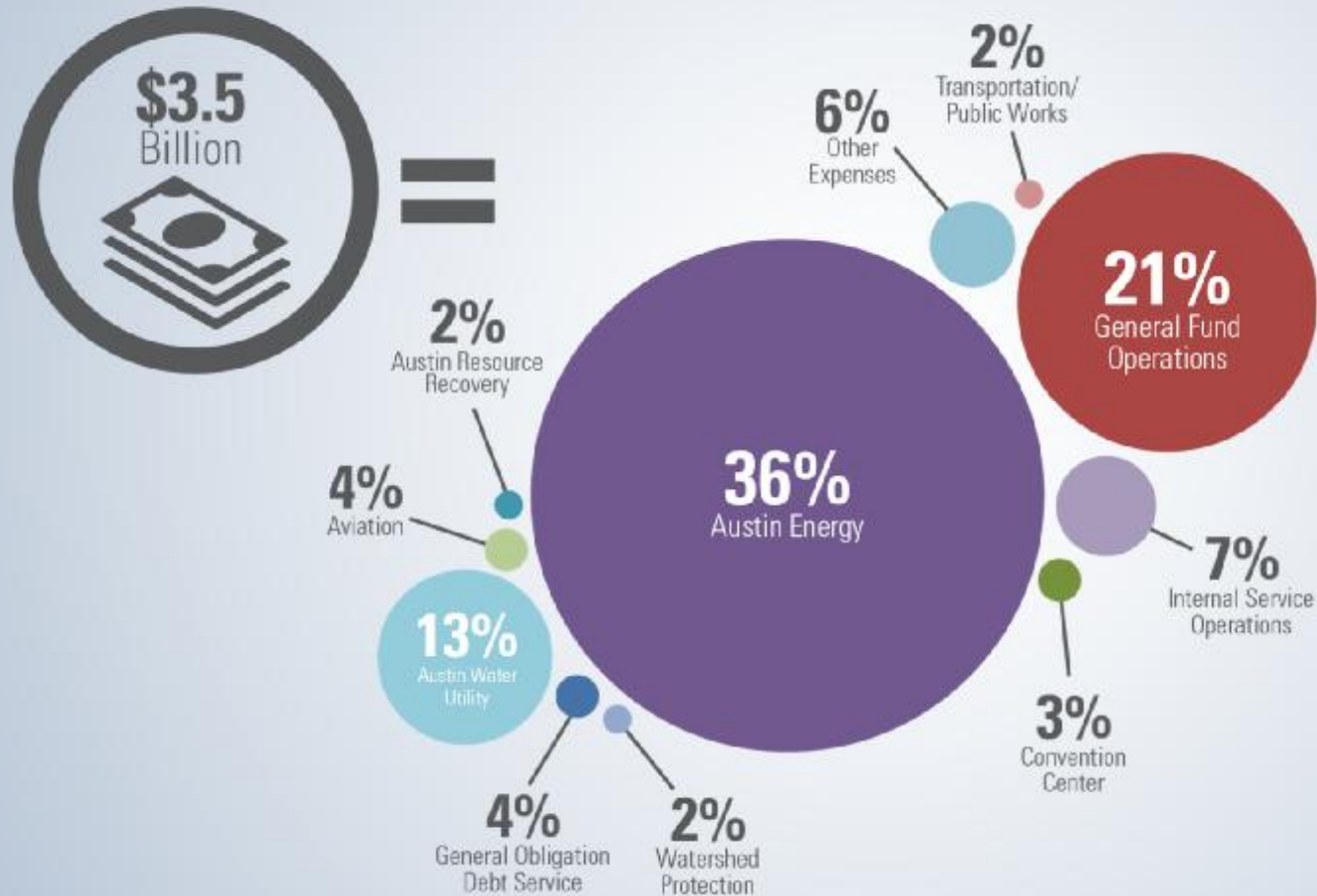


By City Charter, CFO is responsible for City's financial business

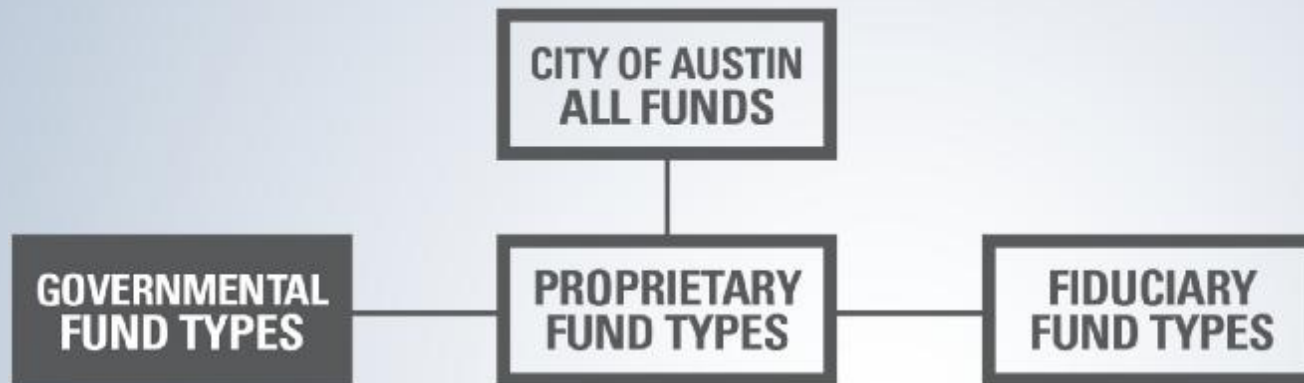
(except for assessment and collection of taxes)

- Reports to the City Manager
- Oversees Financial Services Department
 - Budget (operating and capital)
 - Controller (financial reporting, disbursements)
 - Purchasing
 - Contract Management
 - Treasury (cash, investments, debt)

ALL FUNDS BUDGET FY2015

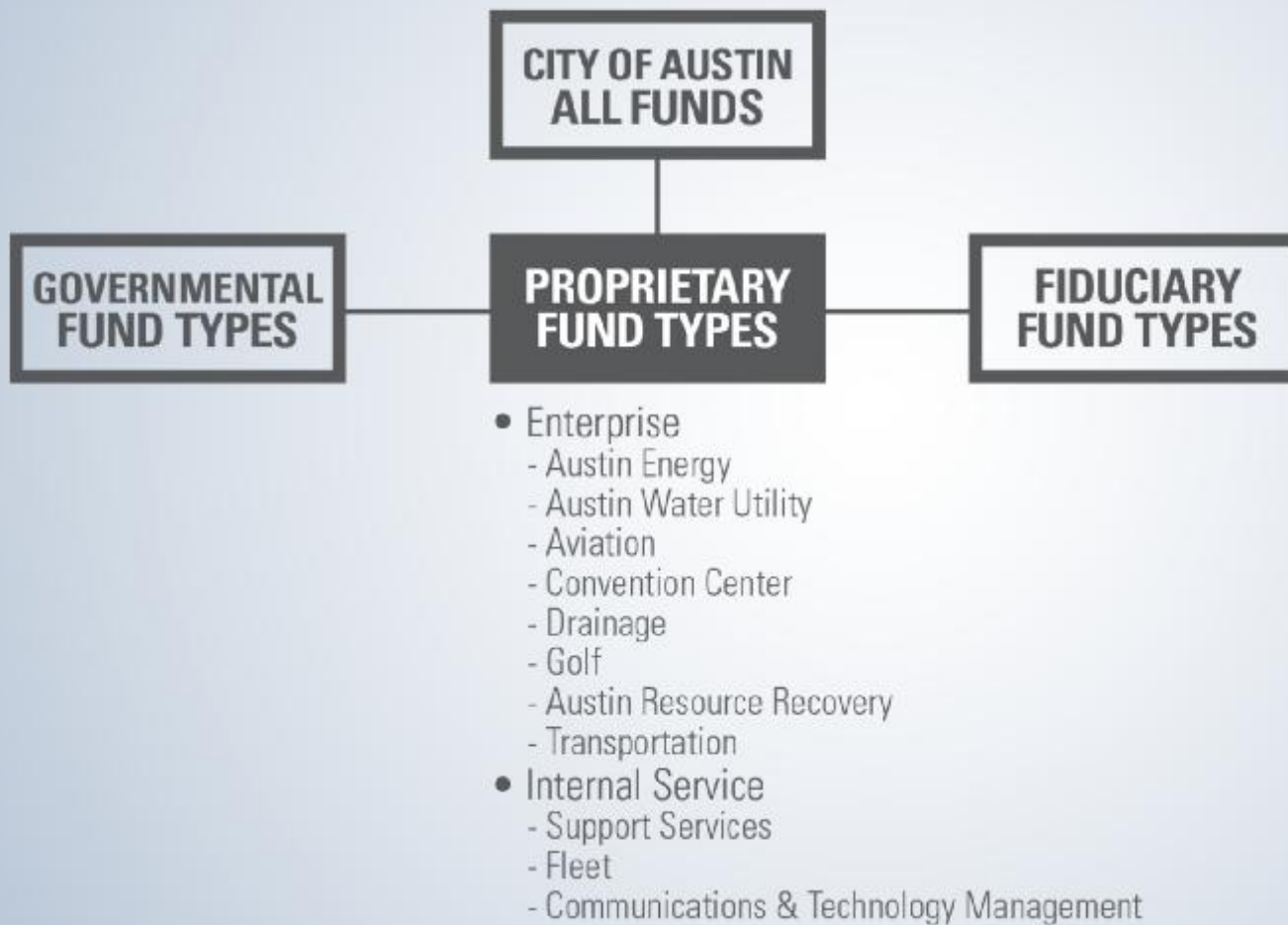


FINANCIAL STRUCTURE

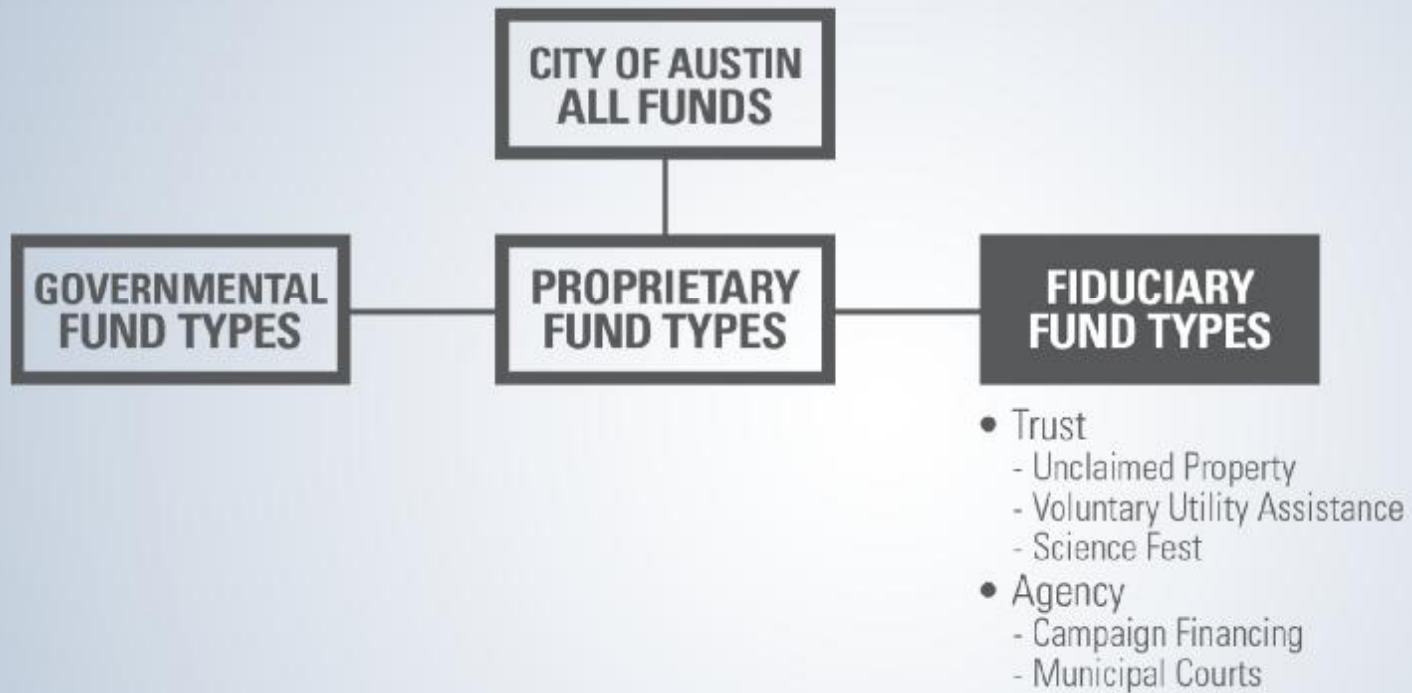


- General Fund
 - Property and Sales Tax revenue
 - Public Safety
 - Library
 - Parks
 - Health/Human Services
 - Housing
- Debt Service
 - Payments on General Obligation Bonds
- Capital Projects
 - General government construction projects
- Special Revenue
 - Grant Awards

FINANCIAL STRUCTURE

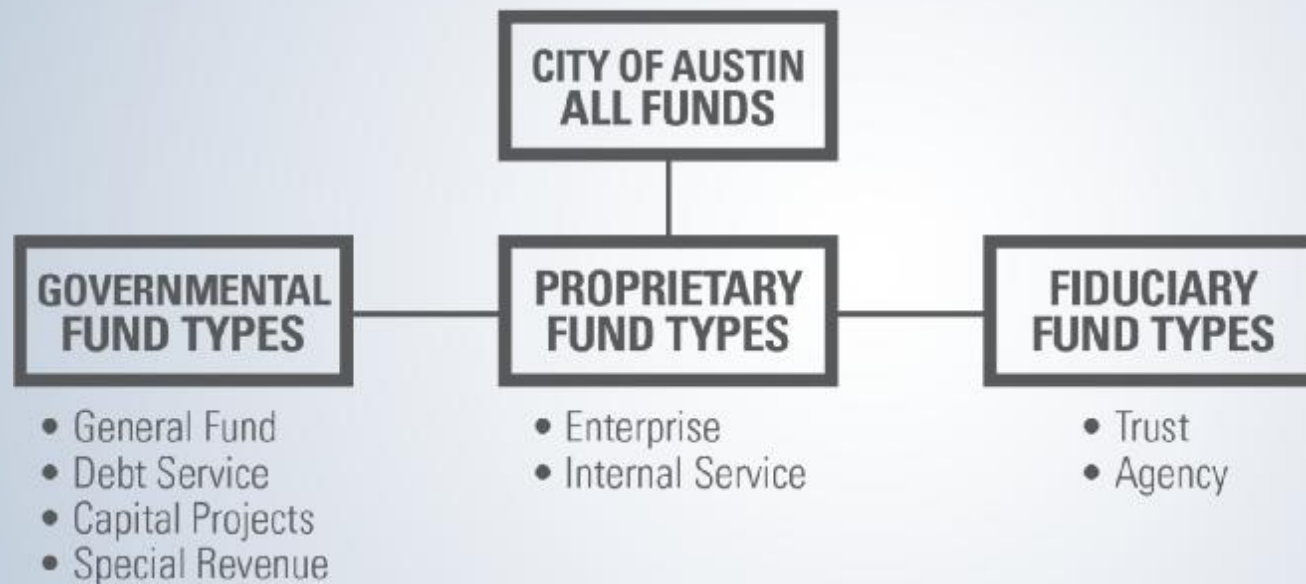


FINANCIAL STRUCTURE



FINANCIAL STRUCTURE

All Funds are reported in City's Comprehensive Annual Financial Report (CAFR)
audited by independent external auditor (Deloitte and Touche LLP)



FINANCIAL POLICIES



- Long standing policies adopted June 1989
- Ensure City's financial resources are managed prudently
- Model best financial practices and bond covenants
- Audit and Finance Committee of Council reviews changes; recommends to Council
- Annual compliance review reported in City's Budget
- Approved by Council during budget adoption

EXTERNAL REVIEW-ANNUAL AUDIT



Audit by independent external auditor
(required by City Charter and Financial Policies)

- Deloitte and Touche LLP issued “clean” opinion (FY 2013)
- Comprehensive Annual Financial Report issued by March 30
- Single Audit covers all grants

RETIREMENT SYSTEMS



- City of Austin Employees' Retirement System
- City of Austin Police Officers' Retirement System
- Austin Fire Fighters' Relief and Retirement System

Annual independent external audit of each retirement system.

State law requires actuarial audit by independent actuary every five years for public retirement systems with total assets of at least \$100 million. Most recent audit completed in 2014; initial audit 2009.

EXCELLENCE IN FINANCIAL REPORTING



Texas Comptroller Gold Leadership Circle



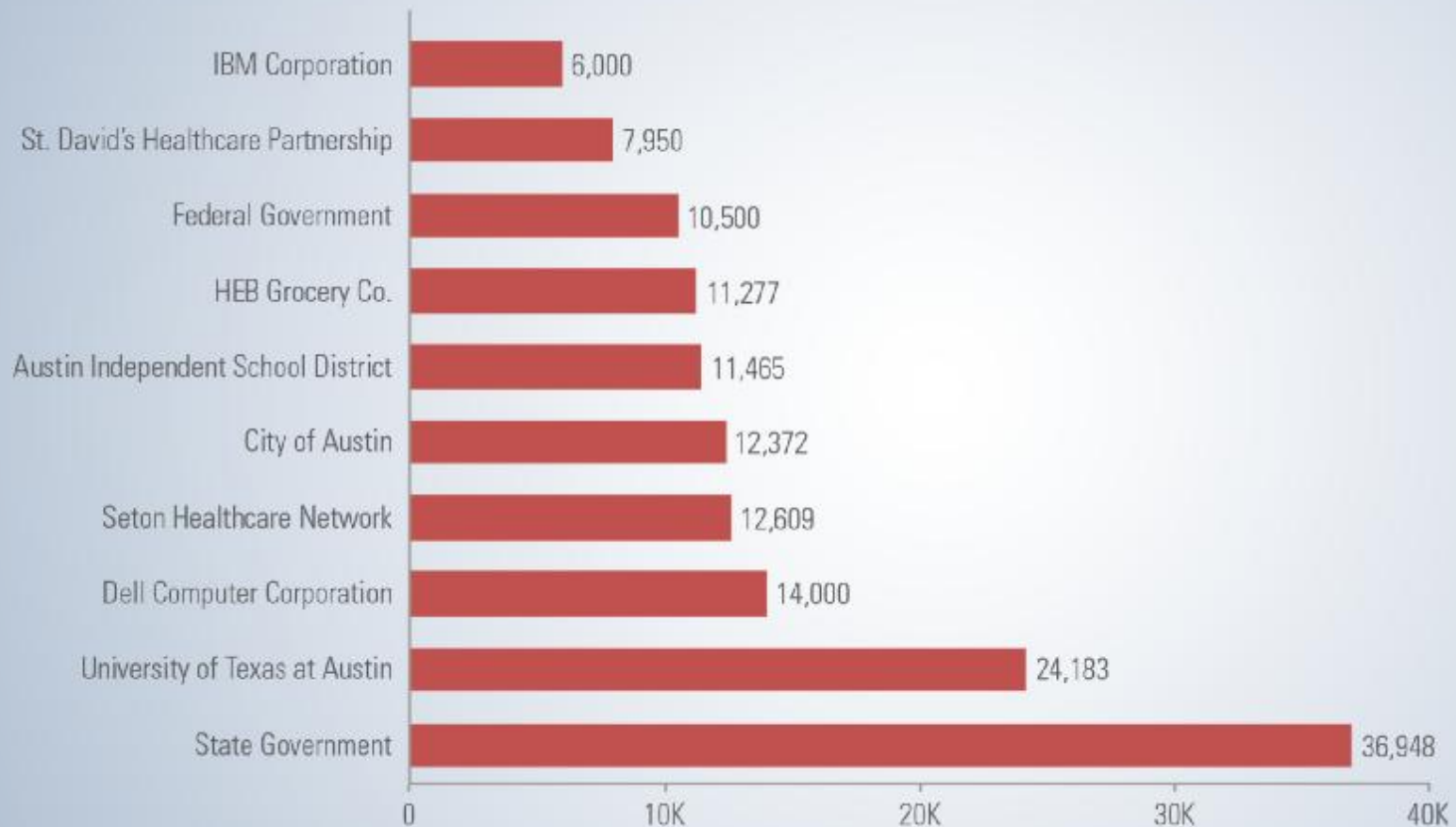
ICMA

AUSTIN IS FINANCIALLY STRONG

POPULATION AND EMPLOYMENT GROWTH POWERING ECONOMY



PRINCIPAL EMPLOYERS



* SOURCE: Comprehensive Annual Financial Report for the Year Ended September 30, 2013 - Table 19

PRINCIPAL PROPERTY TAX PAYERS



Assessed valuation at January 1, 2012

* SOURCE: Comprehensive Annual Financial Report for the Year Ended September 30, 2013 - Table 10

MUNICIPAL CORPORATION IS FINANCIALLY STRONG



Strong and conservative financial management maintains consistent adherence to prudent financial policies.

Conservative budgeting ensures long-term structural stability and generally produces operating surpluses.

Sound reserve levels allow financial flexibility and have positive impact on credit rating.

Auditors' "Clean" opinion reported in CAFR

WHAT IS A CREDIT RATING?



CREDIT RATING BASED ON CRITERIA



COUNCIL SUPPORT CRITICAL TO RATINGS



Demonstrated through willingness to maintain property tax, utility rates, airport usage fees/rent

- Sufficient to pay debt service requirements and maintain credit rating
- Support liquidity and reserve requirements
- Maintain debt service coverage levels on revenue bonds

WHO PROVIDES CREDIT RATINGS?

MOODY'S FitchRatings
STANDARD
& POOR'S

CREDIT RATING SCALE

INTEREST RATE			MOODY'S	STANDARD & POOR'S	Fitch Ratings
Lowest	Investment Grade	Strongest	Aaa	AAA	AAA
			Aa	AA	AA
A			A	A	
Baa			BBB	BBB	
Highest	Non-Investment Grade	Weakest	Ba	BB	BB
			B	B	B
			Caa	CCC	CCC
			Ca	CC	CC
			C	C	C
			C	D	D

CITY'S EXCELLENT CREDIT RATING

Highest rating of "AAA" on City's General Obligation Bonds since 2010

Fitch Ratings

Rating History—PIBs

Rating	Action	Outlook/ Watch	Date
AAA	Affirmed	Stable	8/18/14
AAA	Affirmed	Stable	8/20/13
AAA	Affirmed	Stable	8/16/12
AAA	Affirmed	Stable	8/17/11
AAA	Revised	Stable	4/30/10
AA+	Affirmed	Stable	8/15/08
AA+	Assigned	—	8/26/99

STANDARD & POOR'S

Austin, Texas; Appropriations; General Obligation

Credit Profile

US\$104.62 mil pub imp bnds ser 2014
dtd 09/01/2014 due 09/01/2034

Long Term Rating AAA/Stable NEW

MOODY'S

New Issue: Moody's affirms The City of Austin's, TX, Aaa; Outlook is stable

STANDARD & POOR'S



**Very strong
management
conditions**

**Strong
financial
practices**

**Strong
budgetary
performance**



MOODY'S

“

Healthy financial operations and adequate reserve levels; surplus expected in 2014

Large debt profile includes above average pension burden

”

FitchRatings



**Vibrant,
dynamic
economy**

**Continues strong
post-recession
performance
reflected in
healthy job and
population gains**

**Taxable values
climbing at
healthy pace**



COMPARISON OF TEXAS CITIES

Property Tax Supported Debt

	Debt per Capita	Debt to AV	Bond Credit Ratings			DS as % of overall tax rate
			Moody's	S&P	Fitch	
Austin	\$1,424	1.44%	Aaa	AAA	AAA	23%
San Antonio	\$1,001	1.94%	Aaa	AAA	AAA	37%
Dallas	\$1,546	2.20%	Aa1	AA+	NA	32%
Fort Worth	\$1,159	1.75%	Aa1	NA	AA+	20%
Houston	\$1,522	2.21%	Aa2	AA	AA	25%
El Paso	\$1,078	2.80%	N/A	AA	AA	33%

*Source Fiscal Year 2013 CAFRs, excludes self-supported debt and debt service fund balance.

AV = Assessed Valuation

DS = Debt Service



austintexas.gov/finance
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